

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

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

**AT 31 MARCH 2017**

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

**CONSOLIDATED BALANCE SHEET**

At 31 March 2017

	Note	31/3/2017 L.E.	31/12/2016 L.E.
<b>Assets</b>			
<b>Non Current Assets</b>			
Fixed assets (Net)	4	51,316,406	50,644,717
Construction in progress		15,800,012	15,746,082
Held to maturity investments	5/1	672,200	672,200
Available for sale investments	5/2	4,820,722	4,820,722
Investment properties	5/3	8,453,677	8,449,044
Long term notes receivable (Net)	8	4,347,847,775	2,864,742,094
Deferred tax asset	31	9,297,139	9,181,830
<b>Total Non Current Assets</b>		<b>4,438,207,931</b>	<b>2,954,256,689</b>
<b>Current Assets</b>			
Inventories	6	63,188,342	61,479,086
Housing & development projects – Lands and WIP	7	1,002,431,970	933,619,009
Housing & development projects – Finished properties	7	78,702,203	78,649,467
Short term notes receivable	8	910,811,823	1,021,125,732
Trade receivables (Net)	8	646,528,397	663,923,881
Trade payables – debit balances (Net)	9	199,251,381	182,202,075
Debtors and other debit balances (Net)	10	146,089,048	101,442,520
Cash margin on letters of guarantee		10,752,963	10,865,252
Investments at fair value through profit or loss	5/4	63,604,799	153,043,880
Deposits for projects' maintenance	22	119,640,885	111,406,984
Cash and bank balances	11	416,622,663	152,562,513
<b>Total Current Assets</b>		<b>3,657,624,474</b>	<b>3,470,320,399</b>
<b>Total Assets</b>		<b>8,095,832,405</b>	<b>6,424,577,088</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued and paid up capital	17	500,000,000	500,000,000
Treasury stocks		-	(74,633,025)
Legal reserve		123,313,788	86,375,259
Retained earnings		347,167,674	344,351,026
Net profit for the period/year		405,433,499	766,575,412
Issued capital and reserves attributable to owners of the parent		1,375,914,961	1,622,668,672
Non-controlling interest	19	69,247,787	69,672,444
<b>Total Equity</b>		<b>1,445,162,748</b>	<b>1,692,341,116</b>
<b>Non Current Liabilities</b>			
Unearned revenue	12	3,900,366,239	2,942,735,224
Long term loans	20	308,655,136	259,282,841
<b>Total Non Current Liabilities</b>		<b>4,209,021,375</b>	<b>3,202,018,065</b>
<b>Current Liabilities</b>			
Advances & other trade receivables		89,617,846	87,176,679
Provisions	13	134,466,952	131,892,505
Creditors		52,412,904	55,501,602
Utilities completion liabilities	14	192,461,229	169,428,940
Deferred profits & interests on outstanding installments	15	280,640,414	304,950,221
Dividends payable		731,010,001	3,705,691
Creditors & other credit balances	16	406,668,839	339,151,103
Current portion of long term loans	20	4,298,375	4,298,375
Short term loans	21	4,833,333	19,333,333
Liabilities of deposits for project' maintenance	22	119,640,885	111,406,984
Credit banks (credit facilities)	21	34,367,852	25,259,659
Tax Authority		391,229,652	278,112,815
<b>Total current liabilities</b>		<b>2,441,648,282</b>	<b>1,530,217,907</b>
<b>Total Liabilities</b>		<b>6,650,669,657</b>	<b>4,732,235,972</b>
<b>Total Equity and Liabilities</b>		<b>8,095,832,405</b>	<b>6,424,577,088</b>

Limited review report "attached".

CFO

Mr. Mohamed Abdelsalam

CEO

Eng. Ahmed Ali ElHetmy

Chairman

Eng. Mohamed Hazem Barakat

The attached notes 1 to 37 form part of these summary consolidated financial statements.

