

**NAEEM HOLDING COMPANY
FOR INVESTMENTS (S.A.E- FREE ZONE)
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
TOGETHER WITH AUDITOR'S REPORT**

**NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E-FREE ZONE)
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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AUDITOR'S REPORT

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

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of **NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E – FREE ZONE)** represented in the separate statement of financial position as of 31 December 2017, and the related separate statements of profit or loss, comprehensive income changes in owner's 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.

Opinion

In our opinion, the separate financial statements referred to above, give a true and fair view, in all material respects, of the financial position of **NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E – FREE ZONE)**, as of 31 December 2017, and of its separate financial performance and its separate cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

As indicated in note (6), the company has investments in subsidiaries and prepared consolidated financial statements as of 31 December 2017 in accordance with the Egyptian Accounting Standards. For better understanding of the company's financial position as of 31 December 2017 and its financial performance and its cash flows for the year then ended, the matter necessitates reference to the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records that comply with the laws and the Company's articles of association and the financial statements agree with the Company's records.

The financial information included in the Board of Directors' Report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the books of the Company insofar as such information is recorded therein.

Cairo: 28 February 2018

Auditor

Amr M. Alshaabini
FESAA – FEST
(RAA. 9365)
(CMAR. 103)

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E-FREE ZONE)

**STATEMENT OF SEPARATE FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	31 December 2017 USD	31 December 2016 USD
Non-Current Assets			
Fixed Assets	(3)	536,814	1,039,927
Available for Sale Investments	(4)	75,032,049	70,167,441
Investments in Associates	(5)	5,391,068	5,264,779
Investments in Subsidiaries	(6)	157,703,253	169,750,509
Employees Rewarding System	(7)	9,935,265	14,236,192
Notes receivables – Long term		1,741,353	-
Total Non-Current Assets		250,339,802	260,458,848
Current Assets			
Cash on Hand and at Banks	(8)	103,232	88,162
Accounts Receivable		26,863	32,652
Accounts Receivable – Margin Trading	(11 b)	1,913,105	1,826,398
Investments at Fair Value through Profit and Loss	(9)	5,161,992	1,572,022
Current Assets Held for Sale	(10)	2,332,134	8,407,402
Due from subsidiaries and related parties	(11 a)	46,857,425	34,120,802
Notes Receivables – short term		960,316	-
Prepaid expenses and other debit balances	(12)	8,592,343	532,312
Total Current Assets		65,947,410	46,579,750
Total Assets		316,287,212	307,038,598
Equity & Liabilities			
Equity			
Issued and Paid up Capital	(16)	218,594,893	198,722,630
Legal reserve		8,409,230	8,149,099
Treasury Stocks reserve	(17)	6,671,109	6,671,109
General reserve		65,294,578	85,166,841
Employee Rewarding system revaluation differences	(7)	(10,695,357)	(6,394,430)
Unrealized gain / (losses) on available for sale investments		2,228,012	(547,116)
Retained Earnings / (Accumulated Losses)		2,989,615	(1,952,878)
Profit for the Year		1,944,022	5,202,624
Total Equity		295,436,102	295,017,879
Non-Current Liabilities			
Notes Payable – Long Term	(15 b)	3,717,891	-
Total Non-Current Liabilities		3,717,891	-
Current Liabilities			
Due to Subsidiaries and Related Parties	(11 c)	3,419,032	2,183,390
Banks Credit Facilities	(13)	11,002,848	6,054,947
Notes Payable – Short Term	(15 a)	751,692	578,848
Accrued Expenses and other credit balances	(14)	1,959,647	3,203,534
Total Current Liabilities		17,133,219	12,020,719
Total Liabilities		20,851,110	12,020,719
Total Equity and Liabilities		316,287,212	307,038,598

CFO
Ahmed Mahmoud ElGammal

Managing Director
Youssef Medhat El Far

Chairman
Hussein Shobokshy

- The accompanying notes from (1) to (24) are an integral part of these separate financial statements.
- Auditor's report attached.

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E-FREE ZONE)

**SEPARATE INCOME STATEMENT (PROFIT OR LOSS)
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	31 December 2017 USD	31 December 2016 USD
Revenue from custodians and trading margin		827,894	1,069,527
Gain from sale of investment in associates		-	3,352,760
Gain from sale of Investments at Fair Value through Profit and Loss		265,250	2,714,223
Coupons revenue		2,704,460	208,141
(Loss) from sale of Investments at Fair Value through Profit and Loss		(712,770)	(1,247,561)
Gain (Loss) on Revaluation of Investments at Fair Value through Profit and Loss	(9)	667,356	(363,795)
Gain from sale of current assets held for sale		415,787	-
(Loss) from sale of financial investments available for sale		(294,103)	-
Gross Profit		3,873,874	5,733,295
Other income		2,376,944	420,926
Foreign exchange differences		(193,615)	3,067,111
Credit interest		-	19,301
General and administrative expenses		(1,364,754)	(1,799,964)
Depreciation of fixed asset	(3)	(206,845)	(104,724)
Marketing expenses		(16,775)	(3,069)
Lease financing expenses		(640,305)	(240,236)
(Loss) from declining a sale and lease back contract		(404,246)	-
Debit interest		(1,480,256)	(1,890,016)
Profit for the Year		1,944,022	5,202,624
Earnings Per Share for the Year	(20)	0.005	0.014

CFO
Ahmed Mahmoud ElGammal

Managing Director
Youssef Medhat El Far

Chairman
Hussein Shobokshy

- The accompanying notes from (1) to (24) are an integral part of these separate financial statements.

