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

Consolidated financial statements
For the Period ended 31 March 2020
Together with Review Report

NAEEM Holding for investments (S.A.E– free zone)
For the Period ended March 31, 2020

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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 31 march 2020 and the related consolidated statements of profit or loss, consolidated comprehensive income, consolidated changes in equity and consolidated cash flows for the three 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 31 March 2020, and its consolidated financial performance and cash flows for the three 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. 30).
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. 30).
- as described in Note No. (33) 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: June,10 2020

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

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WAHID ABDEL
GHAFFAR & CO

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

Consolidated Statement of Financial Position

as of March 31, 2020

(All amounts in US Dollar)

	Note	31/3/2020	31/12/2019
Assets			
Non -current assets			
Right of Use	(5)	2 108 117	2 219 990
Fixed assets	(4)	8 266 611	8 504 221
Projects under construction	(6)	1 285 342	1 285 342
Available for sale investments	(7)	95 521 971	95 527 681
Long-term investments	(8)	668 764	632 870
Investments in associates	(9)	2 037 677	2 052 344
Real Estate Investments	(10)	5 998 988	6 445 945
Notes receivables- Long Term		8 723 032	8 265 741
Deferred tax assets		35 018	29 319
Employees rewarding system	(11)	3 622 383	5 186 591
Goodwill	(12)	55 227 019	55 227 019
Total non - current Assets		**183 494 922**	**185 377 063**
Current assets			
Cash & Cash Equivalent	(13)	3 945 072	3 097 834
Investments at fair value through profit or loss	(14)	9 810 441	10 042 009
Assets held for sale	(15)	15 767 165	15 767 165
Accounts receivables	(16)	2 791 966	4 552 561
Work in progress	(17)	30 173 688	27 493 924
Debtors and other debit balances	(18)	14 111 697	18 251 179
Due from related parties		25 949 588	26 334 780
Finished units	(19)	3 730 493	3 878 443
Total current assets		**106 280 110**	**109 417 895**
Total assets		**289 775 032**	**294 794 958**
Equity			
Issued and paid up capital	(20)	264 499 820	264 499 820
Legal reserve		8 506 431	8 506 431
General reserve		19 389 651	19 389 651
Treasury stock reserve	(21)	7 233 894	7 233 894
Employees' rewarding system revaluation differences		(16 815 689)	(15 251 481)
Unrealized gain from available for sale investments		5 063 980	5 386 676
Foreign Currency Translation Differences		(23 776 448)	(26 125 614)
Retained losses	(22)	(53 851 384)	(45 337 740)
Loss for the period		(1 665 200)	(6 771 585)
The shareholders' equity		**208 585 055**	**211 530 052**
Non controlling interest		29 362 007	29 206 570
Total The shareholders' equity and non - controlling interest		**237 947 062**	**240 736 622**
Non - current liabilities			
Long-term liabilities	(23)	6 658 033	6 736 534
Deferred tax liabilities		154 911	153 950
Total non - current liabilities		**6 812 944**	**6 890 484**
Current liabilities			
Provisions	(24)	66 099	66 099
Banks overdraft	(25)	8 753 141	11 075 405
Accounts receivables - credit balances		3 436 480	2 751 368
Creditors and other credit balances	(26)	32 759 306	33 274 980
Total current liabilities		**45 015 026**	**47 167 852**
Total liabilities		**51 827 970**	**54 058 336**
Total equity and liabilities		**289 775 032**	**294 794 958**

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

- Review report attached.