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

**CONSOLIDATED STATEMENT OF INCOME**

For the period ended 31 March 2017

	<i>Note</i>	<i>31/3/2017</i> <i>L.E.</i>	<i>31/3/2016</i> <i>L.E.</i>
Net sales	23-a	674,442,856	201,370,818
Amortization of present value of notes receivable		49,842,110	17,955,898
Deferred profits & interests on installments due within the year	15	23,422,017	17,242,682
Revenue from rendering of services	25	3,952,682	1,170,608
<b>Total revenue</b>		<u>751,659,665</u>	<u>237,740,006</u>
<b>Less:</b>			
Deferred profits on outstanding installments of sales		-	(30,440,909)
<b>Net activity's profit</b>		<u>751,659,665</u>	<u>207,299,097</u>
Cost of sales	23-b	(154,763,609)	(90,023,605)
<b>Gross Profit</b>		596,896,056	117,275,492
Selling & marketing expenses		(64,151,554)	(16,486,436)
General & administrative expenses	26	(18,060,089)	(15,268,995)
Provisions	13	(3,854,265)	(1,259,227)
Provisions no longer required	13	63,290	-
Board of Directors' salaries and allowances		(1,725,556)	(871,820)
<b>Profit from operations</b>		<u>509,167,882</u>	<u>83,389,014</u>
Finance expenses		(2,798,394)	(2,184,720)
Other financial investments' revenue		3,759,077	3,426,055
Interest income		13,253,702	1,726,797
Loss on sale of fixed assets		-	(1,553)
Other revenues	27	4,118,852	2,320,886
Other expenses	28	(1,729,351)	(381,909)
<b>Net profit for the period before tax</b>		<u>525,771,768</u>	<u>88,294,570</u>
Income tax		(118,714,910)	(19,963,607)
Deferred tax	31	115,309	266,677
<b>Net profit for the period</b>		<u>407,172,167</u>	<u>68,597,640</u>
Less: Non-controlling interest		(1,738,668)	(2,223,576)
Attributable to owners of the parent		<u>405,433,499</u>	<u>66,374,064</u>
<b>Earnings per share for the period</b>	33	<u>0.81</u>	<u>0.13</u>

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the period ended 31 March 2017

	<i>31/3/2017</i>	<i>31/3/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Net profit for the period	407,172,167	68,597,640
Other comprehensive income	-	-
Total comprehensive income	<u>407,172,167</u>	<u>68,597,640</u>
Less: Non-controlling interest	<u>(1,738,668)</u>	<u>(2,223,576)</u>
Owners of the parent	<u>405,433,499</u>	<u>66,374,064</u>

**CFO**

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**CEO**

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**Chairman**

Eng. Mohamed Hazem Barakat

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

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the period ended 31 March 2017

	<b>Issued and paid up Capital L.E.</b>	<b>Treasury stocks L.E.</b>	<b>Legal reserve L.E.</b>	<b>Retained earnings L.E.</b>	<b>Net profit for the period L.E.</b>	<b>Total L.E.</b>	<b>Non- controlling interest L.E.</b>	<b>Total L.E.</b>
Balance at 1 January 2016	250,000,000	-	74,725,127	377,463,144	262,098,712	964,286,983	68,301,160	1,032,588,143
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)	-	(74,633,025)
Transferred to retained earnings	-	-	-	262,098,712	(262,098,712)	-	-	-
Total comprehensive income for the period	-	-	-	-	66,374,064	66,374,064	2,223,576	68,597,640
Balance at 31 March 2016	<u>375,000,000</u>	<u>(74,633,025)</u>	<u>74,725,127</u>	<u>514,561,856</u>	<u>66,374,064</u>	<u>956,028,022</u>	<u>70,524,736</u>	<u>1,026,552,758</u>
Balance at 1 January 2017	500,000,000	(74,633,025)	86,375,259	344,351,026	766,575,412	1,622,668,672	69,672,444	1,692,341,116
Sale of treasury stocks of 4 million stocks	-	74,633,025	-	(1,433,024)	-	73,200,001	-	73,200,001
Transferred to retained earnings	-	-	-	766,575,412	(766,575,412)	-	-	-
Dividends for 2016	-	-	36,938,529	(759,938,529)	-	(723,000,000)	-	(723,000,000)
Retained earnings used for Al Nasr for Civil Works	-	-	-	(2,387,211)	-	(2,387,211)	(2,163,325)	(4,550,536)
Total comprehensive income for the period	-	-	-	-	405,433,499	405,433,499	1,738,668	407,172,167
Balance at 31 March 2017	<u>500,000,000</u>	<u>-</u>	<u>123,313,788</u>	<u>347,167,674</u>	<u>405,433,499</u>	<u>1,375,914,961</u>	<u>69,247,787</u>	<u>1,445,162,748</u>

