

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

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

AT 31 DECEMBER 2019

*Translation of financial statements
originally issued in Arabic*

**TO THE SHAREHOLDERS OF
MADINET NASR FOR HOUSING AND DEVELOPMENT S.A.E.**

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

We have audited the separate financial statements of Madinet Nasr for Housing and Development S.A.E. for the year ended 31 December 2019, from which the attached summary separate financial statements are derived, in accordance with the Egyptian Standards on Auditing and the relevant laws and regulations. As stated in our Arabic audit report dated 4 February 2020, we expressed an unqualified audit opinion, on the separate financial statements for the year 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 audited separate financial statements for the year then ended.

In order to obtain a comprehensive understanding of the company's separate financial position as of 31 December 2019, the results of its operations for the year then ended and our scope of audit, you should refer to the Arabic audited separate financial statements for the year ended 31 December 2019 and our report thereon.

Mohanad T. Khaled

Fellow of ACCA

Fellow of ESAA

R.A.A. 22444

FRA No. 375

Cairo, 10 February 2020

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

SEPARATE STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	<i>Note</i>	<i>31/12/2019</i> <i>L.E.</i>	<i>31/12/2018</i> <i>L.E.</i>
NON-CURRENT ASSETS			
Fixed assets (Net)	4/1	62,501,158	42,801,213
Fixed assets under construction	4/2	17,186,934	17,482,227
Investment in subsidiaries	5/1	64,900,606	75,428,513
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	4,222,895	4,282,547
Long term notes receivables (Net)	7	6,524,381,851	6,149,282,308
Deferred tax assets	19	1,591,779	1,878,565
Total non-current assets		<u>6,679,421,295</u>	<u>6,295,791,445</u>
CURRENT ASSETS			
Lands and unfinished properties – WIP	6	2,874,935,949	1,455,180,109
Finished properties	6	78,958,430	78,545,714
Inventory – materials		2,018,447	657,387
Short term notes receivable	7	2,447,017,650	2,239,238,936
Trade receivables (Net)	7	542,546,235	401,120,522
Trade payables - debit balances		603,482,736	98,674,042
Debtors and other debit balances	8	347,633,217	252,521,670
Investments at fair value through profit or loss	5/5	12,990,817	12,169,504
Held to maturity investments – Treasury bills	5/6	420,580,885	115,893,797
Amount due from related parties	29	68,789,357	39,540,611
Bank current accounts and deposits of compounds facility management	18	475,493,384	338,488,109
Cash and bank balances	9	829,026,191	394,278,740
Total current assets		<u>8,703,473,298</u>	<u>5,426,309,141</u>
Total assets		<u>15,382,894,593</u>	<u>11,722,100,586</u>
EQUITY AND LIABILITIES			
Equity			
Issued and paid up capital	15	1,440,000,000	1,200,000,000
Legal reserve		223,961,329	170,478,648
Retained earnings		1,566,086,623	894,645,685
Net profit for the year		934,889,256	1,069,653,619
Total shareholders' equity		<u>4,164,937,208</u>	<u>3,334,777,952</u>

The attached notes from 1 to 34 form part of these summary separate financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION - Continued

At 31 December 2019

	<i>Note</i>	<i>31/12/2019</i> <i>L.E.</i>	<i>31/12/2018</i> <i>L.E.</i>
Non-current Liabilities			
Unearned revenue	10	8,150,028,622	6,694,922,866
Term loans	16	687,300,873	238,780,101
Long term notes payable	14	-	39,255,924
Total non-current liabilities		<u>8,837,329,495</u>	<u>6,972,958,891</u>
Current Liabilities			
Provisions	11	77,952,298	79,954,518
Infrastructure completion liabilities	12	117,595,536	116,553,019
Creditors and other credit balances	14	445,605,658	189,240,250
Current portion of long term loans	16	28,451,936	137,768,093
Short term loans	17/1	464,595,367	111,666,664
Credit Banks (credit facilities)	17/2	159,769,002	12,231,854
Liabilities of compounds facility management	18	476,716,149	340,312,213
Trade payables		286,372,041	84,064,430
Amounts due to related parties	29	13,704,169	19,554,706
Tax Authority		290,942,394	311,058,047
Dividends payable		18,923,340	11,959,949
Total current liabilities		<u>2,380,627,890</u>	<u>1,414,363,743</u>
Total liabilities		<u>11,217,957,385</u>	<u>8,387,322,634</u>
Total Equity and Liabilities		<u>15,382,894,593</u>	<u>11,722,100,586</u>

Auditor's report "attached".

**CFO & Head of Investors
Relationships**

Mr. Mohamed Abdelsalam

Managing Director

Eng. Ahmed Ali Elhitamy

Chairman

**Eng. Mohamed Hazem
Barakat**

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

SEPARATE STATEMENT OF INCOME

For the year ended 31 December 2019

	<i>Note</i>	31/12/2019 <i>L.E.</i>	31/12/2018 <i>L.E.</i>
Net revenue	21-a	1,790,225,918	2,380,532,841
Less:			
Cost of revenue	21-b	<u>(298,035,191)</u>	<u>(694,096,950)</u>
Gross Profit		1,492,190,727	1,686,435,891
Selling and marketing expenses	22	(224,539,428)	(206,216,925)
General and administrative expenses	23	(117,614,275)	(96,843,675)
Provisions		(250,000)	(10,731,930)
Finance cost		(72,598,416)	(103,320,080)
Finance income	24	89,950,037	38,576,756
Other operating income	25	82,804,066	68,911,244
Impairment in amounts due from related parties	29	<u>(20,636,020)</u>	<u>-</u>
Operating profit		1,229,306,691	1,376,811,281
Return on investment in subsidiaries		1,920,006	-
Return on held to maturity investments and investments available for sale		656,745	521,616
Impairment in subsidiaries	5/1	(10,527,907)	(24,375,000)
Reverse of impairment of investments in subsidiaries	5/1	-	19,518,646
Other expenses	26	<u>(5,206,191)</u>	<u>(3,851,365)</u>
Net profit for the year before tax		1,216,149,344	1,368,625,178
Income tax	20	(280,973,302)	(299,184,527)
Deferred tax	19	<u>(286,786)</u>	<u>212,968</u>
Net profit for the year		<u>934,889,256</u>	<u>1,069,653,619</u>
Earnings per share for the year	27	<u>0.58</u>	<u>0.67</u>

**CFO & Head of Investors
Relationships**

Mr. Mohamed Abdelsalam

Managing Director

Eng. Ahmed Ali Elhitamy

Chairman

Eng. Mohamed Hazem Barakat

The attached notes from 1 to 34 form part of these summary separate financial statements.

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

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	31/12/2019	31/12/2018
	L.E.	L.E.
Net profit for the year	934,889,256	1,069,653,619
Other comprehensive income	-	-
Total comprehensive income for the year	<u>934,889,256</u>	<u>1,069,653,619</u>

**CFO & Head of Investors
Relationships**

Mr. Mohamed Abdelsalam

Managing Director

Eng. Ahmed Ali Elhitamy

Chairman

Eng. Mohamed Hazem Barakat

The attached notes from 1 to 34 form part of these summary separate financial statements.

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

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	<i>Issued and paid up capital L.E.</i>	<i>Legal reserve L.E.</i>	<i>Retained earnings L.E.</i>	<i>Net profit for the year L.E.</i>	<i>Total L.E.</i>
Balance at 1 January 2018	997,100,389	123,313,788	296,577,953	943,297,203	2,360,289,333
Transferred to retained earnings	-	-	943,297,203	(943,297,203)	-
Dividends for 2017	-	-	(95,165,000)	-	(95,165,000)
Transfer to legal reserve	-	47,164,860	(47,164,860)	-	-
Capital increase in accordance with the Extraordinary General Assembly meeting held on 1 April 2018 (Note 15)	202,899,611	-	(202,899,611)	-	-
Comprehensive income for the year	-	-	-	1,069,653,619	1,069,653,619
Balance at 31 December 2018	1,200,000,000	170,478,648	894,645,685	1,069,653,619	3,334,777,952
Transferred to retained earnings	-	-	1,069,653,619	(1,069,653,619)	-
Dividends for 2018	-	-	(104,730,000)	-	(104,730,000)
Transfer to legal reserve	-	53,482,681	(53,482,681)	-	-
Capital increase in accordance with the Extraordinary General Assembly meeting held on 25 March 2019 (Note 15)	240,000,000	-	(240,000,000)	-	-
Comprehensive income for the year	-	-	-	934,889,256	934,889,256
Balance at 31 December 2019	1,440,000,000	223,961,329	1,566,086,623	934,889,256	4,164,937,208

**CFO & Head of Investors
Relationships**
Mr. Mohamed Abdelsalam

Managing Director
Eng. Ahmed Ali Elhitamy

Chairman
Eng. Mohamed Hazem Barakat

The attached notes from 1 to 34 form part of these summary separate financial statements.