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E-FREE ZONE)

**SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	31 December 2017	31 December 2016
	USD	USD
Profits of the Year	1,944,022	5,202,624
Other comprehensive income		
Revaluation of available for sale investments	2,775,128	6,020,543
Total comprehensive income of the year	2,775,128	6,020,543
Total comprehensive income of the year	4,719,150	11,223,167

- The accompanying notes from (1) to (24) are an integral part of these separate financial statements.

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E-FREE ZONE)

**SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Issued and paid up Capital	Legal Reserve	General Reserve	Treasury shares reserve	Employees Rewarding System Revaluation differences	Unrealized Gain on Available for Sale Investments	Retained Earnings	Profit for the Year	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Balance as of 1 January 2017	198,722,630	8,149,099	85,166,841	6,671,109	(6,394,430)	(547,116)	(1,952,878)	5,202,624	295,017,879
Transferred to Retained Earnings Employees Rewarding System	-	-	-	-	-	-	5,202,624	(5,202,624)	-
Revaluation differences (Note 7)	-	-	-	-	(4,300,927)	-	-	-	(4,300,927)
Unrealized Gain on Available for Sale Investments	-	-	-	-	-	2,775,128	-	-	2,775,128
Capital increase	19,872,263	-	(19,872,263)	-	-	-	-	-	-
Legal Reserve	-	260,131	-	-	-	-	(260,131)	-	-
Profit for the Year	-	-	-	-	-	-	-	1,944,022	1,944,022
Balance as of 31 December 2017	<u>218,594,893</u>	<u>8,409,230</u>	<u>65,294,578</u>	<u>6,671,109</u>	<u>(10,695,357)</u>	<u>2,228,012</u>	<u>2,989,615</u>	<u>1,944,022</u>	<u>295,436,102</u>

- The accompanying notes from (1) to (24) are an integral part of these separate financial statements.

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E-FREE ZONE)

**SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Issued and paid up Capital	Legal Reserve	General reserve	Treasury shares reserve	Employees Rewarding System Revaluation differences	Unrealized (Loss) on Available for Sale Investments	Accumulated (Losses)	Profit for the Year	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Balance as of 1 January 2016	283,889,471	8,149,099	-	6,671,109	(11,465,392)	(6,567,569)	(3,580,111)	1,627,233	278,723,840
Transferred to Retained Earnings	-	-	-	-	-	-	1,627,233	(1,627,233)	-
General reserve	(85,166,841)	-	85,166,841	-	-	-	-	-	-
Unrealized Gain on Available for Sale Investments	-	-	-	-	-	6,020,453	-	-	6,020,453
Employees Rewarding System Revaluation differences (Note 7)	-	-	-	-	5,070,962	-	-	-	5,070,962
Profit for the Year	-	-	-	-	-	-	-	5,202,624	5,202,624
Balance as of 31 December 2016	<u>198,722,630</u>	<u>8,149,099</u>	<u>85,166,841</u>	<u>6,671,109</u>	<u>(6,394,430)</u>	<u>(547,116)</u>	<u>(1,952,878)</u>	<u>5,202,624</u>	<u>295,017,879</u>

- The accompanying notes from (1) to (24) are an integral part of these separate financial statements.

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E-FREE ZONE)

**SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	31 December 2017	31 December 2016
		USD	USD
Cash Flows From Operating Activities			
Profit for the Year		1,944,022	5,202,624
Depreciation of fixed assets	(3)	206,845	104,724
(Gain) Losses on revaluation of investments at Fair Value through Profit and Loss		(667,356)	363,795
Credit interest		-	(19,301)
Debit interest		1,480,256	1,890,016
Foreign Currency differences		193,615	(3,067,111)
Operating profit before changes in Working Capital		3,157,382	4,474,747
Change in accounts receivable and margin trade receivables	(11b)	(80,918)	1,673,394
Change in due from subsidiaries and related parties	(11a)	(12,736,623)	3,605,704
Change in prepaid expenses and other debit balances	(12)	(8,060,031)	7,809,442
Change in notes receivables – short term		(960,316)	-
Change in due to subsidiaries and related parties	(11c)	1,235,642	(776,462)
Change in notes payable – short term	(15a)	172,844	426,872
Change in accrued expenses and other credit balances	(14)	(1,243,887)	74,539
Net Cash Flows (Used In) Provided From Operating Activities		(18,515,907)	17,288,236
Cash Flows From Investing Activities			
Proceeds from sale of fixed assets	(3)	475,343	-
(Payments) to purchase fixed assets	(3)	(179,075)	(105,498)
Proceeds from sale of investments at fair value through profit and loss		37,783,464	56,824,704
(Payments) to purchase investments at fair value through profit and loss		(40,706,078)	(50,370,827)
Change in employees' rewarding system	(7)	-	1,102,329
Change in notes receivables – long term		(1,741,353)	-
Change in investments in associates	(5)	(126,289)	-
Change in current assets held for Sale		6,075,268	-
(Payments) to purchase current assets held for Sale		-	(6,755,517)
(Payments) to purchase available for sale investments	(4)	(2,089,480)	(11,556,226)
(Payments) proceeds investments in subsidiaries	(6)	12,047,256	(7,082,051)
Net Cash Flows Provided From (Used In) Investing Activities		11,539,056	(17,943,086)
Cash Flows From Financing Activities			
Proceeds (payments) - banks credit facilities		4,947,901	(3,537,314)
Credit interest		-	19,301
Debit interest		(1,480,256)	(1,890,016)
Change in notes payable – long term	(15b)	3,717,891	-
Net Cash Flows Provided From (Used In) Financing Activities		7,185,536	(5,408,029)
Net Change In Cash And Cash Equivalent - During The Year		208,685	(6,062,879)
Cash and cash equivalent - beginning of the Year		88,162	3,083,930
Impact of change in exchange rates		(193,615)	3,067,111
Cash And Cash Equivalent - End Of The Year	(8)	103,232	88,162

