

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

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

AT 31 DECEMBER 2014

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

SEPARATE BALANCE SHEET

At 31 December 2014

	<i>Note</i>	<i>31/12/2014</i> <i>L.E.</i>	<i>31/12/2013</i> <i>L.E.</i>
Long Term Assets			
Fixed assets (Net)	4	24,823,685	22,416,088
Construction in progress		1,874,364	1,091,096
Investment in subsidiaries	5/1	67,961,709	64,900,606
Held to maturity investments	5/2	4,418,962	4,418,962
Available for sale investments	5/3	4,138,970	4,138,970
Investment properties	5/4	3,475,758	3,475,758
Long term debit balances	9	902,900	1,737,794
Deferred tax	19	1,813,719	2,330,535
Amounts due from related parties	28	10,000,000	10,000,000
Total long term assets		<u>119,410,067</u>	<u>114,509,809</u>
Current Assets			
Spare parts & supplies inventory		91,143	91,143
Housing & development projects -- WIP	6	414,094,296	294,134,238
Housing & development projects -- Finished properties	6	100,189,386	88,122,974
Trade receivables (Net)	7	644,656,717	598,856,009
Trade payables - debit balances (Net)	8	37,058,218	37,853,809
Debtors and other debit balances (Net)	9	53,578,999	43,271,789
Investments at fair value through profit or loss	5/5	80,352,612	72,456,126
Cash and bank balances	10	135,829,804	65,638,397
Total Current Assets		<u>1,465,851,175</u>	<u>1,200,424,485</u>
Current Liabilities			
Provisions	11	45,302,551	59,869,835
Utilities completion liabilities	12	83,972,599	50,024,424
Deferred profits & interests on outstanding installments	13	366,987,607	355,073,885
Trade and other payables	14	168,513,995	109,826,784
Current portion of long term loans	17	4,257,927	4,239,162
Credit banks (facilities)	18	-	5,990,882
Short term loans	18	22,496,155	-
Creditors		19,616,029	42,367,757
Tax Authority	20	81,466,185	52,913,660
Dividends payable		3,208,308	3,301,644
Total Current Liabilities		<u>795,821,356</u>	<u>683,608,033</u>
Working Capital		<u>670,029,819</u>	<u>516,816,452</u>
Total Investments		<u>789,439,886</u>	<u>631,326,261</u>
Financed as follows:			
Shareholders' Equity			
Issued and paid up capital	15	199,285,000	135,000,000
Legal reserve		65,387,299	57,398,000
General reserve		299,991,041	236,447,262
Net profit for the year		186,756,559	159,785,975
Total shareholders' equity		<u>751,419,899</u>	<u>588,631,237</u>
Long term Liabilities			
Trade payables		751,244	26,234,994
Long term loans	17	37,268,743	16,460,030
Total Finance		<u>789,439,886</u>	<u>631,326,261</u>

Auditor's report attached.

Chief Financial Officer
Mrs. Thanaa Mohamed

Chairman
Mr. Ahmed Mohamed El-Said

The attached notes from 1 to 32 form part of these summary separate financial statements.

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

SEPARATE STATEMENT OF INCOME

For the year ended 31 December 2014

	<i>Note</i>	<i>31/12/2014</i> <i>L.E.</i>	<i>31/12/2013</i> <i>L.E.</i>
Net sales - Land	21-a	10,579,200	1,986,505
Net sales - Property	21-a	409,222,823	313,324,834
Deferred profit & interests on installments due within the year	13	51,273,932	70,449,578
Revenue from rendering of services	22	3,245,325	3,239,054
Total revenue		<u>474,321,280</u>	<u>388,999,971</u>
Less:			
Deferred profits on outstanding installments of sales		(35,798,786)	(14,896,830)
Net activity's profit		<u>438,522,494</u>	<u>374,103,141</u>
Cost of sales – Land	21-b	(79,344)	(858,412)
Cost of sales – Property	21-b	(93,332,940)	(91,256,000)
Gross Profit		<u>345,110,210</u>	<u>281,988,729</u>
Selling & marketing expenses		(34,920,039)	(37,294,190)
General & administrative expenses	23	(46,125,855)	(34,716,326)
Provisions	11	(300,000)	(4,000,000)
Board of Directors' salaries and allowances		(1,869,750)	(2,374,488)
Profit from operations		<u>261,894,566</u>	<u>203,603,725</u>
Finance expenses		(6,835,428)	(5,060,074)
Dividends from subsidiaries		1,311,391	1,311,391
Other financial investments' revenue		5,487,303	4,267,683
Interest income		8,853,558	4,862,256
Other revenues	24	2,868,322	6,494,633
Other expenses	25	(7,278,397)	(3,050,947)
Net profit for the year before tax		<u>266,301,315</u>	<u>212,428,667</u>
Income tax	20	(79,027,940)	(52,398,392)
Deferred tax	19	(516,816)	(244,300)
Net profit for the year		<u>186,756,559</u>	<u>159,785,975</u>
Earnings per share	26	<u>1.18</u>	<u>1.34</u>

Chief Financial Officer
Mrs. Thanaa Mohamed

Chairman
Mr. Ahmed Mohamed El-Said

The attached notes from 1 to 32 form part of these summary separate financial statements.

