

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

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

AT 31 MARCH 2020

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

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

We have reviewed the interim separate 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 interim separate 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 2 June 2020, we expressed an unqualified review conclusion on the interim separate financial statements for the period then ended, from which the attached summary interim separate financial statements are derived.

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

In order to obtain a comprehensive understanding of the company's separate financial position as of 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 separate 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.

SEPARATE 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>
NON-CURRENT ASSETS			
Fixed assets (Net)	4/1	64,550,093	62,501,158
Fixed assets under construction	4/2	1,365,389	17,186,934
Investment in subsidiaries	5/1	64,900,606	64,900,606
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	4,031,746	4,222,895
Long term notes receivables (Net)	7	6,890,602,373	6,524,381,851
Deferred tax assets	19	27,109,184	1,591,779
Total non-current assets		<u>7,057,195,463</u>	<u>6,679,421,295</u>
CURRENT ASSETS			
Lands and unfinished properties – WIP	6	3,371,039,892	2,874,935,949
Finished properties	6	301,145,988	78,958,430
Inventory – materials		2,095,702	2,018,447
Short term notes receivable	7	2,415,752,806	2,447,017,650
Trade receivables (Net)	7	350,422,773	542,546,235
Trade payables - debit balances		683,339,868	603,482,736
Debtors and other debit balances	8	366,799,705	347,633,217
Investments at fair value through profit or loss	5/5	13,382,037	12,990,817
Held to maturity investments – Treasury bills	5/6	-	420,580,885
Amount due from related parties	29	70,529,627	68,789,357
Bank current accounts and deposits of compounds facility management	18	566,028,371	475,493,384
Cash and bank balances	9	1,042,125,695	829,026,191
Total current assets		<u>9,182,662,464</u>	<u>8,703,473,298</u>
Total assets		<u>16,239,857,927</u>	<u>15,382,894,593</u>
EQUITY AND LIABILITIES			
Equity			
Issued and paid up capital	15	1,440,000,000	1,440,000,000
Legal reserve		270,705,792	223,961,329
Retained earnings		1,700,865,973	1,566,086,623
Net profit for the period		371,619,649	934,889,256
Treasury stocks	15	(7,164,870)	-
Total shareholders' equity		<u>3,776,026,544</u>	<u>4,164,937,208</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 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>
Non-current Liabilities			
Unearned revenue	10	8,097,597,667	8,150,028,622
Term loans	16	743,639,795	687,300,873
Total non-current liabilities		<u>8,841,237,462</u>	<u>8,837,329,495</u>
Current Liabilities			
Provisions	11	58,590,215	77,952,298
Infrastructure completion liabilities	12	221,184,790	117,595,536
Creditors and other credit balances	14	435,002,447	445,605,658
Current portion of long term loans	16	384,935	28,451,936
Short term loans	17/1	493,594,826	464,595,367
Credit Banks (credit facilities)	17/2	204,646,314	159,769,002
Liabilities of compounds facility management	18	577,434,881	476,716,149
Trade payables		482,955,723	286,372,041
Amounts due to related parties	29	11,150,000	13,704,169
Tax Authority		422,619,266	290,942,394
Dividends payable		715,030,524	18,923,340
Total current liabilities		<u>3,622,593,921</u>	<u>2,380,627,890</u>
Total liabilities		<u>12,463,831,383</u>	<u>11,217,957,385</u>
Total Equity and Liabilities		<u>16,239,857,927</u>	<u>15,382,894,593</u>

Limited review report "attached".

**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 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	21-a	796,535,993	570,370,059
Less:			
Cost of revenue	21-b	<u>(225,470,295)</u>	<u>(103,864,792)</u>
Gross Profit		571,065,698	466,505,267
Selling and marketing expenses	22	(69,769,988)	(47,502,178)
General and administrative expenses	23	(32,665,652)	(26,151,236)
Provisions	11	(6,000,000)	-
Finance expenses		(8,137,422)	(11,381,309)
Add:			
Finance income	24	28,173,124	18,962,708
Other operating income	25	5,953,785	27,783,955
Impairment in amounts due from related parties	29	<u>(8,000,000)</u>	<u>-</u>
Profit from operations		480,619,545	428,217,207
Income from investment in subsidiaries		2,880,009	1,920,006
Return on held to maturity and available for sale investments		41,716	126,000
Other expenses	26	<u>(2,229,931)</u>	<u>(1,914,098)</u>
Net profit for the period before tax		481,311,339	428,349,115
Income tax	20	(135,209,095)	(98,931,506)
Deferred tax	19	<u>25,517,405</u>	<u>2,712,078</u>
Net profit for the period		<u><u>371,619,649</u></u>	<u><u>332,129,687</u></u>
Earnings per share for the period	27	<u><u>0.24</u></u>	<u><u>0.21</u></u>