CFO	Managing Director	Chairman
Ahmed Mahmoud El	Tedhat El Far	Hussein Shobokshy

Translation of Financial Statements
originally issued in Arabic

Naeem Holding for investments (S.A.E– free zone)
Consolidated Income Statement
For the period ended 31 March 2020
(All amounts in US Dollar)

	31/3/2020	31/3/2019
Revenues		
Fees, commissions and investments managing revenues	777 582	963 095
Units sales and rental revenue	458 499	128 046
Coupon revenue	64	2 541 054
Cost of selling units	(76 588)	--
Loss from sale of Investments at Fair Value through profits or losses	(147 426)	--
(Loss) from sale of assets held for sale	--	(45 451)
Unrealized (Loss) /profit from revaluation of investments at fair value through profit or loss	(12 420)	134 005
Credit interest	31 342	121 818
Gain from revaluation real estate investments	36 871	--
Foreign exchange differences	(266 164)	(450 429)
Company's share of (losses)/ Profit in associates	(14 667)	(93 586)
Other income	43 166	795 103
Total Revenues	**830 259**	**4 093 655**
General and administrative expenses	(1 531 766)	(1 568 450)
Marketing and managing expenses	(34 451)	(66 915)
Finance lease expenses	(126 684)	(285 301)
Debit interests	(338 145)	(590 895)
Real estate depreciation	(8 472)	(10 644)
Right of use amortisation	(111 873)	---
Fixed assets depreciation	(114 050)	(94 390)
Total expenses	**(2 265 441)**	**(2 616 595)**
(Losses) Profits for the period before taxes	**(1 435 182)**	**1 477 060**
Income tax	(79 319)	(143 337)
Deferred income taxes	4 738	(5 121)
(Loss) for the period	**(1 509 763)**	**1 328 602**
Represented in:		
Shareholders' equity of the Holding Company	(1 665 200)	1 086 306
Non- controlling interest	155 437	242 296
	(1 509 763)	**1 328 602**

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

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

Naeem Holding for investments (S.A.E– free zone)
Consolidated Statement of Comprehensive Income
For the period ended 31 March 2020

(All amounts in US Dollar)

	31/3/2020	31/3/2019
(Loss) Profits for the period	**(1 509 763)**	**1 328 602**
(Loss) Revaluation of available for sale investments	(322 696)	(4 385)
Consolidated translation differences	2 349 166	(6 996 898)
Total comprehensive income	**516 707**	**(5 672 681)**

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

CFO	Managing Director	Chairman
Ahmed Mahmoud	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 31 March 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	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	--	--	--
Transferred to Legal reserve	--	--	--	--	--	--	--	(1 534 467)	--	(1 534 467)	--	(1 534 467)
Increased Capital	--	--	--	--	--	--	--	--	--	--	--	--
Dividends	--	--	--	--	--	--	--	(1 417 586)	--	(1 417 586)	--	(1 417 586)
Adjustment in Retained losses	--	--	--	--	--	--	--	--	--	--	--	--
Revaluation of employees' rewarding system shares	--	--	--	--	(74 896)	--	--	--	--	(74 896)	--	(74 896)
Revaluation of available for sale investments	--	--	--	--	--	(4 385)	--	--	--	(4 385)	--	(4 385)
Change in non- controlling interest	--	--	--	--	--	--	--	--	--	--	(1 153 205)	(1 153 205)
Consolidated translation differences	--	--	--	--	--	--	(6 996 898)	--	--	(6 996 898)	--	(6 996 898)
Loss for the period	--	--	--	--	--	--	--	--	1 086 304	1 086 304	242 296	1 328 600
Balance as of 31 March 2019	**240 454 382**	**8 506 431**	**43 435 089**	**7 233 894**	**(12 934 859)**	**4 202 937**	**(29 130 238)**	**(42 123 413)**	**1 086 304**	**220 730 527**	**28 617 170**	**249 347 697**
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 earnings	--	--	--	--	--	--	--	(6 771 585)	6 771 585	--	--	--
Adjustment in accumulated losses	--	--	--	--	--	--	--	(1 742 059)	--	(1 742 059)	--	(1 742 059)
Revaluation of employees' rewarding system shares	--	--	--	--	(1 564 208)	--	--	--	--	(1 564 208)	--	(1 564 208)
Revaluation of available for sale investments	--	--	--	--	--	(322 696)	--	--	--	(322 696)	--	(322 696)
Consolidated translation differences	--	--	--	--	--	--	2 349 166	--	--	2 349 166	--	2 349 166
Profit for the period	--	--	--	--	--	--	--	--	(1 665 200)	(1 665 200)	155 437	(1 509 763)
Balance as of 31 March 2020	**264 499 820**	**8 506 431**	**19 389 651**	**7 233 894**	**(16 815 689)**	**5 063 980**	**(23 776 448)**	**(53 851 384)**	**(1 665 200)**	**208 585 055**	**29 362 007**	**237 947 062**

