

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

**SUMMARIZED CONSOLIDATED
FINANCIAL STATEMENTS
AND AUDITOR'S REPORT THEREON**

AT 31 DECEMBER 2015

**TO THE SHAREHOLDERS OF
MADINET NASR FOR HOUSING & DEVELOPMENT S.A.E.****REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY
CONSOLIDATED FINANCIAL STATEMENTS**

We have audited the consolidated financial statements of Madinet Nasr for Housing & Development S.A.E. for the year ended 31 December 2015, from which the attached summary consolidated financial statements are derived, in accordance with the Egyptian Standards on Auditing and the relevant laws and regulations. As stated in our Arabic audit report dated 13 March 2016, we expressed an unqualified audit opinion, with an emphasis of matter regarding going concern for a subsidiary, on the consolidated financial statements for the year then ended, from which the attached summary of consolidated financial statements are derived.

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

In order to obtain a comprehensive understanding of the company's consolidated financial position as of 31 December 2015, the results of its operations for the year then ended and our scope of audit, you should refer to the Arabic audited consolidated financial statements for the year then ended and our report thereon.



Taha M. Khaled
Fellow of ICAEW
Fellow of ESAA
RAA No. 5136
EFSA No. 28



Cairo, 13 March 2016

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

CONSOLIDATED BALANCE SHEET

At 31 December 2015

	Note	31/12/2015 L.E.	31/12/2014 L.E.
Long Term Assets			
Fixed assets (Net)	4	45,741,196	31,446,328
Construction in progress		18,255,282	17,223,710
Held to maturity investments	5/1	672,200	4,969,200
Available for sale investments	5/2	4,819,114	4,447,406
Investment properties	5/3	6,665,416	5,869,281
Deferred tax asset	30	7,294,680	8,865,599
Total long term assets		83,447,888	72,821,524
Current Assets			
Inventories	6	66,369,051	39,046,218
Housing & development projects – WIP	7	689,336,980	414,094,296
Housing & development projects – Finished properties	7	84,220,276	100,189,386
Trade receivables (Net)	8	987,801,866	910,688,811
Trade payables – debit balances (Net)	9	205,417,051	98,662,460
Debtors and other debit balances (Net)	10	43,275,631	40,145,048
Cash margin on letters of guarantee		9,960,508	14,905,168
Investments at fair value through profit or loss	5/4	196,303,175	100,536,290
Projects' maintenance deposits	22	47,421,801	-
Cash and bank balances	11	104,444,194	212,283,341
Total Current Assets		2,434,550,533	1,930,551,018
Current Liabilities			
Trade payables	12	223,089,742	90,618,624
Advances & other trade receivables		88,334,382	54,746,220
Provisions	13	46,740,930	60,998,769
Creditors		88,752,354	84,885,327
Utilities completion liabilities	14	140,080,633	83,972,599
Projects maintenance deposits' liabilities	22	47,421,801	-
Deferred profits & interests on outstanding installments	15	350,065,187	366,987,607
Dividends payable		4,319,803	3,838,658
Creditors & other credit balances	16	311,615,682	278,516,735
Current portion of short term loans	20	4,277,648	4,257,927
Short term loans	21	26,610,474	22,496,155
Credit banks (credit facilities)	11	8,922,824	140,211
Tax Authority		74,600,616	93,281,685
Total current liabilities		1,414,832,076	1,144,740,517
Working capital		1,019,718,457	785,810,501
Total investment		1,103,166,345	858,632,025
Financed as follows:			
Shareholders' Equity			
Issued and paid up capital	17	250,000,000	199,285,000
Legal reserve		74,725,127	65,387,299
Retained earnings		401,710,916	288,746,960
Net profit for the year		239,460,127	202,757,763
Shareholders' equity		965,896,170	756,177,022
Non controlling interest	19	68,301,160	65,186,260
Total shareholders' equity		1,034,197,330	821,363,282
Long term liabilities			
Long term loans	20	68,969,015	37,268,743
Total Financing		1,103,166,345	858,632,025

Auditor's report attached.