- The accompanying notes from (1) to (24) are an integral part of these separate financial statements.

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E-FREE ZONE)

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 regulation and law 95 of 1992 and its executive regulation related to the capital market. The company was registered in the commercial registry under number 881- Ismailia on the 14 May 2006. The company's activities are as follows:

- a. Participate, either fully or partially, in establishing companies.
- b. Factoring
- c. Risk capital
- d. Finance lease.
- e. Guarantee and covering public offering.
- f. Margin trading and custodian function.

Since its inception (14 May 2006), the Company acquired majority interests in many subsidiaries companies. Additionally, the Company has established a number of subsidiaries in which the Company owns majority interests.

The accompanying separate financial statements reflect only the financial position, results of operations, cash flows, and the changes in owners' equity of Naeem Holding Company for Investments on a standalone basis. Accordingly, investments in subsidiaries are reflected in the accompanying financial statements at cost basis. The Company prepares a full set of consolidated financial statements which includes all its subsidiaries and those statements are issued to present a clearer view of the financial position and the results of operations and cash flows for the group as a whole.

The financial statements for the year ended 31 December 2017 has been approved in accordance with the board of directors meeting held on 28 February 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

2-1 Basis of preparation of separate financial statements

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

2-2 Statement of compliance

The financial statements of the company have been prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.

2-3 Changes in accounting policies

The accounting policies adopted this year are consistent with those of the previous year.

2-4 Foreign currency translation

The financial statements are prepared and presented in USD, which is the company's functional currency.

Transactions in foreign currencies are initially recorded using the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rate prevailing at the separate balance sheet date. All differences are recognized in the separate statement of income.

Nonmonetary items that are measured at historical cost in foreign currency are translated using the exchange rates prevailing at the dates of the initial recognition.

Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value is determined.

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E-FREE ZONE)

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2-5 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, Revenue is measured at the fair value of the consideration received, excluding. The following specific recognition criteria must also be met before revenue is recognized

- Profit (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 dividends are declared.
- Interests on deposits are recognized on a time proportion basis, along with taking the target interest rate on the asset into consideration.
- Margin trading revenue is recognized on accrual basis and according to the agreed upon interest rate,
- Custody revenue is recognized on accrual basis and calculated according to the agreed upon interest rate.
- Coupon revenue is recognized upon collection.

2-6 Fixed assets

Fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment losses, Such cost includes the cost of replacing part of the buildings 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 buildings and equipment as a replacement if the recognition criteria are satisfied, All other repair and maintenance costs are recognized in 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
Vehicles	5
Furniture, fixtures and fittings	10
Office equipment	3 – 8
Equipment	5 – 10

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 separate 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 separate 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 separate statement of income.

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E-FREE ZONE)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2-7 Investments

- **Investments at fair value through profit and loss**

Investments at fair value through profit and 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 and loss.

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

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

- **Investments in subsidiaries**

Investments in subsidiaries are investments in entities which the company has control, Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries more than half of the voting power of the investee, unless, in exceptional circumstances, it can be clearly demonstrated that this is not the case.

Investments in subsidiaries are accounted for in the separate financial statements at cost inclusive transaction cost and in case the investment is impaired, the carrying amount is adjusted by the value of this impairment and is charged to the separate statement of income for each investment separately.

- **Available for sale investments**

Available for sale investments are those non-derivative financial assets that are designated as available for sale at acquisition and 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 including direct attributable expenses.

After initial measurement, available for sale investments are measured at fair value with unrealized gains or losses recognized directly in equity until the investment is derecognized, at which time the cumulative gain or loss recorded in equity is recognized in the statement of income, or determined to be impaired, at which time the cumulative gains or losses recorded in equity is recognized in the separate statement of income. If the fair value of an equity instrument cannot be reliably measured, the investment is carried at cost.

