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

Consolidated Financial Statements
For the period ended 30 September 2022
with limited Review Report

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REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

TO THE MEMBERS OF THE BOARD OF DIRECTORS OF NAEEM HOLDING COMPANY (S.A.E – Free Zone)

Introduction

We have reviewed the accompanying consolidated financial position of **NAEEM HOLDING COMPANY (S.A.E – Free Zone)** as of 30 September 2022 and the related consolidated statements of profit or loss, consolidated comprehensive income, consolidated changes in equity and consolidated cash flows for the nine months ended on that date, and summary of the main accounting policies and other explanatory notes, Management is responsible for the preparation and presentation of these consolidated financial statements in accordance with the Egyptian accounting standards, our responsibility is to express a conclusion on these consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying interim consolidated financial statements are not prepared, in all material respects for the financial position of the company as of 30 September 2022, and its consolidated financial performance and cash flows for the nine months ended in that date in accordance with Egyptian accounting standards.

Cairo: 10 November 2022

Auditor
Yousry Ahmed Ibrahim

Baker Tilly Mohamed Hilal & Wahid Abdel Ghaffar.
Accountants and Consultants

Translation of Financial Statements
originally issued in Arabic

AL Naeem Holding for investments (S.A.E– free zone)
Consolidated Statement of Financial Position as of September 30, 2022
(All amounts in US Dollar)

	Note	30/9/2022	31/12/2021
Assets			
Non -current assets			
Fixed assets	(4)	10 946 742	10 964 518
Projects under construction	(5)	2 231 218	1 996 894
Investments at fair value through OCI	(6)	120 328 452	120 569 815
Long-term investments	(7)	839 484	978 009
Notes receivables		2 921 086	6 196 719
Real Estate Investments	(9)	3 414 974	3 417 414
Investments in associates	(8)	4 512 534	5 280 329
Deferred tax assets		51 651	30 006
Goodwill	(11)	54 890 059	54 890 059
Total non - current Assets		**200 136 200**	**204 323 763**
Current assets			
Cash & Cash Equivalents	(12)	4 313 621	5 665 838
Investments at fair value through profit or loss	(13)	6 987 420	11 519 752
Trade receivables	(14)	5 359 456	5 577 068
Work in progress	(15)	17 864 837	25 494 872
Debitors and other debit balances	(16)	13 192 028	16 642 339
Due from related parties		22 254 346	23 229 835
Finished units	(17)	3 392 152	4 267 603
Total current assets		**73 363 860**	**92 397 307**
Total assets		**273 500 060**	**296 721 070**
Owner's Equity			
Issued and paid up capital	(18)	245 290 246	245 290 246
Legal reserve		8 506 431	8 506 431
General reserve		19 389 651	19 389 651
General reserve - Treasury stock reserve	(19)	5 824 305	5 824 305
Reserve of Unrealized gain from available for sale investments		7 321 217	7 461 486
Foreign Currency Translation Differences		(30 268 055)	(23 160 789)
Retained losses	(20)	(53 788 433)	(55 359 564)
Net Profits for the period/year		88 452	1 571 131
The owner's equity of the holding company		**202 363 814**	**209 522 897**
Non - controlling interest		34 777 583	33 208 543
Total The shareholders' equity and non - controlling interest		**237 141 397**	**242 731 440**
Non - current liabilities			
Long-term liabilities	(21)	3 231 278	4 488 484
Deferred tax liabilities		167 228	315 924
Total non - current liabilities		**3 398 506**	**4 804 408**
Current liabilities			
Provisions	(22)	25 038	30 957
Bank facilities	(23)	10 699 370	11 136 035
Customers – credit balances		3 545 465	5 642 528
Due to related parties		--	186 785
Creditors and other credit balances	(24)	18 690 284	32 188 917
Total current liabilities		**32 960 157**	**49 185 222**
Total liabilities		**36 358 663**	**53 989 630**
Total equity and liabilities		**273 500 060**	**296 721 070**

