Naeem Holding for investments
(S.A.E – free zone)

Consolidated financial statements
For the Period ended 30 June 2020
Together with Review Report

NAEEM Holding for investments (S.A.E– free zone)
Consolidated financial statements For the Period ended June 30, 2020

Contents

bakertilly
WAHID ABDEL
GHAFFAR & CO

C61, Plot# 11, 10th Sector,
In front of Carrefour Maadi,
Zahraa El Maadi, Cairo

Egypt

T: +2 2310 10 31,32,33,34
F: +2 2310 10 30

info@bakertillywag.com
www.bakertillyeg.com

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

TO THE MEMBERS OF THE BOARD OF DIRECTORS OF NAEEM HOLDING COMPANY (S,A,E)

Introduction

We have reviewed the accompanying consolidated financial position of **NAEEM HOLDING COMPANY (S.A.E)** as of 30 June 2020 and the related consolidated income statements, consolidated comprehensive income, consolidated changes in equity and consolidated cash flows for the six months ended on that date, and summary of the main accounting policies and other explanatory notes, Management is responsible for the preparation and presentation of these consolidated financial statements in accordance with the Egyptian accounting standards, our responsibility is to express a conclusion on these consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the Egyptian Standard on review engagement no, (2410) "Review of interim financial information performed by the independent Auditor of the entity", A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures, A review is substantially less in scope than an audit conducted in accordance with Egyptian standards on auditing, Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit, Consequently; we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying interim consolidated financial statements are not prepared, in all material respects for the financial position of the company as of 30 June 2020, and its consolidated financial performance and cash flows for the six months ended in that date in accordance with Egyptian accounting standards,

Emphasis of matter

Without qualifying our opinion

- 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. 32).
  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. 32).
- as described in Note No. (34) The company management has no available information to make disclosure about the effect of the important event after the date of the financial statements on the balance of assets , liabilities and the operation outcome on the upcoming period due to spread of the coronavirus worldwide the outcome and the balance may change in material amounts on the next period if the information is available to the management company . this will help the company detect the amount of the subsequent events on the balance of the assets and liabilities.

Cairo: 11 August 2020

Auditor

WAHID ABDEL GHAFFAR
F.E.S.A.A.E.
Baker Tilly Wahid Abdel Ghaffar & Co.
Accountants and Consultants

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WAHID ABDEL
GHAFFAR & CO

Translation of Financial Statements
originally issued in Arabic

Naeem Holding for investments (S.A.E– free zone)
Consolidated Statement of Financial Position
as of June 30, 2020
(All amounts in US Dollar)

	Note	30/6/2020	31/12/2019
Assets			
Non -current assets			
Right of Use	(5)	1 996 241	2 219 990
Fixed assets	(4)	8 156 819	8 504 221
Projects under construction	(6)	1 285 342	1 285 342
Available for sale investments	(7)	95 304 682	95 527 681
Long-term investments	(8)	567 011	632 870
Investments in associates	(9)	1 998 530	2 052 344
Real Estate Investments	(10)	5 990 505	6 445 945
Notes receivables- Long Term		8 554 974	8 265 741
Deferred tax assets		29 779	29 319
Employees rewarding system	(11)	--	5 186 591
Goodwill	(12)	55 227 019	55 227 019
Total non - current Assets		179 110 902	185 377 063
Current assets			
Cash & Cash Equivalent	(13)	3 237 016	3 097 834
Investments at fair value through profit or loss	(14)	10 137 604	10 043 009
Assets held for sale	(15)	15 767 165	15 767 165
Accounts receivables	(16)	4 404 452	4 552 561
Work in progress	(17)	31 008 083	27 493 924
Debitors and other debit balances	(18)	14 750 309	18 251 179
Due from related parties		25 845 380	26 334 780
Finished units	(19)	3 506 529	3 878 443
Total current assets		**108 656 538**	**109 417 895**
Total assets		**287 767 440**	**294 794 958**
Equity			
Issued and paid up capital	(20)	264 499 820	264 499 820
Legal reserve		8 506 431	8 506 431
Treasury stock		(20 619 163)	--
General reserve		19 389 651	19 389 651
Treasury stock reserve	(21)	7 233 894	7 233 894
Employees' rewarding system revaluation differences	(11)	--	(15 251 481)
Unrealized gain from available for sale investments		5 119 672	5 386 676
Foreign Currency Translation Differences		(24 465 634)	(26 125 614)
Retained losses	(22)	(53 851 384)	(45 337 740)
Loss for the period / year		(1 852 636)	(6 771 585)
The shareholders' equity		203 960 651	211 530 052
Non- controlling interest		29 378 711	29 206 570
Total The shareholders' equity and non - controlling interest		233 339 362	240 736 622
Non - current liabilities			
Long-term liabilities	(23)	6 177 489	6 736 534
Deferred tax liabilities		160 134	153 950
Total non - current liabilities		6 337 623	6 890 484
Current liabilities			
Provisions	(24)	43 563	66 099
Banking facilities	(25)	10 489 022	11 075 405
Accounts receivables – credit balances		3 198 644	2 751 368
Creditors and other credit balances	(26)	34 359 226	33 274 980
Total current liabilities		48 090 455	47 167 852
Total liabilities		54 428 078	54 058 336
Total equity and liabilities		287 767 440	294 794 958

-The accompanying notes is an integral part of these consolidated financial statements.