Chief Financial Officer
Mrs. Thanaa Mohamed

Financial Manager and
Investors' relations
Mr. Mohamed Abdelsalam

Chairman
Mr. Mohamed Hazem Barakat

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

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

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2015

	Note	31/12/2015 L.E.	31/12/2014 L.E.
Net sales	23-a	714,848,880	721,773,120
Deferred profits & interests on installments due within the year	15	64,293,273	51,273,932
Revenue from rendering of services	25	6,160,905	6,601,841
Total revenue		<u>785,303,058</u>	<u>779,648,893</u>
Less:			
Deferred profits on outstanding installments of sales		(36,941,049)	(35,798,786)
Net activity's profit		<u>748,362,009</u>	<u>743,850,107</u>
Cost of sales	23-b	(367,054,723)	(357,371,970)
Gross profit		<u>381,307,286</u>	<u>386,478,137</u>
Selling & marketing expenses		(47,158,031)	(34,920,039)
General & administrative expenses	26	(60,698,707)	(57,484,720)
Provisions	13	(1,821,631)	(4,762,109)
Provisions no longer required and reversal of impairment of trade receivable		15,267,506	5,819,177
Board of directors' salaries & allowances		(8,731,229)	(4,828,687)
Profit from operations		<u>278,165,194</u>	<u>290,301,759</u>
Finance expenses		(10,318,984)	(9,049,599)
Revenue of financial investment available for sale		41,040	53,110
Revenue of investment at fair value through profit or loss		17,076,485	7,263,813
Credit interest		11,378,245	13,581,020
Gain on sale of fixed assets		2,224	-
Other revenues	27	17,285,573	4,011,305
Other expenses	28	(4,644,931)	(5,439,594)
Net profit for the year before tax		<u>308,984,846</u>	<u>300,721,814</u>
Income tax		(61,966,177)	(88,066,080)
Deferred tax	31	(1,570,919)	511,295
Net profit for the year after tax		<u>245,447,750</u>	<u>213,167,029</u>
Less: Non controlling interest		(5,987,623)	(10,409,266)
Group portion in net profit for the year		<u>239,460,127</u>	<u>202,757,763</u>
Earnings per share	33	<u>0,81</u>	<u>0,70</u>

Chief Financial Officer
Mrs. Thanaa Mohamed

Financial Manager and
Investors' relations
Mr. Mohamed Abdelsalam

Chairman
Mr. Mohamed Hazem Barakat

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

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2015

	Share Capital L.E.	Legal Reserve L.E.	Retained Earnings L.E.	Net profit for the year L.E.	Total L.E.	Non- controlling interest L.E.	Total L.E.
Balance at 1 January 2014	135,000,000	57,398,000	211,727,848	175,977,404	580,103,252	56,626,916	636,730,168
Transferred to reserves of 2013	-	7,989,299	(7,989,299)	-	-	-	-
Dividends for 2013	-	-	(23,967,897)	-	(23,967,897)	-	(23,967,897)
Transferred to retained earnings	-	-	175,977,404	(175,977,404)	-	-	-
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)	-	-	-	-
Retained earnings used for Al Nasr Co. for Civil Works	-	-	(2,716,096)	-	(2,716,096)	(1,849,922)	(4,566,018)
Net profit for the year	-	-	-	202,757,763	202,757,763	10,409,266	213,167,029
Balance at 31 December 2014	199,285,000	65,387,299	288,746,960	202,757,763	756,177,022	65,186,260	821,363,282
Transferred to reserves of 2014	-	9,337,828	(9,337,828)	-	-	-	-
Dividends for 2014	-	-	(28,013,484)	-	(28,013,484)	-	(28,013,484)
Transferred to retained earnings	-	-	202,757,763	(202,757,763)	-	-	-
Increase in capital according to Extraordinary General Assembly Meeting held on 5/3/2015	50,715,000	-	(50,715,000)	-	-	-	-
Used retained earnings in Al Nasr for Civil Works	-	-	(1,727,495)	-	(1,727,495)	(2,872,723)	(4,600,218)
Net profit for the year	-	-	-	239,460,127	239,460,127	5,987,623	245,447,750
Balance at 31 December 2015	250,000,000	74,725,127	401,710,916	239,460,127	965,896,170	68,301,160	1,034,197,330

