

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

**SUMMARIZED CONSOLIDATED  
FINANCIAL STATEMENTS  
AND LIMITED REVIEW THEREON**

**AT 31 MARCH 2020**

**LIMITED REVIEW REPORT ON THE SUMMARY INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS**

**TO THE BOARD OF DIRECTORS OF  
MADINET NASR FOR HOUSING AND DEVELOPMENT- S.A.E.**

We have reviewed the interim consolidated financial statements of Madinet Nasr for Housing and Development - S.A.E. for the period from 1 January 2020 to 31 March 2020, from which the attached summary consolidated financial statements are derived, in accordance with the Egyptian Standards on Auditing and the relevant laws and regulations. As stated in our Arabic review report dated 3 June 2020 , we expressed an unqualified review conclusion, on the interim consolidated financial statements for the period then ended, with an emphasis of matter regarding the going concern of the subsidiary (Al Nasr Company for Utilities and Erections), from which the attached interim summary consolidated financial statements are derived.

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

In order to obtain a comprehensive understanding of the company's interim consolidated financial position as of 31 March 2020, the results of its operations for the period then ended and our scope of limited review, you should refer to the Arabic interim consolidated financial statements for the period then ended and our review report thereon.

**Mohanad T. Khaled**

Fellow of ACCA

Fellow of ESAA

R.A.A. 22444

FRA No. 375

Cairo, 11 June 2020

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 31 March 2020

	<i>Note</i>	<i>31/3/2020</i> <i>L.E.</i>	<i>31/12/2019</i> <i>L.E.</i>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Fixed assets (Net)	4/1	74,439,746	72,953,153
Fixed assets under construction	4/2	2,004,972	17,826,517
Held to maturity investments	5/1	672,200	672,200
Available for sale investments	5/2	4,833,310	4,833,310
Investments properties	5/3	4,031,746	4,222,895
Long term notes receivable (Net)	8	6,890,602,373	6,524,381,851
Deferred tax asset	32	31,601,616	6,084,211
<b>Total Non-Current Assets</b>		<u>7,008,185,963</u>	<u>6,630,974,137</u>
<b>Current Assets</b>			
Inventories	6	62,095,624	57,651,705
Lands and unfinished properties – WIP	7	3,371,039,892	2,874,935,949
Finished properties	7	301,145,988	78,958,430
Short term notes receivable	8	2,415,752,806	2,447,017,650
Trade receivables (Net)	8	785,848,441	984,507,092
Trade payables – debit balances (Net)	9	845,839,602	754,939,191
Debtors and other debit balances	10	366,936,579	356,201,796
Cash margin on letters of guarantee		12,290,918	12,290,918
Tax Authority		14,801,635	3,896,666
Investments at fair value through profit and loss	5/4	13,382,037	12,990,817
Held to maturity investments – Treasury bills	5/5	4,175,000	425,580,885
Bank current account's and deposits of compounds facility management	21	566,028,371	475,493,384
Cash and bank balances	11	1,184,504,823	949,570,061
<b>Total Current Assets</b>		<u>9,943,841,716</u>	<u>9,434,034,544</u>
<b>Total Assets</b>		<u>16,952,027,679</u>	<u>16,065,008,681</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued and paid up capital	17	1,440,000,000	1,440,000,000
Legal reserve		270,705,792	223,961,329
Retained earnings		1,773,823,522	1,599,997,287
Treasury stocks	17	(7,164,870)	-
Net profit for the period/year		378,177,851	980,895,727
Issued capital and reserves attributable to owners of the parent		3,855,542,295	4,244,854,343
Non-controlling interest	18	105,922,983	110,313,613
<b>Total Equity</b>		<u>3,961,465,278</u>	<u>4,355,167,956</u>

**CFO and Head of investors relationships**

**Mr. Mohamed Abdelsalam**

**Managing Director**

**Eng. Ahmed Ali Elhitamy**

**Chairman**

**Eng. Mohamed Hazem Barakat**

The attached notes from 1 to 38 form part of these summary consolidated financial statements.

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION - Continued**

At 31 March 2020

	<i>Note</i>	<i>31/3/2020</i> <i>L.E.</i>	<i>31/12/2019</i> <i>L.E.</i>
<b>Non-Current Liabilities</b>			
Unearned revenues	12	8,097,597,667	8,150,028,622
Long term notes payable		10,780,423	12,127,976
Term loans	19	743,639,795	687,300,873
<b>Total Non-Current Liabilities</b>		<u>8,852,017,885</u>	<u>8,849,457,471</u>
<b>Current Liabilities</b>			
Creditors – Advance payments		85,509,316	91,219,987
Provisions	13	89,983,406	109,615,968
Trade payables		750,376,077	540,290,899
Infrastructure completion liabilities	14	221,184,790	117,595,536
Dividends payable		728,576,716	20,279,270
Creditors and other credit balances	16	478,595,550	486,878,380
Current portion of long term loans	19	384,935	28,451,936
Short term loans	20/1	493,594,826	464,595,367
Liabilities of compounds facility management	21	577,434,881	476,716,149
Credit banks (credit facilities)	20/2	263,220,517	216,717,683
Tax Authority		449,683,502	308,022,079
<b>Total current liabilities</b>		<u>4,138,544,516</u>	<u>2,860,383,254</u>
<b>Total Liabilities</b>		<u>12,990,562,401</u>	<u>11,709,840,725</u>
<b>Total EQUITY AND LIABILITIES</b>		<u>16,952,027,679</u>	<u>16,065,008,681</u>

Limited review report attached.

**CFO and Head of investors  
relationships**

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

**CONSOLIDATED STATEMENT OF INCOME**

For the period ended 31 March 2020

	<i>Note</i>	<i>From 1/1/2020 to 31/3/2020 L.E.</i>	<i>From 1/1/2019 to 31/3/2019 L.E.</i>
Net revenue	23-a	914,882,905	634,216,181
<b>Less:</b>			
Cost of revenue	23-b	(332,414,426)	(161,867,773)
<b>Gross Profit</b>		<u>582,468,479</u>	<u>472,348,408</u>
<b>Less:</b>			
Selling and marketing expenses	25	(69,769,988)	(47,502,178)
General and administrative expenses	26	(38,445,720)	(30,909,139)
Provisions	13	(6,000,000)	-
Finance expenses		(10,546,258)	(15,623,866)
<b>Add:</b>			
Finance income	27	30,463,593	21,232,397
Other operating income	28	6,005,236	33,878,549
<b>Profit from operations</b>		<u>494,175,342</u>	<u>433,424,171</u>
Return on investments held to maturity and available for sale		41,716	126,000
Other expenses	29	(3,216,600)	(2,803,601)
<b>Net profit for the period before tax</b>		<u>491,000,458</u>	<u>430,746,570</u>
Income tax		(136,423,766)	(101,156,847)
Deferred tax	32	25,517,405	2,712,078
<b>Net profit for the period</b>		<u>380,094,097</u>	<u>332,301,801</u>
(Less): Non-controlling interest		(1,916,246)	(3,599,891)
Attributable to owners of the parent	30	<u>378,177,851</u>	<u>328,701,910</u>
<b>Earnings per share for the period</b>	34	<u>0.24</u>	<u>0.21</u>

**CFO and Head of investors  
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Madinet Nasr for Housing and Development - S.A.E.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the period ended 31 March 2020

