MADINET MASR FOR HOUSING AND DEVELOPMENT - S.A.E.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND LIMITED REVIEW REPORT THEREON

AT 30 JUNE 2023

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

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2023

Contents

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Translation of the Report originally issued in Arabic

LIMITED REVIEW REPORT ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have carried out a limited review of the accompanying consolidated financial statements of Madinet Masr for Housing and Development - S.A.E. as of 30 June 2023 and the related statements of income, comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our limited review.

Scope of the Limited Review

We conducted our limited review in accordance with Egyptian Standard on Limited Review Engagements No. 2410, "Limited Review of interim financial statements performed by the Independent Auditor of the Entity". A limited review of interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently we are unable to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim consolidated financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly in all material respects, the consolidated financial statements of Madinet Masr for Housing and Development - S.A.E. as of 30 June 2023, and its financial performance and its cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

BDO Khaled & Co.
Public Accountants & Advisors

Mohanad T. Khaled
Fellow of ACCA
Fellow of ESAA
RAA No. 22444
FRA No. 375

Cairo, 10 August 2023

Madinet Masr For Housing and Development – S.A.E

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At Error! Reference source not found.

	Note	30/6/2023 L.E.	31/12/2022 L.E.
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	4/1	38,325,795	39,354,368
Right of use assets	24	90,943,078	102,192,609
Assets under constructions	4/2	24,954,862	20,251,779
Intangible assets	5	4,670,352	3,749,628
Amounts paid on account of investments in subsidiaries	41	200,000,000	175,000,000
Financial assets at amortized cost	6/1	566,968	566,968
Financial assets at fair value through other comprehensive income	6/2	27,761,257	27,761,257
Investment properties	6/3	2,355,363	2,383,664
Long term notes receivables	10	2,316,407,383	1,759,337,388
Deferred tax assets	35	34,203,375	42,197,310
Total non-current assets		2,740,188,433	2,172,794,971
CURRENT ASSETS			
Inventory	7	57,311,944	52,275,641
Work in progress	8	5,389,771,763	5,326,466,465
Finished properties	9	272,581,187	264,346,499
Short term notes receivable	10	1,750,292,602	1,770,428,912
Accounts receivable	10	566,850,856	722,708,153
Trade payables - debit balances	11	372,169,623	341,368,887
Debtors and other debit balances	12	962,898,916	1,460,444,554
Investments at fair value through profit or loss	6/4	2,478,545	2,314,327
Financial assets - Amortized cost	6/5	1,009,324,242	963,623,158
Cash and bank balances	13	287,502,507	906,192,128
Total current assets		10,671,182,185	11,810,168,724
Total assets		13,411,370,618	13,982,963,695
EQUITY AND LIABILITIES			
EQUITY			
Issued and paid up capital	18	2,135,000,000	2,100,000,000
Legal reserve		373,144,164	335,772,345
Retained earnings		1,961,834,730	1,702,929,034
Net profit for the period/year		580,231,929	736,739,780
Change in fair value of other comprehensive income		23,027,947	23,027,947
Employees & executives shares option plan		90,650,000	-
Shareholders' equity of parent		5,163,888,770	4,898,469,106
Non-controlling interest	19	92,458,272	96,589,611
Total shareholders' equity		5,256,347,042	4,995,058,717

Ahmed ElAzab		H. Barakat
Vice President - Finance	**CEO & Executive President**	**Chairman**
Mr. Ahmed Hussein Elazab	**Eng. Mohamed Abdallah Sallam**	**Eng. Mohamed Hazem Barakat**

The attached notes from 1 to 44 form part of these interim consolidated financial statements.

Madinet Masr For Housing and Development – S.A.E

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION - *Continued*

At **Error! Reference source not found.**

	Note	*31/3/2023* *L.E.*	*31/12/2022* *L.E.*
NON-CURRENT LIABILITIES			
Long term notes payable	17/1	127,821,436	154,348,786
Term loans	20	1,100,642,824	1,201,559,682
Long term land development liability	42	322,963,847	299,954,005
Long term lease liability	36	63,149,708	75,955,603
Total Non-Current Liabilities		1,614,577,815	1,731,818,076
CURRENT LIABILITIES			
Advance payments from customers for undelivered unites	14	2,998,312,383	2,764,048,914
Creditors – Advance payments		37,748,937	38,820,719
Provisions	15	109,308,026	104,633,148
Trade payables		482,734,771	683,429,398
Infrastructure completion liabilities	16	111,350,975	153,641,750
Dividends payable		164,675,582	-
Creditors and other credit balances	17/2	1,017,714,712	986,666,537
Current portion of long-term loans	22	30,439,672	7,507,417
Long term installments	20	236,077,323	1,112,711,174
Short term loans	21/1	743,334,735	741,032,228
Credit banks (credit facilities)	21/2	176,586,059	173,143,706
Short term lease liability	36	31,830,668	25,058,593
Long term land development liability	42	208,806,577	208,806,577
Tax Authority		191,525,341	256,586,741
Total current liabilities		6,540,445,761	7,256,086,902
Total Liabilities		8,155,023,576	8,987,904,978
Total Equity and Liabilities		13,411,370,618	13,982,963,695

Limited review report "attached".

Ahmed ElAzab		
Vice President - Finance	**CEO & Executive President**	**Chairman**
Mr. Ahmed Hussein Elazab	**Eng. Mohamed Abdallah Sallam**	**Eng. Mohamed Hazem Barakat**

The attached notes from 1 to 44 form part of these interim consolidated financial statements.

Madinet Masr For Housing and Development – S.A.E

CONSOLIDATED STATEMENT OF INCOME

For the period ended **Error! Reference source not found.**

	Note	*From 1/1/2023 to 30/6/2023 L.E.*	*From 1/1/2022 to 30/6/2022 L.E.*	*From 1/4/2023 to 30/6/2023 L.E.*	*From 1/4/2022 to 30/6/2022 L.E.*
Net revenue	25-A	2,275,478,853	1,844,186,155	1,226,280,479	1,002,555,857
Less:					
Cost of revenue	25-B	(897,042,015)	(1,297,288,696)	(427,298,327)	(731,982,485)
Gross Profit		1,378,436,838	546,897,459	798,982,152	270,573,372
Less:					
Selling and marketing expenses	26	(473,053,066)	(213,687,548)	(344,451,598)	(130,273,202)
General and administrative expenses	27	(99,175,011)	(68,756,366)	(58,617,032)	(36,589,523)
Residential Community Management & Other operating cost		(13,080,119)	(19,227,165)	(6,382,820)	(5,210,872)
Finance cost	28	(155,079,491)	(148,126,614)	(83,710,518)	(75,401,548)
Provision		(7,893,000)	-	(7,893,000)	-
Add:					
Expected credit loss No longer required		1,221,842	70,008,627	(213,114)	41,575,802
Finance income	30	65,207,496	54,217,639	30,487,841	29,622,658
Relevant to activity income	31	60,016,414	53,939,637	32,550,624	30,462,899
Operating profit		756,601,903	275,265,669	360,752,535	124,759,586
Return on fair value through other comprehensive income investment		235,294	222,222	-	-
Return on financial assets at amortized cost		54,730	53,332	41,716	40,318
Other expenses	32	(8,755,567)	(4,879,447)	(5,858,919)	(2,655,584)
Net profit for the period before tax		748,136,360	270,661,776	354,935,332	122,144,320
Income tax		(164,041,835)	(45,625,464)	(84,098,970)	(17,555,277)
Deferred tax	35	(7,993,935)	826,044	1,001,253	869,377
Net profit for the period		576,100,590	225,862,356	271,837,615	105,458,420
Add: Non-controlling interest		4,131,339	5,264,127	4,034,116	5,334,378
Shareholders' equity of parent	33	580,231,929	231,126,483	275,871,731	110,792,798
Earnings per share for the period	38	0.226	0.105	0.107	0.052

Ahmed El Azab

Vice President - Finance

Mr. Ahmed Hussein Elazab

CEO & Executive President

Eng. Mohamed Abdallah Sallam

Chairman

Eng. Mohamed Hazem Barakat

The attached notes from 1 to 44 form part of these interim consolidated financial statements.

Madinet Masr For Housing and Development – S.A.E

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended **Error! Reference source not found.**

	From 1/1/2023 to 30/6/2023 L.E.	*From 1/1/2022 to 30/6/2022 L.E.*	*From 1/4/2023 to 30/6/2023 L.E.*	*From 1/1/2022 to 30/6/2022 L.E.*
Net profit for the period	576,100,590	225,862,356	271,837,615	105,458,420
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	576,100,590	225,862,356	271,837,615	105,458,420
Add: Non-controlling interest	4,131,339	5,264,127	4,034,116	5,334,378
Shareholders' equity of parent	580,231,929	231,126,483	275,871,731	110,792,798

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Madinet Masr For Housing and Development – S.A.E

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended **Error! Reference source not found.**

	Issued and paid up capital L.E.	*Legal reserve L.E.*	*Retained earnings L.E.*	*Net profit for the period L.E.*	*Employees & executives shares option plan L.E.*	*Changes in fair Value pf OCI L.E.*	*Total L.E.*	*Non-controlling interest L.E.*	*Total L.E.*
Balance at 1 January 2022	1,497,600,000	321,640,687	1,702,438,140	282,595,088	-	20,109,365	3,824,383,280	106,821,527	3,931,204,807
Transferred to retained earnings	-	-	282,595,088	(282,595,088)	-	-	-	-	-
Dividends of 2021	-	-	(40,215,150)	-	-	-	(40,215,150)	-	(40,215,150)
Transferred to legal reserve		14,131,658	(14,131,658)	-	-	-	-	-	-
Increasing capital in cash according to EGM on December 13,2021	228,000,000	-	(228,000,000)	-	-	-	-	-	-
Increasing capital by issuing free shares according to EGM on April 11, 2022	374,400,000	-	-	-	-	-	374,400,000	-	374,400,000
Comprehensive income for the period	-	-	-	231,126,483	-	-	231,126,483	(5,264,127)	225,872,356
Balance at 30 June 2022	2,100,000,000	335,772,345	1,702,686,420	231,126,483	-	20,109,365	4,389,694,613	101,557,400	4,491,252,013
Balance at 1 January 2023	2,100,000,000	335,772,345	1,702,929,034	736,739,780	-	23,027,947	4,898,469,106	96,589,611	4,995,058,717
Transfer to retained earnings	-	-	736,739,780	(736,739,780)	-	-	-	-	-
Transferred to legal reserve	-	37,371,819	(37,371,819)	-	-	-	-	-	-
Dividends of 2022	-	-	(440,462,265)	-	-	-	(440,462,265)	-	(440,462,265)
Increasing capital by share dividends allocated to the employees & executives the shares option in accordance to AGM decision on April 18, 2023	35,000,000	-	(35,000,000)	-	-	-	-	-	-
Allocation of employees & executives shares option plan	-	-	35,000,000	-	90,650,000	-	125,650,000	-	125,650,000
Comprehensive income for the period	-	-	-	580,231,929	-	-	580,231,929	(4,131,339)	576,100,590
Balance at 30 June 2023	2,135,000,000	373,144,164	1,961,834,730	580,231,929	90,650,000	23,027,947	5,163,888,770	92,458,272	5,256,347,042

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Vice President - Finance
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The attached notes from 1 to 44 form part of these interim consolidated financial statements.

