

*Translation originally issued in Arabic*

*Nasr City 617E update*

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

**SEPARATE  
FINANCIAL STATEMENTS  
AND LIMITED REVIEW REPORT THEREON**

**AT 30 JUNE 2017**



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## **REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY SEPARATE FINANCIAL STATEMENTS**

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

We have reviewed the interim separate financial statements of Madinet Nasr for Housing & Development S.A.E. for the period from 1 January 2017 to 30 June 2017, from which the attached summary separate financial statements are derived, in accordance with the Egyptian Standards on Auditing and the relevant laws and regulations. As sated in our Arabic review report dated 8 August 2017, we expressed an unqualified review conclusion on the separate financial statements for the period then ended, 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 interim separate financial statements for the period then ended.

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

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



Cairo, 8 August 2017

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

**SEPARATE STATEMENT OF FINANCIAL POSITION**

At 30 June 2017

	Note	30/6/2017 L.E.	31/12/2016 L.E.
<b>Non current Assets</b>			
Fixed assets (Net)	4	34,020,709	30,647,719
Projects in progress		448,448	375,308
Investment in subsidiaries	5/1	45,381,960	45,381,960
Held to maturity investments	5/2	121,962	121,962
Available for sale investments	5/3	4,514,110	4,514,110
Investment properties	5/4	3,475,758	3,475,758
Long term receivables - Net	7	4,273,647,581	2,864,742,094
Amounts due from related parties	30	10,000,000	10,000,000
Deferred tax assets	21	2,410,136	2,367,223
<b>Total non current assets</b>		<b>4,374,020,664</b>	<b>2,961,626,134</b>
<b>Current Assets</b>			
Housing & development projects – WIP	6	1,052,956,480	933,619,009
Housing & development projects – Finished properties	6	78,702,203	78,649,467
Short term notes receivable	7	1,255,017,125	1,021,125,732
Trade receivables - (Net)	7	330,751,418	390,574,199
Trade payables - debit balances (Net)	8	82,071,099	73,339,913
Debtors and other debit balances (Net)	9	153,863,279	104,600,855
Investments at fair value through profit or loss	5/5	10,897,265	153,043,880
Deposits for projects maintenance	20	573,720,189	111,406,984
Cash and bank balances	10	86,763,457	73,906,995
<b>Total current assets</b>		<b>3,624,742,515</b>	<b>2,940,267,034</b>
<b>Total assets</b>		<b>7,998,763,179</b>	<b>5,901,893,168</b>
<b>Shareholders' Equity</b>			
Issued and paid up capital	16	1,000,000,000	500,000,000
Treasury stocks	16	-	(74,633,025)
Legal reserve		123,313,788	86,375,259
Retained earnings		313,459,548	336,060,528
Net profit for the period/year		512,659,386	738,770,573
<b>Total shareholders' equity</b>		<b>1,949,432,722</b>	<b>1,586,573,335</b>
<b>Long term Liabilities</b>			
Unearned revenue	11	4,119,414,984	2,942,735,224
Term loans	18	319,091,802	259,282,841
		<b>4,438,506,786</b>	<b>3,202,018,065</b>
<b>Current Liabilities</b>			
Provisions	12	71,466,372	95,343,073
Utilities completion liabilities	13	261,997,434	169,428,940
Deferred profits & interests on outstanding installments	14	263,590,034	304,950,221
Trade and other payables	15	130,419,172	140,941,345
Current portion of long term loans	18	4,320,160	4,298,375
Short term loans	19	143,534,374	19,333,333
Liabilities of deposits for projects maintenance	20	573,720,189	111,406,984
Tax Authority		149,739,413	264,519,202
Dividends payable		12,036,523	3,080,295
<b>Total current liabilities</b>		<b>1,610,823,671</b>	<b>1,113,301,768</b>
<b>Total liabilities</b>		<b>6,049,330,457</b>	<b>4,315,319,833</b>
<b>Total equity &amp; liabilities</b>		<b>7,998,763,179</b>	<b>5,901,893,168</b>

Limited review report "attached".