-The accompanying notes is an integral part of these consolidated financial statements.
Limited review Report " Attached "

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

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

Consolidated Income Statement For the period ended 30 September 2022

(All amounts in US Dollar)		For the nine months ended		For the three months ended	
	Note	30/9/2022	30/9/2021	30/9/2022	30/9/2021
Revenues					
Fees, commissions and investments managing revenues		2 057 972	2 743 478	786 413	1 011 652
Sales and rent revenue of finished units		5 783 038	10 624 885	(93 674)	5 271 090
Coupon revenue		401 070	425 009	(6 089)	13
cost of units sold		(523 174)	(3 686 614)	(283 375)	(235)
(Loss) from sale of Investments at Fair Value through profits or losses		(137 671)	(733 543)	227 810	--
Unrealized (Loss)/ profit from revaluation of investments at fair value through profit or loss		(83 613)	33 394	(83 613)	11 635
Loss from sale of Investments in subsidiaries		--	(217 574)	--	--
Credit interest		91 901	132 892	24 401	34 764
Capital gain (Real estate)		---	953 658	--	3 867
Gains from sale of current assets held for sale		--	--	--	(3 391)
Foreign currency exchange		1 828 818	(23 168)	288 715	33 270
Company's share of profit/ (losses) in associated companies		(191 835)	(48 268)	(52 454)	(3 881)
Capital gain		1 449	--	--	--
Other income		1 272 776	1 177 781	645 948	505 218
Total Revenues		**10 500 731**	**11 381 930**	**1 454 082**	**6 864 002**
Deduct / Add					
General and administrative expenses		(4 845 177)	(5 654 244)	(1 432 872)	(2 018 693)
Marketing expenses and management fees		(54 017)	(128 991)	(1 737)	(9 370)
Finance lease expenses		(177 648)	(341 230)	(57 654)	(109 087)
Debit interests		(1 723 904)	(1 321 319)	(315 524)	(428 310)
Real estate depreciation	(9)	(2 440)	(20 704)	(762)	(3 636)
Right of use amortisation		--	(2 484)	--	--
Fixed assets depreciation	(4)	(432 456)	(648 876)	(156 875)	(221 954)
Expected credit loss		40 946	--	(36 663)	--
Total expenses		**(7 194 696)**	**(8 117 848)**	**(2 002 087)**	**(2 791 050)**
Net profit /(Losses) for the period before taxes		**3 306 035**	**3 264 082**	**(548 005)**	**4 072 952**
Deduct / Add					
Income tax		(1 096 991)	(1 539 066)	83 550	(1 107 370)
Deferred income taxes		170 341	(21 370)	40 473	18 035
Net profit / (Loss) for the period		**2 379 385**	**1 703 646**	**(423 982)**	**2 983 617**
Represented in:					
Shareholders' equity of the Holding Company		88 452	(1 167 585)	(409 918)	842 834
Non- controlling interest		2 290 933	2 871 231	(14 064)	2 140 783
		2 379 385	**1 703 646**	**(423 982)**	**2 983 617**

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

CFO
Ahmed Mahmoud
ElGammal

Managing Director
Youssef Medhat El Far

Chairman
Hussein Shobokshy

Translation of Financial Statements

originally issued in Arabic

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

Consolidated Statement of Comprehensive Income For the period ended 30 September 2022

(All amounts in US Dollar)

	For the nine months ended		For the three months ended	
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
Net profit / Loss for the period after tax	2 379 385	1 703 646	(423 982)	2 983 617
(Loss) Revaluation of Investments at fair value through OCI	(140 269)	(7 202)	(140 269)	(13 819)
Consolidated translation (loss) / profit exchange	(7 107 266)	(185 693)	(7 107 266)	(191 130)
Total comprehensive income	**(4 868 150)**	**1 510 751**	**(7 671 517)**	**2 778 668**

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

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

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

Consolidated Statement of changes in equity For the period ended 30 September 2022

(All amounts in US Dollar)