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

SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2014

	Share capital L.E.	Legal reserve L.E.	General reserve L.E.	Other reserves L.E.	Retained earnings L.E.	Net profit for the year L.E.	Total L.E.
Balance at 1 January 2013	115,000,000	53,388,161	36,166,725	7,030,289	148,563,312	80,196,775	440,345,262
Transferred Reserves For Dividends at 2012	-	4,009,839	-	-	(4,009,839)	-	-
Profit dividends for 2012	-	-	-	-	(11,500,000)	-	(11,500,000)
Increase in capital according to Extraordinary General Assembly Meeting held on 25/8/2013	20,000,000	-	-	-	(20,000,000)	-	-
Transferred Reserves according to Extraordinary General Assembly Meeting held on 25/8/2013	-	-	(36,166,725)	(7,030,289)	43,197,014	-	-
Transferred to retained earnings	-	-	-	-	80,196,775	(80,196,775)	-
Net profit for the year	-	-	-	-	-	159,785,975	159,785,975
Balance at 31 December 2013	135,000,000	57,398,000	-	-	236,447,262	159,785,975	588,631,237
Balance at 1 January 2014	135,000,000	57,398,000	-	-	236,447,262	159,785,975	588,631,237
Transferred Reserves For Dividends at 2013	-	7,989,299	-	-	(7,989,299)	-	-
Profit dividends for 2013	-	-	-	-	(23,967,897)	-	(23,967,897)
Transferred retained earnings	-	-	-	-	159,785,975	(159,785,975)	-
Increase in capital according to Extraordinary General Assembly Meeting held on 29/1/2014	20,000,000	-	-	-	(20,000,000)	-	-
Increase in capital according to Extraordinary General Assembly Meeting held on 28/5/2014	44,285,000	-	-	-	(44,285,000)	-	-
Net profit for the year	-	-	-	-	-	186,756,559	186,756,559
Balance at 31 December 2014	199,285,000	65,387,299	-	-	299,991,041	186,756,559	751,419,899

The attached notes from 1 to 32 form part of these summary separate financial statements.

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

SEPARATE STATEMENT OF CASH FLOW

For the year ended 31 December 2014

	Note	31/12/2014 L.E.	31/12/2013 L.E.
OPERATING ACTIVITIES			
Net profit for the year before tax		266,301,315	212,428,667
Adjustments for:			
Depreciation	4	1,929,440	1,633,377
Provisions other than depreciation		300,000	4,000,000
Provisions no longer required		(240,558)	-
Other financial investments revenue		(861,166)	(187,570)
Dividends from subsidiaries		(1,311,391)	(1,311,391)
Impairment of investment in Al Nasr Utilities		4,921,397	-
Stock option/General and administrative expenses		-	3,900,000
Net deferred profits and interests accrued during the year		(15,475,146)	(55,552,748)
Finance expenses /discount of present value		797,758	719,958
Operating profit before working capital changes		<u>256,361,649</u>	<u>165,630,293</u>
Inventory and housing and development projects		(132,026,470)	(115,902,245)
Trade receivables (Net)		(45,800,708)	(35,389,884)
Trade payables – debit balances (Net)		795,591	(12,344,475)
Debtors and other debit balances (Net)		3,827,979	(6,864,120)
Trade payables		(48,235,478)	50,471,713
Utilities completion liabilities		33,948,175	33,106,387
Creditors and other credit balances		82,921,641	41,213,474
Provisions used		(14,626,726)	(100,000)
Dividends paid		(23,967,897)	(11,484,718)
Income Tax paid		(50,475,415)	(34,216,225)
Net cash from operating activities		<u>62,722,341</u>	<u>74,120,201</u>
INVESTING ACTIVITIES:			
Amounts due from related parties	28	-	(3,360,008)
Investment in subsidiaries		(18,982,500)	-
Payments for purchase of fixed assets		(4,337,037)	(1,846,203)
Payments for purchase of construction in progress		(783,268)	(142,931)
Dividends collected from subsidiaries		1,311,391	1,311,391
Other financial investments' revenue		824,216	-
Investments at fair value through profit and loss		16,698,970	(26,297,676)
Net cash used in investing activities		<u>(5,268,228)</u>	<u>(30,335,427)</u>
FINANCING ACTIVITIES:			
Payments of long term loans		(4,239,190)	(20,561,453)
Proceeds from long term loans		25,066,668	25,896,820
Payments of short term loans		(29,503,845)	-
Proceeds from short term loans		52,000,000	-
Net cash from financing activities		<u>43,323,633</u>	<u>5,335,367</u>
Change in cash and cash equivalents		100,777,746	49,120,140
Cash and cash equivalents at the beginning of the year		74,388,358	25,268,217
Total cash and cash equivalents at the end of the year		<u>175,166,104</u>	<u>74,388,358</u>
Less: Pledged time deposits against letters of guarantee		(5,955,091)	(9,038,187)
Cash and cash equivalents at the end of the year	18	<u>169,211,013</u>	<u>65,350,171</u>

