NAEEM HOLDING COMPANY
FOR INVESTMENTS (S.A.E – FREE ZONE)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
TOGETHER WITH AUDITOR'S REPORT

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E-FREE ZONE)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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Building a better
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Translation of Auditor's
report originally issued
in Arabic

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NAEEM HOLDING COMPANY FOR INVESTMENTS (S,A,E – FREE ZONE)

Report on the consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **NAEEM HOLDING COMPANY FOR INVESTMENTS (S,A,E – FREE ZONE),** represented in the consolidated balance sheet as of 31 December 2017, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

Building a better working world

Translation of Auditor's report originally issued in Arabic

Opinion

In our opinion, the consolidated financial statements referred to above, give a true and fair view, in all material respects, of the financial position of **NAEEM HOLDING COMPANY FOR INVESTMENTS (S,A,E – FREE ZONE)**, as of 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Attention-getting paragraph

Based on the minutes of the extraordinary general assembly of Bedaya Company For Real Estate Investments (subsidiary), as held on 27 March 2013, it was approved to freeze the company's activity via suspending that activity completely, as of 31 March 2013. Whereupon, the company's tax card was submitted to the taxation authorities (note no. 29).

According to the resolution issued by the board of directors of the Egyptian Financial Supervisory Authority, at the session held on 23 July 2011, Naeem Company for Real Estate Finance (subsidiary) was prevented from practicing the activity of real estate finance, pursuant to article-42 of the Real Estate Finance Law No. 148 of the year 2001, due to the company failure to complete the amount of its issued capital (note no. 29).

Cairo: 28 February 2018

Auditor

Amr M. Alshaabini
FESAA – FEST
(RAA. 9365)
(CMAR. 103)

Ernst & Young Egypt
A Member of Ernst & Young Global

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E – FREE ZONE)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2017

	Note	31 December 2017	31 December 2016
		USD	USD
Noncurrent assets			
Fixed assets	(5)	3,577,474	4,093,593
Projects under construction	(6)	4,926,561	4,903,027
Available for sale investments	(7)	94,860,573	90,079,700
Long-term investments	(8)	615,868	654,981
Investments in associates	(24)	2,824,677	2,622,131
Real Estate Investment	(28)	14,826,500	14,904,868
Notes receivables- Long Term		5,032,193	191,020
Deferred tax assets		14,860	7,140
Employees rewarding system	(9)	9,935,265	14,236,192
Goodwill	(10)	54,158,508	56,908,567
Total Noncurrent Assets		190,772,479	188,601,219
Current assets			
Cash on hand and at banks	(11)	4,798,770	15,222,370
Investments at fair value through profits or losses	(13)	5,165,900	1,616,182
Available for sale financial investments	(27)	18,899,545	18,899,545
Accounts receivable	(12)	10,170,354	12,264,023
Work in process	(26)	13,474,195	12,334,154
Prepaid expenses and other debit balances	(14)	37,638,165	28,169,238
Due from related parties		9,793,899	-
Finished units	(22)	6,930,143	14,795,563
Total current assets		106,870,971	103,301,075
Total Assets		297,643,450	291,902,294
Equity			
Issued and paid up capital	(18)	218,594,893	198,722,630
Legal reserve		8,409,230	8,149,099
General reserve		65,294,578	85,166,841
Treasury stock reserve	(19)	7,233,894	7,233,894
Employees' rewarding system revaluation differences	(9)	(10,695,357)	(6,394,430)
Unrealized gain from available for sale investments		2,699,766	123
Foreign Currency Translation		(26,648,753)	(31,057,556)
(Accumulated losses)		(34,052,705)	(42,059,239)
Profit for the year		1,056,179	2,122,597
Majority interest		231,891,725	221,883,959
Minority interest		27,180,778	26,989,483
Total Equity		259,072,503	248,873,442
Current liabilities			
Provisions	(15)	54,032	87,757
Banks overdraft	(16)	14,379,351	15,731,041
Accounts receivables – credit balances		3,019,728	12,563,063
Accrued expenses and other credit balances	(17)	14,504,460	11,086,253
Total current liabilities		31,957,571	39,468,114
Noncurrent liabilities			
Long-term liabilities	(20)	6,522,535	3,499,635
Deferred tax liabilities		90,841	61,103
Total noncurrent liabilities		6,613,376	3,560,738
Total Liabilities		38,570,947	43,028,852
Total Equity & Liabilities		297,643,450	291,902,294

CFO	Managing Director	Chairman
Ahmed Mahmoud	Youssef Elfar	Hussein Shobokshy

The accompanying notes from (1) to (30) are an integral part of these consolidated financial statements.
- Auditor's report attached

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E – FREE ZONE)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AS OF 31 DECEMBER 2017

	Note	31 December 2017	31 December 2016
		USD	USD
Fees, commissions and investments managing revenues		6,197,891	7,855,451
Units sales revenue		3,611,125	15,614,341
Coupon revenue		2,704,460	-
Cost of units sold		(1,996,043)	(10,075,226)
(Loss) Gain of investment sale		(444,587)	1,871,896
(Loss) from sale of available for sale investment		(291,709)	-
Gain from sale of current assets held for sale		415,787	-
Unrealized gain (Loss) from revaluation of investments at fair value through profit or loss		667,191	(363,795)
Revaluation gain from real estate investments		-	39,372
Company's share of (losses) in associates		(413,787)	-
Total Revenues		10,450,328	14,942,039
General and administrative expenses		(7,405,164)	(12,597,928)
Marketing and managing expenses		(142,029)	(937,715)
Finance lease expenses		(1,044,551)	(240,236)
Provisions	(15)	-	(21,406)
Real estate depreciation		(78,368)	(142,272)
Fixed assets depreciation	(5)	(377,432)	(488,411)
Capital (loss)		-	(7,417)
Credit interests		212,273	307,414
Foreign exchange differences		(197,268)	5,104,127
Other income		2,735,359	1,046,987
Debit interests		(2,656,855)	(2,986,460)
Profits for the year before taxes		1,496,293	3,978,722
Income tax		(226,801)	(1,326,615)
Deferred income taxes		(22,018)	(60,042)
Profits for the Year		1,247,474	2,592,065
Represented in:			
Shareholders' equity of the Holding Company		1,056,179	2,122,597
Minority interest		191,295	469,468
Profits for the Year		1,247,474	2,592,065

CFO
Ahmed Mahmoud

Managing Director
Youssef Elfar

Chairman
Hussein Shobokshy

النعيم القابضة للإستثمارات
NAEEM HOLDING
(ش.م.م)

- The accompanying notes from (1) to (30) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
AS OF 31 DECEMBER 2017

	31 December 2017	31 December 2016
	USD	USD
Profits for the Year	**1,247,474**	2,592,065
Other comprehensive income		
Revaluation from available for sale investments	**2,699,643**	9,511,058
Consolidated translation differences	**4,408,803**	(11,620,748)
Total other comprehensive income of the year	**7,108,446**	(2,109,690)
Total comprehensive income	**8,355,920**	482,375

- The accompanying notes from (1) to (30) are an integral part of these consolidated financial statements.

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E – FREE ZONE)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS OF 31 DECEMBER 2017

	Issued & paid up capital	Legal Reserve	General reserve	Treasury Stocks	Treasury stock Reserve	Employees rewarding system revaluation differences	(Loss) on revaluation of available for sale investments	Foreign Currency Translation Differences	(Accumulated Losses)	Profits for the year	Total	Minority Interest	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Balance as of 1 January 2017	198,722,630	8,149,099	85,166,841	-	7,233,894	(6,394,430)	123	(31,057,556)	(42,059,239)	2,122,597	221,883,959	26,989,483	248,873,442
Transferred to retained earnings	-	-	-	-	-	-	-	-	2,122,597	(2,122,597)	-	-	-
Transferred to Legal reserve	-	260,131	-	-	-	-	-	-	(260,131)	-	-	-	
Capital increase	19,872,263		(19,872,263)	-	-	-	-	-	-	-	-	-	-
Adjustment in retained earnings (accumulated losses)	-	-	-	-	-	-	-	-	6,144,068	-	6,144,068	-	6,144,068
Revaluation of employees' rewarding system shares	-	-	-	-	-	(4,300,927)	-	-	-	-	(4,300,927)	-	(4,300,927)
Revaluation of available for sale investments	-	-	-	-	-	-	2,699,643	-	-	-	2,699,643	-	2,699,643
Change in Minority interest	-	-	-	-	-	-	-	-	-	-	-	191,295	191,295
Consolidated translation differences	-	-	-	-	-	-	-	4,408,803	-	-	4,408,803	-	4,408,803
Profit for the year	-	-	-	-	-	-	-	-	-	1,056,179	1,056,179		1,056,179
Balance as of 31 December 2017	218,594,893	8,409,230	65,294,578	-	7,233,894	(10,695,357)	2,699,766	(26,648,753)	(34,052,705)	1,056,179	231,891,725	27,180,778	259,072,503

- The accompanying notes from (1) to (30) are an integral part of these consolidated financial statements.