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

SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	<i>Note</i>	<i>31/12/2019 L.E.</i>	<i>31/12/2018 L.E.</i>
OPERATING ACTIVITIES			
Net profit for the year before tax		1,216,149,344	1,368,625,178
Adjustments for:			
Depreciation of fixed assets and investment properties	4/1, 5/4	14,134,120	10,417,376
(Gain)/Loss on sale of fixed assets	25	(259,046)	9,613
Impairment in amounts due from related parties	29	20,636,020	-
Provisions		250,000	10,731,930
Impairment in investments in subsidiaries	5/1	10,527,907	24,375,000
Reverse of impairment of investments in subsidiaries	5/1	-	(19,518,646)
Return on held to maturity investments and investments available for sale		(656,745)	(521,616)
Deferred profits and accrued interests on installments during the year	13	(36,688,749)	(51,898,384)
Bad debts	26	227,916	3,016
Return on treasury bills	24	(25,513,187)	(1,778,342)
(Gain) on foreign currencies exchange	25	(21,565)	(18,641)
Operating profit before working capital changes:		<u>1,198,786,015</u>	<u>1,340,426,484</u>
Housing and development projects- lands, completed and uncompleted units and material		(1,421,529,616)	(176,414,355)
Trade receivables, customers, trade payables and notes receivables, maintenance deposits and amounts due from related parties		(1,338,249,483)	(1,924,756,829)
Trade payables – unearned revenue, creditors, projects' infrastructure completion liabilities and amounts due to related parties		1,869,714,831	1,550,778,775
Used provisions	11	(2,252,220)	(839,219)
Dividends paid to Board of Directors and employees		(97,766,609)	(89,659,798)
Held to maturity investment - Treasury bills		126,806,984	(99,515,455)
Income tax paid		(301,088,955)	(267,179,854)
Net cash from operating activities		<u>34,420,947</u>	<u>332,839,749</u>
INVESTING ACTIVITIES:			
Payments for purchase of fixed assets and fixed assets under construction	4/1, 4/2	(33,482,399)	(19,371,708)
Proceeds from sale of fixed assets		262,325	-
Proceeds from held to maturity investments and investments available for sale		656,745	521,616
Proceeds from amounts due from related parties		-	10,000,000
Investment in subsidiary		-	(85,000,000)
Net cash used in investing activities		<u>(32,563,329)</u>	<u>(93,850,092)</u>

The attached notes from 1 to 34 form part of these summary separate financial statements.

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

SEPARATE STATEMENT OF CASH FLOWS - Continued

For the year ended 31 December 2019

	<i>Note</i>	<i>31/12/2019 L.E.</i>	<i>31/12/2018 L.E.</i>
FINANCING ACTIVITIES:			
Payments for long term loans	16	(137,700,945)	(218,463,844)
Proceeds from long term loans	16	476,905,560	209,966,744
Payments for short term loans	17/1	(345,000,246)	(280,219,456)
Proceeds from short term loans	17/1	697,928,949	335,010,373
Net cash from financing activities		<u>692,133,318</u>	<u>46,293,817</u>
Change in cash and cash equivalents		693,990,936	285,283,474
Cash and cash equivalents at the beginning of the year		408,816,390	123,514,275
Gain on foreign exchange	25	21,565	18,641
Total cash and cash equivalents at the end of the year		1,102,828,891	408,816,390
Less:			
Restricted time deposits against letters of guarantee	17	(4,249,268)	(4,592,268)
Restricted investment certificates against letters of guarantee	17	(10,468,303)	(9,203,122)
Cash and cash equivalents at the end of the year	17	<u>1,088,111,320</u>	<u>395,021,000</u>

NON-CASH TRANSACTIONS:

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

- An amount of L.E. 1,012,063 presented in the transfer from fixed assets under construction to fixed assets during the year.
- An amount of L.E. 240,000,000 represented paid up capital increase by issuance free shares from retained earnings.

**CFO & Head of Investors
Relationships**

Mr. Mohamed Abdelsalam

Managing Director

Eng. Ahmed Ali Elhitamy

Chairman

Eng. Mohamed Hazem Barakat

The attached notes from 1 to 34 form part of these summary separate financial statements.

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

1. COMPANY BACKGROUND

1.1 Legal form of the company

Madinet Nasr for Housing and 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. 095-009-200.

1.2 Activity

The company is engaged in all activities related to real estate development for lands, 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 all residential, administrative, tourists, recreational and all projects necessary to achieve these purposes, and all real estate, financial, commercial and entertainment operations related to these purposes, as well as carrying out designs, and engineering consultancy and supervision of the execution to others.

BIG Investment Group Limited - Britain - is considered the main shareholder of the company.

1.3 Duration

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

1.4 Location

The company's head office is located at 4, Youssef Abbass St., 2nd Area, Nasr City, Cairo, Egypt.

The Chairman is Eng. Mohamed Hazem Barakat.

The company is listed on Egyptian Stock Exchange and London Stock Exchange on GDR admission system.

The company's Board of Directors has approved the separate financial statements for the year ended 31 December 2019 on 2 February 2020.

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

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 year 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 and Investment properties.
- Provisions
- Impairment of assets values
- Taxation
- Liabilities for utilities completion
- Amortization of the discount of present value for notes receivable

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 by complying the same accounting policies for the current year, except the implementation of the new Egyptian Accounting Standard no. (34)- Investment Property- issued during 2019 which is applied starting from or after the financial period January 2019 concerned with applying the cost model with fair value disclosure-investment property, but the company couldn't measure its fair value reliably.

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.

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

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 labor 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 separate 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. Based on the periodic review, the aging and depreciations rates of fixed assets are as follows:

	<i>Useful life</i>
Buildings	40
Improvements- Building owned	8
Improvements- Leasehold building	5 or the duration of the lease whichever is lower
Machinery and equipment for production	5
Motor vehicles	5
Computers and servers	5-8
Programs	3
Tools and equipment	2
Furniture and office equipment	2-8

c) Fixed assets under construction

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

d) Investment in subsidiaries

A subsidiary is a company in which the company owns more than 50% of the share capital and the company exercises the right to control the investee when the company is exposed or entitled to variable returns through the company's contribution to the investee company and has the ability to affect those returns through its authority over the company. Therefore the company controls the investee company when the company has all the following:

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

- Power over the investee.
- Exposure or right to variable returns by contributing to the investee company.
- The ability to use the authority on the investee company to influence the amount of proceeds obtained from it.

Investments in subsidiaries are carried at cost less impairment losses, if any.

In case of impairment, the carrying amount of the impairment loss is reduced and charged to the separate statement of income for each investment. The impairment loss is reversed in prior periods so that the carrying amount of the investment does not exceed its original net worth before the impairment loss is recognized in value.

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 other comprehensive income. 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 separate statement of income.

f) Held to maturity investments

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

g) Investment properties

Investment properties are measured at cost model and depreciation expense charged to the separate statement of income according to the straight-line method over the estimated useful life of all investment property except the land. In case of such assets are impaired, the loss is included in the separate income statement.

Assets	Useful life
Residential	40 years
Non-residential units	40 years

h) Investments at fair value through profit and loss

Investments at fair value through profit and loss are initially recorded at cost and revaluated at the date of separate financial statements at fair value which represents the market price at the valuation date. Changes in fair value are charged to the separate statement of income.

i) Lands, unfinished and finished properties

All cost incurred on lands, unfinished and finished properties are included in this account. At point of sale, this account is adjusted based on actual per meter cost of land or units sold. Lands, unfinished and finished properties are measured at the lower of cost and net realizable value. In case of decrease the net realizable value under the cost, the decrease is charged to the consolidated statement of income.

j) Separate statement of cash flows

The separate statement of cash flow is prepared according to the indirect method.

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, time deposits and treasury bills (due within 3 months), 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.

l) Receivables and other debtors

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

The notes receivable are the value of post-dated checks (PDCs) obtained from the customers in payment of the remaining contractual values of the contracted real estate units. The initial recognition of the notes receivable is at fair value at the time the contract is entered into with the customers. At the date of preparation of the separate financial statements; notes receivable are re-measured at amortized cost; which is determined by discounting the future cash flows of the notes using the rate of return that discounts the nominal value of the instruments to the current cash price for selling the real estate units.

m) Assets impairment

Non-Financial Assets

At the separate financial statements date, the company reviews the carrying amounts of its owned non financial assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the company estimates the recoverable amount for each asset separately in order to estimate the impairment losses. In case the recoverable amount of the asset cannot be properly estimated, the company estimates the recoverable amounts for the cash-generating unit which is related to the asset.

In case of using a reasonable and consistent basis for allocating of the assets to the cash generating units, the company's general assets would be also allocated to these units. If this is unattainable, the general assets of the company shall be allocated to the smallest group of the cash-generating units, which the company determined using logical and fixed bases.

The asset recoverable amount or the cash-generating unit is represented by the higher of the fair value (less the estimated selling costs) or the estimated amount from the usage of the asset (or the cash generating unit).

The estimated future cash flow from the usage of the assets, or the cash generating unit using a discount rate before tax is discounted in order to reach the present value for these flows which represents the estimated amount from using the asset (or the cash generating unit).

This rate reflects current market assessments of the time value of money and the risks specific to the asset, which were not taken into consideration when estimating the future cash flow generated from it. When the recoverable amount of the asset (cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount with the impairment loss recognized immediately in the separate income statement.

