

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

**Consolidated Interim Financial Statements
For the Period ended 30 September 2020
Together with Review Report**

AL - NAEEM Holding for investments (S.A.E– free zone)

Consolidated interim financial statements For the Period ended September 30, 2020

<u>Contents</u>	<u>Page</u>
Review Report on Interim Consolidated Financial Statements.	1
Consolidated Interim Statement of Financial Position	2
Consolidated Interim Income Statement	3
Consolidated Interim Statement of Comprehensive Income	4
Consolidated Interim Statement of Changes in Equity	5
Consolidated Interim Statement of Cash Flows	6
Notes to the Consolidated Interim Financial Statements	7-22
Significant accounting policies applied	23-37



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

REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS

TO THE MEMBERS OF THE BOARD OF DIRECTORS OF AL- NAEEM HOLDING COMPANY (S.A.E)

Introduction

We have reviewed the accompanying consolidated interim financial position of AL-NAEEM HOLDING COMPANY (S.A.E) as of September 30, 2020 and the related consolidated interim statements of Income, consolidated comprehensive income, consolidated changes in equity and consolidated cash flows for the nine months ended on that date, and summary of the significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim 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 on interim financial information performed by the independent Auditor of the entity". A review on 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.

Basis for qualified conclusion

The review reports of Al-naeem Brokerage Company and Smart For Securities (subsidiaries) contains a qualified conclusion that both companies recognise the difference between the book value and the par value of the investment in Misr for Central Clearing Depository and Registry Company as a revenue that represent their share in capital increase from the retained earnings of the Misr for Central Clearing Depository and Registry Company Note No (8).

Qualified Conclusion

Based on our review, with the exception of the matters described in the preceding paragraph nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements does not, present fairly, in all material respects for the financial position of the company as at September 30, 2020, and of its consolidated financial performance and its cash flows for the nine month period then ended 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 March 27, 2013, it was approved to freeze the company's activity via suspending that activity completely, as of March 31, 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 July 23, 2011 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: November 11, 2020



Baker Tilly Wahid Abdel Ghaffar & Co.

Accountants and Consultants

Wahid Abdel Ghaffar & Co. trading as Baker Tilly Wahid Abdel Ghaffar & Co. is a member of the global network of Baker Tilly International Ltd, the members of which are separate and independent legal entities.

Naceem Holding for investments (S.A.E- free zone)
Consolidated Interim Statement of Financial Position
as of September 30, 2020
(All amounts in US Dollar)

	Note	30/9/2020	31/12/2019
Assets			
Non -current assets			
Property and Plant	(4)	10 806 291	8 504 221
Right of Use Assets	(5)	1 884 352	2 219 990
Projects under construction	(6)	1 969 640	1 285 342
Available for sale investments	(7)	95 129 309	95 527 681
Long-term investments	(8)	795 039	632 870
Investments in associates	(9)	2 109 299	2 052 344
Real Estate Investments	(10)	5 981 981	6 445 945
Notes receivables		7 963 953	8 265 741
Deferred tax assets		34 839	29 319
Employees rewarding system	(11)	--	5 186 591
Goodwill	(12)	55 227 019	55 227 019
Total non - current Assets		181 901 722	185 377 063
Current assets			
Cash & Cash Equivalents	(13)	4 652 087	3 007 834
Investments at fair value through profit or loss	(14)	9 889 887	10 042 009
Assets held for sale	(15)	15 767 165	15 767 165
Trade receivables	(16)	5 140 623	4 552 561
Work in progress	(17)	17 998 900	27 493 924
Debitors and other debit balances	(18)	15 583 378	18 251 179
Due from related parties		28 812 097	26 334 780
Finished units	(19)	9 652 980	3 878 443
Total current assets		107 498 017	109 417 895
Total assets		289 399 739	294 794 958
Owner's 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
General reserve - Treasury stock	(21)	7 233 894	7 233 894
Employees' rewarding system revaluation exchanges	(11)	--	(15 251 481)
Reserve of Unrealized gain from available for sale investments		5 168 837	5 386 676
Foreign Currency Translation Differences		(22 924 014)	(26 125 614)
Accumulated Losses	(23)	(53 865 636)	(45 337 740)
Loss for the period / year		(338 490)	(6 771 585)
The owner's equity of the holding company		207 051 330	211 530 052
Non- controlling interest		30 197 413	29 206 570
Total The shareholders' equity and non - controlling interest		237 248 743	240 736 622
Non - current liabilities			
Long-term liabilities	(24)	8 231 703	6 736 534
Deferred tax liabilities		187 292	153 950
Total non - current liabilities		8 418 995	6 890 484
Current liabilities			
Provisions	(25)	51 304	66 099
Bank facilities	(26)	12 251 113	11 075 405
Customers - credit balances		2 688 825	2 751 368
Creditors and other credit balances	(27)	28 740 759	33 274 980
Total current liabilities		43 732 001	47 167 852
Total liabilities		52 150 996	54 058 336
Total equity and liabilities		289 399 739	294 794 958