CFO

Mr. Mohamed Abdelsalam

CEO

Eng. Ahmed Ali ElHetmy

Chairman

Eng. Mohamed Hazem Barakat

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

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

**SEPARATE STATEMENT OF INCOME**

For the period ended 30 June 2017

	<i>Note</i>	<i>From 1/1/2017 To 30/6/2017 L.E.</i>	<i>From 1/1/2016 To 30/6/2016 L.E.</i>	<i>From 1/4/2017 To 30/6/2017 L.E.</i>	<i>From 1/4/2016 To 30/6/2016 L.E.</i>
Net sales	23-a	897,319,940	315,385,665	283,163,858	182,059,216
Amortization of present value of notes receivable		101,619,062	34,776,501	51,776,952	16,820,603
Deferred profits & interests on installments due within the period	14	39,967,989	37,596,368	16,545,972	20,353,686
Revenue from rendering of services	24	5,847,005	2,118,609	2,901,892	948,001
<b>Total revenue</b>		<u>1,044,753,996</u>	<u>389,877,143</u>	<u>354,388,674</u>	<u>220,181,506</u>
<b>Less:</b>					
Deferred profits on outstanding installments of sales		-	(31,186,209)	-	(745,300)
<b>Net activity's profit</b>		<u>1,044,753,996</u>	<u>358,690,934</u>	<u>354,388,674</u>	<u>219,436,206</u>
Cost of sales	23-b	<u>(258,313,490)</u>	<u>(81,654,325)</u>	<u>(157,934,590)</u>	<u>(53,235,718)</u>
<b>Gross Profit</b>		<u>786,440,506</u>	<u>277,036,609</u>	<u>196,454,084</u>	<u>166,200,488</u>
Provision	12	(4,124,265)	(14,914,092)	(270,000)	(13,654,865)
Selling & marketing expenses		(94,806,580)	(36,812,206)	(30,655,026)	(20,325,770)
General & administrative expenses	25	(30,611,556)	(27,050,255)	(15,478,649)	(14,690,225)
Board of Directors' salaries and allowances		<u>(2,373,806)</u>	<u>(1,092,693)</u>	<u>(1,200,403)</u>	<u>(759,394)</u>
<b>Profit from operations</b>		<u>654,524,299</u>	<u>197,167,363</u>	<u>148,850,006</u>	<u>116,770,234</u>
Finance expenses		(3,464,663)	(3,256,136)	(2,557,790)	(2,009,132)
Dividend		-	212,141	-	212,141
Other financial investments' revenue		4,533,497	5,988,553	774,420	2,562,498
Interest income		17,253,316	1,925,040	5,470,608	1,123,173
Other revenues	26	6,531,249	3,476,785	2,422,542	2,107,760
Other expenses	27	<u>(26,272,974)</u>	<u>(20,033,412)</u>	<u>(25,520,700)</u>	<u>(20,009,325)</u>
<b>Net profit for the period before tax</b>		<u>653,104,724</u>	<u>185,480,334</u>	<u>129,439,086</u>	<u>100,757,349</u>
Income tax	22	(140,488,251)	(43,661,547)	(22,877,558)	(25,095,861)
Deferred tax	21	42,913	237,336	(72,396)	(29,341)
<b>Net profit for the period</b>		<u>512,659,386</u>	<u>142,056,123</u>	<u>106,489,132</u>	<u>75,632,147</u>
<b>Earnings per share for the period</b>	28	<u>0.51</u>	<u>0.14</u>	<u>0.11</u>	<u>0.08</u>

**CFO**

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**Chairman**

Eng. Mohamed Hazem Barakat

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

**SEPARATE STATEMENT OF COMPREHENSIVE INCOME**

For the period ended 30 June 2017

	<i>From 1/1/2017 To 30/6/2017 L.E.</i>	<i>From 1/1/2016 To 30/6/2016 L.E.</i>	<i>From 1/4/2017 To 30/6/2017 L.E.</i>	<i>From 1/4/2016 To 30/6/2016 L.E.</i>
Net profit for the period	512,659,386	142,056,123	106,489,132	75,632,147
Other comprehensive income	-	-	-	-
<b>Total other comprehensive income for the period</b>	<u>512,659,386</u>	<u>142,056,123</u>	<u>106,489,132</u>	<u>75,632,147</u>