- Review report attached.

CFO
Ahmed Mahmoud ElGammal

Managing Director
Youssef Medhat El Far

Chairman
Hussein Shoboksby

Translation of Financial Statements
originally issued in Arabic

Naeem Holding for investments (S.A.E– free zone)
Consolidated Income Statement
For the period ended 30 June 2020
(All amounts in US Dollar)

	For the Six months ended 30/6/2020	For the Six months ended 30/6/2019	For the three months ended 30/6/2020	For the three months ended 30/6/2019
Revenues				
Fees, commissions and investments managing revenues	1 151 437	1 095 096	373 855	132 001
Units sales and rental revenue	458 789	259 988	76 878	131 942
Coupon revenue	348 168	2 874 125	348 104	333 071
Loss from sale of Investments at Fair Value through profits or losses	(184 916)	(25 887)	(37 490)	19 564
profit / (Loss) from sale of assets held for sale	6 908	(4 368)	(29 963)	(4 368)
Unrealized profit / (Loss) from revaluation of investments at fair value through profit or loss	8 092	(61 115)	20 512	(195 120)
Credit interest	54 314	596 874	22 972	475 056
Foreign exchange differences	(401 188)	(938 097)	(135 024)	(487 668)
Company's share of (losses) in associates	(53 814)	(306 661)	(39 147)	(213 075)
Other income	822 893	2 016 446	779 727	1 221 343
Total Revenues	**2 210 683**	**5 506 401**	**1 380 424**	**1 412 746**
General and administrative expenses	(2 577 242)	(3 202 510)	(1 045 476)	(1 634 060)
Marketing and managing expenses	(207 963)	(72 159)	(173 512)	(5 244)
Provision	(40 710)	---	(40 710)	---
Finance lease expenses	(126 684)	(652 731)	---	(367 430)
Debit interests	(403 049)	(1 106 236)	(64 904)	(515 341)
Real estate depreciation	(16 955)	(20 324)	(8 483)	(9 680)
Right of use amortisation	(223 749)	---	(111 876)	---
Fixed assets depreciation	(228 047)	(196 878)	(113 997)	(102 488)
Total expenses	**(3 824 399)**	**(5 250 838)**	**(1 558 958)**	**(2 634 243)**
Net (Losses) Profits for the period before taxes	**(1 613 716)**	**255 563**	**(178 534)**	**(1 221 497)**
Income tax	(61 055)	(520 416)	18 264	(377 079)
Deferred income taxes	(5 724)	27 895	(10 462)	33 016
Net (Loss) for the period after tax	**(1 680 495)**	**(236 958)**	**(170 732)**	**(1 565 560)**
Represented in:				
Shareholders' equity of the Holding Company	(1 852 636)	(807 785)	(187 435)	(1 894 091)
Non- controlling interest	172 141	570 827	16 703	328 531
	(1 680 495)	**(236 958)**	**(170 732)**	**(1 565 560)**

-The accompanying notes is an integral part of these consolidated financial statements.

CFO	Managing Director	Chairman
Ahmed Mahmoud ElGammal	Youssef Medhat El Far	Hussein Shobokshy

Naeem Holding for investments (S.A.E– free zone)
Consolidated Statement of Comprehensive Income
For the period ended 30 June 2020

(All amounts in US Dollar)	For the Six months ended		For the three months ended	
	30/6/2020	30/6/2019	30/6/2020	30/6/2019
(Loss) Profits for the period	(1 680 495)	(236 958)	(170 732)	(1 565 560)
(Loss) Revaluation of available for sale investments	(322 696)	(4 385)	--	--
Consolidated translation differences	2 349 366	(6 871 307)	200	125 591
Total comprehensive income	346 175	(7 112 650)	(170 532)	(1 439 969)

-The accompanying notes is an integral part of these consolidated financial statements.

CFO	Managing Director	Chairman
Ahmed Mahmoud ElGammal	Youssef Medhat El Far	Hussein Shobokshy

Naeem Holding for Investments (S.A.E- free zone)
Consolidated Statement of changes in equity
For the period ended 30 June 2020
(All amounts in US Dollar)