	<i>From 1/1/2020 to 31/3/2020 L.E.</i>	<i>From 1/1/2019 to 31/3/2019 L.E.</i>
Net profit for the period	380,094,097	332,301,801
Other comprehensive income	-	-
Total other comprehensive income	380,094,097	332,301,801
(Less): Non-controlling interest	(1,916,246)	(3,599,891)
Owners of the parent	<u>378,177,851</u>	<u>328,701,910</u>

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

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

For the period ended 31 March 2020

	<i>Issued and paid up Capital</i>	<i>Legal reserve</i>	<i>Retained earnings</i>	<i>Net profit for the period</i>	<i>Treasury stocks</i>	<i>Total</i>	<i>Non- controlling interest</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>
Balance at 1 January 2019	1,200,000,000	170,478,648	918,233,758	1,084,591,561	-	3,373,303,967	96,136,160	3,469,440,127
Transferred to retained earnings	-	-	1,084,591,561	(1,084,591,561)	-	-	-	-
Dividends of 2018	-	-	(104,730,000)	-	-	(104,730,000)	-	(104,730,000)
Transferred to Legal reserve	-	53,482,681	(53,482,681)	-	-	-	-	-
Dividends income of 2018 from Al Nasr for civil works	-	-	(6,535,357)	-	-	(6,535,357)	(5,922,433)	(12,457,790)
Total comprehensive income for the period	-	-	-	328,701,910	-	328,701,910	3,599,891	332,301,801
Balance at 31 March 2019	1,200,000,000	223,961,329	1,838,077,281	328,701,910	-	3,590,740,520	93,813,618	3,684,554,138
Balance at 1 January 2020	1,440,000,000	223,961,329	1,599,997,287	980,895,727	-	4,244,854,343	110,313,613	4,355,167,956
Transferred to retained earnings	-	-	980,895,727	(980,895,727)	-	-	-	-
Dividends of 2019	-	-	(753,365,443)	-	-	(753,365,443)	-	(753,365,443)
Transferred to Legal reserve	-	46,744,463	(46,744,463)	-	-	-	-	-
Treasury stocks	-	-	-	-	(7,164,870)	(7,164,870)	-	(7,164,870)
Dividends income of 2019 from Al Nasr for civil works	-	-	(6,959,586)	-	-	(6,959,586)	(6,306,876)	(13,266,462)
Total comprehensive income for the period	-	-	-	378,177,851	-	378,177,851	1,916,246	380,094,097
Balance at 31 March 20	<u>1,440,000,000</u>	<u>270,705,792</u>	<u>1,773,823,522</u>	<u>378,177,851</u>	<u>(7,164,870)</u>	<u>3,855,542,295</u>	<u>105,922,983</u>	<u>3,961,465,278</u>

**CFO and Head of investors  
relationships**

**Mr. Mohamed Abdelsalam**

**Managing Director**

**Eng. Ahmed Ali El Hitamy**

**Chairman**

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 31 March 2020

	<i>Note</i>	<i>From 1/1/2020 to 31/3/2020 L.E.</i>	<i>From 1/1/2019 to 31/3/2019 L.E.</i>
<b>OPERATING ACTIVITIES</b>			
Net profit for the period before tax		491,000,458	430,746,570
Adjustments for:			
Depreciation of fixed assets and investments in properties	4/1, 5/3	5,967,295	4,098,765
Disposals of fixed assets under constructions and investments properties		15,997,864	-
Provisions and impairment in inventory and debtors and suppliers – debit balance		6,000,000	-
Decrease in undelivered units		664,887	-
Return on investments held to maturity and available for sale		(41,716)	(126,000)
Net recognized installment sale profit and interest profits and interests due during the period	15	(5,055,250)	(12,253,928)
Loss on foreign exchange	29	179,644	319,522
Return on treasury bills	27	<u>(8,124,272)</u>	<u>(6,604,796)</u>
<b>Operating profit before working capital changes</b>		<u>506,588,910</u>	<u>416,180,133</u>
Inventories and lands finished & unfinished properties		(723,400,307)	(1,385,227)
Trade receivables, trade payables debit balances , notes receivable and Debtors and other debit balances		(222,693,226)	(536,870,713)
Trade payables, unearned revenue, creditors and utilities' liabilities		245,902,423	494,620,600
Provisions used	13	(25,632,562)	-
Dividends paid to directors and employees		(52,027,583)	(53,541,421)
Income tax paid		(5,667,312)	(6,312,069)
Held to maturity investments – Treasury bills		-	1,871,861
<b>Net cash (used in) from operating activities</b>		<u>(276,929,657)</u>	<u>314,563,164</u>
<b>INVESTING ACTIVITIES:</b>			
Payments for purchase of fixed assets & fixed assets under constructions	4/4,4/1	(7,439,058)	(2,301,554)
Payments for investments properties		-	(75,338)
Return on investments held to maturity & available for sale		41,716	126,000
<b>Net cash used in investing activities</b>		<u>(7,397,342)</u>	<u>(2,250,892)</u>

**CFO and Head of investors relationships**

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**Managing Director**

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**Chairman**

Eng. Mohamed Hazem Barakat

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

**CONSOLIDATED STATEMENT OF CASH FLOWS - Continued**

For the period ended 31 March 2020

	<i>Note</i>	<i>From 1/1/2020 to 31/3/2020 L.E.</i>	<i>From 1/1/2019 to 31/3/2019 L.E.</i>
<b>FINANCING ACTIVITIES:</b>			
Purchasing treasury stocks		(7,164,870)	-
Non-controlling interest		(6,306,876)	(5,922,433)
Payment of long term loans	19	(28,067,001)	(34,319,160)
Proceeds from long term loans	19	56,338,922	-
Payment of short term loans	20	(55,383,970)	(83,750,000)
Proceeds from short term loans	20	84,383,429	53,500,000
<b>Net cash used in financing activities</b>		<u>43,799,634</u>	<u>(70,491,593)</u>
Change in cash and cash equivalents		(240,527,365)	241,820,679
Cash and cash equivalents at the beginning of the period		1,171,424,080	446,066,228
Return on treasury bills		8,124,272	-
Loss on foreign exchange		(179,644)	(319,522)
<b>Total cash and cash equivalents at the end of the period</b>		<u>938,841,343</u>	<u>687,567,385</u>
Less:			
Pledged time deposits against letters of guarantee		(96,600,035)	(90,429,152)
Pledged investment certificates against letters of guarantee		(11,720,427)	(9,517,226)
<b>Cash and cash equivalents at the end of the period</b>	20	<u>830,520,881</u>	<u>587,621,007</u>

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

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**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2020

**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 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 was registered in the Commercial Registry under No. (300874) dated 23 December 1996 and Tax Registration No. 095-009-200.

**1.2 *Activity***

The company is engaged in all activities related to real estate development for land, 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.

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 years started from 23/12/1996 to 22/12/2046.

**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's ordinary shares are listed on the Egyptian Exchange (EGX) and, as Global Depository Receipts (GDRs).

The company's Board of Directors has approved the consolidated financial statements for the period ended 31 March 2020 on 21 May 2020.

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

**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2020

**1. COMPANY BACKGROUND - *Continued***

**1.5 *Basis of consolidation***

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:

- 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.

- The consolidated financial statements include the financial statements of the company and its subsidiaries.
- 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 financial position, separate from owners of parent's equity.