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

**SEPARATE STATEMENT OF CHANGES IN EQUITY**

For the period ended 30 June 2017

	Capital	Treasury	Legal	Retained	Net profit for	Total
	L.E.	stocks	reserve	earnings	the period	L.E.
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Balance at 1 January 2016	250,000,000	-	74,725,127	374,433,516	255,641,223	954,799,866
Increase in capital according to Extraordinary General Assembly Meeting held on 14/12/2015	125,000,000	-	-	(125,000,000)	-	-
Purchase of treasury stocks of 4 million stocks on 14/2/2016	-	(74,633,025)	-	-	-	(74,633,025)
Legal reserve	-	-	11,650,132	(11,650,132)	-	-
Transferred to retained earnings	-	-	-	255,641,223	(255,641,223)	-
Dividends For 2015	-	-	-	(36,115,409)	-	(36,115,409)
Increase in capital according to Extraordinary General Assembly Meeting held on 5/4/2016	125,000,000	-	-	(125,000,000)	-	-
Comprehensive income for the period	-	-	-	-	142,056,123	142,056,123
Balance at 30 June 2016	500,000,000	(74,633,025)	86,375,259	332,309,198	142,056,123	986,107,555
Balance at 1 January 2017	500,000,000	(74,633,025)	86,375,259	336,060,528	738,770,573	1,586,573,335
Sale of treasury stocks of 4 million stocks	-	74,633,025	-	(1,433,024)	-	73,200,001
Transferred to retained earnings	-	-	-	738,770,573	(738,770,573)	-
Dividends for 2016	-	-	36,938,529	(259,938,529)	-	(223,000,000)
Increase in capital according to Extraordinary General Assembly Meeting held on 29/3/2017	500,000,000	-	-	(500,000,000)	-	-
Comprehensive income for the period	-	-	-	-	512,659,386	512,659,386
Balance at 30 June 2017	1000,000,000	-	123,313,788	313,459,548	512,659,386	1,949,432,722

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

**SEPARATE STATEMENT OF CASH FLOWS**

For the period ended 30 June 2017

	Note	30/6/2017 L.E.	30/6/2016 L.E.
<b>OPERATING ACTIVITIES</b>			
Net profit for the period before tax		653,104,724	185,480,334
Adjustments for:			
Depreciation	4	1,891,496	1,315,841
Provisions	12	4,124,265	14,914,092
Revenue from other financial investments		(41,716)	(253,857)
Net profit and interest due after deduct the deferred profit		(39,967,989)	(6,410,159)
Discount of present value for short term liability		-	451,450
<b>Operating profit before working capital changes</b>		<u>619,110,780</u>	<u>195,497,701</u>
Inventory and housing and development projects		(119,390,207)	(274,793,942)
Trade receivables – trade payable debit balances and notes receivables		(1,640,967,709)	(246,937,247)
Trade payables – unearned revenue and creditors		1,257,313,738	277,850,833
Provisions used		(28,000,966)	-
Paid dividends		(64,023,629)	(35,323,039)
Income tax		(255,268,038)	(55,300,631)
<b>Net cash used in operating activities</b>		<u>(231,226,031)</u>	<u>(139,006,325)</u>
<b>INVESTING ACTIVITIES:</b>			
Payments for purchase of fixed assets & construction in progress		(5,337,626)	(631,328)
Proceeds from investment in subsidiaries		-	456,798
Revenue from other financial investments		41,716	39,600
<b>Net cash used in investing activities</b>		<u>(5,295,910)</u>	<u>(134,930)</u>
<b>FINANCING ACTIVITIES:</b>			
Dividends paid to shareholders		(150,000,000)	-
Treasury stocks		73,200,001	(74,633,025)
Payments of long term loans during the period	18	(2,397,187)	(414,011)
Withdrawals of long term loans during the period	18	62,227,933	123,976,242
Payments for short term loans during the period	19	(31,328,591)	(36,360,075)
Withdrawals for short term loans during the period	19	155,529,632	58,000,000
<b>Net cash from financing activities</b>		<u>107,231,788</u>	<u>70,569,131</u>
Change in cash and cash equivalents		(129,290,153)	(68,572,124)
Cash and cash equivalents at the beginning of the period		226,950,875	242,501,727
<b>Total cash and cash equivalents at the end of the period</b>		<u>97,660,722</u>	<u>173,929,603</u>
Less: Pledged time deposits against letters of guarantee		(4,592,268)	(6,312,185)
<b>Cash and cash equivalents at the end of the period</b>	19	<u>93,068,454</u>	<u>167,617,418</u>

**NON-CASH TRANSACTIONS:**

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

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

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

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

30 June 2017

**1. COMPANY BACKGROUND**

**1.1 Legal form of the company**

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

The company transferred to an Egyptian joint stock company under the provisions of Law No. 203 for 1991 issued on 19/06/1991 under the umbrella of the Holding Company for Housing under the name of Madinet Nasr Housing and Development. The Extraordinary General Assembly of the company held on 30/6/1996 approved the change to the provisions of Law No. 159 for 1981 and its executive regulations and published in company's journal on January 1997 rather than the provisions of Law No. 203 for 1991.

The company was registered in the Commercial Register No. 300874 on 23 December 1996 under tax card No. 200-009-095.

