CI Capital Holding For Financial Investments

"Egyptian Joint Stock Company"

Consolidated Financial Statements

For The Year Ended December 31, 2019

&

Auditors' Report

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KPMG

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AUDITORS' REPORT

To the Shareholders of CI Capital Holding For Financial Investments

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of CI Capital Holding For Financial Investments (S.A.E), which comprise the consolidated statement of financial position as at December 31, 2019 and the consolidated statements of income, Comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the consolidated Financial Statements

These Consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing 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, management 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

KPMG

Hazem Hassan

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements referred to in the first paragraph above present fairly, in all material respects, the consolidated financial position of the company as of December 31, 2019 and its Consolidated cash flows for the year then ended in accordance with Egyptian Accounting Standards and comply with applicable Egyptian laws and regulations relating to the preparation of these financial statements.

KPMG Hazem Hassan
KPMG Hazem Hassan
Public Accountants and Consultants
KPMG Hazem Hassan

Cairo, 12 February 2020

CI Capital Holding For Financial Investments

"Egyptian Joint Stock Company"

Translation of consolidated financial statements originally issued in Arabic

Consolidated statement of financial position as at December 31,2019

(in EGP)	Note no.	31 December 2019	31 December 2018*
Non-current assets			
Available for sale financial investments	(3)	15 801 361	10 801 969
Investments in settlements guarantee fund	(4)	9 102 436	10 224 596
Debit customers	(11)	4 979 709 256	4 965 758 949
Joint control investment	(12)	317 139 917	-
Property, plant and equipment (Net)	(7)	134 535 244	125 271 154
Investments in Property	(6)	47 111 799	-
Goodwill	(5)	348 804 544	348 804 544
Securitization transactions debtors	(22)	210 868 912	237 722 388
Deferred tax assets	(24- 2)	4 137 636	5 872 930
Total non-current assets		6 067 211 105	5 704 456 530
Current assets			
Cash at banks	(8.19)	1 248 271 156	1 091 902 409
Assets held for sale	(25)	9 518 643	48 673 408
Treasury bills	(9)	209 897 590	122 898 364
Financial investments at fair value through profit or loss	(10)	373 642	327 574
Clearance accounts		20 287 760	600 778
Debit Clients - (Net)	(11)	3 226 455 807	2 501 592 685
Other assets	(13)	95 658 985	64 547 285
Total current assets		4 810 463 583	3 830 542 503
Total assets		**10 877 674 688**	**9 534 999 033**
Equity			
Issued and paid in capital	(14)	800 000 000	544 184 033
Legal reserve		22 084 024	18 606 438
Cumulative foreign currencies translation differences		38 048 628	46 712 060
Retained earnings		1 292 532 206	829 294 690
Issuance premium reserve	(14)	602 732 129	858 548 096
Total shareholders' equity		2 755 396 987	2 297 345 317
Non-controlling interest		200 436 843	138 602 998
Total shareholders' equity and non controlling interest		2 955 833 830	2 435 948 315
Non-current liabilities			
Long-term loans	(16.19)	4 513 248 831	4 472 742 576
Long-term credit facilities	(19)	-	38 517 081
Prepaid lease rents		79 882 861	130 555 163
End of service employees benefit	(18)	20 910 853	25 951 833
Deferred taxes liabilities	(24 -2)	18 264 283	8 283 373
Total non-current liabilities		4 632 306 828	4 676 048 026
Current liabilities			
Short-term loans	(16.19)	1 719 974 295	1 012 713 017
Short-term credit facilities		469 684 478	425 895 768
Clients -Credit balances		412 388 959	268 517 513
Payable to suppliers		16 571 213	209 199 766
Current tax liability		154 778 246	144 691 023
Clearance - credit balances		-	11 617 210
Other liabilities	(15)	451 604 680	207 460 952
Provisions	(17)	32 714 130	40 997 391
Due to related parties	(19)	31 818 029	101 910 052
Total current liabilities		3 289 534 030	2 423 002 692
Total liabilities		7 921 840 858	7 099 050 718
Total shareholders' equity and liabilities		**10 877 674 688**	**9 534 999 033**

The accompanying notes from pages (6) to (62) an integral part of these financial statements and are to be read therewith.

*The comparative figures are restated according to Note (28)

(Auditor's report attached)

Mahmoud Attalla

Chairman & Managing Director

CI Capital Holding For Financial Investments

"Egyptian Joint Stock Company"

Translation of consolidated financial statements originally issued in Arabic

Consolidated income statement for the year ended on December 31,2019

(in EGP)	Note no.	31 December 2019	31 December 2018*
Operating revenues	(23)	2 491 118 160	1 737 273 756
Gain on sale of assets held for sale		2 963 450	838 998
Interest income on treasury bills		33 113 313	53 345 989
Profit from selling financial investments at fair value through profit or loss		46 668	669 932
The company's profit share in joint control investment	(12)	11 442 226	-
Foreign currency exchange differences		(36 410 974)	8 442 878
Interest income		71 654 513	54 004 732
Dividends income		1 453 894	1 289 942
Gains from selling property, plant & equipment		386 666	760 000
Other income		21 451 783	8 737 900
Total revenues		2 597 219 699	1 865 364 127
Direct financing and banking expenses		(1156 130 357)	(783 630 747)
General and administrative expenses	(21)	(550 699 221)	(487 138 160)
Investments in property depreciation	(6)	(567 588)	-
Impairment loss of clients	(11)	(109 379 311)	(17 990 608)
Reverse impairment loss of other assets	(13)	4 185 000	4 404 607
Provisions (charged) / no longer required	(17)	4 466 107	(7 403 316)
The financing cost for the possible liability of Reefy Company	(15)	(1 444 131)	(5 093 238)
Total expenses		(1 809 569 501)	(1 296 851 462)
Net profit before income tax		787 650 198	568 512 665
Income tax	(24 -1)	(166 501 542)	(143 200 517)
Net profit for the year		**621 148 656**	**425 312 148**
Distributed on:			
Holding company - Equity holders		544 838 089	373 291 194
Non-controlling interest		76 310 567	52 020 954
		621 148 656	**425 312 148**

The accompanying notes from pages (6) to (62) an integral part of these financial statements and are to be read therewith.

*The comparative figures are restated according to Note (28)

CI Capital Holding For Financial Investments

"Egyptian Joint Stock Company"

Translation of consolidated financial statements originally issued in Arabic

Consolidated statement of other comprehensive income for the year ended on December 31,2019

(in EGP)	31 December 2019	31 December 2018*
Net profit for the year	621 148 656	425 312 148
Foreign currency translation differences	(8 663 432)	912 211
Total comprehensive income for the year	**612 485 224**	**426 224 359**
Attributable to:		
Holding company - Equity holders	536 174 657	374 203 405
Non-controlling interest	76 310 567	52 020 954
	612 485 224	**426 224 359**

The accompanying notes from pages (6) to (62) an integral part of these financial statements and are to be read therewith.

*The comparative figures are restated according to Note (28)

CI Capital Holding For Financial Investments

"Egyptian Joint Stock Company"

Translation of consolidated financial statements originally issued in Arabic

Consolidated statement of changes in shareholders' equity for the year ended on December 31, 2019

(in EGP)	Issued and paid in capital	Legal reserve	Cumulative foreign currencies translation differences	Issuance premium reserve	Retained earnings	Treasury stocks	Total shareholder's equity for holding company	Non-controlling interest	Total shareholders' equity
2018*									
Balance as at January 1, 2018*	411 456 220	12 117 463	45 799 849	-	516 347 421	(142 537)	985 578 416	92 943 956	1 078 522 372
Net profit of the year	-	-	-	-	373 291 194	-	373 291 194	52 020 954	425 312 148
Other comprehensive income	-	-	912 211	-	-	-	912 211	-	912 211
Total comprehensive income	-	-	912 211	-	373 291 194	-	374 203 405	52 020 954	426 224 359
Transactions with Shareholders									
Capital increase	132 727 813	-	-	889 276 347	-	-	1 022 004 160	-	1 022 004 160
Treasury stocks	-	-	-	-	112 599	142 537	255 136	-	255 136
Transferred to legal reserve	-	6 488 975	-	-	(6 488 975)	-	-	-	-
The initial public offering at Egyptian stock exchange market costs	-	-	-	(30 728 251)	-	-	(30 728 251)	-	(30 728 251)
Dividends	-	-	-	-	(53 967 549)	-	(53 967 549)	(6 361 912)	(60 329 461)
Total Transactions with Shareholders	132 727 813	6 488 975	-	858 548 096	(60 343 925)	142 537	937 563 496	(6 361 912)	931 201 584
Balance as at December 31, 2018*	544 184 033	18 606 438	46 712 060	858 548 096	829 294 690	-	2 297 345 317	138 602 998	2 435 948 315
2019									
Balance as at December 31, 2018*	544 184 033	18 606 438	46 712 060	858 548 096	829 294 690	-	2 297 345 317	138 602 998	2 435 948 315
Net profit of the year	-	-	-	-	544 838 089	-	544 838 089	76 310 567	621 148 656
Other comprehensive income	-	-	(8 663 432)	-	-	-	(8 663 432)	-	(8 663 432)
Total comprehensive income	-	-	(8 663 432)	-	544 838 089	-	536 174 657	76 310 567	612 485 224
Transactions with Shareholders									
Capital increase	255 815 967	-	-	(255 815 967)	-	-	-	-	-
Transferred to legal reserve	-	3 477 586	-	-	(3 477 586)	-	-	-	-
Changes during the year (note 24-2)	-	-	-	-	(9 102 205)		(9 102 205)		(9 102 205)
Dividends	-	-	-	-	(69 020 782)	-	(69 020 782)	(14 476 722)	(83 497 504)
Total Transactions with Shareholders	255 815 967	3 477 586	-	(255 815 967)	(81 600 573)	-	(78 122 987)	(14 476 722)	(92 599 709)
Balance as at December 31, 2019	800 000 000	22 084 024	38 048 628	602 732 129	1 292 532 206	-	2 755 396 987	200 436 843	2 955 833 830

The accompanying notes from pages (6) to (62) an integral part of these financial statements and are to be read therewith.