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

In case the impairment on asset (or cash generating unit) decreases subsequently, and this decrease is related in a logical manner to one event or more taking place after the initial recognition of the impairment at the profit or losses, a reversal is done for the revised amount of losses (or a part of it)- which had been recognized previously- in the separate income statement, and the carrying amount for the asset is increased (or the cash generating unit) with the new estimated recoverable amount provided that the revised carrying amount of the asset after revising (or the cash generating unit) does not exceed the carrying amount determined for the asset, had the recognized losses resulting from impairment, not been recognized in previous years

Financial Assets

At the end of the reporting period, the company determines whether there is any indication that its financial assets may be impaired.

Financial assets are exposed to impairment when an objective evidence that the estimated future cash flow have been affected by the event or more established at a date subsequent to the initial recognition of the financial asset.

The carrying value of all financial assets is reduced directly with the impairment losses except those related to the reduction in the expected value of the collections from the customers debts and other debit balances, where a formed allowances for impairment loss is done on its value. When the debt of the clients or the owner of the debit balance is uncollectible, a written off discount is applied upon this account. All the changes in the book value relating to this account are recognized in the separate income statement.

n) 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 separate financial position date and adjusted (if necessary) to present the best current estimate.

o) Unearned revenue, payables and other creditors

The value of unearned revenues on real estate units (villas, townhouses, twin houses, apartments and garages) contracted for sale and were not delivered to customers on the date of the separate financial position is recorded as a liability at the cash price of those units (after discounting the future contractual value of these units to reach the cash sale price). These balances are recognized as sales income in the separate statement of income on the date of delivery.

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.

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

p) 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.

q) Dividends

Dividends are recorded as liability during the year when declared.

r) Revenue recognition

1. *Cash sales*

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

2. *Installment Sales*

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

3. 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 year 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
- Finishing of units

4. Joint arrangement

A joint arrangement is an arrangement in which two or more parties have joint control. It is either a joint operation or a joint venture. A joint arrangement is that the parties are bound by a contractual agreement granting joint control to two or more parties of the arrangement.

The classification of a joint arrangement as a joint operation or a joint venture depends on the rights and obligations (undertakings) of the parties to the arrangement. The joint operation becomes a joint arrangement when its parties have joint control over the rights over the assets and the obligations associated with the arrangement. These parties are called joint operators. A joint venture is a joint arrangement when its parties have joint control over the rights over the net assets associated with the arrangement. These parties are called shareholders in joint ventures. The entity shall apply the judgment in assessing whether the joint arrangement is a joint operation or a joint venture.

The joint operator shall account for assets, liabilities, income and expenses related to its share in the joint operation in accordance with the Egyptian Accounting Standards applicable to such assets, liabilities, revenues and expenses.

On 31 December 2015, the Company adopted a new strategy to execute a joint operation development contract based on a share in the revenue of the sales. The Company receives its share against the land provided for development by the other co-developer who will receive the rest of the sale revenue against incurring the development cost.

5. Other revenues

- Rental income is recognized on a time-apportioned basis. Interest income on deposits and bonds is recognized on a time basis and using the target rate of return on the financial asset.
- Dividend income is recognized in the separate statement of income when the right to receive dividends from the investee is established and is recognized after the date of acquisition.

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

s) Direct and indirect cost

Direct and indirect costs incurred for the constructions of the real estate are accumulated in the lands, unfinished and finished properties inventory account. Cost of the completed units 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 separate 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. The Company also applies an optional early retirement scheme. End of service benefits for employees benefiting from this system are charged to the separate income statement in the year in which they are approved for early retirement.

u) Taxation

Income tax

Taxation is accounted according to Egyptian laws and regulations.

Income tax expense that is calculated on the profits of the company represents the sum of the tax currently payable (calculated according to the applied laws and regulations and using the tax rates prevailing as of the separate financial statements date) and deferred tax. Current and deferred taxes are recognized as income or expenses and included in the profits or losses of the year except for instances that taxes are established from:

- A transaction or event recognized, in the same year or other year, outside profit or loss either in other comprehensive income or directly in equity, or
- Business combinations.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities according to the accounting basis used in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted at the separate financial statements date.

Deferred tax liabilities are generally recognized (generated from taxable temporary differences in the future) while deferred tax assets recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The carrying amount of deferred tax assets is reduced to the extent that it is no longer probable that sufficient taxable profits will be available in future years to allow all or part of the asset to be recovered. The balance sheet method is used in accounting for deferred assets and liabilities and they are recognized as non-current assets and liabilities.

v) Earnings per share

Earnings per share are calculated by dividing the net profit for the period, after deducting employees share and Board of Directors remuneration, by the weighted average number of outstanding shares during the period.

w) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of a qualified asset for capitalization of cost of borrowing; are capitalized as part of the cost of the asset. Other borrowing costs are charged as an expense in the separate statement of income on a time-apportioned basis using the effective interest rate.

An asset eligible to bear the cost of borrowing necessarily requires a long period of time to process it for use for its intended purposes or to sell it. This applies to land and building facilities items as fixed assets under construction (under construction projects) and incomplete inventory of reconstruction and housing projects.

Capitalization of borrowing costs begins as part of the cost of the qualifying asset to bear the cost of borrowing when:

- Expenditure on the qualified asset.
- The Company incurs a borrowing cost.
- The activities required for the preparation of the asset for use for purposes specified for it or for its sale to others are currently under implementation.

Capitalization of borrowing costs is suspended during periods in which the effective construction of the asset is impaired. Capitalization is contingent upon the completion of all material activities necessary to prepare the qualifying asset to bear the borrowing cost for its intended use or to sell it to third parties.

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.

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

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 separate financial position date are translated at the rate of exchange ruling at that date. Retranslation exchange profit and loss is taken to the separate statement of income.

z) Related parties' transactions

Related parties transactions carried out by the company within its normal course of business, are recognized pursuant to the conditions set out by the Board of Directors on an arm's length basis.

3.2 New amendments on the Egyptian Accounting Standards

On 18 March 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards which was published at the official Gazette on 25/4/2019. The most prominent amendments are as follows:

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of application
The new Egyptian Accounting Standard No. 47 "Financial Instruments"	<p>1- The New Egyptian Accounting Standard No. 47 "Financial Instruments", supersede the corresponding related issues included in the Egyptian Accounting Standard No. 26 "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) Was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise.</p> <p>2-Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard applies to the financial periods beginning on or after January 1st, 2020, and the early adoption thereof is permitted; provided that the amended Egyptian Accounting Standards Nos.1, 25, 26 and 40 are to be simultaneously applied.</p> <p>-These amendments are effective as of the date of applying Standard No. 47</p>

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of application
	<p>profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.</p> <p>3-When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.</p> <p>4-Based on the requirements of this standard the following standards were amended :</p> <ul style="list-style-type: none"> -Egyptian Accounting Standard No. 1“Presentation of Financial Statements” as amended in 2019 -Egyptian Accounting Standard No. 4 -“Statement of Cash Flows”. -Egyptian Accounting Standard No. 25 - “Financial Instruments: Presentation. -Egyptian Accounting Standard No. 26 “Financial Instruments: Recognition and Measurement”. -Egyptian Accounting Standard - EAS No. 40 “Financial Instruments: Disclosures “ 		
<p>The new Egyptian Accounting Standard No. 48 - “Revenue from Contracts with Customers”</p>	<ol style="list-style-type: none"> 1. The new Egyptian Accounting Standard No. 48 - “Revenue from Contracts with Customers” shall supersede the following standards and accordingly such standards shall be deemed null and void: 2. Egyptian Accounting Standard No. (8) - “Construction Contracts” as amended in 2015. 3. Egyptian Accounting Standard 	<p>The Management is currently assessing the potential impact of adopting the amendment of the standard on the financial statements</p>	<p>Standard No 48 applies to financial periods beginning on or after January 1st, 2020, and the early adoption thereof is permitted</p>

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of application
The new Egyptian Accounting Standard No. 49 "Lease Contracts	<p>No. (11) – “Revenue” as amended in 2015.</p> <p>4. For revenue recognition, Control Model is used instead of Risk and Rewards Model.</p> <p>5. incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met</p> <p>6. the standard requires that contract must have a commercial substance in order for revenue to be recognized</p> <p>7. Expanding in the presentation and disclosure requirements</p> <p>1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015</p> <p>2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments among the company's liabilities, taking into consideration that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts.</p> <p>3- As for the lessor, he should classify each lease contract either as an operating lease or a finance lease contract.</p> <p>4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position to be presented as receivable amounts with an</p>	<p>The Management is currently assessing the potential impact of adopt the amendment of the standard on the financial statements.</p>	<p>This standard No. 49 Applies to financial periods beginning on or after January 1st, 2020, and the early adoption thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied.</p> <p>Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subject to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing" as well as the finance lease contracts that arise under and are subject to Law No. 176 of 2018 which regulates both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. 95 Of 1995 was revoked and Law No. 176 of 2018 was issued.</p>