	Issued and paid up capital	Legal reserve	General reserve	Treasury stock reserve	Employees rewarding system revaluation differences	Unrealized gain from available for sale investments	Foreign Currency Translation Differences	Treasury stock	Retained losses	Loss for the period	The 'shareholders equity	Non- controlling interest	Total
Balance as of 1 January 2019	240 454 382	8 506 431	43 435 089	7 233 894	(12 859 963)	4 207 322	(22 133 340)	--	(37 118 484)	(2 052 876)	229 672 455	29 528 079	259 200 534
Transferred to Retained Losses	--	--	--	--	--	--	--	--	(2 052 876)	2 052 876	--	--	--
Adjustment in Retained losses	--	--	--	--	--	--	--	--	(1 534 467)	--	(1 534 467)	--	(1 534 467)
Increased Capital	24 045 438	--	(24 045 438)	--	--	--	--	--	--	--	--	--	--
Dividends	--	--	--	--	--	--	--	--	(1 417 586)	--	(1 417 586)	--	(1 417 586)
Revaluation of employees' rewarding system shares	--	--	--	--	(863 808)	--	--	--	--	--	(863 808)	--	(863 808)
Revaluation of available for sale investments	--	--	--	--	--	(4 385)	--	--	--	--	(4 385)	--	(4 385)
Change in non- controlling interest	--	--	--	--	--	--	--	--	--	--	--	(553 247)	(953 247)
Consolidated translation differences	--	--	--	--	--	--	(6 871 307)	--	--	--	(6 871 307)	--	(6 871 307)
Net Loss for the period	--	--	--	--	--	--	--	--	--	(807 785)	(807 785)	570 827	(236 958)
Balance as of 30 June 2019	264 499 820	8 506 431	19 389 651	7 233 894	(13 723 771)	4 202 937	(29 004 647)	--	(42 123 413)	(807 785)	218 173 117	29 145 659	247 318 776
Balance as of 1 January 2020	264 499 820	8 506 431	19 389 651	7 233 894	(15 251 481)	5 386 676	(26 125 614)	--	(45 337 740)	(6 771 585)	211 530 052	29 206 570	240 736 622
Transferred to retained losses	--	--	--	--	--	--	--	--	(6 771 585)	6 771 585	--	--	--
Adjustment in retained losses	--	--	--	--	--	--	--	--	(1 742 059)	--	(1 742 059)	--	(1 742 059)
Transferred to Treasury stock	--	--	--	--	--	--	--	(20 619 163)	--	--	(20 619 163)	--	(20 619 163)
Revaluation of employees' rewarding system shares	--	--	--	--	15 251 481	--	--	--	--	--	15 251 481	--	15 251 481
Revaluation of available for sale investments	--	--	--	--	--	(267 004)	--	--	--	--	(267 004)	--	(267 004)
Consolidated translation differences	--	--	--	--	--	--	1 659 980	--	--	--	1 659 980	--	1 659 980
Net Loss for the period	--	--	--	--	--	--	--	--	--	(1 852 636)	(1 852 636)	172 141	(1 680 495)
Balance as of 30 June 2020	264 499 820	8 506 431	19 389 651	7 233 894	--	5 119 672	(24 465 634)	(20 619 163)	(53 851 384)	(1 852 636)	203 960 651	29 378 711	233 339 362

-The accompanying notes is an integral part of these consolidated financial statements.

CFO
Ahmed Mahmoud ElGammal

Managing Director
Youssef Medhat El Far

يوسف الفار

Chairman
Hussein Shoboksky

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Translation of Financial Statements
originally issued in Arabic

Naeem Holding for investments (S.A.E– free zone)

Consolidated Statement of cash flows

For the period ended 30 June 2020

(All amounts in US Dollar)

	For the Six months ended	
	30/6/2020	30/6/2019
Cash flows from operating activities		
(Loss) Profits for the period before taxes	(1 613 716)	255 563
Adjustments as Follow :		
Adjustment in accumulated losses	(1 742 059)	(1 534 467)
Adjustment in non controlling	--	(953 247)
Right of use amortisation	223 749	--
Depreciation of Fixed assets	228 047	196 878
Real estate depreciation	16 955	20 324
Provision	(22 536)	--
Debit interest	403 049	1 106 236
Credit interest	54 314	(596 874)
Foreign currency difference	401 188	938 097
Investment losses in associates	53 814	306 661
Unrealized loss on revaluation of Investments at fair value through profit or loss	(8 092)	25 887
Operting loss / profit before change in working capital	**(2 005 287)**	**(234 942)**
Change In :		
Accounts receivable	148 109	(1 132 984)
Debitor and other debit balances	3 500 870	1 708 542
Accounts receivable – credit balances	447 276	(4 039 565)
Creditors and other credit balances	283 054	124 280
Due from related parties	489 400	12 758 262
Work in progress	(3 514 159)	(3 515 698)
Notes receivable	(289 233)	(1 899 955)
Finished units	371 914	1 312 875
Net cash flows provided from operating activities	**(568 056)**	**5 080 815**
Cash flows from investing activities		
(Payments) to acquire fixed assets	(11 074)	(884 592)
Proceeds from selling fixed assets	130 430	--
(Payments) to Projects under construction	--	(334 983)
Change in investments available for sale	(44 005)	(2 429 652)
Change in investments at fair value through profit or loss	(87 503)	722 201
Change in real estate investments	438 485	1 227 670
Change in long-term investments	65 859	(62 798)
Net cash flows provided from investing activities	**492 192**	**(1 762 154)**
Cash flows from financing activities		
Proceeds (payments) from banks overdraft	(586 383)	1 538 176
Change in long term liabilities	--	479 530
Paid Debit interest	(403 049)	(1 106 236)
Credit interest	(54 314)	596 874
Consolidated translation differences	1 659 980	(6 871 307)
Net cash flows (used in) financing activities	**616 234**	**(5 362 963)**
Impact of change in exchange rates	**(401 188)**	**(938 097)**
Cash and cash equivalents during the period	139 182	(2 982 399)
Cash and cash equivalents – beginning of the period	3 097 834	9 150 987
Cash and cash equivalents - end of the period	**3 237 016**	**6 168 588**

-The accompanying notes is an integral part of these consolidated financial statements.