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

- Review report attached.

CFO
Ahmed Mahmoud ElGammal

Managing Director
Youssef Medhat El Far



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

Consolidated Interim Income Statement

For the period ended 30 September 2020

(All amounts in US Dollar)

	For the Nine months ended		For the three months ended	
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
Revenues				
Fees, commissions and investments managing revenues	1 868 403	1 486 299	716 966	391 203
Sales and rent revenue of finished units	9 322 916	413 120	8 864 127	153 132
Dividends recieved	348 488	2 886 486	320	12 361
cost of units sold	(6 634 274)	(5 096)	(6 634 274)	(5 096)
Loss from sale of Investments at Fair Value through profits or losses	(118 169)	(175 218)	66 747	(149 331)
Unrealized profit / (Loss) from revaluation of investments at fair value through profit or loss	19 222	(30 952)	11 130	30 163
Credit interest	90 450	833 639	36 136	236 765
Capital gain	1 910 042		1 910 042	
Gains (losses) from sale of current assets held for sale	--	(4 368)	(6 908)	--
Foreign currency exchange	(407 480)	(1 742 320)	(6 292)	(804 223)
Company's share of (losses) / profit in associated companies	31 574	(206 623)	85 388	100 038
Other income	786 874	2 160 538	(36 019)	144 092
Total Revenues	7 218 046	5 615 505	5 007 363	109 104
General and administrative expenses	(3 740 237)	(4 773 177)	(1 162 995)	(1 570 667)
Marketing expenses and management fees	(62 858)	(167 180)	145 105	(95 021)
Provision	(44 357)	--	(3 647)	--
Finance lease expenses	(126 684)	(409 178)	--	243 553
Debit interests	(1 320 453)	(1 747 613)	(917 404)	(641 377)
Real estate depreciation	(10) (25 479)	(29 858)	(8 524)	(9 534)
Right of use amortization	(5) (335 638)	(283 750)	(111 889)	(283 750)
Fixed assets depreciation	(4) (335 004)	(301 856)	(106 957)	(104 978)
Total expenses	(5 990 710)	(7 712 612)	(2 166 311)	(2 461 774)
Net (Losses) Profits for the period before taxes	1 227 336	(2 097 107)	2 841 052	(2 352 670)
Income tax	(547 161)	(272 406)	(486 106)	248 010
Deferred income taxes	(27 822)	(31 469)	(22 098)	(59 364)
Net (Loss) for the period after tax	652 353	(2 400 982)	2 332 848	(2 164 024)
Represented in:				
Shareholders' equity of the Holding Company	(338 490)	(3 043 262)	1 514 146	(2 235 477)
Non- controlling interest	990 843	642 280	818 702	71 453
	652 353	(2 400 982)	2 332 848	(2 164 024)