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	<i>Note</i>	<i>31/12/2015</i> <i>L.E.</i>	<i>31/12/2014</i> <i>L.E.</i>
OPERATING ACTIVITIES			
Net profit before tax		308,984,846	300,721,814
Adjustments for:			
Depreciation	4	4,481,993	3,897,276
Provisions other than depreciation	13	1,821,631	3,797,200
Provisions no longer required		(15,000,000)	(5,964,490)
Revenue from financial investments		(2,173,591)	(2,208,240)
Gain on sale of fixed assets		(2,224)	-
Net deferred profits & interest during the year		(27,352,224)	(15,475,146)
Finance charges /discount of present value		868,897	797,758
Operating profit before working capital changes		<u>271,629,328</u>	<u>285,566,172</u>
Inventory and housing & development projects		(286,596,407)	(126,266,676)
Debtors and other debit balances		(226,686,177)	(75,415,949)
Creditors & other credit balances		326,988,174	83,314,302
Provision used	13	(1,079,470)	(4,630,051)
Dividends paid		(30,659,593)	(28,368,218)
Income tax paid		(88,972,246)	(58,249,778)
Net cash (used in)/from operating activities		<u>(35,376,391)</u>	<u>75,949,802</u>
INVESTING ACTIVITIES:			
Payments for purchase of fixed assets and construction in progress		(20,086,955)	(6,393,218)
Proceeds from sale of fixed assets		2,224	-
Proceeds from dividends from other financial investments		1,644,658	2,171,290
Financial investment at fair value		18,006,709	(6,763,549)
Net cash used in investing activities		<u>(433,364)</u>	<u>(10,985,477)</u>
FINANCING ACTIVITIES:			
Non controlling dividends		(2,872,723)	(1,849,922)
Proceeds from long term loans during the year		35,977,920	25,066,668
Repayment of long-term loans during the year		(4,257,927)	(4,239,190)
Repayment of short term loans during the year		(72,813,996)	(29,503,845)
Proceeds from short term loans during the year		76,928,315	52,000,000
Net cash from financing activities		<u>32,961,589</u>	<u>41,473,711</u>
Change in cash and cash equivalents		(2,848,166)	106,438,036
Cash and cash equivalents at the beginning of the year		294,672,711	188,234,675
Total cash and cash equivalents at the end of the year		<u>291,824,545</u>	<u>294,672,711</u>
Less: Time deposits against letters of guarantee		(57,475,960)	(73,855,805)
Cash and cash equivalent at the end of the year	21	<u>234,348,585</u>	<u>220,816,906</u>

The attached notes from 1 to 36 form part of these summary consolidated 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, Nasr City, Cairo, Egypt. The Chairman is Eng. Mohamed Hazem Barakat.

The company Board of Directors has approved the Financial Statements for the period ending at 31 December 2015 on 9 March 2016.

1.5 *Basis of consolidation*

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

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

NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

1. COMPANY BACKGROUND - Continued

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

The following is a listing of subsidiaries:

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

2. USE OF ESTIMATES AND JUDGMENTS

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

The estimates and underlying assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the years in which the estimate is revised and the future years 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 for assets
- Deferred tax
- Cost of sales and complete of utilities liability

NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of consolidated financial statements

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

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

The consolidated financial statements are presented in Egyptian Pounds.

b) Fixed assets and depreciation

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

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

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

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

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

c) Constructions in progress

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

NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

d) Available for sales investment

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

e) Held to maturity investments

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

f) Investment properties

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

g) 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.

h) Inventories

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

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

i) Housing & development projects

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

j) Cash flow statement

Consolidated cash flow statement is prepared according to the indirect method

NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

k) Cash and cash equivalents

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

l) Receivables and other debtors

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

m) Assets impairment

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

n) Provisions

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

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

o) Payables and other creditors

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

p) Treasury shares

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

q) Dividends

Dividends are recorded as liability during the year when declared.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

r) 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.

2. *Sales on installments*

Revenue on sales during the period are recorded when the related land and property is actually received by the customers 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 accrual basis when the installments full due adjusting the profit margin by cost incurred on projects during the year.

3. *Tag City (Tigan) and Premira Project*

- Revenue on sales of units and villas are recognize 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

- The company applies a full contract method to recognized 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.

Direct cost and indirect cost

The cost for the establishment of salable units included in contractors progress billing.

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.

s) Rent expenses

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

t) Employees' benefits

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

u) Taxation

Income tax

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

Deferred tax

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

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

v) Earnings per share

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

w) Borrowing cost

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

x) Legal reserve

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

y) Foreign currency transactions

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

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

NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

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>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>	<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 2015	2,266,555	19,054,884	18,651,388	16,870,361	3,638,777	19,982,237	80,464,202							
Additions during the year	-	1,109,360	14,926,263	565,801	141,451	2,312,508	19,055,383							
Disposals	(50,093)	(432,744)	-	(41,500)	(2,224)	(1,133)	(527,694)							
At 31 December 2015	2,216,462	19,731,500	33,577,651	17,394,662	3,778,004	22,293,612	98,991,891							
Accumulated depreciation:														
At 1 January 2015	-	6,227,516	17,693,415	14,201,032	3,293,658	7,602,253	49,017,874							
Provided during the year	-	706,712	915,429	1,038,134	50,168	1,771,550	4,481,993							
Disposals	-	(204,315)	-	(41,500)	(2,224)	(1,133)	(249,172)							
At 31 December 2015	-	6,729,913	18,608,844	15,197,666	3,341,602	9,372,670	53,250,695							
Net book value:														
At 31 December 2015	2,216,462	13,001,587	14,968,807	2,196,996	436,402	12,920,942	45,741,196							
At 31 December 2014	2,266,555	12,827,368	957,973	2,669,329	345,119	12,379,984	31,446,328							