**CFO & Head of Investors
Relationships**

Mr. Mohamed Abdelsalam

Managing Director

Eng. Ahmed Ali ElHetmy

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 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	371,619,649	332,129,687
Other comprehensive income	-	-
Total comprehensive income for the period	<u>371,619,649</u>	<u>332,129,687</u>

**CFO & Head of Investors
Relationships**

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Managing Director

Eng. Ahmed Ali ElHetmy

Chairman

Eng. Mohamed Hazem Barakat

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

SEPARATE STATEMENT OF CHANGES IN 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>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	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)
Transferred to legal reserve	-	53,482,681	(53,482,681)	-	-	-
Comprehensive income for the period	-	-	-	332,129,687	-	332,129,687
Balance at 31 March 2019	<u>1,200,000,000</u>	<u>223,961,329</u>	<u>1,806,086,623</u>	<u>332,129,687</u>	<u>-</u>	<u>3,562,177,639</u>
Balance at 1 January 2020	1,440,000,000	223,961,329	1,566,086,623	934,889,256	-	4,164,937,208
Transferred to retained earnings	-	-	934,889,256	(934,889,256)	-	-
Dividends for 2019	-	-	(753,365,443)	-	-	(753,365,443)
Transferred to legal reserve	-	46,744,463	(46,744,463)	-	-	-
Treasury stocks	-	-	-	-	(7,164,870)	(7,164,870)
Comprehensive income for the period	-	-	-	371,619,649	-	371,619,649
Balance at 31 March 2020	<u>1,440,000,000</u>	<u>270,705,792</u>	<u>1,700,865,973</u>	<u>371,619,649</u>	<u>(7,164,870)</u>	<u>3,776,026,544</u>

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

Managing Director
Eng. Ahmed Ali ElHetmy

Chairman
Eng. Mohamed Hazem Barakat

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

SEPARATE 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>
OPERATING ACTIVITIES			
Net profit for the period before tax		481,311,339	428,349,115
Adjustments for:			
Depreciation of fixed assets and investment in properties	4/1, 5/4	5,397,181	3,060,056
Decrease in undelivered units		664,887	-
Impairment of amounts due from related parties	29	8,000,000	-
Disposals of fixed assets and investment properties		15,997,864	-
Provisions		6,000,000	-
Return on held to maturity and available for sale investments		(41,716)	(126,000)
Deferred profits and interests on outstanding installments during the period.	13	(5,055,250)	(12,253,928)
Return on treasury bills	24	(7,937,148)	(6,604,796)
Loss on foreign currencies exchange	25	145,970	273,131
Operating profit before working capital changes		<u>504,483,127</u>	<u>412,697,578</u>
Land, completed & uncompleted units and inventory- Material		(719,033,643)	(2,518,847)
Trade receivables, trade payables – debit balances, current accounts and deposits of compounds, notes receivables and amounts due from related parties		(236,357,111)	(507,289,879)
Trade payables – unearned revenue, creditors and amounts due to related parties		234,584,601	423,171,989
Provisions used		(25,362,083)	-
Dividends paid to directors and employees		(57,258,259)	(59,304,523)
Held to maturity investments – Treasury bills		-	1,871,861
Income tax paid		(3,532,223)	(3,192,381)
Net cash (Used in)/ from operating activities		<u>(302,475,591)</u>	<u>265,435,798</u>
INVESTING ACTIVITIES:			
Payments for purchase of fixed assets and fixed assets under construction		(7,431,286)	(2,278,919)
Proceeds from investments held to maturity and investments available for sale		41,716	126,000
Net cash used in investing activities		<u>(7,389,570)</u>	<u>(2,152,919)</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 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>
FINANCING ACTIVITIES:			
Purchasing treasury stocks		(7,164,870)	-
		(28,067,001)	(34,319,160)
Payments of long term loans during the period	16	56,338,922)
		(83,750,000))
Proceeds from long term loans during the period	16	(55,383,970)	-
Payment of short term loans during the period	17/1	84,383,429	53,500,000
Proceeds from short term loans during the period	17/1	<u>50,106,510</u>	<u>(64,569,160)</u>
Net cash from /(used in) financing activities)
Change in cash and cash equivalents		(259,758,651)	198,713,719
Cash and cash equivalents at the beginning of the period	17	1,102,828,891	408,816,390
Return on treasury bills		7,937,148	-
Loss on foreign exchange	25	<u>(145,970)</u>	<u>(273,131)</u>
Total cash and cash equivalents at the end of the period		850,861,418	607,256,978
Less:			
Pledged time deposits against letters of guarantee	17	(4,249,268)	(4,592,268)
Pledged investment certificates against letters of guarantee	17	<u>(11,720,427)</u>	<u>(9,517,226)</u>
Cash and cash equivalents at the end of the period	17	<u><u>834,891,723</u></u>	<u><u>593,147,484</u></u>