The following is a listing of subsidiaries:

<i>Subsidiary</i>	<i>Percentage Ownership</i>	<i>Activity</i>
Al Nasr for Civil Works S.A.E.	52.46%	Civil construction
Al Nasr for Utilities and Erection S.A.E.	98.37% (Direct investment) 0.84% (Indirect investment)	Civil construction

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

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**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2020

**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 assumptions 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 are items on the consolidated financial statements that are effected by judgments, assumptions, and estimates:

- Depreciation of fixed assets and investment property
- Provisions
- Assets impairment
- Taxation
- Cost of sales and cost of completion of infrastructure liability
- Amortization of the discount of present value of notes receivable

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 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 which presents the functional currency of the group.

The consolidated 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.

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

**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2020

**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 consolidated 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 consolidated statement of income 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. Estimated useful lives are reviewed periodically and on review base useful lives are adjusted and relevant rates for year 2019 as follows:

	<i>MNHD</i> <i>Useful life</i> <i>Years</i>	<i>NCCE</i> <i>Useful life</i> <i>Years</i>	<i>NCUE</i> <i>Useful life</i> <i>Years</i>
Buildings	40	10-40	20-50
Improvements- Leasehold building	5 or the duration of the lease whichever is lower	-	-
Improvements- Building owned	8	-	-
Machinery & equipment for production	-	2-10	2-10
Machinery & equipment	5	-	-
Motor vehicles	5	5-10	4-6
Computers and servers	5-8	-	-
Programs	3	-	-
Tools & equipment	2	4-10	4-12
Furniture & office equipment	2-8	10	10-15

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 property when the asset is complete and ready for its intended use. Fixed assets under construction are recorded at cost less impairment, if any.

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

**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2020

**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 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 consolidated statement of income.

e) Held to maturity investments

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

f) Investment properties

Investment properties are measured at cost model and depreciation expense carried to the consolidated 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 consolidated income statement.

<i>Assets</i>	<i>Useful life</i>
Residential	40 years
Nan-residential units	40 years

g) 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 consolidated financial statements at fair value which represents the market price at the valuation date. Changes in fair value are charged to the consolidated 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 and completion cost.

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.

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

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**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2020

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

j) Consolidated statement of cash flows

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

k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, time deposits and treasury bills (due within 3 months), investments at fair value through profit and 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) Trade receivables, notes receivables and other debit balances

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.

Notes receivable represents are the value of the 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 consolidated financial statements, notes receivable are re-measured at amortized cost which is determined by discounting the future cash flows of the notes receivable 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 consolidated 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).

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

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**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2020

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

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 consolidated income statement.

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 previously recognized - in the consolidated 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 consolidated financial statements date, 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 consolidated income statement.

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



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

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**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2020

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

o) Unearned revenue, payables and other credit balances

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 consolidated statement of 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 consolidated 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.

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.

r) Revenue recognition

1. *Cash sales*

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

2. *Installment Sales*

- Total sale of value of land and property is recorded as sales during the period after deduction of profit relating to deferred installments on those sales. Such deduction is recorded as a liability (profit from deferred installments) when 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.
- 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.

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

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**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2020

**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 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 for 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 venture 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 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.

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

**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2020

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

6. *Contracting Revenue*

Contacting revenue of the two subsidiary companies included value of contracts with customers, approved change orders, incentives, and other claims. Revenue from contracting is recognized following percentage-of-completion method.

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) Operating rent

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

u) 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. The Company also applies an optional early retirement scheme. End of service benefits for employees benefiting from this system are charged to the consolidated statement of income in the period in which they are approved for early retirement.

v) 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 consolidated 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 period except for instances that taxes are established from:

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

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

**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2020

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

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities according to the accounting basis used in the consolidated 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 consolidated 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.

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.

w) Earnings per share

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

x) 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 consolidated statement of income on a time-apportioned basis using the effective interest rate.

y) 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.

z) 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 financial statements date are translated at the rate of exchange ruling at that date. Retranslation exchange profit and loss is taken to the consolidated statement of income.

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

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**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2020

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

**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.

On April 12, 2020, The Financial Regulatory Authority (FRA) has decided to postpone the application of amendments to the new Egyptian accounting standards to interim financial statements and limit them to the annual financial statements by the end of 2020, due to the current situations that the country is going through as a result of the outbreak of the Corona virus (COVID-19).

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

**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2020

**4/1 FIXED ASSETS**

	<i>Land (*)</i>	<i>Buildings and constructions (*)</i>	<i>Machinery &amp; equipment</i>	<i>Motor vehicles</i>	<i>Tools</i>	<i>Furniture &amp; office equipment</i>	<i>Computers &amp; 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>
<b>Cost:</b>									
At 1 January 2020	1,660,315	22,809,018	37,283,295	19,828,761	3,828,295	19,293,669	32,492,527	30,311,057	167,506,937
Additions during the period	-	-	-	-	1,874	42,337	1,736,508	5,658,339	7,439,058
Disposals during the period	-	-	-	(83,453)	-	(245,478)	-	-	(328,931)
At 31 March 2020	<u>1,660,315</u>	<u>22,809,018</u>	<u>37,283,295</u>	<u>19,745,308</u>	<u>3,830,169</u>	<u>19,090,528</u>	<u>34,229,035</u>	<u>35,969,396</u>	<u>174,617,064</u>
<b>Accumulated depreciation:</b>									
At 1 January 2020	-	7,075,882	31,529,275	16,954,504	3,440,766	13,184,533	18,082,641	4,286,183	94,553,784
Provided during the period	-	1,187,297	520,232	189,376	18,847	560,661	1,846,049	1,630,003	5,952,465
Disposals during the period	-	-	-	(83,453)	-	(245,478)	-	-	(328,931)
At 31 March 2020	<u>-</u>	<u>8,263,179</u>	<u>32,049,507</u>	<u>17,060,427</u>	<u>3,459,613</u>	<u>13,499,716</u>	<u>19,928,690</u>	<u>5,916,186</u>	<u>100,177,318</u>
<b>Net book value:</b>									
At 31 March 2020	<u>1,660,315</u>	<u>14,545,839</u>	<u>5,233,788</u>	<u>2,684,881</u>	<u>370,556</u>	<u>5,590,812</u>	<u>14,300,345</u>	<u>30,053,210</u>	<u>74,439,746</u>
At 31 December 2019	<u>1,660,315</u>	<u>15,733,136</u>	<u>5,754,020</u>	<u>2,874,257</u>	<u>387,529</u>	<u>6,109,136</u>	<u>14,409,886</u>	<u>26,024,874</u>	<u>72,953,153</u>

(\*) Land and buildings includes land and buildings of the social club and the playground rented for Madinet Nasr for Housing and 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 usufruct right for the company with unlimited period and there are negotiation to purchase this land.