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

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

NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

4. FIXED ASSETS - Continued

a) Fully depreciated assets are as follows:

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Buildings and constructions	742,949	453,332
Motor vehicles	12,894,382	9,774,387
Furniture and office equipments	3,860,340	4,431,344
Machinery & equipment	17,609,612	14,474,186
Tools	3,222,085	3,252,542
	<u>38,329,368</u>	<u>32,385,791</u>

b) Depreciation for the period is allocated as follows:

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Cost of sales	1,638,065	2,130,289
Selling & marketing expenses	4,989	97,693
General & administrative expenses (Note 26)	2,838,939	1,669,294
	<u>4,481,993</u>	<u>3,897,276</u>

5. INVESTMENTS

5/1 Held to maturity investments

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Investments in governmental bonds	672,200	672,200
Investments in housing bonds	-	4,297,000
	<u>672,200</u>	<u>4,969,200</u>

5/2 Available for sale investments

	<i>Contribution</i>	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>%</i>	<i>L.E.</i>	<i>L.E.</i>
Egyptian Kuwaiti Real Estate Development	7,503	4,314,110	3,938,970
High Education House (S.A.E)	1,76	300,000	300,000
Investments in other companies		205,004	208,436
		<u>4,819,114</u>	<u>4,447,406</u>

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

NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

5. INVESTMENTS - Continued**5.3 Investment properties**

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Allocated land for Housing and Development Projects	3,237,725	2,441,590
Title held land on sold properties	3,427,691	3,427,691
	<u>6,665,416</u>	<u>5,869,281</u>

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

5.4 Investments at fair value through profit and loss

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
<u>Investment certificates in:</u>		
a) QNB Investment Fund	48,296,365	4,768,493
b) Bank Misr Investment Fund (Day-By-Day)	191,687	177,223
c) Banque Du Caire Investment Fund (Day-By-Day)	22,652,892	39,159,077
d) Arab African International Bank Investment Fund (Goman)	85,735,794	21,871,749
e) Arab Investment Bank Fund	190,247	121,149
f) United Bank Investment Fund	32,173,792	14,254,921
g) Arab International Bank Company Investment Fund	7,062,398	-
h) National Bank of Abu Dhabi Investment Fund	-	2,176,969
i) Treasury bills	-	18,006,709
	<u>196,303,175</u>	<u>100,536,290</u>

6. INVENTORIES

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Materials	62,274,230	37,559,353
Fuel and oil	105,161	171,132
Spare parts and supplies	748,242	1,377,508
Others	3,376,418	73,225
	<u>66,504,051</u>	<u>39,181,218</u>
Less: Impairment in inventory	<u>(135,000)</u>	<u>(135,000)</u>
	<u>66,369,051</u>	<u>39,046,218</u>

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

NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

7. HOUSING & DEVELOPMENT PROJECTS

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
<u>Work in progress:</u>		
El Waha Project	21,916,344	11,626,863
Premira Project	11,076,092	570,494
6th October Project	30,239,922	12,594,625
Tag Sultan Project	344,988,776	198,033,033
Tag City Project	155,595,487	123,005,332
Zone T Project	9,364,748	-
Original City Project	2,192,807	2,340,549
Sarai City	113,962,804	65,923,400
	<u>689,336,980</u>	<u>414,094,296</u>
<u>Finished goods:</u>		
El Waha Project	12,431,111	28,437,985
Original City Project	11,510,723	11,616,636
6th October Project	60,278,442	60,134,765
	<u>84,220,276</u>	<u>100,189,386</u>
Total finished goods and work in progress	<u>773,557,256</u>	<u>514,283,682</u>

8. TRADE RECEIVABLES - NET

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
El Waha and Original City project' customers	372,084,626	421,474,694
Tag Sultan Project customers	123,280,358	133,401,027
Premira Project customers	19,996,684	26,140,340
Zone T Project customers	90,091,950	-
Land customers	87,697,463	67,827,485
Rental customers	680,622	645,915
Contractors customers	326,827,799	294,324,492
	<u>1,020,659,502</u>	<u>943,813,953</u>
Less: Impairment in the value of customers	<u>(32,857,636)</u>	<u>(33,125,142)</u>
	<u>987,801,866</u>	<u>910,688,811</u>

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

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Tag Sultan Project	1,964,795,402	1,634,610,018
El Waha - Premira Project	220,338,573	106,496,144
Tag City Project	297,181,327	-
	<u>2,482,315,302</u>	<u>1,741,106,162</u>

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

NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

8. TRADE RECEIVABLES – NET - Continued

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

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Tag Sultan Project	1,177,256,848	1,179,329,874
El Waha - Premira Project	146,564,824	91,985,444
Tag City Project	270,237,067	-
	<u>1,594,058,739</u>	<u>1,271,315,318</u>