**CFO**

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 31 March 2017

	<i>Note</i>	<i>31/3/2017</i> <i>L.E.</i>	<i>31/3/2016</i> <i>L.E.</i>
<b>OPERATING ACTIVITIES</b>			
Net profit for the period before tax		525,771,768	88,294,570
Adjustments for:			
Depreciation	4	2,019,389	1,712,618
Provisions	13	3,854,265	1,259,227
Provisions no longer required		(63,290)	-
Loss on sale of fixed assets		-	1,553
Profits and interests due after deduct the deferred profit		(23,422,017)	(17,242,682)
Discount of present value for long term liability		-	225,725
<b>Operating profit before working capital changes</b>		<u>508,160,115</u>	<u>74,251,011</u>
Inventory and housing and development projects		(70,574,953)	(184,526,420)
Trade receivables, trade payables debit balances and notes receivable		(1,416,979,833)	(47,910,173)
Trade payables and unearned revenue and creditors		1,046,645,719	115,188,233
Provisions used	13	(1,216,528)	(293,417)
Dividends paid		(129,170)	(920,692)
Income tax		(5,598,073)	(258,095)
<b>Net cash from/(used in) operating activities</b>		<u>60,307,277</u>	<u>(44,469,553)</u>
<b>INVESTING ACTIVITIES:</b>			
Payments for purchase of fixed assets & construction in progress		(2,745,008)	(1,971,847)
Proceeds from sale of fixed assets		-	2,500
Payments for investment properties		(4,633)	-
Revenue from other financial investments		-	456,798
<b>Net cash used in investing activities</b>		<u>(2,749,641)</u>	<u>(1,512,549)</u>
<b>FINANCING ACTIVITIES:</b>			
Treasury stocks		73,200,001	(74,633,024)
Non-controlling interest		(117,056)	(350,246)
Proceeds from long term loans		51,332,431	68,643,051
Repayments of long term loans		(1,960,136)	-
Repayments of short term loans		(14,500,000)	(19,865,157)
<b>Net cash from/(used in) financing activities</b>		<u>107,955,240</u>	<u>(26,205,376)</u>
Change in cash and cash equivalents		165,512,876	(72,187,478)
Cash and cash equivalents at the beginning of the period		280,346,734	291,824,545
<b>Total cash and cash equivalents at the end of the period</b>		<u>445,859,610</u>	<u>219,637,067</u>
Less: Pledged time deposits against letters of guarantee		(67,503,632)	(55,733,852)
<b>Cash and cash equivalents at the end of the period</b>	21	<u>378,355,978</u>	<u>163,903,215</u>

**NON-CASH TRANSACTION:**

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

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

The attached notes 1 to 37 form part of these summary consolidated financial statements.

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

**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

31 March 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 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 30/06/1996 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.

The company has registered in the Commercial Register under No. 300874 with tax card No. 200-009-095.

**1.2 Activity**

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

**1.3 Duration**

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

**1.4 Location**

The company's head office is located at 4, Youssef Abbass, Nasr City, Cairo, Egypt.

The Chairman is Eng. Mohamed Hazem Barakat.

The company is listed on Cairo and Alexdria Stock Exchange.

The company Board of Directors has approved the Financial Statements for the period ended at 31 March 2017 on 11 May 2017.

**1.5 Basis of consolidation**

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

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

**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2017

**1. COMPANY BACKGROUND - Continued**

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

The following is a listing of subsidiaries:

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

**2. USE OF ESTIMATES AND JUDGMENTS**

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

The estimates and underlying assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the 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:

- Depreciation of fixed assets
- Provisions
- Assets impairment
- Taxation
- Cost of sales and complete of utilities liability
- Amortization of present value of notes receivable



**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2017

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a) Basis of preparation of consolidated financial statements

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

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

The consolidated financial statements are presented in Egyptian Pounds.

b) Fixed assets and depreciation

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

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

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

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

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

c) Constructions in progress

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

**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2017

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

d) Available for sales investment

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

e) Held to maturity investments

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

f) Investment properties

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

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

h) Inventories

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

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

i) Housing & development projects

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

j) Cash flows statement

Consolidated statement of cash flows is prepared according to the indirect method.

**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2017

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

k) Cash and cash equivalents

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

l) Receivables and other debtors

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

m) Assets impairment

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

n) Provisions

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

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

o) Payables and other creditors

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

p) Treasury stocks

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

q) Dividends

Dividends are recorded as liability during the year when declared.

**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2017

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

r) Revenue recognition

1. *Cash sales*

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

2. *Sales on installments*

Revenue on sales during the 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.
- Deferred installments profit and deferred interests on installments which related to sale of land and properties in prior years are recognized on the accrual basis when the installments full due adjusting the profit margin by cost incurred on projects during the year.

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

**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2017

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

*5. 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.

*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.

s) Rent expenses

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

t) Employees' benefits

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

u) Taxation

*Income tax*

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

*Deferred tax*

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

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

v) Earnings per share

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

**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

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

w) Borrowing cost

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are required to be capitalized as part of the cost of that asset.