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

CFO
Ahmed Mahmoud ElGammal

Managing Director
Youssef Medhat El Far



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

(All amounts in US Dollar)	For the Nine months ended		For the three months ended	
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
Profit / (Loss) for the period after Tax	652 353	(2 400 982)	2 332 848	(2 164 024)
(Loss) Revaluation of available for sale investments	(322 696)	(1 361 093)	--	(1 356 708)
Consolidated translation profit / (loss) exchange	2 349 366	(4 169 827)	--	2 701 480
Total comprehensive income \ loss	2 679 023	(7 931 902)	2 332 848	(819 252)

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

CFO
 Ahmed Mahmoud ElGammal

Managing Director
 Youssef Medhat El Far



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

	Issued and paid up capital	Legal reserve	General reserve	- General reserve Treasury stock	Employees' revaluation system differences	Reserve of unrealized gain from available for sale investments	Foreign Currency Translation Differences	Treasury stock	Accumulated Losses	Loss for the period	Total	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	(23 133 340)	-	(37 118 484)	(2 052 876)	229 672 455	29 528 079	259 200 534
Transferred to Accumulated Losses	-	-	-	-	-	-	-	-	(2 052 876)	2 052 876	-	-	-
Adjustment to Accumulated Losses	-	-	-	-	-	-	-	-	(4 748 794)	-	(4 748 794)	-	(4 748 794)
Increase in Capital	24 045 438	-	(24 045 438)	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(1 417 586)	-	(1 417 586)	-	(1 417 586)
Revaluation of employees' revaluation system shares	-	-	-	-	(2 007 327)	-	-	-	-	-	(2 007 327)	-	(2 007 327)
Revaluation of available for sale investments	-	-	-	-	-	(1 361 093)	-	-	-	-	(1 361 093)	-	(1 361 093)
adjustment on non- controlling interest	-	-	-	-	-	-	-	-	-	-	-	(953 247)	(953 247)
Consolidated translation exchange	-	-	-	-	-	-	(4 169 827)	-	-	-	(4 169 827)	-	(4 169 827)
Net Loss for the period	-	-	-	-	-	-	-	-	-	(3 043 262)	(3 043 262)	462 280	(2 580 982)
Balance as of 30 September 2019	264 499 820	8 506 431	19 389 651	7 233 894	(14 867 290)	2 846 229	(26 303 167)	-	(45 337 740)	(3 043 262)	212 924 566	29 037 112	241 961 678
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 accumulated losses	-	-	-	-	-	-	-	-	(6 771 585)	6 771 585	-	-	-
Adjustment in accumulated losses	-	-	-	-	-	-	-	-	(1 756 311)	-	(1 756 311)	-	(1 756 311)
Transferred to Treasury stock	-	-	-	-	-	-	-	(26 619 163)	-	-	(26 619 163)	-	(26 619 163)
Revaluation of employees' revaluation system shares	-	-	-	-	15 251 481	-	-	-	-	-	15 251 481	-	15 251 481
Revaluation of available for sale investments	-	-	-	-	-	(217 839)	-	-	-	-	(217 839)	-	(217 839)
Consolidated translation exchange	-	-	-	-	-	-	3 201 600	-	-	-	3 201 600	-	3 201 600
Net Loss for the period	-	-	-	-	-	-	-	-	-	(338 490)	(338 490)	990 843	652 353
Balance as of 30 September 2020	264 499 820	8 506 431	19 389 651	7 233 894	-	5 168 837	(22 924 014)	(26 619 163)	(53 865 636)	(338 490)	207 051 330	30 197 413	237 248 743

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

CFO
Ahmed Mahmoud El-Ghannai

Managing Director
Youssef Mervat El Far



Nacem Holding for investments (S.A.E- free zone)

Consolidated Interim Statement of cash flows

For the period ended 30 September 2020

(All amounts in US Dollar)