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

**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2020

**4/1 FIXED ASSETS - *Continued***

a) Fully depreciated assets and still operating are as follows:

	<b>31/3/2020</b>	<b>31/12/2019</b>
	<b>L.E.</b>	<b>L.E.</b>
Buildings and constructions	829,518	825,518
Machinery and equipment	21,787,134	21,106,986
Motor vehicles	15,038,206	15,106,455
Tools	3,095,315	3,093,672
Furniture and office equipment	6,345,731	6,412,465
Computers and software	7,566,597	4,024,367
	<b>54.662.501</b>	<b>50,569,463</b>

b) Depreciation for the period is allocated as follows:

	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>L.E.</b>	<b>L.E.</b>
Cost of sales	502,068	960,674
Selling & marketing expenses (Note 25)	2,942,158	716,545
General and administrative expenses (Note 26)	2,508,239	2,406,837
	<b>5,952,465</b>	<b>4,084,056</b>

**4/2 FIXED ASSETS UNDER CONSTRUCTION**

	<b>31/3/2020</b>	<b>31/12/2019</b>
	<b>L.E.</b>	<b>L.E.</b>
Balance at the beginning of the period/ year	17,186,934	17,482,227
Additions during the period	-	716,770
Disposals (*)	(15,821,545)	
Transferred to fixed assets (Note 4/1)	-	(1,012,063)
Balance at the end of the period/year (Parent Co.)	<b>1,365,389</b>	<b>17,186,934</b>
Al Nasr Company for Civil Works	639,583	639,583
	<b>2,004,972</b>	<b>17,826,517</b>

(\*) Disposals represents the disposal of a plot of land in Nasr City with an equal plot of land adjacent to Taj City for entertainments activities, and a land exchange contract was signed with the Land Projects Authority at the Ministry of Defense during January 2020.

**5. INVESTMENTS**

**5/1 Held to maturity investments**

	<b>31/3/2020</b>	<b>31/12/2019</b>
	<b>L.E.</b>	<b>L.E.</b>
Investments in Governmental bonds (unlisted)	672,200	672,200

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

**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2020

**5. INVESTMENTS - Continued**

**5/2 Available for sale investments**

	<i>Contribution %</i>	<i>31/3/2020 L.E.</i>	<i>31/12/2019 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
El Nasr Transformers & Electrical Products Co. (El-Maco)	0.01	19,200	19,200
El Nasr Co. for Clay Brick Production (*)	0.8	200,000	200,000
		<u>4,833,310</u>	<u>4,833,310</u>

(\*) Available for sale investments are not traded in active market, the management point of view that there is no material variance between the cost and the fair value.

**5/3 Investments properties**

	<i>31/3/2020 L.E.</i>	<i>31/12/2019 L.E.</i>
Land held for investment purpose	-	176,318
Held land ownership on sold properties	3,427,691	3,427,692
Rented building – Net (*)	604,055	618,885
	<u>4,031,746</u>	<u>4,222,895</u>

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

(\*) Rented buildings (Net)

	<i>Residential units L.E.</i>	<i>None residential units L.E.</i>	<i>Total L.E.</i>
<b>Cost:</b>			
At 1 January 2020 and 31 March 2020	545,997	2,645,758	3,191,755
<b>Accumulated depreciation:</b>			
At 1 January 2020	467,202	2,105,668	2,572,870
Provided during the period (Note 23-b)	2,321	12,509	14,830
At 31 March 2020	<u>469,523</u>	<u>2,118,177</u>	<u>2,587,700</u>
<b>Net book value:</b>			
At 31 March 2020	<u>76,474</u>	<u>527,581</u>	<u>604,055</u>
At 31 December 2019	<u>78,795</u>	<u>540,090</u>	<u>618,885</u>



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

**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2020

**5. INVESTMENTS - *Continued***

- Fully depreciated investment properties and still used are as follows:

	<i>31/3/2020</i>	<i>31/12/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
Residential units	109,417	109,417
Non-residential units	300,737	300,737
	<u>410,154</u>	<u>410,154</u>

**5/4 Investments at fair value through profit and loss**

	<i>31/3/2020</i>	<i>31/12/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
<u>Investment certificates in:</u>		
Bank Misr Investment Fund (Day-By-Day)	319,079	313,342
QNB Investment Fund	1,275,380	1,241,140
Banque Du Caire Investment Fund	67,151	66,093
United Bank Investment Fund (*)	11,720,427	11,370,242
	<u>13,382,037</u>	<u>12,990,817</u>

- (\*) United Bank Investment Fund (Rakhaa) includes pledged investment certificates by L.E. 11,720,427 (2019: L.E10,468,303) against letters of guarantee as of consolidated financial statement date. (Note 20)

**5/5 Held to maturities investments – Treasury Bills**

	<i>31/3/2020</i>	<i>31/12/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
Treasury Bills - 83 days	-	273,675,000
Treasury Bills - 90 days	4,175,000	160,875,000
	<u>4,175,000</u>	<u>434,550,000</u>
Less:		
Not accrued interest	-	(8,969,115)
	<u>4,175,000</u>	<u>425,580,885</u>

- The treasury bills due were classified within three months from the date of acquisition of cash and cash equivalents.

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

**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2020

**6. INVENTORIES**

	<b>31/3/2020</b>	<b>31/12/2019</b>
	<b>L.E.</b>	<b>L.E.</b>
Materials	55,974,654	53,369,745
Fuel and oil	545,690	451,319
Spare parts and supplies	5,975,280	4,230,641
	<u>62,495,624</u>	<u>58,051,705</u>
Less: Decrease in inventory	(400,000)	(400,000)
	<u>62,095,624</u>	<u>57,651,705</u>

**7. LANDS, UNFINISHED AND FINISHED PROPERTIES**

	<b>31/3/2020</b>	<b>31/12/2019</b>
	<b>L.E.</b>	<b>L.E.</b>
<b><u>Lands and unfinished properties:</u></b>		
El Waha and premira	8,690,914	17,005,598
6th October	-	215,874,959
Tag City	1,953,660,954	1,771,931,300
Shared land with Armed Forces	808,500	-
Exchanged land with Armed Forces	26,168,362	-
Nasr City	8,762,792	8,762,791
Sarai City	1,372,890,740	861,327,926
West Assuit	57,630	33,375
	<u>3,371,039,892</u>	<u>2,874,935,949</u>
<b><u>Finished properties:</u></b>		
El Waha and premira	11,527,802	6,852,894
Nasr City	11,587,224	11,587,224
6th October	278,695,849	60,518,312
	<u>301,810,875</u>	<u>78,958,430</u>
Decrease in undelivered units	(664,887)	-
	<u>301,145,988</u>	<u>78,958,430</u>
Total lands, unfinished and finished properties	<u>3,672,185,880</u>	<u>2,953,894,379</u>

(\*) 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 March 31, 2020 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 the consolidated financial statements date.