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2023

	Note	*From 1/1/2023 to 30/6/2023 L.E.*	*From 1/1/2022 to 30/6/2022 L.E.*
OPERATING ACTIVITIES			
Net profit for the period before tax		748,136,360	270,661,776
Adjustments for:			
Depreciation of fixed assets and investment properties	4/1, 6/3	5,245,415	10,109,177
Amortization of intangible assets	5	3,323,115	1,097,295
Amortization of right of use assets	24	20,009,353	18.571.879
Provided provisions	15	7,893,000	-
Reverse of expected credit loss (Net)		(1,221,842)	(70,008,627)
Return on financial assets at fair value through other comprehensive income		(235,294)	(222,222)
Return on financial assets at amortized cost		(54,730)	(53,332)
Gains on foreign currencies	31, 32	(1,978,770)	(809,376)
Accrued financing expenses	29	155,079,491	148,126,614
		936,196,098	377,473,184
Lands, completed and uncompleted units and material		(53,542,314)	460,336,783
Trade receivables, customers, trade payables and notes receivables, work in progress and debtors and creditors of compound facilities		235,475,640	(12,051,424)
Trade payables, suppliers, advance payments from customers for undelivered unites, and projects' advance payment infrastructure completion liabilities		(37,874,514)	(82,398,889)
Used provisions	15	(3,218,122)	(4,407,864)
Dividends paid to Board of Directors and employees		(118,286,683)	(58,360,014)
Income tax paid		(229,103,235)	(53,657,415)
Finance expenses paid		(122,477,867)	(93,904,741)
Net cash from operating activities		607,169,003	533,029,620
INVESTING ACTIVITIES:			
Payments for purchase of fixed assets and fixed assets under construction	4/1, 4/2	(8,915,757)	(4,953,400)
Payments for purchasing of intangible assets	5	(4,243,839)	(969,360)
Paid on account of investment in subsidiary		(25,000,000)	-
Return on financial assets at fair value through other comprehensive income		235,294	222,222
Return on financial assets at amortized cost		54,730	53,332
Net cash used in investing activities		(37,869,572)	(5,647,206)

The attached notes from 1 to 44 form part of these interim consolidated financial statements.

Madinet Masr For Housing and Development – S.A.E

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS - ***Continued***

For the period ended **Error! Reference source not found.**

	Note	*From 1/1/2023 to 30/6/2023 L.E.*	*From 1/1/2022 to 30/6/2022 L.E.*
FINANCING ACTIVITIES:			
Payments received under capital increase		-	374,400,000
Dividends paid to shareholders		(157,500,000)	-
Payments from lease liabilities	36	(14,793,642)	(404,346,783)
Non-controlling interest		-	5,264,127
Payments for long term loans	20	(998,074,819)	(10,708,609)
Proceeds from long term loans	20	18,866,999	28,883,808
Capitalized Interest from long term loans	20	1,657,111	44,726,298
Payments for short term loans	21	(41,032,203)	-
Proceeds from short term loans		43,334,710	-
Net cash (used in)/ from financing activities		(1,147,541,844)	38,218,841
Change in cash and cash equivalents during the period		(578,242,413)	565,601,255
Cash and cash equivalents at the beginning of the period	31	1,699,744,271	1,115,231,583
Gain on foreign exchange		1,978,770	809,376
		1,123,480,628	1,681,642,214
Total cash and cash equivalents at the end of the period			
Less: Restricted time deposits against letters of guarantee		(33,616,036)	(32,627,422)
Restricted investment certificates against letters of guarantee		(487,000)	(487,000)
Cash and cash equivalents at the end of the period	21	1,089,377,592	1,648,527,792

NON-CASH TRANSACTIONS:

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

- An amount of L.E. 24,133 represents the disposal of investment properties and its equivalent within the work in progress.

- An amount of L.E.125,650,00 represents the debtors and other debit balances and its equivalent within the remuneration and incentives stocks option.

Vice President - Finance	CEO & Executive President	Chairman
Mr. Ahmed Hussein Elazab	Eng. Mohamed Abdallah Sallam	Eng. Mohamed Hazem Barakat

The attached notes from 1 to 44 form part of these interim consolidated financial statements.

1. COMPANY BACKGROUND

1.1 Legal form of the company

Madinet Masr 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 Masr 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.

On 2 May 2023, the Extraordinary General Assembly Meeting has approved the amendments of the company's name in Article (2) of the Articles of Association to become "Madinet Masr for Housing and Development Company", and the amendment has been registered in the company's commercial registry on 13 June 2023.

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 periods starting from 23/12/1996 and ending 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 Depositary Receipts (GDRs).
The company's Board of Directors has approved the consolidated financial statements for the period ended 30 June 2023 on 8 August 2023.

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 period 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 parent company - Madinet Nasr for Housing and Development Company - invests and has control during the period ending on 31 December 2022 over the subsidiary company, which was included in the consolidated financial statements, as follows:

Subsidiary	*Legal Form*	*Percentage Ownership*	*Activity*
Al Nasr for Civil Works S.A.E.	S.A.E	52.46%	Civil construction

2. USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in accordance with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated 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.

2. USE OF ESTIMATES AND JUDGMENTS - *Continued*

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 affected by judgments, assumptions, and estimates:

- Estimate useful lives of fixed assets, intangible assets and investment properties.
- Provisions and contingent liabilities
- Impairment of financial and non-financial assets
- Taxation
- Cost of sales and cost of completion of infrastructure liability
- Present value (significant financing component)
- Expected credit loss

2.1 Fair value Measurement

The fair value represents the price that the company would receive in exchange for selling the asset or the consideration paid to transfer the liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability will occur in the principal market for the asset, liability, or market that will yield the most interest on the asset or liability.

The fair value of the asset or liability is measured using assumptions that market participants would use when pricing the asset or liability, on the assumption that market participants will pursue their economic interests.

The measurement at the fair value of the non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset to the maximum acceptable degree or by selling it to another market participant who would use the asset to its maximum capacity.

For assets traded in an active market, the fair value is determined by reference to the quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates on similar items with similar terms and risk characteristics.

For unlisted assets, fair value is determined by reference to the market value of a similar asset or based on the expected discounted cash flows.

The company uses valuation methods that are appropriate in the surrounding circumstances and for which sufficient data are available to measure the fair value, thus maximizing the use of relevant observable data and minimizing the use of data that cannot be observed to a minimum.

2. USE OF ESTIMATES AND JUDGMENTS - *Continued*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are classified into significant categories based on the fair value measurement as a whole:

- **The first level**: using trading prices (unadjusted) for fully identical assets or liabilities in active markets.
- **The second level**: by using inputs other than the trading prices contained in the first level, but that can be observed for the asset or liability directly (that is, prices) or indirectly (that is, derived from prices).
- **The third Level:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 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 presented in Egyptian Pounds which presents the functional currency of the group.
- According to the company's Article No. (41) bis to (41) bis of the capital market law promulgated by Law No. 95 of 1992 apply to securitization treatments in the financial statements.

3.1.1 New issuing and amendments to the Egyptian Accounting Standards

On March 6, 2023, Prime Minister Decision No. (883) of 2023 was issued to amend and issue some provisions of the Egyptian Accounting Standards issued No. 110 of 2015 and amended on March 18, 2019, by a decision of the Minister of Investment and International Cooperation, which includes some new accounting standards and amendments to some existing standards, which were published in the Official Gazette on March 6, 2023.

Issued standards and amendments

A number of new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Group's Consolidated Financial Statements, except for where referenced below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

New standard and reissued	Potential impact on the financial statements	Effective for annual reporting periods beginning on or after	Summary of amendments
Egyptian accounting standard No (34) (Investment property)	No potential impact on the separate financial statements	January 1, 2023, retrospectively, with the cumulative effect of the application being recorded in the profit or loss balance carried forward at the beginning of the period.	- The fair value model option has been added at the subsequent measurement of investment properties. - As a result of amendment of paragraphs related to the use of the fair value model option resulted in amendments to some of the applicable Egyptian accounting standards - Egyptian accounting standard No (1) (Presentation of financial statements) - Egyptian accounting standard No (5) (Accounting Policies, Changes in Accounting Estimates and Errors) - Egyptian accounting standard No (13) (The Effects of Changes in Foreign Exchange Rates) - Egyptian accounting standard No (24) (Income tax) - Egyptian accounting standard No (30) (Periodic financial statements) - Egyptian accounting standard No (31) (Impairment of assets) - Egyptian accounting standard No (32) (Non-current Assets Held for Sale and Discontinued Operations) - Egyptian accounting standard No (49) (Leases)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

3.2 Summary of significant accounting policies

3.2.1 Fixed assets and depreciation

Recognition and measurement

Fixed assets are recorded on purchase at cost and are presented in the consolidated financial position net of accumulated depreciation and impairment losses (Note 4/1). 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.

Subsequent costs

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.

Any gain or loss on disposal of an item of fixed assets is recognized in profit or loss.

Depreciation

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 as follows:

	MNHD Useful life Periods	***NCCW Useful life Periods***
Buildings	40	10-40
Improvements- Leasehold building	5 or the duration of the lease whichever is lower	-
Improvements- Building owned	8	-
Machinery & equipment for production	-	2-10
Machinery & equipment	5	-
Vehicles	5	5-10
Computers & servers	5-8	-
Tools & equipment	2	4-10
Furniture & office equipment	2-8	10

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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 (Note 4/2). These are transferred to fixed assets or investment property or intangible assets when the asset is complete and ready for its intended use. Fixed assets under construction are recorded at cost less impairment, if any.

3.2.2 Intangible assets (Software and IT)

Recognition

Assets of a non-monetary nature that are identifiable and have no physical existence and that is held for purposes of use and from which future benefits are expected to flow are treated as intangible assets.

The first measurement at recognition

Intangible assets are measured at cost, which is represented in the monetary price on the date of evidence, and in the event that payment is postponed for periods exceeding the followed credit periods, the difference between the cash price and the total amount paid is recognized as interest. Intangible assets are shown net, net of depreciation and impairment.

Subsequent expenditures

Subsequent expenditures on the acquisition of intangible assets are capitalized only when these expenditures increase the future economic benefits of the related asset, and all other expenditures are charged to the income statement (profits or losses) when incurred.

Amortization

Amortization is charged to the income statement (profits or losses) according to the straight-line method over the life of the useful life of the intangible assets, and this is the amortization of intangible assets from the date in which they are available for use, but if the useful life of the intangible assets is not specified then it is done. Carrying out impairment testing on a regular basis at the date of each financial position for these assets.

	Useful life
Software	1-3 years

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

3.2.3 Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- Amortized cost;
- FVOCI – debt investment and equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect future cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets- Business Model Assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company takes under consideration:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).
- A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets classified at FVTPL

Financial assets at FVTPL are measured at fair value. Changes in the fair value, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss.

Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Financial Liabilities - Classification, Subsequent Measurement, Profits and Loss

Financial liabilities are classified as at amortized cost or at fair value through profit and loss.

Financial liabilities are classified as fair value through profit or loss if they are classified as held for trading at initial recognition.

Financial liabilities measured at fair value through profit and loss are measured at fair value and net gains and losses, including interest expense, are recognized in profit and loss.