	Issued and paid up capital	Treasury stock	Legal reserve	General reserve	- General reserve Treasury stock reserve	Reserve of Unrealized gain from available for sale investments	Foreign Currency Translation Differences	Retained losses	Net Loss / profit for the Period	Total	Non - controlling interest	Total
Balance as at 1/1/2021	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	30 237 004	236 254 778
Transferred to accumulated losses	--	--	--	--	--	--	--	(1 380 008)	1 380 008	--	--	--
Transferred to Treasury stock	(19 209 574)	20 619 163	--	--	(1 409 589)	--	--	--	--	--	--	--
Adjustment of investment in subsidiary disposal	--	--	--	--	--	--	--	39 103	--	39 103	232 512	271 615
Revaluation of Investments at fair value through OCI	--	--	--	--	--	(7 202)	--	--	--	(7 202)	--	(7 202)
Consolidated translation exchange	--	--	--	--	--	--	(185 693)	--	--	(185 693)	--	(185 693)
Net loss for the Period	--	--	--	--	--	--	--	--	(1 167 585)	(1 167 585)	2 871 231	1 703 646
Balance as of 30 September 2021	245 290 246	--	8 506 431	19 389 651	5 824 305	5 123 530	(23 069 236)	(55 200 945)	(1 167 585)	204 696 397	33 340 747	238 037 144
Balance as of 1 January 2022	245 290 246	--	8 506 431	19 389 651	5 824 305	7 461 486	(23 160 789)	(55 359 564)	1 571 131	209 522 897	33 208 543	242 731 440
Transferred to accumulated losses	--	--	--	--	--	--	--	1 571 131	(1 571 131)	--	--	--
Revaluation of Investments at fair value through OCI	--	--	--	--	--	(140 269)	--	--	--	(140 269)	--	(140 269)
Consolidated translation exchange	--	--	--	--	--	--	(7 107 266)	--	--	(7 107 266)	(721 893)	(7 829 159)
Net profit for the Period	--	--	--	--	--	--	--	--	88 452	88 452	2 290 933	2 379 385
Balance as of 30 September 2022	245 290 246	--	8 506 431	19 389 651	5 824 305	7 321 217	(30 268 055)	(53 788 433)	88 452	202 363 814	34 777 583	237 141 397

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

CFO
Ahmed Mahmoud ElGammal

Managing Director,
Yousef Medhat El Far

Chairman
Hussein Shoboksky

Translation of Financial Statements

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

Consolidated Statement of cash flows For the period ended 30 September 2022

(All amounts in US Dollar)