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

**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2020

**8. TRADE AND NOTES RECEIVABLE**

	<b>31/3/2020</b>	<b>31/12/2019</b>
	<b>L.E.</b>	<b>L.E.</b>
<b><u>Long term notes receivable</u></b>		
Tag Sultan	321,486,911	271,024,110
Tag City (Zone T)	1,522,258,887	1,735,682,781
Tag City (Zone B)	2,284,709,881	1,357,538,860
Tag City (Zone A)	266,653,691	276,157,125
Premira customers	16,624,359	17,198,126
Capital Gardens (*)	272,381,534	293,197,421
Sarai City (1)	861,148,847	853,679,109
Sarai City (2)	1,997,387,060	2,109,403,796
Sarai City (3)	698,945,525	714,719,807
Sarai City (Zone H)	37,252,393	21,924,367
Sarai City(S&R)	7,392,480	-
El Waha and Nasr city	36,743,301	38,664,001
El waha and Nasr city lands	10,362,336	15,554,840
<b>Total long term notes receivables</b>	<b>8,333,347,205</b>	<b>7,704,744,343</b>
<b>Less: Present value discount</b>		
Tag Sultan	(41,289,140)	(36,578,408)
Tag City (Zone T)	(211,593,051)	(258,468,371)
Tag City (Zone B)	(578,651,409)	(183,084,061)
Tag City (Zone A)	(42,510,302)	(52,302,100)
Premira	(3,343,204)	(3,660,146)
Capital Gardens (*)	(99,359,956)	(109,472,493)
Sarai City (1)	(106,660,693)	(116,614,856)
Sarai City (2)	(259,763,682)	(313,785,234)
Sarai City (3)	(89,709,978)	(102,501,406)
Sarai City (Zone H)	(5,892,701)	(3,895,417)
Sarai City (S&R)	(3,970,716)	-
<b>Total present value discount</b>	<b>(1,442,744,832)</b>	<b>(1,180,362,492)</b>
<b>Net long term notes receivables</b>	<b>6,890,602,373</b>	<b>6,524,381,851</b>
<b><u>Short term notes receivable</u></b>		
Tag Sultan	85,779,502	95,851,293
Tag City (Zone T)	559,336,451	607,044,133
Tag City (Zone B)	496,153,002	421,487,838
Tag City (Zone A)	57,034,563	58,121,330
Premira	2,697,407	2,915,690
Capital Gardens (*)	86,123,871	88,317,274
Sarai City (1)	315,118,695	316,548,866
Sarai City (2)	625,129,917	663,498,994
Sarai City (3)	141,821,303	146,132,002
Sarai City (Zone H)	6,987,652	5,531,776
Sarai City(S&R)	1,830,954	-
El Waha and Nasr city	7,056,233	7,373,676
El waha and Nasr city lands	30,683,256	34,194,778
	<b>2,415,752,806</b>	<b>2,447,017,650</b>

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**8. TRADE AND NOTES RECEIVABLE – Continued**

	<i>31/3/2020</i>	<i>31/12/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
<b><u>Trade receivables</u></b>		
Tag Sultan	28,157,996	25,053,863
Tag City (Zone T)	118,079,053	157,503,159
Tag City (Zone B)	65,741,549	95,718,578
Tag City (Zone A)	30,341,061	25,350,609
Premira	957,755	1,015,674
Sarai City (1)	33,343,098	64,305,302
Sarai City (2)	55,569,709	168,187,913
Sarai City (3)	34,643,792	42,199,768
Sarai City (Zone H)	413,559	-
Sarai City (S&R)	3,099,186	-
El Waha and Nasr City	56,909,703	61,214,852
El waha and Nasr city lands	38,248,676	34,704,426
Rent	1,556,920	1,451,882
Customers under settlement	12,285,309	-
Others	153,560	146,366
Construction contracts	458,630,719	465,165,908
	<u>938,131,645</u>	<u>1,142,018,300</u>
Less: Deferred profit & interest on outstanding installments (Note 15)	(114,416,771)	(119,644,775)
Less: Impairment of trade receivables	(37,866,433)	(37,866,433)
	<u>785,848,441</u>	<u>984,507,092</u>

(\*) Capital Gardens' development represents joint operation between the company and Palm Hills for Development Company S.A.E. in accordance with the signed contract on 5 July 2015, the company's share is 36% of total operation's revenues. (Note 22)

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

	<i>31/3/2020</i>	<i>31/12/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
Trade payables & contractors	894,150,196	803,249,785
Less: Impairment in trade payables – debit balances	(48,310,594)	(48,310,594)
	<u>845,839,602</u>	<u>754,939,191</u>

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

	<i>31/3/2020</i>	<i>31/12/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
Cheques under collection	312,966	312,966
Notes receivable	-	4,840,370
Prepaid expenses	314,518,238	291,871,039
Accrued revenue	1,894,159	1,841,306
Refundable deposits	41,373,161	42,568,135
Other debit balances	8,901,215	14,831,140
	<u>366,999,739</u>	<u>356,264,956</u>
Less: Impairment in debtors and other debit balances	(63,160)	(63,160)
	<u>366,936,579</u>	<u>356,201,796</u>

**11. CASH AND BANK BALANCES**

	<i>31/3/2020</i>	<i>31/12/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
Cash on hand	704,889	220,726
Bank current accounts with return	1,085,849,167	852,628,843
Time deposits (*)	97,950,767	96,720,492
	<u>1,184,504,823</u>	<u>949,570,061</u>

(\*) Time deposit included an amount of L.E. 96,600,035 (2019: L.E. 95,369,760) pledged time deposits against letters of guarantee. (Note 20)

**12. UNEARNED REVENUES**

	<i>31/3/2020</i>	<i>31/12/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
Tag Sultan	376,090,362	325,163,239
Premira	3,591,983	4,682,216
Zone T	2,197,433,054	2,286,344,937
Zone B	1,518,932,578	1,548,491,089
Zone A	174,575,597	174,575,597
Capital Gardens	131,722,620	132,796,823
Sarai City(1)	1,062,185,371	1,023,338,774
Sarai City(2)	2,152,811,124	2,196,122,974
Sarai City(3)	446,956,798	441,764,179
Sarai City(Zone H)	33,298,180	16,748,794
	<u>8,097,597,667</u>	<u>8,150,028,622</u>

**13. PROVISIONS**

	<i>Balance at</i>	<i>Provided</i>	<i>Used during</i>	<i>Balance at</i>
	<i>1/1/2020</i>	<i>during the</i>	<i>the period</i>	<i>31/3/2020</i>
	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>
Disputed taxes provision	11,978,471	-	(6,070,000)	5,908,471
Claims provision	43,140,162	6,000,000	(19,292,083)	29,848,079
Legal provision	25,283,918	-	(270,479)	25,013,439
General provision	15,000,000	-	-	15,000,000
Other provisions	14,213,417	-	-	14,213,417
	<u>109,615,968</u>	<u>6,000,000</u>	<u>(25,632,562)</u>	<u>89,983,406</u>

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**14. INFRASTRUCTURE COMPLETION LIABILITIES**

	<i>Balance at 1/1/2020 L.E.</i>	<i>Provided / (returns) L.E.</i>	<i>Work executed L.E.</i>	<i>Balance at 31/12/2020 L.E.</i>
Tag City	5,339,447	124,685,896	(15,110,948)	114,914,395
Sarai City	107,266,834	28,023,575	(29,774,317)	105,516,092
Capital Gardens	4,219,352	(101,744)	(4,117,608)	-
El Waha	769,903	-	(15,600)	754,303
	<u>117,595,536</u>	<u>152,607,727</u>	<u>(49,018,473)</u>	<u>221,184,790</u>

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

**15. DEFERRED PROFIT & INTEREST ON OUTSTANDING INSTALLMENTS**

	<i>Land L.E.</i>	<i>Properties L.E.</i>	<i>Total L.E.</i>
<b><u>31/3/2020</u></b>			
Balance at beginning of the period	37,449,834	82,194,941	119,644,775
Due during the period (Note 23-a)	(1,139,788)	(3,915,462)	(5,055,250)
Disposals during the period	-	(172,754)	(172,754)
Balance at the end of the period (Note 8)	<u>36,310,046</u>	<u>78,106,725</u>	<u>114,416,771</u>
<b><u>31/12/2019</u></b>			
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 23-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 8)	<u>37,449,834</u>	<u>82,194,941</u>	<u>119,644,775</u>

**16. CREDITORS AND OTHER CREDIT BALANCES**

	<i>31/3/2020 L.E.</i>	<i>31/12/2019 L.E.</i>
Notes payable	185,476,993	169,239,617
Notes payable - Land purchase (*)	29,441,943	39,255,924
Support to National Housing Project	880,000	880,000
Down payment for reservation of land & property sales	69,894,246	73,924,564
Customers' collection (Gas, water)	770,702	796,540
Accrued employees' bonus	8,154,789	8,154,789
Contractors under settlement	27,920,165	24,149,365
Engineering stamp and Building Union stamp	302,444	263,321
Customers' balances for cancelled reservations	13,115,179	13,115,179
Proceeds for maintenance expenses and counters	7,433,661	8,338,867
Accrued interest on loans	30,891,120	27,854,592
Customers' deposits under settlement	19,456,216	18,462,389
Governmental authorities	62,792,253	56,367,708
Accrued expenses	11,230,651	36,656,887
Early retirement benefits and others	557,164	1,522,723
Comprehensive medical care	8,772,223	6,396,646
Other	1,505,801	1,499,269
	<u>478,595,550</u>	<u>486,878,380</u>

(\*) The Company has purchased pieces of lands in Tag City project during 2018 from its own Customers 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.

