

Translation originally issued in Arabic

Nasr City 12-2015E v2

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

**SEPARATE
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
SEPARATE FINANCIAL STATEMENTS**

We have audited the separate financial statements of Madinet Nasr for Housing & Development S.A.E. for the year ended 31 December 2015, from which the attached summary separate 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 12 March 2016, we expressed an unqualified audit opinion, on the separate financial statements for the year ended 31 December 2015, from which the attached summary separate financial statements are derived.

In our opinion, the attached summary separate financial statements are consistent in all material respects, with the audited separate financial statements for the year ended 31 December 2015.

In order to obtain a comprehensive understanding of the company's separate 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 separate financial statements for the year ended 31 December 2015 and our report thereon.



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



Cairo, 12 March 2016

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

SEPARATE BALANCE SHEET

At 31 December 2015

	Note	31/12/2015 L.E.	31/12/2014 L.E.
Long Term Assets			
Fixed assets (Net)	4	26,123,266	24,823,685
Projects in progress		724,938	1,874,364
Investment in subsidiaries	5/1	67,961,709	67,961,709
Held to maturity investments	5/2	121,962	4,418,962
Available for sale investments	5/3	4,514,110	4,138,970
Investment properties	5/4	3,475,758	3,475,758
Amounts due from related parties	30	10,000,000	10,000,000
Deferred tax assets	21	1,432,399	1,813,719
Total long term assets		<u>114,354,142</u>	<u>118,507,167</u>
Current Assets			
Spare parts & supplies inventory		14,602	91,143
Housing & development projects – WIP	6	689,336,980	414,094,296
Housing & development projects – Finished properties	6	84,220,276	100,189,386
Trade receivables (Net)	7	679,170,321	634,828,079
Trade payables - debit balances (Net)	8	117,005,335	37,058,218
Debtors and other debit balances (Net)	9	51,710,186	53,161,552
Investments at fair value through profit or loss	5/5	196,303,175	80,352,612
Deposits for projects maintenance	20	47,421,801	-
Cash and bank balances	10	46,745,427	135,829,804
Total Current Assets		<u>1,911,928,103</u>	<u>1,455,605,090</u>
Current Liabilities			
Creditors - customers	11	223,089,742	90,618,624
Provisions	12	29,223,081	45,302,551
Utilities completion liabilities	13	140,080,633	83,972,599
Liabilities of deposits for projects maintenance	20	47,421,801	-
Deferred profits & interests on outstanding installments	14	350,065,187	366,987,607
Trade and other payables	15	93,876,770	68,066,733
Current portion of long term loans	18	4,277,648	4,257,927
Credit banks (facilities)	19	26,610,474	22,496,155
Short term loans	19	546,875	-
Creditors		22,823,462	19,046,926
Tax Authority		59,719,534	81,466,185
Dividends payable		3,168,970	3,208,308
Total Current Liabilities		<u>1,000,904,177</u>	<u>785,423,615</u>
Working Capital		<u>911,023,926</u>	<u>670,181,475</u>
Total Investments		<u>1,025,378,068</u>	<u>788,688,642</u>
Financed as follows:			
Shareholders' Equity			
Issued and paid up capital	16	250,000,000	199,285,000
Legal reserve		74,725,127	65,387,299
Retained earnings		398,681,288	299,991,041
Net profit for the year		233,002,638	186,756,559
Total shareholders' equity		<u>956,409,053</u>	<u>751,419,899</u>
Long term Liabilities			
Term loans	18	68,969,015	37,268,743
Total Finance		<u>1,025,378,068</u>	<u>788,688,642</u>

Auditor's report attached.

Mrs. Thanaa Mohamed
Chief Financial Officer

Mr. Mohamed Abdelsalam
Financial Manager
& Investors Relations

Mr. Mohamed Hazem Barakat
Chairman

The attached notes from 1 to 35 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 2015