NON CASH TRANSACTION:

The statement of cash flow did not include deferred profit and interests on installments resulted from debit and credit adjustment with trade receivables with an amount of L.E. 12,482,245 (2013: L.E. 14,202,291).

The attached notes from 1 to 32 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. 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 19/06/1991 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.

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 St., 2nd Area, Nasr City, Cairo, Egypt.

The Chairman is Eng. Ahmed Mohamed El Said.

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 December 2014 on 5 February 2015.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

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
- Taxation
- Liabilities for completion utilities

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. 17 (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.

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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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	
- 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.

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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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 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.
- 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

3. *Tag Sultan Project, Primera and Al Waha*

- Revenue on sales of units and villas are recognized in the statement of income in accordance with the volume of revenues to be recognized whereas the selling price of the contracted land to constructed the units and villas are recorded in full according to the terms of contract with the client, the selling amount of building and constructions are recognized based on the completed contract method and are recorded after completing of construction for unit or villa as well as delivered to the client however in the case that the circumstances of delay the delivery for a reason beyond the control of the company and in accordance with the terms of the contract.
- The company applies a full contract method to recognize revenues for units and villas sold which requires the capitalization of costs under housing & development projects account until the completion of the constructed of units, villas and deliver them to customers then recognized both of revenues an costs related to these units.

4. *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.

t) Expenses

Rent expenses

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

Interest expenses

Interest expenses relating to loans and bank overdrafts are recorded in the income statement based on actual interest rate.

u) 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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

v) 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.

w) 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.

x) Borrowing cost

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

y) 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.

z) 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 December 2014

4. FIXED ASSETS

	Land (*) L.E.	Buildings and constructions (*) L.E.	Machinery & equipment L.E.	Motor vehicles L.E.	Tools L.E.	Furniture & office equipment L.E.	Total L.E.
Cost:							
At 1 January 2014	1,957,469	14,878,244	885,289	3,262,936	544,553	11,848,582	33,377,073
Additions during the year	-	80,017	539,280	-	11,675	3,706,065	4,337,037
Disposals	-	-	-	(135,565)	(65,599)	(61,884)	(263,048)
At 31 December 2014	1,957,469	14,958,261	1,424,569	3,127,371	490,629	15,492,763	37,451,062
Accumulated depreciation:							
At 1 January 2014	-	4,205,916	579,885	2,446,601	544,553	3,184,030	10,960,985
Provided during the year	-	370,581	135,838	332,029	11,675	1,079,317	1,929,440
Related to disposals	-	-	-	(135,565)	(65,599)	(61,884)	(263,048)
At 31 December 2014	-	4,576,497	715,723	2,643,065	490,629	4,201,463	12,627,377
Net book value:							
At 31 December 2014	1,957,469	10,381,764	708,846	484,306	-	11,291,300	24,823,685
At 31 December 2013	1,957,469	10,672,328	305,404	816,335	-	8,664,552	22,416,088

(*) Land and buildings including land and buildings of the social club and rental playground for Madinet Nasr for Housing & Development club and 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 December 2014

4. FIXED ASSETS - Continued

a) The fully depreciated assets are as follows:

	31/12/2014	31/12/2013
	L.E.	L.E.
Buildings and constructions	399,250	135,319
Motor vehicles	1,467,218	1,602,782
Furniture and office equipment	1,774,533	1,798,015
Machinery & equipment	525,444	525,444
Tools	490,629	544,553
	<u>4,657,074</u>	<u>4,606,113</u>

b) Depreciation for the year is allocated as follows:

