

Translation originally issued in Arabic

Nasr City 3-2017E v2

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

**SEPARATE
FINANCIAL STATEMENTS
AND AUDITOR'S REPORT THEREON**

AT 31 MARCH 2017

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

SEPARATE BALANCE SHEET

At 31 March 2017

	Note	31/3/2017 L.E.	31/12/2016 L.E.
Non current Assets			
Fixed assets (Net)	4	32,281,448	30,647,719
Projects in progress		429,238	375,308
Investment in subsidiaries	5/1	45,381,960	45,381,960
Held to maturity investments	5/2	121,962	121,962
Available for sale investments	5/3	4,514,110	4,514,110
Investment properties	5/4	3,475,758	3,475,758
Long term receivables - Net	7	4,347,847,775	2,864,742,094
Amounts due from related parties	30	10,000,000	10,000,000
Deferred tax assets	21	2,482,532	2,367,223
Total long term assets		<u>4,446,534,783</u>	<u>2,961,626,134</u>
Current Assets			
Housing & development projects – WIP	6	1,002,431,970	933,619,009
Housing & development projects – Finished properties	6	78,702,203	78,649,467
Short term notes receivable	7	910,811,823	1,021,125,732
Trade receivables - (Net)	7	353,637,559	390,574,199
Trade payables - debit balances (Net)	8	76,554,691	73,339,913
Debtors and other debit balances (Net)	9	148,779,549	104,600,855
Investments at fair value through profit or loss	5/5	63,604,799	153,043,880
Deposits for projects maintenance	20	119,640,885	111,406,984
Cash and bank balances	10	348,668,213	73,906,995
Total current assets		<u>3,102,831,692</u>	<u>2,940,267,034</u>
Total assets		<u>7,549,366,475</u>	<u>5,901,893,168</u>
Shareholders' Equity			
Issued and paid up capital	16	500,000,000	500,000,000
Treasury stocks	16	-	(74,633,025)
Legal reserve		123,313,788	86,375,259
Retained earnings		313,459,548	336,060,528
Net profit for the period/year		406,170,254	738,770,573
Total shareholders' equity		<u>1,342,943,590</u>	<u>1,586,573,335</u>
Long term Liabilities			
Unearned revenue	11	3,900,366,239	2,942,735,224
Term loans	18	308,655,136	259,282,841
		<u>4,209,021,375</u>	<u>3,202,018,065</u>
Current Liabilities			
Provisions	12	98,246,673	95,343,073
Utilities completion liabilities	13	192,461,229	169,428,940
Deferred profits & interests on outstanding installments	14	280,640,413	304,950,221
Trade and other payables	15	194,621,052	140,941,345
Current portion of long term loans	18	4,298,375	4,298,375
Short term loans	19	4,833,333	19,333,333
Liabilities of deposits for projects maintenance	20	119,640,885	111,406,984
Tax Authority		376,579,255	264,519,202
Dividends payable		726,080,295	3,080,295
Total current liabilities		<u>1,997,401,510</u>	<u>1,113,301,768</u>
Total liabilities		<u>6,206,422,885</u>	<u>4,315,319,833</u>
Total equity & liabilities		<u>7,549,366,475</u>	<u>5,901,893,168</u>

Limited review report "attached".

CFO
Mr. Mohamed Abdelsalam

CEO
Eng. Ahmed Ali ElHetmy

Chairman
Eng. Mohamed Hazem Barakat

The attached notes from 1 to 36 form part of these summary separate financial statements.

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

SEPARATE STATEMENT OF INCOME

For the period ended 31 March 2017

	<i>Note</i>	<i>31/3/2017</i> <i>L.E.</i>	<i>31/3/2016</i> <i>L.E.</i>
Net sales	23-a	614,156,082	133,326,449
Amortization of present value of notes receivable		49,842,110	17,955,898
Deferred profits & interests on installments due within the period	14	23,422,017	17,242,682
Revenue from rendering of services	24	2,945,113	1,170,608
Total revenue		<u>690,365,322</u>	<u>169,695,637</u>
Less:			
Deferred profits on outstanding installments of sales		-	(30,440,909)
Net activity's profit		<u>690,365,322</u>	<u>139,254,728</u>
Cost of sales	23-b	<u>(100,378,900)</u>	<u>(28,418,607)</u>
Gross Profit		589,986,422	110,836,121
Provision	12	(3,854,265)	(1,259,227)
Selling & marketing expenses		(64,151,554)	(16,486,436)
General & administrative expenses	25	(15,132,907)	(12,360,030)
Board of Directors' salaries and allowances		(1,173,403)	(333,299)
Profit from operations		<u>505,674,293</u>	<u>80,397,129</u>
Finance expenses		(906,873)	(1,247,004)
Other financial investments' revenue		3,759,077	3,426,055
Interest income		11,782,708	801,867
Other revenues	26	4,108,707	1,369,025
Other expenses	27	<u>(752,274)</u>	<u>(24,087)</u>
Net profit for the period before tax		523,665,638	84,722,985
Income tax	22	(117,610,693)	(18,565,686)
Deferred tax	21	115,309	266,677
Net profit for the period		<u>406,170,254</u>	<u>66,423,976</u>
Earnings per share for the period	28	<u>0.81</u>	<u>0.13</u>