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

**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2020

**17. SHARE CAPITAL**

**Authorized capital:**

The authorized capital is five billion Egyptian Pounds.

	<i>31/3/2020</i>	<i>31/12/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
<b>Issued and paid up:</b>		
1.44 billion shares (2019: 1.44 Billion shares) – The value of each share is one Egyptian pound	<u>1,440,000,000</u>	<u>1,440,000,000</u>

Following are a list of percentage of shares of issued and paid up capital for shareholders as of 31 March 2020:

	<i>No. of shares</i>	<i>Nominal Value</i>	<i>Contribution %</i>
		<i>L.E.</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 Investment Holding Co.	107,355,324	107,355,324	7,46%
Norges bank	71,575,513	71,575,513	4,97%
National Investment Bank	53,069,241	53,069,241	3,69%
Al Alian Co. for Investments Ltd.	52,248,849	52,248,849	3,63%
Banque Misr	45,627,636	45,627,636	3,17%
Other shareholders	605,072,100	605,072,100	42,02%
	<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 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>
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 Investment Holding Co.	107,355,324	107,355,324	7.46%
National Investment Bank	53,069,241	53,069,241	3.69%
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>

**Treasury stocks**

The Board of Directors No. (32) held on March 10, 2020 has issued a decree to purchase treasury stocks within the limit of (2%) of the total number of stocks according to facilities announced by Financial Regulatory Authority (FRA).

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**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

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**18. NON-CONTROLLING INTEREST**

	<i>Non- controlling interest in net assets %</i>	<i>31/3/2020 Non- controlling interest share in net assets L.E.</i>	<i>31/12/2019 Non- controlling interest share in net assets L.E.</i>
Al Nasr Company for Civil Works	47,54	107,657,206	112,042,396
Al Nasr Company for Utilities & Erection	0,79	(1,734,223)	(1,728,783)
Total non-controlling interest		<u>105,922,983</u>	<u>110,313,613</u>

**19. TERM LOANS**

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

	<i>(A) National Investment Bank L.E.</i>	<i>(B) Commercial International Bank L.E.</i>	<i>Total  L.E.</i>
<b><u>31/3/2020</u></b>			
Balance at the beginning of the period	813,504	714,939,305	715,752,809
Proceeds during the period	-	56,338,922	56,338,922
Installments paid during the period	-	(28,067,001)	(28,067,001)
Balance at the end of the period	<u>813,504</u>	<u>743,211,226</u>	<u>744,024,730</u>

**Classified in financial position as follows:**

**Current liabilities:**

Current portion of term loans	<u>384,935</u>	-	<u>384,935</u>
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**Non-current liabilities:**

Term loans	<u>428,569</u>	<u>743,211,226</u>	<u>743,639,795</u>
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**31/12/2019**

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>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>28,067,001</u>	<u>28,451,936</u>
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**Non-current liabilities:**

Term loans	<u>428,569</u>	<u>686,872,304</u>	<u>687,300,873</u>
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Madinet Nasr for Housing and Development - S.A.E.

**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2020

**20. CASH AND CASH EQUIVALENTS**

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

	<b>31/3/2020</b>	<b>31/12/2019</b>
	<b>L.E.</b>	<b>L.E.</b>
Cash and bank balances (Note 11)	1,184,504,823	949,570,061
Investment at fair value through profit and loss (Note 5/4)	13,382,037	12,990,817
Held to maturity investment - short term (Note 5/5)	4,175,000	425,580,885
<b>Less:</b>		
Credit banks (credit facilities) (Note 20/2)	<u>(263,220,517)</u>	<u>(216,717,683)</u>
Cash and cash equivalents at the end of the period/year	938,841,343	1,171,424,080
<b>Less:</b>		
Pledged time deposits against letters of guarantee (Note 11)	(96,600,035)	(95,369,760)
Pledged investment certificates against letters of guarantee (Note 5/4)	<u>(11,720,427)</u>	<u>(10,468,303)</u>
Cash and cash equivalents at the end of the period/ year	<u>830,520,881</u>	<u>1,065,586,017</u>

**20/1 SHORT TERM LOAN**

	<b>31/3/2020</b>	<b>31/12/2019</b>
	<b>L.E.</b>	<b>L.E.</b>
Balance at the beginning of the period / year	464,595,367	111,666,664
Proceeds during the period / year	84,383,429	697,928,949
Installments and interests paid during the Period / year	<u>(55,383,970)</u>	<u>(345,000,246)</u>
Balance at the end of the period / year	<u>493,594,826</u>	<u>464,595,367</u>

**20/2 CREDIT BANKS (CREDIT FACILITIES)**

The balance of credit banks are summarized as follows:

	<b>31/3/2020</b>	<b>31/12/2019</b>
	<b>L.E.</b>	<b>L.E.</b>
Madinet Nasr for Housing Development (Parent company)	204,646,314	159,769,002
Al Nasr Company for Civil Works (Subsidiary)	58,494,776	56,869,254
Al Nasr Company for Utilities and Erections (Subsidiary)	79,427	79,427
	<u>263,220,517</u>	<u>216,717,683</u>

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**21. BANK CURRENT ACCOUNTS AND DEPOSITS OF COMPOUNDS FACILITY MANAGEMENT**

	<i>31/3/2020</i>	<i>31/12/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
Bank current saving accounts	124,387,640	77,340,717
Time deposits	343,723,762	331,437,394
Cheques under collection	96,250,503	64,544,501
Accrued revenues	1,666,466	2,170,772
Bank deposits of compounds facility management	<u>566,028,371</u>	<u>475,493,384</u>
Amounts under settlement	<u>11,406,510</u>	<u>1,222,765</u>
Liabilities of compounds facility management	<u><u>577,434,881</u></u>	<u><u>476,716,149</u></u>

The checks received from the customers for the compounds facility management amounted to L.E. 1,525,811,073 (2019: L.E. 1,378,246,099), including collections of L.E.566,028,371 (2019: L.E.475,493,384) invested in deposits and interest-bearing bank accounts. The remaining balance amounting to L.E. 959,782,702 is notes receivable at 31 march 2020 (2019: L.E. 902,752,715) and will be collected on maturity dates during the subsequent periods. The deposit's term ranges from 1 to 6 months.