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

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

Consolidated Statement of cash flows

For the period ended 31 March 2020

(All amounts in US Dollar)

	For the three months ended	
	31/3/2020	**31/3/2019**
Cash flows from operating activities		
(Loss) Profits for the period before taxes	(1 435 182)	1 477 060
Adjustments as Follow :		
Adjustment in accumulated losses	(1 742 059)	(1 534 467)
Adjustment in non controlling	--	(1 153 205)
Right of use amortisation	111 873	--
Depreciation of Fixed assets	114 050	94 390
Real estate depreciation	8 472	10 644
Debit interest	(338 145)	(121 818)
Credit interest	31 342	590 895
Foreign currency difference	266 164	450 429
Investment losses in associates	14 667	--
Unrealized loss on revaluation of Investments at fair value through profit or loss	12 420	(134 005)
Operting loss / profit before change in working capital	**(2 956 398)**	**(320 077)**
Change In :		
Accounts receivable	1 760 595	(2 998 143)
Debitor and other debit balances	4 139 482	2 792 164
Accounts receivable credit balances	683 112	(3 568 983)
Creditors and other credit balances	1 068 565	931 411
Due from related parties	385 192	11 368 294
Work in progress	(2 679 764)	(2 189 529)
Notes receivable	(457 291)	(1 314 435)
Finished units	147 950	(116 821)
Net cash flows provided from operating activities	**2 093 443**	**4 583 881**
Cash flows from investing activities		
(Payments) to acquire fixed assets	(4 423)	(13 603)
Proceeds from selling fixed assets	127 983	--
(Payments) to Projects under construction	--	(304 087)
Change in investments available for sale	(316 986)	(2 507 083)
Change in investments at fair value through profit or loss	219 148	1 516 696
Change in real estate investments	438 485	550 584
Change in long-term investments	(35 894)	19 930
Change in investments in associates	--	93 586
Net cash flows provided from investing activities	**428 313**	**(643 977)**
Cash flows from financing activities		
Proceeds (payments) from banks overdraft	(2 322 264)	2 666 081
Change in long term liabilities	--	(181 100)
Adjustment in accumulated losses	(1 742 059)	--
Debit interest	338 145	121 818
Credit interest	(31 342)	(590 895)
Consolidated translation differences	2 349 166	(6 996 898)
Net cash flows (used in) financing activities	**(1 408 354)**	**(4 980 994)**
Impact of change in exchange rates	**(266 164)**	**(450 429)**
Cash and cash equivalents during the period	847 238	(1 491 519)
Cash and cash equivalents – beginning of the period	3 097 834	9 150 987
Cash and cash equivalents - end of the period	**3 945 072**	**7 659 468**

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

(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 31 March 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 Securities Brokerage	99.98%
Smart for securities (Etihad Capital for Securities)	Financial services	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.