Other financial liabilities are measured at amortized cost using the effective interest method. Interest expense and gains and losses from changes in foreign exchange rates are recognized in profit and loss. Gains and losses resulting from disposal are recognized in profit and loss.

De-recognition

Financial assets

The company derecognizes the financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the contractual cash flows from the financial asset, or it transfers the contractual rights to receive the cash flows in a transaction in which all the risks and rewards of ownership of the financial asset have been transferred materially, or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial assets.

Financial liabilities

Financial liabilities are derecognized when the contractual obligations are discharged, canceled or expired.

The company also derecognizes the financial obligations when their terms are modified and the cash flows of the modified obligations differ substantially, in which case the new financial obligations are recognized on the basis of the modified terms at fair value.

On derecognition of financial liabilities, the difference between the carrying amount and consideration paid (including any non-monetary assets transferred or liabilities assumed) is recognized in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

3.2.4 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.

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

i. Securitization

The company dispose the notes receivable which were sold through securitization, from the accounting records and recognize the difference between current value and cash value received through securitization as finance cost in the separate statement of profit or loss.

ii. Investments at fair value through profit or loss

Investments at fair value through profit or 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.

iii. 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.

2.2.3 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

iv. Consolidated statement of cash flows

The consolidated statement of cash flow is prepared according to the indirect method. Earned and paid interest, employees share in profit, and Board of Directors remunerations are being classified in operating activities.

v. 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. Cash and cash equivalents does not include the balances of current accounts and bank deposits related to the maintenance deposit of residential compounds that are collected and managed for the benefit of customers and are not considered as cash balances of the company.

vi. 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 debit balances are being stated at cost less any impairment losses, (if any).

Notes receivable represents 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 is 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.

vii. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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 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 periods

The company applies a three-stage approach to measuring the expected credit losses from financial assets carried at amortized cost and debt instruments at fair value through other comprehensive income. Assets go through the following three phases based on the change in credit quality since their initial recognition.

Stage 1: The expected credit loss over 12 months

Stage one includes financial assets on initial recognition that do not have a significant increase in credit risk since initial recognition or that have relatively low credit risk. For these assets, 12-month ECL is recognized and interest is charged on the total carrying amount of the assets (without deducting the credit provision). 12-month ECL This is the expected credit loss that could result from defaults likely within 12 months after the date of the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

Stage 2: the expected credit loss over the life - with no impairment of the value of credit

Second stage includes financial assets that have had a significant increase in credit risk since initial recognition but there is no objective evidence of impairment. Lifetime ECL is recognized for those assets, but interest continues to be charged on the total carrying amount of the assets. Lifetime ECL is the expected credit loss arising from all possible defaults over the expected life of the financial instrument.

Stage 3: Lifetime Expected Credit Loss – Credit Impairment

Stage three includes financial assets for which there is objective evidence of impairment at the reporting date; For these assets, a lifetime ECL is recognized.

Financial Assets

At the end of each reporting 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 allowance 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 statement of income.

viii. 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.

ix. Treasury shares

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

x. Dividends

Dividends are recorded as liability during the period when declared.

xi. Revenue recognition

1) Revenue from customer contracts

The Company applied the EAS No. 48 as of January 1, 2021 where the Company recognizes the revenue from contract with customers in accordance with the five steps module as identified in EAS No. 48, as follows:

- Identify Contract with Customers
- Identify separate performance obligations in the contract
- Determine the transaction price
- Allocate Transaction price to the distinct performance obligations based on relative standalone selling price.
- Revenue recognition when/(at) the entity satisfies its performance obligation.

The Company satisfy the performance obligation and recognize revenue over time, if one of the following criteria is met:

a) Company performance does not arise any asset that has an alternative use of the Company and the Company has an enforceable right to pay for completed performance until the date.
b) The Company arise or improves a customer-controlled asset when the asset is arise or improved.
c) The customer receives and consumes the benefits of Company performance at the same time as soon as the company has performed.

Revenue from customer contracts is recognized over the time if the performance obligations are not fulfilled over a year of time. All remaining benefits, in this case the company must recognize revenue because it has fulfilled its performance obligations.

When the company satisfies the performance obligation by providing the promised goods and services, it creates the principal of the contract based on the amount achieved through performance. When the amount collected from the customer exceeds the amount of revenue recognized, a contract obligation arises.

Revenue is measured at the fair value of the consideration received or receivable, taking into account the contractual terms specified for the payments. The Company evaluates revenue contracts against specific criteria to determine whether it is acting as principal or agent. The company concluded that it was acting as a major supplier in all of its revenue contracts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

The company pays sales commission for contracts it obtains to sell certain units of real estate and capitalizes the additional costs of obtaining a contract that meet the criteria in Egyptian Accounting Standard No. 48. These costs are recognized when revenue is recognized. The capitalized costs of acquiring such contracts are presented separately as a current asset in receivables and other receivables and amortized in selling and marketing expenses in the statement of profit or loss.

The Company adjusts the transaction price for the effect of the significant financing component by discounting it using the rate that would be reflected in a separate financing transaction between the Company and its customers on the contract inception date.

The company pays sales commission for contracts it obtains to sell certain units of real estate and capitalizes the additional costs of obtaining a contract that meet the criteria in Egyptian Accounting Standard No. 48. These costs are recognized when revenue is recognized. The capitalized costs of acquiring such contracts are presented separately as a current asset in receivables and other receivables and amortized in selling and marketing expenses in the statement of profit or loss.

Revenue recognition

MNHD

Real Estate sales

Revenue from the sale of contracted residential administrative and commercial units shall be proven upon the transfer of control to customers in accordance with the stages of delivery as sale value in accordance with contracts with customers for such units. The revenues of such units shall be proven at a point of time net of the units that the customers has transferred control over.

Land sales

Land sale revenue are recognized when control transfers from the company to customers when the land is actually delivered to customers provided that the facilities are completed and revenue from the land proven at a point of time for the land that have been transferred to the customers.

Interest income

Interest income is recognized on an accrual basis using the effective interest method is the rate used to deduct future cash payments expected to be made or collected during the financial instruments life expectancy/or if appropriate, a lesser period of time) to fully equal the financial assets book value or financial obligation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

NCCW

Contracting revenues

The company chose to apply the output method in the distribution of the transaction price to performance obligation so the revenue is recognized on the basis of direct measurements of the value of goods and services transferred to the customer considers that the use of the output method that requires revenue proof based on direct measurements of the value of the goods and services transferred to the customers to date provides the best performance for the revenue actually realized, when applying the output method, the company will continue completed performance to date results assessments" assessments of the results achieved any the specific milestone reached, the time selected until the date of each financial statements.

2) 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 venture 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

3) Other revenue:

- 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.

xii. Direct and indirect cost

The actual costs of establishing real estate units are capitalized within (a work in progress and finished properties) costs are charged according to contractors and suppliers extracts after the company's technical affairs department has approved those extracts, the costs are appointed among the units on the basis of the actual completion of each phase in accordance with the following bases:

- The units share of attached long cost allocated for the establishment of the units, when is distributed on the basis of the long area of each unit in the residential assembly.
- The units share of the actual construction costs distributed on the basis of contracts and invoices for all units within each phase.
- The units share of actual interest costs and finance expenses based on the units direct costs to the total costs of units for the residential assembly of each phase.

xiii. Other operating expenses and residential community measurement

An expense represents the cost of temporary operating activity for residential compounds until delivering the units to the customers.

xiv. Lease contracts

Recognition and measurement

At the commencement date, the company recognizes the right of use asset and a lease liability as flows:

Initial measurement of the right of use asset

At the commencement date of lease contract, the right of use assets is measured at "cost" which is:

- The initial measurement of lease contract liability which is presented in the paragraph below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

- Any lease payments made at or before the commencement date, less any lease incentives received.
- Any initial direct costs incurred by the lessee.
- An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease contract, unless those costs are incurred to produce inventories, the lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Initial measurement of the lease liability

At the commencement date, the lessee measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease contract, if that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- Fixed payments, less any lease incentives receivable.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Recognition and measurement of the company as lessor:

The company classifies each lease contract as an operating lease or as a financing lease:

Operating lease:

The company recognizes lease payments from operating lease as income either in instalment method or on any other regular basis if that basis is more reflective of the pattern in which the use of the asset under contract decreases.

Sale and leaseback contracts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

In the case of sale and leaseback, the transfer of assets shall be evaluated if the sale of the buyer obtains control over the asset, directs its use and obtain the remaining benefits from it or is not a sale as follows:

Asset transfer represent a sale:

The asset is established as a right of utilization in accordance with the requirements of Egyptian Accounting Standard No. (49) on lease against recognized of the lease liability at the present value of lease payments as liability as set out in the policy for initial measurement of the asset of the benefit, where the contract is classified as a lease in this case.

Assets transfer is not a sale:

- The asset transferred to the company's books shall be recognized as an asset against a financial obligation equal to the receipts of the transfer of the contract. This obligation shall be accounted for in accordance with Egyptian Accounting Standard No. (47) in this case, the contract shall be classified as a secured financing contract.
- Short term lease and leases with lease low value assets
- Short term leases are leases with a term of 12 month or less impaired assets are items that do not meet the requirements for capitalization of a company and are considered immaterial to the company's statement of the financial position as a whole. Lease payments for short-term and low value asset lease are recognized as an expenses on straight line basis in the statement of profit or loss.

xv. Employees' benefits

The company contributes to the social insurance scheme for the benefit of its employees in accordance with the Social Insurance Law. No.79 of 1975 and its amendments 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 consolidated 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. At 21 December 2022 BOD decided to increase the amount of end of services gratuity to be L.E. 100,000 instead of L.E. 50,000. 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 year in which they are approved for early retirement.

xvi. Taxation

Income tax

Taxation is accounted according to Egyptian laws and regulations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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.

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 year 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.

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.

xvii. Earnings per share

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

xviii. 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.

An asset eligible to bear the cost of borrowing necessarily requires a long year 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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.

xix. 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 period 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.

xx. 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.

xxi. Takaful contribution

Takaful contribution system mandated by Law No. 2 for 2018 has been adopted on 12 July 2018 and is applied on all entities whether individual or corporate regardless of their nature in legal form.

2.2.4 Lease contracts

Recognition and measurement

At the commencement date, the company recognizes the right of use asset and a lease liability as flows:

Initial measurement of the right of use asset

At the commencement date of lease contract, the right of use assets is measured at "cost" which is:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

- The initial measurement of lease contract liability which is presented in the paragraph below.
- Any lease payments made at or before the commencement date, less any lease incentives received.
- Any initial direct costs incurred by the lessee.
- An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease contract, unless those costs are incurred to produce inventories, the lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular year.

Initial measurement of the lease liability

At the commencement date, the lessee measures the lease liability at the present value of the lease payments that are not paid at that date. the lease payments shall be discounted using the interest rate implicit in the lease contract, if that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- Fixed payments, less any lease incentives receivable.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Also, for purpose of initial recognition the company applied the following paragraph:

- Measured the lease contract liability at the present value of the remaining lease payments discounted at the incremental borrowing rate of the lessee.
- Measured the right of use asset by an amount equal to the lease liability after amendments of any prepaid rent payments or accrued related to that lease recognized at the statement of financial position before the initial recognition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

Recognition and measurement of the company as lessor:

The company classifies each lease contract as operating lease or as financing lease as follows:

Operating lease

The company recognizes lease payments from operating leases income either in instalment method or on any other regular basis if that basis is more reflective of the pattern in which the use of the asset under contract decreases.