*The comparative figures are restated according to Note (28)

CI Capital Holding For Financial Investments
"Egyptian Joint Stock Company"
Translation of consolidated financial statements originally issued in Arabic
Consolidated statement of cash flows for the year ended on December 31, 2019

(in EGP)	Note no.	31 December 2019	31 December 2018
Cash flows from operating activities			
Net profit before income tax		787 650 198	568 512 665
Adjustments as follow:			
Depreciation of property, plant & equipment	(7)	17 720 889	13 267 553
Depreciation of investments in property	(6)	567 588	-
Gain from sale of leased assets		(2 963 449)	(838 998)
Profit from selling financial investments at fair value through profit or loss		-	(613 992)
Gains from selling property, plant & equipment		(386 666)	(924 500)
Provisions charged (no longer required)		(4 466 107)	4 950 647
Provision used		(3 817 154)	(852 669)
Interest income		(71 654 513)	(50 165 107)
Dividends income		(1 453 894)	(89 583)
Financing expenses		1156 130 357	674 998 275
Interest income on treasury bills		(33 113 313)	(41 105 234)
Impairment loss of other assets	(13)	(4 185 000)	(4 404 607)
End of service employees benefit -charged	(18)	7 777 046	5 929 673
The financing cost for the possible liability of Reefy Company		1 444 131	5 093 238
Clients impairment	(11)	109 379 310	20 443 277
		1 958 629 423	1 194 200 638
Changes in :			
Other assets		(24 710 713)	4 167 251
Debit customers		(67 528 377)	(372 999 628)
Credit customers		143 871 446	(1 445 724 061)
Clearance accounts		(31 304 191)	37 357 364
Other liabilities		55 688 895	(50 103 272)
End of service employees benefit		(12 818 025)	(13 786 743)
Inventory		67 357	(232 127)
Leased assets payable to suppliers		(192 628 553)	173 125 628
Securitizations transactions		26 853 476	(29 415 840)
Restricted cash at banks		14 914 323	(4 746 756)
Customer loans		(75 489 190)	-
Debit Clients (Finance lease)		(743 352 666)	(2 219 505 496)
prepaid lease rents		(49 863 108)	69 348 521
Due to related parties		(70 092 023)	17 890 386
Net cash flows (used in) operating activities		**932 238 074**	**(2 640 424 135)**
Income tax paid		(144 491 703)	(121 457 732)
Interest income - collected		70 754 813	47 503 832
Interest income of treasury bills - collected		21 886 109	32 064 250
Financing expenses - paid		(1088 374 371)	(609 081 080)
Net cash flows (used in) operating activities		**(207 987 078)**	**(3 291 394 865)**
Cash flows from investing activities			
(Payments for) available for sale financial investments		(4 999 392)	(8 843 596)
Deposits more than 90 days		19 941 945	(19 941 945)
Dividends income - collected		1 453 894	89 583
The company's profit share in joint control investment		(11 442 227)	-
(Payments for) investments in treasury bills		(74 980 168)	(97 501 717)
(Payments for) Financial investments in subsidiaries companies		(178 487 895)	-
Proceeds from selling of investments at fair value through profit or loss		-	2 249 272
Proceeds from (payments for) investments in settlement guarantee fund		1 122 160	(623 296)
(Payments for) investment under settlement		(23 555 869)	(114 074 738)
(Payments for) acquire projects under constructions		(195 789)	(810 210)
(Payments for) purchasing property, plant & equipment		(26 858 899)	(23 119 384)
Proceeds from sales of leased assets		5 797 984	1 677 700
Proceeds from selling property, plant & equipment		2 785 712	1 470 332
Net cash flows (used in) investing activities		**(289 418 544)**	**(259 427 999)**
Cash flows from financing activities			
Proceeds from capital increase		-	1 022 004 160
Dividends paid		(81 960 305)	(58 998 767)
The initial public offering at Egyption stock exchange market costs		-	(30 728 251)
Proceeds from sale treasury stocks		-	255 136
Proceeds from Credit facilities and Loans from banks		759 986 584	1 625 419 324
Net cash flows provided from financing activities		**678 026 279**	**2 557 951 602**
Change in cash and cash equivalent during the year		180 620 657	(992 871 262)
Cash and cash equivalent at the beginning of the year		1 055 271 086	(2 384 949)
Change in cumulative foreign currencies translation differences		10 650 428	2050 527 296
Cash and cash equivalent balance at the end of the year represented in:	(8)	**1 246 542 171**	**1 055 271 085**
Cash at banks		1 111 234 408	1040 985 813
Investments at fair value through profit or loss (FVTPL)		373 642	327 574
Treasury bills		-	13 949 300
Deposits less than 3 months		134 934 121	8 398
	(8)	**1 246 542 171**	**1 055 271 085**

The accompanying notes from pages (6) to (62) an integral part of these financial statements and are to be read therewith.

*The comparative figures are restated according to Note (28)

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

1- Background

1-1 Incorporation

CI Capital Holding for Financial Investments S.A.E was established on April 9, 2005 under the provisions of Law No.95 of 1992 and its executive regulations. The company was registered in the Commercial Resister 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.
- CI Capital Holding for Financial Investments holds the following interests in its subsidiaries:

Company name	31 December 2019	31 December 2018
Commercial International Brokerage Company	98.96%	98.96%
CI Assets Management	95.91%	95.91%
CI Capital Investment Banking	99.57%	99.57%
Dynamic Trading Securities Company	99.97%	99.97%
Corporate Leasing Company (Egypt) "Corplease"	87.40%	87.40%
Micro finance project company (REEFY)	79.99%	79.99%
CI Mortgage Finance Company	99.9%	-
CI Consumer Finance (Souhoola)	99%	-
EGY EDU Company (Note 12)	23.5%	-

1-3 Authorization of the financial statements

The consolidated financial statements were authorized for issue in accordance with a resolution of the board of directors on 12 February 2020.

2- Basis of preparation

2-1 Statement of compliance

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

- On 14 August 2018, the law number 176 for 2018 issued to organize finance lease and Factoring, the first illustration of the law is to cancel working under law 95 for 1995 related to finance lease.
- On 7 April 2019 Investment and corporation ministry approved cancelation of Egyptian Accounting standard number 20 concerning regulation and Egyptian accounting standards of finance lease and replaced by Egyptian Accounting standard number 49 for leasing contracts which excision require to adopt new appropriate philosophy to understand the Egyptian accounting standard and conceder the implementation process and the need for amendments or systems and current instructions for the correct implementation that standard.
- For accounting period on or after January 2020 Investment and corporation ministry allow the early implementation if the Egyptian Accounting Standard 48 implemented (contract revenue from customers in 2019 , other than this the implementation date is annual report period which the law number 95 for 1995 cancelled in with amendments and law number 176 for 2018 issued for finance lease and discounting as follows:

  A- Finance lease contracts under law 95 for 1995 which should be accounted for under Egyptian Accounting Standard number 20 (Accounting rules and standards for finance leasing)

  B- Finance lease contracts under law 176 for 2018 organize finance lease and Factoring.

2-2 Functional and presentation currency

These consolidated financial statements are presented in Egyptian pounds (EGP) which is the company's functional currency and all financial information are presented by (EGP).

2-3 Use of estimates and judgments

- Preparing these consolidated 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 reported amounts of assets, liabilities, income and expenses, these related estimates and assumptions depends on historical experience and other factors that company's management see it reasonable under current circumstances and events, and the actual results may differs from these assumptions.
- Estimates and assumptions are revisited 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 valuation method, the future cash flows are estimated based on the best estimates of management. And discount rate used is determined in the light of the prevailing market price at the date of the financial statement that are similar in nature and conditions.
- The most important clauses and notes used in these estimates and judgment are:
  - Note (11) Debit customers
  - Note (17, 18) Provisions.