**1.2 Activity**

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

**1.3 Duration**

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

**1.4 Location**

The company's head office is located at 4, Youssef Abbass St., 2<sup>nd</sup> 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 separate financial statements for the period ended 30 June 2017 on 7 August 2017.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

30 June 2017

**2. USE OF ESTIMATES AND JUDGMENTS**

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

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

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

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a) Basis of preparation of the summarized separate financial statements

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

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

The separate financial statements are presented in Egyptian Pounds.

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

b) Fixed assets and depreciation

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

30 June 2017

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

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

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

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

c) Construction in progress

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

d) Investment in subsidiaries

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

e) Available for sales investments

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

30 June 2017

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

f) Held to maturity investments

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

g) Investment properties

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

h) Investments at fair value through profit and loss (investment certificates)

Investment certificates are measured at fair value which represents the sale value, determined in line with the recoverable amount at the financial position 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 flows statement

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

l) Cash and cash equivalents

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

30 June 2017

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

m) Receivables and other debtors

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

n) Assets impairment

Asset values are reviewed at the financial position 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 financial position date and adjusted (if necessary) to present the best current estimate.

p) Payables and other creditors

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

q) Treasury shares

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

r) Dividends

Dividends are recorded as liability during the year when declared.

s) Revenue recognition

1. *Cash sales*

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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

#### 2. *Sales on installments*

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

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

#### 3. *Revenue from real estate contracts*

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

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

#### 4. *Joint projects:*

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

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

30 June 2017

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Direct and indirect cost*

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

t) Employees' benefits

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

u) Taxation

Income tax

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

Deferred tax

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

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

v) Earnings per share

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

w) Borrowing cost

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

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

30 June 2017

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

x) Legal reserve

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

y) Foreign currency transactions

The company's functional currency is the Egyptian pound. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the financial position 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**  
30 June 2017

**4. FIXED ASSETS**

	Land	Buildings and	Machinery	Motor	Tools	Furniture &	Computers	Total
	(*) L.E.	constructions (*) L.E.	& equipment L.E.	vehicles L.E.	L.E.	office equipment L.E.	& software L.E.	L.E.
<b>Cost:</b>								
At 1 January 2017	1,907,376	15,909,114	2,659,023	3,181,096	509,868	8,657,791	15,668,289	48,492,557
Additions during the year	-	3,130,384	6,893	11,700	2,374	230,980	1,760,793	5,143,124
Transfer from projects under construction	-	-	-	-	-	121,362	-	121,362
At 30 June 2017	1,907,376	19,039,498	2,665,916	3,192,796	512,242	9,010,133	17,429,082	53,757,043
<b>Accumulated depreciation:</b>								
At 1 January 2017	-	5,281,293	1,483,449	3,035,423	508,235	4,110,281	3,426,157	17,844,838
Provided during the year	-	188,598	209,473	61,080	1,446	548,285	882,614	1,891,496
At 30 June 2017	-	5,469,891	1,692,922	3,096,503	509,681	4,658,566	4,308,771	19,736,334
<b>Net book value:</b>								
At 30 June 2017	1,907,376	13,569,607	972,994	96,293	2,561	4,351,567	13,120,311	34,020,709
At 31 December 2016	1,907,376	10,627,821	1,175,574	145,673	1,633	4,547,510	12,242,132	30,647,719

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



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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

30 June 2017

**4. FIXED ASSETS – Continued**

a) The fully depreciated assets are as follows:

	<i>30/6/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Buildings and constructions	416,761	416,761
Motor vehicles	2,567,175	2,567,175
Furniture and office equipment	1,213,425	1,009,292
Machinery & equipment	536,445	536,445
Tools	508,801	506,808
	<u>5,242,607</u>	<u>5,036,481</u>

b) Depreciation for the year is allocated as follows:

	<i>30/6/2017</i>	<i>30/6/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Cost of sales	95,270	58,896
Selling & Marketing expenses	65,734	27,374
General and administrative expenses (Note 25)	1,730,492	1,229,571
	<u>1,891,496</u>	<u>1,315,841</u>

**5. INVESTMENTS**

**5/1 Investments in subsidiaries**

	<i>Contribution</i>	<i>30/6/2017</i>	<i>31/12/2016</i>
	<i>%</i>	<i>L.E.</i>	<i>L.E.</i>
Al Nasr Co. for Utilities & Erections – S.A.E.	94.9	3,061,103	3,061,103
Impairment of investment		<u>(3,061,103)</u>	<u>(3,061,103)</u>
Al Nasr Co. for Civil Works – S.A.E.	52.46	64,900,606	64,900,606
Impairment of investment		<u>(19,518,646)</u>	<u>(19,518,646)</u>
		<u>45,381,960</u>	<u>45,381,960</u>

