CI Capital Holding For Financial Investments Company
(Egyptian Joint Stock Company)

Separate financial statements
for the period ended June 30, 2019
&
Review Report

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KPMG

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Review Report
To the Board of Directors of CI Capital Holding For Financial Investments Company

Introduction

We have performed a limited review for the accompanying statement of financial position of CI Capital Holding For Financial Investments Company (Egyptian Joint Stock Company) as at 30 June 2019 and the related statements of income, comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The company's management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2019 and of its financial performance and its cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Consultants

Cairo, July 30, 2019

CI Capital Holding For Financial Investments

"Egyptian Joint Stock Company"

Translation of financial statements originally issued in Arabic

Separate statement of financial position as at June 30, 2019

(in EGP)	Note no.	30 June 2019	31 December 2018
Non-current Assets			
Financial Investments in subsidiaries	(3)	856 022 545	843 535 045
Available for sale financial investments	(4)	5 225 350	5 224 624
Property, plant and equipment	(6)	13 271 188	13 701 032
Subordinated Loans for Subsidiaries	(15)	363 500 000	504 000 000
Total Non-current Assets		1 238 019 083	1 366 460 701
Current Assets			
Cash at banks	(15,7)	294 159 940	275 946 393
Investments in treasury bills	(8)	179 035 543	74 636 793
Other assets	(9)	58 518 997	9 400 899
Total Current Assets		531 714 480	359 984 085
Total Assets		**1 769 733 563**	**1 726 444 786**
Shareholders' Equity			
Issued and paid in capital	(10-1)	544 184 033	544 184 033
Legal reserve		22 084 024	18 606 438
Issuance premium reserve	(10-1)	858 548 096	858 548 096
Retained earnings		321 073 960	240 521 132
Total shareholders' equity		1 745 890 113	1 661 859 699
Non-current liabilities			
Deferred tax liabilities	(5-1)	1 149 701	1 228 230
Total Non-current liabilities		1 149 701	1 228 230
Current liabilities			
Other liabilities	(15,11)	12 308 495	62 362 961
Current tax liabilities		9 642 912	-
Provisions	(12)	742 342	993 896
Total current liabilities		22 693 749	63 356 857
Total liabilities		23 843 450	64 585 087
Total shareholders' equity and liabilities		**1 769 733 563**	**1 726 444 786**

The accompanying notes from pages (6) to (38) an integral part of these financial statements, and are to be read therewith.

(Review report attached)

Mahmoud Attalla

Chairman & Managing Director

CI Capital Holding For Financial Investments

"Egyptian Joint Stock Company"

Translation of financial statements originally issued in Arabic

Separate income statement for the period ended June 30, 2019

(in EGP)	Note no.	Six months ended 30 June 2019	Three months ended 30 June 2019	Six months ended 30 June 2018	Three months ended 30 June 2018
Operating revenue					
Custody income	(15-1)	6 762 279	590 720	7 667 337	1 271 875
Dividend income	(15-1)	58 026 757	657	50 189 366	27 302 626
Total operating revenue		64 789 036	591 377	57 856 703	28 574 501
Add/ (deduct)					
Financing cost	(15-2)	-	-	(31 571 837)	(12 141 536)
General and administrative expenses	(13,15-2)	(43 002 810)	(17 958 113)	(49 628 715)	(35 446 750)
Gain from selling financial investments at fair value through profit or loss		-	-	613 992	613 992
Gain on sale of Property, plant and equipment		382 333	-	-	-
Financial investments at fair value through profit or loss revaluation differences		-	-	-	(288 580)
Treasury bills interest income		8 407 428	6 108 318	6 122 762	6 122 762
Interest income	(15-1)	65 698 673	29 302 933	44 247 767	30 118 463
Other income	(15-1)	1 953 188	1 005 724	2 146 379	1 342 240
Foreign currency exchange differences		(977 772)	(754 377)	63 142	90 273
Impairment loss released of other assets		-	-	4 404 607	-
The financing cost for the possible liability of (Reefy Company)		(1 444 131)	-	(2 620 588)	(1 310 294)
Provisions charged /No longer required	(12)	46 229	(92 520)	-	-
Net profit before income tax		95 852 174	18 203 342	31 634 212	17 675 071
Income tax	(5)	(11 821 760)	(4 514 059)	(3 914 290)	(2 801 408)
Net profit for the Period		**84 030 414**	**13 689 283**	**27 719 922**	**14 873 663**
Earnings per share	(14)	**0.139**	**0.022**	**0.060**	**0.03**

The accompanying notes from pages (6) to (38) an integral part of these financial statements, and are to be read therewith.

CI Capital Holding For Financial Investments

"Egyptian Joint Stock Company"
Translation of financial statements originally issued in Arabic

Seperate statement of comprehensive income for the period ended June 30, 2019

(in EGP)	Six months ended 30 June 2019	Three months ended 30 June 2019	Six months ended 30 June 2018	Three months ended 30 June 2018
Net profit for the period	84 030 414	13 689 283	27 719 922	14 873 663
Total comprehensive income for the period	**84 030 414**	**13 689 283**	**27 719 922**	**14 873 663**

The accompanying notes from pages (6) to (38) an integral part of these financial statements, and are to be read therewith.