**CFO & Head of Investors
Relationships**

Mr. Mohamed Abdelsalam

Managing Director

Eng. Ahmed Ali ElHetmy

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 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 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 22/12/2046.

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 period ended 31 March 2020 on 21 May 2020.

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 March 2020

2. USE OF ESTIMATES AND JUDGMENTS

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

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

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

- 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

3.1 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 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 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 (Years)</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 March 2020

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 March 2020

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

p) Treasury stocks

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 Period 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 Period 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 Period.

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 March 2020

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 Period 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.

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 March 2020

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.

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 SEPARATE FINANCIAL STATEMENTS

31 March 2020

DRAFT
Error! Reference**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 2020	1,351,229	16,505,501	6,311,179	3,835,829	517,824	13,668,205	32,492,527	30,311,057	104,993,351
Additions during the period	-	-	-	-	-	36,439	1,736,508	5,658,339	7,431,286
Disposals during the period	-	-	-	-	-	(245,478)	-	-	(245,478)
At 31 March 2020	<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>13,459,166</u>	<u>34,229,035</u>	<u>35,969,396</u>	<u>112,179,159</u>
Accumulated depreciation:									
At 1 January 2020	-	4,503,726	3,815,380	2,867,307	516,511	8,420,445	18,082,641	4,286,183	42,492,193
Provided during the period	-	1,139,598	218,277	52,726	503	495,195	1,846,049	1,630,003	5,382,351
Disposals during the period	-	-	-	-	-	(245,478)	-	-	(245,478)
At 31 M2020	<u>-</u>	<u>5,643,324</u>	<u>4,033,657</u>	<u>2,920,033</u>	<u>517,014</u>	<u>8,670,162</u>	<u>19,928,690</u>	<u>5,916,186</u>	<u>47,629,066</u>
Net book value:									
At 31 December 2020	<u>1,351,229</u>	<u>10,862,177</u>	<u>2,277,522</u>	<u>915,796</u>	<u>810</u>	<u>4,789,004</u>	<u>14,300,345</u>	<u>30,053,210</u>	<u>64,550,093</u>
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>

(*) Land and buildings include 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 March 2020

4/1 FIXED ASSETS – Continued

a) The fully depreciated assets and still working are as follows:

	31/3/2020	31/12/2019
	L.E.	L.E.
Buildings and constructions	114,889	114,889
Machinery and equipment	2,084,576	1,405,053
Motor vehicles	2,775,527	2,775,526
Tools	513,777	513,777
Furniture and office equipment	2,731,534	2,831,758
Computers and software	7,566,597	4,024,367
	15,786,900	11,665,370

b) Depreciation for the period is allocated as follows:

	31/3/2020	31/3/2019
	L.E.	L.E.
Selling and marketing expenses (Note 22)	2,942,158	716,545
General and administrative expenses (Note 23)	2,440,193	2,328,802
	5,382,351	3,045,347

4/2 FIXED ASSETS UNDER CONSTRUCTION

	31/3/2020	31/12/2019
	L.E.	L.E.
Balance at the beginning of the year	17,186,934	17,482,227
Additions during the year	-	716,770
Disposals (*)	(15,821,545)	-
Transferred to fixed assets (Note 4/1)	-	(1,012,063)
Balance at the end of the year	1,365,389	17,186,934

(*) Disposals represents 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 of the Ministry of Defense during January 2020.

