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

Consolidated Financial Statements
For the year ended 31 December 2020
Together with Auditor's Report

AL - NAEEM Holding for investments (S.A.E– free zone)
Consolidated financial statements For the year ended December 31, 2020

Contents

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Translation of Audit report
originally issued in Arabic

AUDITOR'S REPORT

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

Report on the consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **NAEEM HOLDING COMPANY FOR INVESTMENTS (S,A,E – FREE ZONE),** represented in the consolidated balance sheet as of 31 December 2020, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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GHAFFAR & CO

Translation of Auditor's report
originally issued in Arabic

Basis for qualified Opinion

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

Qualified *Opinion*

In our opinion , except for the effects of the matter described in the basis for Qualified opinion paragraph the financial statements referred to above present fairly, in all material respects for the financial position of the company as at December 31, 2020, and of its consolidated financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations..

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. 31).
- 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.(31).
- As described in Note No. (33) The company management has no available information to make disclosure about the effect of the important event after the date of the financial statements on the balance of assets, liabilities and the operation outcome on the upcoming period due to spread of the coronavirus worldwide the outcome and the balance may change in material amounts on the next period if the information is available to the management company. This will help the company detect the amount of the subsequent events on the balance of the assets and liabilities.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records which include all that is required by law and the statutes of the Company and the accompanying financial statements are in agreement therewith.
The financial information referred to in the Board of Directors' report prepared in conformity with Law No. 159 of 1981 and its executive regulations is in agreement with the company's accounting records within the limit that such information is recorded therein

Cairo: 28 February 2021

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WAHID ABDEL
GHAFFAR & CO

Auditor

F.E.S.S.A – F.E.S.T

Baker Tilly Wahid Abdel Ghaffar & Co.

Accountants and Consultants

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

Consolidated Statement of Financial Position

as of December 31, 2020

(All amounts in US Dollar)

	Note	31/12/2020	31/12/2019
Assets			
Non -current assets			
Fixed assets	(4)	12 454 986	10 724 211
Projects under construction	(5)	1 969 640	1 285 342
Available investments for sale	(6)	95 088 231	95 527 681
Long-term investments	(7)	852 225	632 870
Investments in associates	(8)	2 138 235	2 052 344
Real Estate Investments	(9)	5 973 587	6 445 945
Notes receivables		9 166 483	8 265 741
Deferred tax assets		34 214	29 319
Employees rewarding system	(10)		5 186 591
Goodwill	(11)	55 227 019	55 227 019
Total non - current Assets		**182 904 620**	**185 377 063**
Current assets			
Cash & Cash Equivalents	(12)	6 625 290	3 097 834
Investments at fair value through profit or loss	(13)	10 692 371	10 042 009
Assets held for sale	(14)	15 767 165	15 767 165
Trade receivables	(15)	5 791 726	4 552 561
Work in progress	(16)	19 124 946	27 493 924
Debitors and other debit balances	(17)	15 499 563	18 251 179
Due from related parties		28 301 760	26 334 780
Finished units	(18)	8 031 411	3 878 443
Total current assets		**109 834 232**	**109 417 895**
Total assets		**292 738 852**	**294 794 958**
Owner's Equity			
Issued and paid up capital	(19)	264 499 820	264 499 820
Treasury stock	(20)	(20 619 163)	--
Legal reserve		8 506 431	8 506 431
General reserve		19 389 651	19 389 651
General reserve - Treasury stock reserve	(21)	7 233 894	7 233 894
Employees' rewarding system revaluation exchanges	(10)	---	(15 251 481)
Reserve of Unrealized gain from available for sale investments		5 130 732	5 386 676
Foreign Currency Translation Differences		(22 883 543)	(26 125 614)
Accumulated (Losses)	(22)	(53 860 040)	(45 337 740)
(Loss) for the year		(1 380 008)	(6 771 585)
The owner's equity of the holding company		**206 017 774**	**211 530 052**
Non - controlling interest		30 237 003	29 206 570
Total The shareholders' equity and non - controlling interest		**236 254 777**	**240 736 622**
Non - current liabilities			
Long-term liabilities	(23)	7 673 434	6 736 534
Deferred tax liabilities		197 793	153 950
Total non - current liabilities		**7 871 227**	**6 890 484**
Current liabilities			
Provisions	(24)	74 795	66 099
Bank facilities	(25)	12 771 691	11 075 405
Customers – credit balances		4 002 978	2 751 368
Creditors and other credit balances	(٢٦)	31 763 384	33 274 980
Total current liabilities		**48 612 848**	**47 167 852**
Total liabilities		**56 484 075**	**54 058 336**
Total equity and liabilities		**292 738 852**	**294 794 958**