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

x) Legal reserve

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

y) Foreign currency transactions

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

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**4. FIXED ASSETS**

	Land (*)		Buildings and constructions (*)		Machinery & equipment		Motor vehicles		Tools		Furniture & office equipment		Computers & software		Total		
	L.E.		L.E.		L.E.		L.E.		L.E.		L.E.		L.E.		L.E.		
<b>Cost:</b>																	
At 1 January 2017	2,216,462		22,278,361		34,153,477		18,912,686		3,839,923		13,730,410		15,668,289		110,799,608		
Additions during the period	-		1,252,328		38,036		-		70,529		65,398		1,143,425		2,569,716		
Transfer from construction in progress	-		-		-		-		-		121,362		-		121,362		
At 31 March 2017	2,216,462		23,530,689		34,191,513		18,912,686		3,910,452		13,917,170		16,811,714		113,490,686		
<b>Accumulated depreciation:</b>																	
At 1 January 2017	-		7,283,125		21,789,361		16,228,786		3,413,639		8,013,823		3,426,157		60,154,891		
Provided during the period	-		151,357		882,344		196,355		15,698		339,008		434,627		2,019,389		
At 31 March 2017	-		7,434,482		22,671,705		16,425,141		3,429,337		8,352,831		3,860,784		62,174,280		
<b>Net book value:</b>																	
At 31 March 2017	2,216,462		16,096,207		11,519,808		2,487,545		481,115		5,564,339		12,950,930		51,316,406		
At 31 December 2016	2,216,462		14,995,236		12,364,116		2,683,900		426,284		5,716,587		12,242,132		50,644,717		

(\*) Land and buildings including land and buildings of the Social Club rental playground for Madinet Nasr for Housing & Development club by book value approximately L.E. 1.3 million and L.E. 4.5 million for land and buildings respectively, also the buildings and constructions of El Nasr for Utilities on a plot of land of 7,780 M<sup>2</sup> by a utility right for the company with unlimited period and there are negotiation to purchase this land.

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

**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

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**4. FIXED ASSETS - Continued**

a) Fully depreciated assets are as follows:

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Buildings and constructions	778,310	771,710
Motor vehicles	13,437,233	13,437,233
Furniture and office equipment	3,985,936	3,982,794
Machinery & equipment	17,082,753	17,080,773
Tools	3,245,982	3,281,983
	<u>38,530,214</u>	<u>38,554,493</u>

b) Depreciation for the period is allocated as follows:

	<i>31/3/2017</i>	<i>31/3/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Cost of sales	1,063,422	1,033,560
Selling & marketing expenses	31,984	13,509
General and administrative expenses (Note 26)	923,983	665,549
	<u>2,019,389</u>	<u>1,712,618</u>

**5. INVESTMENTS****5/1 Held to maturity investments**

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Investments in Governmental bonds	<u>672,200</u>	<u>672,200</u>

**5/2 Available for sale investments**

	<i>Contribution</i>	<i>31/3/2017</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)	1.76	300,000	300,000
Investments in other companies		206,612	206,612
		<u>4,820,722</u>	<u>4,820,722</u>

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



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

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Allocated land for Developing and Housing Projects	5,025,986	5,021,353
Title held land on sold properties	3,427,691	3,427,691
	<u>8,453,677</u>	<u>8,449,044</u>

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

**5.4 Investments at fair value through profit or loss**

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

**6. INVENTORIES**

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Materials	59,407,557	56,686,253
Fuel and oil	62,314	42,254
Spare parts and supplies	645,618	657,018
Others	3,207,853	4,228,561
	<u>63,323,342</u>	<u>61,614,086</u>
Less: Provision in inventory	(135,000)	(135,000)
	<u>63,188,342</u>	<u>61,479,086</u>

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**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

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**7. HOUSING & DEVELOPMENT PROJECTS**

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
<b><u>Land and work in progress:</u></b>		
El Waha Project	62,110,246	58,739,776
6th October Project (Nasr Gardens)	92,865,845	81,297,193
Tag City Project	577,346,120	515,839,022
Original City Project	2,192,807	2,192,807
Sarai Project	267,916,952	275,550,211
	<u>1,002,431,970</u>	<u>933,619,009</u>
<b><u>Finished properties:</u></b>		
El Waha Project	6,860,306	6,860,307
Original City Project	11,563,455	11,510,718
6th October Project (Nasr Gardens)	60,278,442	60,278,442
	<u>78,702,203</u>	<u>78,649,467</u>
Total finished goods and work in progress	<u>1,081,134,173</u>	<u>1,012,268,476</u>