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

3- Available for sale financial investments

	31 December 2019	31 December 2018
Misr Clearance Company	10 772 145	10 772 145
The Egyptian Company for re-financing	4 998 666	-
Other companies	30 550	29 824
	15 801 361	**10 801 969**

Available for sale financial investments represents an investment in an unlisted companies operating in an in-active market and therefore, the investment was valuated using a cost method.

4- Investments in settlements guarantees fund

	31 December 2019	31 December 2018
Settlements Guarantees Fund	**9 102 436**	**10 224 596**

5- Goodwill

	31 December 2019	31 December 2018
Corplease (5-1)	23 018 082	23 018 082
Microfinance project (Reefy) (5-2)	325 786 462	325 786 462
Goodwill	**348 804 544**	**348 804 544**

5-1 Acquisition of Corplease Company

- During 2016 the company has acquired 72.95% from Corplease shares and voting power, accordingly the company has control over this company starting from 1 January 2016, and this acquisition had been fully paid in cash with an amount of EGP 236 991 693 and the net fair value of the company's share in the acquired assets and liabilities in the acquisition date was EGP 213 973 611 accordingly the excess amount paid over the fair value of the company's share in the acquired assets amounted to EGP 23 018 082 and this amount had been recognized as goodwill according to the study that had been prepared to such concern.

Acquisition of Microfinance project (Reefy)

- 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 23.5 Million at the statement of profit or loss.

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

- 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.
- The company's share in the acquired net assets and liabilities available for determination in the date of acquisition amounted to EGP 47 254 112, so the acquisition cost paid in excess amounted to EGP 325 786 462, this amount is considered as goodwill temporary until determining the final fair value for assets during a year from date of acquisition, the following represent the amounts of assets and liabilities in the acquisition date :

Description	Egyptian Pound
Cash and cash at banks	24 928 733
Treasury bills	12 750 000
Client (Net)	429 842 408
Property, plant and equipment	3 470 039
Other assets	633 971
Loans and credit facilities from bank	(391 986 657)
Other liabilities	(20 570 854)
Total	59 067 640
Non-controlling Interest	(11 813 528)
Company's share in the acquired assets available for determination	47 254 112
Paid in acquisition (Cash Paid)	241 040 574
Paid in acquisition (Future Payment)	132 000 000
Goodwill	325 786 462

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

6- Investment in Property

Description	Buildings Egyptian Pound
A-Book Value	
Cost as of 1-1-2019	-
Additions during the year	47 679 387
Cost as of 31-12-2019	**47 679 387**
B-Accumulated Depreciation	
Accumulated depreciation as of 1-1-2019	-
Depreciation for the year	(567 588)
Accumulated depreciation as of 31-12-2019	**(567 588)**
Net book value as of 31-12-2019	**47 111 799**
Net book value as of 31-12-2018	-

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

7- Property, plant & equipment (Net)

Description	Communication devices	Land, premises furniture & fixtures	Computers	Vehicles	Machinery and equipment	Total
Cost						
Cost as of 1-1-2018	281 966	130 188 072	49 361 040	22 607 283	6 997 764	209 436 125
Additions during the year	-	2 415 986	19 905 918	2 111 000	482 180	24 915 084
Foreign currencies translation differences	-	26 744	4 855	11 371	-	42 970
Disposals during the year	-	-	-	(2 826 225)	-	(2 826 225)
Cost as of 31-12-2018	**281 966**	**132 630 802**	**69 271 813**	**21 903 429**	**7 479 944**	**231 567 954**
Cost as of 1-1-2019	281 966	132 630 802	69 271 813	21 903 429	7 479 944	231 567 954
Additions during the year	-	6 790 130	6 336 441	15 743 264	514 484	29 384 319
Foreign currencies translation differences	-	(251 397)	(45 641)	(106 891)	-	(403 929)
Disposals during the year	-	-	-	(7 273 484)	(2 000)	(7 275 484)
Cost as of 31-12-2019	**281 966**	**139 169 535**	**75 562 613**	**30 266 318**	**7 992 428**	**253 272 860**
Accumulated Depreciation						
Accumulated depreciation as of 1-1-2018	281 158	39 148 295	39 072 843	10 751 932	6 013 438	95 267 666
Depreciation for the year	509	3 538 967	5 268 660	4 121 220	338 197	13 267 553
Foreign currencies translation differences	-	25 861	4 747	11 366	-	41 974
Disposals accumulated depreciation	-	-	-	(2 280 393)	-	(2 280 393)
Accumulated depreciation of 31-12-2018	**281 667**	**42 713 123**	**44 346 250**	**12 604 125**	**6 351 635**	**106 296 800**
Accumulated depreciation as of 1-1-2019	281 667	42 713 123	44 346 250	12 604 125	6 351 635	106 296 800
Depreciation for the year	-	3 947 048	7 977 399	5 452 005	344 437	17 720 889
Foreign currencies translation differences	-	(251 403)	(45 337)	(106 892)	-	(403 632)
Disposals accumulated depreciation	-	-	-	(4 875 272)	(1 169)	(4 876 441)
Accumulated depreciation as of 31-12-2019	**281 667**	**46 408 768**	**52 278 312**	**13 073 966**	**6 694 903**	**118 737 616**
Net book value						
Net book value as of 1/1/2018	**808**	**91 039 777**	**10 288 197**	**11 855 351**	**984 326**	**114 168 459**
Net book value as of 31/12/2018	**299**	**89 917 679**	**24 925 563**	**9 299 304**	**1 128 309**	**125 271 154**
Net book value as of 31/12/2019	**299**	**92 760 767**	**23 284 301**	**17 192 352**	**1 297 525**	**134 535 244**

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

8- Cash at banks

	31 December 2019	31 December 2018
Banks - current accounts *	705 513 803	1 055 490 027
Banks – deposits**	541 187 254	33 899 644
Cash on hand	1 570 099	2 512 738
	1 248 271 156	**1 091 902 409**

* The bank's current account contains a holding balance at Commercial International Bank – Egypt amounting to EGP 2 102 627 as of 31 December 2019 against EGP 17 016 950 as of 31 December 2018 according to the signing contract with one of the group's subsidiary, the company must keep 5% cash coverage for the outstanding facility until contract maturity date (on 23 April 2019 the subsidiary obtained the approval from the bank to reduce cash coverage to be 2% from the outstanding balance) and settlement all outstanding balances.

*The bank balances included an amount of EGP 87 749 197 which represent stabilization fund of the initial public offering of Rameda. Note (15)

** The bank's deposits contain an amount of EGP 3 909 150 as of 31 December 2019 a holding deposit against letter of guarantee until 31 August 2020.

For the purpose of preparing the cash flow statement, cash and cash equivalent are presented as follow:

	31 December 2019	31 December 2018
Cash at banks *	1 111 234 408	1 040 985 813
Financial investments at fair value through profit or loss	373 642	327 574
Treasury bills	-	13 949 300
Banks – deposits less than 3 months	134 934 121	8 398
	1 246 542 171	**1 055 271 085**

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

9- Treasury bills

	31 December 2019	31 December 2018
Treasury bills less than 91 days	100 000 000	75 000 000
Treasury bills 91-182 days	100 000 000	8 800 000
Treasury bills 182-273 days	-	19 755 000
Treasury bills 273- 364 days	16 350 000	24 250 000
Unearned interest	(6 452 410)	(4 906 636)
	209 897 590	**122 898 364**

- Treasury bills with a face value of EGP 16 350 000 as at 31 of December 2019 against EGP 24 250 000 as at 31 December 2018 is pledged for banks as a guarantee for loans and credit facilities granted to Reefy Company. Note (16)

10- Financial investments at fair value through profit or loss

	31 December 2019	31 December 2018
Mutual funds certificates	373 642	327 574
	373 642	**327 574**

11- Debit clients

	31 December 2019	31 December 2018
Brokerage clients	700 311 774	716 424 482
Micro finance clients	681 112 313	610 630 854
Finance lease clients	6 960 506 790	6 270 807 769
Other clients	95 048 817	11 432 755
	8 436 979 694	**7 608 568 860**
Less: clients' impairment	(230 814 631)	(141 217 226)
	8 206 165 063	**7 467 351 634**
Impairment movement as follows:-		
Impairment at the beginning of the year	141 217 226	135 288 059
Charged during the year	199 586 578	17 990 608
Foreign currency Differences	(14 749 150)	(12 061 441)
Provisions no longer required	(90 207 267)	-
Used during the year	(5 032 756)	-
Impairment at the end of the year	230 814 631	141 217 226

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

The debit client (net) represented as follow:

	31 December 2019	31 December 2018
Finance lease clients	4 979 709 256	4 965 758 949
Finance lease clients	3 226 455 807	2 501 592 685
	8 206 165 063	**7 467 351 634**