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

Auditor's Report " Attached "

CFO
Ahmed Mahmoud ElGammal

Managing Director
Youssef Medhat El Far

Chairman
Hussein Shoboksby

NAEEM HOLDING
(ش.م.م)

Translation of Financial Statements
originally issued in Arabic

Naeem Holding for investments (S.A.E– free zone)
Consolidated Income Statement
For the year ended 31 December 2020

(All amounts in US Dollar)		For the year ended	
	Note	31/12/2020	31/12/2019
Revenues			
Fees, commissions and investments managing revenues		2 729 561	3 129 468
Sales and rent revenue of finished units		11 217 771	7 857
Coupon revenue		347 999	377 525
cost of units sold		(7 517 657)	(5 169)
(Loss) from sale of Investments at Fair Value through profits or losses		(495 913)	(122 523)
Unrealized (Loss)/ profit from revaluation of investments at fair value through profit or loss		(56 137)	96 317
Credit interest		134 110	363 021
Capital gain		--	1 871 417
Gains/ (losses) from sale of current assets held for sale		5 865	(184 303)
Foreign currency exchange		(441 152)	(1 893 863)
Company's share of profit/ (losses) in associated companies		25 545	(81 108)
Other income		2 926 445	1 098 590
Total Revenues		**8 876 437**	**4 657 229**
General and administrative expenses		(5 905 778)	(6 512 032)
Marketing expenses and management fees		(73 158)	(227 731)
Finance lease expenses		(249 292)	(539 741)
Provision		(23 250)	--
Debit interests		(1 461 157)	(2 195 482)
Real estate depreciation	(9)	(33 873)	(39 735)
Fixed assets depreciation	(4)	(891 749)	(822 059)
Total expenses		**(8 638 257)**	**(10 336 780)**
Net Profits/ (Losses) for the year before taxes		**238 180**	**(5 679 551)**
Income tax		(548 807)	(415 737)
Deferred income taxes		(38 948)	(44 559)
Net (Loss) for the year after tax		**(349 575)**	**(6 139 847)**
Represented in:			
Shareholders' equity of the Holding Company		(1 380 008)	(6 771 585)
Non- controlling interest		1 030 433	631 738
		(349 575)	(6 139 847)

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

CFO
Ahmed Mahmoud ElGammal

Managing Director
Youssef Medhat El Far

Chairman
Hussein Shoboksy

NAEEM HOLDING
(ش.م.م)

Translation of Financial Statements

originally issued in Arabic

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

Consolidated Statement of Comprehensive Income

For the year ended 31December 2020

(All amounts in US Dollar)

	For the year ended	
	31/12/2020	**31/12/2019**
Net (Loss) for the year after Tax	**(349 575)**	**(6 139 847)**
(Loss)/ profit Revaluation of available for sale investments	(255 944)	1 179 354
Consolidated translation profit / (loss) exchange	3 242 071	(3 992 274)
Total comprehensive income / loss	**2 636 552**	**(8 952 767)**

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

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

Translation of Financial Statements
originally issued in Arabic

Naeem Holding for investments (S.A.E– free zone)
Consolidated Statement of changes in equity
For the year ended 31 December 2020
(All amounts in US Dollar)