**22. TRANSACTIONS WITH RELATED PARTIES**

	<i>Nature of relationship</i>	<i>Nature of Account</i>	<i>Balance at 31/3/2020</i>	<i>Balance at 31/12/2019</i>
			<i>L.E.</i>	<i>L.E.</i>
Capital Gardens project	Joint operation	Long term notes payable	272,381,534	293,197,421
		Discount of present value	<u>(99,359,956)</u>	<u>(109,472,493)</u>
		Net	173,021,578	183,724,928
		Short term notes payable	<u>86,123,871</u>	<u>88,317,274</u>
			<u><u>259,145,449</u></u>	<u><u>272,042,202</u></u>

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**23. REVENUES AND COST OF REVENUES**

**23-a Net Revenues**

	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>L.E.</b>	<b>L.E.</b>
<b><u>Property sales revenue</u></b>		
Tag Sultan	35,651,113	51,108,851
Premira	1,090,233	11,321,669
Tag city (Zone T)	13,240,604	69,177,948
Tag city (Zone B)	33,064,507	91,448,351
Tag city (Zone A)	-	41,505,341
Capital Gardens	4,098,242	2,827,965
Sarai (1)	52,634,453	13,230,223
Sarai (2)	95,718,062	109,476,836
Sarai (3)	50,618,748	17,551,598
Sarai (Zone H) City	6,948,240	-
El Waha	4,902,059	-
Property sales revenue	<u>297,966,261</u>	<u>407,648,782</u>
	717,955,751	-
	10,070,440	-
Land sales revenue - El Waha and Nasr City Project	-	28,316,360
Administrative Land sales revenue- Tag City Zone (A)	-	<u>115,205,441</u>
Total property and land sales revenues	<u>1,025,992,452</u>	<u>551,170,583</u>
Total revenues - Al Nasr Company for Civil Works	56,646,263	47,080,002
Total revenues - Al Nasr Company for Utilities & Erections	<u>61,700,649</u>	<u>16,766,120</u>
<b>Less: Property sales returns</b>		
Tag Sultan	(3,366,138)	(4,303,256)
Tag City (Zone T)	(60,866,325)	(16,613,019)
Tag City (Zone B)	(57,219,206)	(16,530,339)
Capital Garden	(6,891,169)	(2,725,191)
Sarai (1) City	(41,594,120)	(6,821,309)
Sarai (2) City	(128,132,621)	(50,061,898)
Sarai (3) City	(42,044,019)	-
El Waha Project	-	(5,999,395)
Total property sales returns	<u>(340,113,598)</u>	<u>(103,054,407)</u>
Net sales	<u>804,225,766</u>	<u>511,962,298</u>
Amortization of the present value of notes receivable	105,254,609	109,696,714
Profit and interest from deferred sales installment during the period	5,055,250	12,253,928
Land and property rent	<u>347,280</u>	<u>303,241</u>
<b>Net sales revenue</b>	<u>914,882,905</u>	<u>634,216,181</u>

(\*) plot of land of about 115,000 square meters was sold on March 3, 2020 to build a full-service residential project with a total selling value of 1,145 billion pounds in installments for a period of 7 years, and the revenue was recorded with present value of 718 million pounds

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**23. SALES AND COST OF SALES - Continued**

**23-b Cost of Revenues**

	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>L.E.</b>	<b>L.E.</b>
<b><u>Cost of sold property</u></b>		
Tag Sultan	17,888,157	35,607,402
Premira	5,721,741	13,562,262
Zone T	1,665,700	8,666,200
Zone B	7,047,739	16,893,045
Zone A	-	4,675,274
Capital Garden	103,910	75,976
Sarai (1) City	10,254,606	3,621,836
Sarai (2) City	15,449,980	17,111,700
Sarai (3) City	3,660,384	1,049,595
	440,763	-
Cost of buildings sold	<u>62,232,980</u>	<u>101,263,290</u>
land sold – Tag City project	202,472,400	-
land sold – Sarai (S&R) project	4,916,043	-
land sold - El Waha and Nasr City Project	-	1,519,005
Administrative Land sold - Tag City (Zone A)	-	17,690,400
Total cost of buildings and land sold	<u>269,621,423</u>	<u>120,472,695</u>
Cost of revenue for El Nasr Company for Civil Works	47,056,328	37,868,940
Cost of revenue for El Nasr Company for Utilities and Erections	59,887,803	20,134,041
<b>Less: Cost of sold property returns:</b>		
Tag Sultan	(669,303)	(1,090,142)
Tag City (Zone T)	(5,084,554)	(1,544,964)
Tag City (Zone B)	(6,065,087)	(1,729,467)
Capital Garden	(230,849)	(87,864)
Sarai (1)	(7,082,271)	(1,451,468)
Sarai (2)	(23,029,547)	(10,350,406)
Sarai (3)	(2,733,137)	(368,301)
Total cost of property sales returns	<u>(44,894,748)</u>	<u>(16,622,612)</u>
<b>Net cost of sales</b>	<u>331,670,806</u>	<u>161,853,064</u>
Depreciation of property investments	14,830	14,709
Maintenance of investment in properties	63,903	-
Impairment of inventory (undelivered units)	664,887	-
<b>Cost of activity revenues</b>	<u>332,414,426</u>	<u>161,867,773</u>

**24. CONSTRUCTIONS COMMITMENTS**

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

Contracts for executing utilities and civil constructions amounted to L.E. 3,339 million at 31 March 2020, while the executed amount till that date amounted to L.E. 2,877 million.

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

Contracts for executing utilities and civil constructions amounted to L.E. 407 million at 31 March 2020, while the executed amount till that date amounted to L.E. 65 million.

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**25. SELLING AND MARKETING EXPENSES**

	<i>31/3/2020</i>	<i>31/3/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
Salaries and wages	2,825,187	2,804,290
Selling and marketing commissions	31,032,145	23,610,067
Advertisements (including stamp tax)	22,334,700	13,566,969
Rent	5,741,676	3,312,681
Professional fees	3,314,740	1,773,750
Depreciation (Note 4/1)	2,942,158	716,545
Sundry expenses	1,579,382	1,717,876
	<u>69,769,988</u>	<u>47,502,178</u>

**26. GENERAL AND ADMINISTRATIVE EXPENSES**

	<i>31/3/2020</i>	<i>31/3/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
Salaries, wages and equivalent	11,938,012	11,422,830
Board of Directors wages and allowances	5,363,149	2,184,496
Depreciation (Note 4/1)	2,508,239	2,406,837
Other expenses	18,636,320	14,894,976
	<u>38,445,720</u>	<u>30,909,139</u>

**27. FINANCE INCOME**

	<i>31/3/2020</i>	<i>31/3/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
Revenue from investments at fair value through profit and loss	390,627	455,064
Credit interest	21,948,694	14,172,537
Return on treasury bills	8,124,272	6,604,796
	<u>30,463,593</u>	<u>21,232,397</u>

**28. OTHER OPERATING INCOME**

	<i>31/3/2020</i>	<i>31/3/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
Administrative expenses from customers (for redemption, assignment, etc.)	115,748	14,042,540
Delaying penalties	5,435,771	13,641,885
Delay on contractors	249,927	96,500
Sundry revenue	203,790	6,097,624
	<u>6,005,236</u>	<u>33,878,549</u>

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**29. OTHER EXPENSES**

	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>L.E.</b>	<b>L.E.</b>
Compensations and fines	35,560	150,811
Comprehensive medical care	2,375,577	1,543,107
Donations for others	-	24,565
Foreign exchange loss	179,644	319,522
Sundry expenses	625,819	765,596
	<u>3,216,600</u>	<u>2,803,601</u>