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

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2017

	31/3/2017 L.E.	31/3/2016 L.E.
Net profit for the period	406,170,254	66,423,976
Other comprehensive income	-	-
Total other comprehensive income for the period	<u>406,170,254</u>	<u>66,423,976</u>

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

SEPARATE STATEMENT OF CHANGES IN EQUITY
For the period ended 31 March 2017

	Capital L.E.	Treasury stocks L.E.	Legal reserve L.E.	Retained earnings L.E.	Net profit for the period L.E.	Total L.E.
Balance at 1 January 2016	250,000,000	-	74,725,127	374,433,516	255,641,223	954,799,866
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 14/2/2016	-	(74,633,024)	-	-	-	(74,633,024)
Transferred to retained earnings	-	-	-	255,641,223	(255,641,223)	-
Comprehensive income for the period	-	-	-	-	66,423,976	66,423,976
Balance at 31 March 2016	375,000,000	(74,633,024)	74,725,127	505,074,739	66,423,976	946,590,818
Balance at 1 January 2017	500,000,000	(74,633,025)	86,375,259	336,060,528	738,770,573	1,586,573,335
Sale of treasury stocks of 4 million stocks	-	74,633,025	-	(1,433,024)	-	73,200,001
Transferred to retained earnings	-	-	-	738,770,573	(738,770,573)	-
Dividends for 2016	-	-	36,938,529	(759,938,529)	-	(723,000,000)
Comprehensive income for the period	-	-	-	-	406,170,254	406,170,254
Balance at 31 March 2017	500,000,000	-	123,313,788	313,459,548	406,170,254	1,342,943,590

CFO

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Chairman

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Madinet Nasr for Housing & Development S.A.E.
SEPARATE STATEMENT OF CASH FLOWS
 For the period ended 31 March 2017

	Note	31/3/2017 L.E.	31/3/2016 L.E.
OPERATING ACTIVITIES			
Net profit for the period before tax		523,665,638	84,722,985
Adjustments for:			
Depreciation	4	934,433	652,143
Provisions	12	3,854,265	1,259,227
Revenue from other financial investments		-	-
Net profit and interest due after deduct the deferred profit		(23,422,017)	(17,242,682)
Discount of present value for short term liability		-	225,725
Operating profit before working capital changes		<u>505,032,319</u>	<u>69,617,398</u>
Inventory and housing and development projects		(68,865,697)	(189,489,165)
Trade receivables – trade payable debit balances and notes receivables		(1,383,248,604)	(41,267,955)
Trade payables – unearned revenue and creditors		1,033,455,220	122,754,569
Provisions used		(950,665)	-
Income tax		(5,550,640)	2,672,740
Net cash from/(used in) operating activities		<u>79,871,933</u>	<u>(35,712,413)</u>
INVESTING ACTIVITIES:			
Payments for purchase of fixed assets & construction in progress		(2,622,092)	(285,056)
Proceeds from investment in subsidiaries		-	456,798
Net cash (used in)/ from investing activities		<u>(2,622,092)</u>	<u>171,742</u>
FINANCING ACTIVITIES:			
Treasury stocks		73,200,001	(74,633,024)
Payments of long term loans during the period	18	(1,960,136)	(350,246)
Withdrawals of long term loans during the period	18	51,332,431	68,643,051
Payments for short term loans during the period	19	(14,500,000)	(19,865,157)
Net cash from/(used in) financing activities		<u>108,072,296</u>	<u>(26,205,376)</u>
Change in cash and cash equivalents		185,322,137	(61,746,047)
Cash and cash equivalents at the beginning of the period		226,950,875	242,501,727
Total cash and cash equivalents at the end of the period		412,273,012	180,755,680
Less: Pledged time deposits against letters of guarantee		(4,592,268)	(6,417,185)
Cash and cash equivalents at the end of the period	19	<u>407,680,744</u>	<u>174,338,495</u>

NON-CASH TRANSACTIONS:

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

- An amount of L.E. 121,362 represents transfer from work in progress to fixed assets during the period.
- An amount of L.E. 119,640,885 (2016: L.E. 111,406,984) represents deposits for projects maintenance against liabilities of deposits for projects maintenance.