9. TRADE PAYABLES – DEBIT BALANCES - NET

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Trade payables & contractors	120,810,357	88,621,430
Advance payments for trade payables and custody	103,706,085	31,435,514
	<u>224,516,442</u>	<u>120,056,944</u>
Less: Impairment in trade payables – debit balances	<u>(19,099,391)</u>	<u>(21,394,484)</u>
	<u>205,417,051</u>	<u>98,662,460</u>

10. DEBTORS AND OTHER DEBIT BALANCES - NET

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Notes receivables	444,050	-
Advance expenses	12,535,989	7,258,902
Accrued revenue	1,633,125	1,960,035
Refundable deposits	4,707,458	8,189,753
Employees stock option system	19,781,206	19,781,206
Employees' loans	2,126	91,997
Other debit balances	4,607,746	3,299,224
	<u>43,711,700</u>	<u>40,581,117</u>
Less: Impairment in debtors and other debit balances	<u>(436,069)</u>	<u>(436,069)</u>
	<u>43,275,631</u>	<u>40,145,048</u>

11. CASH AND BANK BALANCES

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Cash on hand	177,455	1,222,658
Bank current accounts	27,737,855	21,309,631
Time deposits (due within 3 months) (*)	76,528,884	189,751,052
	<u>104,444,194</u>	<u>212,283,341</u>
Credit banks	<u>8,922,824</u>	<u>140,211</u>

(*) Time deposit on 31 December 2015 included L.E. 57,475,960 (31/12/2014: L.E. 73,855,805) pledged time deposits against letters of guarantee.

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

NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

12. DEBTORS - CUSTOMERS

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Tag Sultan Project customers	214,550,324	89,946,520
Premira Project customers	8,413,153	647,885
Zone T Project customers	90,406	-
Rental customers	35,859	24,219
	<u>223,089,742</u>	<u>90,618,624</u>

13. PROVISIONS

	<i>Balance at</i>	<i>Provided</i>	<i>Used</i>	<i>No longer</i>	<i>Balance at</i>
	<i>1/1/2015</i>	<i>during the</i>	<i>during the</i>	<i>required</i>	<i>31/12/2015</i>
	<i>L.E.</i>	<i>year</i>	<i>year</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>
Disputed taxes provision	39,525,245	-	(980,470)	(15,000,000)	23,544,775
Litigation provision	18,192,949	-	(50,000)	-	18,142,949
Renovations rented flats provision (*)	186,491	-	-	-	186,491
Property tax provision	704,325	-	-	-	704,325
Stamp tax claims provision	477,252	1,724,913	(49,000)	-	2,153,165
Future losses provision	1,912,507	96,718	-	-	2,009,225
	<u>60,998,769</u>	<u>1,821,631</u>	<u>(1,079,470)</u>	<u>(15,000,000)</u>	<u>46,740,930</u>

(*) A provision for renovation of rented flats is made to face maintenance and renovation for all rented flats for others.

14. UTILITIES COMPLETION LIABILITIES

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
El Waha Project	4,034,535	6,537,633
Premira Project	20,059,085	9,402,072
Tag Sultan Project	104,292,433	68,032,894
Tag City - T Zone Project	11,694,580	-
	<u>140,080,633</u>	<u>83,972,599</u>

Balance of liabilities towards utilities completion 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 SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

15. DEFERRED PROFITS & INTERESTS ON OUTSTANDING INSTALLMENTS

	<i>Land</i> <i>L.E.</i>	<i>Property</i> <i>L.E.</i>	<i>Total</i> <i>L.E.</i>
<u>31/12/2015</u>			
Balance at beginning of the year	55,089,272	311,898,335	366,987,607
Additions during the year	32,244,550	21,941,510	54,186,060
Due during the year	(12,454,030)	(51,839,243)	(64,293,273)
Disposals during the year	-	(6,815,207)	(6,815,207)
Balance at the end of the year	<u>74,879,792</u>	<u>275,185,395</u>	<u>350,065,187</u>
<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>

16. CREDITORS AND OTHER CREDIT BALANCES

	<i>31/12/2015</i> <i>L.E.</i>	<i>31/12/2014</i> <i>L.E.</i>
Support to National Housing Project	900,000	1,050,000
Projects maintenance deposits obligations	7,719,582	6,058,618
Final retention and other refundable deposits	204,565,187	182,267,234
Down payment for land & property sales	11,238,266	10,884,348
Payments from residents of El Haggana and El Arab	1,249,049	1,249,049
Employees' bonus accrued	9,170,445	9,498,078
Notes payable	11,842,242	728,096
Remaining cost of some construction works	23,799,399	30,853,986
Engineering and Union of Construction stamp	2,923,288	2,875,884
Customers' balances for canceled reservations	12,004,283	12,312,263
Proceeds for maintenance expenses and counters	7,565,055	8,320,005
Governmental authorities	8,149,597	10,583,016
Others	10,489,289	1,836,158
	<u>311,615,682</u>	<u>278,516,735</u>

17. SHARE CAPITAL**Authorized:**

Authorized capital has been specified by L.E. 1 billion.