	Issued and paid up capital	Treasury stock	Legal reserve	General reserve	- General reserve Treasury stock reserve	Employees rewarding system revaluation differences	Reserve of Unrealized gain from available for sale investments	Foreign Currency Translation Differences	Accumulated (Losses)	(Loss) for the year	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	(22 133 340)	(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' rewarding system shares	--	--	--	--	--	(2 391 518)	--	--	--	--	(2 391 518)	--	(2 391 518)
Revaluation of available for sale investments	--	--	--	--	--	--	1 179 354	--	--	--	1 179 354	--	1 179 354
adjustment on non- controlling interest	--	--	--	--	--	--	--		--	--	--	(953 247)	(953 247)
Consolidated translation exchange	--	--	--	--	--	--	--	(3 992 274)	--	--	(3 992 274)	--	(3 992 274)
Net Loss for the year	--	--	--	--	--	--	--	--	--	(6 771 585)	(6 771 585)	631 738	(6 139 847)
Balance as of 31 December 2019	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
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	--	--	--	--	--	--	--	--	(1 750 715)	--	(1 750 715)	--	(1 750 715)
Transferred to Treasury stock	--	(20 619 163)	--	--	--	--	--	--	--	--	(20 619 163)	--	(20 619 163)
Revaluation of employees' rewarding system shares	--	--	--	--	--	15 251 481	--	--	--	--	15 251 481	--	15 251 481
Revaluation of available for sale investments	--	--	--	--	--	--	(255 944)	--	--	--	(255 944)	--	(255 944)
Consolidated translation exchange	--	--	--	--	--	--	--	3 242 071	--	--	3 242 071	--	3 242 071
Net Loss for the year	--	--	--	--	--	--	--	--	--	(1 380 008)	(1 380 008)	1 030 433	(349 575)
Balance as of 31 December 2020	264 499 820	(20 619 163)	8 506 431	19 389 651	7 233 894	--	5 130 732	(22 883 543)	(53 860 040)	(1 380 008)	206 017 774	30 237 003	236 254 777

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

CFO
Ahmed Mahmoud ElGammal

Managing Director
Yousef Medhat El Far

Chairman
Hussein Shobokshy

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

Consolidated Statement of cash flows

For the year ended 31 December 2020

(All amounts in US Dollar)

	Note	For the year ended 31/12/2020	31/12/2019
Cash flows from operating activities			
Profit/ (loss) for the year before taxes		238 180	(5 679 551)
Adjustments as Follow :			
Adjustment to accumulated (losses)		(1 750 715)	(4 748 794)
Adjustment on non controlling interest		--	(953 247)
Fixed assets depreciation	(4)	891 749	822 059
Real estate depreciation	(9)	33 873	39 735
Provision	(24)	23 250	--
Used of provision		(14 554)	--
Debit interest		1 461 157	2 195 482
Credit interest		(134 110)	(363 021)
Foreign currency exchange		441 152	1 893 863
Investment (losses) in associatesd		(25 545)	(92 289)
Unrealized profit on revaluation of Investments at fair value through profit or loss		56 137	(96 317)
Operting profit/ (loss) before change in working capital		**1 220 574**	**(6 982 080)**
Change In :			
Trade receivable		(1 239 165)	1 126 883
Debitor and other debit balances		2 751 615	2 506 275
Customers – credit balances		1 251 610	(3 918 345)
Creditors and other credit balances		(1 304 593)	6 654 801
Due from related parties		(1 966 980)	12 436 535
Work in progress		8 368 978	(10 418 955)
Notes receivable		(900 742)	(859 143)
Finished units		(4 152 968)	1 185 614
Net cash flows provided from operating activities		**4 028 329**	**1 731 585**
Cash flows from investing activities			
(Payments) to acquire fixed assets		(6 516 196)	(1 544 589)
Proceeds from selling fixed assets		3 893 672	(12 898)
(Payments) for Projects under construction		(684 298)	--
Change in investments available for sale		183 506	(1 253 610)
Change in investments at fair value through profit or loss		(706 499)	2 585 583
Change in Real Estate investments		438 485	1 227 410
Change in Employees rewarding system		--	13 865
Change in Long term investment		(219 355)	(49 617)
Change in investments in associates		(60 346)	--
Net cash flows (used in) provided from investing activities		**(3 671 031)**	**966 144**
Cash flows from financing activities			
Proceeds from banks overdraft		1 696 286	385 302
Adjustment on Earings Distrbuation		--	(1 417 586)
Paid Debit interest		(1 461 157)	(2 195 482)
Proceeds from Credit interest		134 110	363 021
Consolidated translation exchange		3 242 071	(3 992 274)
Net cash flows provided from (used in) financing activities		**3 611 310**	**(6 857 019)**
Impact of change in exchange rates		(441 152)	(1 893 863)
Cash and cash equivalents during the year		**3 527 456**	**(6 053 153)**
Cash and cash equivalents – beginning of the year		3 097 834	9 150 987
Cash and cash equivalents - end of the year	(12)	6 625 290	3 097 834