<u>CFO</u>	<u>CEO</u>	<u>Chairman</u>
Mr. Mohamed Abdelsalam	Eng. Ahmed Ali ElHetmy	Eng. Mohamed Hazem Barakat

The attached notes from 1 to 36 form part of these summary separate financial statements.

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 under the umbrella of the Public Sector Authority for Housing by Presidential Decree No. 469/1983.

The company transferred an Egyptian joint stock company under the provisions of Law No. 203 for 1991 issued on 19/06/1991 under the umbrella of 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 to the provisions of Law No. 159 for 1981 and its executive regulations and published in company's journal on January 1997 rather than the provisions of Law No. 203 for 1991. The company had registered in the Commercial Register under No. 300874 with 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, tourists, 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 St., 2nd Area, 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 Financial Statements for the year ended 31 March 2017 on 11 May 2017.

2. USE OF ESTIMATES AND JUDGMENTS

The preparation of separate 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:

- Estimated useful life for fixed assets
- Provisions
- Impairment of assets values
- Taxation
- Liabilities for completion utilities
- Discount of present value for notes receivable consumption

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of the summarized separate financial statements

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

The separate 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 separate financial statements are presented in Egyptian Pounds.

According to the Egyptian Accounting Standard No. 42 (Consolidated Financial Statements) and Article 188 of the Executive Regulations of the Companies Law No. 159 of 1981, the company prepares consolidated financial statements.

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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 March 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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:

	Years
- Buildings and constructions	
Buildings	50
Elevators	10
- Machinery & equipment for operation	5
- Machinery & equipment for serving & utilities	5- 12.5
Motor vehicles	5
Tools	1
Furniture and office equipment	10

c) Construction in progress

Construction in progress is recorded at cost which includes all the direct costs incurred on the assets to reach its final position. 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.

d) Investment in subsidiaries

Investment in subsidiaries is accounted for using the cost method of accounting, whereby if there is an indication of impairment, such impairment loss is charged to the statement of income for each individual investment. Where an impairment loss subsequently reverses, the increased carrying amount of such investment does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

e) Available for sales investments

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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 March 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

f) Held to maturity investments

Held to maturity investments are carried at amortized cost 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.

g) Investment properties

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

h) Investments at fair value through profit and 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 and loss and the associated costs of these investments and differences charges are recorded in the statement of income.

i) Spare parts and supplies inventories

The spare parts inventory is stated at the lower of cost or net realizable value. Cost is determined using weighted average. Net realized value is based on estimated selling prices less selling expenses.

j) Housing and 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.

k) Cash flow statement

The cash flow statement is prepared according to the indirect method.

l) Cash and cash equivalents

Cash and cash equivalents include cash on hand, time deposits, bank current accounts, and short term highly liquid investments, which can be easily converted to cash, less credit banks and pledged time deposits against letters of guarantee.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 March 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

m) Receivables and other debtors

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

n) Assets impairment

Asset values are reviewed at the 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 statement of income on the same date.

o) Provisions

Provisions are recognized when there is a present legal or constructive obligation 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 balance sheet date and adjusted (if necessary) to present the best current estimate.

p) 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.

q) Treasury shares

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

r) Dividends

Dividends are recorded as liability during the year when declared.

s) Revenue recognition

1. *Cash sales*

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

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 abiding 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.
- Interest on installments is recorded directly in credit balances (Deferred interests on installments) at the time of sale.
- Deferred installments profit and deferred interests on installments which related to sale of land and properties in prior years are recognized on the actual 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 Rent, 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 SEPARATE FINANCIAL STATEMENTS

31 March 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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 separate financial statements.