12- Joint control investment

	31 December 2019	31 December 2018
EGY EDU invest	305 697 691	-
The company's profit share in EGY EDU invest	11 442 226	-
	317 139 917	-

- During September 2019, CI Capital Holding for Financial Investments, along with a consortium of co-investors, completed the acquisition of a 60% interest in Taleem Management Services Company (SAE), which controls and operates Nahda University in Beni Suef as a joint control. The acquisition was executed through a newly established investment vehicle "EGY EDU Invest", in which CI Capital owning 23.5%. And during 2019 the company paid an amount of 10.7 million dollar which is equivalent to EGP 178 487 895 and the rest amount of 7.8 million dollar which is equivalent to EGP 127 209 796 (Note 14) will be paid in march 2020.
- The amount represents the company's share in the net profit from 1 September 2019 (date of acquisition) to 31 December 2019
- The investment has been reported by acquisition cost the affected by the company's share in profit of joint control investment after acquisition date, until fair value study and goodwill calculation (if it found)
- Summary of the associate financial statement:

31 August 2019

Assets	Liabilities	Revenues	Expenses
1 361 193 622	1 126 584 160	221 633 401	172 267 327

31 December 2019

Assets	Liabilities	Revenues	Expenses
1 421 260 280	1 110 670 942	423 017 994	290 335 489

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

13- Other assets

	31 December 2019	31 December 2018
Deposits with others	4 506 872	3 579 480
Accrued revenues	12 154 065	19 096 390
Prepaid expenses	23 165 937	16 064 133
Advances payments for purchases of fixed assets	40 921 096	3 373 019
Projects under construction	257 264	1 137 730
Debit cutting tax	4 539 798	3 823 952
Sundry debtors	10 113 953	17 472 581
	95 658 985	**64 547 285**

14- Capital

14-1 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 FRA 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 132 727 813 shares through a closed subscriptions for old shareholders with same offering price, the non-selling old shareholders concession 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.
- 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 with a total cost of EGP 30 728 251 (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 to be EGP 602 732 129. 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 this decision is approved by the general assembly on 2 September 2019 and registered in the Commercial Register on 18 September 2019.

14-2 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 on 30 April 2018.

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

15- Other liabilities

	31 December 2019	31 December 2018
Accrued expenses	146 274 634	130 403 927
Sundry creditors*	158 870 689	31 483 664
Finance lease contracts rent	4 921 222	7 425 692
Investment under settlement **	125 025 937	23 555 869
Prepaid lease rent	3 624 357	4 114 028
Deferred revenue	5 648 438	4 022 068
Due to governmental authorities	7 239 403	6 455 704
	451 604 680	**207 460 952**

* The balance included an amount of EGP 87 749 197 which represents stabilization fund for Rameda's initial public offering.
* The balance includes an amount of EGP 46 731 969 which represents cash collected from contracts of the 8th securitization as its payable to custodian (Banque Misr).

** The company paid the credit amount in 2018 that represent the accrued commitment of the acquisition of "REEFY" For Micro Finance Project by an amount of EGP 23 555 869 , in addition to the accrued interest by an amount of EGP 1 444 131 in February 2019.

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

16- Loans

Loans represent the amount utilized from the loans as of 31 December 2019 and 31 December 2018 according to the contracts signed with the banks, to finance the group activities as follows:

Functional currency	**Current portion**		**Non-current portion**		**Balance as of**	
	31 December 2019	**31 December 2018**	**31 December 2019**	**31 December 2018**	**31 December 2019**	**31 December 2018**
Loans with foreign currencies (Equivalent to EGP)	473 752 978	500 622 845	854 044 618	1 276 262 100	1 327 797 596	1 776 884 945
Egyptian Pound*	1 246 221 317	512 090 172	3 659 204 213	3 196 480 476	4 905 425 530	3 708 570 648
Total	**1 719 974 295**	**1 012 713 017**	**4 513 248 831**	**4 472 742 576**	**6 233 223 126**	**5 485 455 593**

* Note (9)

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

17- Provisions

	Balance on 31 December 2018	Charged during the year	Used during the year	No longer required	Balance on 31 December 2019
Claims provision *	36 677 074	3 982 150	(2 938 002)	(5 307 410)	32 413 812
Legal claims provision	4 320 317	150 000	(879 152)	(3 290 847)	300 318
	40 997 391	**4 132 150**	**(3 817 154)**	**(8 598 257)**	**32 714 130**

	Balance on 31 December 2017	Charged during the year	Used during the year	No longer required	Balance on 31 December 2018
Claims provision *	32 915 329	7 050 647	(1 141 571)	(2 147 331)	36 677 074
Legal claims provision	1 820 317	2 500 000	-	-	4 320 317
	34 735 646	**9 550 647**	**(1 141 571)**	**(2 147 331)**	**40 997 391**

* Claims provision represents claims expected from other parties related to the group operations, information related to this issue is not disclosed according to Accounting Standards because the management think this could affect the negotiation with those parties, the management is regularly review these provisions annually with any updates to this issues.

18- Employees end of service benefits

	Balance on 31 December 2018	Charged during the year	Used during the year	Balance on 31 December 2019
Employees end of service benefits	25 951 833	7 777 045	(12 818 025)	20 910 853
	25 951 833	**7 777 045**	**(12 818 025)**	**20 910 853**

	Balance on 31 December 2017	Charged during the year	Used during the year	Balance on 31 December 2018
Employees end of service benefits	33 808 903	5 929 675	(13 786 745)	25 951 833
	33 808 903	**5 929 675**	**(13 786 745)**	**25 951 833**

- The balance of employees end of service benefits includes an amount of EGP 12 million as at 31 December 2018 which represents the value of the liability resulting from the amendment of the basis of calculating the end of service that has been approved by the company's board of directors and approved from the general assembly.

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

19- Related parties transactions

A-Commercial International Bank – Egypt shareholder

31 December , 2019

Financial position items debit / (credit)		**Income statement items revenue / (expense)**	
Cash at banks *	384 130 894	Interest income	35 575 191
Custodian – securitization	(53 959 254)	Financing expenses	(22 149 199)
Loans & Credit facilities**	(643 561 141)	G & A expenses	(4 069 413)

31 December , 2018

Financial position items debit / (credit)		**Income statement items revenue / (expense)**	
Cash at banks *	605 875 437	Interest income	34 984 094
Custodian – securitization	(101 799 657)	Financing expenses	(130 839 409)
Loans & Credit facilities**	(818 626 650)	G & A expenses	(5 470 827)

* Part of cash at banks.

** Part of credit facilities.

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

20- Operating Sectors

Operating Sector Basis.

The segment is a group of assets and related operations that have a risks and benefits different from that other segments have or inside an economic environment that has its own risks and benefits rather than that associated with other segments which operate on a different economic environment.

The group includes four segments reports which represent segments , financially reported to the top management and these reports present a different product and services and managed separately as it require a different technological and marketing strategies :

- Financial service non banking segment which include asset management , brokerage and investment banking.
- Lease segment which financing the leased assets.
- Microfinance segment which provide the required funds for small and micro business activities.
- Mortgage finance segment which provide the reguired funds for financing mortgage.
- Other sectors represents the bookkeeping sector and sale in installments sector.

And the following schedule analyzing revenues , expenses , assets and liabilities depending on the segments activities and services :