**5/2 Held to maturities investments**

	<i>30/6/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Investments in Governmental bonds	<u>121,962</u>	<u>121,962</u>

**5/3 Available for sale investments**

	<i>Contribution</i>	<i>30/6/2017</i>	<i>31/12/2016</i>
	<i>%</i>	<i>L.E.</i>	<i>L.E.</i>
Egyptian Kuwaiti Real Estate Development	7.503	4,314,110	4,314,110
High Education House ( S.A.E)	1.200	200,000	200,000
		<u>4,514,110</u>	<u>4,514,110</u>

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

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

30 June 2017

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

	<b>30/6/2017</b>	<b>31/12/2016</b>
	<b>L.E.</b>	<b>L.E.</b>
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**

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

**6. HOUSING & DEVELOPMENT PROJECTS**

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

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

30 June 2017

**7. TRADE RECEIVABLES**

	<b>30/6/2017</b>	<b>31/12/2016</b>
	<b>L.E.</b>	<b>L.E.</b>
<b><u>Long term notes receivable</u></b>		
Tag Sultan Project customers	569,335,508	683,511,545
Zone T Project customers	1,731,541,229	1,758,622,295
Premira Project customers	108,538,721	111,979,813
Capital Gardens customers	310,362,817	290,698,766
Sarai City customers	2,563,847,408	752,525,311
	<u>5,283,625,683</u>	<u>3,597,337,730</u>
<b>Less:</b>		
Tag Sultan Project	(90,185,062)	(114,904,766)
Tag City Project	(300,155,340)	(335,359,378)
Premira Project	(32,708,077)	(39,094,440)
Capital Gardens	(111,352,895)	(95,573,596)
Sarai City	(475,576,728)	(147,663,456)
	<u>4,273,647,581</u>	<u>2,864,742,094</u>
<b><u>Short term notes receivable</u></b>		
Tag Sultan Project customers		
Zone T Project customers	261,681,153	298,434,526
Premira Project customers	359,653,145	446,500,471
Sarai City customers	38,631,232	42,509,879
	595,051,595	233,680,856
	<u>1,255,017,125</u>	<u>1,021,125,732</u>
<b><u>Debtors customers</u></b>		
El Waha and Original City project 'customers	274,606,264	310,462,472
Land customers	69,993,285	93,971,588
Rental customers	813,251	801,521
	<u>345,412,800</u>	<u>405,235,581</u>
<b>Less:</b>		
Impairment of notes receivable balances	(14,661,382)	(14,661,382)
	<u>330,751,418</u>	<u>390,574,199</u>

**8. TRADE PAYABLES – DEBIT BALANCES**

	<b>30/6/2017</b>	<b>31/12/2016</b>
	<b>L.E.</b>	<b>L.E.</b>
Trade payables & contractors	133,267,295	124,536,109
<b>Less:</b>		
Impairment in trade payables – debit balances	(51,196,196)	(51,196,196)
	<u>82,071,099</u>	<u>73,339,913</u>

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

30 June 2017

**9. DEBTORS AND OTHER DEBIT BALANCES (NET)**

	<i>30/6/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Cheques under collection	1,983,753	4,751,577
Refundable deposits	3,502,685	6,366,267
Advance expenses	117,431,357	62,714,026
Accrued revenue	1,380	57,148
Employees stock option system	19,781,206	19,781,206
Cash margin on letters of guarantee	6,884,640	7,331,071
Other debit balances	4,386,258	3,707,560
	<u>153,971,279</u>	<u>104,708,855</u>
Less: Impairment in debtors and other debit balances	(108,000)	(108,000)
	<u>153,863,279</u>	<u>104,600,855</u>

**10. CASH AND BANK BALANCES**

	<i>30/6/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Bank creditors	43,056	2,656,627
Cash on hand	690,182	22,523
Bank current accounts	80,430,219	65,627,845
Time deposits (*)	5,600,000	5,600,000
	<u>86,763,457</u>	<u>73,906,995</u>

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

**11. UNEARNED REVENUE**

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

**12. PROVISIONS**

	<i>Balance at</i>	<i>Provided during</i>	<i>Used during the</i>	<i>Balance at</i>
	<i>1/1/2017</i>	<i>the period</i>	<i>period</i>	<i>30/6/2017</i>
	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>
Disputed taxes provision	14,229,668	-	-	14,229,668
Early retirement provision	28,000,000	-	(28,000,000)	-
Claims provision	31,103,023	2,946,682	-	34,049,865
Litigation provision	20,494,884	677,423	-	21,172,307
Other provisions	1,515,498	500,000	(966)	2,014,532
	<u>95,343,073</u>	<u>4,124,265</u>	<u>(28,000,966)</u>	<u>71,466,372</u>