The amount is determined using the tax rates applicable on the balance sheet date. Deferred tax assets are recognized for all temporary differences, unused deferred tax assets and losses brought forward, if taxable profit are expected 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 year by the weighted average number of shares outstanding during the year.

w) Borrowing cost

Borrowing costs are expensed and charged to the statement of income in the period incurred.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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 balance sheet date are translated at the rate of exchange ruling at that date. Retranslation exchange profit and loss is taken to the statement of income.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 March 2017

4. FIXED ASSETS

	<i>Land</i>	<i>Buildings and constructions (*)</i>	<i>Machinery & equipment</i>	<i>Motor vehicles</i>	<i>Tools</i>	<i>Furniture & office equipment</i>	<i>Computers & software</i>	<i>Total</i>
	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>
Cost:								
At 1 January 2017	1,907,376	15,909,114	2,659,023	3,181,096	509,868	8,657,791	15,668,289	48,492,557
Additions during the year	-	1,252,328	-	-	-	51,047	1,143,425	2,446,798
Transfer from projects under construction	-	-	-	-	-	121,362	-	121,362
At 31 March 2017	1,907,376	17,161,443	2,659,023	3,181,096	509,868	8,830,200	16,811,714	51,060,719
Accumulated depreciation:								
At 1 January 2017	-	5,281,293	1,483,449	3,035,423	508,235	4,110,281	3,426,157	17,844,838
Provided during the year	-	93,778	104,101	30,276	755	270,896	434,627	934,433
At 31 March 2017	-	5,375,071	1,587,550	3,065,699	508,990	4,381,177	3,860,784	18,779,271
Net book value:								
At 31 March 2017	1,907,376	11,786,372	1,071,473	115,397	878	4,449,023	12,950,930	32,281,448
At 31 December 2016	1,907,376	10,627,821	1,175,574	145,673	1,633	4,547,510	12,242,132	30,647,719

(*) Land and buildings are including land and buildings of the social club and rental playground for Madinet Nasr for Housing & Development club by book value approximately L.E. 1.3 million for land and L.E. 4.5 million for buildings.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 March 2017

4. FIXED ASSETS – Continued

a) The fully depreciated assets are as follows:

	<i>31/3/2017</i> <i>L.E.</i>	<i>31/12/2016</i> <i>L.E.</i>
Buildings and constructions	416,761	416,761
Motor vehicles	2,567,175	2,567,175
Furniture and office equipment	1,009,292	1,009,292
Machinery & equipment	536,445	536,445
Tools	506,808	506,808
	<u>5,036,481</u>	<u>5,036,481</u>

b) Depreciation for the year is allocated as follows:

	<i>31/3/2017</i> <i>L.E.</i>	<i>31/3/2016</i> <i>L.E.</i>
Cost of sales	45,478	28,451
Selling & Marketing expenses	31,984	13,509
General and administrative expenses (Note 25)	856,971	610,183
	<u>934,433</u>	<u>652,143</u>

5. INVESTMENTS**5/1 Investments in subsidiaries**

	<i>Contribution</i> <i>%</i>	<i>31/3/2017</i> <i>L.E.</i>	<i>31/12/2016</i> <i>L.E.</i>
Al Nasr Co. for Utilities & Erections – S.A.E.	94.9	3,061,103	3,061,103
Impairment of investment		<u>(3,061,103)</u>	<u>(3,061,103)</u>
Al Nasr Co. for Civil Works – S.A.E.	52.46	64,900,606	64,900,606
Impairment of investment		<u>(19,518,646)</u>	<u>(19,518,646)</u>
		<u>45,381,960</u>	<u>45,381,960</u>
		<u>45,381,960</u>	<u>45,381,960</u>

5/2 Held to maturities investments

	<i>31/3/2017</i> <i>L.E.</i>	<i>31/12/2016</i> <i>L.E.</i>
Investments in Governmental bonds	<u>121,962</u>	<u>121,962</u>

5/3 Available for sale investments

	<i>Contribution</i> <i>%</i>	<i>31/3/2017</i> <i>L.E.</i>	<i>31/12/2016</i> <i>L.E.</i>
Egyptian Kuwaiti Real Estate Development	7.503	4,314,110	4,314,110
High Education House (S.A.E)	1.200	200,000	200,000
		<u>4,514,110</u>	<u>4,514,110</u>

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

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

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5. INVESTMENTS - Continued

5/4 Investment properties

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Allocated land for Developing and Housing Projects	48,067	48,067
Title held land on sold properties	3,427,691	3,427,691
	<u>3,475,758</u>	<u>3,475,758</u>

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

5/5 Investments at fair value through profit and loss

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
<u>Investment certificates in:</u>		
a) Bank Misr Investment Fund (Day-By-Day)	216,310	209,910
b) QNB (NSGB) Investment Fund	887,299	20,485,037
c) Banque Du Caire Investment Fund (Day-By-Day)	8,842,359	10,309,968
d) Arab African International Bank Investment Fund	43,466,372	61,845,230
e) Arab Investment Bank Investment Fund	-	635,154
f) United Bank Investment Fund (Rakhaa)	10,172,811	30,493,146
g) Arab International Bank Investment Fund (Rakhaa)	19,648	19,236
h) Egyptian Gulf Bank Investment Fund	-	29,046,199
	<u>63,604,799</u>	<u>153,043,880</u>