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E – FREE ZONE)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS OF 31 DECEMBER 2017

	Issued & paid up capital	Legal Reserve	General reserve	Treasury Stocks	Treasury stock Reserve	Employees rewarding system revaluation differences	Unrealized (Losses) on revaluation of available for sale investments	Consolidated translation differences	(Accumulated Losses)	Profits for the year	Total	Minority Interest	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Balance as of 1 January 2016	283,889,471	8,149,099	-	(1,492,537)	6,671,109	(11,465,392)	(9,510,935)	(19,436,808)	(36,129,274)	(5,929,965)	214,744,768	51,109,630	265,854,398
Transferred to legal reserve & retained earnings	-	-	-	-	-	-	-	-	(5,929,965)	5,929,965	-	-	-
Transferred to general reserve	(85,166,841)	-	85,166,841	-	-	-	-	-	-	-	-	-	-
Gain from revaluation of investments available for sale	-	-	-	-	-	-	9,511,058	-	-	-	9,511,058	-	9,511,058
Subsidiaries treasury stocks	-	-	-	-	562,785	-	-	-	-	-	562,785	-	562,785
Treasury stocks	-	-	-	1,492,537	-	-	-	-	-	-	1,492,537	-	1,492,537
Consolidated translation differences	-	-	-	-	-	-	-	(11,620,748)	-	-	(11,620,748)	-	(11,620,748)
Revaluation of employees' rewarding system shares	-	-	-	-	-	5,070,962	-	-	-	-	5,070,962	-	5,070,962
Minority interest	-	-	-	-	-	-	-	-	-	-	-	(24,120,147)	(24,120,147)
Profit for the year	-	-	-	-	-	-	-	-	-	2,122,597	2,122,597	-	2,122,597
Balance as of 31 December 2016	198,722,630	8,149,099	85,166,841	-	7,233,894	(6,394,430)	123	(31,057,556)	(42,059,239)	2,122,597	221,883,959	26,989,483	248,873,442

- The accompanying notes from (1) to (30) are an integral part of these consolidated financial statements.

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E – FREE ZONE)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	31 December 2017 USD	31 December 2016 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits for the year before taxes		1,496,293	3,978,722
Adjustments to reconcile (losses) profits for the year to cash flows from operating activities			
Depreciation of Fixed assets	(5)	377,432	488,411
Credit interest		(212,273)	(307,414)
Debit interest		2,656,855	2,986,460
Foreign currency difference		197,268	(5,104,127)
Unrealized losses on revaluation of Investments at fair value through profit or loss		444,587	363,795
Gain (losses) before changes in working capital		4,960,162	2,405,847
Change in accounts receivable	(12)	2,093,669	5,132,654
Provisions		(33,725)	(203,707)
Change in prepayments and other debit balances	(14)	(9,468,927)	(3,941,971)
Change in accounts receivable – credit balances		(9,543,335)	2,395,012
Change in accrued expenses and other credit balances	(17)	3,191,406	(8,278,590)
Change in due from related parties		(9,793,899)	-
Change in work in progress		(1,140,041)	14,624,708
Change in finished units		7,865,420	14,290,673
NET CASH FLOWS (USED IN) PROVIDED FROM OPERATING ACTIVITIES		(11,869,270)	26,424,626
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payments) to acquire fixed assets	(5)	(606,246)	(816,939)
Proceeds from selling fixed assets		744,933	5,285
Change in Projects under construction		(23,534)	-
Change in investments available for sale	(7)	(2,081,230)	(7,304,670)
Change in due from sale contract		(4,841,173)	914,444
Change in investments at fair value through profit or loss		(3,994,305)	6,672,175
Change in real estate investments		78,368	24,480
Change in employee's rewarding system		-	1,102,329
Change in long-term investments	(8)	39,113	82,100
Change in goodwill		2,750,059	-
Change in investments in associates		(202,546)	373,497
NET CASH FLOWS (USED IN) PROVIDED FROM INVESTING ACTIVITIES		(8,136,561)	1,052,701
CASH FLOWS FROM FINANCING ACTIVITIES			
(Payments) for banks overdraft	(16)	(1,351,690)	(3,023,549)
Proceeds (Payments) long term liabilities		3,022,900	(49,946)
Debit interest		(2,656,855)	(2,986,460)
Minority interest		-	(24,120,147)
Treasury stocks reserve		-	562,785
Purchase of treasury stocks		-	1,492,537
Credit Interest		212,273	307,414
Consolidated translation differences		4,408,803	(11,620,748)
Change in Accumulated Losses		6,144,068	-
NET CASH FLOWS PROVIDED FROM (USED IN) FINANCING ACTIVITIES		9,779,499	(39,438,114)
NET CASH FLOWS DURING THE YEAR		(10,226,332)	(11,960,787)
Cash and cash equivalents – beginning of the year	(11)	15,222,370	22,079,030
Impact of change in exchange rates		(197,268)	5,104,127
CASH AND CASH EQUIVALENTS - END OF THE YEAR	(11)	4,798,770	15,222,370

- The accompanying notes from (1) to (30) are an integral part of these consolidated financial statements.

1 BACKGROUND

Naeem Holding Company for Investments "S,A,E - Free Zone" was incorporated according to the provisions of law 8 of 1997 and its executive regulations and law 95 of 1992 and its special executive regulations related to the capital market, The Company was registered in the commercial registry under number 881- Ismailia on the 14 May 2006, The Company's activities are as follows:

1. Participate, either fully or partially, in establishing companies.
2. Factoring
3. Risk capital
4. Finance lease.
5. Guarantee and covering public offering.
6. Margin trading and custodian function.

The Company has the following investments in subsidiaries as of 31 December 2017:

Company	Activity	Share %
NAEEM Brokerage Company	Financial Securities Brokerage	99.96%
NAEEM Financial Investments Company	Financial services	99.99%
NAEEM Mortgage for Real Estate	Real estate financing	98.4%
NAEEM for Consulting Services Company	Consulting services	98%
NAEEM Capital Limited Company	Financial Securities investments	100%
NAEEM for Investment Fund Management	Investment Fund	99.80%
NAEEM for Real Estate Management Limited Company	Real Estate Investment Management	100%
NAEEM Capital for Investment (Al Tawfik for Financial Investments)	Financial services	99.98%
Al Tawfik for Brokerage	Financial Securities Brokerage	99.96%
NAEEM Real Estate Investment Fund Company	Investment Fund	%99
Mina Mac Fund Company	Investment Fund	%99
Mina Growth Fund Company	Investment Fund	%99
NAEEM Real Estate Investment Fund (NAEEM for Investment Funds Company previously)	Investment Fund	99,50%
Gold Capital for trading Company	Commodities Trading	98.80%
Recap For Financial investments (Recap holding previously)*	Financial services	47.61%
Arab Sweeteners Company	Manufacturing	99.98%

* RECAP for Financial Investments owns the following ownerships in its Subsidiaries:

Company	Activity	Share %
SVREICO for Real Estate Investment Company	Real Estate Investments	68.35%
Naeem For Real Estate Investments	Real Estate Investments	99.98%
Bedaya For Real Estate Investments (Subsidiary of Naeem for Real Estate Investments)	Real Estate Investments	99%
Belady For Tourist Development and Hotels (Subsidiary of Naeem for Real Estate Investments)	Tourism Investments	99%
Naeem Development Projects Limited Company Financial Securities investments	Financial Securities investments	100%

- The financial statements for the year ended 31 December 2017 has been approved in accordance with the board of directors held in 28 February 2018.

2 PURPOSE OF PREPARATION

The consolidated financial statements and the accompanying notes were prepared to be provided to Egyptian Security Exchange Commission as required by the Egyptian laws and applicable local regulations.