Sale and leaseback contracts

In the case of sale and leaseback, the transfer of assets shall be evaluated if the sale of the buyer obtains control over the assets, directs its use and obtain the remaining benefits its from it or is not a sale as follows:

Asset transfer represent a sale

The assets is established as a right of utilizations in accordance with the requirements of Egyptian accounting standard No: 49 on right of used against recognized of the lease liability at the present value of the lease payments as liability as set out in the policy for initial measurement of the assets of the benefit, where the contract is classified as a lease in this case.

Assets transfer is not a sale

The asset transferred to the company's books shall be recognized as an assets against a financial obligations equal to the receipts of the transfer of the contract .this obligation shall be accounted for in accordance with Egyptian standard No. 47 in this case ,the contract shall be classified as secured financing contract.

Short-term leases and leases with low-value assets

Short-term leases are leases with a term of 12 months or less. Impaired assets are items that do not meet the requirements for capitalization of a company and are considered immaterial to the company's statement of financial position as a whole. Lease payments for short-term and low-value asset leases are recognized as an expense on a straight-line basis in the statement of comprehensive income.

4/1 FIXED ASSETS

30/6/2023	*Land (*) L.E.*	*Buildings & constructions (*) L.E.*	*Leasehold improvement L.E.*	*Machinery & equipment L.E.*	*Vehicles L.E.*	*Tools & Equipment L.E.*	*Furniture & office equipment L.E.*	*Computers & software L.E.*	*Total L.E.*
Cost:									
At 1 January 2023	1,659,444	28,310,124	37,828,013	33,920,977	14,731,096	1,366,142	17,007,523	23,679,560	158,502,879
Additions during the period	-	-	104,688	-	-	-	234,758	3,873,228	4,212,674
Disposals	-	-	-	(117,002)	(1,816,566)	(1,228)	(605,939)	-	(2,540,735)
At 30 June 2023	1,659,444	28,310,124	37,932,701	33,803,975	12,914,530	1,364,914	16,636,342	27,552,788	160,174,818
Accumulated depreciation:									
At 1 January 2023	-	10,803,725	34,313,543	33,182,825	13,673,080	1,204,440	14,459,877	11,511,021	119,148,511
Provided during the period	-	1,325,816	831,494	262,177	302,490	30,893	630,738	1,857,639	5,241,247
Disposals	-	-	-	(117,002)	(1,816,566)	(1,228)	(605,939)	-	(2,540,735)
At 30 June 2023	-	12,129,541	35,145,037	33,328,000	12,159,004	1,234,105	14,484,676	13,368,660	121,849,023
Net book value:									
At 30 June 2023	1,659,444	16,180,583	2,787,664	475,975	755,526	130,809	2,151,666	14,184,128	38,325,795

(*) Lands 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 the land and L.E. 4.5 million for the buildings. There are no guarantees or pledging on fixed assets at the date of the consolidated financial statements.

4/1 FIXED ASSETS - *Continued*

<u>31/12/2022</u>	*Land (*) L.E.*	*Buildings & constructions (*) L.E.*	*Leasehold improvement L.E.*	*Machinery & equipment L.E.*	*Vehicles L.E.*	*Tools & Equipment L.E.*	*Furniture & office equipment L.E.*	*Computers & software L.E.*	*Total L.E.*
Cost:									
At 1 January 2022	1,659,444	24,762,279	37,663,013	33,928,630	15,475,297	1,404,313	17,285,698	17,883,560	150,062,234
Additions during the year	-	3,547,845	165,000	-	-	-	366,603	5,963,222	10,042,670
Disposals	-	-	-	(7,653)	(744,201)	(38,171)	(644,778)	(167,222)	(1,602,025)
At 31 December 2022	1,659,444	28,310,124	37,828,013	33,920,977	14,731,096	1,366,142	17,007,523	23,679,560	158,502,879
Accumulated depreciation:									
At 1 January 2022	-	9,123,261	23,529,805	31,342,507	13,804,372	1,177,501	13,520,327	8,514,953	101,012,726
Provided during the year	-	1,680,464	10,783,738	1,847,971	612,909	65,110	1,575,064	3,163,290	19,728,546
Disposals	-	-	-	(7,653)	(744,201)	(38,171)	(635,514)	(167,222)	(1,592,761)
At 31 December 2022	-	10,803,725	34,313,543	33,182,825	13,673,080	1,204,440	14,459,877	11,511,021	119,148,511
Net book value:									
At 31 December 2022	1,659,444	17,506,399	3,514,470	738,152	1,058,016	161,702	2,547,646	12,168,539	39,354,368

4/1 FIXED ASSETS - *Continued*

a) Fully depreciated assets and still in use are as follows:

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
Buildings and constructions	1,107,128	1,107,128
Leasehold improvements	33,727,690	16,678,711
Machinery and equipment	31,959,252	28,975,474
Vehicles	9,451,792	11,245,580
Tools and equipment	788,180	716,808
Furniture and office equipment	10,306,735	10,063,551
Computers and software	4,175,758	3,851,715
	91,516,535	72,638,967

b) Depreciation for the period is allocated as follows:

	30/6/2023 *L.E.*	*30/6/2022* *L.E.*
Cost of sales	1,359,743	1,911,781
Selling & marketing expenses (Note 26)	2,354,594	6,770,111
General & administrative expenses (Note 27)	1,465,651	1,381,007
Residential community management and other operating expenses (Note 28)	61,260	22,516
	5,241,248	10,085,415

4/2 FIXED ASSETS UNDER CONSTRUCTION

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
Madinet Masr for Housing and Development		
Balance at the beginning of the year	19,612,197	3,537,768
Additions during the year	4,703,082	16,074,428
Balance at the end of the year (Parent Co.)	24,315,279	19,612,196
Al Nasr Company for Civil Works	639,583	639,583
	24,954,862	20,251,779

5. INTANGIBLE ASSETS

Computer software and information technology:

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
Cost:		
At the beginning of the period/year	29,408,810	24,888,741
Additions during the period/year	4,243,839	4,520,069
At the end of the period/year	33,652,649	29,408,810
Accumulated amortization:		
At the beginning of the period/year	25,659,182	21,858,590
Amortization for the period/year	3,323,115	3,800,592
At the end of the period/year	28,982,297	25,659,182
Net book value:		
At the end of the period/year	4,670,352	3,749,628

Intangible Assets mainly represents the cost of the ERP system (SAP).

Fully amortized intangible assets and still in use are as follows:

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
Computer software and information technology	23,019,219	20,050,299

Depreciation for the year is allocated as follows:

	30/6/2023 *L.E.*	*30/6/2022* *L.E.*
Cost of sales	2,994,651	983,970
Selling & marketing expenses (Note 26)	149,715	47,829
General and administrative expenses (Note 27)	71,276	42,944
Residential community management and other operating expenses (Note 28)	107,473	22,552
	3,323,115	1,097,295

6. INVESTMENTS AND FINANCIAL ASSETS

6/1 Financial assets at amortized cost

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
Investments in Governmental bonds (Non active market)	566,968	566,968

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

6. INVESTMENTS AND FINANCIAL ASSETS - *Continued*

6/2 Financial assets at fair value through other comprehensive income

	Contribution %	30/6/2023 L.E.	31/12/2022 L.E.
Egyptian Kuwaiti Real Estate Development	7.503	22,933,722	22,933,722
High Education House (S.A.E.)	1.200	4,608,335	4,608,335
El Nasr Transformers & Electrical Products Co. (El-Maco)	0.01	19,200	19,200
Masr Co. for Clay Brick Production	0.80	200,000	200,000
		27,761,257	27,761,257

6/3 Investments properties

	30/6/2023 L.E.	31/12/2022 L.E.
Held land ownership on sold properties (*)	2,076,335	2,076,335
Rented building – Net (**)	279,028	307,329
	2,355,363	2,383,664

(*) The movement of lands that the company keeps its ownership while the building established upon these sold lands:

	30/6/2023 L.E.	31/12/2022 L.E.
Balance at the beginning of the year	2,076,335	3,427,692
Transferred to work in progress	-	(1,351,357)
	2,076,335	2,076,335

(**) Investment property – rented building (Net)

30/6/2023	Residential units L.E.	None residential units L.E.	Total L.E.
Cost:			
At 1 January 2023	545,997	2,210,998	2,756,995
Transferred to work in progress	(7,438)	(43,784)	(51,222)
Transferred from None residential units to Residential units	60,857	(60,857)	-
At 30 June 2023	599,416	2,106,357	2,705,773
Accumulated depreciation:			
At 1 January 2023	482,537	1,967,129	2,449,666
Provided during the period (Note 25-B)	19	4,149	4,168
Transferred to work in progress	(6,657)	(20,432)	(27,089)
Transferred from None residential units to Residential units	54,459	(54,459)	-
At 30 June 2023	530,358	1,896,387	2,426,745
Net book value:			
At 30 June 2023	69,058	209,970	279,028

6. INVESTMENTS AND FINANCIAL ASSETS - *Continued*

31/12/2022	*Residential units L.E.*	*None residential units L.E.*	*Total L.E.*
Cost:			
At 1 January 2022	545,997	2,638,627	3,184,624
Transferred to work in progress	-	(344,405)	(344,405)
Disposals during the period	-	(83,224)	(83,224)
At 31 December 2022	545,997	2,210,998	2,756,995
Accumulated depreciation:			
At 1 January 2022	482,498	2,199,235	2,681,733
Provided during the year (Note 25-B)	39	42,510	42,549
Transferred to work in progress	-	(220,592)	(220,592)
Disposals	-	(54,024)	(54,024)
At 31 December 2022	482,537	1,967,129	2,449,666
Net book value:			
At 31 December 2022	63,460	243,869	307,329

Fully depreciated investment properties and still used are as follows:

	30/6/2023 L.E.	*31/12/2022 L.E.*
Residential units	529,235	481,424
Non-residential units	1,590,317	1,665,218
	2,119,552	2,146,642

The fair value of the lands is not less than the book value, but it is difficult to determine it due to the sale of real estate built on these lands to third parties while retaining the company's ownership of the lands.

6/4 Investments at fair value through profit or loss

	30/6/2023 L.E.	*31/12/2022 L.E.*
Investment certificates in:		
Bank Misr Investment Fund (Day-By-Day)	-	51
QNB Investment Fund	1,783,095	1,666,452
Banque Du Caire Investment Fund	82,459	74,019
United Bank Investment Fund - Rakhaa (*)	612,991	573,805
	2,478,545	2,314,327

6. INVESTMENTS AND FINANCIAL ASSETS – *Continued*

Investments in investment fund certificates are short-term investments for the purpose of managing the company's cash balances by investing in cash investment funds, which are highly liquid investments that can be redeemed daily or weekly and are considered part of the cash and cash equivalents. (Note 21)

(*) United Bank Investment Fund (Rakhaa) includes pledged investment certificates by L.E. 487,000 (2021: L.E. 487,000) against letters of guarantee as of consolidated financial statement date. (Note 21).