6. HOUSING & DEVELOPMENT PROJECTS

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
<u>Uncompleted units and lands:</u>		
El Waha Project	62,110,246	58,739,776
6th October Project – Nasr Gardens	92,865,845	81,297,193
Tag City Project	577,346,120	515,839,022
Original City Project	2,192,807	2,192,807
Sarai City	267,916,952	275,550,211
	<u>1,002,431,970</u>	<u>933,619,009</u>
<u>Completed units:</u>		
El Waha Project	6,860,306	6,860,307
Original City Project	11,563,455	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>1,081,134,173</u>	<u>1,012,268,476</u>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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7. TRADE RECEIVABLES

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
<u>Long term notes receivable</u>		
Tag Sultan Project customers	691,828,615	683,511,545
Zone T Project customers	1,899,937,524	1,758,622,295
Premira Project customers	110,452,954	111,979,813
Capital Gardens customers	281,677,699	290,698,766
Sarai customers	2,311,879,592	752,525,311
	<u>5,295,776,384</u>	<u>3,597,337,730</u>
Less:		
Tag Sultan Project	(103,170,419)	(114,904,766)
Tag City Project	(320,265,426)	(335,359,378)
Premira Project	(35,679,854)	(39,094,440)
Capital Gardens	(92,766,046)	(95,573,596)
Sarai	(396,046,864)	(147,663,456)
	<u>4,347,847,775</u>	<u>2,864,742,094</u>
<u>Short term notes receivable</u>		
Tag Sultan Project customers	209,330,913	298,434,526
Zone T Project customers	268,856,419	446,500,471
Premira Project customers	41,932,202	42,509,879
Sarai customers	390,692,289	233,680,856
	<u>910,811,823</u>	<u>1,021,125,732</u>
<u>Debtors customers</u>		
El Waha and Original City project 'customers	289,977,064	310,462,472
Land customers	77,516,946	93,971,588
Rental customers	804,931	801,521
	<u>368,298,941</u>	<u>405,235,581</u>
Less:		
Impairment of debtors customers	(14,661,382)	(14,661,382)
	<u>353,637,559</u>	<u>390,574,199</u>

8. TRADE PAYABLES – DEBIT BALANCES

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Trade payables & contractors	<u>127,750,887</u>	<u>124,536,109</u>
Less:		
Impairment in trade payables – debit balances	<u>(51,196,196)</u>	<u>(51,196,196)</u>
	<u>76,554,691</u>	<u>73,339,913</u>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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9. DEBTORS AND OTHER DEBIT BALANCES (NET)

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Cheques under collection	2,129,462	4,751,577
Refundable deposits	5,284,823	6,366,267
Advance expenses	107,307,424	62,714,026
Accrued revenue	2,723,068	57,148
Employees stock option system	19,781,206	19,781,206
Cash margin on letters of guarantee	7,218,781	7,331,071
Employees advance	30,883	-
Other debit balances	4,411,902	3,707,560
	<u>148,887,549</u>	<u>104,708,855</u>
Less: Impairment in debtors and other debit balances	<u>(108,000)</u>	<u>(108,000)</u>
	<u>148,779,549</u>	<u>104,600,855</u>

10. CASH AND BANK BALANCES

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Bank creditors	67,786	2,656,627
Cash on hand	198,463	22,523
Bank current accounts	92,255,389	65,627,845
Time deposits (*)	256,146,575	5,600,000
	<u>348,668,213</u>	<u>73,906,995</u>

(*) Time deposits included L.E. 4,592,268 (2016: L.E. 4,592,268) pledged time deposits against letters of guarantee.

11. UNEARNED REVENUE

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Tag Sultan Project customers	892,949,255	914,074,338
Premira Project customers	131,122,292	132,802,873
Tag City (Zone T) Project customers	1,306,480,360	1,284,084,678
Capital Gardens customers	75,839,258	74,858,322
Sarai customers	1,493,939,007	536,878,946
Rental customers	36,067	36,067
	<u>3,900,366,239</u>	<u>2,942,735,224</u>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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12. 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>Balance at 31/3/2017 L.E.</i>
Disputed taxes provision	14,229,668	2,000,000	-	16,229,668
Early retirement provision	28,000,000	-	(949,699)	27,050,301
Claims provision	31,103,023	676,842	-	31,779,865
Litigation provision	20,494,884	677,423	-	21,172,307
Other provisions	1,515,498	500,000	(966)	2,014,532
	<u>95,343,073</u>	<u>3,854,265</u>	<u>(950,665)</u>	<u>98,246,673</u>