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of application
	<p>amount equivalent to the net investment in the lease contract.</p> <p>5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.</p>		
<p>Egyptian Accounting Standard No. 38 (as amended " Employees Benefits "</p>	<p>A number of paragraphs were introduced and amended in order to amend the Accounting Rules of adjusting Settlements and reducing of Benefit Plans</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard No. 38 Applies to financial periods beginning on or after January 1st, 2020, and the early adoption thereof is permitted.</p>
<p>Egyptian Accounting Standard No. 4as amended " Consolidated Financial Statements"</p>	<p>Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the the Investment Entities. The standards that were amended are as follows:</p> <ul style="list-style-type: none"> - (EAS 15) Related Party Disclosures. - (EAS 17) Separate Financial Statements. - EAS 18 Investments in Associates. - EAS 24 Income Taxes. - EAS 29Business Combinations. - EAS 30 Periodical Financial Statements. - EAS 44 Disclosure of Interests in Other Entities. 	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early adoption thereof is permitted.</p> <p>-The new or amended paragraphs Pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. 42"Consolidated Financial Statements", as amended and issued in 2019</p>
<p>Issuance of Egyptian Accounting Interpretation No.(1)"Public Service Privileges Arrangements"</p>	<p>This interpretation provides guidance on the accounting by operators of public service privileges arrangements whether a public entity / or a private entity for the construction, operation and maintenance of the infrastructure for public utilities such as roads, bridges, tunnels, hospitals, airports, water supply facilities, power supplies and communications networks. ., etc</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>Interpretation No.1 applies to financial periods beginning on or after January 1st, 2019,</p>

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of application
Egyptian Accounting Standard No. 22)as ammended " Earnings per Share	<p>This interpretation gives the option of continuing to apply the prior treatment of public service privileges arrangements that prevailed prior to January 1st,2019 on entities that used to recognize and measure the assets of these arrangements as fixed assets in accordance with Egyptian Accounting Standard No. 10 "Fixed Assets and Depreciation"until their useful lives are expired .</p> <p>The scope of implementaion of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>This amendment is introduced and shall be applied to the financial periods beginning on or after January 1st, 2019.</p>
Egyptian Accounting Standard No. 34)as ammended " Real Estate Investment	<p>The Fair Value Model option for all enterprises is revoked when the subsequent measurement of their real estate investments is made and should apply only the Cost Model.</p> <p>while only the real estate investment funds are obliged to use the Fair Value Model, upon the subsequent measurement of all their Real Estate assets. Based on this amendment, the following standards were ammended :</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. 32 Non-current Assets Held for Sale and Discontinued Operations. - Egyptian Accounting Standard No. 3 Impairment of Assets. 	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>This amendment is introduced and shall be applied to the financial periods beginning on or after January 1st, 2019.</p>
Egyptian Accounting Standard No. 4 as ammended " Statemnet of Cash Flows"	<p>This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows .</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>This amendment is introduced and shall be applied to the financial periods beginning on or after January 1st, 2019.</p>

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

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

4/1 FIXED ASSETS

	<i>Land (*)</i>	<i>Buildings and constructions (*)</i>	<i>Machinery and equipment</i>	<i>Motor vehicles</i>	<i>Tools</i>	<i>Furniture and office equipment</i>	<i>Computers and software</i>	<i>Leasehold improvement</i>	<i>Total</i>
	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>
Cost:									
At 1 January 2019	1,351,229	15,408,596	5,859,120	3,209,603	517,824	11,966,863	27,041,081	6,553,485	71,907,801
Additions during the year	-	520,101	16,800	956,600	-	1,854,481	5,660,075	23,757,572	32,765,629
Transferred from fixed assets under construction (Note 4/2)	-	576,804	435,259	-	-	-	-	-	1,012,063
Disposals during the year	-	-	-	(330,374)	-	(153,139)	(208,629)	-	(692,142)
At 31 December 2019	<u>1,351,229</u>	<u>16,505,501</u>	<u>6,311,179</u>	<u>3,835,829</u>	<u>517,824</u>	<u>13,668,205</u>	<u>32,492,527</u>	<u>30,311,057</u>	<u>104,993,351</u>
Accumulated depreciation:									
At 1 January 2019	-	3,702,198	2,812,936	3,145,805	513,849	6,675,637	10,945,466	1,310,697	29,106,588
Provided during the year	-	801,528	1,022,444	51,876	2,662	1,894,668	7,345,804	2,975,486	14,074,468
Disposals during the year	-	-	-	(330,374)	-	(149,860)	(208,629)	-	(688,863)
At 31 December 2019	<u>-</u>	<u>4,503,726</u>	<u>3,815,380</u>	<u>2,867,307</u>	<u>516,511</u>	<u>8,420,445</u>	<u>18,082,641</u>	<u>4,286,183</u>	<u>42,492,193</u>
Net book value:									
At 31 December 2019	<u>1,351,229</u>	<u>12,001,775</u>	<u>2,495,799</u>	<u>968,522</u>	<u>1,313</u>	<u>5,247,760</u>	<u>14,409,886</u>	<u>26,024,874</u>	<u>62,501,158</u>
At 31 December 2018	<u>1,351,229</u>	<u>11,706,398</u>	<u>3,046,184</u>	<u>63,798</u>	<u>3,975</u>	<u>5,291,226</u>	<u>16,095,615</u>	<u>5,242,788</u>	<u>42,801,213</u>

(*) Land and buildings includes land and building of the social club and the playground for Madinet Nasr for Housing and Development Employees' club, and the book value is approximately L.E. 1.3 million for land and L.E. 4.5 million for buildings. There are no guarantees or pledging on fixed assets at the date of the separate financial statements.

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

4/1 FIXED ASSETS – Continued

a)	The fully depreciated assets and still working are as follows:	31/12/2019	31/12/2018
		L.E.	L.E.
	Buildings and constructions	114,889	114,889
	Machinery and equipment	1,405,053	862,022
	Motor vehicles	2,775,526	3,105,900
	Tools	513,777	512,241
	Furniture and office equipment	2,831,758	1,235,017
	Computers and software	4,024,367	228,491
		<u>11,665,370</u>	<u>6,058,560</u>
b)	Depreciation for the year is allocated as follows:	31/12/2019	31/12/2018
		L.E.	L.E.
	Cost of sales	-	524,884
	Selling and marketing expenses (Note 22)	4,175,104	1,796,196
	General and administrative expenses (Note 23)	9,899,364	8,030,165
		<u>14,074,468</u>	<u>10,351,245</u>

4/2 FIXED ASSETS UNDER CONSTRUCTION

		31/12/2019	31/12/2018
		L.E.	L.E.
	Balance at the beginning of the year	17,482,227	10,106,923
	Additions during the year	716,770	9,203,809
	Transferred to fixed assets (Note 4/1)	(1,012,063)	(1,828,505)
	Balance at the end of the year	<u>17,186,934</u>	<u>17,482,227</u>

5. INVESTMENTS

5/1 Investments in subsidiaries

	Contribution	31/12/2019	31/12/2018
	%	L.E.	L.E.
Al Nasr Co. for Utilities and Erections – S.A.E. (*)	98.37	155,815,000	155,815,000
Less: Impairment of investment		<u>(155,815,000)</u>	<u>(145,287,093)</u>
		-	10,527,907
Al Nasr Co. for Civil Works – S.A.E.	52.46	64,900,606	64,900,606
		<u>64,900,606</u>	<u>75,428,513</u>

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

5. INVESTMENTS - *Continued*

(**) The movements in impairment of investments are as follows:

	<i>31/12/2019</i> <i>L.E.</i>	<i>31/12/2018</i> <i>L.E.</i>
Impairment balance at the beginning year	145,287,093	90,333,646
Transferred from impairment of amounts due from related parties. (Notes 29)	-	74,472,093
Provided during the year (Al Nasr For Civil Works)	10,527,907	-
Reverse of impairment in subsidiaries (Al Nasr For Civil Works)	-	(19,518,646)
Impairment balance at the end of year	155,815,000	145,287,093

5/2 Held to maturity investments

	<i>31/12/2019</i> <i>L.E.</i>	<i>31/12/2018</i> <i>L.E.</i>
Investments in Governmental treasury bonds (non-active market)	121,962	121,962

5/3 Available for sale investments

	<i>Contribution</i> <i>%</i>	<i>31/12/2019</i> <i>L.E.</i>	<i>31/12/2018</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
		4,514,110	4,514,110

Available for sale investments are not listed in active market (stock exchange), the company's management considers that there is no significant difference between the cost of investments and its fair value as the date of separate financial statements.

5/4 Investment properties

	<i>31/12/2019</i> <i>L.E.</i>	<i>31/12/2018</i> <i>L.E.</i>
Land held for investment purpose	176,318	176,318
Title held land on sold properties	3,427,692	3,427,692
Rental buildings (Net) (*)	618,885	678,537
	4,222,895	4,282,547

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

5. INVESTMENTS - Continued

The fair values of investment properties are not less than its book value.