	For the year ended 31 December 2019						
Description	**Non Banking Services**	**Leased sectors**	**Micro finance**	**Mortgage finance sector**	**Other sectors**	**Adjustment**	**Total**
Operating revenues	346 010 214	1 815 937 404	323 211 131	943 632	8 164 527	(3 148 748)	2 491 118 160
Dividends income	1 452 773	-	-	-	58 027 076	(58 025 955)	1 453 894
Gain from selling Property, plant and equipment	3 334	-	-	-	383 332	-	386 666
Gain on sale of assets held for sale	-	2 963 450	-	-	-	-	2 963 450
The company's profit share in joint control investment	-	-	-	-	-	11 442 226	11 442 226
Interest income on treasury bills	791 294	2 531 247	5 956 264	-	23 834 508	-	33 113 313
Profit from selling financial investments at fair value through profit or loss	-	46 668	-	-	-	-	46 668
Interest income	25 337 863	21 793 975	1 936 932	1 354 620	104 755 327	(83 524 204)	71 654 513
Foreign currency exchange differences	(8 578 642)	(27 916 704)	-	-	84 372	-	(36 410 974)
Other income	1 804 586	16 547 280	405 514	1 431 232	5 227 759	(3 964 588)	21 451 783
Total revenues	**366 821 422**	**1 831 903 320**	**331 509 841**	**3 729 484**	**200 476 901**	**(137 221 269)**	**2 597 219 699**
Direct financing and banking expenses	(98 181 896)	(1067 573 254)	(73 899 410)	-	-	83 524 203	(1156 130 357)
Net revenues	**268 639 526**	**764 330 066**	**257 610 431**	**3 729 484**	**200 476 901**	**(53 697 066)**	**1 441 089 342**
General and administrative expenses	(187 902 344)	(152 489 183)	(93 500 002)	(6 213 836)	(117 707 192)	7 113 336	(550 699 221)
Cost to acquision of reefy	-	-	-	-	(1 444 131)	-	(1 444 131)
Investments property depreciation	-	(567 588)	-	-	-	-	(567 588)
Provisions (charged) / no longer required	7 650 155	(3 000 000)	(54 981)	-	(129 067)	-	4 466 107
Reverse impairment of investment in subsidiaries	-	-	-	-	5 014 686	(5 014 686)	
Reverse Impairment of other assets	-	-	(215 000)	-	4 400 000	-	4 185 000
Impairment loss of clients	(4 230 826)	(86 768 666)	(17 539 414)	(840 405)	-	-	(109 379 311)
Total expenses	**(184 483 015)**	**(242 825 437)**	**(111 309 397)**	**(7 054 241)**	**(109 865 704)**	**2 098 650**	**(653 439 144)**
Net profit before income tax	84 156 511	521 504 629	146 301 034	(3 324 757)	90 611 197	(51 598 416)	787 650 198
Income tax	(18 237 600)	(102 873 660)	(33 391 092)	(12 921)	(11 986 269)	-	(166 501 542)
Net profit for the year	**65 918 911**	**418 630 969**	**112 909 942**	**(3 337 678)**	**78 624 928**	**(51 598 416)**	**621 148 656**
Total current assets as at December 31, 2019	1 288 873 381	2 640 410 953	522 834 430	7 418 400	351 596 897	(670 478)	**4 810 463 583**
Total non-current assets as at December 31, 2019	32 448 362	5 079 518 475	185 869 009	86 017 037	1 594 214 759	(910 856 537)	**6 067 211 105**
Total non-current liabilities as at December 31, 2019	298 946 068	4 547 402 626	73 235 835	12 921	1 107 173	(288 397 795)	**4 632 306 828**
Total current liabilities as at December 31, 2019	753 078 422	1 994 599 744	366 546 290	46 760 194	174 219 858	(45 670 478)	**3 289 534 030**

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

	For the year ended 31 December 2018						
escription	Non Banking Services	Leased sectors	Micro finance	Mortgage finance sector	Other sectors	Adjustment	Total
perating revenues	381 214 078	1 053 066 753	297 075 228	-	8 601 707	(2 684 010)	1 737 273 756
ividends income	1 200 359	-	-	-	78 678 610	(78 589 027)	1 289 942
ain from selling Property, plant and equipment	125 000	-	635 000	-	-	-	760 000
ain on sale of assets held for sale	-	838 998	-	-	-	-	838 998
he company's profit share in joint control investment		-	-	-	-	-	
terest income on treasury bills	2 139 750	14 032 149	3 577 297	-	33 596 793	-	53 345 989
ofit from selling financial investments at fair value through profit or loss	-	55 940	-	-	613 992	-	669 932
terest income	27 238 691	4 508 508	2 604 544	-	96 114 741	(76 461 752)	54 004 732
reign currency exchange differences	205 700	8 156 101	-	-	81 077	-	8 442 878
ther income	3 129 360	5 282 308	12 895	-	3 983 056	(3 669 719)	8 737 900
otal revenues	**415 252 938**	**1 085 940 757**	**303 904 964**	-	**221 669 976**	**(161 404 508)**	**1 865 364 127**
nancing expenses	(77 437 381)	(659 503 914)	(90 763 403)	-	(32 387 801)	76 461 752	(783 630 747)
et revenues	**337 815 557**	**426 436 843**	**213 141 561**	-	**189 282 175**	**(84 942 756)**	**1 081 733 380**
eneral and administrative expenses	(200 228 633)	(121 244 049)	(64 867 227)	-	(107 151 980)	6 353 729	(487 138 160)
ost of acquisition of Reefy Company	-	-	-	-	(5 093 238)	-	(5 093 238)
ovisions (charged) / no longer required	-	2 147 331	-	-	-	-	2 147 331
everse impairment of investment in subsidiaries	-	-	-	-	-	-	
aims provision	(3 525 489)	(4 600 000)	(860 000)	-	(565 158)	-	(9 550 647)
everse Impairment of other assets	-	-	-	-	4 404 607	-	4 404 607
pairment loss of clients	-	(8 985 562)	(9 005 046)	-	-	-	(17 990 608)
otal expenses	**(203 754 122)**	**(132 682 280)**	**(74 732 273)**	-	**(108 405 769)**	**6 353 729**	**(513 220 715)**
et profit before income tax	134 061 435	293 754 563	138 409 288	-	80 876 406	(78 589 027)	568 512 665
come tax	(31 580 630)	(68 618 418)	(31 676 776)	-	(11 324 693)	-	(143 200 517)
et profit for the year	**102 480 805**	**225 136 145**	**106 732 512**	-	**69 551 713**	**(78 589 027)**	**425 312 148**
tal current assets as at December 31,2018	1 068 378 022	1 746 954 251	655 838 368	-	359 984 085	(612 223)	**3 830 542 503**
tal non-current assets December 31,2018	55 251 297	5 319 923 534	5 040 315	-	1 366 460 701	(1042 210 317)	**5 704 465 530**
tal non-current liabilities December 31,2018	529 240 789	4 634 718 020	38 860 987	-	1 228 230	(528 000 000)	**4 676 048 026**
tal current liabilities December 31,2018	353 910 189	1 550 341 545	456 006 324	-	63 356 857	(612 223)	**2 423 002 692**

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

21- General and administrative expenses

	31 December 2019	31 December 2018
Wages and salaries	359 393 805	293 365 551
Employees end of service benefits	7 777 045	5 929 675
Travel and conferences Expense	16 009 548	17 419 555
Other expenses	149 797 934	133 815 665
Property, plant & equipment depreciation	17 720 889	13 267 553
The initial public offering at Egyptian stock exchange market costs	-	23 340 161
	550 699 221	**487 138 160**

22- Fair value of securitization Portfolios

The securitization transaction debtors amounted by EGP 210 868 912 in December 2019 represent the book value of the Company's right at the end of securitization portfolios surplus, and the following table shows the fair values of these rights at the end of securitization portfolios surplus, which the custodian is obliged to repay to the Company as the assignor in those issuances at the maturity of the securitization bonds or by its accelerated payment, and after the full payment of all entitlements of bondholders both principal and interest and the payment of all other obligations.

Fair value of the company's rights at the end of the securitization process	**31 December 2019**	**31 December 2018**
4th securitization	-	25 037 403
5th securitization	80 430 861	78 028 337
6th securitization	99 938 281	111 880 627
7th securitization	37 978 820	29 515 334
8th securitization	34 368 941	-
Total*	**252 716 903**	**244 461 701**

The measurement of fair value of the company's rights is classified at the end of the securitization process within the third level of the fair value chain according to inputs the valuation methods, and the following table illustrates the valuation methods used to measure fair values as well as the most important inputs used:

Evaluation methods and inputs

Description	Evaluation Method/Methods	Important input for fair value measurement
Fair value of surplus securitization portfolio after all obligations are paid	Discounted Cash Flows: The financial model of the evaluation takes into account the present value of expected cash flows, discounted at a modified discount rate to reflect related risks. Projected cash flows, taking into account contractual rental values after they affect potential changes for the rate of deposit and lending for one night (Corridor) according to the expected changes to the future rate of return from BMI (Business Monitor International) This is in the case of cash inflows, as financial leasing contracts bear variable rates of return. This is in addition to a variable rate of return on securitization bonds. "Outflows of cash" are related to the Treasury bills price 182 days plus a risk premium for the sixth and seventh versions only, since the fourth and fifth issuance bonds hold fixed rates of return.	1-Cash flows have been adjusted at moderate estimated default rates for reimbursement and average estimated rates of reimbursement and assuming a 100% delay in premiums for one month with an estimate of a year-long delay in the history of the securitizations portfolios based on average delay in the previous years . 2- Cash flows have been adjusted at moderate estimated rates for accelerated reimbursement. 3- The return to the calculation of the outcome was calculated at an average annual estimated rate of return on investment. 4- The surplus of the securitization portfolio resulting from the valuation method and the above assumptions has been deducted at an expected discount rate (the return of the Egyptian Treasury bonds) plus the risk associated with the portfolios and securitization bonds in accordance with the risks of each portfolio.