CI Capital Holding For Financial Investments

"Egyptian Joint Stock Company"

Translation of financial statements originally issued in Arabic

Separate statement of changes in shareholders' equity for the period ended June 30, 2019

(in EGP)

	Issued and paid in capital	Legal reserve	Issuance premium reserve	Retained earnings	Treasury stocks	Total shareholders' equity
2018						
Balance as at January 1, 2018	411 456 220	12 117 463	-	189 145 795	(142 537)	612 576 941
Treasury stock	-	-	-	112 599	142 537	255 136
Transferred to legal reserve	-	6 488 975	-	(6 488 975)	-	-
Dividends		-	-	(11 800 000)	-	(11 800 000)
Capital increase	132 727 813	-	889 276 347	-	-	1 022 004 160
The intial public offering costs	-	-	(27 983 241)	-	-	(27 983 241)
Net profit for the period	-	-	-	27 719 922	-	27 719 922
Balance as at June 30, 2018	**544 184 033**	**18 606 438**	**861 293 106**	**198 689 341**	**-**	**1 622 772 918**
2019						
Balance as at January 1, 2019	544 184 033	18 606 438	858 548 096	240 521 132	-	1 661 859 699
Transferred to legal reserve	-	3 477 586	-	(3 477 586)	-	-
Dividends	-	-	-	-	-	-
Net profit for the period	-	-	-	84 030 414	-	84 030 414
Balance as at June 30, 2019	**544 184 033**	**22 084 024**	**858 548 096**	**321 073 960**	**-**	**1 745 890 113**

The accompanying notes from pages (6) to (38) an integral part of these financial statements, and are to be read therewith.

CI Capital Holding For Financial Investments

"Egyptian Joint Stock Company"

Translation of financial statements originally issued in Arabic

Separate statement of cash flow for the period ended June 30, 2019

(in EGP)	Note no	30 June 2019	30 June 2018
Cash flows from operating activities			
Net profit before income tax		95 852 174	31 634 212
Adjustments as follow :			
Property, plant & equipment depreciation	(6)	1 978 336	1 076 678
Provisions charged	(12)	92 520	-
Provisions no longer required	(12)	(138 749)	-
Provisions used during period	(12)	(205 325)	-
Interest income		(65 698 673)	(44 247 767)
Dividends income		(58 026 757)	(50 189 366)
Financing cost		-	31 571 837
The financing cost for the possible liability of (Reefy Company)		1 444 131	2 620 588
Gain from selling financial investments at fair value through profit or loss		-	(613 992)
Gain on sale of property, plant and equipment		(382 333)	-
Impairment loss released of other assets		-	(4 404 607)
Treasury bills interest income		(8 407 428)	(6 122 762)
Changes in :			
Other assets		(6 290 274)	14 201 715
Other liabilities		(27 942 728)	(2 571 837)
Interest income-collected		64 881 572	44 247 767
Income tax paid during the period		-	(8 069 408)
Financing cost paid		-	(31 571 837)
Treasury bills interest income - collected		2 472 209	-
Net cash flows (used in) operating activities		(371 325)	(22 438 779)
Cash flows from investing activities			
Payments for purchases of treasury bills		(98 463 531)	(48 024 611)
Dinidends income collected		13 758 657	22 973 712
Payments in financial Investments in subsidiaries		(12 487 500)	-
Payments for investments under settlements		(23 555 869)	(90 000 000)
Financial investments at fair value through profit or loss		-	2 249 272
Payments for purchases available for sale financial investments		(726)	-
Payments for purchases of property, plant & equipment	(6)	(2 298 492)	(178 796)
Proceeds from selling property, plant & equipment		1 132 333	-
Net cash flows (used in) investing activities		(121 915 128)	(112 980 423)
Cash flows from financing activities			
Dividends paid		-	(11 800 000)
Proceeds from selling treasury stocks		-	255 136
The intial public offering costs		-	(27 983 241)
Issuance premium reserve		-	1 022 004 160
Proceeds from loans and overdraft		-	(319 000 000)
Payments for subordinated loans for subsidiaries		140 500 000	(127 500 000)
Net cash flows provided from financing activities		140 500 000	535 976 055
Net change in cash and cash equivalent during the period		18 213 547	400 556 853
Cash and cash equivalent at the beginning of the period		275 946 393	12 522 871
Cash and cash equivalent balance at the end of the period	(7)	**294 159 940**	**413 079 724**
Represented in:			
Current accounts		39 875 442	28 882 835
Banks - Deposits		254 284 498	384 196 889
	(7)	**294 159 940**	**413 079 724**

The accompanying notes from pages (6) to (38) an integral part of these financial statements, and are to be read therewith.

1- Background

1-1 Incorporation

CI Capital Holding For Financial Investments Company S.A.E was originally established as CI Capital Holding Company on April 9, 2005 under the provisions of Law No.95 of 1992 and its executive regulations. The company was registered in the Commercial Register on 10 April 2005 under No. 166798 and has obtained a license No. 353 from the Capital Market Authority on 24 May 2006. And the extraordinary general assembly meeting decided in 20 March 2019 to change the company's name to be CI Capital Holding for financial investments Company.

1-2 Purpose of the company

- The company's purpose is to participate in the incorporation or to subscribe in the capital increase of entities which issue securities, management of investment funds, providing investment banking advisory services and to perform custody operation, under the provisions of Law No. 95 of 1992 and its executive regulations. The company has the right to have interest in or to participate with other corporations with similar business activities or which may assist the company in attaining its objectives in Egypt and outside Egypt. Also the company has the right to merge or acquire those entities in accordance with the law and its executive regulations.
- The Company's duration is 25 years commencing from the registration date in the commercial register.
- The company's premises are located at 64 Mohie Eldin Abu El Ezz – Dokki – Giza – Arab Republic of Egypt.

1-3 Authorization of the financial statements

These financial statements were authorized for issue in accordance with the resolution of the board of directors on 30 July 2019.

2- Basis of preparation

2-1 Statement of compliance

These financial statements have been prepared in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations.

2-2 Functional and presentation currency

These financial statements are presented in Egyptian pounds (EGP) which is the Company's functional currency.

2-3 Use of estimates and judgments

Preparing these financial statements in accordance with Egyptian Accounting Standards, requires management using judgements, estimates and assumptions that affect the application of the accounting policies and the amounts of assets, liabilities, income and expenses. The estimates and assumptions depends on historical experience and other factors that company's management see. And the real results could be different from assumptions.

- Estimates and assumptions about them are reviewed on regular basis.
- Any changes in accounting estimates are recognized in the period where the estimates are changed whether the change affects only that period, or in the period of change and the future periods if the change affects them both.