**8. TRADE RECEIVABLES AND NOTES RECEIVABLE**

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
<b><u>Long term notes receivable</u></b>		
Tag Sultan Project	691,828,615	683,511,545
Tag City (Zone T) Project	1,899,937,524	1,758,622,295
Premira Project	110,452,954	111,979,813
Capital Gardens	281,677,699	290,698,766
Sarai Project	2,311,879,592	752,525,311
	<u>5,295,776,384</u>	<u>3,597,337,730</u>
Less: Amortized present value of notes receivable:		
Tag Sultan Project	(103,170,419)	(114,904,766)
Tag City (Zone T) Project	(320,265,426)	(335,359,378)
Premira Project	(35,679,854)	(39,094,440)
Capital Gardens	(92,766,046)	(95,573,596)
Sarai Project	(396,046,864)	(147,663,456)
	<u>4,347,847,775</u>	<u>2,864,742,094</u>
<b><u>Short term notes receivable</u></b>		
Tag Sultan Project	209,330,913	298,434,526
Tag City (Zone T) Project	268,856,419	446,500,471
Premira Project	41,932,202	42,509,879
Sarai Project	390,692,289	233,680,856
	<u>910,811,823</u>	<u>1,021,125,732</u>
<b><u>Trade receivables (Net)</u></b>		
El Waha and Original City project' customers	289,977,064	310,462,472
Land	77,516,946	93,971,588
Rent	804,931	801,521
Construction contracts	325,847,740	306,306,584
	<u>694,146,681</u>	<u>711,542,165</u>
Less:		
Impairment of trade receivables	(47,618,284)	(47,618,284)
	<u>646,528,397</u>	<u>663,923,881</u>

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**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

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**9. TRADE PAYABLES – DEBIT BALANCES - NET**

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Trade payables & contractors	237,549,376	220,815,911
Less: Impairment in trade payables – debit balances	<u>(38,297,995)</u>	<u>(38,613,836)</u>
	<u>199,251,381</u>	<u>182,202,075</u>

**10. DEBTORS AND OTHER DEBIT BALANCES - NET**

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Cheques under collection	2,129,462	4,751,577
Advance expenses	107,307,424	62,714,026
Accrued revenue	4,422,654	1,187,539
Refundable deposits	5,860,716	6,959,260
Employees stock option system	19,781,206	19,781,206
Employees Advance	47,445	4,492
Other debit balances	<u>6,711,301</u>	<u>6,215,580</u>
	146,260,208	101,613,680
Less: Impairment in debtors and other debit balances	<u>(171,160)</u>	<u>(171,160)</u>
	<u>146,089,048</u>	<u>101,442,520</u>

**11. CASH AND BANK BALANCES**

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Bank credit	67,786	2,656,627
Cash on hand	270,632	98,193
Bank current accounts	97,226,306	82,064,142
Time deposits (*)	<u>319,057,939</u>	<u>67,743,551</u>
	<u>416,622,663</u>	<u>152,562,513</u>

(\*) Time deposit on 31 March 2017 included L.E. 67,503,632 (2016: L.E. 66,735,819) pledged time deposits against letters of guarantee.

**12. UNEARNED REVENUE**

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

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**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

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**13. PROVISIONS**

	<i>Balance at 1/1/2017 L.E.</i>	<i>Provided during the period L.E.</i>	<i>Used during the period L.E.</i>	<i>No longer required L.E.</i>	<i>Balance at 31/3/2017 L.E.</i>
Disputed taxes provision	22,770,400	2,000,000	-	-	24,770,400
Claims provision	34,663,023	676,842	-	-	35,339,865
Litigation provision	25,444,446	677,423	(265,863)	(63,290)	25,792,716
Early retirement provision	28,000,000	-	(949,699)	-	27,050,301
Other provisions	21,014,636	500,000	(966)	-	21,513,670
	<u>131,892,505</u>	<u>3,854,265</u>	<u>(1,216,528)</u>	<u>(63,290)</u>	<u>134,466,952</u>

**14. UTILITIES COMPLETION LIABILITIES**

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

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

	<i>Land L.E.</i>	<i>Property L.E.</i>	<i>Total L.E.</i>
<b><u>31/3/2017</u></b>			
Balance at beginning of the period	80,544,379	224,405,842	304,950,221
Due during the period	(9,823,800)	(13,598,217)	(23,422,017)
Disposals during the period	(52,192)	(835,598)	(887,790)
Balance at the end of the period	<u>70,668,387</u>	<u>209,972,027</u>	<u>280,640,414</u>
<b><u>31/12/2016</u></b>			
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>

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**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

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**16. CREDITORS AND OTHER CREDIT BALANCES**

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Notes payable	7,233,671	6,431,070
Support to National Housing Project	880,000	880,000
Final retention and other refundable deposits	208,312,112	207,692,116
Down payment for land & property sales (El Waha & 6th October)	6,374,405	6,374,405
Down payment for land & property sales (Tag Sultan) – Zone T – Premira	5,907,863	1,703,311
Selling commissions	66,052,838	31,320,065
Payments from residents of El Haggana and El Arab	1,249,049	1,249,049
Employees' bonus accrued	4,390,020	6,315,009
Remain cost from construction contracts	23,330,749	14,166,450
Engineering stamp for Building Union	60,464	48,067
Customers' balances for canceled reservations	12,004,283	12,004,283
Proceeds for maintenance expenses and counters	9,945,359	8,441,753
Governmental authorities	15,415,624	15,386,255
Accrued expenses	33,415,937	21,713,524
Others	12,096,465	5,425,746
	<u>406,668,839</u>	<u>339,151,103</u>

**17. SHARE CAPITAL****Authorized:**

The authorized capital of the company is one thousand million Egyptian Pounds.