**30. CONSOLIDATED STATEMENT OF INCOME**

	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>L.E.</b>	<b>L.E.</b>
Net profit from Madinet Nasr for Housing & Development S.A.E.	371,619,649	332,129,687
Group portion in net profits of subsidiaries companies	1,438,211	(1,507,771)
Exclude the effect of Income from investment in subsidiary	(2,880,009)	(1,920,006)
Exclude the effect of impairment in value of suppliers – credit balances	8,000,000	-
	<u>378,177,851</u>	<u>328,701,910</u>

**31. CONTINGENT LIABILITIES**

**Letters of guarantee**

The letters of guarantees issued amounted to L.E. 59,937,069 by National Bank of Egypt, United Bank and Egyptian Gulf Bank as of 31 March 2020 to finance business activity and a guarantee of Al Nasr Company for Utilities and Erections – subsidiary in favor of third parties (2019: L.E. 59,222,720), the letters are secured by the company's time deposits amounted to L.E. 4,249,268 (2019: L.E. 4,249,268) – (Note 11), and margin of letters of guarantee by L.E. 8,892,374 (2019: L.E. 8,892,374) and investment certificates (Rakhaa) in united bank by L.E. 11,720,427 (2019 : L.E 10,468,303) (Note 4/5).

**32. DEFERRED TAX**

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

	<b>31/3/2020</b>		<b>31/12/2019</b>	
	<b>Assets</b>	<b>(Liabilities)</b>	<b>Assets</b>	<b>(Liabilities)</b>
	<b>L.E.</b>	<b>L.E.</b>	<b>L.E.</b>	<b>L.E.</b>
Fixed assets	-	(2,946,843)	-	(3,353,156)
Provisions	30,056,027	-	4,944,935	-
Total deferred tax (liabilities)/ assets	<u>30,056,027</u>	<u>(2,946,843)</u>	<u>4,944,935</u>	<u>(3,353,156)</u>
Net deferred tax assets	<u>27,109,184</u>	<u>-</u>	<u>1,591,779</u>	<u>-</u>
Deferred tax charged to the statement of income	<u>25,517,405</u>	<u>-</u>	<u>-</u>	<u>(286,786)</u>

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**32. DEFERRED TAX - Continued**

	<i>31/3/2020</i>	<i>31/12/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
Unrecorded deferred tax assets (provisions)	<u>44,350,290</u>	<u>43,000,290</u>

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

	<i>31/3/2020</i>		<i>31/12/2019</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>
Fixed assets	-	(131,369)	-	(131,369)
Provisions	4,623,801	-	4,623,801	-
Total deferred tax (liabilities)/ assets	<u>4,623,801</u>	<u>(131,369)</u>	<u>4,623,801</u>	<u>(131,369)</u>
Net deferred tax assets	<u>4,492,432</u>	<u>-</u>	<u>4,492,432</u>	<u>-</u>
Deferred tax charged to the statement of income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,757,983)</u>

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

	<i>31/3/2020</i>		<i>31/12/2019</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>
Fixed assets	-	-	-	-
Unused taxable losses	-	-	-	-
Total deferred tax (liabilities)/ assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net deferred tax assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax charged to the statement of income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**The effect on consolidated financial statements**

Total deferred tax asset (financial position)	<u>31,601,616</u>	<u>-</u>	<u>6,084,211</u>	<u>-</u>
Total charged to the statement of income	<u>25,517,405</u>	<u>-</u>	<u>-</u>	<u>(2,044,769)</u>

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**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

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**33. TAX STATUS**

**Madinet Nasr for Housing and Development S.A.E. (Parent company)**

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

**Al Nasr Company for Civil Works – S.A.E. (Subsidiary company)**

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

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

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

**34. EARNINGS PER SHARE**

	<i>31/3/2020</i>	<i>31/12/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
Net profit for the year after tax	378,177,851	328,701,910
Less:		
Board of Directors and employees share in profit	<u>(31,900,000)</u>	<u>(29,000,000)</u>
Shareholders share in net profit	<u>346,277,851</u>	<u>299,701,910</u>
Weighted average numbers of shares outstanding during the year	<u>1,439,830,522</u>	<u>1,440,000,000</u>
Earnings per share	<u>0.24</u>	<u>0.21</u>

**35. FINANCIAL INSTRUMENTS AND RELATED RISKS**

On-balance sheet financial instruments comprise cash and bank balances, financial investments, debtors, creditors, and amounts due from/to related parties. 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 charges customers for delay penalties calculated on settlement.



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**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

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**35. FINANCIAL INSTRUMENTS AND RELATED RISKS - Continued**

• **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.

The following are due dates of the financial 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>
<b><u>31/3/2020</u></b>				
Term loans	384,935	245,688,272	497,951,523	744,024,730
Creditors and other credit balances	478,595,550	-	-	478,595,550
Short term loans	493,594,826	-	-	493,594,826
Trade payables and tax	1,200,059,579	-	-	1,200,059,579
Long term notes payable	-	5,390,212	5,390,212	10,780,423
	<u>2,172,634,890</u>	<u>251,078,484</u>	<u>503,341,735</u>	<u>2,927,055,108</u>
<b><u>31/12/2019</u></b>				
Term loans	28,451,936	164,849,352	522,451,521	715,752,809
Creditors and other credit balances	486,878,380	-	-	486,878,380
Short term loans	464,595,367	-	-	464,595,367
Trade payables and tax	848,312,978	-	-	848,312,978
Long term notes payable	-	5,390,212	6,737,764	12,127,976
	<u>1,828,238,661</u>	<u>170,239,564</u>	<u>529,189,285</u>	<u>2,527,667,510</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 interest rates takes place in order to reduce this risk to the minimum as possible.

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

	<i>31/3/2020 L.E.</i>	<i>31/3/2019 L.E.</i>
<b><u>Financial assets instruments with fixed interest rate</u></b>		
Financial assets (trade and notes receivable)	<u>11,751,206,986</u>	<u>11,368,623,822</u>
<b><u>Financial liabilities instruments with floating interest rate</u></b>		
Financial liabilities (Long and short term loans and credit banks)	<u>1,500,840,073</u>	<u>1,397,065,859</u>

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**NOTES TO THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

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**35. FINANCIAL INSTRUMENTS AND RELATED RISKS - *Continued***

- ***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 significant balances in currencies other than Egyptian pound.

**36. CONTRACTUAL COMMITMENTS**

The value of contracts with contractors for the implementation of lands, unfinished and finished properties amounted to L.E. 5,197 million, the executed works till 31 December 2019 amounted to L.E. 2,424 million. Contractors' dues have been paid in accordance with the contracts.

**37. FAIR VALUE**

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

**38. SUBSEQUENT EVENTS**

The presence of Corona virus (Covid-19) was confirmed at the beginning of year 2020 and has spread globally, including its emergence and spread in the Arab Republic of Egypt starting from Mid of March 2020, which has had a significant impact on the economic sectors in general. This is a significant event which may require modification and/or disclosure in interim financial statements.

Thus, Management is, ongoing, monitoring the situation within the framework of its activities as required by the laws and regulations. In case of significant changes in the current conditions; the necessary adjustments and disclosures will be provided on the financial statements that will be issued during the fiscal year 2020.