5. INVESTMENTS

5/1 Investments in subsidiaries

	Contribution	31/3/2020	31/12/2019
	%	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		(155,815,000)	(155,815,000)
Al Nasr Co. for Civil Works – S.A.E.	52.46	64,900,606	64,900,606
		64,900,606	64,900,606

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 March 2020

5. INVESTMENTS - Continued

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

	<i>31/3/2020</i> <i>L.E.</i>	<i>31/3/2019</i> <i>L.E.</i>
Impairment balance at the beginning period/year	155,815,000	145,287,093
Provided during the period /year (Al Nasr For Civil Works)	-	10,527,907
Impairment balance at the end of period/ year	155,815,000	155,815,000

5/2 Held to maturity investments

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

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

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 March 2020

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 31 March 2020	545,997	2,645,758	3,191,755
Accumulated depreciation:			
At 1 January 2020	467,202	2,105,668	2,572,870
Provided during the period	2,321	12,509	14,830
At 31 March 2020	469,523	2,118,177	2,587,700
Net book value:			
At 31 March 2020	76,474	527,581	604,055
At 31 December 2019	78,795	540,090	618,885

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

	<i>31/3/2020 L.E.</i>	<i>31/12/2019 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>31/3/2020 L.E.</i>	<i>31/12/2019 L.E.</i>
<u>Investment certificates in:</u>		
Bank Misr Investment Fund	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 (Rakhaa) (*)	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.E. 10,468,303) against letters of guarantee as of separate financial statements date. (Note 17)

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 March 2020

5. INVESTMENTS – *Continued*

5/6 Held to maturities investments – Treasury Bills

	31/3/2020	31/12/2019
	L.E.	L.E.
Treasury Bills – 83 days	-	273,675,000
Treasury Bills – 90 days	-	155,875,000
	-	429,550,000
Less:		
Not accrued interest	-	(8,969,115)
	-	420,580,885

6. LANDS, UNFINISHED AND FINISHED PROPERTIES

	31/3/2020	31/12/2019
	L.E.	L.E.
<u>Lands and unfinished properties:</u>		
El Waha	8,690,914	17,005,598
6 th October (Nasr Gardens)	-	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
	3,371,039,892	2,874,935,949
<u>Finished properties:</u>		
El Waha and premira	11,527,802	6,852,894
Nasr City	11,587,224	11,587,224
6 th October (Nasr Gardens)	278,695,849	60,518,312
	301,810,875	78,958,430
Decrease on undelivered units	(664,887)	-
	301,145,988	78,958,430
Total lands, unfinished and finished properties	3,672,185,880	2,953,894,379

(*) 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 of the separate financial statements date.

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 March 2020

7. TRADE AND NOTES RECEIVABLES

	31/3/2020	31/12/2019
	L.E.	L.E.
<u>Long term notes receivable</u>		
Tag Sultan customers	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	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
Total long term notes receivables	8,333,347,205	7,704,744,343
Less: Present value discount		
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)
	(3,970,716)	-
Total present value discount	(1,442,744,832)	(1,180,362,492)
Net long term notes receivables	6,890,602,373	6,524,381,851
<u>Short term notes receivable</u>		
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
	2,415,752,806	2,447,017,650

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 March 2020

7. TRADE AND NOTES RECEIVABLES - *Continued*

	31/3/2020	31/12/2019
	<i>L.E.</i>	<i>L.E.</i>
<u>Trade debtors</u>		
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
Leaseholders	1,556,920	1,451,882
Customers under settlement	12,285,309	-
Others	153,560	146,366
	<u>479,500,926</u>	<u>676,852,392</u>
Less:		
Deferred profits and interests on outstanding installments (Note 13)	(114,416,771)	(119,644,775)
Impairment of customers balances	(14,661,382)	(14,661,382)
	<u>350,422,773</u>	<u>542,546,235</u>

(*) 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)

8. DEBTORS AND OTHER DEBIT BALANCES

	31/3/2020	31/12/2019
	<i>L.E.</i>	<i>L.E.</i>
Cheques under collection	312,966	312,966
Refundable deposits	40,593,318	41,788,292
Prepaid expenses	314,518,238	291,871,039
Cash margin on letters of guarantee (Note 28)	8,892,374	8,892,374
Other debit balances	2,482,809	4,768,546
	<u>366,799,705</u>	<u>347,633,217</u>