Equity investments: where there is an evidence of impairment, the cumulative loss is removed from the equity and recognized in the separate statement of income, Impairment losses on equity investments are not reversed through the separate 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 per cent 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 at cost inclusive transaction cost and in case the investment is impaired, the carrying amount is adjusted by the value of this impairment and is charged to the separate statement of income for each investment separately.

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E-FREE ZONE)

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

• **Current assets held for sale**

Current assets held for sale is the non-current assets that is expected to regain its book value basically from sale agreement not from the use of those assets those assets are measured by the lower of the book value or the fair value after deducting the sales cost.

Current assets held for sale in case of impairment, the carrying amount to be adjusted by the value of this impairment and are charged to the statement of income Impairment losses to be reversed in the year when occurred, and to the extent to the amount of book value that previously reduced unless the impairment loss was recognized in the previous years.

2-8 Employees rewarding system

Equity securities granted to employees are measured by reference to the fair value (market price) at the date on which they are granted.

Equity securities are revaluated to the fair value (market price) at each reporting date, together with a corresponding revaluation differences in equity at the separate balance sheet.

2-9 Legal reserves

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.

2-10 Borrowings

Borrowings are initially recognized at the value of the consideration received, Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding one year after the balance sheet date, then the loan balance should be classified as long term liabilities.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method, Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate, The effective interest rate amortization is included in finance cost in the separate income statement.

2-11 Impairment

Impairment of financial assets

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

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E-FREE ZONE)

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2-12 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.

2-13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets, All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2-14 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.

2-15 Related party transactions

Related parties represent associated 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.

2-16 Treasury stocks

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

2-17 Statement of cash flows

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

2-18 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 less bank credit balances.

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E-FREE ZONE)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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3. FIXED ASSETS

	Buildings USD	Vehicles USD	Fixtures & decorations USD	Furniture & fittings USD	Office machinery & equipment USD	Total USD
Cost						
1 January 2017	127,190	128,846	636,205	822,045	351,319	2,065,605
Additions during the Year	-	115,726	-	11,431	51,918	179,075
Disposals during the Year	-	(16,769)	(546,525)	(11,958)	-	(575,252)
31 December 2017	<u>127,190</u>	<u>227,803</u>	<u>89,680</u>	<u>821,518</u>	<u>403,237</u>	<u>1,669,428</u>
Accumulated depreciation						
1 January 2017	(57,241)	(21,606)	(83,973)	(613,005)	(249,853)	(1,025,678)
Depreciation for the Year	(6,354)	(83,396)	(43,745)	(33,242)	(40,108)	(206,845)
Disposals during the Year	-	-	99,909	-	-	99,909
31 December 2017	<u>(63,595)</u>	<u>(105,002)</u>	<u>(27,809)</u>	<u>(646,247)</u>	<u>(289,961)</u>	<u>(1,132,614)</u>
Net Book Value 31 December 2017	<u>63,595</u>	<u>122,801</u>	<u>61,871</u>	<u>175,271</u>	<u>113,276</u>	<u>536,814</u>
	Buildings USD	Vehicles USD	Fixtures & decorations USD	Furniture & fittings USD	Machinery & equipment USD	Total USD
Cost						
1 January 2016	127,190	128,846	636,205	781,473	287,108	1,960,822
Additions during the year	-	-	-	40,572	64,926	105,498
Disposals during the year	-	-	-	-	(715)	(715)
31 December 2016	<u>127,190</u>	<u>128,846</u>	<u>636,205</u>	<u>822,045</u>	<u>351,319</u>	<u>2,065,605</u>
Accumulated depreciation						
1 January 2016	(23,490)	(15,152)	(75,005)	(560,342)	(247,680)	(921,669)
Depreciation for the year	(33,751)	(6,454)	(8,968)	(52,663)	(2,888)	(104,724)
Disposals during the year	-	-	-	-	715	715
31 December 2016	<u>(57,241)</u>	<u>(21,606)</u>	<u>(83,973)</u>	<u>(613,005)</u>	<u>(249,853)</u>	<u>(1,025,678)</u>
Net book value 31 December 2016	<u>69,949</u>	<u>107,240</u>	<u>552,232</u>	<u>209,040</u>	<u>101,466</u>	<u>1,039,927</u>

- There are no broken down, not used or fully depreciated assets and still working

4. AVAILABLE FOR SALE INVESTMENTS

	31 December 2017 USD	31 December 2016 USD
Quoted shares in the Egyptian Stock Market *	55,439,935	50,575,327
Unquoted shares	<u>19,592,114</u>	<u>19,592,114</u>
	<u>75,032,049</u>	<u>70,167,441</u>

* Quoted shares in the Egyptian stock market include 31,146,031 shares with fair value amounted to USD 55,439,935 from investment in Egyptian Gulf Bank Pledged as collateral for a letter of guarantee issued by the Arab African International Bank in favor of Naeem shares and bonds to guarantee brokerage activity and Etihad Capital Company to guarantee portfolio management activity (Note 21).