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

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

1- BACKGROUND

Naeem Holding Company for Investments "S,A,E - Free Zone" was incorporated according to the provisions of law 8 of 1997 and its executive regulations and law 95 of 1992 and its special executive regulations related to the capital market, The Company was registered in the commercial registry under number 881-Ismailia on the14 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 December 31, 2020:

Company	Activity	Share %
NAEEM Brokerage Company	Financial Securities Brokerage	99.96%
-NAEEM Financial Investments Company	Financial services	99.99%
-NAEEM Mortgage for Real Estate	Real estate financing	98.4%
-NAEEM Capital Limited Company	Financial Securities investments	100%
-NAEEM for Real Estate Management Limited Company	Real Estate Investment Management	100%
-Naeem Capital for Investment (Al Tawfik for Financial Investments)	Financial services Brokerage	99.98%
-Smart for securities (Etihad Capital for Securities)	Financial Securities	99.96%
-Naeem For Real Estate Management Limited	Investment Fund	100%
-NAEEM Real Estate Investment Fund company	Investment Fund	99%
-Mina Mac Fund Company	Investment Fund	99%
-Mina Growth Fund Company	Investment Fund	99%
-NAEEM Real Estate Investment Fund (NAEEM for Investment Funds Company previously)	Investment Fund	99%
-Gold Capital for trading Company	Commodities Trading	98.80%
-Recap for Financial investments (Recap holding previously) *	Financial services	47.61%
-NAEEM For Financial Consult	Financial services	99.92%
-Arab Sweeteners Company	Manufacturing	99.98%

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

Company	Activity	Share %
SVREICO for Real Estate Investment Company	Real Estate Investments	68.35%
Naeem For Real Estate Investments	Real Estate Investments	99.98%
Bedaya For Real Estate Investments (Subsidiary of Naeem for Real Estate Investments)	Real Estate Investments	99%
Belady For Tourist Development and Hotels (Subsidiary of Naeem for Real Estate Investments)	Tourism Investments	99%
Smart Gardens for real estate investment	Real Estate Investments	66%
NAEEM for Consulting Services Company	Consulting services	98%

3- BASIS OF CONSOLIDATION

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

1. The equity of subsidiary is reduced against the cost of the investment cost of Holding Company in its subsidiary.
2. Intercompany accounts between Holding Company and subsidiaries:
   - Current accounts between group companies
   - Notes receivables / payables between group companies
3. Revenues, expenses and dividends paid between Holding Company and subsidiaries during the period.
4. Unrealized gains on the date of consolidated financial statements that resulted from transactions between Holding Company and subsidiaries which may appear in some assets at the date of consolidated financial statements,
5. Any differences between debit and credit balances through settlements, which arose as a result of operation between Holding Company and subsidiaries which recorded in the books of one of the companies and have not been recorded in the books of other Company.

   Show minority interest in a separate line item in the consolidated financial statements attributed to equity share in subsidiaries.
6. Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition in separate item.