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

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 March 2020

9. 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	637,914	192,904
Bank current accounts with return	1,035,887,781	823,233,287
Time deposits (3 months) (*)	<u>5,600,000</u>	<u>5,600,000</u>
	<u>1,042,125,695</u>	<u>829,026,191</u>

(*) Time deposits includes L.E. 4,249,268 (2019: L.E. 4,249,268) pledged time deposits against letters of guarantee. (Notes 17, 28)

10. UNEARNED REVENUE

	<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
Tag City (Zone T)	2,197,433,054	2,286,344,937
Tag City (Zone B)	1,518,932,578	1,548,491,089
Tag City (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)	<u>33,298,180</u>	<u>16,748,794</u>
	<u>8,097,597,667</u>	<u>8,150,028,622</u>

11. PROVISIONS

	<i>Balance at</i>	<i>Provided</i>	<i>Used during the</i>	<i>Balance at</i>
	<i>1/1/2020</i>	<i>during the</i>	<i>period</i>	<i>31/3/2020</i>
	<i>L.E.</i>	<i>period</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	43,018,602	6,000,000	(19,292,083)	29,726,519
Legal provision	21,017,529	-	-	21,017,529
Other provisions	<u>1,937,696</u>	<u>-</u>	<u>-</u>	<u>1,937,696</u>
	<u>77,952,298</u>	<u>6,000,000</u>	<u>(25,362,083)</u>	<u>58,590,215</u>

12. INFRASTRUCTURE COMPLETION LIABILITIES

	<i>Balance at</i>	<i>Provided /</i>	<i>Work</i>	<i>Balance at</i>
	<i>1/1/2020</i>	<i>(returns)</i>	<i>executed</i>	<i>31/3/2020</i>
	<i>L.E.</i>	<i>L.E.</i>	<i>L.E.</i>	<i>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	<u>769,903</u>	<u>-</u>	<u>(15,600)</u>	<u>754,303</u>
	<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.

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

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13. DEFERRED PROFITS AND INTERESTS ON OUTSTANDING INSTALLMENTS

	<i>Land L.E.</i>	<i>Properties L.E.</i>	<i>Total L.E.</i>
<u>31/3/2020</u>			
Balance at beginning of the period	37,449,834	82,194,941	119,644,775
Additions during the period	-	-	-
Due during the period (Note 21/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 7)	<u>36,310,046</u>	<u>78,106,725</u>	<u>114,416,771</u>
<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>

14. CREDITORS AND OTHER CREDIT BALANCES

	<i>31/3/2020 L.E.</i>	<i>31/12/2019 L.E.</i>
Notes payable- Purchase of lands (*)	29,441,943	39,255,924
Notes payable	180,086,781	163,849,405
Support to National Housing Project	880,000	880,000
Down payment for reservation of land and property sales	69,894,246	73,924,564
Customers' collections (gas, water)	770,702	796,540
Employees bonus	8,154,789	8,154,789
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
Governmental authorities	55,388,909	48,283,662
Accrued expenses	11,230,651	36,656,887
Accrued salaries and others	213,766	66,578
Proceeds from customers under reconciliation	19,456,216	18,462,389
Comprehensive medical care	6,997,853	4,913,892
Other	1,046,631	1,052,390
	<u>435,002,447</u>	<u>445,605,658</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.

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

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

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15. SHARE CAPITAL

Authorized capital:

The authorized capital is five billion Egyptian Pounds.

	<i>31/3/2020</i> <i>L.E.</i>	<i>31/12/2019</i> <i>L.E.</i>
Issued and paid up capital		
1.44 billion shares		
The value of each share is one Egyptian Pound	1,440,000,000	1,440,000,000

List of percentage of shares of issued and paid up capital for shareholders as of 31 March 2020 is as follows:

<i>Name</i>	<i>No. of shares</i> <i>L.E.</i>	<i>Nominal value</i> <i>L.E.</i>	<i>Contribution</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%
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%
	1,440,000,000	1,440,000,000	100%

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>L.E.</i>	<i>Contribution</i> <i>%</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 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%
	1,440,000,000	1,440,000,000	100%

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).

