

**CI Capital Holding for Financial Investments**  
**(Egyptian Joint Stock Company)**

**Consolidated Interim financial statements**  
**for the Six months ended June 30, 2021**  
**&**  
**Review Report**

<b>Contents</b>	<b>Page</b>
Review report	
Consolidated statement of financial position	1
Consolidated income statement	2
Consolidated statement of comprehensive income	3
Consolidated statement of changes in equity	4
Consolidated statement of cash flows	5
Notes to the consolidated financial statements	6-32
Significant accounting policies applied	33-74



## **Hazem Hassan**

**Public Accountants & Consultants**

B (105) – Avenue (2) – Smart Village  
Km 28 Cairo – Alex Desert Road  
Giza – Cairo – Egypt  
Postal Code : 12577

Telephone : (202) 35 37 5000 – 35 37 5005  
E-mail : Egypt@kpmg.com.eg  
Fax : (202) 35 37 3537  
P.O. Box : (5) Smart Village

### **Review Report**

#### **To the Board of Directors of CI Capital Holding for Financial Investments**

#### **Introduction**

We have performed a limited review for the accompanying Consolidated statement of financial position of CI Capital Holding Company for Financial Investments (Egyptian Joint Stock Company) as at 30 June 2021 and the related Consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The company's management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these Consolidated interim financial statements based on our limited review.

#### ***Scope of Limited Review***

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

#### ***Conclusion***

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying Consolidated interim financial statements do not present fairly, in all material respects, the Consolidated financial position of the Company as at 30 June 2021 and of its Consolidated financial performance and its Consolidated cash flows for the six months then ended in accordance with Egyptian Accounting Standards.



Hazem Hassan

***Emphasis of Matter:***

Without qualifying our opinion, and as detailed in note No. (33) of the financial statements notes, most of the world countries, including Egypt, were exposed during the first quarter of 2020 to the new Covid-19 pandemic and its impact has been extended until now, As indicated in the above-mentioned clarification, the company's management is currently taking several procedures to counter this risk and reduce its impact on its financial position and also assures that the value of assets and liabilities in the financial statements have been identified upon the best estimate from the latest data available for it.

Cairo, August 8, 2021

KPMG Hazem Hassan

KPMG Hazem Hassan

**KPMG Hazem Hassan**  
**Public Accountants and Consultants**  
(23)

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 June 30, 2021

(in EGP)	Note no.	30 June 2021	31 December 2020
<b>Non-current assets</b>			
Investments at fair value through other comprehensive income	(3)	18 801 361	15 801 361
Investments in settlements guarantee fund	(4)	7 163 666	6 983 563
Debit Clients-Net	(12)	7 268 273 202	6 544 356 355
Joint control investment	(13)	951 902 802	1 277 912 571
Property, plant and equipment (Net)	(7)	211 316 918	212 834 814
Investments Property	(6)	45 681 418	46 158 212
Goodwill	(5)	348 804 544	348 804 544
Securitization transactions debtors	(23)	148 562 255	124 543 237
Right to use asset	(8-1)	119 318 977	-
Deferred tax assets	(25-1)	5 718 110	5 973 559
<b>Total non-current assets</b>		<b>9 125 543 253</b>	<b>8 583 368 216</b>
<b>Current assets</b>			
Cash at banks	(9,20)	921 800 368	850 356 226
Assets held for sale	(26)	2 288 796	8 747 981
Treasury bills	(10)	369 048 215	487 077 865
Financial investments at fair value through profit or loss	(11)	195 038 044	150 549 878
Clearance accounts		241 417	682 937
Debit Clients - (Net)	(12)	3 843 427 500	3 548 602 025
Notes Receivables		-	4 630 222
Other assets	(14)	102 237 819	156 354 070
<b>Total current assets</b>		<b>5 434 082 159</b>	<b>5 207 001 204</b>
<b>Total assets</b>		<b>14 559 625 412</b>	<b>13 790 369 420</b>
<b>Equity</b>			
Issued and paid in capital	(15)	1 000 000 000	1 000 000 000
Legal reserve		34 739 555	26 282 970
Cumulative foreign subsidiaries translation differences		64 916 944	41 150 330
Retained earnings		1 224 863 812	1 558 351 657
Reserve for financial instrument application risk		76 852 590	95 391 177
Issuance premium reserve	(15)	402 732 129	402 732 129
Reserve for employees stock ownership plan (ESOP)	(27)	-	15 710 673
<b>Total shareholders' equity-Holding company</b>		<b>2 804 105 030</b>	<b>3 139 618 936</b>
Non-controlling interest		1 012 228 764	1 204 232 551
<b>Total shareholders' equity and non controlling interest</b>		<b>3 816 333 794</b>	<b>4 343 851 487</b>
<b>Non-current liabilities</b>			
Long-term loans	(17,20)	6 768 290 705	5 708 424 728
Prepaid lease rents		139 961 051	114 523 220
End of service employees benefit	(19)	26 887 154	23 960 854
Lease Liabilities - Long term	(8- 2)	106 852 310	-
Deferred tax liabilities	(25 -1)	15 266 747	32 215 044
<b>Total non-current liabilities</b>		<b>7 057 257 967</b>	<b>5 879 123 846</b>
<b>Current liabilities</b>			
Short-term loans	(17,20)	1 548 710 867	1 835 422 668
Short-term credit facilities		1 098 705 202	855 801 078
Clients -Credit balances		409 977 240	366 999 083
Leased assets Payables to suppliers		24 928 102	51 300 847
Current income tax liability		55 403 967	166 896 607
Lease Liabilities - short term	(8- 2)	16 930 637	-
Other liabilities	(16)	506 668 037	243 982 206
Provisions	(18)	23 927 664	24 879 974
Clearance - credit balances		781 935	18 088 831
Due to related parties	(20)	-	4 022 793
<b>Total current liabilities</b>		<b>3 686 033 651</b>	<b>3 567 394 087</b>
<b>Total liabilities</b>		<b>10 743 291 618</b>	<b>9 446 517 933</b>
<b>Total shareholders' equity and liabilities</b>		<b>14 559 625 412</b>	<b>13 790 369 420</b>