2-4 Fair value measurement

- The fair value of financial instruments are determined based on the market value of the financial instrument or similar financial instruments at the date of the financial statements without deducting any estimated future selling costs. The value of financial assets are determined by the values of the current purchase prices for those assets, while the value of financial liabilities is determined by the current prices that can be settled by those liabilities.
- In the absence of an active market to determine the fair value of financial instruments, the fair value is estimated using various valuation techniques, taking into consideration the prices of the transactions occurred recently, and guided by the current fair value of other similar tools substantially - discounted cash flow method - or any other evaluation method to get resulting values that can rely on.
- When using the discounted cash flow method as a way to evaluate, the future cash flows are estimated based on the best estimates of management. And the discount rate used is determined in the light of the prevailing market price at the date of the financial statements that are similar in nature and conditions.
- The most important clauses and notes used in these estimates and judgment are: Note (12) Provisions

2-5 Consolidated financial statements

The company has subsidiaries and is required to prepare a consolidated financial statements in accordance with Egyptian Accounting Standards No,42 "Consolidated Financial Statement" and the article No,188 from the executive regulation of the corporate Law No.159 of 1981.

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

3- Investments in subsidiaries

Company name	Stake	30 June 2019	31 December 2018
Commercial International Brokerage Company	98.96 %	98 974 335	98 974 335
CI Assets Management	95.91 %	4 946 989	4 946 989
CI Capital Investment Banking	99.57 %	27 433 894	27 433 894
Dynamic Securities Brokerage Company	99.96 %	22 382 000	22 382 000
Corporate Leasing Company (Egypt) "Corplease"	87.40 %	316 757 253	316 757 253
"REEFY" For Micro Finance Project	79.99%	373 040 574	373 040 574
CI Mortgage Finance Company	99.90%	12 487 500	-
		856 022 545	**843 535 045**

- "REEFY" For Micro Finance Project Company S.A.E was established according to the Capital Market Authority decree dated May 30, 2007, The Company's purpose is financing the agriculture, production, services and commercial activities which generate income, providing technical, systematic and marketing consulting services and performing economic studies related to the micro finance project.
- On 28 December 2017 the company had acquired 80% from "REEFY" For Micro Finance Project with an acquisition cost amounted to EGP 373 040 574 (represents the investment cost) and the paid amount is EGP 241 040 574 (As of 31 December 2017 The fair value of investment cost to be paid is EGP 132 Millions). According to the signed contractual purchase of shares and its agreed amendments, the company paid EGP 90 Million on June 2018, EGP 23 537 369 on November 2018 and on February 2019 The company made the final payment EGP 25 Million and recorded EGP 1.4 Million at the statement of profit or loss.
- The company had obtained a medium term loan amounted to EGP 120 million from the Commercial International Bank - Egypt to finance the acquisition process secured by pledging all of the acquired shares of the REEFY" For Micro Finance Project and pledged 490,000 shares of Corplease represents (28.32%) of its capital as a guarantee of the loan. The company paid the full amount in May 2018 and the pledge on all shares has been lifted.
- CI Mortgage Finance Company S.A.E was originally established under the provisions of money market Law No.159 of 1981 and its executive regulations. The company was registered in the Commercial Register under No. 133011 dated 19 March 2019.
- The company's authorized capital amounts EGP 500 million and issued amount EGP 50 million and paid-in capital amounts EGP 12.5 million distributed on 1.25 million shares of par value EGP 10 per share.

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

4- Available for sale financial investments

	30 June 2019	31 December 2018
Misr Clearance Company*	5 194 800	5 194 800
Investment in other companies	30 550	29 824
	5 225 350	**5 224 624**

* This amount represents 54 326 shares of Misr Clearance Company's Capital (MCCC) held by CI Capital. MCCC is an unlisted company operating in an inactive market and therefore, the investment was evaluated using a cost method.

5- Income tax

	For the six months ended 30 June 2019	For the three months ended 30 June 2019	For the six months ended 30 June 2018	For the three months ended 30 June 2018
Income tax	(11 900 289)	(4 552 045)	(3 729 660)	(2 585 335)
Deferred tax	78 529	37 986	(184 630)	(216 073)
	(11 821 760)	**(4 514 059)**	**(3 914 290)**	**(2 801 408)**

5-1 Deferred income tax

The following are deferred tax balances as of June 30, 2019 calculated based on 22.5% tax rate according to the Income Tax Law.

	Deferred tax recognized in the income statement during the period	Deferred tax liabilities
Deferred tax liabilities arising from depreciation of fixed assets		
Beginning balance	-	(1 228 230)
During the period	78 529	78 529
Deferred tax liabilities	**78 529**	**(1 149 701)**

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

6- Property, plant & equipment

Description	Furniture & Fixtures	Machinery and equipment	Communication devices	Computer equipment	Vehicles	Total
Cost						
Cost as of 1-1-2018	3 007 845	1 004 215	93 201	11 440 134	4 844 061	20 389 456
Additions during the period	92 847	23 379	-	62 570	-	178 796
Disposals during the period	.	-	-	(600 000)	-	(600 000)
Cost as of 30-6-2018	**3 100 692**	**1 027 594**	**93 201**	**10 902 704**	**4 844 061**	**19 968 252**
Cost as of 1-1-2019	3 100 692	1 064 221	93 201	19 950 796	4 543 061	28 751 971
Additions during the period	-	18 672	-	35 320	2 244 500	2 298 492
Disposals during the period	-	-	-	-	(2 044 060)	(2 044 060)
Cost as of 30-6-2019	**3 100 692**	**1 082 893**	**93 201**	**19 986 116**	**4 743 501**	**29 006 403**
Accumulated Depreciation						
Accumulated depreciation as of 1-1-2018	2 198 824	719 444	92 916	7 913 406	1 781 168	12 705 758
Depreciation during the period	95 761	45 923	-	550 587	384 407	1 076 678
Disposals' accumulated depreciation	-	-	-	(600 000)	-	(600 000)
Accumulated depreciation as of 30-6-2018	**2 294 585**	**765 367**	**92 916**	**7 863 993**	**2 165 575**	**13 182 436**
Accumulated depreciation as of 1-1-2019	2 390 790	809 912	92 916	9 382 471	2 374 850	15 050 939
Depreciation during the period	95 889	48 565	-	1 288 157	545 725	1 978 336
Disposals' accumulated depreciation	-	-	-	-	(1 294 060)	(1 294 060)
Accumulated depreciation as of 30-6-2019	**2 486 679**	**858 477**	**92 916**	**10 670 628**	**1 626 515**	**15 735 215**
Net book value						
Net book value as of 1/1/2018	**809 021**	**284 771**	**285**	**3 526 728**	**3 062 893**	**7 683 698**
Net book value as of 30/06/2018	**806 107**	**262 227**	**285**	**3 038 711**	**2 678 486**	**6 785 816**
Net book value as of 31/12/2018	**709 902**	**254 309**	**285**	**10 568 325**	**2 168 211**	**13 701 032**
Net book value as of 30/06/2019	**614 013**	**224 416**	**285**	**9 315 488**	**3 116 986**	**13 271 188**