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

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16. TERM LOANS

	<i>National Investment Bank L.E.</i>	<i>Commercial International Bank L.E.</i>	<i>Total L.E.</i>
<u>31/3/2020</u>			
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>-</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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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>31/3/2020 L.E.</i>	<i>31/12/2019 L.E.</i>
Cash and bank balances (Note 9)	1,042,125,695	829,026,191
Investment at fair value through profit and loss (Note 5/5)	13,382,037	12,990,817
Investment held to maturity – Treasury bills (Note 5/6)	-	420,580,885
Less:		
Credit banks (Credit facilities)	<u>(204,646,314)</u>	<u>(159,769,002)</u>
	850,861,418	1,102,828,891
Less:		
Pledged time deposits against letters of guarantee (Note 9)	(4,249,268)	(4,249,268)
Pledged investment certificates against letters of guarantee (Note 5/5)	(11,720,427)	(10,468,303)
Cash and cash equivalents at the end of the period /year	<u>834,891,723</u>	<u>1,088,111,320</u>

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 March 2020

17. CASH AND CASH EQUIVALENTS- *Continued*

17/1 Short term loan

	<i>31/3/2020</i>	<i>31/12/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
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>

18. 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 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 revenue	<u>1,666,466</u>	<u>2,170,772</u>
Bank deposits of compounds facility management	566,028,371	475,493,384
Amounts under settlement	<u>11,406,510</u>	<u>1,222,765</u>
Liabilities of compounds facility management	<u>577,434,881</u>	<u>476,716,149</u>

The checks received from the customers for the compound's 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.

19. DEFERRED TAX

	<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	-	(2,946,843)	-	(3,353,156)
Provisions	<u>30,056,027</u>	<u>-</u>	<u>4,944,935</u>	<u>-</u>
Total deferred tax assets/(liability)	<u>30,056,027</u>	<u>(2,946,843)</u>	<u>4,944,935</u>	<u>(3,353,156)</u>
Net deferred tax Asset/(liability)	<u>27,109,184</u>	<u>-</u>	<u>1,591,779</u>	<u>-</u>
Deferred tax charged to the separate statement of income	<u>25,517,405</u>	<u>-</u>	<u>-</u>	<u>(286,786)</u>

Unrecorded deferred tax assets

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

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 March 2020

20. RECONCILIATIONS TO CALCULATE THE EFFECTIVE INCOME TAX RATE

	<i>31/3/2020</i>	<i>31/3/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
Net accounting profit before tax	481,311,339	428,349,115
Less: Return on treasury bills	(7,937,148)	(6,604,796)
	<u>473,374,191</u>	<u>421,744,319</u>
Comprehensive medical care	2,083,961	1,543,107
Net provided of provisions, impairment and bad debts	6,000,000	-
Net impairment of amounts due from related parties	8,000,000	-
Difference of taxable and accounting depreciation	1,805,837	1,652,781
BOD allowances	817,500	250,750
Provided/(Used) of infrastructure completion liabilities	103,604,854	10,400,900
Return on investments from subsidiaries	(2,921,725)	(1,920,006)
Exempted income	-	(581,064)
Non-deductible expenditures	1,109,448	733,866
Taxable profit	<u>593,874,066</u>	<u>433,824,653</u>
Tax rate	<u>22.5%</u>	<u>22,5%</u>
Calculated income tax	<u>133,621,665</u>	<u>97,610,547</u>
Return on treasury bills	<u>7,937,148</u>	<u>6,604,796</u>
Tax on treasury bills	<u>1,587,430</u>	<u>1,320,959</u>
Income tax	<u>135,209,095</u>	<u>98,931,506</u>
Actual tax rate	<u>28.05%</u>	<u>23,10%</u>