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

23- Operating revenues

	31 December 2019	31 December 2018
Custody and other operation	7 160 233	6 417 697
Brokerage	231 603 922	241 408 329
Fund and portfolio management	31 014 134	70 644 381
Investment banking	81 247 704	68 661 368
Leasing operation	1 815 937 404	1 053 066 753
Microfinance	323 211 131	297 075 228
Mortgage Finance	943 632	-
	2 491 118 160	**1 737 273 756**

24- Income Tax

24-1 Income Tax

The effective income tax is represented in the following:

	31 December 2019	31 December 2018
Current income tax	(163 887 543)	(140 089 194)
Deferred tax	(2 613 999)	(3 111 323)
	(166 501 542)	**(143 200 517)**

24-2 Deferred Tax

	Deferred tax liabilities (Fixed assets)	Deferred tax assets (Investments ,ESOP & Provisions)	Recognized in Income statement (expense) / revenue
Balance at 31 December 2018	**(8 283 373)**	**5 872 930**	**-**
Recognized in Income statement	(878 705)	(1 735 294)	(2 613 999)
Reconciliations on retained earnings*	(9 102 205)	-	-
Balance at 31 December 2019	**(18 264 283)**	**4 137 636**	**-**

* Represents the deferred tax on the retained earnings of the subsidiaries, which are distributable.

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

24-3 Adjustments to calculate the actual price for tax

	31 December 2019	31 December 2018
Accounting Profit before tax	787 650 198	568 512 665
Tax rate Accounting Profit	22.5 %	22.5 %
Tax on accounting profit	177 221 295	127 915 350
Add / Deduct		
Non-deductible expenses	20 153 621	18 010 482
Tax exemptions	(30 873 374)	(2 725 315)
	166 501 542	143 200 517
The effective tax is represented in the following		
Income tax	163 887 543	140 089 194
Deferred income tax	2 613 999	3 111 323
Income tax	**166 501 542**	**143 200 517**
The effective tax rate	**21.14%**	**25.19%**

25- Assets classified as held for sale

	31 December 2018	31 December 2019
Buildings	-	47 679 387
Cars	9 518 643	994 021
Total	**9 518 643**	**48 673 408**

26- Tax status of the parent company

25-1 Corporate tax

- The company submit the tax returns and pays accrued tax on the dates specified by law.
- The period from 2006/2008 has been examined and paid.
- For year 2009, the company was not within the sample of tax inspection.
- The period from 2010/ 2014 were inspected and waiting for inspection result.

25-2 Salary tax

- The Company's salary tax has been examined, paid, and settled since inception 31/12/2011.
- Random estimation for years 2012/2015 takes place, but objection has been raised in the legal time and repeating of the examination takes place.

25-3 Stamp tax

- The Company's stamp tax has been examined, paid and settled since the operations start up until 31/7/2006.
- Random estimation for years 2006/2013 takes place, but objection has been raised in the legal time and the decision has been taken to repeat the examination, in addition to examination for the years 2014/2015 and the inspection is not starting until the reporting date.

27- Basis of measurement

The financial statements are prepared on the historical cost basis, except for financial instruments, which measured at fair value or amortized cost or at condition cost.

28- Financial impact for implementation of law 49 Leasing contracts

Egyptian Accounting Standard 49 Leasing contracts (First implantation) for accounting periods starts on or after January 2020, early implementation is allowed if Egyptian Accounting Standard 48 implemented (contract revenue from customers in 2019, other than this the implementation date is annual report period which the law number 95 for 1995 cancelled in with amendments and law number 176 for 2018 issued for finance lease and factoring as follows:

a- Finance lease contracts under law 95 for 1995 which should be accounted for under Egyptian Accounting Standard number 20 (Accounting rules and standards for finance leasing).

b- Finance lease contracts under law 176 for 2018 organize finance lease and Factoring.

Opening financial position as of 1 January2018 (Transformation date) after necessary amendments for transfer to Egyptian Accounting Standard number 20 (Accounting rules and standards for finance leasing), the Egyptian Accounting Standard require to disclose the adjustments and reclassifications on the financial positions and statements of Income according to settlements effect on them whether re-measurement or re-classification from Egyptian Accounting Standard number (20) to Egyptian Accounting Standard number (49) leasing contracts. Those settlements include adjustments on Equity as of 1 January 2018, 30 June 2018 and 31 December 2018 as well as adjustments on accumulated income as follows:

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

28-1 Adjustments to the statement of financial position

28-1-1 Adjustments at 1-1-2018

	Disclosure	According to Egyptian Accounting Standards no. 20	Financial Impact for Implementation	According to New Egyptian Accounting Standards no. 49
Assets				
Non-current assets				
Finance lease clients		-	2 642 586 348	2 642 586 348
Finance leased assets (Net)		4 417 286 564	(4 417 286 564)	-
Leased assets – settlements of leased contracts		(512 435 497)	512 435 497	-
Advance payments of suppliers		50 174 760	(50 174 760)	-
Total		**3 955 025 827**	**(1 312 439 479)**	**2 642 586 348**
Current Assets				
Clients		1 111 914 001	1 397 421 912	2 509 335 913
		1 111 914 001	**1 397 421 912**	**2 509 335 913**
Equity				
Retained earnings		459 635 788	56 711 633	516 347 421
Non-controlling interest		84 768 137	8 175 819	92 943 956
Total		**544 403 925**	**64 887 452**	**609 291 377**
Liabilities				
Non-current liabilities				
Prepaid lease rents		60 916 855	3 174 380	64 091 235
		60 916 855	**3 174 380**	**64 091 235**
Current liabilities				
Current tax liability		112 407 396	18 838 292	131 245 688
suppliers		32 519 131	3 555 007	36 074 138
Other liabilities		291 219 008	(5 472 697)	285 746 311
Total		**436 145 535**	**16 920 602**	**453 066 137**

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

28-1-2 Adjustments at 31-12-2018

	Disclosure	According to Egyptian Accounting Standards no. 20	Including the adjustments of 1 January 2018 Financial Impact for Implementation	According to New Egyptian Accounting Standards no. 49
Assets				
Non-current assets				
Finance lease clients*(1)		-	4 965 758 949	4 965 758 949
Finance leased assets (Net)		7 422 600 175	(7 422 600 175)	-
Leased assets – settlements of leased contracts		(1 584 094 796)	1 584 094 796	-
Advance payments of suppliers		132 890 165	(132 890 165)	-
Total		**5 971 395 544**	**(1 005 636 595)**	**4 965 758 949**
Current Assets				
Clients*(2)		1 490 959 861	1 010 632 824	2 501 592 685
		1 490 959 861	**1 010 632 824**	**2 501 592 685**
Equity				
Retained earnings		826 721 121	2 573 569	829 294 690
Non-controlling interest		138 231 981	371 017	138 602 998
		964 953 102	**2 944 586**	**967 897 688**
Liabilities				
Non-current liabilities				
Prepaid lease rents		127 494 701	3 058 462	130 553 163
		127 494 701	3 058 462	130 553 163
Current liabilities				
Current tax liability		143 836 143	854 880	144 691 023
Other liabilities	(14)	209 322 651	(1 861 699)	207 460 952
Total		**353 158 794**	**(1 006 819)**	**352 151 975**
Client*(1+2)		**1 490 959 861**	**5 976 391 773**	**7 467 351 634**

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

28-2 Adjustments to the income statement and other comprehensive income

28-2-1 for the year ended on 31-12-2018

	According to Egyptian Accounting Standards no. 20	**Financial Impact for Implementation**	**According to New Egyptian Accounting Standards no. 49**
Operating revenues	2 301 021 969	(563 748 213)	1 737 273 756
Depreciation of finance leased assets	(563 748 213)	563 748 213	-
Foreign currency exchange differences	88 369 155	(79 926 278)	8 442 877
Income tax for the year	(161 183 929)	17 983 412	(143 200 517)
Net profit for the year	487 255 013	(61 942 866)	425 312 147

29- Significant accounting policies

The most important accounting policies set out below have been applied for preparation of financial statement consistently with those applied in all periods presented unless otherwise stated.

29-1 Foreign currencies

29-1-1 Foreign currency transactions

- 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.
- Assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate used when the fair value was determined.
- Non-monetary assets and liabilities items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.
- Foreign currency differences are generally recognized in profit or loss However, foreign currency differences arising from the translation of the following items are recognized in OCI:
- Available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss);
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- Qualifying cash flow hedges to the extent that the hedges are effective.

29-1-2 Foreign operations

- The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

- Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except foreign currencies translation difference to the extent that the translation difference is allocated to NCI.
- When a foreign operation is disposed of in its entirety or partially such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.
- If the Group disposes of part of its interest in a subsidiary but retains significant influence or joint control, then the relevant proportion of the cumulative amount is reattributed to NCI.
- When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

29-2 Business Combination

- The Group accounts for business combinations using the acquisition method when control is transferred to the Group.
- The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.
- Any goodwill that arises is tested annually for impairment, any gain on a bargain purchase is recognized immediately in profit or loss.
- Transaction costs are expensed as incurred, except if related to the issue of debtor equity securities.
- The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in consolidated profit or loss.