6.5 *Financial assets at amortized cost*

	30/6/2023 L.E.	*31/12/2022* L.E.
Treasury Bills(*)	747,707,806	963,623,158
Long term deposits	261,616,436	33,081,146
	1,009,324,242	996,704,304

(*) Financial assets at amortized cost - Treasury bills

	30/6/2023 L.E.	*31/12/2022* L.E.
Treasury Bills – 90 days	-	228,575,000
Treasury Bills – 86 days	-	25,900,000
Treasury Bills – 71 days	-	15,450,000
Treasury Bills – 57 days	212,000,000	-
Treasury Bills – 49 days	-	30,600,000
Treasury Bills – 43 days	541,175,000	-
Treasury Bills – 42 days	-	356,100,000
Treasury Bills – 41 days	-	10,175,000
Treasury Bills – 28 days	-	4,025,000
Treasury Bills – 21 days	-	65,600,000
Treasury Bills – 20 days	-	231,800,000
	753,175,000	968,225,000
Less: Unrealized gain on treasury bills	(5,467,194)	(4,601,842)
	747,707,806	963,623,158

- The treasury bills within 90 days from the date of acquisition were classified in cash and cash equivalents. (Note 21)
- Time deposits on 30 June 2023 include L.E. 33,616,436 (2022: L.E. 32,627,422) frozen deposits against letters of guarantee. (Note 21).

7. INVENTORIES

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
Materials and supplies	55,329,455	50,285,921
Fuel and oil	27,207	25,207
Spare parts and supplies	1,955,282	1,964,513
	57,311,944	52,275,641

8. WORK IN PROGRESS

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
Tag City (*)	2,886,935,618	2,636,973,703
Sarai City (*)	1,834,480,228	2,091,508,527
West Assuit (**)	485,671,349	465,696,331
Taj Villa	124,544,644	79,669,075
	5,331,631,839	5,273,847,636

Al Nasr Civil Works	*31/3/2023* *L.E.*	*31/12/2022* *L.E.*
Work in progress	58,139,924	52,618,829
Total	5,389,771,763	5,326,466,465

(*) Tag City includes the completed phases that the company started for sale: "Tag sultan", "Park residence", "Shalya & Lake Park", "Elect", "Coblet"and "club side " In addition to the not yet ready for sale, where the balance of 30 June 2023 represents the cost of external and internal utilities , the cost construction works and cost of extension works of the Shinzo Abi corridor that pass through the company's lands (Note 42)

Sarai includes the phases that are ready for sale: "Taval", "Crowns", "Cavana", "Strip mall", and "Mansion" rayi. In addition to the not yet ready for sale, where the balance of 30 June 2023 represents the cost of external and internal facilities & the cost construction works.

Land and real estate units have been recorded at actual cost which are not less than its redemption value as at the date of the separate financial statements.

(**) In accordance with the resolution of New Urban Communities Authority's Board of Directors no. (134) dated 22 January 2020 to allocate a plot of land with area 104.15 Feddan in the new Nasr city (west Assuit) in favor of the company to construct an urban complex. Also, the resolution of the board of directors no (138) dated 14 May 2020 to amend the schedule of payment of amounting L.E. 497,309,325 and a percent of 15% to be paid as administration fees and board of trustees amounting L.E. 56,297,962, and the remaining percent of 85% will be paid amounting L.E. 441,011,367 on installments after grace period of 2 years from date advice. The first payment will be during April 2022, including interest as declared by the Egyptian Central Bank after adding 2 %. The company issued notes payable against these installments in favor of the authority of new Nasser city (West of Assuit) (Notes 17/1 & 17/2).

8. WORK IN PROGRESS - *Continued*

The capitalized interests from the significant financing component with clients during the period are as follows:

	30/6/2023 *L.E.*	*30/6/2022* *L.E.*
Taj city	2,854,340	1,228,550
Sarai	2,886,745	2,185,218
Taj Ville	60,865	-
	5,801,950	3,413,768

9. FINISHED PROPERTIES

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
El Waha, Premira & Nasr City	18,569,948	19,157,261
6th October (Nasr Gardens)	254,721,309	245,189,238
	272,581,187	264,346,499

10. TRADE AND NOTES RECEIVABLE

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
Notes receivables - long term		
Tag City	1,584,911,195	1,276,819,128
Sarai	1,213,748,729	859,680,826
Other	43,673,207	40,030,245
	2,842,333,131	2,176,530,199
Less: Finance component of contracts with customers	(484,860,500)	(375,866,034)
Less: Expected Credit Loss	(41,065,248)	(41,326,777)
	2,316,407,383	1,759,337,388
Notes receivables - short term		
Tag City	1,230,886,871	1,352,151,979
Sarai	995,351,003	1,012,420,524
Other	26,955,123	15,707,810
	2,253,192,997	2,380,280,313
Less: Expected Credit Loss	(457,704,922)	(33,715,777)
Less: Finance component of contracts with customers	(45,195,473)	(576,135,624)
	1,750,292,602	1,770,428,912
Trade receivables		
Tag City	162,880,105	216,844,494
Sarai	147,276,105	202,704,318
Constructions receivables (NCCW)	274,574,053	316,240,046
Other	47,814,471	65,317,533
	632,544,734	801,106,391
Less: Expected Credit Loss	(65,693,878)	(78,398,238)
	566,850,856	722,708,153

The discount of the present value of notes receivable is amortized as revenue in the maturities of these securities according to the effective interest rate.

10. TRADE AND NOTES RECEIVABLE - *Continued*

Movement for expected credit loss for notes receivables and trade receivables during the period/year is as follows:

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
Balance at the beginning of the period/year	153,440,792	209,069,584
Reverse of ECL	(1,486193)	(55,628,792)
	151,954,599	153,440,792

Post-dated checks (off balance sheet)

The company maintains off balance sheet post-dated checks received from customers for undelivered units and not included in financial position as follows:

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
Notes receivables for undelivered units	11,852,322,611	9,178,289,027

According to the decision of the Financial Supervisory Authority issued on 12 January 2022, the company applied the accounting treatment related to the real estate development activity.

11. TRADE PAYABLES – DEBIT BALANCES - NET

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
Trade payables & contractors	380,334,637	349,264,754
Less: Creditors expected credit loss - credit balances	(8,165,014)	(7,895,867)
	372,169,623	341,368,887

Movement for Expected credit loss for trade payables – debit balance during the period/ year as follows:

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
Impairment balance at the beginning of the period/year	7,895,867	7,605,905
Provided during the period/year	269,147	289,962
	8,165,014	7,895,867

12. DEBTORS AND OTHER DEBIT BALANCES – NET

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
EFG Hermes	135,518,841	840,843,489
Cost of obtaining contracts	602,171,902	511,479,178
Remuneration and incentives stocks (*)	125,650,000	-
Refundable deposits	53,502,049	22,382,148
Prepaid expenses	10,564,474	8,363,769
Accrued interest (deposits interest)	527,726	643,364
Other debit balances	25,202,454	69,820,333
Cash margin on letter of guarantee	2,085,862	2,085,862
Tax Authority	7,948,794	5,107,422
	963,172,102	1,460,725,565
Less: Expected credit loss	(273,186)	(281,011)
	962,898,916	1,460,444,554

(*) On 18 April 2023 the ordinary general assembly meeting has approved the increase of the issued capital with L.E. 35,000,000 by issuing number of 35 million share dividends of Employees, Managers & Executive Board of Directors share option plan, authorized by financial Regulatory Authority in February 2022.

Movement for Expected credit loss for debtors and other debit balances during the period / year is as follows:

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
Balance at the beginning of the period/year	281,011	246,547
Provided during the period/year	-	34,464
Reverse of ECL during the period/year	(7,825)	-
	273,186	281,011

13. CASH AND BANK BALANCES

	31/3/2023 *L.E.*	*31/12/2022* *L.E.*
Cash on hand	8,474,121	1,484,487
Bank current accounts	279,789,779	872,384,859
	288,263,900	873,869,346
Less: Expected Credit loss	(761,393)	(758,364)
	287,502,507	873,110,982

13. CASH AND BANK BALANCES - *Continued*

Movement for Expected credit loss for cash on hand and bank balances during the period/year as follows:

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
Balance at the beginning of the period/year	758,364	239,692
Provided during the period/year	3,029	518,672
	761,393	758,364

14. ADVANCE PAYMENT FROM CLIENTS FOR UNDELIVERED UNITS

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
Tag City	1,796,513,338	566,120,888
Sarai	1,201,799,045	2,197,928,026
	2,998,312,383	2,764,048,914

15. PROVISIONS

	Balance at 1/1/2023 *L.E.*	*Provided during the period* *L.E.*	*Used during the period* *L.E.*	*Balance at 30/6/2023* *L.E.*
Claims provision	62,741,746	7,893,000	(251,057)	70,383,689
Legal provision	21,313,706	-	(374,375)	20,939,331
Other provisions	20,577,696	-	(2,592,690)	17,985,006
	104,633,148	7,893,000	(3,218,122)	109,308,026

16. INFRASTRUCTURE COMPLETION LIABILITIES

	Balance at 1/1/2023 *L.E.*	*Provided / (returns)* *L.E.*	*Work executed* *L.E.*	*Balance at 30/6/2023* *L.E.*
Tag City	57,959,819	112,503,758	(143,564,726)	26,898,851
Sarai	70,681,931	52,419,093	(60,951,584)	62,149,440
Operating and maintenance Expenses liability for residential compounds	25,000,000	-	(2,697,316)	22,302,684
	153,641,750	164,922,851	(207,213,626)	111,350,975

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

17. CREDITORS AND OTHER CREDIT BALANCES

17/1 Long Term Notes Payable (Net)

	30/6/2022 *L.E.*	*31/12/2022* *L.E.*
Long term notes payable at face value - west Assuit land (Note 7)	171,655,471	211,315,679
Less: contracts' financial component	(43,834,035)	(56,966,893)
	127,821,436	154,348,786

17/2 Creditors and other credit balances – current

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
Notes payable – West Assuit Land	81,096,787	84,649,540
Notes payable	356,096,506	305,184,411
Support to National Housing Project	330,000	330,000
Down payment for reservation of land and property sales	291,885,327	274,581,766
Collection from customers	623,545	-
Employees bonus	5,950,130	5,950,130
Contractors under settlement	15,386	12,233,489
Engineering stamp and Building Union stamp	289,272	269,456
Customers' balances for cancelled reservations	2,397,584	1,697,584
Proceeds for maintenance expenses and counters	32,621,097	22,867,742
Accrued interest	42,169,242	71,073,940
Proceeds from customers under reconciliation	92,239,797	86,206,283
Governmental authorities	63,199,837	55,372,844
Accrued expenses	35,605,274	29,896,755
Accrued salaries and others	3,260,533	19,241,323
Takaful contribution	8,279,748	15,772,985
Other	1,654,647	1,338,289
	1,017,714,712	986,666,537

18. SHARE CAPITAL

Authorized capital:

The authorized capital is five billion Egyptian Pounds.