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E-FREE ZONE)

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5. INVESTMENTS IN ASSOCIATES

	Contribution percentage %	Shares number		Shares number	
		2017	31 December 2017 USD	2016	31 December 2016 USD
EtiHAD Capital	31.20	15,600,000	4,774,735	15,600,000	4,774,735
Naeem Misr Investment Fund*	35.72	50,000	490,044	50,000	490,044
Naeem Shares & Bonds	1.00	310	126,289	-	-
			5,391,068		5,264,779

*Naeem Misr Fund was reclassified to be in Investments in associates instead of Investments in subsidiaries due to the reconciliation of the company's situation, according to the Egyptian Financial Supervisory Authority instructions to merge Naeem Misr for Investment Funds and Naeem Misr Fund into one entity to be under the name of Naeem Misr Investment Fund.

6. INVESTMENTS IN SUBSIDIARIES

Company Name	Ownership %	31 December 2017		31 December 2016	
		USD	USD	USD	USD
Naeem Brokerage	96.99	61,216,092		61,216,092	
Naeem Shares and Bonds *	-	-		12,628,888	
Naeem For Financial Investments	99.99	6,283,260		6,283,260	
Naeem Mortgage for Real Estate	98.40	2,164,518		2,164,518	
Naeem Real Estate Investment Fund (Naeem For Investment Funds) **	99.50	2,371,781		1,840,149	
Naeem Consulting Services	98	86,726		86,726	
Gold Capital for trading	98.90	36,234		36,234	
Naeem Capital Limited	100	8,800,000		8,750,000	
Arab Sweeteners Company	99.98	12,709,514		12,709,514	
Naeem for Investment Fund Management	99.80	562,570		562,570	
Naeem Capital for Investment(Al Tawfik for Financial Investments)	99.98	581,100		581,100	
Al Tawfik for Brokerage	99.96	1,259,215		1,259,215	
Naeem For Real Estate Management Limited***	100	50,000		50,000	
Naeem Real Estate Investment Fund	99	2,645		2,645	
Mina Mac Fund	99	2,645		2,645	
Mina Growth Fund	99	2,645		2,645	
Recap for Financial Investments (Recap holding previously)	47.61	61,574,308		61,574,308	
		157,703,253		169,750,509	

* Naeem Shares & Bonds sold to EtiHAD Capital and no Gain or loss occurred from this transaction.

** The capital of Naeem Real Estate Investment Fund (Naeem for Investment Funds previously) was increased, consequently the company's issued and paid up capital has become USD 20,000,000.

*** Naeem for Real Estate Management Limited Company have an indirect investment by 10.33 % in Recap for Financial Investments.

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E-FREE ZONE)

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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7. EMPLOYEES REWARDING SYSTEM

The balance of employees rewarding system as of 31 December 2017 amounted to USD 9,935,265 represented in the market value of the system shares with amount of USD 8,470,384 in addition to cash portion amounting to USD 1,464,881

On 30 April 2008, all treasury stocks had been transferred to employees' rewarding system and the stocks were revaluated using the fair (market) value at the date of transfer.

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 16 July 2008 the transaction was registered at Misr for Central Clearing. Depository and Registry.

On 24 May 2013, 5,000,000 shares has been transferred to employees rewarding system previously purchased on 13 November 2012 as per the extraordinary general assembly meeting decision for financing the employees rewarding system.

On 22 June 2017 the ordinary general assembly meeting agreed on board of directors' proposal to declare 1 stock dividend for every 10 shares, the employee rewarding system portion is 1,878,133 shares. On 9 October 2017 the transaction was registered at Misr for Central Clearing. Depository and Registry.

The employees rewarding system shares has been revaluated by the market value by USD 9,935,265 (USD 14,236,192 at 31 December 2016) so the negative net valuation differences of these shares become USD 10,695,357 in 31 December 2017 which classified in Employees rewarding system revaluation differences in the shareholder equity section in the standalone financial statement (USD 6,394,430 at 31 December 2016)

Movement Summary is as follows:

	Shares	Shares
Total shares transferred to the system		11,372,754
Free Stock dividends		5,669,052
Shares transferred to the system		5,000,000
Total shares of the system		<u>22,041,806</u>
Shares designated and sold:		
Shares sold	(20,000)	
Holding company's employees	(390,000)	
Subsidiaries employees	(972,334)	
Total designated shares		<u>(1,382,334)</u>
Total undesignated shares		<u><u>20,659,472</u></u>

8. CASH ON HAND AND AT BANKS

	31 December 2017	31 December 2016
	USD	USD
USD		
Cash on hand	11,646	16,300
Banks - Current Accounts	7,635	10,923
	<u>19,281</u>	<u>27,223</u>
Currencies other than USD		
Cash on Hand	11,325	14,582
Banks - Current Accounts	58,300	40,665
Banks - Time Deposit	14,326	5,692
	<u>83,951</u>	<u>60,939</u>
	<u>103,232</u>	<u>88,162</u>

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E-FREE ZONE)

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9. INVESTMENT AT FAIR VALUE THROUGH PROFIT AND LOSS

	Value after valuation 31 December 2016 USD	Purchases USD	Sales USD	Value before valuation 31 December 2017 USD	Net change at 31 December 2017 USD	Value after valuation 31 December 2017 USD
Securities portfolio Balance 31 December 2017	1,572,022	40,706,078	(37,783,464)	4,494,636	667,356	5,161,992
	<u>1,572,022</u>	<u>40,706,078</u>	<u>(37,783,464)</u>	<u>4,494,636</u>	<u>667,356</u>	<u>5,161,992</u>

10. CURRENT ASSETS HELD FOR SALE

The current assets held for sale are represented in the sale of 4 apartments at Palm Park Compound and a part of building B16 in smart village with the amount of USD 1,549,976.