3 BASIS OF CONSOLIDATION

- The financial statements of the Holding Company and its subsidiaries are prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations,
- Similar accounts for assets, liabilities, revenues and expenses of Holding Company and its subsidiaries have been grouped, after excluding the following:

a- The equity of subsidiary is reduced against the cost of the investment cost of Holding Company in its subsidiary.

b- Intercompany accounts between Holding Company and subsidiaries:
  - Current accounts between group companies
  - Notes receivables / payables between group companies

c- Revenues, expenses and dividends paid between Holding Company and subsidiaries during the year.

d- Unrealized gains on the date of consolidated financial statements that resulted from transactions between Holding Company and subsidiaries which may appear in some assets at the date of consolidated financial statements,

e- Any differences between debit and credit balances through settlements, which arose as a result of operation between Holding Company and subsidiaries which recorded in the books of one of the companies and have not been recorded in the books of other Company.

f- Show minority interest in a separate line item in the consolidated financial statements attributed to equity share in subsidiaries.

4 SIGNIFICANT ACCOUNTING POLICIES

4-1 Basis of preparation

The consolidated financial statements have been prepared under the going concern assumption and on a historical cost basis, except for investment property and available for sale financial assets that have been measured at fair value.

Subsidiaries companies

Subsidiaries are the companies that under the control of the group, In Which the group has the ability to control their financial and operating policies to obtain benefits from its activities taking into consideration the current and probable voting rights at the date of preparation of consolidated financial statements, When measuring the extent of control, The financial statements of subsidiaries are included in the consolidated financial statements since the date of acquisition till the date losing control of Holding Company on subsidiaries.

Consolidation elimination transactions

When preparing consolidated financial statements all balances, transactions and unrealized gains and losses between group companies are eliminated.

Conformity with accounting standards

The financial statements of the Holding Company and its subsidiaries are prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.

4-2 Changes in accounting policies

The accounting policies adopted this year are consistent with those of the previous year

4-3 Foreign currency translation

The Holding Company maintains its accounts in US Dollar as it operates in a free zone, Transactions denominated in foreign currencies are recorded at the prevailing exchange rate at the date of the transaction, Monetary assets and liabilities denominated in foreign currencies other than US Dollar are retranslated using the prevailing exchange rate currencies other than US Dollar at the balance sheet date, All differences are recognized in the statement of income.

For the subsidiaries that maintains its accounts with a different currencies other than used by the Holding Company (US Dollars), balances of assets and liabilities of the financial statements for these companies are translated using the exchange rates prevailing at the financial position 8date, equity translated on the basis of historical exchange rates, Revenues and expenses on the bases of average exchange rates during the year, Foreign exchange translation differences recorded in special reserve item "Consolidated Translation differences due to consolidation" in equity consolidated balance sheet.

4-4 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, Corresponding cost for this process and cost to complete, if available, are measured:

- Profit or loss resulted from sale of financial investments are recognized on transaction date based on the difference between the cost and selling price less selling commission and expenses,
- Dividends income is recognized when collected,
- Interest income is recognized on accrual basis,
- Brokerage commissions resulting from purchase and sale of securities for clients are recorded after implementation of buy or selling order and issuing client's invoice,
- Management fees are calculated on a monthly basis based on agreed upon contract of the total customer's investment portfolio and total market value shares of the client according to contract terms,
- Purchase with margin revenue is recognized on accrual basis and according to agreed upon interest rate,
- Custody revenues are recognized on accrual basis based on the agreed upon percentages with the customers,
- Performance revenue are calculated annually on the net profit of the investment portfolio of the client under the terms of the contract.

- **Operating Revenue from the Sale of Real Estates and Lands**

Revenue is achieved upon the delivery of units to the Company's customers and the passing of all risks and economic benefits related to the unit.
Revenue is recognized when there is sufficient certainty that the economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably. Revenue shall be measured at the fair value of the due or the received consideration. Any trade discounts, volume rebates, sales taxes or charges shall be deducted and revenue is measured net of these items.

- **Interest Revenue**

Interest revenue is recognized by using the effective yield method. Interest revenue is recorded in the Profit or Loss statement under the financing income.

4-5 Fixed assets

Fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment losses, Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met, Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied, All other repair and maintenance costs are recognized in consolidated statement of income as incurred.

Depreciation of an asset begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by management , and is computed using the straight-line method according to the estimated useful life of the asset as follows:

	Years
Buildings	20
Furniture and office utilities	10 – 16
Office equipment and tools	3 – 8
Vehicles	3 – 5

Fixed assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal, any gain or loss arising on derecognizing of the asset is included in the consolidated statement of income when the asset is derecognized.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year-end.

The Company assesses at each balance sheet date whether there is an indication that fixed assets may be impaired, Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, Impairment losses are recognized in the statement of income.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized, The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years, Such reversal is recognized in the consolidated statement of income.

4-6 Investments

Investments at fair value through profit or loss
Investments at fair value through profit or loss are financial assets classified as either held for trading acquired for the purpose of selling in the near term or financial assets designated upon initial recognition at fair value through profit or loss.

Investments at fair value through profit or loss are initially recognized at fair value inclusive direct attributable expenses.

Investments at fair value through profit or loss are carried in the consolidated balance sheet at fair value with gains or losses recognized in the consolidated statement of income.

A gain or loss arising from sale of an investment at fair value through profit or loss shall be recognized in the consolidated statement of income.

4-6 Investments (Continued)

Investments in subsidiaries
Investments in subsidiaries are investments in entities which the Company has control, Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries more than half of the voting power of the investee, unless, in exceptional circumstances, it can be clearly demonstrated that this is not the case.

Investments in subsidiaries are accounted for in separate financial statements at cost acquisition including transaction cost and in case the investment is impaired, the carrying amount is adjusted by the value of this impairment and is charged to the separate statement of income for each investment separately, Impairment loss shall not be reversed.

Available for sale investments
Available for sale investments are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held to maturity investments or investments at fair value through profit or loss.

Available for sale investments are initially recognized at fair value inclusive directly attributable expenses.

After initial measurement, available for sale investments are measured at fair value with unrealized gains or losses recognized directly in equity until the investment is derecognized, at which time the cumulative gain or loss recorded in equity is recognized in the statement of income, or determined to be impaired, at which time the cumulative loss recorded in equity is recognized in the statement of income,
If the fair value of an equity instrument cannot be reliably measured, the investment is carried at cost.

Equity investments: where there is an evidence of impairment, the cumulative loss is removed from the equity and recognized in the statement of income, Impairment losses on equity investments are not reversed through the statement of income; increases in the fair value after impairment are recognized directly in equity.

Investments in associates
Investments in associates are investments in entities which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture, Significant influence is presumed to exist when the Company holds, directly or indirectly through subsidiaries 20 percent or more of the voting power of the investee, unless it can be clearly demonstrated that this is not the case.

Investments in associates are accounted for in the consolidated financial statements at cost inclusive acquisition cost and in case the investment is impaired, the carrying amount is adjusted by the value of this impairment and is charged to the consolidated statement of income for each investment separately, Impairment loss shall not be reversed.

Current assets held for sale
Current assets held for sale is the non-current assets that is expected to regain its book value basically from sale agreement not from the use of those assets those assets are measured by the lower of the book value or the fair value after deducting the sales cost.

Current assets held for sale in case of impairment, the carrying amount to be adjusted by the value of this impairment and are charged to the statement of income Impairment losses to be reversed in the year when occurred, and to the extent to the amount of book value that previously reduced unless the impairment loss was recognized in the previous years.

4-7 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made, Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate, Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation, Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

4-8 Legal reserve

According to the Company's articles of association, 5% of the net profits of the year is transferred to the legal reserve until this reserve reaches 50% of the issued capital, the reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors.

4-9 Income taxes

Income tax is calculated in accordance with the Egyptian tax law.

Current income tax

Current income tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from or paid to the tax authority.

Deferred income tax

Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the balance sheet (accounting base) using the applicable tax rate.

Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

Current and deferred tax shall be recognized as income or an expense and included in the statement of income for the year, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different year, directly in equity.

4-10 Expenses

All expenses including operating expenses, general and administrative expenses and other expenses are recognized and charged to the consolidated statement of income in the financial year in which these expenses were incurred.

4-11 Treasury shares

Treasury shares are recognized at cost and deducted from equity at the balance sheet, taking into consideration for the company not to hold these stocks less than three months but not to exceed one year holding year, The company is authorized to sell the stocks during the year in case that their fair value exceeds their cost after general authority for financial supervisory approval, The company's board of directors should disclose in the extraordinary general assembly meeting the reasons for the company holding these stocks for more than six months to agree on the action to be taken towards them.

4-12 Employees' rewarding system

Securities held for employees' rewarding system are measured by reference to the fair value (market price) at the date of establishing the system and allocation and are revaluated to the fair value (market price) at each reporting date, together with a corresponding revaluation differences in equity at the balance sheet.