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

7- Cash at banks

	30 June 2019	31 December 2018
Current accounts- LCY	36 610 465	272 439 913
Current accounts –FCY	3 264 977	3 506 480
Banks – deposits- LCY*	153 909 150	-
Banks – deposits- FCY*	100 375 348	-
	294 159 940	**275 946 393**

* Due to a new administrative office rent, the bank deposit balance on 30 June 2019 by the amount of EGP 3 909 150 is restricted against a letter of guarantee that matures on 31 August 2020.

8- Investments in treasury bills

	30 June 2019	31 December 2018
Fair value of treasury bills –maturity less than 91 days	125 000 000	75 000 000
Fair value of treasury bills –maturity more than 91 days and less than 182 days	60 925 000	-
Unrealized income	(6 889 457)	(363 207)
	179 035 543	**74 636 793**

9- Other Assets

	30 June 2019	31 December 2018
Deposits with others	1 147 964	1 147 964
Prepaid expenses	1 207 054	1 634 179
Advance payments for purchase Fixed assets	7 723 054	349 738
Sundry debtors (net)	675 088	1 276 566
Debit cutting tax	2 680 636	2 596 742
Accrued revenue	817 101	2 395 710
Accrued dividends	44 268 100	-
	58 518 997	**9 400 899**

10- Capital

10-1 Issued and Paid

- The company's authorized capital amounts EGP 2 billion and issued and paid-in capital amounts EGP 549 946 000 distributed on 54 994 600 shares of par value EGP 10 per share.
- The company's issued capital has been decreased by the accumulated deficit amounted to EGP 238 489 210 to become EGP 311 456 790 distributed over 31 145 679 shares according to the approval of the company's extraordinary general assembly meeting held on July 10, 2016.
- 57 Shares (Treasury stock) has been redeemed according to the extraordinary general assembly meeting in 20 September 2017 so the issued and paid in capital amount EGP 311 456 220 distributed on 31 145 622 shares.
- On 15 October 2017 the Board of Directors approved the increase of the issued and paid in capital from EGP 100 000 000 to amount EGP 411 456 220 distributed on 41 145 622 shares and the procedures to amend the commercial register has been completed in 19 December 2017.
- On 17 January 2018 the company's extraordinary general assembly approved the splitting of capital shares 1 to 10 and accordingly the amounting of the par value per share from EGP 10 share to EGP 1 share and take all the necessary legal action.
- According to the extraordinary general assembly meeting dated 25 March 2018 they approved a partial offering of CI Capital shares in the local market through initial public offering, while on 18 April 2018 the Financial Regulatory Authority had given the acceptance to issue CI Prospectus indicating the selling of maximum number of 225 637 282 shares of company's shareholders representing a stake of 54.8% stock capital.
- On 30 April 2018, the company had offered 225 637 282 shares amounted EGP 7.7 per share with total value of EGP 1 737 407 071. Also the extraordinary general assembly approved the capital increase for CI Capital through proceeding the issuance of shares through issuing number of shares less than the issued shares through initial public/closed offering with the same offering price, the non selling old shareholders concede their rights in the capital increase. On 21 May 2018 the commercial register had been amended by the increase of issued and paid up capital by EGP 132 727 813 to be EGP 544 184 033 distributed on 544 184 033 shares with par value 1 Egyptian Pound full paid.

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

- On 21 May 2018 the company increased the issued and paid up capital by 132 727 813 shares for EGP 7.7 per share, that represents EGP 1 par value per share and EGP 6.7 issuance premium per share.
  The total amount received related to the capital increase transaction was EGP 1 022 004 160 that represents EGP 132 727 813 as a capital increase in issued and paid up capital and EGP 889 276 347 as a gross amount of issuance premium less EGP 30 728 251 it represents of 59% of total IPO issuance cost to get EGP 858 548 096 as a net issuance premium.
- On 12 June 2019 The board of director approved the increase of the Company's paid in and issued capital from EGP 544,184,033 to EGP 800,000,000 with an amount of EGP 255,815,967 by issuing 255,815,967 bonus shares as per the Board consensus held on 12th of June 2019. This increase will be financed from the share premium reserve account as presented in the financial statements for the quarter ended 31st of March 2019. The resultant stocks are to be awarded to the company's shareholders as 0.47009 bonus share for every 1 share and distribute the residual from the approximation on small investors, and the decision is going to be presented to the general assembly of the company for approval.

10-2 Treasury stocks

On 20 September 2017 the company purchased 3 398 share (33 980 share after splitting dated on January 17, 2018) according to the General Assembly approval to buy the shares of the Commercial International Bank's employee's special insurance fund amounted to EGP 142 537 and according to corporate law SAE no.159 for year 1981 the company must write off such shares during a year of the purchase date. The company sold the treasury stock in the company public underwriting in 30 April 2018.