	31/12/2014	31/12/2013
	L.E.	L.E.
Cost of sales	367,280	313,261
Selling & Marketing expenses	97,693	18,955
General and administrative expenses (Note 23)	1,464,467	1,301,161
	<u>1,929,440</u>	<u>1,633,377</u>

5. INVESTMENTS

5/1 Investments in subsidiaries

	<i>Contribution</i>	31/12/2014	31/12/2013
	<i>%</i>	L.E.	L.E.
Al Nasr Co. for Utilities & Erections – S.A.E.	94.9	70,815,000	51,832,500
Impairment of investment		(67,753,897)	(51,832,500)
		3,061,103	-
Al Nasr Co. for Civil Works - S.A.E.	52.45	64,900,606	64,900,606
		<u>67,961,709</u>	<u>64,900,606</u>

5/2 Held to maturities investments

	31/12/2014	31/12/2013
	L.E.	L.E.
Investments in Governmental bonds	121,962	121,962
Investments in housing bonds	4,297,000	4,297,000
	<u>4,418,962</u>	<u>4,418,962</u>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

5. INVESTMENTS - Continued

5/3 Available for sale investments

	<i>Contribution %</i>	<i>31/12/2014 L.E.</i>	<i>31/12/2013 L.E.</i>
Egyptian Kuwaiti Real Estate Development	7.503	3,938,970	3,938,970
High Education House (S.A.E)	1.200	200,000	200,000
		4,138,970	4,138,970

5/4 Investment properties

	<i>31/12/2014 L.E.</i>	<i>31/12/2013 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
	3,475,758	3,475,758

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

5/5 Investments at fair value through profit and loss

	<i>31/12/2014 L.E.</i>	<i>31/12/2013 L.E.</i>
<u>Investment certificates in:</u>		
a) Bank Misr Investment Fund (Day-By-Day)	177,223	164,055
b) QNB (NSGB) Investment Fund	4,768,493	2,441,533
c) Banque Du Caire Investment Fund (Day-By-Day)	39,159,077	14,576,788
d) Arab African International Bank Investment Fund	21,871,749	53,981,026
e) Arab Investment Bank Investment Fund	121,149	1,292,724
f) United Bank Investment Fund (Rakhaa)	14,254,921	-
	80,352,612	72,456,126

- a) On 28 February 2007, the company opened a day-by-day account with Bank Misr Fund Investment with regular return and deposit of funds in the statements aiming to gain daily cumulative return where the income is added daily to client account and allows daily transactions either withdrawals or deposits.

Balance on such deposits amounted to L.E. 177,223 and included daily income earned during the year ended 31 December 2014 of L.E. 13,917. Depositing amounts in this account is considered as acquiring investment certificate in this fund. The nominal value of investment certificate amounted L.E. 10 and the revocable value is determined at end of each working day.

- b) On 31 December 2014, the company invested in QNB (NSGB) Investment Fund by an amount of L.E. 4,768,493 included daily income earned during the year ended 31 December 2014 by L.E. 327,053.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

5. INVESTMENTS - *Continued*

- c) On 23 August 2010, the company invested in Banque Du Caire Investment Fund an amount of L.E. 12,631,000 against 1,217,542 certificates which amounting to L.E. 39,159,077 on 31 December 2014 against 2,465,901 certificates.
- d) From beginning of April 2012, the company acquired 58,750 investment certificates (Gaman) in investment fund of Arab African International Bank for an amount of L.E. 7,439,419. The outstanding balance of such deposits at 31 December 2014 amounted to L.E. 21,871,749, against 135,253 certificates.
- e) On 31 December 2014, the company invested in Arab Investment Bank an amount of L.E. 121,149.
- f) From beginning of March 2014, the company acquired 8,378 investment certificates (Rakha fund) of United Bank for an amount of L.E. 1 million, the outstanding balance of such deposits at 31 December 2014 amounted to L.E. 14,254,921.

6. HOUSING & DEVELOPMENT PROJECTS

	<i>31/12/2014</i>	<i>31/12/2013</i>
	<i>L.E.</i>	<i>L.E.</i>
Work in progress:		
Undeveloped land (*)	49,125,048	49,125,048
Developed land	258,219,927	162,603,920
Property under construction	106,749,321	82,405,270
	<u>414,094,296</u>	<u>294,134,238</u>
Finished goods:		
Finished properties	<u>100,189,386</u>	<u>88,122,974</u>
Total housing and development projects	<u>514,283,682</u>	<u>382,257,212</u>

- (*) Natural land represent a plot of land located south of Misr Suez Desert Road between km 45.35 and km 47.6 with width of 2.5 km, the Presidential Decree No. 190 for 1995, the value of land evaluated by the Ministry of Housing according to the financial compensation of Ministry of Defense depends on the signed protocol between them, according to the letter from the Ministry of Housing, Utilities and Urban Communities Development at 22/1/2014, the accrued amount will be paid during the year from the date of that letter.