4-13 Related party transactions

Related parties represent associate companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties, pricing policies and terms of these transactions are approved by the boards of directors.

4-14 Accounting estimates

The preparation of financial statements in accordance with Egyptian Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the financial years, Actual results could differ from these estimates.

4-15 Impairment

Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired, A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Impairment of non-financial assets

The Company assesses at each consolidated balance sheet date whether there is an indication that an asset may be impaired, Where the carrying amount of an asset or cash-generating units (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, Impairment losses are recognized in the consolidated statement of income.

A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized, The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years, Such reversal is recognized in the consolidated statement of income.

4-16 Statement of cash flows

The statement of cash flows is prepared using the indirect method.

4-17 Cash and cash equivalent

For the purpose of preparing the cash flow statement, the cash and cash equivalent comprise cash on hand, current accounts with banks and time deposits maturing within three months.

4-18 Projects under construction

Projects under construction represent the amounts that are incurred for the purpose of constructing or purchasing fixed assets until it is ready to be used in the operation, upon which it is transferred to fixed assets, Projects under construction are valued at cost less impairment.

4-19 Work in Process

Properties acquired, constructed or in the course of construction for future sale are classified as work in process at their cost.

Work in process is subsequently carried at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less estimated cost to complete development and selling activities.

4-20 Long term Investments

Long term investments is represented in the company's share in Misr for Central Clearing Depository Registry (MCDR), the long term investments should be recorded at the acquisition cost less any permanent impairment in its value for each investment separately.

4-21 Finance lease

Finance lease is classified as operating lease according to Egyptian laws and regulations, the value of lease installments is recorded as expenses by the straight line basis all over the lease period.

4-22 Finished Units

Revenue from finished units is recorded at fair value for the amount received or due by the net after deducting any commercial discounts, quantities, sales tax or any other fees.

4-23 Investment property

Investment property is property (land or a building—or part of a building—or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.

Investment property is measured initially at cost including transaction costs. The investments property are measured after initial recognition at fair value and the gains or losses arising from change in fair value are recognized in the statement of income.

4-24 Fair Value Measurement

The fair value represents the price which would be received by the company in return for selling an asset or transferring a liability under an orderly transaction between market participants on the date of measurement.

Fair value measurement is based on the assumption that the asset sale or liability transfer transaction will take place in the principal market of the asset or liability or the most advantageous market for the asset or liability.

The fair value of the asset or liability is measured by means of the assumptions likely to be used by the market participants upon pricing the asset or liability, assuming that the market participants will work on achieving their economic interests.

Fair value measurement for the non-financial asset or liability takes into account the market participant's ability to generate economic benefits by making the most acceptable use of the asset or by selling the asset to another market partner capable of using the asset in its utmost capacity.

As for the current assets in an active market, the fair value is determined by referring to the declared market purchase prices.

Fair value of the interest-bearing items is estimated based on the discounted cash flows, by using the interest rates applicable to identical items having the same conditions and risk properties.

As for unlisted assets, their fair value is determined by referring to the market value of identical assets or based on the expected discounted cash flows.

The company uses valuation techniques appropriate for the surrounding circumstances, in respect of which adequate data is available for the purpose of fair value measurement. Consequently, the company maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

4-24 Fair Value Measurement (Cont'd)

All assets and liabilities the fair value of which is measured or disclosed in the financial statements are classified into three main levels in terms of fair value measurement, as follows:

- First level: by using unadjusted quoted prices of identical assets or liabilities in active markets.
- Second level: by using inputs other than the quoted prices mentioned in the first level, which are observable for the asset or liability whether directly (i.e. prices) or indirectly (i.e. price-derived inputs).
- Third level: by using valuation techniques which include inputs for the asset or liability none based on observable market data.

As for the assets and liabilities frequently recognized in the financial statements, the company determines whether the three levels of fair value hierarchy were alternatively used or not, by way of revaluating the foregoing classification at the end of the reporting year.

For fair value disclosure purposes, the company has specified some categories for assets and liabilities based on their nature, properties and relevant risks, as well as their levels of classification in the fair value hierarchy indicated above.

5 FIXED ASSETS

	Buildings	Furniture and office utilities	Office equipment and tools	Vehicles	Total
	USD	USD	USD	USD	USD
Cost					
1 January 2017	**2,012,233**	**5,454,147**	**2,437,282**	**292,288**	**10,195,950**
Additions for the Year	**-**	**230,395**	**191,428**	**184,423**	**606,246**
Disposals for the Year	**-**	**(974,587)**	**(1,088,857)**	**(88,285)**	**(2,151,729)**
30 September 2017	**2,012,233**	**4,709,955**	**1,539,853**	**388,426**	**8,650,467**
Accumulated depreciation					
1 January 2017	**(162,826)**	**(3,355,413)**	**(2,437,281)**	**(146,837)**	**(6,102,357)**
Depreciation for the Year	**(28,494)**	**(180,361)**	**(70,075)**	**(98,502)**	**(377,432)**
Disposals for the Year	**-**	**408,317**	**967,504**	**30,975**	**1,406,796**
31 December 2017	**(191,320)**	**(3,127,458)**	**(1,539,852)**	**(214,364)**	**(5,072,994)**
Net Book Value 31 December 2017	**1,820,913**	**1,582,498**	**1**	**174,062**	**3,577,474**

	Buildings	Furniture and office utilities	Office equipment and tools	Vehicles	Total
	USD	USD	USD	USD	USD
Cost					
1 January 2016	1,483,232	5,401,119	2,281,080	294,380	9,459,811
Additions for the Year	529,001	112,552	157,652	17,734	816,939
Disposals for the Year	-	(59,524)	(1,450)	(19,826)	(80,800)
31 December 2016	2,012,233	5,454,147	2,437,282	292,288	10,195,950
Accumulated depreciation					
1 January 2016	(108,465)	(3,187,544)	(2,271,814)	(121,638)	(5,689,461)
Depreciation for the Year	(54,361)	(221,902)	(167,123)	(45,025)	(488,411)
Disposals' depreciation for the Year	-	54,033	1,656	19,826	75,515
31 December 2016	(162,826)	(3,355,413)	(2,437,281)	(146,837)	(6,102,357)
Net Book Value 31 December 2016	1,849,407	2,098,734	1	145,451	4,093,593

6 PROJECTS UNDER CONSTRUCTION

	31 December 2017 USD	31 December 2016 USD
Beginning balance for the year*	4,903,027	4,903,027
Additions**	23,534	-
Ending balance for the year	4,926,561	4,903,027

*The projects under construction are represented in the studies and preparations made for an industrial project (Arab Sweeteners Company).

**Additions represented in preparing Recap Company headquarter in smart village.

7 AVAILABLE FOR SALE INVESTMENTS

	31 December 2017 USD	31 December 2016 USD
Quoted shares in the stock market *	67,736,702	62,880,749
Unquoted shares	27,123,871	27,198,951
	94,860,573	90,079,700

*The value of Quoted shares in the Egyptian stock exchange commission amounted to 31,146,031shares at fair market value USD 55,439,935 from Investments in Egyptian Gulf Bank shares mortgaged by a letter of guarantee issued from the Arab African bank in favor of NAEEM for Stock and Bonds Company as a guarantee of brokerage activities and Etihad Capital Company with the aim of financing a securities portfolio investment (Note23).

8 LONG-TERM INVESTMENTS

	31 December 2017 USD	31 December 2016 USD
Misr Company for central Clearing and Depository	187,219	183,185
Guarantee settlement fund*	421,599	464,954
Dealers insurance fund	7,050	6,842
	615,868	654,981

*The change in investment is due to the re- distribution of ratio in accordance with the volume of transactions in the market and be revaluated every three months by the Settlement Guarantee Fund.

9 EMPLOYEES' REWARDING SYSTEM

The balance of employees rewarding system as of 31 December 2017 amounted to USD 9,935,265 represented in the market value of the system shares with amount of USD 8,470,384 in addition to cash portion amounting to
USD 1,464,881
On 30 April 2008, all treasury stocks had been transferred to employees' rewarding system with total number of 11,372,754 share and the stocks were revaluated using the fair (market) value at the date of transfer.
On 30 March 2008 the ordinary general assembly meeting agreed on board of directors' proposal to declare 1 stock dividend for every 3 shares, the employee rewarding system portion is 3,790,919 shares. On 16 July 2008 the transaction was registered at Misr for Central Clearing. Depository and Registry.