	For the Period ended	
	30/9/2020	30/9/2019
Cash flows from operating activities		
Profits / (Loss) for the period before taxes	1 227 336	(2 097 107)
Adjustments as Follow :		
Adjustment to accumulated losses	(1 756 311)	(4 748 794)
Adjustment on non controlling interest	--	(953 247)
Right of use amortization	335 638	283 750
Property & plant Depreciation	335 004	301 856
Real estate depreciation	25 479	29 858
Provision	44 357	--
Debit interest	(1 320 453)	1 747 613
Credit interest	90 450	(833 639)
Foreign currency exchange	407 480	1 742 320
Investment profit / (losses) in associates	(56 955)	792 303
Unrealized profit on revaluation of investments at fair value through profit or loss	19 222	175 218
Operating (loss) before change in working capital	(648 753)	(3 559 869)
Change In :		
Trade receivable	(588 062)	(197 175)
Debtor and other debit balances	2 667 801	5 760 158
Customers -- credit balances	(62 543)	(2 784 024)
Creditors and other credit balances	(3 851 837)	2 078 358
Due from related parties	(2 477 317)	12 358 435
Work in progress	9 495 024	(6 936 038)
Notes receivable	301 788	(1 350 560)
Finished units	(5 774 537)	1 230 482
Net cash flows (used in) provided from operating activities	(938 436)	6 599 767
Cash flows from investing activities		
(Payments) to acquire property & plant	(3 258 151)	(1 501 535)
Proceeds from selling property & plant	621 277	20 854
(Payments) for Projects under construction	(684 298)	--
Change in investments available for sale	180 533	(3 667 936)
Change in investments at fair value through profit or loss	132 900	1 027 936
Change in Long term investment	(162 169)	(80 269)
Change in Employees rewarding system	--	13 864
Change in Real Estate investments	438 485	1 227 410
Change in investments in associates	25 381	--
Net cash flows (used in) investing activities	(2 706 242)	(2 959 676)
Cash flows from financing activities		
Proceeds from banks overdraft	1 175 708	1 190 476
Change in long term liabilities	--	612 610
Adjustment on Accumulated Losses	--	(1 480 524)
Paid Debit interest	1 320 453	(1 747 613)
Proceeds from Credit interest	(90 450)	833 639
Consolidated translation exchange	3 201 600	(4 169 827)
Net cash flows provided from (used in) financing activities	5 607 311	(4 761 239)
Impact of change in exchange rates	(407 480)	(1 742 320)
Cash and cash equivalents during the period	1 555 153	(2 863 468)
Cash and cash equivalents -- beginning of the period	3 097 834	9 150 987
Cash and cash equivalents - end of the period	4 652 987	6 287 519

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

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 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-Ismailia on the 14 May 2006, The Company's activities are as follows:

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

2- The Company has the following investments in subsidiaries as of September 30, 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%

AL - Naeem Holding for Investment "S.A.E"
Notes to Consolidated Interim financial statements
For the period ended September 30, 2020

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

* 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 interim financial statements
For the period ended 30 September 2020

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

(4) Property and Plant

	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)	(13- 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	3 230 336	11 696	6 305	10 014	3 258 351
Disposals for the period	(643 060)	(15 419)	(57 723)	(278 855)	(995 057)
Cost as of 30/9/2020	9 260 918	423 979	5 086 399	1 639 111	16 410 407
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 period	(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	(34 315)	(35 461)	(153 406)	(111 822)	(335 004)
Depreciation of disposals for the period	39 715	14 631	44 396	275 038	373 780
Accumulated depreciation as of 30/9/2020	(250 676)	(327 690)	(3 427 807)	(1 597 943)	(5 604 116)
Net Book Value 30 September 2020	9 010 242	96 289	1 658 592	41 168	10 806 291
Net Book Value 31 December 2019	6 417 566	120 842	1 819 020	146 793	8 504 221

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

Notes to consolidated Interim financial statements

For the period ended 30 September 2020

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

(5) Right of use

	Grand Floor	Second	First & Third	Vehicles	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 30/9/2020	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	9 235	402 393
Accumulated amortization as of 31/12/2019	62 258	485 709	380 242	9 235	937 445
Amortisation	80 046	126 747	121 428	7 417	335 638
Accumulated amortization as of 30/9/2020	142 304	612 456	501 670	16 653	1 273 083
Net Book Value 30/9/2020	604 785	197 059	1 061 548	20 960	1 884 352
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. (48) 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.