7. TRADE RECEIVABLES

	<i>31/12/2014</i>	<i>31/12/2013</i>
	<i>L.E.</i>	<i>L.E.</i>
Land (installments & interests)	67,827,485	80,749,650
Property (installments & interests)	590,844,699	531,970,500
Property lease	645,915	797,241
	<u>659,318,099</u>	<u>613,517,391</u>
Less: Impairment in trade receivables	<u>(14,661,382)</u>	<u>(14,661,382)</u>
	<u>644,656,717</u>	<u>598,856,009</u>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

7. TRADE RECEIVABLES - Continued

Total contracts for Tag Sultan, Primera and Al Waha projects are as follows:

	31/12/2014
	L.E.
Tag Sultan Project	1,634,610,018
El Waha Project – Primera	106,496,144
	<u>1,741,106,162</u>

Total cheques collected for total contracts of Tag Sultan, Primera and Al Waha projects are as follows:

	31/12/2014
	L.E.
Tag Sultan Project	1,179,329,874
El Waha Project - Primera	91,985,444
	<u>1,271,315,318</u>

8. TRADE PAYABLES – DEBIT BALANCES

	31/12/2014	31/12/2013
	L.E.	L.E.
Trade payables & contractors	24,309,191	31,602,057
Advance payments for trade payables	13,848,130	7,350,855
	<u>38,157,321</u>	<u>38,952,912</u>
Less:		
Impairment in trade payables – debit balances	(1,099,103)	(1,099,103)
	<u>37,058,218</u>	<u>37,853,809</u>

9. DEBTORS AND OTHER DEBIT BALANCES (NET)

	31/12/2014	31/12/2013
	L.E.	L.E.
Refundable deposits	11,206,832	6,091,713
Advance expenses	7,258,902	-
Accrued revenue	1,048,854	491,433
Employees stock option system	19,781,206	23,681,206
Cash margin on letters of guarantee	11,065,647	9,595,901
Employees' loans	91,217	-
Other debit balances	2,816,894	3,139,225
Present value discount (*)	417,447	380,311
	<u>53,686,999</u>	<u>43,379,789</u>
Less:		
Impairment in debtors and other debit balances	(108,000)	(108,000)
	<u>53,578,999</u>	<u>43,271,789</u>
Long term deposits	<u>902,900</u>	<u>1,737,794</u>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

9. DEBTORS AND OTHER DEBIT BALANCES (NET) - Continued

(*) This amount represents present value discounts arising from measuring outstanding installments at amortized cost using the effective interest method according to the Egyptian Accounting Standards No. (26) "Financial Instruments Recognition and Measurement" for the remaining installments (which are not due yet) of the value of land purchased from New Urban Communities Authority in 6th October City for L.E. 12.5 million, the company paid the equivalent of 10% of that value and the balance of L.E. 11.3 million will be paid over 7 equal annual installments of L.E. 1.635 million each starting from 3 June 2010.

10. CASH AND BANK BALANCES

	<i>31/12/2014</i>	<i>31/12/2013</i>
	<i>L.E.</i>	<i>L.E.</i>
Cash on hand	1,043,924	93,785
Bank current accounts	12,935,542	10,843,109
Time deposits (*)	<u>121,850,338</u>	<u>54,701,503</u>
	<u>135,829,804</u>	<u>65,638,397</u>

(*) Time deposits included L.E. 5,955,091 (2013: L.E. 9,038,187) pledged time deposits against letters of guarantee.

11. PROVISIONS

	<i>Balance at</i>	<i>Provided</i>	<i>No</i>	<i>Used during</i>	<i>Balance at</i>
	<i>1/1/2014</i>	<i>during the</i>	<i>longer</i>	<i>the year</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>year</i>	<i>required</i>	<i>L.E.</i>	<i>L.E.</i>
		<i>L.E.</i>	<i>L.E.</i>		
Disputed taxes provision	34,317,822	-	-	(3,626,726)	30,691,096
Litigation provision	13,243,387	-	-	-	13,243,387
Renovations rented flats provision (*)	186,491	-	-	-	186,491
Property tax provision	704,325	-	-	-	704,325
Stamp tax claims provision	177,252	300,000	-	-	477,252
Future risk provision	240,558	-	(240,558)	-	-
Provision against liabilities of Al Nasr for Utilities and Erections	<u>11,000,000</u>	-	-	<u>(11,000,000)</u>	-
	<u>59,869,835</u>	<u>300,000</u>	<u>(240,558)</u>	<u>(14,626,726)</u>	<u>45,302,551</u>

(*) Provision for renovation of rented flats was made to meet the obligation of maintenance and renovation for all buildings rented to others.