	Note	For the Period ended 30/9/2022	30/9/2021
Cash flows from operating activities			
Net profit / (loss) for the period before taxes		3 306 035	3 264 082
Adjustments as Follow :			
Adjustment on non controlling interest		(721 893)	232 512
Right of use depreciation	(4)	--	2 484
Fixed assets depreciation	(9)	432 456	648 876
Used of provision		(5 919)	(51 476)
Real estate depreciation		2 440	20 704
Capital gain		(1 449)	--
Debit interest		1 723 904	1 321 319
Credit interest		(91 901)	(132 892)
Net loss from investment in subsidiary disposal		--	217 574
Foreign currency exchange		(1 828 818)	23 168
Investment (losses) in associatesd		191 835	48 268
Expected credit loss		(40 946)	--
Unrealized profit on revaluation of Investments at fair value through profit or loss		83 613	(33 394)
Operting loss before change in working capital		**3 049 357**	**5 561 225**
Change In :			
Trade receivable		278 264	(1 474 490)
Debitor and other debit balances		3 458 672	213 235
Customers – credit balances		(2 097 063)	(249 205)
Creditors and other credit balances		(13 473 410)	(1 512 447)
Due from related parties		975 489	3 884 411
Due to related parties		(186 785)	--
Work in progress		7 630 035	(5 156 706)
Notes receivable		3 275 633	4 204 564
Finished units		875 451	3 763 807
Net cash flows provided from operating activities		**3 785 643**	**9 234 394**
Cash flows from investing activities			
(Payments) to purchase fixed assets		(370 841)	(493 972)
Proceeds from selling fixed assets		29 325	502 655
(Payments) for Projects under construction		(291 563)	(80 685)
Proceeds from selling Real Estate investments		--	2 555 220
Proceeds from sale Investment in Subsidiaries		--	191 307
Change in Assets held for sale		--	(2 271)
Change in investments at fair value through profit or loss		4 489 665	(5 828 652)
Change in Long-term investments		138 525	71 287
Change in investments at fair value through OCI		241 363	--
Change in investments in associates		959 630	(5 400 070)
Paid income tax		(1 728 896)	--
Net cash flows provided from (used in) investing activities		**3 467 208**	**(8 485 181)**
Cash flows from financing activities			
Paid from banks overdraft		(436 665)	2 068 934
Paid Long liabilities		(1 257 206)	(1 324 521)
Paid Debit interest		(1 723 904)	(1 321 319)
Proceeds from Credit interest		91 901	132 892
Consolidated translation exchange		(7 107 266)	(185 693)
Net cash flows (used in) financing activities		**(10 433 140)**	**(629 707)**
Impact of change in exchange rates		1 828 818	(23 168)
Cash and cash equivalents during the period		**(1 351 471)**	**96 338**
Cash and cash equivalents – beginning of the period		**5 665 838**	**6 625 290**
Cash and cash equivalents - end of the period	(12)	**4 314 367**	**6 721 628**

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

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

AL - Naeem Holding for Investments "S.A.E"
Notes to Consolidated financial statements
For the period ended September 30, 2022
(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 September 30, 2021:

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%
-Smart for securities (Etihad Capital for Securities)	Financial Securities	99.96%
-Naeem Masr Investment Fund Company	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 Consulting	Financial services	99.92%
-Arab Sweeteners Company	Manufacturing	99.98%

* REACAP 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%

* On April 1, 2021 and in accordance with the agreement to sell the shares of Naeem Capital Investment Company "S.A.E" - a subsidiary owned 99.99% by of Naeem Holding for Investments, the entire company's one million shares were sold.

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 1/1/2021	**12 385 675**	**405 769**	**5 067 486**	**1 653 739**	**19 512 669**
Additions for the year	88 827	458 605	60 644	16 998	**625 074**
Disposals for the year	(2 415 183)	(132 765)	(449)	(573)	**(2 548 970)**
Cost as of 31/12/2021	**10 059 319**	**731 609**	**5 127 681**	**1 670 164**	**17 588 773**
Additions for the period	294 580	25 059	92 444	15 997	**428 080**
Disposals for the period	--	(18 158)	--	(2 480)	**(20 638)**
Cost as of 30/9/2022	**10 353 899**	**738 510**	**5 220 125**	**1 683 681**	**17 996 215**
Accumulated depreciation as of 1/1/2021	**1 640 479**	**321 841**	**3 464 832**	**1 630 531**	**7 057 683**
Depreciation for the year	522 621	86 907	167 046	5 930	**782 504**
Depreciation of disposals for the year	(1 164 200)	(43 963)	(6 464)	(1 305)	**(1 215 932)**
Accumulated depreciation as of 31/12/2021	**998 900**	**364 785**	**3 625 414**	**1 635 156**	**6 624 255**
Depreciation for the period	200 179	53 839	141 061	37 377	**432 456**
Depreciation of disposals for the period	--	(4 758)	--	(2 480)	**(7 238)**
Accumulated depreciation as of 30/9/2022	**1 199 079**	**413 866**	**3 766 475**	**1 670 053**	**7 049 473**
Net Book Value 30/9/2022	**9 154 820**	**324 644**	**1 453 650**	**13 628**	**10 946 742**
Net Book Value 31/12/2021	**9 060 419**	**366 824**	**1 502 267**	**35 008**	**10 964 518**