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

6. Projects under construction

	30/9/2020	31/12/2019
Beginning balance for the period / year	1 285 342	5 131 673
Additions	841 744	--
Transferred to fixed assets	(157 446)	(3 846 331)
Ending balance for the period / year	<u>1 969 640</u>	<u>1 285 342</u>

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

7. Available for sale investments

	30/9/2020	31/12/2019
Quoted shares in the stock market *	68 313 473	68 732 276
Unquoted shares in the stock market	26 815 836	26 795 405
	<u>95 129 309</u>	<u>95 527 681</u>

*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

	30/9/2020	31/12/2019
Misr Company for central Clearing and Depository *	555 171	362 656
Guarantee settlement fund**	239 868	270 214
	<u>795 039</u>	<u>632 870</u>

*the change is due to decrease in the investment in Misr Company for central Clearing and Depository distributions of 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 guarantee fund is based on average value trade by the company to the value trade of the market due to quarter before.

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

9. Investments in associates

	Ownership%	30/9/2020	31/12/2019
AL - Naeem Shares & Bonds	1	178 284	178 291
Ethad Capital	31.20	1 905 634	1 874 053
Smart Back	40	25 381	--
		<u>2 109 299</u>	<u>2 052 344</u>

10. Real estate investments

	30/9/2020	31/12/2019
Beginning balance of the period / year	6 445 945	7 713 090
Accumulated depreciation	(438 485)	(1 227 410)
Depreciation for the period / year	<u>(25 479)</u>	<u>(39 735)</u>
	<u>5 981 981</u>	<u>6 445 945</u>

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 paragraph 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 useful 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.

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

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.

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
Balance at 30 September 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.

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

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

12. Goodwill

	30/9/2020	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
	<u>55 227 019</u>	<u>55 227 019</u>

13. Cash and Cash Equivalent

	30/9/2020	31/12/2019
US Dollars		
Cash on hand	5 702	4 082
Banks- Current accounts	700 099	1 253 470
Time deposit	100 000	100 000
	<u>805 801</u>	<u>1 357 552</u>
Other Currencies		
Cash on hand	60 655	37 666
Banks- Current accounts	3 480 729	1 614 294
Time deposits	305 802	88 322
	<u>3 847 186</u>	<u>1 740 282</u>
	<u>4 652 987</u>	<u>3 097 834</u>

14. Investments at fair value through profit or loss

	30/9/2020	31/12/2019
Quoted shares in the stock market	9 889 887	10 042 009
	<u>9 889 887</u>	<u>10 042 009</u>

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

15. Assets held for sale

	Country	Share%	30/9/2020	31/12/2019
Nile Palm EL Naeem for Real Estate Development *	Egypt	49%	15 767 165	15 767 165
			<u>15 767 165</u>	<u>15 767 165</u>

* 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 Tilly, 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. Trade receivables

	30/9/2020	31/12/2019
Trade receivables	5 531 681	4 896 517
Deduct :		
Impairment of accounts receivables	(391 058)	(343 956)
	<u>5 140 623</u>	<u>4 552 561</u>

17. Work in progress

	30/9/2020	31/12/2019
Marsa alam land	2 746 124	2 351 873
First phase lands – smart village' buildings and constructions	15 252 776	25 142 051
	<u>17 998 900</u>	<u>27 493 924</u>

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

18. Debtors and other debit balances

	30/9/2020	31/12/2019
Prepaid expenses	72 049	142 496
Employees' loans and advances	53 953	36 989
Deposit with others	376 913	383 466
Tamweel For Mortgage Company *	2 494 781	2 587 005
Tamweel For Leasing Company **	1 562 139	1 830 227
Advances to suppliers	3 667	709 758
Purchasing and selling clearing	--	1 524 041
MLF for Mortgage Company	952 904	--
Tax Authority	141 150	128 986
Notes receivables	6 868 856	5 982 235
Other debit balances	3 056 966	4 925 976
	<u>15 583 378</u>	<u>18 251 179</u>

* 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

	30/9/2020	31/12/2019
First phase Buildings Smart village*	9 300 732	3 173 946
Apartments in Palm Parks	352 248	704 497
	<u>9 652 980</u>	<u>3 878 443</u>

* 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

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

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, 10 000 000 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.