29-3 Subsidiaries and associates

29-3-1 Subsidiaries

- Subsidiaries are entities controlled by the Group.
- The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

- **Non-controlling interests**

NCI are measured at their proportionate share of the acquirer's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

- **Loss of control**

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of OCI related. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

- **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealized profit and loss arising from intra-group transactions, are eliminated.

Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment of assets.

29-3-2 Investments accounted for by equity method

The investments accounted for using the equity method include its share in the associates and the company doesn't has any rights in assets and associated arrangements liabilities.

The associate company is which has significant influence, which is the power to participate in the financial and operating policies of an entity, but is not control or joint control.

Joint venture is a joint agreement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The investments in associates are accounted for using the equity method so under which the investment is initially recognized at the transaction price including transaction costs.

Subsequently the consolidated financial statement adjusted to reflect the investor's share of the profit or loss and other comprehensive income of the associate.

29-4 Property, plant and equipment

29-4-1 Recognition and measurement

- Items of property, plant, and equipment are measured at historical cost less accumulated depreciation and any accumulated impairment losses note no. (7).
- Purchased Computer programs, which represent an integral part and effective for devices are capitalized as part of these devices.
- The cost of certain items of property, plant and equipment. If significant parts of an item of property, plant, and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant, and equipment.

29-4-2 Capital gain or loss

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

29-4-3 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 to the company.

29-4-4 Depreciation

All property, plant, and equipment are stated at historical cost, less any Residual value with straight-line method over the useful life of the asset, the following table represents the estimated useful life of assets estimated useful lives, using the straight-line method as follows:

Asset	Estimated useful life
Communication devices	2 years
Furniture and fixtures	10 years
Computers	3-5 years
Vehicles	4 years
Machinery and equipment	8 years

29-5 Intangible assets and goodwill

29-5-1 Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

29-5-2 Other intangible assets

The intangible assets include computer programs, which are amortized using straight-line method over their estimated useful lives, and the amortization period range is from 25 months to 4 years.

Other acquired intangible assets, are recognized from accumulated activities, and have specific useful life less accumulated amortization and any accumulated impairment loss.

29-5-3 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies.

Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on re-measurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

29-6 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.

29-6-1 Non-derivative financial assets and financial liabilities – Recognition and De-recognition

The Group initially recognizes loans, 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 financial 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 derecognizes 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 release the asset and settle the liability simultaneously.

29-6-2 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: Held-to-maturity financial investment

These assets are initially measured at fair value plus any directly attributable transaction costs by acquired or issued financial assets. 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 by acquired or issued financial assets. 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 by acquired or issued financial assets. 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.

29-6-3 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 by acquired or issued financial liabilities 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.

29-7 Capital

29-7-1 Common stocks

Incremental costs directly attributable to the issue of Common 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 income tax.

29-7-2 Repurchase and reissuance of common stocks (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 stocks and are presented in the treasury stocks 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.

29-8 Impairment

29-8-1 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 in other situation.
- 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 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 OCI accumulated and fair value reserve to profit or loss. The amount reclassified the derecognized amount of accumulated loss from equity and recognized in profit or loss 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: Financial Investment accounted for using equity method

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.

29-8-2 Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventory 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 in the previous years.

29-9 Provisions

Provisions are recognized when the Group has a legal or constructive current obligation because of a past event and it is 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.

29-9-1 Employees end of service provision (Finance leasing activity)

The company contributes to the government's social insurance system according to the social insurance law. It also adopts defined contribution plan according to which the company will fund the scheme to any staff member by accruing 10% of the gross monthly salary of any staff member excluding allowances.

Vesting conditions depends on duration of service as follows:

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

Duration of service	Percentage of balance paid
Less than 5 years	-
More than 5 years up till 6 years	20%
More than 6 years up till 7 years	40%
More than 7 years up till 8 years	60%
More than 8 years up till 9 years	80%
More than 9 years and less than 10 years	90%
10 years or more	100%
Staff reaching the age 60	100%
In case of death or total permanent disability	100%

29-9-2 Impairment losses of micro finance financed loans

The impairment losses of microfinance loans is estimated in light of the basis and rules of law no.141 for year 2014 pertaining to companies operating in microfinance and the provision in case of:

Client's balances according to delay in payment	Percentage of provision
Client's balances which are regular in payment or with delay not exceeding a week	%2
Delay on payment for more than one week till 30 days	%10
Delay on payment for more than 30 days till 60 days	%25
Delay on payment for more than 60 days till 90 days	%50
Delay on payment for more than 90 days till 120 days	%70
Delay on payment for more than 120 days	%100
Rescheduled balances	%50

29-9-3 Provision for customer financing risk

The customer financing risk provision is set at 1% of the value of the financing balance granted to customers. In accordance with the decision of the General Authority for Mortgage Finance on July 11, 2006 regarding the rules for the classification of assets and provisions for losses, the provision is charged according to the following:

Description	Credit risk level	%	Provision type	Number of delay payments
regular debts				
	Acceptable risks	1%	General	-
	Risks need special care	5%	General	1
Irregular debts				
	Substandard	20%	Specific	2
	Doubtful	50%	Specific	3-5
	Bad debts	100%	Specific	6 and above

29-10 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.

29-11 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.

29-12 Dividend Distribution

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

29-13 Leasing contract

On 1 January 2018, the company began the adoption from the cancellation date of law no. 95 and the issuance of law no.176 for the year 2018 the Egyptian Accounting Standard number (49) leasing contracts and its validity date 1 January 2019. This standard replace the previous Egyptian Accounting Standard number (20).

EAS49 leases set outs the principles for the recognition, measurements, presentation and disclosure of leases. The objective is to ensure that lessees and the lessors provide relevant information in a manner that faithfully represents those transactions. This information provide the users of the financial statements a basis to evaluate the effects of leasing contracts on the financial position, financial performance and the cash flow of the entity.

At inception of a contract, the group assesses whether a contract is, or contain, a lease. A contract is or contain, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and the lease term is determined as a non-cancellable period for the lease contract together with the following:-

Periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option.

Periods covered by an option holder to terminate the lease if the lessee is reasonably certain not to exercise the option.

Leases in which the company is the lessor

According to EAS 49 leases, the company determine at inception whether each lease is a finance lease or an operating lease.

To classify each lease, the group makes an overall assessment of whether the lease transfers substantially the entire risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is an operating lease. In deciding whether a particular lease should be classified as a finance or operating lease the substance of the transaction should be considered, rather than its strict legal form. And from the examples of situations that individually or in combination would normally lead to a lease being classified as a finance lease:

a- The lease transfers ownership of the underlying assets to the lessee by the end of the lease term.
b- The lessee has the option to purchase the underlying assets at a price expected to be sufficiently lower than fair value at the exercise date that is reasonably certain, at the inception date that the option will be exercised.
c- The lease term is for a major part of the useful life of the underlying asset even if title is not transferred.
d- The present value of the lease payments at the inception date amounts to at least substantially all of the fair value of the underlying asset.
e- The underlying asset is of such specialized nature that only the lessee can use it without major modifications.

Recognition and measurement

Initial measurement

The amount due from the lessee under a finance lease to be recorded in the statement of financial position of the lessor as a receivable at the amount of the net investment in the lease.

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

a- Fixed payments (Include the fixed payments as determined in paragraph "B42"), less any lease incentives.
b- Variable payments that depend on an index or rate, that initially measured using an index or rate at the lease commencements date.

c- Any guaranteed residual value, which is guaranteed by the lessee or by a third party unrelated to the lessor who is financially capable of discharging the obligation under the guarantee, Purchase option price if the lessee reasonably certain to exercise this option.

d- Evaluated taking in account the considerations determined in paragraph "B37" (penalties the lessee expects to pay for terminating the lease if the lease term reflect the lessee exercising an option to terminate the lease).

e- Termination of the lease.

29-14 Operating revenues

29-14-1 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.

29-14-2 Funds and portfolios management fees

- Management fees are recognized according to contracts terms with a certain percentage from net assets of mutual funds and portfolios, which managed by the company every month these fees, are recognized in companies' operational income according to accrual basis.
- Commission is calculated and suspended daily against mutual funds and portfolios evaluation with a certain percentage from net assets of mutual funds and portfolios.

29-14-3 Performance fees

- Performance fees are recognized with a certain percentage from annual interest achieved of the mutual funds and portfolios in case it exceed a certain rate specified according to contracts terms for each fund.
- Annual interest achieved is calculated according to the net assets of the fund however, performance fees are not recognized from the revenue except there are conditions for achievement and reasonable assurance for collection.

29-14-4 Interest income

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

29-14-5 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.

29-14-6 Finance leasing

At the commencement date, a manufacture or dealer lessor shall recognize the following for each of its finance leases:

a- Revenue being the fair value of the underlying asset, or, if lower, the present value of the lease payments accruing to the lessor, discounted using a market rate of interest.

b- The cost of sale being the cost, or caring amount if different, of the underlying asset less the present value of the unguaranteed residual value.

c- Selling profit or loss (being the difference between revenue and the cost of sale) in accordance with its policy for outrights sales to which EAS "48" applies. A manufacturer or dealer lessor shall recognize selling profit or loss on a finance lessee at the commencement date, regardless of whether the lessor transfers the underlying asset as described as EAS"48" (Revenue from contracts with customers).