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

(4) Fixed assets

	Buildings	Vehicles	Furniture and office utilities	Office equipment and tools	Total
Cost as of 1/1/2019	4 384 966	426 039	4 806 843	1 717 866	11 335 714
Additions for the year	5 408 498	73 498	462 674	193 339	6 138 009
Disposals for the year	--	(34 222)	(131 700)	(3 253)	(169 175)
Cost as of 31/12/2019	**9 793 464**	**465 315**	**5 137 817**	**1 907 952**	**17 304 548**
Additions for the year	6 472 994	11 718	6 309	25 175	6 516 196
Disposals for the year	(3 880 783)	(71 264)	(76 640)	(279 388)	(4 308 075)
Cost as of 31/12/2020	**12 385 675**	**405 769**	**5 067 486**	**1 653 739**	**19 512 669**
Accumulated depreciation					
Accumulated depreciation as of 1/1/2019	754 481	273 616	3 250 278	1 661 976	5 940 351
Depreciation for the year	429 804	71 821	183 119	137 315	822 059
Depreciation of disposals	--	(29 341)	(114 600)	(38 132)	(182 073)
Accumulated depreciation as of 31/12/2019	**1 184 285**	**316 096**	**3 318 797**	**1 761 159**	**6 580 337**
Depreciation for the year	495 794	55 851	196 494	143 610	891 749
Depreciation of disposals for the year	(39 600)	(50 106)	(50 459)	(274 238)	(414 403)
Accumulated depreciation as of 31/12/2020	**1 640 479**	**321 841**	**3 464 832**	**1 630 531**	**7 057 683**
Net Book Value 31/12/2020	**10 745 196**	**83 928**	**1 602 654**	**23 208**	**12 454 986**
Net Book Value 31/12/2019	**8 609 179**	**149 219**	**1 819 020**	**146 793**	**10 724 211**

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

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

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

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

D- two cars toyota corolla

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

5. Projects under construction

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

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

6. Available investments for sale

	31/12/2020	31/12/2019
Quoted shares in the stock market *	68 270 143	68 732 276
Unquoted shares in the stock market	26 818 088	26 795 405
	95 088 231	**95 527 681**

*The value of Quoted shares in the Egyptian stock exchange commission amounted 30 130 920 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.

7. Long-term investments

	31/12/2020	31/12/2019
Misr Company for central Clearing and Depository *	556 230	362 656
Guarantee settlement fund**	295 995	270 214
	852 225	**632 870**

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

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

8. Investments in associates

	Ownership%	31/12/2020	31/12/2019
AL - Naeem Shares & Bonds	1	177 442	178 291
Etihad Capital	31.20	1 900 447	1 874 053
Smart Back	2	60 346	--
		2 138 235	2 052 344

9. Real estate investments

	31/12/2020	31/12/2019
Beginning balance of the year	6 445 945	7 713 090
Accumulated depreciation for disposals	(438 485)	(1 227 410)
Depreciation for the year	(33 873)	(39 735)
	5 973 587	6 445 945

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

As a result and according to prograph 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.

10. 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.

(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**
Total shares transferred to treasury stock	**(27 442 248)**
Balance at 31 December 2020	--

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

11. Goodwill

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

12. Cash and Cash Equivalent

	31/12/2020	31/12/2019
US Dollars		
Cash on hand	2 463	4 082
Banks- Current accounts	710 220	1 253 470
Time deposit	100 000	100 000
	812 683	**1 357 552**
Other Currencies		
Cash on hand	28 412	37 666
Banks- Current accounts	5 346 541	1 614 294
Time deposits	437 654	88 322
	5 812 607	**1 740 282**
	6 625 290	**3 097 834**

13. Investments at fair value through profit or loss

	31/12/2020	31/12/2019
Quoted shares in the stock market	10 692 371	10 042 009
	10 692 371	**10 042 009**

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

14. Assets held for sale

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

* Available for sale investments represents the 49% ownership of Naeem for Real Estate Investment Company in Nile Palm EL Naeem for Real Estate Development, the total investment cost reached L.E 120 031 013 after revaluation on the date of purchase as per the study made by Baker Tillly, accordingly RECAP company has purchased a share in Naeem for Real Estate Investment company, during the year 2009 the company has reclassified the Investments in Nile Palm EL Naeem for Real Estate Development stated in the Investments in related parties as of 31 December 2008 to Investments held for trading as per the Egyptian accounting standards no. (32) which requires to be presented separately from other investments. In 2018, Professionals Financial Consulting Firm (licensed by the Egyptian Financial Supervisory Authority sub no. (448) was assigned to draw up a report on determining the fair value of the company's shares. Where upon, it was found out that the estimated value of the company's capital is 206 000 000 EGP, distributed to 991 000 shares.

* A set of procedures are being taken with the aim of marketing to sell the investment in the Nile Palm Al Naim Real Estate Development Company.

According to the decision of the Board of Directors of Al-Naeem Real Estate Investment Company, held on November 11, 2020, a set of measures were taken with the aim of marketing the sale of investment in the Nile Palm Al-Naim Real Estate Development Company.