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

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. General reserve -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, 10 000 000 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 September 2020 Treasury stock reserve amounted to USD 7 233 894 (USD 7 223 894 at 31 December 2019).

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

23. Accumulated 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.

	30/9/2020	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	(1 756 311)	(1 534 467)
Adjustment at implementing standard (49)	--	(3 214 327)
Dividends	--	(1 417 586)
Ending Balance at period / year	<u>(53 865 636)</u>	<u>(45 337 740)</u>

24. Long term liabilities

	30/9/2020	31/12/2019
Notes payable	5 802 508	3 916 805
Right of use liabilities	2 429 195	2 189 866
other credit balances	--	629 863
	<u>8 231 703</u>	<u>6 736 534</u>

25. Provisions

	30/9/2020	31/12/2019
Beginning Balance at period / year	66 099	54 032
Provision during the year	44 357	16 851
Used during the year	(59 152)	(4 784)
	<u>51 304</u>	<u>66 099</u>

AL - Naeem Holding for Investment "S.A.E"
Notes to Consolidated Interim financial statements
For the period ended September 30, 2020

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

26. Bank facilities

	30/9/2020	31/12/2019
United Bank	--	2 208 358
Bank Due Cairo	2 209 651	3 129
Misr Bank	--	185 387
Export Development Bank of Egypt	--	850 005
Attijariwafa Bank	1 113 427	879
Arab African International Bank *	8 928 035	7 827 647
	<u>12 251 113</u>	<u>11 075 405</u>

*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

	30/9/2020	31/12/2019
Insurance for others	504 342	723 213
Employees rewarding loan	--	21 824
Accrued expenses	234 105	202 008
Central depository custody	60 438	27 976
Social insurance authority	75 650	22 389
Advances from customers	63 115	21 955 662
Takful Contribution	9 174	8 528
Risk guarantee fund	379	19
Tax Authority	692 926	375 703
Nile Palm EL Naeem for Real Estate Development	3 093 579	3 093 576
General authority for tourism development	--	1 762 101
General authority for investment and free zones	2 080 244	--
Lease contract Liability	434 681	333 491
Notes payable -- short term	1 336 749	965 818
Purchasing and selling clearing	211 562	--
Advanced Revenue	17 938 464	54 861
Other credit balances	2 005 351	3 727 811
	<u>28 740 759</u>	<u>33 274 980</u>

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.

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

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-Receiveable 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.

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

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.

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

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 consolidated 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 interim balance sheet.

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

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 transferring 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 Property and plant

Property and plant 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

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

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 interim 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 interim 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 interim balance sheet at fair value with gains or losses recognized in the consolidated interim 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 interim statement of income.

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

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 in the other comprehensive income until the investment is derecognized, at which time the cumulative gain or loss recorded in the other comprehensive is recognized in the consolidated interim 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 other comprehensive income and recognized in the consolidated interim 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 Non Current assets held for sale

Non Current assets held for sale is the non-current assets that is expected to recover 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.

Non 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 consolidated interim of income Impairment losses to be reversed in the period 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.

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

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.

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.

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

33-14 Treasury shares

Treasury shares are recognized at cost and deducted from equity at the consolidated interim 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

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

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 progress

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.

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

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.

AL - Naeem Holding for Investment "S.A.E"
Notes to Consolidated Interim financial statements
For the period ended September 30, 2020

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

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 operating 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.

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

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.

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

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

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

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. (1-10) 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

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

	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 supersede 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 1 st , 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 supersede 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 1 st , 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard

AL - Naeem Holding for Investment "S.A.E"
Notes to Consolidated Interim financial statements
For the period ended September 30, 2020

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

	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

AL - Naeem Holding for Investment "S.A.E"

Notes to Consolidated Interim financial statements

For the period ended September 30, 2020

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

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 1 st , 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 1 st , 2019.