13. UTILITIES COMPLETION LIABILITIES

	<i>31/3/2017 L.E.</i>	<i>31/12/2016 L.E.</i>
Original City project	822,357	822,357
El Waha Project	13,505,690	13,764,829
Tag City project	82,620,520	98,109,732
Capital Gardens project	1,605,949	1,571,707
Sarai City project	93,906,713	55,160,315
	<u>192,461,229</u>	<u>169,428,940</u>

This balance represents estimated amounts to complete utilities for projects that have not been completely delivered.

14. DEFERRED PROFITS & INTERESTS ON OUTSTANDING INSTALLMENTS

	<i>Land L.E.</i>	<i>Property L.E.</i>	<i>Total L.E.</i>
<u>31/3/2017</u>			
Balance at beginning of the period	80,544,379	224,405,842	304,950,221
Additions during the period	-	-	-
Due during the period	(9,823,800)	(13,598,217)	(23,422,017)
Disposals during the period	(52,193)	(835,598)	(887,791)
Balance at the end of the period	<u>70,668,386</u>	<u>209,972,027</u>	<u>280,640,413</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 SEPARATE FINANCIAL STATEMENTS

31 March 2017

15. CREDITORS AND OTHER CREDIT BALANCES

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Notes payable	6,264,257	6,118,570
Support to National Housing Project	880,000	880,000
Final retention and other refundable deposits	26,972,964	27,137,988
Down payment for land & property sales (El Waha & 6th October)	6,374,405	6,374,405
Down payment for land & property sales (Tag Sultan) – T Zone – Premira	5,907,863	1,703,311
Selling commissions	66,052,838	31,320,065
Payments from residents of El Haggana and El Arab	1,249,049	1,249,049
Employees' bonus accrued	772,510	3,521,834
Customers' balances for canceled reservations	12,004,283	12,004,283
Proceeds for maintenance expenses and counters	9,945,359	8,441,753
Governmental authorities	15,415,624	15,386,255
Accrued expenses for advertising	33,415,937	21,713,524
Others	9,365,963	5,090,308
	<u>194,621,052</u>	<u>140,941,345</u>

16. SHARE CAPITAL

Authorized capital:

The authorized capital is one thousand million Egyptian Pounds.

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Issued and paid up capital	<u>500,000,000</u>	<u>250,000,000</u>

17. 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.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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18. LOANS

	(A) <i>National Investment Bank L.E.</i>	(B) <i>Arab Investment Bank L.E.</i>	(C) <i>Commercial International Bank L.E.</i>	<i>Total L.E.</i>
31/3/2017				
Balance at the beginning of the period	2,129,076	7,883,930	253,568,210	263,581,216
Proceeds during the period	-	-	51,332,431	51,332,431
Payments of installments during the period	-	(1,960,136)	-	(1,960,136)
Balance at the end of the period	<u>2,129,076</u>	<u>5,923,794</u>	<u>304,900,641</u>	<u>312,953,511</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>
Long term liabilities:				
Long term loans	<u>1,694,337</u>	<u>2,060,158</u>	<u>304,900,641</u>	<u>308,655,136</u>

31/12/2016				
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	(414,011)	(2,284,224)	-	(2,698,235)
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>
Long term liabilities:				
Long term loans	<u>1,694,337</u>	<u>4,020,294</u>	<u>253,568,210</u>	<u>259,282,841</u>

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts:

	<i>31/3/2017 L.E.</i>	<i>31/12/2016 L.E.</i>
Cash and bank balances (Note 10)	348,668,213	73,906,995
Investment at fair value through profit and loss (Note 5/5)	63,604,799	153,043,880
Cash and cash equivalents at the end of the period	<u>412,273,012</u>	<u>226,950,875</u>
Less: Pledged time deposits against letters of guarantee	<u>(4,592,268)</u>	<u>(4,592,268)</u>
Cash and cash equivalents at the end of the period	<u>407,680,744</u>	<u>222,358,607</u>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 March 2017

19. CASH AND CASH EQUIVALENTS - *Continued*

Short term loan

	<i>31/3/2017</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
Withdrawals during the period	-	58,340,930
Installments and interests paid during the period	<u>(14,500,000)</u>	<u>(65,618,071)</u>
Balance at the end of the period	<u>4,833,333</u>	<u>19,333,333</u>