Naeem Holding for Investment "S.A.E"
Notes to Consolidated financial statements
For the period ended June 30, 2020
(In the notes all amounts are shown in US Dollar unless otherwise stated)

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-Ismailiaonthe
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.

2- The Company has the following investments in subsidiaries as of 30 June 2020:

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 Capital Limited Company	Financial Securities investments	100%
NAEEM for Real Estate Management Limited Company	Real Estate Investment Management	100%
Naeem Capital for Investment (Al Tawfik for Financial Investments)	Financial services Brokerage	99.98%
Smart for securities (Etihad Capital for Securities)	Financial Securities	99.96%
Naeem For Real Estate Management Limited	Investment Fund	100%
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%
Gold Capital for trading Company	Commodities Trading	98.80%
Recap for Financial investments (Recap holding previously) *	Financial services	47.61%
NAEEM For Financial Consult	Financial services	99.92%
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%
Smart Gardens for real estate investment	Real Estate Investments	66%
NAEEM for Consulting Services Company	Consulting services	98%

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:

1. The equity of subsidiary is reduced against the cost of the investment cost of Holding Company in its subsidiary.
2. Intercompany accounts between Holding Company and subsidiaries:
   - Current accounts between group companies
   - Notes receivables / payables between group companies
3. Revenues, expenses and dividends paid between Holding Company and subsidiaries during the period.
4. 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,
5. 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.
   Show minority interest in a separate line item in the consolidated financial statements attributed to equity share in subsidiaries.
6. Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition in separate item.

Naeem Holding for investments (S.A.E– free zone)

Notes to consolidated financial statements

For the period ended 30 June 2020

(In the notes all amounts are shown in US Dollar unless otherwise stated)

(4) **Fixed assets**

	Buildings	Vehicles	Furniture and office utilities	Office equipment and tools	Total
Cost as of 1/1/2019	2 012 233	388 426	4 806 843	1 717 866	8 925 368
Additions for the year	4 661 409	73 498	462 674	193 339	5 390 920
Disposals for the year	--	(34 222)	(131 700)	(3 253)	(169 175)
Cost as of 31/12/2019	6 673 642	427 702	5 137 817	1 907 952	14 147 113
Additions for the period	---	1 587	5 477	4 010	11 074
Disposals for the period	(159 174)	(14 507)	(56 718)	(273 124)	(503 523)
Cost as of 30/6/2020	6 514 468	414 782	5 086 576	1 638 833	13 654 664
Accumulated depreciation					
Accumulated depreciation as of 1/1/2019	(219 429)	(273 616)	(3 250 278)	(1 661 976)	(5 405 299)
Depreciation for the year	(36 647)	(62 585)	(183 119)	(137 315)	(419 666)
Depreciation of disposals	--	29 341	114 600	38 132	182 073
Accumulated depreciation as of 31/12/2019	(256 076)	(306 860)	(3 318 797)	(1 761 159)	(5 642 892)
Depreciation for the period	(19 251)	(24 844)	(108 468)	(75 484)	(228 047)
Depreciation of disposals for the year	39 643	14 604	44 314	274 533	373 094
Accumulated depreciation as of 30/6/2020	(235 684)	(317 100)	(3 382 951)	(1 562 110)	(5 497 845)
Net Book Value 30 June 2020	6 278 784	97 682	1 703 625	76 728	8 156 819
Net Book Value 31 December 2019	6 417 566	120 842	1 819 020	146 793	8 504 221

(In the notes all amounts are shown in US Dollar unless otherwise stated)

(5) Right of use

	Grand Floor	Second	First & Third	Cars	Total
Cost as of 1/1/2019	--	809 515	1 563 218	37 613	2 410 346
Additions	747 089	--	--	--	747 089
Cost as of 31/12/2019	747 089	809 515	1 563 218	37 613	3 157 435
Additions	--	--	--	--	--
Cost as of 30/6/2020	747 089	809 515	1 563 218	37 613	3 157 435
Accumulated amortization as of 1/1/2019	--	323 806	211 246	--	535 052
Amortization	62 258	161 903	168 996	9 236	402 393
Accumulated amortization as of 31/12/2019	62 258	485 709	380 242	9 236	937 445
Amortisation	53 364	84 498	80 952	4 935	223 749
Accumulated amortization as of 30/6/2020	115 622	570 207	461 194	14 171	1 161 194
Net Book Value 30/6/2020	631 467	239 308	1 102 024	23 442	1 996 241
Net Book Value 31/12/2019	684 831	323 806	1 182 976	28 377	2 219 990

Right of use is represented in the value of the leased buildings as finance lease in accordance with Law No. (176) for the year 2018, as well as the Revised Egyptian Standard No. (49) 2019 lease contracts as follows:

A - Ground floor with a total area of 393 square meters.

B - The second floor with a total area of 1077 square meters.

C - the first and third floor with a total area of 2066 square meters.

D- two cars toyota corolla

the right of use was recognized In accordance with the requirements of paragraph (22) of the Egyptian Accounting Standard (49) leasing contracts Which provided for "The lessee must recognize the" Right of use " and the lease obligation at the commencement date of the lease"

In accordance with Appendix C of the IAS, the effective date and the transitional rules, paragraph (C7), which provides that "Where the lessee applies the provisions of paragraph (C5), it may not re-present the comparative information. Instead, the lessee shall recognize the cumulative effect of the initial application of this standard as an adjustment to the opening balance of retained earnings at the date of initial application".