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 March 2020

21. REVENUES AND COST OF REVENUES

21-a Net revenues

	<i>31/3/2020</i>	<i>31/3/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
<u>Property sales revenue</u>		
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 Garden.	4,098,242	2,827,965
Sarai (1) City.	52,634,453	13,230,223
Sarai (2) City.	95,718,062	109,476,836
Sarai (3) City.	50,618,748	17,551,598
Sarai (Zone H) City.	6,948,240	-
El Waha.	4,902,059	-
Total property sales revenue	<u>297,966,261</u>	<u>407,648,782</u>
Land sales revenue – Taj city (*)	717,955,751	-
Land sales revenue – Sarai (S&R)	10,070,440	-
Land sales revenue - El Waha and Nasr City.	-	28,316,360
Administrative Land sales revenue – Tag City (Zone A).	-	115,205,441
Total property and land sales revenues	<u>1,025,992,452</u>	<u>551,170,583</u>
Less: Property sales returns		
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 projects.	-	(5,999,395)
Total property sales returns	<u>(340,113,598)</u>	<u>(103,054,407)</u>
Net sales	<u>685,878,854</u>	<u>448,116,176</u>
Amortization of notes receivable of present value discount	105,254,609	109,696,714
Profit, interest and installments due during the period	5,055,250	12,253,928
Lands and properties rentals	347,280	303,241
Net sales revenue	<u><u>796,535,993</u></u>	<u><u>570,370,059</u></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.

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 March 2020

21. REVENUES AND COST OF REVENUES - *Continued*

21-b Cost of revenues

	31/3/2020	31/3/2019
	L.E.	L.E.
<u>Cost of sold property</u>		
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
Sarai (Zone H) City.	440,763	-
Total cost of properties sales	62,232,980	101,263,290
land sold – Tag City.	202,472,400	-
land sold – Sarai (S&R).	4,916,043	-
land sold - El Waha and Nasr City.	-	1,519,005
Administrative Land sales revenue – Tag City (Zone A).	-	17,690,400
Total cost of land and finished properties sales	269,621,423	120,472,695
Less: Cost of sold property returns		
Tag Sultan.	(669,303)	(1,090,142)
Zone T.	(5,084,554)	(1,544,964)
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	(44,894,748)	(16,622,612)
Net cost of sales	224,726,675	103,850,083
Depreciation of investment in properties	14,830	14,709
Maintenance of investment in properties	63,903	-
Decrease on undelivered Units	664,887	-
Cost of revenue	225,470,295	103,864,792

22. SELLING AND MARKETING EXPENSES

	31/3/2020	31/3/2019
	L.E.	L.E.
Salaries and wages	2,825,187	2,804,290
Sales and marketing commission	31,032,145	23,610,067
Advertisement expenses (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
Transportation and sundry expenses	1,579,382	1,717,876
	69,769,988	47,502,178

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NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 March 2020

23. 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	9,065,015	8,529,352
Board of Directors remuneration	3,660,819	1,523,153
Advertisement expenses	563,664	542,042
Transportation and communications expenses	590,109	601,479
Professional fees	2,690,018	2,552,373
Depreciation (Note 4/1)	2,440,193	2,328,802
Maintenance expenses	5,172,980	4,334,996
Rent expenses	1,422,891	936,035
Raw materials, fuel and spare parts	3,550,360	1,441,551
Property tax and stamp	197,425	387,519
Certificates at London Stock Exchange recording stocks expenses	647,462	704,427
Security, cleaning and training expenses	1,724,999	1,127,342
Bank charges	463,303	647,651
Others	476,414	494,514
	<u>32,665,652</u>	<u>26,151,236</u>

24. FINANCE INCOME

	<i>31/3/2020</i>	<i>31/3/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
Revenue from investment at fair value through profit and loss	390,627	455,064
Credit interest	19,845,349	11,902,848
Return on treasury bills	7,937,148	6,604,796
	<u>28,173,124</u>	<u>18,962,708</u>

25. OTHER OPERATING INCOME

	<i>31/3/2020</i>	<i>31/3/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
Reconciled fees for non-construction	115,748	14,042,540
Delaying Penalties	5,435,771	13,641,885
Delay penalty on contractors	249,927	96,500
Sundry revenue	152,339	3,030
	<u>5,953,785</u>	<u>27,783,955</u>

26. OTHER EXPENSES

	<i>31/3/2020</i>	<i>31/3/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
Compensations and fines	-	73,295
Donations for others	-	24,565
Loss on foreign exchange	145,970	273,131
Comprehensive medical care	2,083,961	1,543,107
	<u>2,229,931</u>	<u>1,914,098</u>

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

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27. EARNINGS PER SHARE

	<i>31/3/2020</i>	<i>31/3/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
Net profit for the period after tax	371,619,649	332,129,687
Less: Estimated employees and Board of Directors share	(31,900,000)	(29,000,000)
Shareholders share in net profit	339,719,649	303,129,687
Weighted average numbers of shares outstanding during the period	1,439,830,522	1,440,000,000
Earnings per share	0.24	0.21