On 24 May 2013, 5,000,000 shares has been transferred to employees rewarding system previously purchased on 13 November 2012 as per the extraordinary general assembly meeting decision for financing the employees rewarding system.

On 22 June 2017 the ordinary general assembly meeting agreed on board of directors' proposal to declare 1 stock dividend for every 10 shares, the employee rewarding system portion is 1,878,133 shares. On 9 October 2017 the transaction was registered at Misr for Central Clearing. Depository and Registry.

The employees rewarding system shares has been revaluated by the market value by USD 9,935,265 (USD 14,236,192 at 31 December 2016) so the negative net valuation differences of these shares become USD 10,695,357 in 31 December 2017 which classified in Employees rewarding system revaluation differences in the shareholder equity section in the standalone financial statement (USD 6,394,430 at 31 December 2016)
Movement Summary is as follows:

	Shares	Shares
Total shares transferred to the system		11,372,754
Free Stock dividends		5,669,052
Shares transferred to the system		5,000,000
Total shares of the system		22,041,806
Shares designated and sold:		
Shares sold	(20,000)	
Holding company's employees	(390,000)	
Subsidiaries employees	(972,334)	
Total designated shares		(1,382,334)
Total undesignated shares		20,659,472

10 GOODWILL

	31 December 2017 **USD**	31 December 2016 USD
Goodwill arising from acquisition of:		
Naeem Brokerage	**40,330,093**	40,330,093
RECAP for financial investments (Recap holding previously)	**10,251,294**	10,251,294
Naeem for Shares and Bonds	**-**	2,750,059
Naeem for Financial Investments	**3,103,794**	3,103,794
Etihad Capital (Unifund Capital for financial investments company)	**473,327**	473,327
	54,158,508	56,908,567

11 CASH ON HAND AND AT BANKS

	31 December 2017 USD	31 December 2016 USD
US Dollars		
Cash on hand	16,700	62,870
Banks- Current accounts	1,596,200	10,272,202
Time deposits	100,000	1,555,542
	1,712,900	11,890,614
Other Currencies		
Cash on hand	121,861	27,999
Banks- Current accounts	2,849,020	3,303,757
Time deposits	114,989	-
	3,085,870	3,331,756
Total cash on hand and at banks	4,798,770	15,222,370

12 ACCOUNTS RECEIVABLE

	31 December 2017 USD	31 December 2016 USD
Accounts receivables	10,510,545	12,638,496
Impairment of accounts receivables	(340,191)	(374,473)
	10,170,354	12,264,023

-The accounts receivables balance at 31 December 2017 includes USD 1,913,105 which represents the value of purchased shares in favor of purchasing with margin trading customers (31 December 2016 amounted to USD 1,826,398).

13 INVESTMENTS AT FAIR VALUE THROUGH PROFITS OR LOSSES

	31 December 2017 USD	31 December 2016 USD
Quoted shares in the stock market	4,497,663	1,572,022
Unquoted shares	668,237	44,160
	5,165,900	1,616,182

14 PREPAID EXPENSES AND OTHER DEBIT BALANCES

	31 December 2017	31 December 2016
	USD	USD
Prepaid expenses	**270,361**	371,901
Employees' loans and advances	**31,629**	143,446
Deposit with others	**330,532**	371,257
Unifund	**20,639,936**	18,104,252
Tamweel For Mortgage Company *	**3,294,593**	-
Tamweel For Leasing Company **	**1,074,929**	-
Leasing contracts settlements***	**3,301,922**	-
Advances to suppliers	**1,214,524**	7,153
Accrued revenue	-	11,012
Etihad capital	-	24,860
Naeem shares & bonds	**17,775**	-
Purchasing and selling clearing	**668,594**	3,642,285
Tax Authority	**65,797**	59,584
Notes receivables and cheques under collection	**3,004,275**	2,025,849
Other debit balances	**3,723,298**	3,407,639
	37,638,165	28,169,238

* The company has made a sale and lease back contract for the first and third floor - building B–16 in Smart village that the company owns it (note 10) with Tamweel For Mortgage.
** The company has made a sale and lease back contract for the second floor - building B–16 in Smart village that the company owns it (note 10) with Tamweel For Leasing.
***This balance consists of the unamortized amounts occurred from sale and lease back contract loss for the first, second and third floors - building B–16 in Smart village.

15 PROVISIONS

	31 December 2017	31 December 2016
	USD	USD
Balance at beginning of year	**87,757**	291,464
Formed during the year	-	21,406
Used during the year	**(33,725)**	(225,113)
Balance at end of the year	**54,032**	87,757

16 BANKS OVERDRAFT

	31 December 2017	31 December 2016
	USD	USD
Baraka Bank	-	2,140,120
United Bank	945,021	
Misr Bank	174,800	-
Export Development Bank of Egypt*	4,170,468	4,518,913
Arab African International Bank **	9,089,062	9,072,008
	14,379,351	15,731,041

*The company obtained an unsecured credit facility from the Export Development Bank of Egypt – Main branch amounting to LE 50 million to finance margin trade purchase operation and the facility amount was reduced to be LE 35 million and the customers balance amounted to USD 1,913,105 as of 31December 2017 (Note 11b).

**The company obtained a secured credit from the Arab African International Bank –Egypt amounting to LE 80 million, Ensuring securities. The amount was increased to L.E. 200 million and guaranteed by the shares of Recap for Financial Investments Company and Egyptian Gulf Bank, with the aim of financing a securities portfolio investment.

- The company obtained credit facilities at the amount of 7,400,000 AED from the Arab African International Bank, with the aim of financing the purchase of investments.

The interest rate applicable to the item "banks – credit facilities" reached 19.25%.

17 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31 December 2017	31 December 2016
	USD	USD
Retentions	31,024	50,125
Employees rewarding loan	1,459,830	-
Accrued expenses	889,819	848,691
Central depository custody	42,219	42,531
Social insurance authority	15,681	20,104
Advances from customers	5,765,706	1,207,335
Risk guarantee fund	1,304	2,022
Tax Authority	334,681	857,530
Nile palm company	2,749,848	2,668,572
General authority for tourism development	1,260,305	897,473
Notes payable – short term	932,254	1,056,880
Accrued Revenue	17,528	65,340
Accrued coupons	16,129	16,090
Etihad Capital	-	1,814
Other credit balances	988,132	3,351,746
	14,504,460	11,086,253

18 Issued and paid up capital

The Company's authorized capital amounts to USD 600 million and the initial issued and paid up capital at the date of incorporation amounted to USD 120 million divided over 120 million shares each with a par value of USD 1.

On 18 July 2006, the board of directors approved an increase in the issued and paid up capital from USD 120 million to USD 240 million and increase the shares from 120 million shares to 240 million shares each with a par value of USD 1 and the increase was fully subscribed in.

On 30 March 2008 the general assembly meeting agreed on board of directors' proposal to declare 1 stock dividend for every 3 shares with total amount of USD 80 million, On 16 July 2008 the capital increase was registered at Misr for Central Clearing, Depository and Registry Company, Accordingly, issued and paid up capital amounted to USD 320 million divided over 320 million shares each with a par value of USD 1.

On 11 November 2009 the board of directors decided to redeem 10660529 shares from treasury shares at their par value (Note 19), Accordingly the Company issued and paid up capital amounted to USD 309,339,471.

On 14 April 2011 extra ordinary general assembly meeting decided to redeem 5017471 shares of treasury shares with their par value (Note 19) accordingly issued and paid up capital becomes USD 304,322,000.

On 21 May 2012, according to the decree of the Extraordinary General Assemble Meeting, 10432529 shares of treasury shares have been redeemed with their par value (Note 19), accordingly issued and paid up capital becomes USD 293,889,471.

On 6 August2013, according to the decree of the Extraordinary General Assemble Meeting, 10000000 shares of treasury shares have been redeemed with their par value (Note 19), accordingly issued and paid up capital becomes USD 283,889,471.

On 16 January 2014 the articles no, 6 & 7 of the company's article of association has been changed and the changes were highlighted in the commercial register on that date.

Pursuant to the decisions of the extraordinary general assembly held on 25 July 2016, which stipulated for reducing the issued and paid-up capital from US$ 283,889,471 to US$ 198,722,629.70, by way of reducing the nominal value per share from 1 US$ to US$ 0.70 while keeping the number of shares as it is, i.e. 283,889,471 shares. The aforesaid decisions further stipulated for transferring the reduced portion of capital, amounting to US$ 85,166,841.30, to the company's reserves (general reserve), and for amending articles nos. (6 and 7) of the company's articles of association.