(*) Rental buildings (Net)

	<i>Residential units L.E.</i>	<i>None residential units L.E.</i>	<i>Total L.E.</i>
Cost:			
At 1 January and At 31 December 2019	545,997	2,645,758	3,191,755
Accumulated depreciation:			
At 1 January 2019	457,863	2,055,355	2,513,218
Provided during the year	9,339	50,313	59,652
At 31 December 2019	467,202	2,105,668	2,572,870
Net book value:			
At 31 December 2019	78,795	540,090	618,885
At 31 December 2018	88,134	590,403	678,537

Cost of investment properties which are fully depreciated and still in use are as follows:

	<i>31/12/2019 L.E.</i>	<i>31/12/2018 L.E.</i>
Residential units	109,417	109,417
Non residential units	300,737	300,737
	<u>410,154</u>	<u>410,154</u>

5/5 Investments at fair value through profit and loss

	<i>31/12/2019 L.E.</i>	<i>31/12/2018 L.E.</i>
<u>Investment certificates in:</u>		
Bank Misr Investment Fund	313,342	275,845
QNB Investment Fund	1,241,140	1,098,848
Banque Du Caire Investment Fund	66,093	776,798
United Bank Investment Fund (Rakhaa) (*)	11,370,242	9,996,054
Arab Investment Bank Investment Fund	-	21,959
	<u>12,990,817</u>	<u>12,169,504</u>

(*) United Bank Investment Fund (Rakhaa) includes pledged investment certificates by L.E. 10,468,303 (2018: L.E. 9,203,122) against letters of guarantee as of separate financial statements date. (Note 17)

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

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

5. INVESTMENTS – Continued

5/6 Held to maturities investments – Treasury Bills

	<i>31/12/2019</i> <i>L.E.</i>	<i>31/12/2018</i> <i>L.E.</i>
Treasury Bills - 63 days	-	14,600,000
Treasury Bills – 83 days	273,675,000	-
Treasury Bills – 90 days	155,875,000	-
Treasury Bills - 124 days	-	106,500,000
	429,550,000	121,100,000
Less:		
Not accrued interest	(8,969,115)	(5,206,203)
	420,580,885	115,893,797

Treasury bills are classified as follows:

	<i>31/12/2019</i> <i>L.E.</i>	<i>31/12/2018</i> <i>L.E.</i>
Treasury bills matures within 3 months (Note 17)	420,580,885	14,600,000
Treasury bills matures more than 3 months	-	101,293,797
	420,580,885	115,893,797

6. LANDS, UNFINISHED AND FINISHED PROPERTIES

	<i>31/12/2019</i> <i>L.E.</i>	<i>31/12/2018</i> <i>L.E.</i>
<u>Lands and unfinished properties:</u>		
El Waha and premira	17,005,598	46,841,246
6 th October (Nasr Gardens)	215,874,959	203,688,886
Tag City (*)	1,771,931,300	793,409,875
Nasr City	8,762,791	1,046,791
Sarai City	861,327,926	410,193,311
West Assuit	33,375	-
	2,874,935,949	1,455,180,109
<u>Finished properties:</u>		
El Waha	6,852,894	6,680,048
Nasr City	11,587,224	11,587,224
6 th October (Nasr Gardens)	60,518,312	60,278,442
	78,958,430	78,545,714
Total lands, unfinished and finished properties	2,953,894,379	1,533,725,823

(*) The main development "Taj City" includes the stages that have been launched for sale: "Taj Sultan", "Zone T", "Zone B", "Zone A - CBD". In addition to the stages not yet put up for sale, the balance on December 31, 2019 represents the cost of the work of external and internal facilities and construction

Lands, unfinished and finished properties has been recorded at cost which is not less than net realizable value as of the separate financial statements date.

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

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

7. TRADE AND NOTES RECEIVABLES

	<i>31/12/2019</i>	<i>31/12/2018</i>
	<i>L.E.</i>	<i>L.E.</i>
<u>Long term notes receivable</u>		
Tag Sultan customers	271,024,110	339,937,210
Tag City customers (Zone T)	1,735,682,781	2,040,268,312
Tag City customers (Zone B)	1,357,538,860	1,470,693,448
Tag City customers (Zone A)	276,157,125	-
Premira customers	17,198,126	63,480,106
Capital Gardens customers (*)	293,197,421	376,806,276
Sarai City(1) customers	853,679,109	917,561,199
Sarai City(2) customers	2,109,403,796	1,978,825,254
Sarai City(3) customers	714,719,807	317,033,107
Sarai City (Zone H) customers	21,924,367	-
El Waha and Nasr City	38,664,001	-
Lands customers	15,554,840	-
Total long term notes receivables	7,704,744,343	7,504,604,912
Less: Present value discount		
Tag Sultan	(36,578,408)	(56,209,331)
Tag City (Zone T)	(258,468,371)	(331,669,477)
Tag City (Zone B)	(183,084,061)	(238,347,477)
Tag City (Zone A)	(52,302,100)	-
Premira	(3,660,146)	(20,754,041)
Capital Gardens (*)	(109,472,493)	(153,670,025)
Sarai City (1)	(116,614,856)	(138,844,423)
Sarai City (2)	(313,785,234)	(367,285,477)
Sarai City (3)	(102,501,406)	(48,542,353)
Sarai City (Zone H)	(3,895,417)	-
Total present value discount	(1,180,362,492)	(1,355,322,604)
Net long term notes receivables	6,524,381,851	6,149,282,308
<u>Short term notes receivable</u>		
Tag Sultan customers	95,851,293	229,264,003
Tag City customers (Zone T)	607,044,133	573,873,051
Tag City customers (Zone B)	421,487,838	380,222,994
Tag City customers (Zone A)	58,121,330	-
Premira customers	2,915,690	34,611,060
Capital Gardens customers (*)	88,317,274	90,767,155
Sarai City(1) customers	316,548,866	281,999,760
Sarai City(2) customers	663,498,994	576,448,134
Sarai City(3) customers	146,132,002	72,052,779
Sarai City(Zone H) customers	5,531,776	-
El Waha and Nasr city	7,373,676	-
Lands customers	34,194,778	-
	2,447,017,650	2,239,238,936
<u>Trade debtors</u>		
Tag Sultan	25,053,863	9,133,903
Tag City (Zone T)	157,503,159	124,501,331
Tag City (Zone B)	95,718,578	32,555,901
Tag City (Zone A)	25,350,609	-
Premira	1,015,674	741,706
Sarai City 1	64,305,302	32,253,825
Sarai City 2	168,187,913	108,857,586
Sarai City 3	42,199,768	7,384,828
El Waha and Nasr City	61,214,852	192,539,232
Lands	34,704,426	90,408,858
Leaseholders	1,451,882	1,361,496
Other Customers	146,366	-
	676,852,392	599,738,666
Less:		
Deferred profits and interests on outstanding installments (Note 13)	(119,644,775)	(183,956,762)
Impairment of customers balances	(14,661,382)	(14,661,382)
	542,546,235	401,120,522

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

7. TRADE AND NOTES RECEIVABLES -Continued

(*) Capital Gardens project is a joint operation between the company and Palm Hills For Development Company in accordance with joint operations Contract dated on 5 July 2015. The company's share is 36% of total project's revenues (Note 29)

On 4 December 2019, the company transferred financial instruments portfolio (installments for selling residential units in Taj Sultan, Primera, Al Waha) supported by notes receivable (post dated checks) amounted to L.E. 370,500,238 to the Financial Group Company for Securitization to issue securitized bonds amounted to L.E 305 million obtained by the company and its book value transferred after deducting interest and unrealized profits related to installments amounted to L.E. 304,696,058.

8. DEBTORS AND OTHER DEBIT BALANCES

	<i>31/12/2019</i>	<i>31/12/2018</i>
	<i>L.E.</i>	<i>L.E.</i>
Cheques under collection	312,966	202,968
Refundable deposits	41,788,292	19,194,708
Prepaid expenses	291,871,039	225,308,009
Cash margin on letters of guarantee (Note 28)	8,892,374	6,892,374
Other debit balances	4,768,546	923,610
	347,633,217	252,521,670

9. CASH AND BANK BALANCES

	<i>31/12/2019</i>	<i>31/12/2018</i>
	<i>L.E.</i>	<i>L.E.</i>
Cash on hand	192,904	649,568
Bank current accounts with return	823,233,287	388,029,172
Time deposits (3 months) (*)	5,600,000	5,600,000
	829,026,191	394,278,740

(*) Time deposits includes L.E. 4,249,268 (2018: L.E. 4,592,268) pledged time deposits against letters of guarantee. (Notes 17, 28)

10. UNEARNED REVENUE

	<i>31/12/2019</i>	<i>31/12/2018</i>
	<i>L.E.</i>	<i>L.E.</i>
Tag Sultan	325,163,239	203,252,825
Premira	4,682,216	31,162,943
Tag City (Zone T)	2,286,344,937	2,131,674,074
Tag City (Zone B)	1,548,491,089	1,316,699,988
Tag City (Zone A)	174,575,597	-
Capital Gardens	132,796,823	134,825,919
Sarai City(1)	1,023,338,774	864,952,324
Sarai City(2)	2,196,122,974	1,829,635,619
Sarai City(3)	441,764,179	182,719,174
Sarai City (Zone H)	16,748,794	-
	8,150,028,622	6,694,922,866