	<i>Note</i>	<i>31/12/2015</i> <i>L.E.</i>	<i>31/12/2014</i> <i>L.E.</i>
Net sales	23-a	466,139,564	419,802,023
Deferred profit & interests on installments due within the year	14	64,293,273	51,273,932
Revenue from rendering of services	24	4,529,732	3,245,325
Total revenue		<u>534,962,569</u>	<u>474,321,280</u>
Less:			
Deferred profits on outstanding installments of sales		(36,941,049)	(35,798,786)
Net activity's profit		<u>498,021,520</u>	<u>438,522,494</u>
Cost of sales	23-b	(146,501,430)	(93,412,284)
Gross Profit		<u>351,520,090</u>	<u>345,110,210</u>
Provisions	12	-	(300,000)
Selling & marketing expenses		(47,158,031)	(34,920,039)
General & administrative expenses	25	(49,228,833)	(46,125,855)
Board of Directors' salaries and allowances		(5,728,334)	(1,869,750)
Profit from operations		<u>249,404,892</u>	<u>261,894,566</u>
Finance expenses		(7,984,625)	(6,835,428)
Dividends from subsidiaries		1,442,529	1,311,391
Income from available for sale investments		1,065,162	861,166
Income from investments at fair value through profit or loss		13,944,796	4,626,137
Interest income		7,160,846	8,853,558
Provisions no longer required	12	15,000,000	240,558
Other revenues	26	15,201,868	2,627,732
Other expenses	27	(2,789,071)	(7,278,365)
Net profit for the year before tax		<u>292,446,397</u>	<u>266,301,315</u>
Income tax	22	(59,062,439)	(79,027,940)
Deferred tax	21	(381,320)	(516,816)
Net profit for the year		<u>233,002,638</u>	<u>186,756,559</u>
Earnings per share	28	<u>0.79</u>	<u>0.63</u>

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

SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2015

	Issued and paid up capital		Legal reserve		Retained earnings		Net profit for the year		Total	
	L.E.		L.E.		L.E.		L.E.		L.E.	
Balance at 1 January 2014	135,000,000		57,398,000		236,447,262		159,785,975		588,631,237	
Transferred to retained earnings	-		-		159,785,975		(159,785,975)		-	
Transferred to reserves for dividends at 2013	-		7,989,299		(7,989,299)		-		-	
Profit dividends for 2013	-		-		(23,967,897)		-		(23,967,897)	
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	
Transferred to retained earnings	-		-		186,756,559		(186,756,559)		-	
Transferred to reserves for dividends at 2014	-		9,337,828		(9,337,828)		-		-	
Profit dividends for 2014	-		-		(28,013,484)		-		(28,013,484)	
Increase in capital according to Extraordinary General Assembly Meeting held on 5/3/2015	50,715,000		-		(50,715,000)		-		-	
Net profit for the year	-		-		-		233,002,638		233,002,638	
Balance at 31 December 2015	250,000,000		74,725,127		398,681,288		233,002,638		956,409,053	

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

SEPARATE STATEMENT OF CASH FLOW

For the year ended 31 December 2015

	Note	31/12/2015 L.E.	31/12/2014 L.E.
OPERATING ACTIVITIES			
Net profit for the year before tax		292,446,397	266,301,315
Adjustments for:			
Depreciation	4	2,668,538	1,929,440
Provisions other than depreciation		-	300,000
Provisions no longer required		(15,000,000)	(240,558)
Income from investment available for sale		(690,022)	(861,166)
Dividends from subsidiaries		(1,442,529)	(1,311,391)
Impairment of investment in Al Nasr Utilities		-	4,921,397
Net deferred profits and interests accrued during the year		(27,352,224)	(15,475,146)
Finance expenses /discount of present value		868,897	797,758
Operating profit before working capital changes		<u>251,499,057</u>	<u>256,361,649</u>
Inventory and housing and development projects		(259,197,033)	(132,026,470)
Trade receivables (Net)		88,128,876	(45,800,708)
Trade payables – debit balances (Net)		(79,947,117)	795,591
Deposits for projects maintenance		(47,421,801)	-
Debtors and other debit balances (Net)		5,033,262	3,827,979
Trade payables		3,776,536	(48,235,478)
Utilities completion liabilities		56,108,034	33,948,175
Liabilities of deposits for projects maintenance		47,421,801	-
Creditors and other credit balances		36,479,025	82,921,641
Provisions used		(1,079,470)	(14,626,726)
Dividends paid		(28,013,484)	(23,967,897)
Income tax paid		(80,809,090)	(50,475,415)
Net cash (used in)/from operating activities		<u>(8,021,404)</u>	<u>62,722,341</u>
INVESTING ACTIVITIES:			
Investment in subsidiaries		-	(18,982,500)
Payments for purchase of fixed assets		(4,246,641)	(4,337,037)
Payments for purchase of projects in progress		1,149,426	(783,268)
Dividends collected from subsidiaries		913,596	1,311,391
Proceeds from investments available for sale		690,022	824,216
Net cash used in investing activities		<u>(1,493,597)</u>	<u>(21,967,198)</u>
FINANCING ACTIVITIES:			
Payments of long term loans		(4,257,927)	(4,239,190)
Proceeds from long term loans		35,977,920	25,066,668
Payments of short term loans		(72,813,996)	(29,503,845)
Proceeds from short term loans		76,928,315	52,000,000
Net cash from financing activities		<u>35,834,312</u>	<u>43,323,633</u>
Change in cash and cash equivalents		26,319,311	84,078,776
Cash and cash equivalents at the beginning of the year		216,182,416	132,103,640
Total cash and cash equivalents at the end of the year		<u>242,501,727</u>	<u>216,182,416</u>
Less: Pledged time deposits against letters of guarantee		(6,561,685)	(5,955,091)
Cash and cash equivalents at the end of the year	19	<u>235,940,042</u>	<u>210,227,325</u>