20. PROJECT MAINTENANCE DEPOSITS AND LIABILITIES

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Bank current accounts	10,938,836	19,067,884
Term deposits	108,702,049	91,100,000
Notes receivable of project maintenance deposit	-	1,239,100
Project maintenance deposit liabilities	<u>119,640,885</u>	<u>111,406,984</u>

21. DEFERRED TAX

	<i>31/3/2017</i>		<i>31/12/2016</i>	
	<i>Assets</i>	<i>(Liabilities)</i>	<i>Assets</i>	<i>(Liabilities)</i>
	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>
Deferred tax fixed assets (liabilities)	-	(2,570,495)	-	(2,533,385)
Deferred tax provisions asset	5,053,027	-	4,900,608	-
Total deferred tax assets/(liabilities)	<u>5,053,027</u>	<u>(2,570,495)</u>	<u>4,900,608</u>	<u>(2,533,385)</u>
Net deferred tax assets	<u>2,482,532</u>	<u>-</u>	<u>2,367,223</u>	<u>-</u>
Charged to the statement of income	<u>-</u>	<u>(115,309)</u>	<u>-</u>	<u>(934,824)</u>

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Unrecorded deferred tax assets (provisions)	<u>19,523,110</u>	<u>19,523,110</u>

Deferred tax assets have not included the balances of litigation provision, as there is not any future benefit for using the deferred tax in the future.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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22. RECONCILIATIONS TO CALCULATE THE EFFECTIVE INCOME TAX RATE

	<i>31/3/2017</i>	<i>31/3/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Net accounting profit before tax	523,665,638	84,722,985
Tax rate	22.50%	22.50%
Calculated income tax according to income tax law	117,824,769	19,062,672
Provisions effect	867,210	283,326
Depreciation differences	(37,111)	(16,650)
Tax exemptions	(1,059,475)	(770,862)
Un-deductible expenses	15,300	7,200
Income tax according to statement of income	117,610,693	18,565,686
Effective income tax rate	22.46%	21.91%

23. SALES AND COST OF SALES**23-a Net sales**

	<i>31/3/2017</i>	<i>31/3/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
<u>Property sales revenue</u>		
El Waha Project	160,000	4,640,000
Tag Sultan Project	22,521,240	20,660,234
Premira Project	-	11,309,198
T Zone Project	17,508,051	5,223,222
Capital Garden project	2,550,431	-
Sarai City project	573,568,939	-
	616,308,661	41,832,654
Land sales revenue - El Waha and Original City project	-	93,187,308
Total property and land sales revenues	616,308,661	135,019,962
Less:		
Tag Sultan Project sales returns	(1,051,980)	-
Tag City T Zone sales returns	(35,000)	(824,212)
Capital Garden sales returns	(1,065,599)	(869,301)
Net sales	614,156,082	133,326,449

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

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23. SALES AND COST OF SALES - Continued

23-b Cost of sales

	<i>31/3/2017</i>	<i>31/3/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
<u>Cost of sold property</u>		
Cost of El Waha Project	-	3,011,534
Cost of Tag Sultan Project	18,304,819	12,276,317
Cost of Premira Project	-	3,278,088
Cost of T Zone Project	1,314,671	565,542
Cost of Capital Garden project	80,570	-
Cost of Sarai City project	80,981,715	-
Cost of land sold - El Waha project	-	9,573,833
	<u>100,681,775</u>	<u>28,705,314</u>
Less:		
Cost of El Waha sales returns	(52,736)	-
Cost of Tag Sultan sales returns	-	(82,421)
Cost of Premira sales returns	(250,139)	(204,286)
	<u>100,378,900</u>	<u>28,418,607</u>

24. REVENUE FROM RENDERING OF SERVICES

	<i>31/3/2017</i>	<i>31/3/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Services sales	279,416	268,174
Concession fees	2,420,872	720,216
Revenue from other services	244,825	182,218
	<u>2,945,113</u>	<u>1,170,608</u>

25. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>31/3/2017</i>	<i>31/3/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Salaries, wages and equivalent	7,562,181	6,610,565
Advertisement expenses	391,103	155,402
Transportation and communications expenses	1,101,483	977,738
Professional fees	578,421	473,465
Depreciation (Note 4)	856,971	610,183
Maintenance expenses	364,436	301,885
Raw materials, fuel and spare parts	636,673	450,307
Property tax and others	73,894	89,176
Other service expenses	3,567,745	2,691,309
	<u>15,132,907</u>	<u>12,360,030</u>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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26. OTHER REVENUES