29-14-7 Income From Securitization operation

Income from securitization activities is measured by the amount of increase in the fair value of the transfer weather it had been paid or still accrual to the company as rights to be paid by the end of the securitization process – against the book value of the securitization portfolio at the date of the transfer contract.

29-14-8 Custody revenue

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

29-14-9 Services revenue (Microfinance activity)

Services revenue are recognized according to the accrual basis when the loan is offered according to the agreements in the contract between the company and the borrower.

29-14-10 Delay penalty (Microfinance activity)

In case of a customer, delay in the payment of the due installment in the due date and delay penalty is calculated according to the contract agree.

29-14-11 Other leasing revenue

Other leasing revenues are represented in the amount of the lessee payment, directly after signing the contract in exchange with the provided service according to the lease contract.

29-14-12 Mortgage finance revenue

Revenue recognized from the use of third parties to the company's resources, which generates revenues if the following conditions are met:

- The flow of economic benefits associated with the transaction to the entity is highly expected.
- Revenue can be measured reliably.
- Thus, revenue from financing services is recognized in the areas of financing the purchase, construction, renovation and improvement of real estate in accordance with the contract between the Company and its customers on a time proportion basis taking into account the target interest rate on the asset.

-Loans receivable from customers' portfolios purchased using the effective interest method are recognized on a time proportion basis taking into account the discount rate used at the time of purchase.

-Revenue from delays in payment is recognized when collected from customers.

29-15 Expenses

29-15-1 Rent

Rental expense is recognized in profit or loss on a straight-line basis over the contract duration.

29-15-2 Interest expense

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

29-15-3 Income Tax

- Income tax expense comprises current and deferred tax. It is recognized in profit or loss 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.

29-15-4 Borrowing Cost

- Borrowing cost is recognized through statement of income, 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.

29-16 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.

29-17 Profit sharing to employees

- The company pays 10% of its cash dividends as profit sharing to its employees provided that it will not exceed total employees annual salaries. Profit sharing is recognized as a dividend distribution through equity and as a liability when approved by the Company's shareholders.
- The distribution of a share of profits to employees is linked to the distribution of dividends to shareholders, the share of employees in undistributed profits is not recognized as liability, and however profit share of employees is estimated in the periods, which the distribution was not announced to distribute dividends to the shareholders for the purpose of earnings per share calculation.

29-18 Investment in property

Investment in property represents the property held to generate revenue, increase its value, or both. It is recognized at cost first, then it is recognized at cost less accumulated depreciation and accumulated impairment cost. The depreciation and impairment cost is recognized as gains or losses

Depreciation is calculated using straight-line method to allocate the cost over the useful life of each item; however, land is not subject to depreciation.

The depreciation useful life represents as follows:

Investment in property	No. of years
Buildings	50

The gains and losses on disposal of an investment in property (it is calculated as the difference between the proceeds from disposal and the book value), it is recognized under gains or losses.

30- Financial risk management objectives and policies

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

- Market Risks

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

  The company's Board of Director is responsible for setting the framework 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 framework for the financial risk management represented in a combination of formal and unformal risk management policies in various fields.

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

30-1 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 book 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 does not expect according to the information available about the bank they deal with, that any of its debtors may default in repaying them.

30-2 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.

30-3 Market risk

Market risk is represented in the factors, which affect values, earnings, and profits of all securities negotiated in stock exchange or affect the value, earning, and profit of a particular security.

According to the company's investment policy, the following procedures are undertaken to reduce the effect of this risk.

- Performing the necessary studies before investment decision in order to verify that investment is made in potential securities.
- Diversification of investments in different sectors and industries.
- Performing continuous studies required to follow up the company's investments and their development.

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

30-3-1 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.

	31 December 2019	31 December 2018
Fixed return balances		
Financial assets	977 376 350	136 847 664
Financial liabilities	-	-
Variable return balances		
Financial assets	8 200 631 451	8 320 374 315
Financial liabilities	3 702 907 603	6 477 868 442

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

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

	Egyptian Pound	USD	Euro	GBP	Other Currencies	Total
ecember 31, 2019						
nancial assets						
vestments in settlements guarantee fund	9 102 436	-	-	-	-	9 102 436
vailable for sale financial investments	15 801 361	-	-	-	-	15 801 361
ish at banks	931 246 645	261 339 230	7 331 633	12 121 165	36 232 483	1 248 271 156
nancial investments at fair value through profit or loss	373 642	-	-	-	-	373 642
easury bills	209 897 590	-	-	-	-	209 897 590
earance - debit balances	11 163 241	9 124 519	-	-	-	20 287 760
ebit clients - (Net)	6 724 124 617	1 462 142 301	2 667 453	-	17 230 692	8 206 165 063
tal Financial assets	**7 901 709 532**	**1 732 606 050**	**9 999 086**	**12 121 165**	**53 463 175**	**9 709 899 008**
nancial liabilities						
ans and credit facilities	5 375 110 007	1 300 660 418	-	-	27 137 179	6 702 907 604
earance - credit balances	-	-	-	-	-	-
ients - credit balances	251 913 722	49 815 170	4 368 933	183 004	106 108 130	412 388 959
tal Financial liabilities	**5 627 023 729**	**1 350 475 588**	**4 368 933**	**183 004**	**133 245 309**	**7 115 296 563**

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

	Egyptian Pound	USD	Euro	GBP	Other Currencies	Total
ecember 31, 2018						
nancial assets						
vestments in settlements guarantee fund	10 224 596	-	-	-	-	10 224 596
vailable for sale investments	10 801 969	-	-	-	-	10 801 969
sh at banks	555 978 596	487 190 771	5 795 685	10 359 939	32 577 418	1 091 902 409
nancial investments at fair value through profit or loss	327 574	-	-	-	-	327 574
easury bills	122 898 364	-	-	-	-	122 898 364
earance - debit balances	600 778	-	-	-	-	600 778
asing customers portfolio	4 569 173 642	1 619 255 865	112 563	-	72 373 885	6 260 915 955
bit clients - (Net)	1 490 024 703	916 385	18 773	-	-	1 490 959 861
tal Financial assets	**6 760 030 222**	**2 107 363 021**	**5 927 021**	**10 359 939**	**104 951 303**	**8 988 631 506**
nancial liabilities						
ans and credit facilities	4 172 983 499	1 713 589 936	227 880	-	63 067 127	5 949 868 442
earance - credit balances	11 617 210	-	-	-	-	11 617 210
ents - credit balances	194 071 476	72 589 848	1 812 359	43 830	-	268 517 513
tal Financial liabilities	**4 378 672 185**	**1 786 179 784**	**2 040 239**	**43 830**	**63 067 127**	**6 230 003 165**

31- 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 in an indirect way.
- **Third level:** Other evaluating methods, which is not relayed on any factors with material important inputs to comparable market information.

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

32- 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". 5-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.

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

New Egyptian Accounting Standard (49) "rental contracts	1. The new Egyptian Accounting Standard No. (49) "Lease Contracts" replaces and repeals Egyptian Accounting Standard No. (20) "Accounting Rules and Standards relating to Financial Leasing Operations 2015". 2. The standard introduces a single accounting model for the lessor and the lessee, in which the lessee recognizes the right to use the leased asset within the company's assets as it recognizes an obligation which represents the present value of unpaid lease payments within the company's obligations, bearing in mind that lease contracts are not classified in relation to the tenant as a lease contract Operating or finance lease. 3. With regard to the lessor, the lessor must classify each of its lease contracts either as an operating lease contract or as a finance lease contract. 4. With regard to finance lease, the lessor must recognize the assets held under a finance lease in the statement of financial position and present them as amounts due for collection in an amount equal to the net investment in the lease. 5. With regard to operating lease, the lessor must recognize the lease payments from the operating lease contracts as income in either the straight-line method or any other regular basis.	Management applied the new standard No. (49) applies to leasing contracts that were subject to the Financial Leasing Law No. 95 of 1995 - and its amendments	Standard No. (49) Applies to financial Years beginning on or after January 1, 2020, and early application is permitted if Egyptian Accounting Standard No. (48) "Revenue from contracts with customers" 2019 is applied at the same time. With the exception of the effective date above, criterion No. (49) 2019 applies to leasing contracts that were subject to the Financial Leasing Law No. 95 of 1995 - and its amendments and were processed according to Egyptian Accounting Standard No. (20) "Accounting rules and standards related to financial leasing operations", as well as Financial leasing contracts that arise under and subject to the Law of Regulating Financial Leasing and Factoring Activities No. 176 of 2018, from the beginning of the annual reporting Year in which Law 95 of 95 was repealed and the issuance of Law 176 of 2018.