11- Other liabilities

	30 June 2019	31 December 2018
Due to tax authority	2 938 741	676 169
Investment under settlement *	-	23 555 869
Accrued expenses	5 676 562	34 213 958
Unearned revenue	670 478	612 227
Social insurance authority	361 519	416 057
Sundry creditors	2 661 195	2 888 681
	12 308 495	**62 362 961**

* Note (3)

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

12- Provisions

	Beginning balance 31 December 2018	Provisions Charged	Provisions Used	Provisions no longer required	Ending balance 30 June 2019
Claims provision	870 158	92 520	(205 325)	(138 749)	618 604
Legal claims provision	123 738	-	-	-	123 738
	993 896	**92 520**	**(205 325)**	**(138 749)**	**742 342**

13- General and administrative expenses

	For the six months ended 30 June 2019	For the three months ended 30 June 2019	For the six months ended 30 June 2018	For the three months ended 30 June 2018
Wages and salaries	27 778 360	11 108 790	14 754 392	8 529 671
Other expenses	13 246 114	5 844 685	33 797 645	26 386 111
Property, plant & equipment depreciation	1 978 336	1 004 638	1 076 678	530 968
	43 002 810	**17 958 113**	**49 628 715**	**35 446 750**

14- Earnings per share

	For the six months ended 30 June 2019	For the three months ended 30 June 2019	For the six months ended 30 June 2018	For the three months ended 30 June 2018
Net profit for the period	84 030 414	13 689 283	27 719 922	14 873 663
Employee profit shares (estimated)	(8 403 041)	(1 368 928)	(2 771 992)	(1 487 366)
Distributable profit for the period	75 627 373	12 320 355	24 947 930	13 386 297
Weighted average number of shares	544 184 033	544 184 033	440 213 913	440 213 913
Earnings per share	**0.139**	**0.022**	**0.06**	**0.03**

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

15- Related parties transactions

15-1 Due from related parties

	30 June 2019					
	Financial position Items		Income Statement Items			
Company Name	Current account and bank deposits	Subordinated loans	Interest income	Operating revenue	Dividends income	Other income
Commercial International Bank (Part of cash at banks)	168 954 265	-	6 370 211	-	-	-
Commercial International Brokerage Company	-	340 000 000	49 517 930	705 531	-	492 355
Dynamic Securities Brokerage Company	-	23 500 000	1 107 593	-	-	492 355
CI Capital Investment Banking	-	-	-	-	8 961 880	492 355
CI Assets Management	-	-	-	-	4 795 770	476 106
Corporate Leasing Company - (Corplease)	-	-	-	-	44 268 100	-

	31 December 2018		30 June 2018			
	Financial position Items		Income Statement Items			
Company Name	Current account	Subordinated loans	Interest income	Operating revenue	Dividends income	Other income
Commercial International Bank (Part of cash at banks)	126 480 293	-	12 480 904	-	-	-
Commercial International Brokerage Company	-	494 000 000	28 044 281	1 403 397	28 501 775	437 636
Dynamic Securities Brokerage Company	-	10 000 000	2 404 417	-	-	534 583
CI Capital Investment Banking	-	-	-	-	14 040 279	437 636
CI Assets Management	-	-	-	-	-	423 191
Corporate Leasing Company - (Corplease)	-	-	-	-	7 560 100	-

Due from Commercial International Brokerage Company is represented as follows

Subordinated loans to Commercial International Brokerage Company are amounted to 340 000 000 EGP represented in the following:

Subordinated loan amounted to EGP 45 Millions, charged annually by interest rate 3.5% over corridor, dated 11 November 2018 and matures 10 November 2021.

Subordinated loan amounted to EGP 170 Millions, charged annually by interest rate 3.5% over corridor, dated 14 November 2018 and matures 13 November 2021.

Subordinated loan amounted to EGP 5 Millions, charged annually by interest rate 3.5% over corridor, dated 21 November 2018 and matures 20 November 2021.

Subordinated loan amounted to EGP 20 Millions, charged annually by interest rate 3.5% over corridor, dated 27 November 2018 and matures 26 November 2021.

Subordinated loan amounted to EGP 15 Millions, charged annually by interest rate 3.5% over corridor, dated 31 January 2019 and matures 30 January 2022.

Subordinated loan amounted to EGP 35 Millions, charged annually by interest rate 3.5% over corridor, dated 4 February 2019 and matures 3 February 2022.

Subordinated loan amounted to EGP 20 Millions, charged annually by interest rate 3.5% over corridor, dated 27 February 2019 and matures 26 February 2022.

Subordinated loan amounted to EGP 20 Millions, charged annually by interest rate 3.5% over corridor, dated 3 March 2019 and matures 2 March 2022.

Subordinated loan amounted to EGP 10 Millions, charged annually by interest rate 3.5% over corridor, dated 6 March 2019 and March 5 March 2022.

Due from Dynamic Securities Brokerage Company is represented as follows

Subordinated loans to Dynamic Securities Brokerage Company are amounted to 23 500 000 EGP represented in the following:

Subordinated loan amounted to EGP 1 Millions, charged annually by interest rate 3.5% over corridor, dated 31 May 2018 and matures 30 May 2021.

Subordinated loan amounted to EGP 1 Millions, charged annually by interest rate 3.5% over corridor, dated 5 June 2018 and matures 4 June 2021.

Subordinated loan amounted to EGP 1 Millions, charged annually by interest rate 3.5% over corridor, dated 3 July 2018 and matures 2 July 2021.

Subordinated loan amounted to EGP 1 Millions, charged annually by interest rate 3.5% over corridor, dated 8 July 2018 and matures 7 July 2021.

Subordinated loan amounted to EGP 1 Millions, charged annually by interest rate 3.5% over corridor, dated 17 September 2018 and matures 16 September 2021.

Subordinated loan amounted to EGP 1 Millions, charged annually by interest rate 3.5% over corridor, dated 31 January 2019 and matures 30 January 2022.

Subordinated loan amounted to EGP 2 Millions, charged annually by interest rate 3.5% over corridor, dated 5 March 2019 and matures 4 March 2022.