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

11. PROVISIONS

	<i>Balance at 1/1/2019 L.E.</i>	<i>Provided during the year L.E.</i>	<i>Used during the year L.E.</i>	<i>Balance at 31/12/2019 L.E.</i>
Disputed taxes provision	11,978,471	-	-	11,978,471
Claims provision	45,270,822	-	(2,252,220)	43,018,602
Legal provision	20,767,529	250,000	-	21,017,529
Other provisions	1,937,696	-	-	1,937,696
	<u>79,954,518</u>	<u>250,000</u>	<u>(2,252,220)</u>	<u>77,952,298</u>

12. INFRASTRUCTURE COMPLETION LIABILITIES

	<i>Balance at 1/1/2019 L.E.</i>	<i>Provided / (returns) L.E.</i>	<i>Work executed L.E.</i>	<i>Balance at 31/12/2019 L.E.</i>
Tag City	48,802,876	61,831,982	(105,295,411)	5,339,447
Sarai City	58,596,511	84,222,371	(35,552,048)	107,266,834
Capital Gardens	4,311,598	(92,246)	-	4,219,352
El Waha	4,842,034	4,218,594	(8,290,725)	769,903
	<u>116,553,019</u>	<u>150,180,701</u>	<u>(149,138,184)</u>	<u>117,595,563</u>

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

13. DEFERRED PROFITS AND INTERESTS ON OUTSTANDING INSTALLMENTS

	<i>Land L.E.</i>	<i>Properties L.E.</i>	<i>Total L.E.</i>
<u>31/12/2019</u>			
Balance at beginning of the year	40,386,717	143,570,045	183,956,762
Additions during the year	6,217,708	-	6,217,708
Due during the year (Note 21/A)	(9,154,591)	(27,534,158)	(36,688,749)
Disposals during the year	-	(33,840,946)	(33,840,946)
Balance at the end of the year (Note 7)	<u>37,449,834</u>	<u>82,194,941</u>	<u>119,644,775</u>
<u>31/12/2018</u>			
Balance at beginning of the year	48,852,758	177,958,402	226,811,160
Additions during the year	14,685,971	-	14,685,971
Due during the year	(19,025,841)	(32,872,543)	(51,898,384)
Disposals during the year	<u>(4,126,171)</u>	<u>(1,515,814)</u>	<u>(5,641,985)</u>
Balance at the end of the year (Note 7)	<u>40,386,717</u>	<u>143,570,045</u>	<u>183,956,762</u>

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

14. CREDITORS AND OTHER CREDIT BALANCES

	<i>31/12/2019</i>	<i>31/12/2018</i>
	<i>L.E.</i>	<i>L.E.</i>
Notes payable- Purchase of lands (*)	39,255,924	39,255,924
Notes payable	163,849,405	31,416,958
Support to National Housing Project	880,000	880,000
Down payment for reservation of land and property sales	73,924,564	16,207,949
Premira customers' collections (gas, water)	796,540	1,791,217
Employees bonus	8,154,789	8,154,789
Customers' balances for cancelled reservations	13,115,179	13,144,322
Proceeds for maintenance expenses and counters	8,338,867	9,359,760
Accrued interest on loans	27,854,592	16,679,297
Governmental authorities	48,283,662	41,145,033
Accrued expenses	36,656,887	5,363,225
Accrued salaries and others	66,578	44,853
Proceeds from customers under reconciliation	18,462,389	1,517,936
Comprehensive medical care	4,913,892	3,574,807
Other	1,052,390	704,180
	<u>445,605,658</u>	<u>189,240,250</u>

(*) The Company has purchased pieces of lands in Tag City project from its own Customers during 2018 by L.E. 100,009,500 and it has paid 20% as an advance payment of total lands price, the rest amount against notes payable over (8) quarterly advances ended in year 2020.

	<i>31/12/2019</i>	<i>31/12/2018</i>
	<i>L.E.</i>	<i>L.E.</i>
Purchase price	100,009,500	100,009,500
Less: Advance payment	(20,001,900)	(20,001,900)
	<u>80,007,600</u>	<u>80,007,600</u>
Less:		
Settlement (**)	(1,495,752)	(1,495,752)
Paid during the year	(39,255,924)	-
	<u>39,255,924</u>	<u>78,511,848</u>

(**) The rest of amounts due from the company's customers regarding previously sold lands to its customers were settled against purchase of lands.

The balance in the separate financial statements is classified as follows:

	<i>31/12/2019</i>	<i>31/12/2018</i>
	<i>L.E.</i>	<i>L.E.</i>
Long term liabilities		
Long term notes payable	-	39,255,924
Current liabilities		
Creditors and other credit balances	39,255,924	39,255,924
	<u>39,255,924</u>	<u>78,511,848</u>

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

15. SHARE CAPITAL

Authorized capital:

The authorized capital is five billion Egyptian Pounds.

	<i>31/12/2019</i>	<i>31/12/2018</i>
	<i>L.E.</i>	<i>L.E.</i>
Issued and paid up capital		
1.44 billion shares (2018:1.2 Billion shares)		
The value of each share is one Egyptian Pound	<u>1,440,000,000</u>	<u>1,200,000,000</u>

List of percentage of shares of issued and paid up capital for shareholders as of 31 December 2019 is as follows:

<i>Name</i>	<i>No. of shares</i>	<i>Nominal value</i>	<i>Contribution</i>
	<i>L.E</i>	<i>L.E</i>	<i>%</i>
BIG Investment Group Ltd.	286,309,039	286,309,039	19.88%
Holding Co. for Construction and Development	218,742,298	218,742,298	15.19%
B Investments Holding S.A.E.	107,355,324	107,355,324	7.46%
National Investment Bank	53,069,241	53,069,241	3.68%
Al Alian Co. for Investments Ltd.	50,963,824	50,963,824	3.54%
Banque Misr	45,627,636	45,627,636	3.17%
Other shareholders	677,932,638	677,932,638	47.08%
	<u>1,440,000,000</u>	<u>1,440,000,000</u>	<u>100%</u>

List of percentage of shares of issued and paid up capital for shareholders as of 31 December 2018 is as follows:

<i>Name</i>	<i>No. of shares</i>	<i>Nominal value</i>	<i>Contribution</i>
		<i>L.E.</i>	<i>%</i>
		<i>L.E.</i>	<i>L.E.</i>
BIG Investment Group Ltd.	238,590,867	238,590,867	19.88%
Holding Co. for Construction and Development	182,285,249	182,285,249	15.19%
B Investments Holding S.A.E.	89,462,770	89,462,770	7.45%
National Investment Bank	44,224,368	44,224,368	3.69%
Al Alian Co. for Investments Ltd.	42,303,187	42,303,187	3.53%
Banque Misr	38,023,030	38,023,030	3.17%
Other shareholders	565,110,529	565,110,529	47.09%
	<u>1,200,000,000</u>	<u>1,200,000,000</u>	<u>100%</u>

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

16. TERM LOANS

	<i>National Investment Bank L.E.</i>	<i>Arab Investment Bank L.E.</i>	<i>Commercial International Bank L.E.</i>	<i>Total L.E.</i>
<u>31/12/2019</u>				
Balance at the beginning of the year	1,237,813	-	375,310,381	376,548,194
Proceeds during the year	-	-	476,905,559	476,905,559
Installments paid during the year	(424,309)	-	(137,276,635)	(137,700,944)
Balance at the end of the year	<u>813,504</u>	<u>-</u>	<u>714,939,305</u>	<u>715,752,809</u>
Classified in financial position as follows:				
Current liabilities:				
Current portion of term loans	<u>384,935</u>	<u>-</u>	<u>28,067,001</u>	<u>28,451,936</u>
Non-current liabilities:				
Term loans	<u>428,569</u>	<u>-</u>	<u>686,872,304</u>	<u>687,300,873</u>
<u>31/12/2018</u>				
Balance at the beginning of the year	1,694,337	2,026,971	381,323,986	385,045,294
Proceeds during the year	-	-	209,966,744	209,966,744
Installments paid during the year	(456,524)	(2,026,971)	(215,980,349)	(218,463,844)
Balance at the end of the year	<u>1,237,813</u>	<u>-</u>	<u>375,310,381</u>	<u>376,548,194</u>
Classified in financial position as follows:				
Current liabilities:				
Current portion of term loans	<u>491,458</u>	<u>-</u>	<u>137,276,635</u>	<u>137,768,093</u>
Non-current liabilities:				
Term loans	<u>746,355</u>	<u>-</u>	<u>238,033,746</u>	<u>238,780,101</u>

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

17. CASH AND CASH EQUIVALENTS

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

	<i>31/12/2019</i>	<i>31/12/2018</i>
	<i>L.E.</i>	<i>L.E.</i>
Cash and bank balances (Note 9)	829,026,191	394,278,740
Investment at fair value through profit and loss (Note 5/5)	12,990,817	12,169,504
Investment held to maturity – Treasury bills (Note 5/6)	420,580,885	14,600,000
Less:		
Credit banks (Credit facilities)	(159,769,002)	(12,231,854)
	1,102,828,891	408,816,390
Less:		
Pledged time deposits against letters of guarantee (Note 9)	(4,249,268)	(4,592,268)
Pledged investment certificates against letters of guarantee (Note 5/5)	(10,468,303)	(9,203,122)
	1,088,111,320	395,021,000
Cash and cash equivalents at the end of the year	1,088,111,320	395,021,000