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

30 June 2017

**13. UTILITIES COMPLETION LIABILITIES**

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

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

**14. DEFERRED PROFITS & INTERESTS ON OUTSTANDING INSTALLMENTS**

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

**15. CREDITORS AND OTHER CREDIT BALANCES**

	<i>30/6/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Notes payable	18,929,578	6,118,570
Support to National Housing Project	880,000	880,000
Final retention and other refundable deposits	30,855,574	27,137,988
Down payment for land & property sales (El Waha & 6th October)	6,374,405	6,374,405
Down payment for land & property sales (Tag Sultan) – T Zone – Premira	5,224,431	1,703,311
Selling commissions	18,662,457	31,320,065
Payments from residents of El Haggana and El Arab	1,249,049	1,249,049
Employees' bonus accrued	628,031	3,521,834
Customers' balances for canceled reservations	12,004,283	12,004,283
Proceeds for maintenance expenses and counters	9,875,239	8,441,753
Governmental authorities	15,332,385	15,386,255
Accrued expenses for advertising	8,670,332	21,713,524
Others	1,733,408	5,090,308
	<u>130,419,172</u>	<u>140,941,345</u>

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

30 June 2017

**16. SHARE CAPITAL**

**Authorized capital:**

The authorized capital is five thousand million Egyptian Pounds.

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

**17. EMPLOYEES STOCK OPTIONS**

The Extraordinary General Assembly Meeting approved on 29/3/2017 the discontinuation of employee stock options and written off the remaining 2,899,611 shares for an amount of L.E. 2,899,611. On 10/07/2017 the commercial register was updated for the decrease in the share capital.

**18. LOANS**

	<i>(A)</i> <i>National</i> <i>Investment</i> <i>Bank</i> <i>L.E.</i>	<i>(B)</i> <i>Arab</i> <i>Investment</i> <i>Bank</i> <i>L.E.</i>	<i>(C)</i> <i>Commercial</i> <i>International</i> <i>Bank</i> <i>L.E.</i>	<i>Total</i> <i>L.E.</i>
<b><u>30/6/2017</u></b>				
Balance at the beginning of the period	2,129,076	7,883,930	253,568,210	263,581,216
Proceeds during the period	-	-	62,227,933	62,227,933
Payments of installments during the period	<u>(434,739)</u>	<u>(1,962,448)</u>	-	<u>(2,397,187)</u>
Balance at the end of the period	<u>1,694,337</u>	<u>5,921,482</u>	<u>315,796,143</u>	<u>323,411,962</u>

**Classification to financial position as follows:**

**Current liabilities:**

Current portion of long term loans	<u>456,524</u>	<u>3,863,636</u>	-	<u>4,320,160</u>
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**Long term liabilities:**

Long term loans	<u>1,237,813</u>	<u>2,057,846</u>	<u>315,796,143</u>	<u>319,091,802</u>
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**31/12/2016**

Balance at the beginning of the year	2,543,087	10,168,154	60,535,422	73,246,663
Proceeds during the year	-	-	193,032,788	193,032,788
Payments of installments during the year	<u>(414,011)</u>	<u>(2,284,224)</u>	-	<u>(2,698,235)</u>
Balance at the end of the year	<u>2,129,076</u>	<u>7,883,930</u>	<u>253,568,210</u>	<u>263,581,216</u>

**Classification to financial position as follows:**

**Current liabilities:**

Current portion of long term loans	<u>434,739</u>	<u>3,863,636</u>	-	<u>4,298,375</u>
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**Long term liabilities:**

Long term loans	<u>1,694,337</u>	<u>4,020,294</u>	<u>253,568,210</u>	<u>259,282,841</u>
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Madinet Nasr for Housing & Development S.A.E.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

30 June 2017

**19. CASH AND CASH EQUIVALENTS**

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

	<i>30/6/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Cash and bank balances (Note 10)	86,763,457	73,906,995
Investment at fair value through profit and loss (Note 5/5)	10,897,265	153,043,880
Cash and cash equivalents at the end of the period /year	<u>97,660,722</u>	<u>226,950,875</u>
Less: Pledged time deposits against letters of guarantee	<u>(4,592,268)</u>	<u>(4,592,268)</u>
Cash and cash equivalents at the end of the period /year	<u>93,068,454</u>	<u>222,358,607</u>