NON CASH TRANSACTION:

The statement of cash flow did not include an amount of L.E. 2,001,760 represents transfer from work in progress to fixed assets during the year.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2015

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. Mohamed Hazem Barakat.

The company is listed on Cairo and Alexandria Stock Exchange.

The company Board of Directors has approved the Financial Statements for the year ended 31 December 2015 on 9 March 2016.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2015

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 2015

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 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 2015

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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2015

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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2015

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) **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 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

u) Taxation

Income tax

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

Deferred tax

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

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

v) Earnings per share

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

w) Borrowing cost

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

x) Legal reserve

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

y) Foreign currency transactions

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
31 December 2015

4. FIXED ASSETS

	Land	Buildings and constructions (*)	Machinery & equipment	Motor vehicles	Tools	Furniture & office equipment	Total
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Cost:							
At 1 January 2015	1,957,469	14,958,261	1,424,569	3,127,371	490,629	15,492,763	37,451,062
Additions during the year	-	188,600	353,709	6,801	16,179	1,679,592	2,244,881
Transfer from projects under construction	-	920,760	671,000	-	-	410,000	2,001,760
Disposals during the year	(50,093)	(432,744)	-	-	-	(1,133)	(483,970)
At 31 December 2015	1,907,376	15,634,877	2,449,278	3,134,172	506,808	17,581,222	41,213,733
Accumulated depreciation:							
At 1 January 2015	-	4,576,497	715,723	2,643,065	490,629	4,201,463	12,627,377
Provided during the year	-	530,857	350,349	249,727	2,658	1,534,947	2,668,538
Related to disposals	-	(204,315)	-	-	-	(1,133)	(205,448)
At 31 December 2015	-	4,903,039	1,066,072	2,892,792	493,287	5,735,277	15,090,467
Net book value:							
At 31 December 2015	1,907,376	10,731,838	1,383,206	241,380	13,521	11,845,945	26,123,266
At 31 December 2014	1,957,469	10,381,764	708,846	484,306	-	11,291,300	24,823,685

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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4. FIXED ASSETS - Continued

a) The fully depreciated assets are as follows:

	31/12/2015	31/12/2014
	L.E.	L.E.
Buildings and constructions	399,250	399,250
Motor vehicles	2,432,174	1,467,218
Furniture and office equipment	1,009,292	1,774,533
Machinery & equipment	536,445	525,444
Tools	490,629	490,629
	<u>4,867,790</u>	<u>4,657,074</u>

b) Depreciation for the year is allocated as follows:

	31/12/2015	31/12/2014
	L.E.	L.E.
Cost of sales	49,096	367,280
Selling & Marketing expenses	4,989	97,693
General and administrative expenses (Note 25)	2,614,453	1,464,467
	<u>2,668,538</u>	<u>1,929,440</u>

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

	Contribution	31/12/2015	31/12/2014
	%	L.E.	L.E.
Al Nasr Co. for Utilities & Erections – S.A.E.	94.9	70,815,000	70,815,000
Impairment of investment		(67,753,897)	(67,753,897)
		3,061,103	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>67,961,709</u>

5/2 Held to maturities investments

	31/12/2015	31/12/2014
	L.E.	L.E.
Investments in Governmental bonds	121,962	121,962
Investments in housing bonds	-	4,297,000
	<u>121,962</u>	<u>4,418,962</u>

5/3 Available for sale investments

	Contribution	31/12/2015	31/12/2014
	%	L.E.	L.E.
Egyptian Kuwaiti Real Estate Development	7.503	4,314,110	3,938,970
High Education House (S.A.E)	1.200	200,000	200,000
		<u>4,514,110</u>	<u>4,138,970</u>