	<i>31/3/2017</i>	<i>31/3/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Reconciled fees for non construction	2,224,338	-
Deviation from construction conditions	46,684	232,896
Sundry revenue	1,379,984	257,822
Admin fees for return units	171,500	606,540
Foreign exchange gain	286,201	271,767
	<u>4,108,707</u>	<u>1,369,025</u>

27. OTHER EXPENSES

	<i>31/3/2017</i>	<i>31/3/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Compensations and fines	24,165	24,087
Donations for others	311,861	-
Loss on foreign exchange	416,248	-
	<u>752,274</u>	<u>24,087</u>

28. EARNINGS PER SHARE

	<i>31/3/2017</i>	<i>31/3/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Net profit for the period after tax	<u>406,170,254</u>	<u>66,423,976</u>
Weighted average numbers of shares outstanding during the period	<u>500,000,000</u>	<u>500,000,000</u>
Earnings per share	<u>0.81</u>	<u>0.13</u>

29. CONTINGENT LIABILITIES

Letters of guarantee

The balance of the letters of guarantees issued by United Bank and National Bank of Egypt as of 31 March 2017 are amounting to L.E. 30,175,333 (2015: L.E. 37,416,876) in favour of third parties, the letters are secured the company's time deposits amounting to L.E. 7,2018,781 (2016: L.E. 7,331,071).

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 March 2017

30. TRANSACTIONS WITH RELATED PARTIES

Related parties are represented in the shareholding by the company and companies in which the shareholders have directly or indirectly shares that entitles them to exercise control or significant influence.

The company has some transactions with the related parties that include subcontracting of the building, utilities & installation works according to the following:

	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>31/3/2017</i> <i>L.E.</i>	<i>31/3/2016</i> <i>L.E.</i>
Al Nasr Co. for Utilities & Erections - S.A.E.	Subsidiary	Utilities and installation works	<u>1,110,367</u>	<u>1,855,861</u>
Al Nasr Co. for Civil Works S.A.E.	Subsidiary	Buildings and utilities works	<u>840,764</u>	<u>3,054,442</u>

Balances of related parties are as follows:

	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>31/3/2017</i> <i>L.E.</i>	<i>31/12/2016</i> <i>L.E.</i>
<i>Amounts due from related parties:</i>				
a) Al Nasr Co. for Utilities & Erections S.A.E.	Subsidiary	Long term loan (*)	<u>10,000,000</u>	<u>10,000,000</u>
		Supplier (Debtor)	<u>50,327,332</u>	<u>50,097,093</u>
		Supplier (Debtor)	<u>2,945,177</u>	<u>2,945,177</u>
		Advance	<u>4,621,811</u>	<u>4,843,884</u>
b) Al Nasr Co. for Civil Works S.A.E.	Subsidiary	Supplier (Debtor)	<u>432,205</u>	<u>432,194</u>
		Advance	<u>5,728,206</u>	<u>5,844,465</u>
<i>Amounts due to related parties:</i>				
a) Al Nasr Co. for Utilities & Erections S.A.E.	Subsidiary	Warranty	<u>1,185,618</u>	<u>2,475,828</u>
		Supplier (Creditor)	<u>797,445</u>	<u>790,783</u>
b) Al Nasr Co. for Civil Works S.A.E.	Subsidiary	Supplier (Creditor)	<u>1,528,098</u>	<u>1,552,402</u>
		Warranty	<u>477,777</u>	<u>448,712</u>

(*) The Board of Directors agreed in its meeting held on 18/8/2008 to grant Al Nasr Co. for Utilities & Erections – S.A.E. loan with no interest amounting to L.E. 10 million.

31. TAX POSITION

Corporate tax

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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32. FINANCIAL INSTRUMENTS AND RELATED RISKS

On-balance sheet financial instruments comprise cash and bank balances, financial investments, debtors, creditors, and amounts due from/to subsidiaries. Notes to the separate 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.

- ***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 neither takes a loan in foreign currencies nor keep currencies rather than Egyptian pound.

33. CONTRACTUAL COMMITMENTS

The value of contracts with contractors for the execution of housing & development projects reached an amount of L.E. 886 million, the executed part of the project till 31/3/2017 amounting to L.E. 484 million has been fully paid to the contractors.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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34. FAIR VALUE

The fair values of financial assets and liabilities are not materially different from their carrying value at the balance sheet date, except for fixed assets.

35. COMPARATIVE FIGURES

Certain of prior year figures have been amended to conform to the financial statement presentation for the current year.

36. 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.