**Short term loan**

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

**20. PROJECT MAINTENANCE DEPOSITS AND LIABILITIES**

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

**21. DEFERRED TAX**

	<i>30/6/2017</i>		<i>31/12/2016</i>	
	<i>Assets</i>	<i>(Liabilities)</i>	<i>Assets</i>	<i>(Liabilities)</i>
	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>
Deferred tax fixed assets (liabilities)	-	(2,642,892)	-	(2,533,385)
Deferred tax provisions asset	5,053,028	-	4,900,608	-
Total deferred tax assets/(liabilities)	<u>5,053,028</u>	<u>(2,642,892)</u>	<u>4,900,608</u>	<u>(2,533,385)</u>
Net deferred tax assets	<u>2,410,136</u>	<u>-</u>	<u>2,367,223</u>	<u>-</u>
Charged to the statement of income	42,913	-	-	934,824

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

30 June 2017

**21. DEFERRED TAX - Continued**

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

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

**22. RECONCILIATIONS TO CALCULATE THE EFFECTIVE INCOME TAX RATE**

	<b>30/3/2017</b>	<b>30/6/2016</b>
	<b>L.E.</b>	<b>L.E.</b>
Net accounting profit before tax	653,104,724	185,480,334
Tax rate	22.50%	22.50%
Calculated income tax according to income tax law	146,948,562	41,733,075
Provisions effect	927,960	3,355,670
Depreciation differences	(109,507)	(45,992)
Tax exemptions	(7,309,589)	(5,895,156)
Un-deductible expenses	30,825	4,513,950
Income tax according to statement of income	<u>140,488,251</u>	<u>43,661,547</u>
Effective income tax rate	<u>21.51%</u>	<u>23.54%</u>

**23. SALES AND COST OF SALES**

**23-a Net sales**

	<b>30/6/2017</b>	<b>30/6/2016</b>
	<b>L.E.</b>	<b>L.E.</b>
<b><u>Property sales revenue</u></b>		
El Waha Project	280,000	7,424,000
Tag Sultan Project	117,047,966	81,303,394
Premira Project	-	18,742,798
T Zone Project	18,194,666	64,235,997
Capital Garden project	18,090,551	55,437,883
Sarai City project	748,100,416	-
	<u>901,713,599</u>	<u>227,144,072</u>
Land sales revenue - El Waha and Original City project	-	93,187,307
Total property and land sales revenues	<u>901,713,599</u>	<u>320,331,379</u>
Less:		
Sales return el Waha Project	(1,051,980)	-
Sales return Tag Sultan Project	(35,000)	(4,076,413)
Sales return Premira Project	(1,268,155)	(869,301)
Sales return T Zone Project	(723,730)	-
Sales return Capital Garden project	(1,314,794)	-
Net sales	<u>897,319,940</u>	<u>315,385,665</u>



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

	<i>30/6/2017</i>	<i>30/6/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
<b><u>Cost of sold property</u></b>		
Cost of El Waha Project	-	4,578,147
Cost of Tag Sultan Project	99,144,861	55,995,061
Cost of Premira Project	-	4,315,029
Cost of T Zone Project	1,436,589	6,532,872
Cost of Capital Garden project	770,861	2,001,055
Cost of Sarai City project	157,449,474	-
Cost of land sold - El Waha project	-	9,573,833
	<u>258,801,785</u>	<u>82,995,997</u>
Less:		
Cost of Tag Sultan - sales returns	-	(1,137,386)
Cost of Premira - sales returns	(307,140)	(204,286)
Cost of El Waha - sales returns	(52,736)	-
Cost of T Zone Project - sales returns	(86,373)	-
Cost of Capital Garden project - sales returns	(42,046)	-
	<u>258,313,490</u>	<u>81,654,325</u>

**24. REVENUE FROM RENDERING OF SERVICES**

	<i>30/6/2017</i>	<i>30/6/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Services sales	469,638	573,091
Concession fees	4,993,010	1,262,823
Revenue from other services	384,357	282,695
	<u>5,847,005</u>	<u>2,118,609</u>

**25. GENERAL AND ADMINISTRATIVE EXPENSES**

	<i>30/6/2017</i>	<i>30/6/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Salaries, wages and equivalent	14,586,143	13,181,848
Advertisement expenses	1,082,503	3,001,212
Transportation and communications expenses	2,698,132	1,994,840
Professional fees	2,881,749	1,380,822
Depreciation (Note 4)	1,730,492	1,229,571
Maintenance expenses	792,693	631,066
Rent	215,027	-
Raw materials, fuel and spare parts	1,443,759	1,014,605
Property tax and others	402,985	188,871
Other service expenses	4,778,073	4,427,420
	<u>30,611,556</u>	<u>27,050,255</u>