15. Trade receivables

	31/12/2020	31/12/2019
Trade receivables	6 139 029	4 896 517
Deduct:		
Impairment of accounts receivables	(347 303)	(343 956)
	5 791 726	**4 552 561**

16. Work in progress

	31/12/2020	31/12/2019
Marsa alam land	2 751 361	2 351 873
First phase lands – smart village' buildings and constructions	16 373 585	25 142 051
	19 124 946	**27 493 924**

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

17. Debtors and other debit balances

	31/12/2020	31/12/2019
Prepaid expenses	65 976	142 496
Employees' loans and advances	54 321	36 989
Deposit with others	377 429	383 466
Tamweel For Mortgage Company *	2 323 072	2 587 005
Tamweel For Leasing Company **	1 447 584	1 830 227
Advances to suppliers	380 267	709 758
Purchasing and selling clearing	--	1 524 041
Tax Authority	144 807	128 986
Notes receivables	7 996 363	5 982 235
Other debit balances	2 709 744	4 925 976
	15 499 563	**18 251 179**

* The company has made a sale and lease back contract for the first and third floor - building B–16 in Smart village that the company owns it with Tamweel for Mortgage.

** The company has made a sale and lease back contract for the second floor - building B–16 in Smart village that the company owns it with Tamweel for Leasing.

18. Finished units

	31/12/2020	31/12/2019
First phase Buildings – Smart village*	8 031 411	3 173 946
Apartments in Palm Parks	---	704 497
	8 031 411	**3 878 443**

* This amount represents the covered costs related to the unsold portion of buildings no B109 & B16 at the first phase, as included in the balances of Sverico For Real Estate Investment Company,

19. Issued and paid up capital

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

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

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

On 11 November 2009 the board of directors decided to redeem 10 660 529 shares from treasury shares at their par value (Note 21), Accordingly the Company issued and paid up capital amounted to USD 309 339 471.

On 14 April 2011 extra ordinary general assembly meeting decided to redeem 5 017 471 shares of treasury shares with their par value (Note 21) accordingly issued and paid up capital becomes USD 304 322 000.

On 21 May 2012, according to the decree of the Extraordinary General Assemble Meeting, 10 432 529 shares of treasury shares have been redeemed with their par value (Note 21), accordingly issued and paid up capital becomes USD 293 889 471.

On 6 August 2013, according to the decree of the Extraordinary General Assemble Meeting, 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.

20. 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)

21. General resrve -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 31 December 2020 Treasury stock reserve amounted to USD 7 233 894 (USD 7 223 894 at 31 December 2019).

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

22. 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.

	31/12/2020	31/12/2019
Beginning Balance at year	(45 337 740)	(37 118 484)
Transferred to Retained Earning	(6 771 585)	(2 052 876)
Adjustment in accumulated losses	(1 750 715)	(1 534 467)
Adjustment at implementing standard (49)	---	(3 214 327)
Dividends	---	(1 417 586)
Ending Balance at year	**(53 860 040)**	**(45 337 740)**

23. Long -term liabilities

	31/12/2020	31/12/2019
Notes payable	5 328 409	3 916 805
Right of use liabilities	2 345 025	2 189 866
other credit balances	---	629 863
	7 673 434	**6 736 534**

24. Provisions

	31/12/2020	31/12/2019
Beginning Balance at year	66 099	66 099
Provision during the year	22 350	--
Used during the year	(14 554)	--
	74 795	**66 099**

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

25. Bank facilities

	31/12/2020	31/12/2019
United Bank	3 982	2 208 358
Bank Due Cairo	1 436 526	3 129
Misr Bank	75	185 387
Export Development Bank of Egypt	18	850 005
Attijariwafa Bank	2 549 753	879
Arab African International Bank *	8 781 337	7 827 647
	12 771 691	**11 075 405**