28. 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 9), and margin of letters of guarantee by L.E. 8,892,374 (2019: L.E. 8,892,374) – (Note 8) and investment certificates (Rakhaa) in united bank by L.E 11,720,427 (2019 : L.E 10,468,303) (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>31/3/2020</i>	<i>31/12/2019</i>
			<i>L.E.</i>	<i>L.E.</i>
Al Nasr Co. for Utilities and Erections - S.A.E.	Subsidiary	Utilities and installation works	36,705,818	120,995,645
Al Nasr Co. for Civil Works S.A.E.	Subsidiary	Dividends	2,880,009	1,920,006
Al Nasr Co. for Civil Works S.A.E.	Subsidiary	Buildings and utilities works	2,619,595	45,673,926

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

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29. TRANSACTIONS WITH RELATED PARTIES – Continued

Balances of related parties are as follows:

	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>31/3/2020 L.E.</i>	<i>31/12/2019 L.E.</i>
Amounts due from related parties:				
a) Al Nasr Co. for Utilities and Erections S.A.E.	Subsidiary	Supplier (Debit)	65,955,604	59,478,876
		Supplier (Debit)	14,891	14,891
		Advance	21,358,467	19,002,840
b) Al Nasr Co. for Civil Works S.A.E.	Subsidiary	Supplier (Debit)	13,108	550,086
		Return on Investments	2,880,009	-
		Advance	8,943,568	10,378,684
			<u>99,165,647</u>	<u>89,425,377</u>
Impairment of related parties (*)			<u>(28,636,020)</u>	<u>(20,636,020)</u>
			<u>70,529,627</u>	<u>68,789,357</u>

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

	<i>31/3/2020 L.E.</i>	<i>31/12/2019 L.E.</i>
Impairment balance at the beginning period/year	20,636,020	-
Provided during the period/year	8,000,000	20,636,020
Impairment balance at the end of period/ year	<u>28,636,020</u>	<u>20,636,020</u>

†

	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>31/3/2020 L.E.</i>	<i>31/12/2019 L.E.</i>
Amounts due to related parties:				
a) Al Nasr Co, for Utilities and Erections S.A.E.	Subsidiary	Retention	4,002,025	2,565,588
		Supplier (Credit)	1,104,460	879,460
b) Al Nasr Co, for Civil Works S.A.E.	Subsidiary	Supplier (Credit)	1,388,221	5,962,606
		Retention	4,655,294	4,296,515
			<u>11,150,000</u>	<u>13,704,169</u>
c) Capital Gardens Project	Joint operations	Long term- Notes Receivable	272,381,534	293,197,421
		Present value discount	(99,359,956)	(109,472,493)
			<u>173,021,578</u>	<u>183,724,928</u>
		Net – Short term Notes Receivables	86,123,871	88,317,274
			<u>259,145,449</u>	<u>272,042,202</u>

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 March 2020

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.

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>31/3/2020</u>				
Long term loans	384,935	245,688,272	497,951,523	744,024,730
Creditors and other credit balances	435,002,447	-	-	435,002,447
Short term loans	493,594,826	-	-	493,594,826
Suppliers, taxes and related parties	916,724,989	-	-	916,724,989
	<u>1,845,707,197</u>	<u>245,688,272</u>	<u>497,951,523</u>	<u>2,589,346,992</u>
<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>

NOTES TO THE SUMMARIZED SEPARATE FINANCIAL STATEMENTS

31 March 2020

31. FINANCIAL INSTRUMENTS AND RELATED RISKS – *Continued*

• ***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:

	<i>31/3/2020</i>	<i>31/12/2019</i>
	<i>L.E.</i>	<i>L.E.</i>
<u>Financial assets instruments with fixed interest rate</u>		
Financial assets – trade and notes receivable	<u>11,280,882,404</u>	<u>10,884,376,563</u>
<u>Financial liabilities instruments with variable interest rate</u>		
Financial liabilities- short term loans and credit banks	<u>1,442,265,870</u>	<u>1,340,117,178</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.

32. CONTRACTUAL COMMITMENTS

The value of contracts with contractors for the implementation of housing and development projects amounted to L.E. 5,197 Million, the executed works till 31 March 2020 amounted to L.E. 2,424 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 March 2020, except for investments available for sale.

34. 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.