On 22 June 2017 the ordinary general assembly meeting agreed on board of directors' proposal to declare 1 stock dividend for every 10 shares outstanding with total amount of USD 19,872,263. On 9 October 2017 the capital increase was registered at Misr for Central Clearing. Depository and Registry, Accordingly, issued and paid up capital amounted to USD 218,594,893 divided over 312,278,418 shares each with a par value of USD 0.70 and it was modified in the commercial register dated 14 September 2017.

19 TREASURY SHARES

According to the Company's board of directors meeting held on 25 August 2008, the Company decided to purchase 4.9% from Company's shares. The Company had purchased 11115493 shares during 2008 and 2009 with amount of USD 7,428,235.

On 11 November 2009 the board of directors agreed to redeem 10660529 shares from treasury shares at par value (Note 18), The Company completed the appropriate procedures to redeem these shares of an amount of 7,219,991 USD as at 30 March 2010 according to the decision of the extraordinary general assembly meeting held, The difference between the acquisition cost and the par value amounted to USD 3,440,538 is recognized in reserve available for distribution in equity at the balance sheet as of 31 December 2009.

According to the decree of Company's Extraordinary General Assembly Meeting held on 14 April 2011, 5017471 treasury shares and their acquisition cost is amounted to 2,654,357 and their par value is amounted to USD 5,017,471 has been redeemed (Note 18), and the difference between the share's par value and their acquisition cost has been charged to reserve available for distribution in the equity in the Consolidated balance sheet, as of 31 December 2011 with the addition to the amount of USD 2,363,114, so that, for the reserve available for distribution as of 31 December 2011 amounted to USD 5,803,652.

On 21 May 2012, according to the Extraordinary General Assembly Meeting decision, 10432529 shares from treasury shares have been redeemed at par value (note 18) that had acquisition cost amount to USD 5,605,525 with par value amount to USD 10,432,529, The difference between the par value and acquisition cost amount to USD 4,827,004, so that the dividends available to distribution becomes USD 10,630,656 as of 31 December 2012.

On 13 November 2012, according to the Extraordinary General Assembly Meeting decision, 5000000 shares from treasury share have been purchased with the amount of USD 1,608,173 for the purpose of financing rewarding system.

On 6 August 2013, according to the Extraordinary General Assembly Meeting decision, 10000000 shares from treasury shares have been redeemed at par value (note 18) that had acquisition cost amount to USD 2,814,142 with par value amount to USD 10,000,000,The difference between the par value and acquisition cost amount to USD 6,671,109, so that the dividends available to distribution becomes USD 6,671,109 as of 31 December 2013.

According to Board of Directors meeting of Recap for Investments Company (subsidiary company) held on 9 November 2015 it has been decided to purchase 2.75% from company's shares and 3 million shares has been purchased with the amount of 9,000,000 EGP and on 19 June 2016 according to general assembly meeting 3 million shares has been executed with its par value that had acquisition cost amounted EGP 9,000,000 and the difference between the share's par value and their acquisition cost has been charged to reserve available for distribution in the equity.

20 LONG TERM LIABILITIES

	31 December 2017	31 December 2016
	USD	USD
Notes payable	**3,717,891**	6,938
Credit accounts and other credit balances	**2,804,644**	3,492,697
	6,522,535	3,499,635

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments are represented in financial assets and liabilities, the financial assets include cash on hand and at banks, account receivables, other debit balances and financial investments, the financial liabilities include bank overdraft, dividends payable and other credit balances.

The significant accounting policies applied for the recognizing of income and expenses are included in note (4) of the notes to the financial statements.

a-The foreign currency risk other than US dollar
The foreign currency risk is the risk that the value of the financial assets and liabilities and their related cash inflows and outflows in foreign currencies other than the US Dollar will fluctuate due to changes in foreign currency exchange rates.

b- Fair value
According to the followed bases in the evaluation of the financial assets and liabilities of the Company, the fair value of the financial instruments is not materially different from their fair values at the financial statements date.

c- Credit risk
The company settles its banking liabilities periodically to avoid unexpected financial losses.

d- Liquidity risk
The company is constantly examining financial situation of liquidity for all items of the statements as well as Taking all necessary precautionary measures to face any expected risks that may arise from the dealings of the company and lead to a problem in liquidity.

e- Risks of cash flows related to interest rate
Usually, future cash flows of financial instruments is prepared, in order to anticipate any changes that may occur in the future interest rate changes and this may lead to a change in the effective interest rate of the tool without any change in fair value.

22 FINISHED UNITS

	31 December 2017	31 December 2016
	USD	USD
Apartments at Royal & Rakin projects *	**5,866**	4,165,620
Building B16- ground, first & second floor-Smart Village	**782,158**	5,188,209
First phase Buildings – Smart village**	**4,592,143**	5,441,734
4 apartments in Palm Parks	**1,549,976**	-
	6,930,143	14,795,563

*The company owns 2 garages in Casa Project at El-Sheikh Zayed – 6th of October City, which represents the stock of finished units represented for sale.
* The company also owns 4 units within Palm Parks Project at 6th of October City.
**This amount represents the covered costs related to the unsold portion of buildings no B109 & B16 at the first phase, as included in the balances of Severico For Real Estate Investment Company.

23 CONTINGENT LIABILITIES

- The company warrants a letter of guarantee at the amount of AED 20,000,000 or the equivalent amount in US dollars, as issued by the Arab African International Bank to Naeem for Stocks and Bonds Company in favor of the stock exchanges in Dubai and Abu Dhabi, with the aim of guaranteeing the brokerage activity also the company warrants a letter of guarantee with the amount of AED 26,000,000 or the equivalent amount in USD issued by Arab African International Bank in favour of Etihad Capital Company.

The letter of guarantee was issued in return for the company undertaking to maintain at all times a minimum limit of coverage. Accordingly, the company pledged the shares owned thereby with the Egyptian Gulf Bank – head branch, the fair value of which amounted to USD 55,439,935 on 31 December 2017

The accounts receivable balance as of 31 December 2017 includes USD 1,913,105 representing purchased stocks for margin trading customers (amounted to USD 1,826,398 as of 31 December 2016)

24 INVESTMENTS IN ASSOCIATES

	Ownership%	**31 December 2017 USD**	31 December 2016 USD
Naeem Shares & Bonds	**1.00 %**	**121,900**	-
Naeem Misr Investment Fund	**35.72 %**	**608,918**	-
Etihad Capital	**31.20%**	**2,093,859**	2,622,131
		2,824,677	2,622,131

25 GOALS AND METHODS OF CAPITAL MANAGEMENT

The Company aims to achieve the maximum return on its capital through capital management in accordance with its related investments activities through its operations department that has a sufficient experience to manage company's capital and to achieve the required return.

Capital finance of the group is made through shareholder's equity, and borrowings through financial institutions are very limited.

26 WORK IN PROGRESS

	31 December 2017 USD	31 December 2016 USD
Marsa alam land	**1,502,049**	1,457,654
First phase lands – smart village' buildings and constructions	**11,972,146**	10,876,500
	13,474,195	12,334,154

27 AVAILABLE FOR SALE FINANCIAL INVESTMENTS

	Country	Share percentage	31 December 2017	31 December 2016
			USD	USD
Nile Palm EL Naeem for Real Estate Development *	Egypt	49%	18,899,545	18,899,545
			18,899,545	18,899,545

* Available for sale investmnts represents the 49% ownership of Naeem for Real Estate Investment Company in Nile Palm EL Naeem for Real Estate Development, the total investment cost reached L,E 120,031,013 after revaluation on the date of purchase as per the study made by Baker Telly, accordingly RECAP company has purchased a share in Naeem for Real Estate Investment company, during the year 2009 the company has reclassified the Investments in Nile Palm EL Naeem for Real Estate Development stated in the Investments in related parties as of 31 December 2008 to Investments held for trading as per the Egyptian accounting standards no (32) which requires to be presented separately from other investments. In February 2016, Professionals Financial Consulting Firm (licensed by the Egyptian Financial Supervisory Authority sub no. 448) was assigned to draw up a report on determining the fair value of the company's shares. Where upon, it was found out that the estimated value of the company's capital is 248,000,000 EGP, distributed to 991,000 shares.