	31/3/2023 ***L.E.***	***31/12/2022*** ***L.E.***
Issued and nominal and paid-up capital:		
Distributed over 2,135,000,000 cash shares with par value for one Egyptiang pound	2,135,000,000	2,100,000,000

18. SHARE CAPITAL - *Continued*

List of percentage of shares of issued and paid-up capital for shareholders as follows:

	30/6/2023 No. of shares	*30/6/2023 Par Value L.E.*	*Contribution %*
B.I.G. Investment Group Ltd.	417,883,272	417,883,272	19,57
Holding Co. for Construction and Development	318,999,182	318,999,182	14,94
B Investment Holding S.A.E.	156,909,104	156,909,104	7,35
Social insurance fund of governmental sector workers	104,717,254	104,717,254	4,90
National Investment Bank	77,392,641	77,392,641	3,62
Al Alian Co. for Investments Ltd.	76,196,236	76,196,236	3,57
Employee and executives shares option plan	35,000,000	35,000,000	1.64
Other shareholders / other nationalities subscribed	947,902,311	947,902,311	44,41
	2,135,000,000	2,135,000,000	100

On 18 April 2023, the Ordinary General Assembly approved to increase the issued and paid up capital through issuing shares dividends reduced from retained earnings balance as at 31 December 2022 of 55 million shares fully allocated to the company's employees, executives and Board of Directors shares option plan. All of the related formalities were finalized and the capital increase was annotated in the company's commercial register on 13 July 2023.

	No. of shares 31/12/2022	*Nominal Value 31/12/2022 L.E*	*Contribution % 31/12/2022*
BIG Investment Group Ltd.	417,883,272	417,883,272	19,90
Holding Co. for Construction and Development	318,999,182	318,999,182	15,19
B Investments Holding S.A.E.	156,909,104	156,909,104	7,47
National Investment Bank	77,392,641	77,392,641	3,69
Al Alian Co. for Investments Ltd.	76,196,236	76,196,236	3,63
Other shareholders/ other nationalities subscribed	1,052,619,565	1,052,619,565	50,12
	2,100,000,000	2,100,000,000	100

19. NON-CONTROLLING INTEREST

	Non-controlling interest in net assets %	*Non-controlling interest in net assets 1/1/2023* L.E.	*Non-controlling interest share in net Profit the period* L.E.	*Non-controlling interest in net assets 30/6/2023* L.E.
Al Nasr Company for Civil Works	47.54	96,589,611	(4,131,339)	92,458,272

20. TERM LOANS

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

	Balance at the beginning of the period L.E.	*Capitalized interest during the period* L.E.	*Amounts withdrawn during the period* L.E.	*Installments paid during the period* L.E.	*Balance at the end of the period* L.E.
30/6/2023					
a) National Investment Bank	42,848	-	-	(42,848)	-
c) Egyptian Gulf Bank	278,545,573	-	18,866,999	(18,588,286)	278,824,286
d) Syndication loan - Sarai compound	891,459,978	1,657,111	-	(893,117,089)	-
e) Syndication loan – Notes receivable discount	674,063,616	-	-	(57,317,350)	616,746,266
f) Syndication loan – Notes receivable discount	470,158,841	-	-	(29,009,246)	441,149,595
	2,314,270,856	1,657,111	18,866,999	(998,074,819)	1,336,720,147

	Balance at the beginning of the year L.E.	*Capitalized interest during the year* L.E.	*Amounts withdrawn during the year* L.E.	*Installments paid during the year* L.E.	*Balance at the end of the year* L.E.
31/12/2022					
a) National Investment Bank	190,389	-	-	(147,541)	42,848
c) Egyptian Gulf Bank	249,661,765	-	28,883,808	-	278,545,573
e) Syndication loan – Notes receivable discount	684,624,684	-	-	(10,561,068)	674,063,616
f) Syndication loan – Notes receivable discount	503,522,734	-	-	(33,363,893)	470,158,841
	2,223,871,952	105,587,598	28,883,808	(44,072,502)	2,314,270,856

Loans & interests related to the loans classified as follows:

	Balance at the beginning of the period L.E.	*Capitalized Interest during the period* L.E.	*Withdrawals during the period* L.E.	*Installments paid during the period* L.E.	*Balance at the end of the period* L.E.
30/6/2023					
a) National Investment Bank	-	-	-	-	2,571
b) Egyptian Gulf Bank	74,353,143	204,471,143	278,824,286	28,786,633	-
d) Syndication loan – Notes receivable discount	99,234,487	517,511,779	616,746,266	-	38,126,172
e) Syndication loan – Notes receivable discount	62,489,693	378,659,902	441,149,595	-	25,067,578
	236,077,323	1,100,642,824	1,336,720,147	28,786,633	63,196,321

20. TERM LOANS - *Continued*

	Balance at the beginning of the year *L.E.*	*Capitalized Interest during the year* *L.E.*	*Withdrawals during the year* *L.E.*	*Installments paid during the year* *L.E.*	*Balance at the end of the year* *L.E.*
31/12/2022					
a) National Investment Bank	42,848	-	42,848	-	11,423
b) Egyptian Gulf Bank	104,454,590	174,090,983	278,545,573	35,733,341	-
c) Syndication loan - Sarai compound	891,459,978	-	891,459,978	108,885,531	-
d) Syndication loan – Notes receivable discount	57,317,350	616,746,266	674,063,616	-	82,884,622
e) Syndication loan – Notes receivable discount	59,436,408	410,722,433	470,158,841	-	59,091,962
	1,112,711,174	1,201,559,682	2,314,270,856	144,618,872	141,988,007

These loans are represented in long term facilities granted from the following banks:

a) National Investment Bank

This balance is represented in the long-term loans granted to the company by the National Investment Bank (shareholder) out of loans amounting to L.E. 9,172,000 and was used in public housing projects of low-cost that were sold several years ago. The interest of the loan is charged to the income statement and is paid annually in June of each year and the loan has been fully paid in 2023.

b) Egyptian Gulf Bank

- A medium-term loan contract was signed between the Egyptian Gulf Bank and Madinet Nasr for Housing and Development on February 23, 2020, to finance the cost of establishing and developing the Sarai transformer station.
- The amount of financing is available for withdrawal starting from the date of the first withdrawal of financing, which took place on June 17, 2020, and ends on June 30, 2022.
- The financing period is 74 months, starting from the date of signing the financing documents and ending on April 30, 2026.

c) Syndicated loan – Sarai compound

Purpose: To finance part of the total investment cost for the construction and construction of part of an integrated residential city project under the names Sarai (1) and Sarai (2).

Participating banks:

- The National Bank of Egypt in its capacity as the original main arranger, loan promoter, financing agent, and debt service consumption account bank.
- Arab African International Bank as the original main arranger, finance marketer, general coordinator and account bank.

20. TERM LOANS - *Continued*

- Banque Misr in its capacity as the original main arranger, finance marketer and guarantee agent.

Loan amount: 2,100,000,000 including capitalized interest.
Loan period: 8 years from the date of financial closing.
Date of signing loan agreement: May 7, 2020.
The loan and its interest were fully paid in January 2023.

d) Syndicated loan – Notes receivable discount

Long term syndicated financing contract participating banks:

1) The Commercial International Bank in its capacity as the main arranger, loan promoter, financing agent and lending bank.
2) The United Bank in its capacity as the lending bank
3) The Arab Investment Bank in its capacity as the lending bank
4) The Egyptian Gulf Bank in its capacity as the lending bank.
5) Contract date August 26, 2020.

Purpose of financing: discounting commercial papers with a nominal value of L.E. 1,133,870,000, in order to provide the necessary amounts to finance the construction and development of the company's unfunded projects.

Loan period: Expires on March 9, 2027.

e) Syndicated loan – Notes receivable discount

A long-term syndicated financing contract signed in July 2021
Participating banks:

- Commercial International Bank as the main arranger, finance marketer, financing agent and lending bank.
- National Bank of Kuwait as the lending bank.
- Purpose of financing: discounting commercial papers with a nominal value of 761,108,401 Egyptian pounds, in order to provide the necessary amounts to finance the construction and development of the company's unfunded projects.
- Loan period: ends on November 30, 2028

21. CASH AND CASH EQUIVALENTS

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

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
Cash and bank balances (Note 13)	288,263,900	873,869,346
Investment at fair value through profit and loss (Note 6/4)	2,478,545	2,314,327
Investment held to maturity – Treasury bills (Note 6/5)	1,009,324,242	996,704,304
Less:		
Credit facilities (Note 21/2)	(176,586,059)	(173,143,706)
Cash and cash equivalents at the end of the period /year	1,123,480,628	1,699,744,271
Less:		
Pledged investment certificates against letters of guarantee (Note 6/4)	(487,000)	(487,000)
Pledged time deposits against letters of guarantee (Note 6/5)	(33,616,036)	(32,787,919)
Pledged current account NBE (Note 13)	-	(336,228)
Cash and cash equivalents at the end of the year	1,479,590,412	1,666,133,124

21/1 Short term loan

	Balance at the beginning of the period *L.E.*	***Withdrawals during the period*** *L.E.*	***Installment paid during the period*** *L.E.*	***Balance at the end of the period*** *L.E.*	***Commissions and interest during the period*** *L.E.*
30/6/2023					
Kuwait National Bank	700,000,000	-	-	700,000,000	54,417,122
QNB Al Ahli	41,032,228	43,334,710	(41,032,203)	43,334,735	5,926,723
	741,032,228	31,834,711	(41,032,203)	772,866,939	33,618,303

	Balance at the beginning of the year *L.E.*	***Withdrawals during the year*** *L.E.*	***Balance at the end of the year*** *L.E.*	***Commissions and interest during the year*** *L.E.*
31/12/2022				
Kuwait National Bank	700,000,000	-	700,000,000	86,047,324
QNB Al Ahli	-	41,032,228	41,032,228	780,246
	700,000,000	41,032,228	741,032,228	86,827,570

A) NBK

On March 28, 2022, a short-term loan agreement was signed with the National Bank of Kuwait – Egypt, according to this agreement the bank granted a loan amounting EGP 750,000,000 to finance the operating expenses. The loan agreement renewed on 31 March 2023 and the value of the loan increased to be L.E 1 Billion till 31 March 2024.

B) QNB

On September 7, 2022, a short-term loan agreement was signed with Qatar National Bank to grant the company a loan amounting LE 200 million, to be utilized in financing the working capital of the company.

21. CASH AND CASH EQUIVALENTS - *Continued*

The duration of this contract is a year and a half starting from the date of the first use of the facility, with a maximum of 18 months from the date of the first use, which is the date that all subsequent returns, commissions and any expenses of this facility will be fully paid, without prejudice to any of the terms of this contract or the bank's other rights prescribed legally or as per the contract.

The withdrawal period is 12 months, and at the end of the withdrawal period, the unused amount of the total loan value is automatically cancelled.

The company is obliged to pay the value of each amount withdrawn from the total amount of this loan in addition to the returns and commissions determined on it within a maximum period of six months from the date of each withdrawal so that the total debt balance of the loan is paid within a maximum of 18 months from the date of first use.

21/2 Credit Banks (Credit Facilities)

The balance of credit banks is summarized as follows:

	31/12/2022 ***L.E.***	***31/12/2021*** ***L.E.***
Madinet Masr for Housing Development (Parent company) – United Bank	176,407,174	171,129,762
Al Nasr Company for Civil Works (Subsidiary) – QNB Al Ahli	178,885	438,944
Al Nasr Company for Civil Works – National Bank of Abu Dhabi	-	1,575,000
	176,586,059	173,143,706

<u>The credit facility from The United Bank with Madient Masr for housing and development</u>

A current credit limit amounting L.E. 200 million without in-kind guarantee for the purpose of financing the payment of checks and transfers to the account of beneficiaries in other dealing banks related to general and administrative expenses. A sub-credit limit of letters of guarantee amounting to L.E. 2,572,415.