According to the Periodic book no. 7 of 2019 dated 4 August 2019, the second paragraph which provides that: "Financial leasing companies and tenants under financial leasing contracts from non-bank financial companies and securities companies listed on the Egyptian Stock Exchange shall apply the standard of financial leasing contracts at a later date. 30 September 2019.

(In the notes all amounts are shown in US Dollar unless otherwise stated)

6. Projects under construction

	30/6/2020	31/12/2019
Beginning balance for the period / year	1 285 342	5 131 673
Transferred to fixed assets	--	(3 846 331)
Ending balance for the period / year	**1 285 342**	**1 285 342**

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

7. Available for sale investments

	30/6/2020	31/12/2019
Quoted shares in the stock market *	68 516 408	68 732 276
Unquoted shares	26 788 274	26 795 405
	95 304 682	**95 527 681**

*The value of Quoted shares in the Egyptian stock exchange commission amounted to 32 238 441 shares at fair market value USD 56 215 606 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 .

8. Long-term investments

	30/6/2020	31/12/2019
Misr Company for central Clearing and Depository *	360 409	362 656
Guarantee settlement fund**	206 602	270 214
	567 011	**632 870**

*the change is due to decrease in the investment in Misr Company for central Clearing and Depository to distributes the capital of the company to its members every three years, and transfer ownerships of the equity between members according to par value , and redistribution when add new members.

** The determination of the contribution in settlement gurantee fund is based on average value trade by the company to the value trade of the market due to quarter before .

9. Investments in associates

	Ownership%	30/6/2020	31/12/2019
Naeem Shares & Bonds	1.00	177 636	178 291
Etihad Capital	31.20	1 820 894	1 874 053
		1 998 530	**2 052 344**

(In the notes all amounts are shown in US Dollar unless otherwise stated)

10. Real estate investments

	30/6/2020	31/12/2019
Beginning balance of the period / year	6 445 945	7 713 090
Depreciation of the period / year	(16 955)	(39 735)
Disposals	(438 485)	(1 227 410)
	5 990 505	6 445 945

According 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 Sverico 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, Sverico For Real Estate Investment Company recognized building F4 and B143 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.

11. Employees' rewarding system

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 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 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 2 April 2019 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 2 496 555 shares. On 9 June 2019 the transaction was registered at Misr for Central Clearing, Depository and Registry.

(In the notes all amounts are shown in US Dollar unless otherwise stated)

On 15 April 2018 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 2 269 595 shares. On 11 October 2018 the transaction was registered at Misr for Central Clearing, Depository and Registry.
On 15 April 2018 the company purchases 2 416 666 shares by (USD 1 437 469) financed from the employee rewarding system Loans
On March 30, 2020, the Extraordinary General Assembly unanimously approved the abolition of the bonus and incentive system for existing employees and managers of the company and the transfer of the balance of the remaining shares of the bonus and incentive Employees' rewarding system and managers of
Al-Naeem Holding Company for Investments of 27,442,248 shares into treasury shares and the provisions of the treasury shares apply to them.
Movement Summary is as follows:

	Shares
Total shares transferred to the system	11 372 754
Free Stock dividends	10 435 202
Shares transferred to the system	5 000 000
shares purchased	2 416 666
Total shares of the system	**29 224 622**
Shares designated and sold:	
Shares sold	(20 000)
Holding company's employees	(657 662)
Subsidiaries employees	(1 104 712)
Total Sold & designated shares	**(1 782 374)**
Total undesignated shares	**27 442 248**
Total transferred shares to treasury stock	**(27 442 248)**
Balance at 30 June 2020	--

On March 30, 2020, the Extraordinary General Assembly unanimously approved the abolition of the bonus and incentive system for existing employees and managers of the company and the transfer of the balance of the remaining shares of the bonus and incentive Employees' rewarding system and managers of
Al-Naeem Holding Company for Investments of 27,442,248 shares into treasury shares and the provisions of the treasury shares apply to them.
On June 30, 2020 Egyptian Financial Regulatory Authority agreed on cancelation Employees' rewarding system according to decision of the Extraordinary General Assembly for the company on March 30, 2020

(In the notes all amounts are shown in US Dollar unless otherwise stated)

12. Goodwill

	30/6/2020	31/12/2019
Goodwill arising from acquisition of:		
Naeem Brokerage in financial securities	40 330 093	40 330 093
RECAP for financial investments (Recap holding previously)	10 251 294	10 251 294
Naeem for Financial Investments	3 103 794	3 103 794
Etihad Capital (Unifund Capital for financial investments company)	473 327	473 327
Smart for securities (Etihad Capital for Securities)	731 551	731 551
Naeem Capital for Investments (Al Tawfik Financial Investments- previously)	336 960	336 960
	55 227 019	**55 227 019**

13. Cash and Cash Equivalent

	30/6/2020	31/12/2019
US Dollars		
Cash on hand	4 799	4 082
Banks- Current accounts	1 018 321	1 253 470
Time deposit	100 000	100 000
	1 123 120	**1 357 552**
Other Currencies		
Cash on hand	46 646	37 666
Banks- Current accounts	1 979 240	1 614 294
Time deposits	88 010	88 322
	2 113 896	**1 740 282**
	3 237 016	**3 097 834**

14. Investments at fair value through profits or losses

	30/6/2020	31/12/2019
Quoted shares in the stock market	9 937 700	10 042 009
UnQuoted shares in the stock market	199 904	--
	10 137 604	**10 042 009**

(In the notes all amounts are shown in US Dollar unless otherwise stated)

15. Assets held for sale

	Country	Share%	30/6/2020	31/12/2019
Nile Palm EL Naeem for Real Estate Development *	Egypt	49%	15 767 165	15 767 165
			15 767 165	**15 767 165**

* Available for sale investments 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 100 137 264 after revaluation on the date of purchase as per the study made by Baker Tillly, 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 2018, 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 206 000 000 EGP, distributed to 991,000 shares.