	<i>31/12/2015</i> <i>L.E.</i>	<i>31/12/2014</i> <i>L.E.</i>
Issued and paid up:	<u>250,000,000</u>	<u>199,285,000</u>

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

NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

17. SHARE CAPITAL - Continued

On 5 March 2015, the Extraordinary General Assembly Meeting has approved on modifying the Articles No. (6) and (7) of the company's Articles of Association to be as follows:

Authorized capital of the company has been specified to be L.E. 1 billion and the issued capital has been specified to be L.E. 250 million distributed on 250 million stocks, each stock has been signed on the commercial register on 8 April 2015. The increase in capital has been financed from the retained earnings by an amount of L.E. 50,715.

18. 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.

19. NON CONTROLLING INTEREST

	%	31/12/2015	31/12/2014
	<i>Non controlling contribution L.E.</i>	<i>Non controlling interest in net assets L.E.</i>	<i>Non controlling interest in net assets L.E.</i>
Al Nasr Co. for Civil Works	47.54	68,246,762	65,165,685
Al Nasr for Utilities and Erections	2.48	54,398	20,575
Total non controlling interest in subsidiaries		<u>68,301,160</u>	<u>65,186,260</u>

20. LOANS

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

	(A)	(B)	(C)	
	<i>National Investment Bank L.E.</i>	<i>Arab Investment Bank L.E.</i>	<i>Commercial International Bank L.E.</i>	<i>Total L.E.</i>
<u>31/12/2015</u>				
Balance at the beginning of the year	2,937,378	13,522,624	25,066,668	41,526,670
Proceeds during the year	-	509,166	35,468,754	35,977,920
Payments of installments during the year	(394,291)	(3,863,636)	-	(4,257,927)
Balance at the end of the year	<u>2,543,087</u>	<u>10,168,154</u>	<u>60,535,422</u>	<u>73,246,663</u>

**Classification to balance sheet
as follows:**

Current liabilities:

Current portion of long term loans	<u>414,012</u>	<u>3,863,636</u>	<u>-</u>	<u>4,277,648</u>
------------------------------------	----------------	------------------	----------	------------------

Long term liabilities:

Long term loans	<u>2,129,075</u>	<u>6,304,518</u>	<u>60,535,422</u>	<u>68,969,015</u>
-----------------	------------------	------------------	-------------------	-------------------

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

NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

20. LOANS - Continued

	(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>
31/12/2014				
Balance at the beginning of the year	3,312,903	17,386,289	-	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	<u>394,290</u>	<u>3,863,637</u>	<u>-</u>	<u>4,257,927</u>
------------------------------------	----------------	------------------	----------	------------------

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>
-----------------	------------------	------------------	-------------------	-------------------

21. CASH AND CASH EQUIVALENTS

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

	31/12/2015 <i>L.E.</i>	31/12/2014 <i>L.E.</i>
Cash and bank balances (Note 11)	104,444,194	212,283,341
Investment at fair value through profit and loss (Note 5)	196,303,175	82,529,581
Less:		
Credit banks - credit facilities	(8,922,824)	(140,211)
Pledged time deposits against letters of guarantee	<u>(57,475,960)</u>	<u>(73,855,805)</u>
	<u>234,348,585</u>	<u>220,816,906</u>

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

	31/12/2015 <i>L.E.</i>	31/12/2014 <i>L.E.</i>
Madinet Nasr for Housing & Development S.A.E. - Parent	546,875	-
Al Nasr for Utilities and Erections - Subsidiary	121,837	140,211
Al Nasr Co. for Civil Works - Subsidiary	8,254,112	-
	<u>8,922,824</u>	<u>140,211</u>

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

NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

21. CASH AND CASH EQUIVALENTS - Continued**Short term loans**

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Balance at the beginning of the year	22,496,155	-
Withdrawals during the year	76,928,315	52,000,000
Installments and interests during the year	-	2,658,319
Installments and interests paid during the year	<u>(72,813,996)</u>	<u>(32,162,164)</u>
Balance at the end of the year	<u>26,610,474</u>	<u>22,496,155</u>