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**26. OTHER REVENUES**

	<i>30/6/2017</i>	<i>30/6/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Subcontractor delay payment penalties	710,839	-
Reconciled fees for non construction	2,909,528	-
Deviation from construction conditions	57,684	355,546
Sundry revenue	1,632,525	1,677,598
Admin fees for return units	1,220,673	1,174,240
Foreign exchange gain	-	269,401
	<u>6,531,249</u>	<u>3,476,785</u>

**27. OTHER EXPENSES**

	<i>30/6/2017</i>	<i>30/6/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Compensations and fines	378,695	33,412
Donations for others	25,731,988	20,000,000
Loss on foreign exchange	162,291	-
	<u>26,272,974</u>	<u>20,033,412</u>

**28. EARNINGS PER SHARE**

	<i>30/6/2017</i>	<i>30/6/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Net profit for the period after tax	<u>512,659,386</u>	<u>142,056,123</u>
Weighted average numbers of shares outstanding during the period	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Earnings per share	<u>0.51</u>	<u>0.14</u>

**29. CONTINGENT LIABILITIES**

**Letters of guarantee**

The balance of the letters of guarantees issued by United Bank and National Bank of Egypt as of 30 June 2017 are amounting to L.E. 24,040,533 (31/12/2016: L.E. 30,175,333) in favour of third parties, the letters are secured the company's time deposits amounting to L.E. 4,592,268 (31/12/2016: L.E. 4,592,268), and margin of letters of guarantee by L.E. 6,884,640 (31/12/2016: L.E. 7,331,071).

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**30. TRANSACTIONS WITH RELATED PARTIES**

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

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

	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>30/6/2017</i> <i>L.E.</i>	<i>30/6/2016</i> <i>L.E.</i>
Al Nasr Co. for Utilities & Erections - S.A.E.	Subsidiary	Utilities and installation works	<u>19,426,712</u>	<u>4,232,870</u>
Al Nasr Co. for Civil Works S.A.E.	Subsidiary	Buildings and utilities works	<u>3,509,297</u>	<u>4,678,371</u>

Balances of related parties are as follows:

	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>30/6/2017</i> <i>L.E.</i>	<i>31/12/2016</i> <i>L.E.</i>
<b>Amounts due from related parties:</b>				
a) Al Nasr Co. for Utilities & Erections S.A.E.	Subsidiary	Long term loan (*)	<u>10,000,000</u>	<u>10,000,000</u>
		Supplier (Debtor)	<u>56,507,057</u>	<u>50,097,093</u>
		Supplier (Debtor)	<u>2,945,177</u>	<u>2,945,177</u>
		Advance	<u>3,869,661</u>	<u>4,843,884</u>
b) Al Nasr Co. for Civil Works S.A.E.	Subsidiary	Supplier (Debtor)	<u>149,550</u>	<u>432,194</u>
		Advance	<u>5,194,499</u>	<u>5,844,465</u>
<b>Amounts due to related parties:</b>				
a) Al Nasr Co. for Utilities & Erections S.A.E.	Subsidiary	Warranty	<u>2,875,879</u>	<u>2,475,828</u>
		Supplier (Creditor)	<u>1,029,676</u>	<u>790,783</u>
b) Al Nasr Co. for Civil Works S.A.E.	Subsidiary	Supplier (Creditor)	<u>886,677</u>	<u>1,552,402</u>
		Warranty	<u>611,203</u>	<u>448,712</u>

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

**31. TAX POSITION**

**Corporate tax**

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

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**32. FINANCIAL INSTRUMENTS AND RELATED RISKS**

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

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

- ***Credit risk***

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

- ***Liquidity risk***

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

- ***Interest rate risk***

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

- ***Foreign currency risk***

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

**33. CONTRACTUAL COMMITMENTS**

The value of contracts with contractors for the execution of housing & development projects reached an amount of L.E. 943 million, the executed part of the project till 30/6/2017 amounting to L.E. 551 million.

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**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

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**34. FAIR VALUE**

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

**35. COMPARATIVE FIGURES**

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

**36. EARLY RETIREMENT**

The General Assembly Meeting approved on 29/3/2017 the Board of Directors decision No. 26 dated 22/12/2016 regarding the early retirement project. There are 50 employees were retired as of 31/3/2017 with an estimated cost of L.E. 29,227 million.