Subordinated loan amounted to EGP 15.5 Millions, charged annually by interest rate 3.5% over corridor, dated 17 June 2019 and matures 16 June 2022.

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

15-2 Due to related parties

	30 June 2019		
	Financial position items	Income statement items	
Company Name	Other liabilities	Financing expenses	G & A expenses
Commercial International Bank	-	-	704 388
Commercial International Brokerage Company	169 013	-	-
CI Capital Investment Banking	169 013	-	-
CI Assets Management	163 435	-	-
Dynamic Securities Brokerage Company	169 013	-	-

	31 December 2018	30 June 2018	
	Financial position items	Income statement items	
Company Name	Other liabilities	Financing expenses	G & A expenses
Commercial International Bank	-	31 571 837	701 205
Commercial International Brokerage Company	154 329	-	-
CI Capital Investment Banking	154 329	-	-
CI Assets Management	149 236	-	-
Dynamic Securities Brokerage Company	154 329	-	-

16- Tax status

16-1 Corporate tax

- The company submit the tax returns and pays the tax on the dates specified by law.
- The period 2006/2008 has been examined and settlement is paid.
- For year 2009 the company wasn't within the sample of tax inspection.
- The period 2010/2014 was examined and the decision has not been taken yet.
- The tax examination has not been carried out from the year ended on 2015 till now.

16-2 Salary tax

- The Company's salary tax has been examined for the period 31/12/2011, paid and settled since inspection.
- Random estimation for the years 2012/2015 took place, but objection has been raised during legal dues and the decision has been taken for the reexamination, and still in process.

16-3 Stamp tax

- The Company's Stamp tax has been examined for the period 31/7/2006 paid and settled since inspection.
- Random estimation for the years 2006/2013 took place, but objection has been raised during legal dues and the decision has been taken for the reexamination, in addition to the years 2014/2016, has not been inspected yet.

17- Significant accounting policies

The accounting policies set out below have been applied consistently with those applied in all periods presented.

17-1 Foreign currency transactions

The Company maintains its records in Egyptian Pound. Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign currency differences are generally recognized in Income Statement

17-2 Investments in subsidiaries and associates

- Subsidiaries are companies under the control of the company, so when the company hold the control on the financial and operating policies of these subsidiaries so as to obtain benefits from its activities, when assessing whether there is control it taken into consideration the current and potential voting rights at the date of preparation of the financial statements.
- Investments in subsidiaries are included at cost and deduct any impairment in value and charge it to income statement and that for each investment separately, only impairment loss will be refunded merely to limits do not exceed the carrying values and that would have been calculated if not taken an impairment loss in consideration.

17-3 Property, plant and equipment

17-3-1 Recognition and measurement

- Items of property, plant and equipment are measured at historical cost less the accumulated depreciation and any accumulated impairment losses note no.(6), cost includes any direct costs related to the acquisition of the asset and for assets that are created internally, asset cost includes cost of raw materials, direct labor and other direct costs required for those assets to reach operational status and in position for the purpose which it was acquired for, as well as the costs of removal and re-settlement site in which those assets are exists.
- purchased Computers programs, which represent an integral part and effective for devices are capitalized as part of those devices.

- The cost of certain items of property, plant and equipment. Have different useful lives, then they are accounted for as a separate items (major components) of property, plant and equipment.
- Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

17-3-2 Capital gain or loss

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

17-3-3 Subsequent expenditure

The cost of replacing a component of one of the fixed assets as part of the fixed asset is considered when existence of adequate prediction of the future economic benefits associated with the process of the acquisition when it can estimate the cost of replaced component reliably with the exclusion of the net carrying cost of the components that have been replaced, cost of repair service and periodic maintenance is recognized in income statement when spent.

17-3-4 Depreciation

All property, plant and equipment are stated at historical cost, less any accumulated depreciation, except for land which is not depreciated.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method as follows:

Asset	Estimated useful life
Communication devices	3 years
Furniture and fixtures	10 years
Computers	3-5 years
Vehicles	4 years
Machinery and equipment	8 years

17-4 Financial instruments

- The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.
- The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

17-4-1 Non-derivative financial assets and liabilities- Recognition and De-recognition :

- The Group initially recognized loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.
- The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.
- The Group derecognized a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realized the asset and settle the liability simultaneously.

17-4-2 Non-derivative financial assets- Measurement

First- Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.

Second- Investment held to maturity

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Third -Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Fourth- Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments are recognized in OCI and accumulated in the fair value reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

17-4-3 Non-derivative financial liabilities – Measurement

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognized in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

17-5 Share capital

17-5-1 Ordinary stocks

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS 24.

17-5-2 Repurchase and reissuance of ordinary shares (treasury stocks)

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

17-6 Impairment

17-6-1 Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security because of financial difficulties.
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers that 20% declining is important and nine months is considered as prolonged.

First-Financial assets measured at amortized cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account.

When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Second-Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss.

If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss.

Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Third-Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been an estimates used to determine the recoverable amount.

17-6-2 Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

17-7 Provisions

Provisions are recognized when the Group has a legal or constructive current obligation as a result of a past event and it's probable that a flow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed at the financial position date and amended (when necessary) to represent the best current estimate

17-8 Legal reserve

The Company's statutes provides for deduction of a sum equal to 5% of the annual net profit for formation of the legal reserve. Such deduction will be ceased when the total reserve reaches an amount equal to half of the Company's issued capital and when the reserve falls below this limit, it shall be necessary to resume

17-9 Cash Flows Statement

The statement of cash flows is prepared using the indirect method. For the purpose of preparing the cash flows statement, cash and cash equivalents consist of cash on hand, banks current accounts, demand deposits and credit banks which not exceed three months, bank overdraft balance which paid off when requested is considered a part of management of the company's cash as one of its items that appear discounted for the purpose of calculating cash and cash equivalent.

17-10 Dividends Distribution

Dividends distribution is recognized as a liability in the financial statements in the period in which the dividends are declared.