16. Accounts receivables

	30/6/2020	31/12/2019
Accounts receivables	4 788 348	4 896 517
Deduct :		
Impairment of accounts receivables	(383 896)	(343 956)
	4 404 452	**4 552 561**

17. Work in progress

	30/6/2020	31/12/2019
Marsa alam land	2 681 469	2 351 873
First phase lands – smart village' buildings and constructions	28 326 614	25 142 051
	31 008 083	**27 493 924**

(In the notes all amounts are shown in US Dollar unless otherwise stated)

18. Debitors and other debit balances

	30/6/2020	**31/12/2019**
Prepaid expenses	84 020	142 496
Employees' loans and advances	35 629	36 989
Deposit with others	373 948	383 466
Tamweel For Mortgage Company *	2 494 781	2 587 005
Tamweel For Leasing Company **	1 715 671	1 830 227
Advances to suppliers	309 170	709 758
Purchasing and selling clearing	651 633	1 524 041
Tax Authority	122 708	128 986
Notes receivables	6 558 657	5 982 235
Other debit balances	2 404 092	4 925 976
	14 750 309	**18 251 179**

* 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 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 with Tamweel for Leasing.

19. Finished units

	30/6/2020	**31/12/2019**
First phase Buildings – Smart village*	3 154 281	3 173 946
Apartments in Palm Parks	352 248	704 497
	3 506 529	**3 878 443**

* 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 Sverico For Real Estate Investment Company,

20. 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 10 660 529 shares from treasury shares at their par value (Note 21), 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 5 017 471 shares of treasury shares with their par value (Note 21) 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, 10 432 529 shares of treasury shares have been redeemed with their par value (Note 21), accordingly issued and paid up capital becomes USD 293,889,471.

On 6 August 2013, according to the decree of the Extraordinary General Assemble Meeting, 10000000 shares of treasury shares have been redeemed with their par value (Note 20), 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$ 198,722,630 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 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.

On 15 April 2018 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 21 859 489. On 10 October 2018 the capital increase was registered at Misr for Central Clearing. Depository and Registry, Accordingly, issued and paid up capital amounted to USD 240 454 382 divided over 343 506 260 shares each with a par value of USD 0.70 and it was modified in the commercial register dated 12 September 2018.

On 28 March 2019 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 24 045 438. On 9 June 2019 the capital increase was registered at Misr for Central Clearing. Depository and Registry, Accordingly, issued and paid up capital amounted to USD 264 499 820 divided over 377 856 886 shares each with a par value of USD 0.70 and it was modified in the commercial register dated 28 May 2019.

21. Treasury stocks

On March 30, 2020, the Extraordinary General Assembly unanimously approved the abolition of the bonus and incentive system for existing employees and managers of the company and the transfer of the balance of the remaining shares of the bonus and incentive Employees' rewarding system and managers of Al-Naeem Holding Company for Investments of 27 442 248 shares into treasury shares with amount USD 20 619 163 and the provisions of the treasury shares apply to them. (31 December 2019 there is no balance of treasury stocks)

22. Treasury stock reserve

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 11 115 493 shares during 2008 and 2009 with amount of USD 7,428,235.

On 11 November 2009 the board of directors agreed to redeem 10 660 529 shares from treasury shares at par value (Note 20), 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, 5 017 471 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 20), 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, 10 432 529 shares from treasury shares have been redeemed at par value (note 20) 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 6 August 2013, according to the Extraordinary General Assembly Meeting decision, 10000000 shares from treasury shares have been redeemed at par value (note 20) 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.

On 13 November 2013, according to the Extraordinary General Assembly Meeting decision, 5 000 000 shares from treasury share have been purchased with the amount of USD 1,608,173 for the purpose of financing rewarding system.

On 30 June 2020 Treasury stock reserve amounted to USD 7 233 894 (USD 7,233,894 at 31December 2019).

(In the notes all amounts are shown in US Dollar unless otherwise stated)

23. Retained Losses

According to the Decree of the Ministry of Investment and International Cooperation No. (69) Year 2019 introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. (110) year 2015, the Retained losses for the financial year ended at 31 December 2019 have been adjusted as follows:

On October 2019 the Financial Regulatory Authority (FRA) in association with the Egyptian Society of Accountants &Auditors (ESAA) issued the Guide to the application of the Egyptian Accounting Standard No. (49) leases Contracts and paragraph (5), which included the following: "The Lessee should apply this standard to lease contract where he is the Lessee.