(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	4 661 409	73 498	462 674	193 339	**5 390 920**
Disposals	--	(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	---	--	--	4 423	**4 423**
Disposals for the period	(159 174)	--	(14 628)	(172)	**(173 974)**
Cost as of 31/3/2020	**6 514 468**	**427 702**	**5 123 189**	**1 912 203**	**13 977 562**
Accumulated depreciation					
Accumulated depreciation as of 1/1/2019	**(219 429)**	**(273 616)**	**(3 250 278)**	**(1 661 976)**	**(5 405 299)**
Depreciation	(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	(9 620)	(12 377)	(53 933)	(38 120)	**(114 050)**
Depreciation of disposals	39 794	--	6 075	122	**45 991**
Accumulated depreciation as of 31/3/2020	**(225 902)**	**(319 237)**	**(3 366 655)**	**(1 799 157)**	**(5 710 951)**
Net Book Value 31 March 2020	**6 288 566**	**108 465**	**1 756 534**	**113 046**	**8 266 611**
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**
Cost as of 31/3/2020	**1 494 178**	**809 515**	**1 563 218**	**37 613**	**3 904 524**
Accumulated depreciation as of 1/1/2019	---	323 806	211 246	---	535 052
Amortisation	62 258	161 903	168 996	9 236	402 393
Accumulated depreciation as of 31/12/2019	**62 258**	**485 709**	**380 242**	**9 236**	**937 445**
Amortisation	26 682	42 249	40 476	2 466	111 873
Accumulated depreciation as of 31/3/2020	**88 940**	**527 958**	**420 718**	**11 702**	**1 049 318**
Net Book Value 31/3/2020	**658 149**	**281 557**	**1 142 500**	**25 911**	**2 108 117**
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.

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

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

	31/3/2020	31/12/2019
Quoted shares in the stock market *	68 705 373	68 732 276
Unquoted shares	26 816 598	26 795 405
	95 521 971	**95 527 681**

*The value of Quoted shares in the Egyptian stock exchange commission amounted to 30 130 920 shares at fair market value USD 56 215 605 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

	31/3/2020	31/12/2019
Misr Company for central Clearing and Depository	369 334	362 656
Guarantee settlement fund*	299 430	270 214
	668 764	**632 870**

*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.

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

9. Investments in associates

	Ownership %	**31/3/2020**	**31/12/2019**
Naeem Shares & Bonds	1.00	177 777	178 291
Etihad Capital	31.20	1 859 900	1 874 053
		2 037 677	**2 052 344**

10. Real estate investments

	31/3/2020	**31/12/2019**
Cost of the period	6 445 945	7 713 090
Depreciation of the period	(8 472)	(39 735)
Disposals	(438 485)	(1 227 410)
	5 998 988	**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 15 April 2018 the company purchases 2 416 666 shares by (USD 1 437 469) financed from the employee rewarding system Loans

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 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.

On 31 December 2019 The employees rewarding system shares has been revaluated by the market value by USD 5 186 591 (USD 7 591 974 at 31 December 2018) so the negative net valuation differences of these shares become USD 15 251 481 on 31 December 2019 which classified in Employees rewarding system revaluation differences in the shareholder equity section in the consolidated financial statement (USD 12 859 963 at 31 December 2018)

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.

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

On March 31, 2020 the system's shares were revalued at market value of $ 3,622,383. (US $ 5 591,631 as of December 31, 2019), so that the net negative valuation differences for those shares amount to US $ 16,815,689 as of March 31, 2020, included as an item of differences in the valuation and motivation Employees' rewarding system within the equity in the financial statements ($ 15,251,481 as of December 31, 2019)

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**

12. Goodwill

	31/3/2020	**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**

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

13. Cash and Cash Equivalent

	31/3/2020	31/12/2019
US Dollars		
Cash on hand	6 029	4 082
Banks- Current accounts	640 414	1 253 470
Time deposit	100 000	100 000
	746 443	**1 357 552**
Other Currencies		
Cash on hand	69 646	37 666
Banks- Current accounts	3 038 886	1 614 294
Time deposits	90 097	88 322
	3 198 629	**1 740 282**
	3 945 072	**3 097 834**

14. Investments at fair value through profits or losses

	31/3/2020	31/12/2019
Quoted shares in the stock market	9 810 441	10 042 009
	9 810 441	**10 042 009**

15. Assets held for sale

	Country	Share %	31/3/2020	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 120,031,013 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.

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

16. Accounts receivables

	31/3/2020	31/12/2019
Accounts receivables	3 163 146	4 896 517
Impairment of accounts receivables	(371 180)	(343 956)
	2 791 966	**4 552 561**

- The accounts receivables balance at 31 march 2019 includes USD 92 767 which represents the value of purchased shares in favor of purchasing with margin trading customers (31 December 2019 amounted to USD 293 929).