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

26. Credit and other creditor balances

	31/12/2020	31/12/2019
Insurance for others	534 173	723 213
Employees rewarding loan	---	21 824
Accrued expenses	309 935	202 008
Central depository custody	21 833	27 976
Social insurance authority	78 316	22 389
Advances from customers	33 998	21 955 662
Takful Contribution	32 004	8 528
Risk guarantee fund	115	19
Tax Authority	698 174	375 703
Nile Palm EL Naeem for Real Estate Development	3 099 479	3 093 576
General authority for tourism development	--	1 762 101
General authority for investment and free zones	2 080 244	---
Lease contract Liability	462 390	333 491
Notes payable – short term	1 274 155	965 818
Purchasing and selling clearing	872 011	--
Advanced Revenue	20 278 228	54 861
Other credit balances	1 988 329	3 727 811
	31 763 384	**33 274 980**

27. Financial instruments and risk management

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

The significant accounting policies applied for the recognizing of income and expenses are included in note (33) of the notes to the financial statements.

a-The foreign currency risk other than US dollar

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

b- Fair value

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

c- Credit risk

The company settles its banking liabilities periodically to avoid unexpected financial losses.

d- Liquidity risk

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

e- Risks of cash flows related to interest rate

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

28. Contingent liabilities

The company warrants a letter of guarantee at the amount of AED 1 000 000 or the equivalent amount in US dollars, as issued by the Arab African International Bank to Naeem for Stocks and Bonds Company in favor of the stock exchanges in Dubai and Abu Dhabi, with the aim of guaranteeing the brokerage activity.

29. Goals and methods of capital management

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

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

30. 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.

31. 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.

32. SIGNIFICANT ACCOUNTING POLICIES

32-1 Basis of preparation

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

32-2 Subsidiaries companies

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

32-3 Consolidation elimination transactions

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

32-4 Conformity with accounting standards

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

32-5 Foreign currency translation

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

32-6 Revenue recognition

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

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

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

Revenue is achieved upon the delivery of units to the Company's customers and the 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.

32-7 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 recognition criteria are satisfied, All other repair and maintenance costs are recognized in consolidated statement of income as incurred.

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

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

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

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

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

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

32-8 Investments

Investments at fair value through profit or loss

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

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

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

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

Available for sale investments

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

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

After initial measurement, available for sale investments are measured at fair value with unrealized gains or losses recognized 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 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 of income, Impairment losses on equity investments are not reversed through the statement of income; increases in the fair value after impairment are recognized directly in equity.

Investments in associates

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

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

32-9 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 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.

32-10 Provisions

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

32-11 Legal reserve

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

32-12 Income taxes

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

Current income tax

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

Deferred income tax

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

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

Current and deferred tax shall be recognized as income or an expense and included in the statement of income for the year.

32-13 Expenses

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

32-14 Treasury shares

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

32-15 Employees rewarding system

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

32-16 Related party transactions

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

32-17 Accounting estimates

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

32-18 Impairment

Impairment of financial assets

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

Impairment of non-financial assets

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

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

32-19 Statement of cash flows

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

32-20 Cash and cash equivalent

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

32-21 Projects under construction

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

32-22 Work in 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.

32-23 Long term Investments

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

32-24 Finished Units

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

32-25 Real estate investment

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

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

32-26 Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

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

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

32-27 Lease contract

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

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

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

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

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

The lessor

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

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

Initial recognition and subsequent measurement

Initial measurement

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

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

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

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

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

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

Finance leases

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

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

Initial measurement of the right-of-use asset

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

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

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

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

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

d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Subsequent measurement of the right-of-use asset

Cost model

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

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

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

Initial measurement of the lease liability

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date.

The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

Subsequent measurement of the lease liability

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

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

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33. important Events

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

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

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

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	accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset. 3- When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event. 4- Based on the requirements of this standard the following standards were amended: Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019 Egyptian Accounting Standard No. (4) – "Statement of Cash Flows". Egyptian Accounting Standard No. (25) – "Financial Instruments: presentation. Egyptian Accounting Standard No. (26) – "Financial Instruments: Recognition and Measurement". Egyptian Accounting Standard – EAS No. (40) – "Financial Instruments: Disclosures".		Standard No. (47).
The new Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers"	1- The new Egyptian Accounting Standard No. (48) – "Revenue from Contracts with Customers" shall 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 1st, 2020, and the early implementation thereof is permitted
The new Egyptian Accounting Standard No. (49) "Lease Contracts"	1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersed Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015. 2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value	The management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard

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

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