12. UTILITIES COMPLETION LIABILITIES

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

13. DEFERRED PROFITS & INTERESTS ON OUTSTANDING INSTALLMENTS

	<i>Land L.E.</i>	<i>Property L.E.</i>	<i>Total L.E.</i>
<u>31/12/2014</u>			
Balance at beginning of the year	66,363,654	288,710,231	355,073,885
Additions during the year	6,475,500	69,798,010	76,273,510
Due during the year	(17,404,311)	(33,869,621)	(51,273,932)
Disposals during the year	(345,571)	(12,740,285)	(13,085,856)
Balance at the end of the year	<u>55,089,272</u>	<u>311,898,335</u>	<u>366,987,607</u>
<u>31/12/2013</u>			
Balance at beginning of the year	102,327,541	294,278,801	396,606,342
Additions during the year	-	53,759,859	53,759,859
Due during the year	(18,806,366)	(51,643,212)	(70,449,578)
Disposals during the year	<u>(17,157,521)</u>	<u>(7,685,217)</u>	<u>(24,842,738)</u>
Balance at the end of the year	<u>66,363,654</u>	<u>288,710,231</u>	<u>355,073,885</u>

14. CREDITORS AND OTHER CREDIT BALANCES

	<i>31/12/2014 L.E.</i>	<i>31/12/2013 L.E.</i>
Support to National Housing Project	1,050,000	1,150,000
Final retention and other refundable deposits	9,890,499	8,972,280
Down payment for land & property sales (El Waha & 6th October)	12,889,449	36,536,168
Down payment for land & property sales (Tag Sultan)	98,417,942	16,161,677
Selling commissions	6,058,618	5,970,610
Payments from residents of El Haggana and El Arab	1,249,049	1,249,049
Employees' bonus accrued	6,420,128	6,537,710
Others	<u>32,538,310</u>	<u>33,249,290</u>
	<u>168,513,995</u>	<u>109,826,784</u>

15. SHARE CAPITAL

	<i>31/12/2014 L.E.</i>	<i>31/12/2013 L.E.</i>
Authorized capital:	<u>1,000,000,000</u>	<u>200,000,000</u>
Issued and paid up:	<u>199,285,000</u>	<u>135,000,000</u>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

15. SHARE CAPITAL - Continued

The Extraordinary General Assembly Meeting for the company held on 29 January 2014 decided to increase in issued capital by L.E. 20 million to be L.E. 155 million distributed on 135 million shares by L.E. 1 each financed from retained earnings.

16. EMPLOYEES STOCK OPTIONS

This system is established to grant part of the company's shares with a maximum of 3% of the issued shares (approx. 3,000,000 shares) to the employees and executive BOD according to rules and regulations of that system.

17. LOANS

	31/12/2014			Total L.E.
	(A) National Investment Bank L.E.	(B) Arab United Bank for Development and Investment (Arab Investment Bank) L.E.	(C) Commercial International Bank L.E.	
<u>31/12/2014</u>				
Balance at the beginning of the year	3,312,903	17,387,289	-	20,699,192
Proceeds during the year	-	-	25,066,668	25,066,668
Payments of installments during the year	(375,525)	(3,863,665)	-	(4,239,190)
Balance at the end of the year	<u>2,937,378</u>	<u>13,522,624</u>	<u>25,066,668</u>	<u>41,526,670</u>

Classification to balance sheet as follows:

Current liabilities:

Current portion of long term loans

394,290	3,863,637	-	4,257,927
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Long term liabilities:

Long term loans

<u>2,543,088</u>	<u>9,658,987</u>	<u>25,066,668</u>	<u>37,268,743</u>
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	31/12/2013		Total L.E.
	(A) National Investment Bank L.E.	(B) Arab United Bank for Development and Investment (Arab Investment Bank) L.E.	
<u>31/12/2013</u>			
Balance at the beginning of the year	3,670,573	11,693,253	15,363,826
Proceeds during the year	-	25,896,819	25,896,819
Payments of installments during the year	(357,670)	(20,203,783)	(20,561,453)
Balance at the end of the year	<u>3,312,903</u>	<u>17,386,289</u>	<u>20,699,192</u>