	31 December 2017 USD	31 December 2016 USD
Ground floor – South suite	782,158	1,651,885
First floor - South suite	-	1,695,096
Second floor - South suite	-	1,851,663
5 apartments at Palm Park Compound (note 22-6)	1,549,976	3,208,758
	<u>2,332,134</u>	<u>8,407,402</u>

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E-FREE ZONE)

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11. DUE FROM / TO SUBSIDIARIES AND RELATED PARTIES

During the year, the company made several transactions with its subsidiaries and related parties include providing those subsidiaries with working capitals for financing its operations and also include payment of expenses on behalf of Naeem Holding Company for Investments. All these transactions were executed using the same basis for transactions executed with non-related parties.

a) Due from Subsidiaries and Related Parties

	31 December 2017	31 December 2016
	USD	USD
Naeem Brokerage - Subsidiary	-	46,328
Naeem Capital Limited – Subsidiary	4,693,092	4,740,714
Naeem for Real Estate Management Limited – Subsidiary	31,862,213	28,527,765
Naeem Financial Investments – Subsidiary	161,287	-
Al Tawfik for Brokerage	4,136	-
Naeem for Real Estate Investment – Related party	-	164,532
EtiHAD Capital	9,795,718	251,917
Arab sweeteners Company	169,721	-
Naeem Investment Fund Management– Subsidiary	62,371	-
Gold Capital company – Related party	108,887	389,546
	<u>46,857,425</u>	<u>34,120,802</u>

b) Accounts Receivable Margin Trade -

	31 December 2017	31 December 2016
	USD	USD
Naeem brokerage Company – Subsidiary	1,913,105	1,826,398
	<u>1,913,105</u>	<u>1,826,398</u>

c) Due to Subsidiaries and Related Parties

	31 December 2017	31 December 2016
	USD	USD
Naeem Brokerage	132,764	
Reacap for Financial Investments (Reacap Holding Previously)	-	15,663
Arab sweeteners Company	-	1,265,092
Naeem Real Estate Investment	243,164	-
Naeem Consultancy Services – Subsidiary	1,352	726
Naeem for Financial Investments – Subsidiary	-	104,068
Naeem for Real Estate Mortgage– Subsidiary*	753,438	732,626
Naeem Capital for Investments (Al Tawfik Financial Investments previously)	137,409	-
SVREICO for Real Estate Investment	1,404,433	-
Naeem For Investment Fund Management – Subsidiary	-	65,215
Naeem Real Estate Fund	746,472	-
	<u>3,419,032</u>	<u>2,183,390</u>

* According to the decision of the Board of Directors of the General Authority for financial supervisory in the session held in 22 July 2011, The Company had been prohibited from operating the real estate financing according to article 42 of real estate financing law no,148 for 2001, for not completing its issued capital.

NAEEM HOLDING COMPANY FOR INVESTMENTS (S.A.E-FREE ZONE)

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12. PREPAID EXEPENSES AND OTHER DEBIT BALANCES

	31 December 2017	31 December 2016
	USD	USD
Prepaid expenses	130,687	8,406
Deposits with others	124,664	155,353
Employees' loans and advances	27,314	38,630
Tamweel For Mortgage Company *	3,294,593	-
Tamweel For Leasing Company **	1,074,929	-
Leasing contracts settlements ***	3,301,922	-
Other debit balances	638,234	329,923
	<u>8,592,343</u>	<u>532,312</u>

* The company has made a sale and lease back contract for the first and third floor - building B-16 in Smart village that the company owns it (note 10) with Tamweel For Mortgage Company.

** 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 (note 10) with Tamweel for Leasing.

***This balance consists of the unamortized amounts occurred from sale and lease back contract loss for the first, second and third floors - building B-16 in Smart village.

	31 December 2017	31 December 2016
	USD	USD
Balances falling due within 12-month period	1,505,625	376,959
Balances falling due within more than 12-month period	7,086,718	155,353
	<u>8,592,343</u>	<u>532,312</u>

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**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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13. BANKS - CREDIT FACILITIES

	31 December 2017	31 December 2016
	USD	USD
Export Development Bank of Egypt*	1,913,786	1,827,077
Arab African International Bank**	9,089,062	4,227,870
	11,002,848	6,054,947

*The company obtained an unsecured credit facility from the Export Development Bank of Egypt – Main branch amounting to LE 50 million to finance margin trade purchase operation and the facility amount was reduced to be LE 35 million and the customers balance amounted to USD 1,913,105 as of 31December 2017 (Note 11b).

**The company obtained a secured credit from the Arab African International Bank –Egypt amounting to LE 80 million, Ensuring securities. The amount was increased to L.E. 200 million and guaranteed by the shares of Recap for Financial Investments Company and Egyptian Gulf Bank, with the aim of financing a securities portfolio investment.