22. PROJECT MAINTENANCE DEPOSITS AND LIABILITIES

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Term loans	41,642,497	-
Notes receivable of project maintenance deposit	5,779,304	-
Project maintenance deposit liabilities	<u>47,421,801</u>	<u>-</u>

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

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
<u>Land and property sales revenue</u>		
El Waha Project net sales returns	50,889,750	127,824,009
Tag Sultan Project net sales returns	197,976,268	241,389,999
Premira Project net sales returns	45,348,992	40,008,815
T Zone Project net sales returns	116,945,804	-
Land net sales revenue	54,978,750	10,579,200
	466,139,564	419,802,023
Al Nasr Co. for Civil Works contracting revenue	134,235,300	210,559,797
Al Nasr for Utilities and Erections contracting revenue	114,131,240	91,012,559
Al Nasr for Utilities and Erections working for others revenue	342,776	398,741
	<u>714,848,880</u>	<u>721,773,120</u>

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

NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

23. SALES AND COST OF SALES - Continued**23-b Cost of sales**

	<i>31/12/2015</i> <i>L.E.</i>	<i>31/12/2014</i> <i>L.E.</i>
<u>Cost of sales of land and property</u>		
Cost of sales of El Waha Project	16,143,944	58,122,948
Cost of sales of Tag Sultan Project	107,683,351	25,807,920
Cost of sales of Premira Project	10,657,013	9,402,072
Cost of sales of T Zone Project	11,694,580	-
Cost of land sold	322,542	79,344
	<u>146,501,430</u>	<u>93,412,284</u>
Cost of revenue of Al Nasr Co. for Civil Works	115,190,990	175,536,591
Cost of revenue of Al Nasr for Utilities and Erections	<u>105,362,303</u>	<u>88,423,095</u>
	<u><u>367,054,723</u></u>	<u><u>357,371,970</u></u>

24. COMMITMENTS**Madinet Nasr for Housing and Development – (Parent Company)**

The value of contracts with contractors for the implementation of housing projects and reconstruction on 31/12/2015 amounting to L.E. 658 million (2014: L.E. 692 million), the executed portion up to 31/12/2015 amounting to L.E. 223 million (2014: L.E. 191 million) has been fully paid to contractors.

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

Contracts for executing utilities and civil constructions amounted to L.E. 2,962 million at 31/12/2015, executed amount at 31/12/2015 amounted to L.E. 2,279 million.

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

Contracts for executing utilities and civil constructions amounted to L.E. 356million at 31/12/2015, executed amount at 31/12/2015 amounted to L.E. 114 million.

25. REVENUE FROM RENDERING OF SERVICES

	<i>31/12/2015</i> <i>L.E.</i>	<i>31/12/2014</i> <i>L.E.</i>
Disclaimer fees	2,211,588	1,325,294
Revenue from other services	3,949,317	5,276,547
	<u>6,160,905</u>	<u>6,601,841</u>

26. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>31/12/2015</i> <i>L.E.</i>	<i>31/12/2014</i> <i>L.E.</i>
Salaries, wages and equivalent	32,106,168	29,649,284
Depreciation (Note 4)	2,838,939	1,669,294
Other expenses	25,753,600	26,166,142
	<u>60,698,707</u>	<u>57,484,720</u>

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

NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

27. OTHER REVENUES

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Foreign currency gain	274,226	-
Sundry gains & revenues	11,500,824	2,322,339
Compensations	520,160	1,102,046
Reconciliation fees for non construction	4,510,392	503,120
Construction conditions violation	479,971	83,800
	<u>17,285,573</u>	<u>4,011,305</u>

28. OTHER EXPENSES

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Compensations and fines	2,776,880	2,822,483
Donations	23,950	616,902
Sundry expenses	1,844,101	2,000,209
	<u>4,644,931</u>	<u>5,439,594</u>

29. CONSOLIDATED STATEMENT OF INCOME

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Net profit from Madinet Nasr for Housing & Development S.A.E.	233,002,638	186,756,559
Group portion in net profits of subsidiaries companies	7,900,018	11,534,919
Reversal of impairment of investments in Al Nasr for Utilities	-	5,777,676
Reversal of dividends from subsidiaries' investments	(1,442,529)	(1,311,391)
	<u>239,460,127</u>	<u>202,757,763</u>

30. CONTINGENT LIABILITIES**Letters of guarantee**

Suez Canal Bank, National Bank, United Bank and others, have issued letters of guarantee at 31 December 2015 amounting to L.E. 224.7 million (2014: L.E. 213.3 million), in favour of third parties, which secured by part of the company's time deposits amounting to L.E. 57,475,960 (2014: L.E. 73,855,805) and pledged time deposits against letters of guarantee by L.E. 9,960,508 (2014: L.E. 14,905,168).