17-11 Operating revenues

17-11-1 Revenue Recognition

- Revenue is measured at fair value of the consideration received or receivable to the company.
- Revenue is recognized when the customer receive the service and the invoice is issued, which results in transferring risks and benefits

associated with the service to the customer, and availability of enough expectation of benefits flow and the possibility of identifying the costs incurred by the company accurately. The company do not have the right for continuous administrative interference of the service provided, revenue can be measured accurately.

- Brokerage commission resulting from purchase of and sale of securities operations in favor of clients are recorded when operation is implemented and the invoice is issued.

17-11-2 Financial Consultancy Fees

Revenue for service delivery is recognized when the results can be accurately estimated to the extent to which the transaction is executed at the balance sheet date and the transaction is recorded in the books based on the accrual basis.

17-11-3 Custody fees Commission

Custody fees are recognized when delivered and the invoice issued.

17-11-4 Interest income

Interest income is recognized in the income statement by using the effective interest rate method.

17-11-5 Dividend income

Dividend income resulted from the Company's investments in shares and mutual funds is recognized in the statement of income on the date that the right to collect it is established.

17-11-6 Custody income

Custody fees income are recognized when the service is provided and the invoice is issued.

17-12 Expenses

17-12-1 Rent

Rental expense is recognized in the income statement on a straight line basis over the contract duration.

17-12-2 Interest expense

Interest expense on loans is recognized in profit or loss using the effective interest method.

17-12-3 Income tax

- Income tax expense comprises current and deferred tax. It is recognized in the income statement except to the extent that it relates to a business combination in the same period or in different period, out of profit and losses either to be recognized directly in equity or in OCI or in business combination.

First: Current income tax

- Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

  Current tax assets and liabilities are offset only if certain criteria are met.

Second: Deferred tax

- Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:
  - Taxable temporary differences arising on the initial recognition of goodwill.
  - Temporary differences on the initial recognition of assets or liabilities in a transaction that is not:

    a- Business combination.

    b- Does not affect either on the total net accounting income, or on the total net taxable income (Tax loss).

- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

- Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available, against which they can be used.
- Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.
- Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.
- When the deferred tax is measured in the end of the financial period, the tax effects on the procedures followed by the company to payback the book value for its assets and liabilities.
- Deferred tax assets and liabilities are offset only if certain criteria are met.
- Deferred tax assets and liabilities are offset only if certain criteria are met.

17-12-4 Borrowing Cost

- Borrowing cost is recognized through income statement which incurred as a financing expense during the period with exception of, that borrowing cost that directly related to the acquisition or creation of assets is capitalized and added to the value of these assets and amortized over the useful life of these assets.

- Borrowing cost is considered as part of the fixed asset costs related to it when the actual spending on the asset start during the period in which the company bears the borrowing cost. Capitalizing of borrowing costs is stopped during the periods in which the asset processing is temporary stopped or when the asset is ready for use.

17-13 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the income statement attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period/year.

17-14 Profit sharing to employees

According the company's articles of incorporation, employees are entitled to 10% of the amount of cash dividends distributable to shareholders, provided it does not exceed the employees' total annual salaries. Employees' profit share is recognized as dividends through equity and as a liability in the financial period in which those dividends are approved by the company's shareholders. Since the legal obligation to distribute dividends to the company's employees is based on distributions to shareholders. However, the 10% of the dividends must be avoided for the employees before any dividends distributions.

18- Financial instruments and management of related risks

The Company is a subject for the following risks as a result of using these financial instruments:

- Credit risk
- Liquidity risk
- Market Risks

This disclosure presents information about to how extend the company is subject to mentioned risks the company's goals, policies and operations regarding the measurement and management of such risks and the company's capital management as well.

The company's Board of Director is the responsible for setting the frame wok for the risk management process and its monitoring. The company's top management is the responsible for the setting and monitoring the risk management policies and report on a regular base to the mother company the risk management activities.

The existing frame work for the financial risk management represented in a combination of the various formal risk management policy in specific field and other informal polices.

The internal audit committee monitor the compliance of the company's top management with policies and procedures adopted for the financial risk management and the adequacy of the current policies and procedures to cover the risk of financial liability.

18-1 Credit risk

Credit risk is the risk of a person or an organization defaulting in the repayment of their obligations to the Group in respect of the terms and conditions of the credit facilities granted to them by the Group.

The company mainly faces credit risks from client's receivable, notes receivable, sundry debtors, other assets, due from related parties and its financing activities including deposits in banks and financial institutions.

First: Clients balances

The credit risk arises based on the company's policies, procedures and control structure related to risk management. The credit worthiness of the client is measured based on the credit performance card for each client separately and the credit limit is determined based on this evaluation a client's accounts to be always monitored. Provisions study are to be made at the financial position date.

Second: Other financial assets and cash deposits

For credit risks arises from other financial assets of the company, which includes cash in banks and cash on hand the company is exposed to the risk of credit as a result of the other side default for payment with a maximum limit of the fair value of these assets.

The finance department in the company is the responsible for managing the raised credit risk from cash in banks and financial institutions. The company decreases the credit risk through depositing its cash in good reputation banks.

The management doesn't expect according to the information's available about the bank they deal with, that any of its debtors may default in repaying them.

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

18-1-1 Maximum Credit risk

	30 June 2019	31 December 2018
Items of Credit risk in financial statements		
Debit balances with others	1 823 052	2 424 530
Subordinated loans for subsidiaries	363 500 000	504 000 000
	365 323 052	**506 424 530**

18-1-2 Aging receivable for clients and other debit balances

	30 June 2019	31 December 2018
Regular clients and debit balances not under impairment	365 323 052	506 424 530
Arrears more than 365 day	12 757 087	13 165 560
Impairment in debit balances	(12 757 087)	(13 165 560)
	365 323 052	**506 424 530**

18-2 Liquidity Risk

The company applies a policy which aims at maintaining adequate balances of liquid assets to be able to pay its short-term liabilities when due, in accordance with normal and exceptional circumstances without incurring unacceptable losses or risking to the Company's reputation.

The Company limits liquidity risk by ensuring availability of banking facilities.