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

5. Projects under construction

	30/9/2022	31/12/2021
Beginning balance for the period / year	**1 996 894**	**1 969 640**
Additions for the period / year	291 563	27 254
Transferred to Fixed Assets	(57 239)	--
Ending balance for the period / year	**2 231 218**	**1 996 894**

6. Investments at fair value through OCI

	30/9/2022	31/12/2021
Quoted shares in the stock market *	77 955 199	77 964 485
Unquoted shares in the stock market	26 606 088	26 838 165
Nile Palm EL Naeem for Real Estate Development	15 767 165	15 767 165
	120 328 452	**120 569 815**

*According to the studies prepared by professional financial consultants, it has been confirmed that the Egyptian Gulf Bank stocks have become in active due to low trading volumes, stock price fluctuations, and the stock price discrepancies between supply and demand. The studies have also shown that the fair value of the stock is USD 1.63 per stock.

*Quoted shares in the Egyptian stock market include 40 408 892 shares with fair value amounted to USD 64 356 547from investment in Egyptian Gulf Bank Pledged as collateral for a letter of guarantee issued by the Arab African International Bank in favour of Naeem shares and bonds to guarantee brokerage activity and Etihad Capital Company to guarantee portfolio management activity

7. Long-term investments

	30/9/2022	31/12/2021
Misr Company for central Clearing and Depository *	570 552	710 012
Guarantee settlement fund**	268 932	267 997
	839 484	**978 009**

*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%	30/9/2022	31/12/2021
AL - Naeem Shares & Bonds	1	177 313	177 391
Etihad Capital	31.2	1 978 883	2 170 640
Smart Back	35	2 356 338	2 932 298
		4 512 534	5 280 329

9. Real estate investments

	30/9/2022	31/12/2021
Beginning balance of the period / year	**3 727 324**	**6 445 945**
Disposals	--	(2 718 621)
Accumulated depreciation	(309 910)	(472 358)
Depreciation for the period / year	(2 440)	(21 657)
Accumulated depreciation for disposals	--	184 105
	3 414 974	**3 417 414**

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 Svreico 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, Svreico 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 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 amounted 20 619 163 USD and the provisions of the treasury shares apply to them.

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

11. Goodwill

	30/9/2022	31/12/2021
Goodwill arising from acquisition of:		
Naeem Brokerage in financial securities	40 330 093	40 330 093
REACAP for financial investments (Reacap 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
	54 890 059	**54 890 059**

12. Cash and Cash Equivalent

	30/9/2022	31/12/2021
US Dollars		
Cash on hand	28 922	6 978
Banks- Current accounts	547 984	1 170 245
Time deposit	100 000	100 000
	676 906	**1 277 223**
Other Currencies		
Cash on hand	64 448	47 093
Banks- Current accounts	3 397 488	4 093 523
Time deposits	175 056	249 022
	3 636 992	**4 389 638**
Deduct:		
Expected credit loss	(277)	(1 023)
	4 313 621	**5 665 838**

13. Investments at fair value through profit or loss

	30/9/2022	31/12/2021
Quoted shares in the stock market	408 645	1 241 029
Unquoted shares in the stock market	959 282	9 537 621
Investment fund units	5 619 493	741 102
	6 987 420	**11 519 752**

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

14. Trade receivables

	30/9/2022	31/12/2021
Trade receivables	5 681 321	5 959 585
Deduct:		
Expected credit loss	(321 865)	(382 517)
	5 359 456	**5 577 068**

15. Work in progress

	30/9/2022	31/12/2021
Marsa alam land	2 751 361	2 751 361
First phase lands – smart village' buildings and constructions	615 113 47	22 743 511
	17 864 837	25 494 872

16. Debtors and other debit balances

	30/9/2022	31/12/2021
Prepaid expenses	72 100	95 485
Employees' loans and advances	4 810	27 188
Deposit with others	411 185	383 503
Tamweel For Mortgage Company *	1 636 240	1 912 909
Advances to suppliers	1 385 020	799 262
Accrued Revenue	--	13 710
Tax Authority	178 110	262 764
Smart village maintenance store	4 756	--
Notes receivables	5 645 146	10 564 775
Other debit balances	3 855 282	2 591 725
	13 192 649	**16 651 321**
Deduct:		
Expected credit loss	(621)	(8 982)
	13 192 028	**16 642 339**

* 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.