28 REAL ESTATE INVESTMENTS

	31 December 2017	31 December 2016
	USD	USD
Cost	14,904,868	14,929,348
Depreciation	(78368)	(142,272)
Additions related to the acquisition of 2.46% of Severico Company	-	117,792
Balance on 31 December 2017	14,826,500	14,904,868

With indicate to the board of directors decision that had been held on 11 November 2015 which it was decided to cancel the finance lease contract with the **International Company for Leasing** which was contracted during 2011 related to the finance lease of building F4& B143,that resulted in acquisition of building B143 & F4 by **Severico For Real Estate Investment Company** amounted to 2,946,959 EGP with the purpose of maintaining building B14 and building F4 to be offered for leasing according to one or more operating lease contract.

As a result and according to item number (8) standard (34) of Egyptians accounting standards that related to investment properties, **Severico For Real Estate Investment Company** recognized building F4 and B134 in the real estate investment.

Referring to the decision of the Minister of Investment No. 110 for the year 2015 to issue the accounting standards, which resulted in a change in Standard No. 34 of the Egyptian Accounting Standards for Real Estate Investment and the derecognition of the fair value method. Accordingly, they were reclassified in accordance with transitional provisions from the fair value method to the cost method, It was taken into consideration that the productive life of the original 50 years

29 GOING CONCERN

On 27 March 2013, according to the Extraordinary General Assembly Meeting decision of Bedaya for Real Estate Investment Company (Subsidiary), it was accepted to freeze the company's activities as of 31 March 2013, and the tax card has been retained by the company.

As per the decision from the board of directors of the Egyptian Financial Supervisory Authority (EFSA) session held on 23 July 2011, Naeem For Real Estate Financing (Subsidiary) has been prevented from performing its operations according to the article no, 42 of the real estate financing law no 148 of 2001 for not completing its issued capital.

30 Tax position of the companies of Naeem Holding Group for Investments

- <u>Naeem Holding Company</u>
  - **Income tax:** The Company was established at the free zone in Ismailia, and was exempted from the income tax in accordance with the Investment Guarantees and Incentives Law No. 8 of the year 1997.
  - **Salaries tax:** Examination took place up to 31 December 2012, all taxes due were paid. The company pays all taxes obligation amounts on a regular basis. The Company's books are in inspection for the years from 2013 till 2016.
  - **Stamp duty:** The company was exempted from stamp duty tax till 13 May 2011 and starting that date it is affected by the stamp tax. the company fulfills its tax obligations as per the due dates.
- <u>Naeem Financial Investments Company</u>

- **Associations of capital tax:** the company's records are currently being examined for the years from 2010 to 2012, and no tax has yet fallen due on the company. The payable tax is delivered as per the tax return on due dates.
- **Salaries tax:** the company's records are currently being examined for the years from 2005 to 2011, and the payable tax is delivered on due dates.
- **Stamp duty:** the company's records were examined as of 2005 up to 2014, and the due tax was paid.

- <u>NAEEM Real Estate Fund (NAEEM for Investment Funds Company previously)</u>

-**Corporate tax:** the company regularly draws up tax returns according to the provisions of law no. 91 of the year 2005 and its executive regulations. The company wasn't subjected to tax examination since the commencement of its activity till now.

- **Salaries tax:** the company records was examined until 31 December 2012 and the due tax was paid, the company fulfills its tax obligations as per the due dates.
- **Stamp duty;** the company wasn't subjected to tax examination since the commencement of its activity till now.
- **Withholding tax:** the company wasn't subjected to tax examination since the commencement of its activity till now.

- <u>Naeem Brokerage Company</u>

- **Associations of capital tax:** the company's records were examined till the year 2010, and the due tax was paid. The payable tax is delivered as per the tax return on due dates. The company is not examined from 2011 till 2017. The company pays all taxes obligation amounts on a regular basis.
- **Salaries tax:** the company's records were examined till the year 2014, The company is not examined from 2015 till 2017
- **Stamp duty:** the company's records were examined till the year 2013, and the due tax was paid.

- <u>RECAP for Financial Investments</u>

- **Associations of capital tax:** the company was subjected to tax examination as of the commencement of its activity till the year 2004. The tax differences attributable to the examination years were adjusted, and no disputes have arisen in this regard.

As for the years from 2005 through 2017:

- The company's tax returns were approved according to law no. 91 of the year 2005, for the years from 2005 to 2009. The company's records were not examined for the subsequent years from 2010 to 2017.
- The due tax is delivered on the basis of the tax return.

- **Salaries tax:** the company's records were examined till the year 2012, and the due tax was paid.
- **Stamp duty:** the company's records were examined up to 31 December 2013. The tax differences attributable to the examination years were adjusted, and no disputes have arisen in this regard. The due tax is delivered on the basis of the tax return.

NAEEM Holding Company For Investment

Annual Report of the Board of Directors attached to the financial statements

(Prepared pursuant to the provisions of article 40 of Listing Rules)

Name of the Company:	NAEEM Holding for Investment (S.A.E.)
Details:	

Purpose of the company	Contributing in establishing companies or increasing their capital, Financial lease, factoring, risk capital, guaranteeing and covering subscriptions, Custodian.		
Term of the company:	Ten years starting from 15/5/2016 till 13/5/2026	**Date of entry in the Exchange:**	16/11/2006
Applicable law:	Law No. 8 of the year 1997, under the Public Free Zones System at Ismailia,	**Nominal value per share:**	0.7 US Dollars
Last authorized capital:	600 million US Dollars	**Last issued capital:**	218,594,892,8 US Dollars
Last paid capital	218,594,892,8 US Dollars	**No. and date of entry in the commercial register:**	No. of entry: 881, date: 15/5/2006

Investors' relation:

Investor relations manager:	Iman Ayman Sadek

E-mail address:	iman.ayman@naeemholding.com
Head office address:	The Smart Village, Building No. B16
Fax No.: 35316101	**Phone No.:** 35316113
Website:	www.naeemholding.com

Auditor:

Auditor:	Amr El Sheiby, Ernest and Young		
Date of Appointment:	2/6/2006		
No. of Entry in the Authority:	Registered in the Auditor's Register in the Authority under no. 103	**Date of Entry in the Authority:**	13/11/2006

Shareholders' Structure and the ownership percentage of the board members:

According to the company Shareholders' Structure issued by Misr for Central Clearing, Depository and Registry Company on 29/12/2017:

Shareholders owning 5% or more of the company's shares	No. of shares from the date of the financial statements	Percentage thereof
Mr. Youssef Mohamed Medhat Youssef El Far	68,119,766	21.81%
Regional Investment Holding	52,286,708	16.74%
Nasser Bin Abdullah Bin Nasser AlMahous	26,793,727	8.58%
The motivation and reward system of the personnel of Naeem Holding Company for	20,659,472	6.61%

Investments (S.A.E.)		
Istithmar for Security brokerage (limited Liability Company)	19,981,088	6.398%
Emirates NBD (S.A.O.)	16,004,195	5.12%
Mohamed bin Ibrahim bin Mohamed Abaal Ghoneim	16,278,800	5.21%
Total	**220,123,756**	**70.47%**

Ownership of the board members in the company's shares	**No. of shares from the date of the financial statements ending on 31/12/2017**	**Percentage thereof**
Mr. Youssef Mohamed Medhat Youssef El Far	68,119,766	21.81%
Nasser Bin Abdullah Bin Nasser AlMahous	26,793,727	8.58%
Mr. Hussein bin Aly bin Hussein Shobokshy	1,099,999	0.35%
Ahmed Saad Abdel Latif	82,188	0.026%
Mubarak Ahmed Mohamed bin Fahd El Mehiry	-	-
Mohamed Aly El Sayed	439,999	0.14%
Total Ownership of the board members	**96,535,679**	**30.91%**

Treasury shares pursuant to the date of purchase	No. of shares pursuant to the latest disclosure statement	percentage
Nill		

Formation of the Board of Directors pursuant to the commercial register of the company issued on 15/2/2018			
Name	**Position**	**Representation Entity**	**capacity**
Mr. Hussein bin Aly bin Hussein Shobokshy	Board chairman	For himself	Non-executive
Mr. Youssef Mohamed Medhat Youssef El Far	Deputy chairman and managing director	For himself	Non-executive
Nasser Bin Abdullah Bin Nasser AlMahous	Board member	For himself	Non-executive
Regional Investment, represented by Dr. Ahmed Saad Abd El Latif	Board member	Regional Investment	Non-executive
Regional Investment, represented by Mr. Mohamed Ali El Sayed	Board member	Regional Investment	Non-executive
Mr. Khamis Mohamed Ebeid Bouharoun El Shamasy	Board member	For himself	Non-executive
Mubarak Ahmed Mohamed bin Fahd El Mehiry	Board member	For himself	Non-executive

Meetings of the Board of directors:

(Numbers of times of convening the board of directors during the year 2017)

Serial no.	Date of the meeting
1	28/2/2017
2	25/5/2017
3	9/8/2017
4	14/11/2017

Auditing Committee:

The last formation of the Auditing Committee:

Name	Representation Entity	Position
Dr. Ahmed Saad Abd El Latif	For himself	Head of the Committee
Mr. Talal Mohamed Okail	For himself	Member
Mr. Nasr Abouel Abbas Ahmed	For himself	Member

Competences of the committee and the tasks assigned thereto:

1- Inspecting and reviewing the internal control procedures of the company and the extent of being complied thereto by the company.
2- Studying the applicable accounting policies and the changes resulting from applying new accounting standards.
3- Inspecting and reviewing the internal auditing tools, mechanisms, its procedures, plans, results and studying internal audit reports and following up the implementation of its recommendations.
4- Examining the draft initial financial statements before being displayed to the board of directors to send it to the auditor.
5- Proposing the appointment of auditors and determining their fees and considering the matters related to their resignation or removal without prejudice to the provisions of the laws.