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

**18. EMPLOYEES STOCK OPTIONS**

The Extraordinary General Assembly Meeting approved on 29/3/2017 the discontinuation of employee stock options and write off the remaining shares of 2,899,611 shares for an amount of L.E. 2,899,611.

**19. NON CONTROLLING INTEREST**

	<i>Share %</i>	<i>31/3/2017</i>	<i>31/12/2016</i>
		<i>L.E.</i>	<i>L.E.</i>
Al Nasr Company for Civil Works	47.54	70,507,841	70,863,021
Al Nasr Company for Utilities & Erection	2.48	<u>(1,260,054)</u>	<u>(1,190,577)</u>
Total non controlling interest		<u>69,247,787</u>	<u>69,672,444</u>

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**20. TERM LOANS****Madinet Nasr for Housing & Development S.A.E.**

	(A) <i>National Investment Bank L.E.</i>	(B) <i>Arab Investment Bank L.E.</i>	(C) <i>Commercial International Bank L.E.</i>	<i>Total L.E.</i>
<b><u>31/3/2017</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	-	-	51,332,431	51,332,431
Payments of installments during the period	-	(1,960,136)	-	(1,960,136)
Balance at the end of the period	<u>2,129,076</u>	<u>5,923,794</u>	<u>304,900,641</u>	<u>312,953,511</u>
<b>Classification to balance sheet as follows:</b>				
<b>Current liabilities:</b>				
Current portion of long term loans	<u>434,739</u>	<u>3,863,636</u>	<u>-</u>	<u>4,298,375</u>
<b>Non current liabilities:</b>				
Long term loans	<u>1,694,337</u>	<u>2,060,158</u>	<u>304,900,641</u>	<u>308,655,136</u>
<b><u>31/12/2016</u></b>				
Balance at the beginning of the year	2,543,087	10,168,154	60,535,422	73,246,663
Proceeds during the year	-	-	193,032,788	193,032,788
Payments of installments during the year	(414,011)	(2,284,224)	-	(2,698,235)
Balance at the end of the year	<u>2,129,076</u>	<u>7,883,930</u>	<u>253,568,210</u>	<u>263,581,216</u>
<b>Classification to balance sheet as follows:</b>				
<b>Current liabilities:</b>				
Current portion of long term loans	<u>434,739</u>	<u>3,863,636</u>	<u>-</u>	<u>4,298,375</u>
<b>Non current liabilities:</b>				
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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**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

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**21. CASH AND CASH EQUIVALENTS**

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

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Cash and bank balances (Note 11)	416,622,663	152,562,513
Investment at fair value through profit or loss (Note 5/4)	63,604,799	153,043,880
<b>Less:</b>		
Credit banks - credit facilities	<u>(34,367,852)</u>	<u>(25,259,659)</u>
	445,859,610	280,346,734
<b>Less:</b>		
Pledged time deposits against letters of guarantee	<u>(67,503,632)</u>	<u>(66,735,819)</u>
Cash and cash equivalents at the end of the year	<u>378,355,978</u>	<u>213,610,915</u>

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

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Al Nasr Company for Utilities & Erection (Subsidiary)	121,837	121,837
Al Nasr Company for Civil Works (Subsidiary)	<u>34,246,015</u>	<u>25,137,822</u>
	<u>34,367,852</u>	<u>25,259,659</u>

**Short term loans**

	<i>31/3/2017</i>	<i>31/12/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Balance at the beginning of the period	19,333,333	26,610,474
Proceeds during the period	-	58,340,930
Installments and interests paid during the period	<u>(14,500,000)</u>	<u>(65,618,071)</u>
Balance at the end of the period	<u>4,833,333</u>	<u>19,333,333</u>

**22. PROJECT MAINTENANCE DEPOSITS AND LIABILITIES**

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

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

	<i>31/3/2017</i>	<i>31/3/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
<b><u>Property sales revenue</u></b>		
El Waha Project	160,000	4,640,000
Tag Sultan Project	22,521,240	20,660,234
Premira Project	-	11,309,198
Tag city (Zone T) Project	17,508,051	5,223,222
Capital Garden project	2,550,431	-
Sarai project	573,568,939	-
<b>Less: Property sales returns</b>		
El Waha and Original City Project	(1,051,980)	-
Tag Sultan Project	(35,000)	(824,212)
Premira Project	(1,065,599)	(869,301)
	<u>614,156,082</u>	<u>40,139,141</u>
Land sales - El Waha and Original City	-	93,187,308
Total property and land sales revenues	614,156,082	133,326,449
Total revenues - Al Nasr Company for Civil Works	39,999,354	49,732,044
Total revenues - Al Nasr Company for Utilities & Erections	<u>20,287,420</u>	<u>18,312,325</u>
Net sales	<u>674,442,856</u>	<u>201,370,818</u>