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

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5. INVESTMENTS - Continued**5/4 Investment properties**

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Allocated land for Developing and Housing Projects	48,067	48,067
Title held land on sold properties	3,427,691	3,427,691
	<u>3,475,758</u>	<u>3,475,758</u>

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

5/5 Investments at fair value through profit and loss

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
<u>Investment certificates in:</u>		
a) Bank Misr Investment Fund (Day-By-Day)	191,687	177,223
b) QNB (NSGB) Investment Fund	48,296,365	4,768,493
c) Banque Du Caire Investment Fund (Day-By-Day)	22,652,892	39,159,077
d) Arab African International Bank Investment Fund	85,735,794	21,871,749
e) Arab Investment Bank Investment Fund	190,247	121,149
f) United Bank Investment Fund (Rakhaa)	32,173,792	14,254,921
g) Arab International Bank Investment Fund (Rakhaa)	7,062,398	-
	<u>196,303,175</u>	<u>80,352,612</u>

6. 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>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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7. TRADE RECEIVABLES

	<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
	<u>693,831,703</u>	<u>649,489,461</u>
Less: Impairment in the value of customers	<u>(14,661,382)</u>	<u>(14,661,382)</u>
	<u>679,170,321</u>	<u>634,828,079</u>

Total contracts for Tag Sultan, Primera and Al Waha 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>

Total cheques collected for total contracts of Tag Sultan, Primera and Al Waha 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 - T Zone Project Zone T project	270,237,067	-
	<u>1,594,058,739</u>	<u>1,271,315,318</u>

8. TRADE PAYABLES – DEBIT BALANCES

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Trade payables & contractors	35,967,620	21,404,303
Advance payments for trade payables	82,136,818	16,753,018
	<u>118,104,438</u>	<u>38,157,321</u>
Less:		
Impairment in trade payables – debit balances	<u>(1,099,103)</u>	<u>(1,099,103)</u>
	<u>117,005,335</u>	<u>37,058,218</u>

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9. 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	-
Refundable deposits	7,912,345	11,206,832
Advance expenses	12,535,989	7,258,902
Accrued revenue	732,908	1,048,854
Employees stock option system	19,781,206	19,781,206
Cash margin on letters of guarantee	6,426,327	11,065,647
Employees' loans	-	91,217
Other debit balances	3,985,361	2,816,894
	<u>51,818,186</u>	<u>53,269,552</u>
Less:		
Impairment in debtors and other debit balances	(108,000)	(108,000)
	<u>51,710,186</u>	<u>53,161,552</u>

10. 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	-	1,043,924
Bank current accounts	21,130,818	12,935,542
Time deposits (*)	25,614,609	121,850,338
	<u>46,745,427</u>	<u>135,829,804</u>

(*) Time deposits included L.E. 6,561,685 (2014: L.E. 5,955,091) pledged time deposits against letters of guarantee.

11. CREDITORS - 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>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2015

12. PROVISIONS

	<i>Balance at 1/1/2015</i>	<i>No longer required</i>	<i>Provided during the year</i>	<i>Balance at 31/12/2015</i>
	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>
Disputed taxes provision	30,691,096	(15,000,000)	(980,470)	14,710,626
Litigation provision	13,243,387	-	(50,000)	13,193,387
Renovations rented flats provision (*)	186,491	-	-	186,491
Property tax provision	704,325	-	-	704,325
Stamp tax claims provision	477,252	-	(49,000)	428,252
	<u>45,302,551</u>	<u>(15,000,000)</u>	<u>(1,079,470)</u>	<u>29,223,081</u>

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

13. 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>

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

14. DEFERRED PROFITS & INTERESTS ON OUTSTANDING INSTALLMENTS

	<i>Land</i>	<i>Property</i>	<i>Total</i>
	<i>L.E.</i>	<i>L.E.</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>

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

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31 December 2015

15. CREDITORS AND OTHER CREDIT BALANCES

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Notes payable	10,645,586	-
Support to National Housing Project	900,000	1,050,000
Final retention and other refundable deposits	23,246,997	9,890,499
Down payment for land & property sales (El Waha & 6th October)	6,476,655	7,804,697
Down payment for land & property sales (Tag Sultan) – T Zone – Premira	4,761,611	3,079,651
Selling commissions	7,719,582	6,058,618
Payments from residents of El Haggana and El Arab	1,249,049	1,249,049
Employees' bonus accrued	6,870,491	6,420,128
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	4,287,864	1,298,807
	<u>93,876,770</u>	<u>68,066,733</u>

16. SHARE CAPITAL**Authorized capital:**

The authorized capital is one thousand million Egyptian Pounds.