The accompanying notes from pages (6) to (74) an integral part of these financial statements and are to be read therewith.

(Review report attached)

Mahmoud Attalla  
Chairman & Managing Director

CI Capital Holding For Financial Investments

"Egyptian Joint Stock Company"

Translation of consolidated financial statements originally issued in Arabic

Consolidated income statement for the six months ended on June 30, 2021

(in EGP)	Note no.	For the six months ended		For the three months ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
Operating revenues	(24)	991 839 372	955 349 012	483 695 456	460 837 935
(Losses) Gain on sale of assets held for sale		( 197 387)	519 183	( 353 177)	214 999
Interest income on treasury bills		17 345 953	9 172 233	5 874 485	3 725 471
Profit from selling financial investments at fair value through profit or loss		290 848	19 939	290 848	9 448
Profit from revaluation financial investments at fair value through profit or loss		40 589 472	745 700	17 742 306	745 700
The company's profit share in joint control investment	(13)	891 439 909	17 743 485	881 831 427	8 412 621
Cost of selling consumer durable goods		(4 616 802)	(15 967 646)	-	(7 515 590)
Foreign currency exchange differences		(2 959 769)	4 078 647	( 566 455)	9 613 815
Interest income		23 182 072	28 123 338	11 009 667	10 310 683
Dividends income		10 251 170	26 039 029	10 251 170	26 038 641
Gains from selling property, plant & equipment		1 077 815	293 876	1 077 815	-
Other income		15 896 962	5 699 800	13 669 559	1 810 092
<b>Total revenues</b>		<b>1 984 139 615</b>	<b>1 031 816 596</b>	<b>1 424 523 101</b>	<b>514 203 815</b>
Direct financing and banking expenses		(395 593 629)	( 418 425 309)	(202 330 839)	(206 811 481)
General and administrative expenses	(22)	(507 680 041)	(300 286 134)	(187 524 350)	(151 835 014)
Investments property depreciation	(6)	( 476 794)	( 476 794)	( 238 397)	( 238 397)
Right to use asset amortization	(8-1)	(13 189 228)	-	(6 577 196)	-
Lease liability interest	(8-2)	(6 020 177)	-	(2 955 346)	-
Expected credit loss		(20 184 183)	(38 577 562)	(20 532 777)	(19 603 913)
Provisions charged (no longer required)	(18)	32 686	(2 987 738)	32 686	(2 258 693)
<b>Total expenses</b>		<b>( 943 111 366)</b>	<b>( 760 753 537)</b>	<b>( 420 126 219)</b>	<b>( 380 747 498)</b>
<b>Net profit before tax</b>		<b>1 041 028 249</b>	<b>271 063 059</b>	<b>1 004 396 882</b>	<b>133 456 317</b>
Income Tax	(25)	(63 189 465)	(65 680 258)	(29 845 138)	(29 932 801)
<b>Net profit after Tax for the period</b>		<b>977 838 784</b>	<b>205 382 801</b>	<b>974 551 744</b>	<b>103 523 516</b>
<b>Distributed on:</b>					
Holding company - Equity holders		171 745 083	178 825 089	188 408 751	90 426 213
Non-controlling interest		806 093 701	26 557 712	786 142 993	13 097 303
		<b>977 838 784</b>	<b>205 382 801</b>	<b>974 551 744</b>	<b>103 523 516</b>

The accompanying notes from pages (6) to (74) an integral part of these financial statements and are to be read therewith.