**23-b Cost of sales**

	<i>31/3/2017</i>	<i>31/3/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
<b><u>Cost of sold property</u></b>		
El Waha Project	-	3,011,534
Tag Sultan Project	18,304,819	12,276,317
Premira Project	-	3,278,088
Tag City (Zone T) project	1,314,671	565,542
Capital Garden project	80,570	-
Sarai project	80,981,715	-
Cost of land sold - El Waha project	-	9,573,833
	<u>100,681,775</u>	<u>28,705,314</u>
<b>Less: Cost of sold property returns:</b>		
Tag Sultan project	-	(82,421)
Premira project	(250,139)	(204,286)
El Waha project	(52,736)	-
	<u>100,378,900</u>	<u>28,418,607</u>
Cost of revenues - Al Nasr Company for Civil Works	32,562,688	41,497,227
Cost of revenues - Al Nasr Company for Utilities & Erections	<u>21,822,021</u>	<u>20,107,771</u>
Cost of sales	<u>154,763,609</u>	<u>90,023,605</u>



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

**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2017

**24. COMMITMENTS**

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

The value of contracts with contractors for the execution of housing projects and reach an amount of L.E. 886 million, the executed portion up to 31/3/2017 amounting to L.E. 484 million has been fully paid to contractors.

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

Contracts for executing utilities and civil constructions amounted to L.E. 3,019 million at 31/3/2017, executed amount at 31/3/2017 amounted to L.E. 2,480 million.

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

Contracts for executing utilities and civil constructions amounted to L.E. 330.5 million at 31/3/2017, executed amount at 31/3/2017 amounted to L.E. 20.2 million.

**25. REVENUE FROM RENDERING OF SERVICES**

	<i>31/3/2017</i>	<i>31/3/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Services sales	279,416	268,174
Concession fees	2,420,872	720,216
Revenue from other services	1,252,394	182,218
	<u>3,952,682</u>	<u>1,170,608</u>

**26. GENERAL AND ADMINISTRATIVE EXPENSES**

	<i>31/3/2017</i>	<i>31/3/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Salaries, wages and equivalent	9,663,953	8,577,595
Depreciation (Note 4)	923,983	665,549
Other expenses	7,472,153	6,025,851
	<u>18,060,089</u>	<u>15,268,995</u>

**27. OTHER REVENUES**

	<i>31/3/2017</i>	<i>31/3/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Foreign exchange gain	292,921	336,212
Sundry revenue	1,554,909	1,751,778
Reconciled fees for non construction	2,224,338	-
Deviation from construction conditions	46,684	232,896
	<u>4,118,852</u>	<u>2,320,886</u>

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

**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2017

**28. OTHER EXPENSES**

	<i>31/3/2017</i>	<i>31/3/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Compensations and fines	26,754	24,137
Donations for others	311,861	-
Sundry expenses	1,390,736	357,772
	<u>1,729,351</u>	<u>381,909</u>

**29. CONSOLIDATED STATEMENT OF INCOME**

	<i>31/3/2017</i>	<i>31/3/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Net profit from Madinet Nasr for Housing & Development S.A.E.	406,170,254	66,423,976
Group portion in net profits of subsidiaries companies	(736,755)	(49,912)
	<u>405,433,499</u>	<u>66,374,064</u>

**30. CONTINGENT LIABILITIES**

**Letters of guarantee**

Suez Canal Bank, National Bank, United Bank and others, have issued letters of guarantee at 31 March 2017 amounting to L.E. 249.75 million (2016: L.E. 241.8 million), in favor of third parties, which secured by part of the company's time deposits amounting to L.E. 67,503,632 (2016: L.E. 66,735,819) and cash margin on letters of guarantee by L.E. 10,752,963 (2016: L.E. 10,865,252).

**31. DEFERRED TAX**

**Madinet Nasr for Housing and Development (Parent company)**

	<i>31/3/2017</i>		<i>31/12/2016</i>	
	<i>Assets</i>	<i>(Liabilities)</i>	<i>Assets</i>	<i>(Liabilities)</i>
	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>
Deferred tax assets/(liabilities)	-	(2,570,495)	-	(2,533,385)
Deferred tax assets provisions	5,053,027	-	4,900,608	-
<b>Total deferred tax (liabilities)/ assets</b>	<u>5,053,027</u>	<u>(2,570,495)</u>	<u>4,900,608</u>	<u>(2,533,385)</u>
Net deferred tax assets	<u>2,482,532</u>	<u>-</u>	<u>2,367,223</u>	<u>-</u>
Charged to the statement of income	<u>115,309</u>	<u>-</u>	<u>934,824</u>	<u>-</u>
			<i>31/3/2017</i>	<i>31/12/2016</i>
			<i>L.E.</i>	<i>L.E.</i>
Unrecorded deferred tax assets (provisions)			<u>19,523,110</u>	<u>19,523,110</u>

Deferred tax assets have not include the balance of litigation provision, as there is no any future benefits for using the deferred tax in the future.