While the cumulative effect of the initial Implementation of the standard is recognized on the date of initial Implementation and it is not permitted to Presentation comparative information, the lessee should instead recognize the cumulative effect of the initial Implementation of this standard as an adjustment to the opening balance of retained earnings at the date of initial Implementation .

For financial leases that were subject to Law No. 95 of 1995 and were processed in accordance with IAS 20 Accounting Rules and Standards relating to Finance Leases, the following are the effects resulted of Shift to the Implementation of the Egyptian Accounting Standard No. (49) leases.

	30/6/2020	**31/12/2019**
Beginning Balance at period / year	(45 337 740)	(37 118 484)
Transferred to Retained Earning	(6 771 585)	(2 052 876)
Adjustment in accumulated losses	(1 742 059)	(1 534 467)
Adjustment at implementing standard (49)	--	(3 214 327)
Dividends	--	(1 417 586)
Ending Balance at period / year	**(53 851 384)**	**(45 337 740)**

24. Long term liabilities

	30/6/2020	**31/12/2019**
Notes payable	3 438 502	3 916 805
Leasing liabilities	2 429 196	2 189 866
other credit balances	309 791	629 863
	6 177 489	**6 736 534**

25. Provisions

	Balance at 1/1/2020	**used**	**Balance at 30/6/2020**
Claims provision	66 099	(22 536)	43 563
	66 099	**(22 536)**	43 563

(In the notes all amounts are shown in US Dollar unless otherwise stated)

26. Banking fasilities

	30/6/2020	31/12/2019
United Bank	1 826 774	2 208 358
Banque Due Cairo	397 548	3 129
Misr Bank	31	185 387
Export Development Bank of Egypt	--	850 005
Attjariwafa Bank	328 292	879
Arab African International Bank *	7 936 377	7 827 647
	10 489 022	**11 075 405**

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

27. Credit and other creditor balances

	30/6/2020	31/12/2019
Insurance for others	842 366	723 213
Employees rewarding loan	--	21 824
Accrued expenses	506 376	202 008
Central depository custody	74 185	27 976
Social insurance authority	56 403	22 389
Advances from customers	24 796 070	21 955 662
Takful Contribution	4 119	8 528
Risk guarantee fund	583	19
Tax Authority	159 731	375 703
Nile Palm EL Naeem for Real Estate Development	3 020 744	3 093 576
General authority for tourism development	2 080 244	1 762 101
Lease contract Liability	8 614	333 491
Notes payable – short term	1 294 791	965 818
Advanced Revenue	--	54 861
Other credit balances	1 515 000	3 727 811
	34 359 226	**33 274 980**

28. 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 (32) 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.

29. Contingent liabilities

- The company warrants a letter of guarantee at the amount of AED 1,000,000 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.
- Account-Receivable Included on 30 September 2019 USD 306 179 represented in Purchased Accounts receivable – margin trading (USD 1 913 105 as of 31 December 2018) (Note 16)

30. 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.

31. Tax position of the companies of Naeem Holding Group for Investments

- **Naeem Holding Company**

- **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.

32. 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.

33. SIGNIFICANT ACCOUNTING POLICIES

33-1 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.

33-2 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.

33-3 Consolidation elimination transactions

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

33-4 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.

33-5 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 date, 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.

33-6 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

33-7 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.

33-8 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.

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.

33-9 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.

33-10 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.

33-11 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.

33-12 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.

33-13 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.

33-14 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.

33-15 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.

33-16 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.

33-17 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.

33-18 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.

33-19 Statement of cash flows

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

33-20 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.

33-21 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.

33-22 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.

33-23 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.

33-24 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.

33-25 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.

33-26 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.

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.

33-27 Lease contract

This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

An entity shall determine the lease term as the non-cancellable period of a lease, together with both:

A. periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

B. periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The lessor

Whether a lease is a finance lease or an finance lease depends on the substance of the transaction rather than the form of the contract. Examples of situations that individually or in combination would normally lead to a lease being classified as a finance lease are:

1. the lease transfers ownership of the underlying asset to the lessee by the end of the lease term;
2. the lessee has the option to purchase the underlying asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception date, that the option will be exercised;
3. the lease term is for the major part of the economic life of the underlying asset even if title is not transferred;
4. at the inception date, the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset; and
5. the underlying asset is of such a specialized nature that only the lessee can use it without major modifications.

Initial recognition and subsequent measurement

Initial measurement

The lessor shall use the interest rate implicit in the lease to measure the net investment in the lease. In the case of a sublease, if the interest rate implicit in the sublease cannot be readily determined, an intermediate lessor may use the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease.

Initial direct costs, other than those incurred by manufacturer or dealer lessors, are included in the initial measurement of the net investment in the lease and reduce the amount of income recognized over the lease term

The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the net investment in the lease; there is no need to add them separately.

Initial measurement of the lease payments included in the net investment in the lease :-

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

1. fixed payments (including in-substance fixed payments less any lease incentives payable;
2. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
3. any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee;
4. the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and:
5. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Finance leases

A lessor shall recognize lease payments from finance leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished

The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Initial measurement of the right-of-use asset

At the commencement date, a lessee shall measure the right-of-use asset at cost.

The cost of the right-of-use asset shall comprise:

a) the amount of the initial measurement of the lease liability

b) any lease payments made at or before the commencement date, less any lease incentives received;

c) any initial direct costs incurred by the lessee; and

d) 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.