Classification to balance sheet as follows:

Current liabilities:

Current portion of long term loans

375,526	3,863,636	4,239,162
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Long term liabilities:

Long term loans

<u>2,937,377</u>	<u>13,522,653</u>	<u>16,460,030</u>
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Madinet Nasr for Housing & Development S.A.E.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

18. CASH AND CASH EQUIVALENTS

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

	31/12/2014	31/12/2013
	L.E.	L.E.
Cash and bank balances (Note 10)	135,829,804	65,638,397
Investment at fair value through profit and loss (Note 5/5)	39,336,300	14,740,843
Less:		
Pledged time deposits against letters of guarantee	(5,955,091)	(9,038,187)
Credit banks - credit facilities	-	(5,990,882)
	<u>169,211,013</u>	<u>65,350,171</u>

Short term loan

	L.E.
Balance at the beginning of the year	-
Withdrawals during the year	52,000,000
Interests during the year	2,658,319
Installments and interests paid during the year	<u>32,162,164</u>
Balance at the end of the year	<u>22,496,155</u>

19. DEFERRED TAX

	31/12/2014		31/12/2013	
	Assets	Liabilities	Assets	Liabilities
	L.E.	L.E.	L.E.	L.E.
Deferred tax liabilities (fixed assets)	-	(1,824,213)	-	(1,361,850)
Deferred tax assets (provisions)	3,637,932	-	3,692,385	-
Total tax assets/(liabilities)	<u>3,637,932</u>	<u>(1,824,213)</u>	<u>3,692,385</u>	<u>(1,361,850)</u>
Net tax assets	<u>1,813,719</u>	-	<u>2,330,535</u>	-
Charged to the statement of income	-	(516,816)	-	(244,300)

	31/12/2014	31/12/2013
	L.E.	L.E.
Unrecorded deferred tax assets (provisions)	<u>4,430,815</u>	<u>3,692,345</u>

Deferred tax assets included the balances of litigation provision, renovation rented flats provision and impairment in trade payables – debit balances.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

20. RECONCILIATIONS TO CALCULATE THE EFFECTIVE INCOME TAX RATE

	<i>31/12/2014</i> <i>L.E.</i>	<i>31/12/2013</i> <i>L.E.</i>
Net accounting profit before tax	266,301,315	212,428,667
Enacted tax rate	30%	25%
Calculated income tax according to income tax law	<u>79,890,395</u>	<u>53,107,167</u>
Provisions effect	90,000	975,000
Depreciation differences	(415,077)	(330,506)
Tax exemptions	(2,098,487)	(1,394,769)
Un-deductible expenses	<u>1,561,109</u>	<u>41,500</u>
Income tax according to statement of income	<u>79,027,940</u>	<u>52,398,392</u>
Effective income tax rate	<u>29.7%</u>	<u>24.67%</u>

21. SALES AND COST OF SALES

21-a Net sales

	<i>31/12/2014</i> <i>L.E.</i>	<i>31/12/2013</i> <i>L.E.</i>
Land sales	11,136,000	15,283,313
Property sales	412,842,101	314,243,440
Less: Land sales returns	(556,800)	(13,296,808)
Less: Property sales returns	<u>(3,619,278)</u>	<u>(918,606)</u>
Net sales – property	<u>419,802,023</u>	<u>315,311,339</u>

21-b Cost of sales

	<i>31/12/2014</i> <i>L.E.</i>	<i>31/12/2013</i> <i>L.E.</i>
Cost of land sales	79,344	1,956,227
Cost of property sales	93,907,984	91,347,860
Less: Cost of land sales returns	-	(1,097,815)
Less: Cost of property sales returns	<u>(575,044)</u>	<u>(91,860)</u>
	<u>93,412,284</u>	<u>92,114,412</u>

22. REVENUE FROM RENDERING OF SERVICES

	<i>31/12/2014</i> <i>L.E.</i>	<i>31/12/2013</i> <i>L.E.</i>
Services revenue	1,398,893	1,374,235
Disclaimer fees	1,325,294	1,327,177
Revenue from other services	521,138	537,642
	<u>3,245,325</u>	<u>3,239,054</u>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

23. GENERAL AND ADMINISTRATIVE EXPENSES

	31/12/2014	31/12/2013
	L.E.	L.E.
Salaries, wages and equivalent	20,841,990	23,347,949
Advertisement expenses	11,124,896	508,216
Transportation and communications expenses	4,127,000	4,186,703
Professional fees	1,008,703	418,162
Depreciation (Note 4)	1,464,467	1,301,161
Maintenance expenses	915,205	721,577
Raw materials, fuel and spare parts	1,108,890	874,138
Property tax and others	207,054	155,958
Other service expenses	5,327,650	3,202,462
	<u>46,125,855</u>	<u>34,716,326</u>