The company maintain adequate cash to repay its expected operating expenses including expenses and liabilities.

Financial Assets as of 30 June 2019

	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Total
Financial Investment in subsidiaries	-	-	856 022 545	856 022 545
Available for sale financial investment	-	-	5 225 350	5 225 350
Other assets	46 908 253	3 157 690	-	50 065 943
Subordinated loans to subsidiaries	-	-	363 500 000	363 500 000
Cash at banks	294 159 940	-	-	294 159 940
Investments in treasury bills	59 232 863	119 802 680	-	179 035 543
Total	**400 301 056**	**122 960 370**	**1 224 747 895**	**1 748 009 321**

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

- The table below summarizes the maturity date of the Company's financial liabilities based on undiscounted contractual flows.

Financial Liabilities as of 30 June 2019

	Less than 3 months	From 3 to 12 months	Total
Other liabilities	12 308 495	-	12 308 495
Current income tax	-	9 642 912	9 642 912
Investment under settlement	-	-	-
Total	**12 308 495**	**9 642 912**	**21 951 407**

Financial Assets as of 31 December 2018

	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Total
Investment in subsidiaries	-	-	843 535 045	843 535 045
Available for sale investment	-	-	5 224 624	5 224 624
Other Assets	4 820 240	2 946 480	-	7 766 720
Subordinated loans to subsidiaries	-	-	504 000 000	504 000 000
Cash at banks	275 946 393	-	-	275 946 393
Investments in treasury bills	74 636 793	-	-	74 636 793
Total	**355 403 426**	**2 946 480**	**1 352 759 669**	**1 711 109 575**

Financial Liabilities as of 31 December 2018

	Less than 3 months	From 3 to 12 months	Total
Other liabilities	38 807 092	-	38 807 092
Current income tax	-	-	-
Investment under settlement	-	23 555 869	23 555 869
Total	**38 807 092**	**23 555 869**	**62 362 961**

18-3 Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group does not use derivatives to manage market risks.

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

18-3-1 Interest rate risk

Interest rate risk arises from the sensitivity of earnings to future movements in interest rates applied on assets and liabilities.

The Group's management closely monitors interest rate fluctuations on a continuous basis and ensures that assets and liabilities are matched and re-priced in a timely manner. The Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or are re-priced in a given period. The most important source of interest rate risk derives from the lending, funding and investing activities, where fluctuations in interest rates are reflected in interest margins and earnings.

	30 June 2019	31 December 2018
Fixed rate balances		
Financial assets	433 320 041	74 636 793
Variable rate balances		
Financial assets	363 500 000	578 636 793

18-3-2 Foreign currency risk

- The company faces the foreign currency risk on sales, purchases and loans which is not recorded with the company's functional currency which is mainly the Egyptian Pound, and so the evaluation of assets and liabilities in foreign currencies.
- For assets and cash liabilities which is occurred in foreign currencies, the company's policies is to assure that the net risk remains in an acceptable level of purchasing and selling of foreign currencies.
- The company has revaluate assets and liabilities at the financial position date as disclosed in foreign currency accounting policy.
- The company monitors the exchange prices to control these risks.

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

- The following table summarize the extent to which the risk of foreign currencies price fluctuations in the end of the financial period:

30 June 2019	EGP	USD	Total
Financial assets			
Financial investment in subsidiaries	856 022 545	-	856 022 545
Available for sale financial investment	5 225 350	-	5 225 350
Subordinated loans to subsidiaries	363 500 000	-	363 500 000
Cash at banks	190 519 615	103 640 325	294 159 940
Investments in treasury bills	179 035 543	-	179 035 543
Total financial assets	**1 594 303 053**	**103 640 325**	**1 697 943 378**

31 December 2018	EGP	USD	Total
Financial assets			
Financial investment in subsidiaries	843 535 045	-	843 535 045
Available for sale financial investment	5 224 624	-	5 224 624
Subordinated loans to subsidiaries	504 000 000	-	504 000 000
Cash at banks	272 439 913	3 506 480	275 946 393
Investments in treasury bills	74 636 793	-	74 636 793
Total financial assets	**1 699 836 375**	**3 506 480**	**1 703 342 855**

19- Fair value measurement

The fair value measurement of financial assets and liabilities is set up in accordance with these levels:

- **First level:** The pronounced prices of fair value of financial instruments in active markets.
- **Second level:** The pronounced prices of fair value of financial instruments in active market or the pronounced prices from the fund's manager in which the company is investing or any other evaluation methods in which all the material important inputs are supported with market information either in a direct or an indirect way.
- **Third level:** Other evaluating methods which is not relayed on any factors with material important inputs to comparable market information.

The following is the fair value of the financial instruments of the company which are measured at fair value on a periodic basis

Financial assets	Fair value as of 30 June 2019 EGP	Fair value as of 31 December 2018 EGP	Fair value level	Main methods of valuation and input
Investments in treasury bills	179 035 543	74 636 793	First level	Current prices in active market
Available for sale investments	5 225 350	5 224 624	Third level	Other valuation methods

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

20- Important events

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015 , which include some new accounting standards as well as introducing amendments to certain existing standards published in the official gazette on 25 April 2019. The most prominent amendments are as follows:

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	1-The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise. 1- Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.		This standard applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards Nos.(1), (25), (26) and (40) are to be simultaneously applied.

	2- When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event. 3- based on the requirements of this standard the following standards were amended : 1-Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019. 2-Egyptian Accounting Standard No. (4) - "Statement of Cash Flows". 3-Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation. 4-Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement". 4- Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures "	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	-These ammendments are effective as of the date of implementing Standard No. (47)

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

The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"	1-The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void: a. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. b. Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015. 2- For revenue recognition, Control Model is used instead of Risk and Rewards Model. 3- incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met 4- the standard requires that contract must have a commercial substance in order for revenue to be recognized 5- Expanding in the presentation and disclosure requirements	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Standard No(48) applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted
Egyptian Accounting Standard No. (38) as ammended " Employees Benefits "	Anumber of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.