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

**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2017

**31. DEFERRED TAX - Continued****Al Nasr Co. for Civil Works – (Subsidiary Company)**

	31/3/2017		31/12/2016	
	<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 assets (fixed assets)	476,386	-	476,386	-
Deferred tax assets (provisions)	3,854,655	-	3,854,655	-
Total tax assets/(liabilities)	4,331,041	-	4,331,041	-
Net tax assets	4,331,041	-	4,331,041	-
Charged to the statement of income	-	-	952,326	-

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

	31/3/2017		31/12/2016	
	<i>Asset</i>	<i>(Liability)</i>	<i>Asset</i>	<i>(Liability)</i>
	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>
Deferred tax liabilities (fixed assets)	-	(43,868)	-	(43,868)
Deferred tax assets (provisions)	2,527,434	-	2,527,434	-
Tax losses brought forward	2,527,434	(43,868)	2,527,434	(43,868)
Net deferred tax assets	2,483,566	-	2,483,566	-
<b><u>The effect on consolidated financial statements</u></b>				
Total deferred tax asset (balance sheet)	9,297,139	-	9,181,830	-
Total charged to the statement of income	-	115,309	1,887,150	-

**32. TAX STATUS****Madinet Nasr for Housing and Development (Parent company)*****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 2014*

There is no inspection for this period.

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

**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2017

**32. TAX STATUS - *Continued***

**Al Nasr Co. for Civil Works - subsidiary**

*Corporate Tax*

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

*Payroll Tax*

- Tax years 2005 till 31/3/2017 were not inspected, and there is no tax inspection till year 2014.

*Stamp Tax*

- Tax years till 31 July 2006 were inspected, differences were fully paid.
- Periods from 1/8/2006 till 31/3/2017 were not inspected.

*Withholding Tax*

- The company paid tax regularly on quarterly basis.

*Sales Tax*

- Paid monthly with tax return submitted till January 2017.
- Tax years from 1/7/2010 till 31/12/2013, the company has modified by Form 15 on 20/11/2014 by tax differences amounted to L.E. 3,864,980, and the company has objected and expected to reach L.E. 562,000.

*VAT Tax*

- The company has been registered under VAT Law No. 67 for 2016.

*Property Tax*

- The company has submitted tax returns on regular basis.

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

*Corporate Tax*

- Tax returns were submitted on due dates, the company has objected on tax claims received from the Tax Authority.

**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

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**32. TAX STATUS - *Continued***

*Payroll Tax*

- Tax years till 2000 have been settled and paid.
- Tax years 2001/2002 the company recorded accrued tax amounting to L.E. 113,093.
- Tax years 2003/2004 inspected and the company appealed tax differences amounted to L.E. 117,824 and the company has appealed.
- Tax years 2014 and 2015 were not required for inspection.

*Stamp Tax*

- Period till 28 February 1999 were settled and fully paid.
- Period from 1 March 1999 till 31 July 2006 were inspected and the amounts due of L.E. 24,564 excluding delay fine.
- Period from 1/1/2013 till 31/12/2016, documents are being prepared for the inspection.

*Sales Tax*

- The company submits tax returns regularly.

**33. EARNINGS PER SHARE**

	<i>31/3/2017</i>	<i>31/3/2016</i>
	<i>L.E.</i>	<i>L.E.</i>
Net profit for the period after tax	405,433,499	66,374,064
Weighted average numbers of shares outstanding during the year	500,000,000	500,000,000
Earnings per share	0.81	0.13

**34. FINANCIAL INSTRUMENTS AND RELATED RISKS**

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

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

• *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.

**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2017

**34. FINANCIAL INSTRUMENTS AND RELATED RISKS**

• *Liquidity risk*

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

• *Interest rate risk*

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

• *Foreign currency risk*

Foreign currency risk represents the changes in the currency rates which affect the receipts and disbursements and the translation of assets and liabilities in foreign currencies. The company policy is not to take a loan in foreign currencies nor keep currencies rather than Egyptian pound.

**35. FAIR VALUE**

The fair values of financial assets and liabilities are not materially different from their carrying value at 31 March 2017, except for fixed assets.

**36. COMPARATIVE FIGURES**

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

**37. EARLY RETIREMENT**

The General Assembly Meeting approved on 29/3/2017 the Board of Directors decision No. 26 dated 22/12/2016 regarding the early retirement project with an estimated cost of L.E. 28 million.

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

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

**AT 31 MARCH 2017**