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

17. Finished units

	30/9/2022	31/12/2021
First phase Buildings – Smart village*	3 392 152	4 267 603
	3 392 152	**4 267 603**

* 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.

18. Issued and paid-up capital

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

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

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

- On 11 November 2009 the board of directors decided to redeem 10 660 529 shares from treasury shares at their par value (Note 20), 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 20) 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 20), 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.
- On April 7, 2021, based on to the company's general assembly's decision, which included the approval to reduce the issued and paid-in capital from $264 499 820 to be the issued and paid-in capital $245 290 246 And that is by executing the treasury shares mentioned in the company's financial statements for the financial year ending on December 31, 2020, amounting to 27 442 248 shares with a face value for one share of 0.70 US dollars with a total value of 19 209 574 US dollars the articles no, 6 & 7 of the company's article of association has been adjusted and it was modified in the commercial register dated 13 July 2021.

19. 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, 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 , 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 5 803 652 USD.

-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 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 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
(On 31 December 2019, USD 7 233 894).

-On April 7, 2021 according to the decision of the Extraordinary General Assembly of the company, a number of 27 442 248 shares were executed from treasury stock at their face value which is the cost of acquisition is 20 619 163 $and the nominal value of 19 209 574 $The difference between the face value and the cost of acquiring these shares was included in the treasury stock reserve with equity in the stand-alone statement of financial position on December 31, 2020 with 7 233 894$ bringing the total value of the treasury stock reserve 5 824 305 USD on December 31. 2021.

20. Retained losses

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

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

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

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

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

	30/9/2022	31/12/2021
Beginning Balance for the period / year	(55 359 564)	(53 860 040)
Transferred to Retained losses	1 571 131	(1 380 008)
Adjustment in accumulated losses	--	(39 103)
Effect of changing accounting policies	--	(80 413)
Ending balance for the period / year	(53 788 433)	(55 359 564)

21. Long -term liabilities

	30/9/2022	31/12/2021
Notes payable	1 228 138	1 851 088
Lease contract Liability	2 003 140	2 637 396
	3 231 278	**4 488 484**

22. Provisions

	30/9/2022	31/12/2021
Beginning Balance for the period / year	30 957	74 795
Provision during the period / year	--	7 640
Used during the period / year	(5 919)	(51 478)
Ending balance for the period / year	25 038	30 957

23. Bank facilities

	30/9/2022	31/12/2021
United Bank	589 292	6 471
United Ahly Bank	2 393 862	2 291 535
Bank Due Cairo	22	1 527
Misr Bank	--	2 187
Export Development Bank of Egypt*	15	18
Attijariwafa Bank	1 203 808	376 828
Arab African International Bank **	*6 512 371*	8 457 469
	10 699 370	**11 136 035**

* The company obtained a bank facility amounted to EGP 35 million from export development bank of Egypt to finance margin- purchase operations

** 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

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

24. Credit and other creditor balances

	30/9/2022	31/12/2021
Insurance for others	375 915	333 533
Accrued expenses	531 153	301 721
Central depository custody	20 843	21 239
Social insurance authority	20 143	32 098
Advances from customers	--	6 836
Takful Contribution	33 002	37 758
Risk guarantee fund	212	--
Tax Authority	1 158 083	1 834 670
General authority for investment and free zones	2 080 244	2 080 244
Lease contract Liability	452 290	585 222
Nile Palm EL Naeem for Real Estate Development	2 493 852	3 103 425
Notes payable – short term	378 809	595 842
Purchasing and selling clearing	152 690	315 259
Advanced Revenue	6 725 739	20 966 662
Other credit balances	4 267 309	1 974 408
	18 690 284	**32 188 917**

25. 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 (31) 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.

a- 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.

b- Credit risk

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

c- 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.

d- 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.