17. Work in progress

	31/3/2020	31/12/2019
Marsa alam land	2 395 178	2 351 873
First phase lands – smart village' buildings and constructions	27 778 510	25 142 051
	30 173 668	**27 493 924**

18. Debitors and other debit balances

	31/3/2020	31/12/2019
Prepaid expenses	130 715	142 496
Employees' loans and advances	43 448	36 989
Deposit with others	380 793	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	476 440	709 758
Purchasing and selling clearing	--	1 524 041
Tax Authority	144 247	128 986
Notes receivables	6 265 026	5 982 235
Other debit balances	2 460 576	4 925 976
	14 111 697	**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.

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

19. Finished units

	31/3/2020	31/12/2019
First phase Buildings – Smart village*	3 232 387	3 173 946
Apartments in Palm Parks	498 106	704 497
	3 730 493	**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 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 31 March **2019** Treasury stock reserve amounted to 7 233 894 USD (USD 7,233,894 at 31December 2019).

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

22. 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.

	31/3/2020	**31/12/2019**
Beginning Balance at period	(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 leasing	--	(3 214 327)
Dividends	--	(1 417 586)
Ending Balance at period	**(53 851 384)**	**(45 337 740)**

23. Long term liabilities

	31/3/2020	**31/12/2019**
Notes payable	3 911 378	3 916 805
Leasing liabilities	2 429 195	2 189 866
other credit balances	317 460	629 863
	6 658 033	**6 736 534**

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

24. Provisions

	31/3/2020	31/12/2019
Balance at beginning of period/year	66 099	66 099
	66 099	**66 099**

25. Banks overdraft

	31/3/2020	31/12/2019
United Bank	413 209	2 208 358
Banque Due Cairo	--	3 129
Misr Bank	1 269	185 387
Export Development Bank of Egypt*	204 913	850 005
AttJarlwafa Bank	1 886	879
Arab African International Bank **	8 131 864	7 827 647
	8 753 141	**11 075 405**

*The company obtained an unsecured credit facility from the Export Development Bank of Egypt amounting to LE 35 million to finance margin trade purchase operation

**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.

26. Credit and other creditor balances

	31/3/2020	31/12/2019
Insurance for others	790 166	723 213
Employees rewarding loan	21 824	21 824
Accrued expenses	153 291	202 008
Central depository custody	36 133	27 976
Social insurance authority	39 682	22 389
Advances from customers	23 782 009	21 955 662
Takful Contribution	9 777	8 528
Risk guarantee fund	--	19
Tax Authority	466 090	375 703
Nile Palm EL Naeem for Real Estate Development	3 095 543	3 093 576
General authority for tourism development	2 080 244	1 762 101
Lease contract Liability	--	333 491
Notes payable – short term	1 006 707	965 818
Advanced Revenue	--	54 861
Other credit balances	1 024 109	3 727 811
	32 759 306	**33 274 980**

27. 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.

28. 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)

29. 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.

30. 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.

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.

- **Naeem Financial Investments Company**

- **Corporate 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.

32. SIGNIFICANT ACCOUNTING POLICIES

32-1 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.

32-2 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.

32-3 Consolidation elimination transactions

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

32-4 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.

32-5 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.

32-6 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.

32-7 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.

32-8 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.

32-9 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.

32-10 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.

32-11 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.

32-12 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.

32-13 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.

32-14 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.

32-15 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.

32-16 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.

32-17 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.

32-18 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.

32-19 Statement of cash flows

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

32-20 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.

32-21 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.

32-22 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.

32-23 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.

32-24 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.

32-25 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.

32-26 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.

32-27 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

33. 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.

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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 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	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 Standard No. (47).

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	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".		
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 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.	The management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements. The disclosure No. (32) represent the adjustments to applying the new accounting standard No. (49).	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 No. (48) "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-

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	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.		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	The Management is currently assessing the potential impact of implementing the	This standard applies to financial periods beginning on or after January 1st, 2020, and the early

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Financial Statements"	were amended are as follows. (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.	amendment of the standard on the financial statements.	adoption is 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.