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

17. 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.

18. LOANS

	<i>(A)</i>	<i>(B)</i>	<i>(C)</i>	<i>Total</i>
	<i>National Investment Bank</i>	<i>Arab United Bank for Development and Investment (Arab Investment Bank)</i>	<i>Commercial International Bank</i>	
	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>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.

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31 December 2015

18. LOANS - Continued

	(A)	(B)	(C)	
	<i>National Investment Bank</i>	<i>Arab United Bank for Development and Investment (Arab Investment Bank)</i>	<i>Commercial International Bank</i>	<i>Total</i>
	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>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	<u>(375,525)</u>	<u>(3,863,665)</u>	-	<u>(4,239,190)</u>
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>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>

19. CASH AND CASH EQUIVALENTS

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

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Cash and bank balances (Note 10)	46,745,427	135,829,804
Investment at fair value through profit and loss (Note 5)	196,303,175	80,352,612
	<u>243,048,602</u>	<u>216,182,416</u>
Less:		
Pledged time deposits against letters of guarantee	(546,875)	-
Credit banks - credit facilities	<u>(6,561,685)</u>	<u>(5,955,091)</u>
	<u>235,940,042</u>	<u>210,227,325</u>
Short term loan		
	<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
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>

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2015

20. DEFERRED TAX

	31/12/2015		31/12/2014	
	<i>Assets</i>	<i>(Liabilities)</i>	<i>Assets</i>	<i>(Liabilities)</i>
	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>
Deferred tax 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	31/12/2014
	<i>L.E.</i>	<i>L.E.</i>
Unrecorded deferred tax assets (provisions)	3,323,111	4,430,815

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

21. PROJECT MAINTENANCE DEPOSITS AND LIABILITIES

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

22. RECONCILIATIONS TO CALCULATE THE EFFECTIVE INCOME TAX RATE

	31/12/2015	31/12/2014
	<i>L.E.</i>	<i>L.E.</i>
Net accounting profit before tax	292,446,397	266,301,315
Enacted tax rate	22.50%	30%
Calculated income tax according to income tax law	65,800,439	79,890,395
Provisions effect	-	90,000
Depreciation differences	(217,185)	(415,077)
Tax exemptions	(6,583,404)	(2,098,487)
Un-deductible expenses	62,589	1,561,109
Income tax according to statement of income	59,062,439	79,027,940
Effective tax rate	20%	29.70%

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2015

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>Property sales revenue</u>		
El Waha Project	50,889,750	128,453,009
Tag Sultan Project	203,138,993	244,380,277
Premira Project	47,245,610	40,008,815
T Zone Project	116,945,804	-
	<u>418,220,157</u>	<u>412,842,101</u>
Land sales revenue	54,978,750	11,136,000
Total property and land sales revenues	<u>473,198,907</u>	<u>423,978,101</u>
Less:		
El Waha Project sales returns	-	(629,000)
Tag Sultan Project sales returns	(5,162,725)	(2,990,278)
Premira Project sales returns	(1,896,618)	-
Land sales returns	-	(556,800)
Net sales	<u>466,139,564</u>	<u>419,802,023</u>

23-b Cost of sales

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Cost of sold property		
Cost of El Waha Project	16,143,944	58,398,963
Cost of Tag Sultan Project	108,199,624	26,106,949
Cost of Premira Project	11,102,718	9,402,072
Cost of T Zone Project	11,694,580	-
Cost of land sold	322,542	79,344
	<u>147,463,408</u>	<u>93,987,328</u>
Less:		
Cost of El Waha Project sales returns	-	(276,015)
Cost of Tag Sultan Project sales returns	(516,273)	(299,029)
Cost of Premira Project sales returns	(445,705)	-
	<u>146,501,430</u>	<u>93,412,284</u>

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31 December 2015

24. REVENUE FROM RENDERING OF SERVICES

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Services revenue	1,217,372	1,398,893
Disclaimer fees	2,211,588	1,325,294
Revenue from other services	1,100,772	521,138
	<u>4,529,732</u>	<u>3,245,325</u>

25. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Salaries, wages and equivalent	23,562,186	20,841,990
Advertisement expenses	10,466,283	11,124,896
Transportation and communications expenses	4,064,403	4,127,000
Professional fees	1,529,558	1,008,703
Depreciation (Note 4)	2,614,453	1,464,467
Maintenance expenses	1,185,567	915,205
Raw materials, fuel and spare parts	1,585,043	1,108,890
Property tax and others	378,220	207,054
Other service expenses	3,843,120	5,327,650
	<u>49,228,833</u>	<u>46,125,855</u>

26. OTHER REVENUES

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Reconciled fees for non construction	4,510,392	503,120
Income from pavement damage and restoring to its original condition	611,194	244,764
Construction conditions violation	479,971	83,800
Sundry revenue	7,993,742	1,238,763
Administrative expenses	1,514,440	556,920
Gain on foreign exchange	92,129	365
	<u>15,201,868</u>	<u>2,627,732</u>

27. OTHER EXPENSES

	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>L.E.</i>	<i>L.E.</i>
Impairment of investment in Al Nasr Utilities	-	4,921,397
Compensations and fines	2,765,121	2,248,668
Donations	23,950	108,300
	<u>2,789,071</u>	<u>7,278,365</u>

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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28. 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	233,002,638	186,756,559
Less: Board of Directors remuneration	(12,815,145)	(9,337,828)
Employees remuneration	(23,300,264)	(18,675,656)
	<u>196,887,229</u>	<u>158,743,075</u>
Weighted average of numbers of shares outstanding during the year	<u>250,000,000</u>	<u>250,000,000</u>
Earnings per share	<u>0.79</u>	<u>0.63</u>

29. CONTINGENT LIABILITIES**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 2015 is L.E. 37,416,876 (2014: L.E. 34,691,525). 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. 6,561,685 (2014: L.E. 5,955,091).

30. TRANSACTIONS WITH RELATED PARTIES

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

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

	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>31/12/2015</i>	<i>31/12/2014</i>
			<i>L.E.</i>	<i>L.E.</i>
Al Nasr Co. for Utilities & Erections - S.A.E.	Subsidiary	Utilities and installation works	<u>14,182,679</u>	<u>17,832,268</u>
Al Nasr Co. for Civil Works S.A.E.	Subsidiary	Buildings and utilities works	<u>7,477,358</u>	<u>3,463,973</u>

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

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30. TRANSACTIONS WITH RELATED PARTIES - Continued

Balances of related parties are as follows:

	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>31/12/2015 L.E.</i>	<i>31/12/2014 L.E.</i>
<i>Amounts due from related parties:</i>				
a) Al Nasr Co. for Utilities & Erections S.A.E.	Subsidiary	Long term loan (*)	10,000,000	10,000,000
		Supplier (Debtor)	21,488,291	14,365,421
		Supplier (Debtor)	516,361	16,361
		Advance	1,589,955	27,870
b) Al Nasr Co. for Civil Works S.A.E.	Subsidiary	Supplier	263,895	-
		Advance	7,473,495	1,439,216
<i>Amounts due to related parties:</i>				
a) Al Nasr Co. for Utilities & Erections S.A.E.	Subsidiary	Warranty	2,239,330	2,400,390
		Supplier (Creditor)	758,692	616,838
		Insurance occupancy apartments	71,500	71,500
b) Al Nasr Co. for Civil Works S.A.E.	Subsidiary	Supplier (Creditor)	1,183,299	620,320
		Warranty	1,926,409	1,552,541

(*) 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 2015.

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

31. 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.

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32. FINANCIAL INSTRUMENTS AND RELATED RISKS

On-balance sheet financial instruments comprise cash and bank balances, financial investments, debtors, creditors, and amounts due from/to subsidiaries. Notes to the separate financial statements include the accounting policies adopted in the recognition and measurement of financial instruments.

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

- ***Credit risk***

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

- ***Liquidity risk***

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

- ***Interest rate risk***

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

- ***Foreign currency risk***

Foreign currency risk represents the changes in the currency rates which affect the receipts and disbursements and the translation of assets and liabilities in foreign currencies. The company policy is neither takes a loan in foreign currencies nor keep currencies rather than Egyptian pound.

33. CONTRACTUAL COMMITMENTS

The value of contracts with contractors for the implementation of housing & development projects of L.E. 658 million (2014: L.E. 692 million), the implemented part till 31/12/2015 amounting to L.E. 223 million (2014: L.E. 191 million) has been fully paid to contractors.

34. FAIR VALUE

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

35. COMPARATIVE FIGURES

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