-The company obtained credit facilities at the amount of 7,400,000 AED from the Arab African International Bank, with the aim of financing the purchase of investments.

The average effective interest rate for bank credit facilities is 19.25 %.

14. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31 December 2017	31 December 2016
	USD	USD
Accrued expenses	100,915	98,517
Tax authority	10,261	85,657
Employees rewarding system loan *	1,459,830	1,461,113
Other credit balances	388,641	1,558,247
	1,959,647	3,203,534

* Employees rewarding system loan is in accordance with the modification that had occurred on the articles of association for the rewarding system, which state the possibility of using the liquidity available of the system in the activity until the system in need of that liquidity then to be returned.

15. NOTES PAYABLE

a) Notes Payable – Short Term

	31 December 2017	31 December 2016
	USD	USD
Naeem Company for Investment Funds	-	564,430
Misr Company for Engineering Systems	-	14,418
Tamweel For Leasing Company	260,008	-
Tamweel for Mortgage Company	367,233	-
Smart Villages Company	124,451	-
	751,692	578,848

b) Notes Payable – Long Term

	31 December 2017	31 December 2016
	USD	USD
Tamweel For Leasing Company	780,024	-
Tamweel for Mortgage Company	2,937,867	-
	3,717,891	-

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**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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16. ISSUED AND PAID UP CAPITAL

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

On 18 July 2006, the company's board of directors approved an increase in the issued and paid up capital by USD 120 million, accordingly the number of shares increased from 120000000 to 240000000 shares each with a par value of USD 1. This increase was fully subscribed.

On 30 March 2008 the ordinary general assembly meeting agreed on board of directors' proposal to declare 1 stock dividend for every 3 shares outstanding with total amount of USD 80 million. On 16 July 2008 the capital increase was registered at Misr for Central Clearing, Depository and Registry, 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 10660529 shares from treasury shares at their par value (Note 17), accordingly the company issued and paid up capital as of 31 December 2009 amounted to USD 309,339,471.

On 14 April 2011 and based on extraordinary general assembly meeting decision to redeem 5017471 shares from treasury shares at their par value (Note 17). Accordingly the company issued and paid up capital amounted to USD 304,322,000.

On 21 May 2012 and according to the Extra Ordinary General Assembly Meeting of the Company 10432529 stocks were written off by par value (Note 17) from treasury stocks which decreased the Company's issued and paid up capital by an amount of 293,889,471 USD.

On 6 August 2013 and according to the Extra Ordinary General Assembly Meeting of the Company 10000000 stocks were written off by par value (Note 17) from treasury stocks which decreased the Company's issued and paid up capital by an amount of 283,889,471 USD.

Articles 6, 7 in the company's principle system were modified, the capital discount was noted by the commercial register dated 16 January 2014.

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 USD 283,889,471 to USD 198,722,629.70, by way of reducing the nominal value per share from 1 USD 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 USD 85,166,841.30, to the company's reserves (general reserve), and for amending articles no. 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 312278418 shares each with a par value of USD 0.70 and it was modified in the commercial register dated 14 September 2017.

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17. TREASURY STOCKS 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 stocks. The company had purchased 11115493 stocks during 2008 and 2009 amounted to USD 7,428,235.

On 11 November 2009 the board of directors agreed to redeem 10660529 stocks from treasury shares at par value (Note 16). The redemption process of these shares was completed according to the decision of the extra ordinary general assembly meeting held on 30 March 2010 with a total amount of USD 7,219,991. The difference between the carrying amount and the par value amounted to USD 3,440,538 was recognised in the reserve available for distribution in the equity section of the separate balance sheet.

On 14 April 2011 and based on extra ordinary general assembly meeting decision the company redeemed 5017471 stocks of treasury shares at acquisition price of USD 2,654,357 and par value with total amount USD 5,017,471. The difference between the carrying amount and the par value amounted to USD 2,363,114 was recognised in Reserve available for distribution in the equity section of the financial position as of 31 December 2011, the total amount of reserve is 5,803,652 (Note 16).

On 21 May 2012 and according to the Extra Ordinary General Assembly Meeting for the Company, 10432529 stocks were written off by par value (Note 16) with acquisition cost of 5,605,525 USD and par value of 10,432,529 USD and the difference between the par value and the cost of acquisition were included in the treasury stock reserve in the equity section of the separate balance sheet as of 31 December 2012 which amounted to 4,827,004 USD, The reserve available for distribution amounted to USD 10,630,656 as of 31 December 2012.

On 13 November 2013 and according to the Extra Ordinary General assembly Meeting of the company, 5000000 stocks were purchased with a purchase price of USD 1,608,173 to finance the employees rewarding system, transferred to employees rewarding system on 24 May 2013.

On 6 August 2013 and according to the Extra Ordinary General Assembly Meeting for the Company, 10000000 stocks were written off by par value (Note 16) with acquisition cost of 2,814,142 USD and par value of USD 10,000,000 and the difference between the par value and the cost of acquisition were included in the treasury stock reserve in the equity section of the separate balance sheet as of 31 December 2013 which amounted to USD 6,671,109. The reserve available for distribution amounted to USD 6,671,109 as of 31 December 2013.