<u>The Credit facility with Al-Nasr for civil works (Subsidiary)</u>

The credit facilities granted by the bank to the company are as follows;

NBE

An amount of L.E 30.7 Million for issuing letters of guarantee for the purpose of entering tenders and executing the assigned works.

QNB

An amount of L.E 145 Million for issuing letters of guarantee for the purpose of entering tenders and executing the assigned works.

21. CASH AND CASH EQUIVALENTS - *Continued*

FAB

- An amount of L.E 70.3 Million for issuing letters of guarantee for the purpose of entering tenders and executing the assigned works.
- The withdrawal limit granted by NBAD is a maximum of 15,750,000 for the purpose of covering the value of the drawn trading papers on the housing fund of the Arab Contractor's employees which declared to the bank fully declaration, a declaration transferring its ownership to the bank in case that its value is not collected/ Rejected twice for any reason and this without any objection From the company and in this case the bank has the right to terminate this facility (for discounting checks) and demand the company to pay all the accruals from its resources and the used from the facility does not exceed in any time 90% of the value of the postdated checks and when the checks are collected, the remaining 10% is transferred to the company's account with the bank, and the facility is paid in 9 quarterly installments for two years and the first check will be paid on March 29 2021 at a return rate of 2% above the lending rate announced in the Central Bank, in addition to 0.2% commission.
- The above-mentioned credit facilities are subject to returns and commissions at the rates due with each bank separately, according to the facilities contracts.

22. DEBTORS OF COMPOUNDS FACILITY MANAGEMENT

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
Treasury bills	1,328,573,207	1,155,609,839
Bank current accounts	91,687,790	70,331,733
Cheques under collection	123,738,401	64,265,133
Bank deposits of compounds facility management	1,543,999,398	1,290,206,705
Amounts under settlement	30,439,672	7,507,417
Liabilities of compounds facility management	1,574,439,070	1,297,714,122

23. JOINT ARRANGEMENT

	Nature of relationship	*Nature of Account*	*Balance at 30/6/2023* *L.E.*	*Balance at 31/12/2022* *L.E.*
Capital Gardens project	Joint operation	Long term notes receivable	207,181,713	216,871,707
		Present value discount	(104,352,955)	(61,111,183)
		Net	102,828,758	155,760,524
		Short term notes receivable	124,471,051	14,467,526
			227,299,809	170,228,050

24. RIGHT OF USE ASSETS (NET)

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
Cost:		
At the beginning of the period/year	122,971,866	76,315,365
Additions during the period/year	8,759,822	95,956,632
Disposals during the period / year	(5,531,022)	(49,300,131)
At the end of the period/year	126,200,666	122,971,866
Accumulated amortization:		
At the beginning of the period/year	20,779,257	32,408,374
Amortization during the period/year	20,009,353	37,671,014
Disposals during the period/year	(5,531,022)	(49,300,131)
At the end of the period/year	35,257,588	20,779,257
Net book value:		
At the end of the period/year	90,943,078	102,192,609

25. REVENUES AND COST OF REVENUES

25-a Net Revenues

	30/6/2023 *L.E.*	*30/6/2022* *L.E.*
Tag City	905,586,201	970,340,182
Sarai	1,111,092,625	1,133,551,463
Contracting revenue (Al Nasr for Civil Works)	75,920,757	53,478,475
Other	5,812,820	2,664,691
Total revenue	2,098,412,403	2,160,034,811
Less: properties sales returns	(118,877,719)	(443,997,009)
Net revenue	1,979,534,684	1,716,037,802
Add:		
Return on Financial component from contracts	292,753,156	127,749,384
Return on investment properties	3,191,013	398,969
Net sales revenue	2,275,478,853	1,844,186,155

25-b Cost of Revenues

	30/6/2023 *L.E.*	*30/6/2022* *L.E.*
Tag City	272,367,138	667,922,311
Sarai	566,344,604	657,408,948
Contracting cost of revenue (Al Nasr for Civil Works)	77,052,355	53,911,756
Other	1,742,498	2,237,697
	917,506,595	1,381,480,712
Less: Cost of sales returns	(20,468,748)	(84,215,779)
	897,037,847	1,297,264,933
Add:		
Depreciation of investment properties (Note 6/3)	4,168	23,763
Cost of revenue	897,042,015	1,297,288,696

25. REVENUES AND COST OF REVENUES - *Continued*

The contracts of the subsidiary company (Al-Nasr for Civil Works) with its clients is as follows; The value of contracts available for the implementation of civil implementation of civil utilities and construction works on 30 June 2023 by L.E 4,135 million (31 December 2022: L.E 4,015 million), total completed works on June 30 June by L.E 3,392 million (31 December 2022: L.E. 3,316 million),

26. SELLING AND MARKETING EXPENSES

	30/6/2023 *L.E.*	*30/6/2022* *L.E.*
Salaries and wages	16,598,327	12,728,907
Selling and marketing commissions	124,074,114	84,352,150
Advertising expenses (including stamp tax)	300,407,434	84,033,873
Rent	-	76,900
Professional and marketing fees	4,220,500	2,627,859
Depreciation (Note 4/1)	2,354,594	6,770,111
Amortization of intangible assets (Note 5)	149,715	47,829
Sundry expenses	5,788,669	5,002,736
Amortization of right of use assets (Note 24)	19,459,713	18,047,183
	473,053,066	213,687,548

27. GENERAL AND ADMINISTRATIVE EXPENSES

	30/6/2023 *L.E.*	*30/6/2022* *L.E.*
Salaries, wages and equivalent	55,071,607	37,206,986
Board of Directors salaries and allowances	6,950,715	7,608,106
Depreciation (Note 4/1)	1,465,650	1,381,007
Amortization of right of used assets (Note 24)	549,640	524,696
Amortization of intangible assets (Note 5)	71,276	42,944
Other expenses	35,066,123	21,992,627
	99,175,011	68,756,366

28. RESIDENTIAL COMMUNITY MANAGEMENT AND OTHER OPERATING EXPENSES:

	30/6/2023 *L.E.*	*30/6/2022* *L.E.*
Salaries and wages	8,262,905	1,899,548
Residential compound operating expenses	1,416,429	16,781,469
Printing	53,130	271,403
Transportation and communications expenses	10,920	-
Depreciation of fixed assets (Note 4/1)	61,260	22,516
Amortization of intangible assets (Note 5)	107,473	22,552
Maintenance	735,754	189,504
Rental expenses	1,025,902	-
Security and cleaning	1,335,353	7,892
Other services expenses	70,993	32,281
	13,080,119	19,227,165

29. FINANCE COST

	30/6/2023 *L.E.*	*30/6/2022* *L.E.*
Loans and facilities interest	146,784,274	112,925,306
Lease contract interest	8,295,217	35,201,308
	155,079,491	148,126,614

30. FINANCE INCOME

	30/6/2023 *L.E.*	*30/6/2022* *L.E.*
Income from investment at fair value through profit or loss	164,269	105,691
Credit interest	22,986,995	24,848,116
Return on treasury bills	42,056,232	29,263,832
	65,207,496	54,217,639

31. OTHER OPERATING INCOME

	30/6/2023 *L.E.*	*30/6/2022* *L.E.*
Administrative fees from customers (for redemption assignment etc.)	13,125,676	28,811,711
Other income	4,240,175	48,174
Delay fines on customers	40,671,793	23,233,876
Delay penalty on contractors	-	1,036,500
Gain on foreign exchange	1,978,770	809,376
	60,016,414	53,939,637

32. OTHER EXPENSES

	30/6/2023 *L.E.*	*30/6/2022* *L.E.*
Compensations and fines	186,324	-
Donations and subsidies	2,580,000	-
Takaful contribution	5,989,243	4,879,447
	8,755,567	4,879,447

33. CONSOLIDATED STATEMENT OF INCOME

	30/6/2023 *L.E.*	*30/6/2022* *L.E.*
Net profit from Madinet Masr for Housing & Development S.A.E.	584,706,392	236,921,393
Group portion in net profits / (losses) of subsidiaries companies	(4,558,325)	(5,808,910)
Elimination effect of return from investments in subsidiaries	83,862	-
Expected credit loss – related party	-	14,000
	580,231,929	231,126,483

34. CONTINGENT LIABILITIES

- ***Madinet Masr for Housing & Development S.A.E.***

The letters of guarantees issued amounted to L.E. 2,572,415 by United Bank and Egyptian Gulf Bank as of 30 June 2023 (31 December 2022: L.E. 9,572,415), the letters are secured by cash margin of letters of guarantee by L.E. 2,085,86 (31 December 2022: L.E. 2,085,862), (Note 10) and investment certificates (Rakhaa) in united bank by L.E 487,000 (31 December 2021: L.E 487,000). (Note 6/5)

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

On 30 June 2023, contingent liabilities represent letters of guarantee issue by banks on behalf of the company for others against execution contracts amounted to L.E. 178,700,353 (31 December 2022: L.E. 187,482,775).

35. DEFERRED TAX

Madinet Masr for Housing and Development (Parent company)

	30/6/2023		*31/12/2022*	
	Assets L.E.	*(Liabilities) L.E.*	*Assets L.E.*	*(Liabilities) L.E.*
Fixed assets	1,338,320	-	1,142,755	-
Provisions	18,647,274	-	26,836,774	-
Total deferred tax	19,985,594	-	27,979,529	-
Net deferred tax (assets)	19,985,594	-	27,979,529	-
Total Deferred tax charged to the statement of income	-	(7,993,935)	23,066,524	-

Al Nasr Company for Civil Works – (Subsidiary Company)

	30/6/2023		*31/12/2022*	
	Assets L.E.	*(Liabilities) L.E.*	*Assets L.E.*	*(Liabilities) L.E.*
Fixed assets	310,019	-	310,019	-
Provisions	7.573.718	-	7,573,718	-
Deferred tax liabilities	6.334.044	-	6,334,044	-
Total deferred tax	14,217,781	-	14,218,524	-
Net deferred tax assets	-	-	14,218,524	-
Deferred tax charged to the statement of income	-	-	6,167,517	-
The effect on consolidated financial statements				
Total deferred tax asset (statement of financial position)	34,203,375	-	42,197,310	-
Total charged to the statement of income	-	(7,993,935)	29,234,041	-

36. LEASE LIABILITY

	30/6/2023 L.E.	31/12/2022 L.E.
Madinet Masr for Housing and Development (Parent company)		
A) Short term lease liabilities:		
Short term lease liabilities	29,353,551	23,103,993
Total Short term lease liabilities		
B) Long term lease liabilities:		-
1-5 years	59,865,173	72,382,857
Total Short term Lease liabilities	59,865,173	72,382,857

	30/6/2023 L.E.	31/12/2022 L.E.
Al Nasr Company for Civil Works – (Subsidiary Company)		
Short-term lease Liabilities	2,477,117	1,954,600
Long-term lease Liabilities	3,284,535	3,572,746
	5,761,652	5,527,346
Total lease	94,980,376	101,014,196

Impact on the consolidated financial statements

	31/3/2023 L.E.	31/12/2022 L.E.
Short-term lease Liabilities	31,830,668	25,058,593
Long-term lease Liabilities	63,149,708	75,955,603
Total lease	94,980,376	101,014,196

37. TAX POSITION

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

- *Corporate tax*

The company submitted its tax returns and amended returns on the legally prescribed dates, and the company paid taxes based on these returns after being approved by the company's tax advisor until 2022.