24. OTHER REVENUES

	31/12/2014	31/12/2013
	L.E.	L.E.
Deviation from construction conditions	503,120	451,920
Reconciled fees for non construction	244,764	616,413
Construction conditions violation	83,800	3,889,145
Sundry revenue	1,238,763	1,126,320
Administrative expenses	556,920	387,240
Gain on foreign exchange	397	23,595
Provision no longer required	240,558	-
	<u>2,868,322</u>	<u>6,494,633</u>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

25. OTHER EXPENSES

	31/12/2014	31/12/2013
	L.E.	L.E.
Impairment of investment in Al Nasr Utilities	4,921,397	-
Compensations and fines	2,248,668	2,862,551
Donations	108,300	180,555
Other expenses	-	7,841
Loss on foreign exchange	32	-
	<u>7,278,397</u>	<u>3,050,947</u>

26. EARNINGS PER SHARE

	31/12/2014	31/12/2013
	L.E.	L.E.
Net profit for the year	186,756,559	159,785,975
Less:		
Board of Directors remuneration	9,337,828	7,989,299
Employees remuneration	18,675,656	15,978,598
	<u>158,743,075</u>	<u>135,818,078</u>
Weighted average of numbers of shares outstanding during the year	<u>158,271,890</u>	<u>118,890,411</u>
Earnings per share	<u>1.18</u>	<u>1.34</u>

27. CONTINGENT LIABILITIES

a) Letters of guarantee

The balance of letters of guarantee which was issued from Suez Canal Bank and National Bank of Egypt as of 31 December 2014 is L.E. 34,691,525 (2013: L.E. 32,166,954). These letters of guarantee were issued in favour of third parties, which secured by part of the company's time deposits amounting to L.E. 5,955,091 (2013: L.E. 9,038,187).

b) Early retirement

The Board of Directors approved on its meeting No. 14 held on 27/7/1997 the rules of employees early retirement and compensation to be paid according to these rules. The company bears all compensation to employees. Number of early retired employees up to 31 March 2013 is 181 employees for an amount of L.E. 4.5 million.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

28. 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 had significant transactions with related parties during the year in the direct subcontracting of the building, utilities & installation works, presented in the following:

<i>Related parties</i>	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>31/12/2014 L.E.</i>	<i>31/12/2013 L.E.</i>
Al Nasr Co. for Utilities & Erections - S.A.E.	Subsidiary	Utilities and installation works	<u>1,797,270</u>	<u>4,909,788</u>
Al Nasr Co. for Civil Works S.A.E.	Subsidiary	Buildings and utilities works	<u>1,425,335</u>	<u>(772,045)</u>

Balances of related parties are as follows:

	<i>Nature of account</i>	<i>31/12/2014 Debit / (credit) L.E.</i>	<i>31/12/2013 Debit / (credit) L.E.</i>
Amounts due from related parties:			
Al Nasr Co. for Utilities & Erections S.A.E. (*)	Borrower	<u>10,000,000</u>	<u>10,000,000</u>
Al Nasr Co. for Utilities & Erections S.A.E. (**)	Supplier	<u>11,304,563</u>	<u>18,774,927</u>
Amounts due to related parties:			
Al Nasr Co. for Civil Works S.A.E. (***)	Supplier	<u>(733,645)</u>	<u>(2,158,981)</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. The Outstanding balance of the loan amounted to L.E. 10 million at 31 December 2014.

(**) Amounts due from Al Nasr Co. for Utilities & Erections were disclosed within trade payables – debit balances (Note 8).

(***) Amounts due to Al Nasr Co. for Civil Works were disclosed within Trade payables.

29. TAX POSITION

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 2011 till 2013

There is no inspection for this period.

30. 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 includes 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 take a loan in foreign currencies nor keep currencies rather than Egyptian pound.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2014

31. CONTRACTUAL COMMITMENTS

The value of contracts with contractors for the implementation of housing & development projects of L.E. 692 million (2013: L.E. 193.5 million), the implemented part till 31/12/2013 amounting to L.E. 191 million (2013: L.E. 161.4 million) has been fully paid to contractors.

- Development and reconstruction of El Waha region.
- Development and reconstruction of Tegan region (ex. El Nasr Garden).
- Development and reconstruction of 6 of October.

32. COMPARATIVE FIGURES

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