26. 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.

27. 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.

28. 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.

29. Going concern

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

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

30. SIGNIFICANT ACCOUNTING POLICIES

30-1 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.

30-2 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.

30-3 Consolidation elimination transactions

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

30-4 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.

30-5 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.

30-6 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.

30-7 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.

30-8 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 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.

30-9 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.

30-10 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.

30-11 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.

30-12 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 it 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.

30-13 **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.

30-14 **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.

30-15 **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.

30-16 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.

30-17 **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.

30-18 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.

30-19 **Statement of cash flows**

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

30-20 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.

30-21 **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.

30-22 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.

30-23 **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.

30-24 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.

30-25 **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.

30-26 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.

30-27 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:

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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,

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

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

31. important Events

a) Selling the company's share in investments in subsidiaries

On April 1, 2021 and in accordance with the agreement to sell the shares of Naeem Capital Investment Company "S.A.E" – a subsidiary owned 99.99% by of Naeem Holding for Investments, the entire company's one million shares were sold and the value of the shares acquired by the buyers has been paid and the share sale agreement has been executed as follows:

Buyer	Contribution percentage %	bought shares
Zilla Holding for Investment Holding LLC	90	900 000
Khaled Mohamed Gamal Aldin Ali Hussein	5	50 000
Hisham Afifi Arafa Mohamed Mohamed	5	50 000
	%100	**1 000 000**

And all the legal procedures are being taken to modify the articles of the company's articles of association and document these modifications by the competent authorities, the same agreement included the buyer's admission of a full waiver of any cash or financial amounts owed by Naeem Holding for Investments - the main shareholder. As well as their admission that they have no right to refer to any lawsuits or judicial claims with their full knowledge of that. And the balance owed by Naeem Holding Company for Investments on the date of signing the agreement amounted to 103 236 USD.

b) 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 economic 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.

c) 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.

- On May 9, 2021, the Financial Supervisory Authority issued a statement to allow postponing the manifestation of the accounting impact of the application of standard (47) financial instruments in the financial statements until a maximum date of preparing the financial statements at the end of 2021. Provided that the combined accounting impact of the application of Standard No. (47) Financial Instruments shall be included from January 1, 2021, until December 31, 2021, with companies obligated to adequately disclose this.

- During February 2022, in view of the political events that led to the outbreak of war between Russia and Ukraine, which led to possible repercussions on the global economy from a slowdown in growth and an increase in the rate of inflation, which will lead to a rise in the prices of primary commodities such as food and energy, which are two of the basic components of many industries. The management believes that there is no significant impact from the repercussions of this war on the company's activities.

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

- On March 21, 2022, the Monetary Policy Committee of the Central Bank of Egypt decided to raise the deposit and lending rates for one night and the main operation price of the Central Bank by 100 basis points to reach %9.25, %10.25 and %9.75, respectively. The credit and discount rate were also raised by 100 basis points to reach %9.76. On the same date, the Central Bank liberalized the foreign exchange rate against the Egyptian pound.

- On May 19, 2022, the Monetary Policy Committee of the Central Bank of Egypt decided to raise the deposit and lending rates and the price of the main operation of the central bank for one night by 200 basis points to reach %11.25, %12.25 and %11.75, respectively. The credit and discount rates were also raised by 200 basis points up to %11.75.

32. Subsequent Events

- On October 27, 2022, Central Bank of Egypt decided to move to a durable flexible exchange rate regime, leaving the forces of supply and demand to determine the value of the Egyptian pound against other foreign currencies. which resulted in a fundamental increase in the exchange rates of foreign currencies against the local currency (the Egyptian pound).

- the Monetary Policy Committee has decided to raise the overnight deposit rate, the overnight lending rate and the rate of the main operation by 200 basis points to 13.25 %, 14.25 %, and 13.75 %, respectively. The discount rate was also raised by 200 basis points to 13.75 %.

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