On 31 December 2017 the treasury stocks outstanding with total value of USD 6,671,109 (USD 6,671,109 as of 31 December 2016)

There is no balance for treasury shares as of 31 December 2017 (There is no balance for treasury shares as of 31 December 2016)

18. TAX SITUATION

a) Income tax

The Company is incorporated in the Ismailia Public Free Zone Area and is exempted from all taxes according to Investment Guarantees and Incentives Law No. 8 of 1997

b) Salary taxes

Company's books were inspected till 31 December 2012 and 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.

c) Stamp duty taxes

The Company is exempted from stamp tax till 13 May 2011 and is subject starting from 14 May 2011. The company pays all taxes obligation amounts on a regular basis

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**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) The Company's financial instruments are represented in financial assets and liabilities

The financial assets include cash and cash equivalent, due from the holding company and related parties, other debit balances and available for sale investments, the financial liabilities include due to related parties, and other credit balances. The significant accounting policies applied for the recognising of income and expenses are included in note number (2) of the notes to the financial statements.

b) Interest rate risk

The Company monitors the maturity structure of assets and liabilities with the related interest rates.

c) The foreign currency risk except USD

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, The total financial assets denominated in foreign currencies other than the US Dollar amounted to USD 222,102,381 as of 31 December 2017 (USD 223,327,886 as of 31 December 2016).

The total financial liabilities denominated in foreign currencies other than US Dollar amounted to USD 6,152,014 as of 31 December 2017 (USD 4,293,449 as of 31 December 2016).

d) Credit risk

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

e) 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.

f) Risks of financial 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.

g) Fair value of financial instruments

The carrying amounts of the financial assets and liabilities referred to in note (2) above are not materially different from their fair values at the separate balance sheet date.

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20. EARNINGS PER SHARE

Earnings per share were calculated by dividing net profit for the year by the number of shares outstanding.
Profit per share for the year ended 31 December 2017 is amounted to USD 0.005 per share.

	31 December 2017	31 December 2016
	USD	USD
Net Profit for the year	1,944,022	5,202,624
Legal Reserve 5%	(97,201)	(260,131)
Net Retained Earnings available for distribution after Reserve	1,846,821	4,942,493
Employees Sharing 10% not exceed total annual salary	(184,682)	(520,262)
Available for distribution for Shareholders and Board of Directors	1,662,139	4,422,230
Board of Directors reward 10% from Retained Earning	(166,214)	(442,223)
Retained Earnings	1,495,925	3,980,007
Number of Shares	290,986,708	283,889,471
Profit Per Share	0.005	0.014

21. CONTINGENT LIABILITIES

- The company warrants a letter of guarantee at the amount of AED 20,000,000 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 also the company warrants a letter of guarantee with the amount of AED 26,000,000 or the equivalent amount in USD issued by Arab African International Bank in favour of Etihad Capital Company with the aim the aim of financing a securities portfolio investment, the letter of guarantee was issued in return for the company undertaking to maintain at all times a minimum limit of coverage. Accordingly, the company pledged the Egyptian Gulf Bank shares owned by the company to Arab African International Bank.

The accounts receivable balance as of 31 December 2017 includes USD 1,913,105 representing purchased stocks for margin trading customers (amounted to USD 1,826,398 as of 31 December 2016)

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22. RELATED PARTIES TRANSACTION

The separate financial statements include related parties transactions which are as follows:

22-1 Custody commission charged on Naeem Brokerage - subsidiary amounted to USD 272,920 for the year ended on 31 December 2017.

22-2 Margin trading revenues amounted to USD 526,628 for the year ended on 31 December 2017 from Naeem Brokerage – subsidiary.

The related parties transactions included in the financial statements are as follows:

a) Due from related parties:

Company	Relation	Finance expenses
Naeem Capital Limited	Subsidiary	4,693,092
Naeem for Real Estate Management Limited	Subsidiary	31,862,213
Naeem Financial Investments	Subsidiary	161,287
Al Tawfik Brokerage	Subsidiary	4,136
Arab Sweeteners Company	Subsidiary	169,721
EtiHAD Capital	Associate	9,795,718
Naeem for Investment Fund Management	Subsidiary	62,371
Gold Capital for Trading	Subsidiary	108,887

b) Due to related parties:

Company	Relation	Finance expenses
Naeem Brokerage	Subsidiary	132,764
Neem Real Estate Investment	Subsidiary	243,164
Naeem Capital for Investments (Al Tawfik Financial Investments previously)	Subsidiary	137,409
Naeem for Consultancy Services	Subsidiary	1,352
Naeem for Real Estate Mortgage	Subsidiary	753,438
SVREICO for Real Estate Investment	Subsidiary	1,404,433
Naeem Real Estate Fund (Naeem Investment fund previously)	Associate	746,472

23. TARGETS 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 are made through shareholder's equity, and borrowings through financial institutions are very limited.

24. COMPARATIVE NUMBERS

Comparative numbers has been adjusted for the year 2016 to be suitable for this year financial statements presentation.