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.

Subsequent measurement of the right-of-use asset

Cost model

To apply a cost model, a lessee shall measure the right-of-use asset at cost:

a) less any accumulated depreciation and any accumulated impairment losses; and

b) adjusted for any re-measurement of the lease liability lessee shall apply the depreciation requirements in IAS 16 Property, Plant and equipment in depreciating the right-of-use asset,

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

Initial measurement of the lease liability

At the commencement date, a lessee shall measure 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, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

Subsequent measurement of the lease liability

After the commencement date, a lessee shall measure the lease liability by:

1. increasing the carrying amount to reflect interest on the lease liability;
2. reducing the carrying amount to reflect the lease payments made; and
3. re-measuring the carrying amount to reflect any reassessment or lease modifications specified, or to reflect revised in-substance fixed lease payments

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34. important Events

a) Countries all over the world including Egypt have faced the spread of coronavirus which had a huge impact on the economy a whole. most probably this will lead to a decrease in the economical activities on the upcoming period. this may have a material impact on certain balance of the assets, liabilities and the operation outcome in the next period.It is not possible to calculate the effect of these events on the meantime.

Hence, the information is solely based on the forecasting conducted for the time period that these events are occurring and when it is projected to end as well as the aftermath that follows.

b) New Accounting Standards & Restated

On 18 March 2019 , the minister of investment and international cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. (110) year 2015 , which included some new accounting standards as well as introducing amendments to certain existing standards .

On April 12, 2020, the Financial Supervisory Authority issued a decision to postpone the application of the new Egyptian Accounting Standards and the accompanying amendments issued in Resolution No. 69 of 2019 to the periodic financial statements that will be issued during the year 2020 due to the current conditions in the country through the spread of the new Corona virus and the necessary Of the economic and financial implications associated with it, as well as the application of prevention measures and countering its spread from imposing restrictions on the presence of human resources in companies at their full capacity on a regular basis. And companies apply these standards and these adjustments to the annual financial statements of these companies at the end of 2020 and include the combined effect of the whole year by the end of 2020 with companies 'commitment to adequately disclose in their periodic lists during 2020 about this fact and its accounting effects if any.

the most prominent amendments are as follows :

New or amended standards	A summary of the most significant amendments	The possible impact on the financial statements	Date of implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	1- The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise. 2- Pursuant to the requirements of the Standard, financial assets are classified based on their measurement whether at amortized cost, or fair value through other comprehensive income or at fair value profit or loss, in	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards (1), (25), (26) and(40) are simultaneously applied. - These amendments are effective as of the date of implementing

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	accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset. 3- When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event 4- Based on the requirements of this standard the following standards were amended: Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019 Egyptian Accounting Standard No. (4) – "Statement of Cash Flows". Egyptian Accounting Standard No. (25) – "Financial Instruments: presentation. Egyptian Accounting Standard No. (26) – "Financial Instruments: Recognition and Measurement". Egyptian Accounting Standard – EAS No. (40) – "Financial Instruments: Disclosures".		Standard No. (47).
The new Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers"	1- The new Egyptian Accounting Standard No. (48) – "Revenue from Contracts with Customers" shall supersed the following standards and accordingly such standards shall be deemed null and void. 2- Egyptian Accounting Standards No. (8) – "Construction Contracts" as amended in 2015. Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015. For revenue recognition, Control Model is used instead of Risk and Rewards Model. 3- Incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met. 4- The standard requires that contract must have a commercial substance in order for revenue to be recognized. 5- Expanding presentation and disclosure requirements.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	Standard No. (48) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted
The new Egyptian Accounting Standard No. (49) "Lease Contracts"	1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersed Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015. 2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value	The management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard

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	of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating one or finance lease contracts. 3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract. 4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as receivable with an amount equivalent to the amount of the net investment in the lease contract. 5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.	The disclosure No. (32) represent the adjustments to applying the new accounting standard No. (49).	No. (48) "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subject to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. (20), "Accounting rules and standards related to financial leasing" as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was cancelled and Law No. (176) of 2018 was issued.
Egyptian Accounting Standard No. (38) as "amended employees Benefits"	A number of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.
Egyptian Accounting Standard No. (42) as amended "Consolidated	Some paragraphs related to the exclusion of the Investment Entities from the Consolidation process were added. This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were amended are as follows:	The Management is currently assessing the potential impact of implementing the amendment of the	This standard applies to financial periods beginning on or after January 1st, 2020, and the early adoption is

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Financial Statements"	(EAS 15) Related Party Disclosures (ESA 17) Consolidated and Separate Financial Statements. (EAS 18) Investment in Associates (EAS 24) Income Taxes. (EAS 29) Business Combinations. (EAS 30) Periodical Financial Statements. (EAS 44) Disclosure of Interests in Other Entities.	standard on the financial statements.	permitted. - The new or amended paragraph pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019.
Egyptian Accounting Standard No. (22) as amended "Earnings per share"	The scope of implementation of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.	The amendment of the standard on the financial statements is implemented.	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
Egyptian accounting Standard No. (4) as amended "Statement of Cash Flows"	This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows.	The amendment of the standard on the financial statements is implemented.	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.