6- Expressing opinion regarding authorizing the auditors to perform services in favor of the company other than auditing the financial statements and regarding the estimated fees therefor, and without prejudice to the requirements of their independence.
7- Studying the auditor's report on the financial statements and discussing the observations and reservations and tracking the changes, in addition to resolving differences in views between the management of the company and the auditor.
8- Making sure to submit a report to the board of directors from an unrelated expert about the nature of transactions concluded with related parties and the extent of its violation or damage to the company or the shareholders' interests.

Number of meetings of the Committee	4 times per year
Were the committee reports presented to the board of directors?	Yes
Did the committee reports contain substantive observations that should be remedied?	Yes
Did the board of directors remedy the substantive observations?	yes

The works of the committee during the year:

Particulars of the company employees:

Average number of the company employees during the year	27 Employee

Average income of the Employee per year	L.E. 14,500

Motivation and reward system of the personnel of the Company: (If Any)

Total no. of available shares pursuant to the motivation and reward system of the employees and the managers	L.E. 20,659,472
Total no. of motivation and reward shares distributed on the employees and the managers during the year	Nill
No. of beneficiaries of the motivation and reward system of the employees and the managers	78 Employee
Total amounts granted of motivation and reward shares to the employees and the managers since the application of the system	L.E. 1,382,334
Names and capacity of those who obtained 5% or more of the total no. of available shares (or 1% of the capital of the company) pursuant to the system	---------

Violations or procedures pertaining to the capital market law and the listing rules: (Nil)

Details of the transactions concluded with related parties: (Nil)

The contribution of the company during the year in developing the community and preserving the environment:

The company donated L.E. 1,000,000 in favour of Baheya Foundation

The company donated L.E. 100,000 on the Orphan's Day coordinated by the Egyptian Exchange

The company donated L.E. 6,000 in the National Unity Conference

1- The general state of the company, turn over and future:

The company continued to attract cadres specialized in the company's activities to benefit from growth opportunities in various sectors.

2- The profits proposed to be distributed over the shareholders: (Nil)

3- Suggestions regarding transfer to the reserve: **reserves are formed pursuant to the law.**

The main activity of the company:

Contributing in establishing companies or increasing their capital, financial lease, factoring, and risk capital, guaranteeing and covering subscriptions, Custodian.

Name of the company	**Activity**	**Contribution percentage**
NAEEM Securities brokerage	Securities brokerage	99.96%
NAEEM Financial services	Financial services	99.99%
NAEEM Mortgage Co.	Mortgage	98.40%
NAEEM for Mutual funds	Mutual funds	99.8%
NAEEM for Consulting services	Consulting services	98%
NAEEM Capital Limited	Securities investment	100%

NAEEM Development Projects Limited	Securities investment	100%
NAEEM Real Estate Management Ltd.	Managing real estate investment	100%
NAEEM for Mutual funds	Mutual funds	99%
Ethad Capital (Formerly Unifund Capital for Financial Investments)	Financial services	31.20%
Gold Capital for Trade	Trading in commodities	98.80%
RECAP for Financial Investment	Financial services	46.61%
Arabiya	Industrial	99.98%
AT Financial Investments	Financial services	99.98%
AT Securities brokerage	Securities brokerage	99.96%
Mina Mac Fund	Mutual funds	99%
Mina Growth Fund	Mutual funds	99%
Naeem Real Estate Investment	Mutual funds	99%

4- The main activities of the company and its affiliates and any change occurs in the ownership of the affiliates during the year: selling

Naeem shares and bonds, increasing the capital of Naeem Real Estate Fund, adjusting the states of affairs Naeem Egypt Fund.

5- The current value of the assets: if the book value is completely different than the current market value: (Nil)

6- The general state of the company and the turn over:

A- The most important operative indicators of the fiscal year ending on 31 December 2017:

The revenues of Naeem Group in the field of managing assets and investment banks sector increased by 87% in comparison with the previous year. Naeem Egypt Fund came in the third position on the Egyptian Islamic Funds Level realizing 35% interest for the fiscal year 2017.

The volume of transactions executed by Naeem Security Brokerage and AT Security Brokerage in the main market amounts to 21 billion pounds represented in 4% of the total market share.

RECAP; the real estate arm of Naeem Holding Company and owned by a direct rate of -47.61%, succeeded in realizing high sales volume during the year 2017, and these successes were used during the first quarter of the year 2018, such that the sales volume and the reserved units are as follows:

Project	Sold area	Value	Description	Notes
LINX	6807	172 Million	Reserved units	Shall be recognized upon delivery of the units
F4	4750	114 million	sales	Shall be recognized in the financial statements of the year 2018
B143	146.6	5,864,000	sales	Shall be recognized in the financial statements of the year 2018

Naeem shares and bonds, increasing the capital of Naeem Real Estate Fund, adjusting the states of affairs Naeem Egypt Fund.

5- The current value of the assets: if the book value is completely different than the current market value: (Nil)

6- The general state of the company and the turn over:

A- The most important operative indicators of the fiscal year ending on 31 December 2017:

The revenues of Naeem Group in the field of managing assets and investment banks sector increased by 87% in comparison with the previous year. Naeem Egypt Fund came in the third position on the Egyptian Islamic Funds Level realizing 35% interest for the fiscal year 2017.

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Project	**Sold area**	**Value**	**Description**	**Notes**
LINX	6807	172 Million	Reserved units	Shall be recognized upon delivery of the units
F4	4750	114 million	sales	Shall be recognized in the financial statements of the year 2018
B143	146.6	5,864,000	sales	Shall be recognized in the financial statements of the year 2018

		297,059,340		

B- <u>the most important financial indicators of the fiscal year ending on 31 December 2017</u>:

As for the unconsolidated results, the revenues of the activity for the fiscal year ending on 31 December 2017 at the amount of 6,250,818 US Dollars against, 9,240,633 US Dollars on 31 December 2016. A net profit of 1,944,022 US Dollars was realized for the year 2017 against net profit of the previous year amounting to 5,202,624 US Dollars.

As for the consolidated results, the revenues of the activity for the fiscal year ending on 31 December 2017 at the amount of 13,200,692 US Dollars against, 21,393,150 US Dollars on 31 December 2016. A net profit of 1,247,474 US Dollars was realized for the year 2017 against net profit of the previous year amounting to 2,592,065 US Dollars. It is worth mentioning that the decrease in the net profit against the previous year was due to the fact that in the previous year included profits of currency differences as a result of liberalizing the exchange rate.

7- **Export Size:** (Nil)

8- **Donations:**

Treatment, Subsidies and medicine	L.E. 42,459	L.E. 58,404
Community participation	L.E. 1,106,000	L.E. 250,530

9.Statement of the shares and bonds issued during the year: (Nil)

Date of Preparation: 28 February 2018

Youssef El Far

Chief Executive Officer

قسم علاقات المستثمرين
NAEEM
INVESTOR RELATION DEPT.

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Board of Directors' Report for listing in Dubai Financial Market

As part of the management's continuous endeavors to place NAEEM Holding among the top regional financial investment companies operating in the field of financial activities, and as part of its strategy to expand its clientele and shareholders as well as to maximize the value offered to the company's shareholders through exposure to new markets in the region, and finally to improve the stock liquidity and trading turnovers, the company has selected the United Arab Emirates for dual listing and trading of its shares in Dubai Financial Market (DFM).

Youssef El-Far

Chief Executive Officer,

النعيم القابضة للإستثمارات
NAEEM HOLDING
(ش.م.م)

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