17/1 Short term loan

	<i>31/12/2019</i>	<i>31/12/2018</i>
	<i>L.E.</i>	<i>L.E.</i>
Balance at the beginning of the year	111,666,664	56,875,747
Proceeds during the year	697,928,949	335,010,373
Installments and interests paid during the year	(345,000,246)	(280,219,456)
Balance at the end of the year	464,595,367	111,666,664

18. BANK CURRENT ACCOUNTS AND DEPOSITS OF COMPOUNDS FACILITY MANAGEMENT

	<i>31/12/2019</i>	<i>31/12/2018</i>
	<i>L.E.</i>	<i>L.E.</i>
Bank current accounts	77,340,717	11,082,624
Time deposits	331,437,394	286,322,778
Cheques under collection	64,544,501	35,585,953
Accrued revenue	2,170,772	5,496,754
Bank deposits of compounds facility management	475,493,384	338,488,109
Amounts under settlement	1,222,765	1,824,104
Liabilities of compounds facility management	476,716,149	340,312,213

The checks received from the customers for the compounds facility management amounted to L.E. 1,378,246,099 (2018: L.E. 1,101,300,866), including collections of L.E. 475,493,384 (2018: L.E. 338,488,109) invested in deposits and interest-bearing bank accounts. The remaining balance amounting to L.E. 902,752,715 is notes receivable at 31 December 2019 (2018: L.E. 762,812,757) and will be collected on maturity dates during the subsequent periods. The deposit's term ranges from 1 to 6 months.

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

19. DEFERRED TAX

	<i>31/12/2019</i>		<i>31/12/2018</i>	
	<i>Assets L.E.</i>	<i>(Liabilities) L.E.</i>	<i>Assets L.E.</i>	<i>(Liabilities) L.E.</i>
Fixed assets	-	(3,353,156)	-	(2,833,839)
Provisions	4,944,935	-	4,712,404	-
Total deferred tax assets/(liability)	<u>4,944,935</u>	<u>(3,353,156)</u>	<u>4,712,404</u>	<u>(2,833,839)</u>
Net deferred tax Asset/(liability)	<u>1,591,779</u>	<u>-</u>	<u>1,878,565</u>	<u>-</u>
Deferred tax charged to the separate statement of income	<u>-</u>	<u>(286,786)</u>	<u>212,968</u>	<u>-</u>

Unrecorded deferred tax assets

	<i>31/12/2019 L.E.</i>	<i>31/12/2018 L.E.</i>
Unrecorded deferred tax assets (provisions and impairment)	<u>43,000,290</u>	<u>35,988,407</u>

Deferred tax assets did not include the balances of litigation provision, as there is no high probability to use the deferred tax in the future.

20. RECONCILIATIONS TO CALCULATE THE EFFECTIVE INCOME TAX RATE

	<i>31/12/2019 L.E.</i>	<i>31/12/2018 L.E.</i>
Net accounting profit before tax	1,216,149,344	1,368,625,178
Less: Return on treasury bills	<u>(25,513,187)</u>	<u>(1,778,342)</u>
	1,190,636,157	1,366,846,836
Reconciliation		
Comprehensive medical care	4,913,892	3,574,807
Net provided of provisions, impairment and bad debts	21,113,936	10,142,946
Net impairment in investments from subsidiaries	10,527,907	4,856,354
Difference of taxable and accounting depreciation	(2,308,074)	936,910
(Gain)/Loss on sale of fixed assets	(259,046)	9,613
Provided/(Used) of infrastructure completion liabilities	1,042,517	(54,274,340)
Exempted income	(4,231,703)	(5,418,011)
Non-deductible expenditures	<u>3,956,240</u>	<u>900,182</u>
Taxable profit	<u>1,225,391,826</u>	<u>1,327,575,297</u>
Tax rate	22.50%	22.50%
Calculated income tax	<u>275,713,161</u>	<u>298,704,442</u>
Tax on dividends	157,504	124,417
Return on treasury bills	25,513,187	1,778,342
Tax on treasury bills	<u>5,102,637</u>	<u>355,668</u>
Income tax	<u>280,973,302</u>	<u>299,184,527</u>
Actual tax rate	<u>23.10%</u>	<u>21.86%</u>

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

21. REVENUES AND COST OF REVENUES

21-a Net revenues

	<i>31/12/2019</i>	<i>31/12/2018</i>
	<i>L.E.</i>	<i>L.E.</i>
<u>Property sales revenue</u>		
Tag Sultan	199,616,488	464,473,720
Premira	27,501,950	130,787,705
Tag City (Zone T)	172,467,249	109,577,312
Tag City (Zone B)	170,890,459	482,850,181
Tag City (Zone A)	57,252,846	-
Capital Garden	6,385,725	98,204,017
Sarai City 1	90,197,483	247,455,090
Sarai City 2	472,413,920	250,547,438
Sarai City 3	271,674,256	182,430,280
Sarai City Zone H	7,031,962	-
El Waha	-	120,000
Total property sales revenue	<u>1,475,432,338</u>	<u>1,966,445,743</u>
Land sales revenue - El Waha and Original City	49,592,360	218,849,803
Land sales revenue – Tag city (Zone A)	115,205,441	-
Total property and land sales revenues	<u>1,640,230,139</u>	<u>2,185,295,546</u>
Less:		
Tag Sultan sales returns	(10,851,024)	(5,010,656)
Premira sales returns	-	(244,400)
Tag City (Zone T) sales returns	(71,753,277)	(62,196,450)
Tag City (Zone B) sales returns	(60,282,037)	(14,713,395)
Tag City (Zone A) sales returns	(1,443,903)	-
Capital Garden sales returns	(10,232,062)	(6,408,791)
Sarai City 1 sales returns	(27,759,751)	(14,008,185)
Sarai City 2 sales returns	(148,957,179)	(110,490,462)
Sarai City 3 sales returns	(12,979,344)	-
El Waha sales returns	(417,000)	(1,653,493)
Total finished properties sales returns	<u>(344,675,577)</u>	<u>(214,725,832)</u>
Net sales	<u>1,295,554,562</u>	<u>1,970,569,714</u>
Amortization of notes receivable of present value discount	456,760,121	356,852,504
Profit, interest and installments due during the year (Note 13)	36,688,749	51,898,384
Return on investment properties	1,222,486	1,212,239
Net sales revenue	<u>1,790,225,918</u>	<u>2,380,532,841</u>

21-b Cost of revenues

	<i>31/12/2019</i>	<i>31/12/2018</i>
	<i>L.E.</i>	<i>L.E.</i>
<u>Cost of sold property</u>		
Cost of Tag Sultan	119,258,604	410,016,453
Cost of Premira	40,090,877	152,963,303
Cost of Tag City (Zone T)	22,341,608	10,249,150
Cost of Tag City (Zone B)	33,891,780	53,971,424
Cost of Tag City (Zone A)	6,381,883	-
Cost of Capital Garden	165,986	2,897,684
Cost of Sarai City 1	21,028,773	38,199,727
Cost of Sarai City 2	66,898,562	44,245,311
Cost of Sarai City 3	18,314,490	11,660,770
Cost of Sarai City Zone H	458,140	-
Total cost of properties sales	<u>328,830,703</u>	<u>724,203,822</u>
Cost of sold land – El Waha and Nasr City	3,046,929	3,419,157
Cost of sold land Tag City Zone A	17,690,400	-
Total cost of land and finished properties sales	<u>349,568,032</u>	<u>727,622,979</u>

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

21. REVENUES AND COST OF REVENUES - *Continued*

	<i>31/12/2019</i>	<i>31/12/2018</i>
	<i>L.E.</i>	<i>L.E.</i>
Less:		
Cost of Tag Sultan sales returns	(3,107,556)	(2,140,606)
Cost of Premira sales returns	-	(61,107)
Cost of Tag City (Zone T) sales returns	(6,293,051)	(5,350,010)
Cost of Tag City (Zone B) sales returns	(6,229,044)	(1,586,469)
Cost of Tag City (Zone A) sales returns	(170,652)	-
Cost of Capital Garden sales returns	(350,608)	(207,201)
Cost of Sarai City 1 sales returns	(4,586,584)	(2,302,987)
Cost of Sarai City 2 sales returns	(29,875,613)	(21,660,373)
Cost of Sarai City 3 sales returns	(820,402)	-
Cost of El Waha sales returns	(172,846)	(283,407)
Total cost of sales returns	<u>(51,606,356)</u>	<u>(33,592,160)</u>
Net cost of sales	<u>297,961,676</u>	<u>694,030,819</u>
Depreciation of investment properties (Note 5/4)	59,652	66,131
Maintenance of investment properties	13,863	-
Cost of revenue	<u><u>298,035,191</u></u>	<u><u>694,096,950</u></u>