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

NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

31. DEFERRED TAX**Madinet Nasr for Housing and Development (Parent company)**

	31/12/2015		31/12/2014	
	Assets L.E.	(Liabilities) L.E.	Assets L.E.	(Liabilities) L.E.
Deferred tax liabilities (fixed assets)	-	(1,825,370)	-	(1,824,213)
Deferred tax assets (provisions)	3,257,769	-	3,637,932	-
Total tax assets/(liabilities)	3,257,769	(1,825,370)	3,637,932	(1,824,213)
Net tax assets	1,432,399	-	1,813,719	-
Charged to the statement of income	-	(381,320)	-	(516,816)

	31/12/2015 L.E.	31/12/2014 L.E.
Unrecorded deferred tax assets (provisions)	3,323,111	4,430,815

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

	31/12/2015		31/12/2014	
	Assets L.E.	(Liabilities) L.E.	Assets L.E.	(Liabilities) L.E.
Deferred tax liabilities (fixed assets)	-	(475,940)	285,364	-
Deferred tax assets (provisions)	3,854,655	-	4,282,950	-
Total tax assets/(liabilities)	3,854,655	(475,940)	4,568,314	-
Net tax assets	3,378,715	-	4,568,314	-
Charged to the statement of income	-	(1,189,599)	1,028,111	-

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

	31/12/2015		31/12/2014	
	Assets L.E.	(Liabilities) L.E.	Assets L.E.	(Liabilities) L.E.
Deferred tax liabilities (fixed assets)	-	(70,888)	-	(70,888)
Deferred tax assets (provisions)	2,554,454	-	2,554,454	-
Total tax assets/(liabilities)	2,554,454	(70,888)	2,554,454	(70,888)
Net tax assets	2,483,566	-	2,483,566	-
Charged to the statement of income	7,294,680	-	8,865,599	-
Total tax liabilities	-	(1,570,919)	511,295	-

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

NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

32. TAX STATUS

Al Nasr Co. for Civil Works - subsidiary

Corporate Tax

- Tax returns submitted on due dates, the tax has been settled and paid.

Payroll Tax

- Tax years 2005 till 30/9/2015 were not inspected, and there is no tax inspection till year 2014.

Stamp Tax

- Tax years till 31 July 2006 were inspected, differences were fully paid.
- Periods from 1/8/2006 till 30/9/2015 were not inspected.

Withholding Tax

- The company paid tax regularly on quarterly basis.

Sales Tax

- Paid monthly with tax return submitted till April 2015.
- Tax years till 31 December 2014, the company has modified by Form 15 on 20/11/2014 by tax differences amounted to L.E. 3,864,980, and the company has objected and expected to reach L.E. 562,000.

Property Tax

- The company has submitted tax returns on regular basis.

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

Corporate Tax

- All tax liabilities recorded in the company's books.

Tax against profits of juridical persons

From 1/7/2009 till 31/12/2014

The tax returns were submitted in due dates.

Payroll Tax

- Tax years till 2000 have been settled and paid.
- Tax years 2001/2002 the company recorded accrued tax amounting to L.E. 84,000
- Tax years 2003/2004 inspected and the company appealed tax differences amounted to L.E. 117,824 and the company has appealed.
- Tax years till 31/12/2014 were not required for inspection.

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

NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

32. TAX STATUS - Continued**Stamp Tax**

- Period till 28 February 1999 were settled and fully paid.
- Period from 1 March 1999 till 31 July 2006 were inspected and the amounts due of L.E. 24,564 excluding delay fine.
- Period from 1/8/2006 till 31/12/2012, documents are being prepared for the inspection.

Withholding Tax

- Withholding tax was fully paid till 30/9/2012.
- Form 41 was presented to the Tax Authority.

Sales Tax

- The company submits tax returns regularly.

Property Tax

- The company has submitted tax returns on regular basis.

33. EARNINGS PER SHARE

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Net profit for the year (after income tax)	239,460,127	202,757,763
Less: Board of Directors remuneration	(12,815,145)	(9,337,828)
Employees remuneration	(23,300,264)	(18,675,656)
Shareholders remuneration	<u>203,344,718</u>	<u>174,744,279</u>
Numbers of shares	<u>250,000,000</u>	<u>250,000,000</u>
Earnings per share	<u>0.81</u>	<u>0.70</u>

34. 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 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:

NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

34. FINANCIAL INSTRUMENTS AND RELATED RISKS - *Continued*

• ***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 not to take a loan in foreign currencies nor keep currencies rather than Egyptian pound.

35. FAIR VALUE

The fair values of financial assets and liabilities are not materially different from their carrying value at 31 December 2015, other than fixed assets and except for investments available for sale measured at cost.

36. COMPARATIVE FIGURES

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