The years from the start of the activity until 2014

The tax dispute between the company and the Tax Authority for those years has been terminated, and the due tax has been paid in full, according to the decisions of the internal committees, the Appeal Committee, and the dispute settlement committees, and benefiting from bypassing the delay fee in accordance with Law No. 172 of 2020.

36. LEASE LIABILITY - *Continued*

The years from 2015 to 2017

On 29/6/2022, the tax inspection for those years was completed, in direct agreement with the Tax Commission of Senior Taxpayers, to take advantage of the fourth paragraph of Law 16 of 2020 by deducting 30% of the delay fee, and the original due tax differences were paid and benefited from exceeding 65% of the delay fee According to Law No. 153 of 2022.

The years are from 2018 to 2022

The inspection was not conducted by the Tax Authority, and the company did not receive any forms for those years to date, and according to the method of the Tax Authority in the inspection, the estimated provision was formed for the expected points of disagreement.

- Payroll tax

The years from the start of the activity until 2014

The tax dispute between the company and the tax authority for those years has been settled and the tax due has been paid in full.

The years are from 2015 to 2018

The tax inspection for those years was carried out, and the original tax was paid before August 31, 2022, and the law is being used to override late fines.

The years are from 2019 to 2022

The tax inspection for these years has not been carried out, and the company has not been notified of any assessment forms to date, and according to the method of the Tax Authority in the inspection, the estimated provision for points of disagreement has been formed.

- ***Stamp tax***

The years from the start of the activity until 2014

The tax dispute between the company and the tax authority has been terminated and the tax due has been paid in full.

The years are from 2015 to 2022

The tax inspection is in progress for those years, and the company has not been notified any assessment forms to date, and according to the inspection method, a provision for points of disagreement has been provided.

37. TAX STATUS - *Continued*

- ***Real estate tax***

The years are from 2013 to 2022

The tax returns were submitted within the specified legal date, and the tax was paid for the real estate for which the tax forms were received, and a provision was made for the tax on the real estate for which no tax forms were received to date.

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

The company follows the mission of the Center of Major Financiers File No. 410/3/5/555 and registered under No. 933/396/100 General Tax and Sales.

- ***Corporate tax***

Year to 30 June 2008 The tax dispute between the company and the tax authority for those years has been settled and the tax due has been paid in full.

The years from 01/07/2009 to 31/12/2012 were under inspection on the basis of the Appeal Committee and challenged before the Administrative Court.

A request for reconciliation with the Senior Financiers' Centre was submitted and a request was submitted in violation of Law 174 of 2018 for delays.

The years from 2013 to 2016 were assessed and the work of an internal committee re-inspected.

The years from 2017 to 2022 have not yet been inspected and the tax return has been submitted in accordance with the provisions of Law 91 of 2005.

- ***Payroll tax***

The years from the start of the activity until 2004

The tax dispute between the company and the tax authority for those years has been settled and the tax due has been paid in full.

Years 2005 to 2014 were discretionary inspected and the decision of the Appeal Committee to re-inspect in the light of annual settlements and documents submitted by the company.

The years 2015 to 2018 have been estimated and are being re-inspected in the light of annual settlements and documents submitted by the company.

The years from 2019 until 2022

The tax inspection for these years has not been carried out, and the company has not been notified of any assessment forms to date.

37. TAX STATUS - *Continued*

- ***Stamp Tax***

The period up to 31/12/2015 has been inspected, the dispute has been terminated and payments made from under the tax entitlements.

Periods from 1/1/2016 to 31/12/2022 have not yet been inspected.

- ***Value Added tax (VAT)***

Years until 31/12/2013 were inspected and the outstanding discrepancies paid in full.

Years 2014 and 2015 Inspection and grievance were conducted and the Appeal Committee decision was issued to reduce outstanding discrepancies.

Years 2016 and 2017 were inspected, complained and the dispute is under consideration.

Years from 2018 to 2022, the company provides monthly tax returns and reimburses the tax due from the return.

The company registered in VAT issued by Law No. 67 of 2016.

- ***Real Estate Tax***

Tax returns were submitted in accordance with the law and tax due until 31/12/2021 was paid.

38. EARNINGS PER SHARE

	30/6/2023 *L.E.*	*31/12/2022* *L.E.*
Net profit for the year after tax	580,231,929	231,126,483
Less: Board of Directors and employees share in profit	(98,146,944)	(27.500.000)
Shareholders share in net profit	482,084,985	203,626,483
Weighted average numbers of shares outstanding during the year	2,135,000,000	1,947,800,000
Earnings per share	0.226	0.105

39. 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:

39. FINANCIAL INSTRUMENTS AND RELATED RISKS - *Continued*

- ***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.

- ***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:

	Less than one period	*1-2 Periods*	*More than 2 periods*	*Book value*
	L.E.	*L.E.*	*L.E.*	*L.E.*
30/6/2023				
Term loans	236,077,323	311,283,860	789,358,964	1,336,720,147
Creditors and other credit balances	1,008,811,420	-	-	1,008,811,420
Short term loans	743,334,735	-	-	743,334,735
Trade payables	482,734,771	-	-	482,734,771
Land development liability by face value	208,806,577	193,687,509	178,568,442	581,062,528
Long term notes payable	-	73,991,302	97,664,169	171,655,471
	2,679,764,826	578,962,671	1,065,591,575	4,324,319,072
31/12/2022				
Term loans	1,112,711,174	234,719,138	966,840,544	2,314,270,856
Creditors and other credit balances	970,893,552	-	-	970,893,552
Short term loans	741,032,228	-	-	741,032,228
Trade payables	683,429,398	-	-	683,429,398
Land development liability by face value	208,806,577	193,687,509	178,568,442	581,062,528
Long term notes payable	-	77,544,045	133,771,634	211,315,679
	3,716,872,929	505,950,692	1,279,180,620	5,502,004,241

39. FINANCIAL INSTRUMENTS AND RELATED RISKS – *Continued*

- ***Market risk***

Market risk includes potential gains and losses from the company's financial investments. The company's management applies an investment policy aimed at reducing risk, through investing in various low-risk financial instruments (mainly Egyptian treasury bills).

- ***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:

	31/3/2023 ***L.E.***	***31/12/2022*** ***L.E.***
Financial assets instruments with fixed interest rate		
Financial assets (trade and notes receivable)	5,662,416,821	5,625,957,168
Financial liabilities instruments with floating interest rate		
Financial liabilities (Long- and short-term loans and credit banks)	6,410,672,038	2,985,347,198

- ***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.

- ***Capital Management***

Regarding capital management, the company's policy is to uphold a strong capital base to safeguard its shareholders' equity, creditors, and market confidence, as well as the continued growth of its future activities.

The company seeks to maintain a balance between the lowest cost of borrowing and the other associated risks and benefits of the finance to keep a strong capital base.

The company has no change in the capital management during the year and it has no external capital requirements.

40. CONTRACTUAL COMMITMENTS

The value of contracts with contractors for the implementation of housing and development projects amounted to L.E. 7.1 billion, the executed works till 30 June 2023 amounted to L.E. 5.2 billion. Contractors' dues have been paid in accordance with the contracts and the remaining amounts of contractual commitments as follows :

Project	*Value of current works contracted with contractors to execute residential units* L.E.	*Value of executed works till 31 March 2023* L.E.	*Value of remaining contractual commitment at 31 March 2023* L.E.
Taj Sultan	979 Million	820 million	159 Million
Park residence	1.74 Billion	1.67 billion	70 Million
Shalya	700 Million	255 million	445 Million
Lake Park	333 Million	11 Million	322 Million
Taj Ville - Joint venture	223 Million	12 Million	211 Million
Taval	1,06 Billion	956 Million	100 Million
Crowns	1,51 Billion	1,47 Billion	40 Million
Cavana	491 Million	10 Million	481 Million
Strip Mall	95 Million	9 Million	86 Million
Total	7,131 Billion	5,213 Billion	1,918 Billion

41. PAID UNDER ACCOUNT OF ACQUIRING NEW INVESTMENTS

On July 3, 2022 the company signed an agreement to acquire the whole capital shares of the two companies "Mink for Real-estate Investment (S.A.E.)" & "EgyCan for Real-estate Development (S.A.E.)" for LE 200 million, this agreement was signed pursuant to the approval of the general assembly of the company's shareholders dated 13 December 2021 and the approval of the company's board of directors dated 29 June 2022.the company paid to the shareholders of the two companies L.E. 175 million consequent to the date of agreement. On April 18 2023 the ordinary general assembly approved to sign the final contracts for the acquisition of the two companies and the remaining amount of L.E. 25 million have been paid in end of June 2023 and all purchases procedures have been completed in July 2023

42. COMMITMENTS RELATED TO DEVELOPING LAND

These commitments comprise of a contractual commitment to finance the execution of a part of the extended axis of "Shinzo Abe" that pass through the company's land in "Taj City"; these liabilities are amounting LE 871.7 million in addition to the incurred interest amounting L.E. 151 million. The company paid an amount of LE 442 million out of these liabilities. The remaining amount will be paid on three installments till July 2025 as follows:

	30/6/2023 *L.E*	*31/12/2022* *L.E*
Land Development liabilities- Short term	**208,806,577**	**208,806,577**
Land Development liabilities- Long term		
Fair Value	372,255,951	372,255,951
Less: Financial Component	(49,292,104)	(72,301,946)
	322,963,847	**299,954,005**
	531,770,424	**508,760,582**

43. FAIR VALUE

The group holds the financial assets by fair value through other comprehensive income as follows:

Measuring the recurring fair value	*First level* *L.E.*	*Second level* *L.E.*	*Third level* *L.E.*	*Total* *L.E.*
Measuring the recurring fair value as at 30 June 2023				
Financial assets in fair value through the other comprehensive income (equity instruments)	-	-	-	-
Total financial assets	-	-	-	-
Measuring the recurring fair value as at 31 December 2022				
Financial assets in fair value through the other comprehensive income (equity instruments)	-	4,608,335	-	4,608,335
Total financial assets	-	4,608,335	-	4,608,335

44. COMPARATIVE FIGURES

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

	30/6/2022 Before reclassification L.E.	*Reclassification L.E.*	*30/6/2022 After reclassification L.E.*
Selling and marketing expenses	(214,699,292)	1,011,744	(213,687,548)
General and administrative expenses	(70,190,318)	1,433,952	(68,756,366)
Residential Compounds and operating expenses	(16,781,469)	(2,445,696)	(19,227,165)

	31/12/2022 Before reclassification L.E.	*Reclassification L.E.*	*31/12/2022 After reclassification L.E.*
Financial assets at amortized cost	93,542,012	33,081,146	963,623,158
Cash on hand and at banks	906,192,128	(33,081,146)	873,110,982