22. SELLING AND MARKETING EXPENSES

	<i>31/12/2019</i>	<i>31/12/2018</i>
	<i>L.E.</i>	<i>L.E.</i>
Salaries and wages	10,630,078	7,420,523
Selling and marketing commissions	65,435,388	60,781,226
Advertising expenses (including stamp tax)	118,677,841	113,269,505
Rent	12,311,769	9,345,910
Professional fees	6,367,350	4,854,002
Depreciation (Note 4/1)	4,175,104	1,796,196
Transportation and sundry expenses	6,941,898	8,749,563
	<u>224,539,428</u>	<u>206,216,925</u>

23. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>31/12/2019</i>	<i>31/12/2018</i>
	<i>L.E.</i>	<i>L.E.</i>
Salaries, wages and equivalent	36,890,836	35,927,355
Board of Directors remuneration	6,785,259	5,596,613
Advertisement expenses	1,403,422	1,553,007
Transportation and communications expenses	3,471,691	3,047,173
Consulting fees, training and conferences	16,006,549	11,299,185
Depreciation (Note 4/1)	9,899,364	8,030,165
Maintenance expenses, and software licenses	14,895,585	10,401,247
Rent of electronic data storage sites	3,927,658	4,069,440
Raw materials, fuel and spare parts	10,670,177	4,242,971
Property tax and stamp tax	1,151,396	1,810,059
International deposit certificates at London Stock Exchange expenses	1,252,488	2,399,368
Security, cleaning and training expenses	5,009,372	2,909,718
Bank charges	2,608,907	3,744,472
Other service expenses	3,641,571	1,812,902
	<u>117,614,275</u>	<u>96,843,675</u>

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

24. FINANCE INCOME

	31/12/2019	31/12/2018
	L.E.	L.E.
Income from investment at fair value through profit and loss	1,654,952	1,596,395
Credit interest	62,781,898	35,202,019
Return on treasury bills	25,513,187	1,778,342
	<u>89,950,037</u>	<u>38,576,756</u>

25. OTHER OPERATING INCOME

	31/12/2019	31/12/2018
	L.E.	L.E.
Administrative fees from customers (for redemption assignment etc.)	55,493,168	50,550,574
Delay fines on customers	18,631,708	9,519,359
Delay penalty on contractors	201,610	96,000
Gain on sale of fixed assets	259,046	-
Sundry revenue	8,196,969	8,726,670
Gain on foreign exchange	21,565	18,641
	<u>82,804,066</u>	<u>68,911,244</u>

26. OTHER EXPENSES

	31/12/2019	31/12/2018
	L.E.	L.E.
Compensations and fines	64,383	63,929
Donations for others	-	200,000
Loss on sale of fixed assets	-	9,613
Bad debt	227,916	3,016
Comprehensive medical care	4,913,892	3,574,807
	<u>5,206,191</u>	<u>3,851,365</u>

27. EARNINGS PER SHARE

	31/12/2019	31/12/2018
	L.E.	L.E.
Net profit for the year after tax	934,889,256	1,069,653,619
Less: Estimated employees and Board of Directors share in profit	<u>(105,365,443)</u>	<u>(104,730,000)</u>
Shareholders share in net profit	829,523,813	964,923,619
Weighted average numbers of shares outstanding during the year	<u>1,440,000,000</u>	<u>1,440,000,000</u>
Earnings per share	<u>0.58</u>	<u>0.67</u>

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

28. CONTINGENT LIABILITIES

Letters of guarantee

The letters of guarantees issued amounted to L.E. 59,222,720 by National Bank of Egypt, United Bank and Egyptian Gulf Bank as of 31 December 2019 to finance business activity and a guarantee of Al Nasr Company for Utilities and Erections – subsidiary in favor of third parties (2018: L.E. 23,204,040), the letters are secured by the company's time deposits amounted to L.E. 4,249,268 (2018: L.E. 4,592,268) – (Note 9), and margin of letters of guarantee by L.E. 8,892,374 (2018: L.E. 6,892,374) – (Note 8) and investment certificates (Rakhaa) in united bank by L.E 10,468,303 (2018 : L.E 9,203,122) (Note 5/5).

29. 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 and installation works according to the following:

	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>31/12/2019 L.E.</i>	<i>31/12/2018 L.E.</i>
Al Nasr Co. for Utilities and Erections - S.A.E.	Subsidiary	Utilities and installation works	<u>120,995,645</u>	<u>71,732,854</u>
Al Nasr Co. for Civil Works S.A.E.	Subsidiary	Dividends	<u>1,920,006</u>	<u>-</u>
Al Nasr Co. for Civil Works S.A.E.	Subsidiary	Buildings and utilities works	<u>45,673,926</u>	<u>35,046,444</u>

Balances of related parties are as follows:

	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>31/12/2019 L.E.</i>	<i>31/12/2018 L.E.</i>
Amounts due from related parties:				
a) Al Nasr Co. for Utilities and Erections S.A.E.	Subsidiary	Long term loan (*)	59,478,876	29,959,015
		Supplier (Debit)	14,891	14,891
		Advance	19,002,840	27,870
b) Al Nasr Co. for Civil Works S.A.E.	Subsidiary	Supplier (Debit)	550,086	504,535
		Advance	10,378,684	9,034,300
			<u>89,425,377</u>	<u>39,540,611</u>
Impairment of related parties (*)			<u>(20,636,020)</u>	<u>-</u>
			<u>68,789,357</u>	<u>39,540,611</u>

(*) The movements in impairment of amounts due from related parties are as follows:

	<i>31/12/2019 L.E.</i>	<i>31/12/2018 L.E.</i>
Impairment balance at the beginning year	-	50,097,093
Provided during the year	20,636,020	24,375,000
Transfer during the year (Note 5/1)	-	(74,472,093)
Impairment balance at the end of year	<u>20,636,020</u>	<u>-</u>

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

29. TRANSACTIONS WITH RELATED PARTIES – *Continued*

	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>31/12/2019 L.E.</i>	<i>31/12/2018 L.E.</i>
<i>Amounts due to related parties:</i>				
a) Al Nasr Co, for Utilities and Erections S.A.E.	Subsidiary	Retention Supplier (Credit)	2,565,588 879,460	7,844,902 3,424,460
b) Al Nasr Co, for Civil Works S.A.E.	Subsidiary	Supplier (Credit) Retention	5,962,606 4,296,515	6,042,757 2,242,587
			<u>13,704,169</u>	<u>19,554,706</u>
c) Capital Gardens Project	Joint operations	Long term- Notes Receivable Present value discount	293,197,421 (109,472,493)	376,806,276 (153,670,025)
		Net – Short term Notes Receivables	 88,317,274	 90,767,155
			<u>272,042,202</u>	<u>313,903,406</u>

30. TAX POSITION

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

31. FINANCIAL INSTRUMENTS AND RELATED RISKS

On-financial position financial instruments comprise cash and bank balances, financial investments, debtors, creditors, and amounts due from/to related parties, 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.

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

31. FINANCIAL INSTRUMENTS AND RELATED RISKS - *Continued*

The following are due dates of the liabilities:

	<i>Less than one year L.E.</i>	<i>1 – 2 years L.E.</i>	<i>More than 2 years L.E.</i>	<i>Book value L.E.</i>
<u>31/12/2019</u>				
Long term loans	28,451,936	164,849,352	522,451,521	715,752,809
Creditors and other credit balances	445,605,658	-	-	445,605,658
Short term loans	464,595,367	-	-	464,595,367
Suppliers, taxes and related parties	591,018,604	-	-	591,018,604
	<u>1,529,671,565</u>	<u>164,849,352</u>	<u>522,451,521</u>	<u>2,216,972,438</u>
<u>31/12/2018</u>				
Long term loans	137,768,093	28,813,357	209,966,744	376,548,194
Creditors and other credit balances	189,240,250	-	-	189,240,250
Short term loans	111,666,664	-	-	111,666,664
Suppliers, taxes and related parties	414,677,183	-	-	414,677,183
Long term notes payable	-	39,255,924	-	39,255,924
	<u>853,352,190</u>	<u>68,069,281</u>	<u>209,966,744</u>	<u>1,131,388,215</u>

• ***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.

The following are the financial assets and liabilities according interest rate:

	<u>31/12/2019</u> <i>L.E.</i>	<u>31/12/2018</u> <i>L.E.</i>
<u>Financial assets instruments with fixed interest rate</u>		
Financial assets – trade and notes receivable	<u>10,828,614,385</u>	<u>10,596,104,184</u>
<u>Financial liabilities instruments with variable interest rate</u>		
Financial liabilities- short term loans and credit banks	<u>1,340,117,178</u>	<u>500,446,712</u>

• ***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 keeps currencies rather than Egyptian pound.

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 December 2019

32. CONTRACTUAL COMMITMENTS

The value of contracts with contractors for the implementation of housing and development projects amounted to L.E. 5,003 Million, the executed works till 31 December 2019 amounted to L.E. 1,850 Million. Contractors' dues have been paid in accordance with the contracts.

33. FAIR VALUE

The fair values of financial assets and liabilities are not materially different from their carrying value as of 31 December 2019, except for investments available for sale.

34. COMPARATIVE FIGURES

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