**CI Capital Holding For Financial Investments****"Egyptian Joint Stock Company"****Translation of consolidated financial statements originally issued in Arabic****Consolidated statement of other comprehensive income for the six months ended on June 30, 2021**

(In EGP)	For the six months ended		For the three months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Net profit for the period	977 838 784	205 382 801	974 551 744	103 523 516
Cumulative foreign subsidiaries translation differences	56 642 916	397 815	56 870 933	1 704 357
<b>Total comprehensive income for the period</b>	<b>1 034 481 700</b>	<b>205 780 616</b>	<b>1 031 422 677</b>	<b>105 227 873</b>
<b>Attributable to:</b>				
Holding company - Equity holders	195 511 697	179 222 904	212 234 713	92 130 570
Non-controlling interest	838 970 003	26 557 712	819 187 964	13 097 303
	<b>1 034 481 700</b>	<b>205 780 616</b>	<b>1 031 422 677</b>	<b>105 227 873</b>

The accompanying notes from pages (6) to (74) an integral part of these financial statements and are to be read therewith.

(in EGP)	Issued and paid in capital	Legal reserve	Cumulative foreign currencies translation differences	Transferred to Employee Stock Ownership Plan (ESOP) reserve	Reserve for financial instrument application risk	Insurance premium reserve	Retained earnings	Total shareholder's equity for holding company	Non-controlling interest	Total shareholders' equity
2020										
Balance as at January 1, 2020	800 000 000	22 084 024	38 048 628	-	-	602 732 129	1 292 537 206	2 755 396 987	200 436 843	2 955 833 830
Net profit of the period	-	-	-	-	-	-	178 825 089	178 825 089	26 557 712	205 382 801
Other comprehensive income	-	-	397 815	-	-	-	-	397 815	-	397 815
Total comprehensive income	-	-	397 815	-	-	-	-	397 815	-	397 815
Transactions with Shareholders										
Capital increase	200 000 000	-	-	-	-	(200 000 000)	-	-	-	-
Transferred to legal reserve	-	4 198 946	-	-	-	-	(4 198 946)	-	-	-
Employee Stock Ownership Plan (ESOP) reserve	-	-	-	5 788 142	-	-	-	5 788 142	-	5 788 142
Change in non controlling interest without change in control	-	-	-	-	-	-	(1 775)	-	598 772	596 997
Dividends	-	-	-	-	-	-	(94 356 762)	(94 356 762)	(40 614 496)	(134 971 258)
Total Transactions with Shareholders	200 000 000	4 198 946	-	5 788 142	-	(200 000 000)	(98 557 483)	(98 557 483)	(40 015 724)	(128 586 119)
Balance as at June 30, 2020	1 000 000 000	26 282 970	38 446 443	5 788 142	-	402 732 129	1 372 799 812	2 846 049 496	186 978 831	3 033 028 327
2021										
Balance as at December 31, 2020 (as it issued)	1 000 000 000	26 282 970	41 150 330	15 710 673	95 391 177	402 732 129	1 558 351 657	3 139 618 936	1 204 232 551	4 343 851 487
Effect of change in accounting policies	-	-	-	-	-	-	(22 336 094)	(22 336 094)	-	(22 336 094)
Balance as at January 1, 2021	1 000 000 000	26 282 970	41 150 330	15 710 673	95 391 177	402 732 129	1 536 015 563	3 117 282 842	1 204 232 551	4 321 515 393
Net profit of the period	-	-	-	-	-	-	171 745 083	171 745 083	806 093 701	977 838 784
Other comprehensive income	-	-	23 766 614	-	-	-	-	23 766 614	32 876 302	56 642 916
Total comprehensive income	-	-	23 766 614	-	-	-	-	23 766 614	32 876 302	56 642 916
Transactions with Shareholders										
Transferred to legal reserve	-	8 456 585	-	-	-	-	171 745 083	195 511 697	838 970 003	1 034 481 700
Reserve for implementing financial instruments accounting standard	-	-	-	-	(18 538 587)	-	-	-	-	-
Employee Stock Ownership Plan (ESOP) reserve	-	-	-	(15 710 673)	-	-	-	(15 710 673)	-	(15 710 673)
Change in non controlling interest without change in control	-	-	-	-	-	-	(208 102 548)	(208 102 548)	(55 745 267)	(263 847 815)
Decrease the Non-controlling interest share in subsidiaries	-	-	-	-	-	-	-	-	(880 081 219)	(880 081 219)
Dividends	-	-	-	-	-	-	(284 876 288)	(284 876 288)	(95 147 304)	(380 023 592)
Total Transactions with Shareholders	-	8 456 585	-	(15 710 673)	(18 538 587)	-	(482 896 834)	(508 889 589)	(1 038 973 796)	(1 539 663 299)
Balance as at June 30, 2021	1 000 000 000	34 739 555	64 916 944	-	76 852 590	402 732 129	1 224 863 812	2 804 105 030	1 012 228 764	3 816 333 794

The accompanying notes from pages (6) to (74) an integral part of these financial statements and are to be read therewith.



CI Capital Holding For Financial Investments  
 "Egyptian Joint Stock Company"  
 Translation of consolidated financial statements originally issued in Arabic  
 Consolidated statement of cash flows for the six months ended on June 30, 2021

(In EGP)	Note no.	For the six months ended	
		30 June 2021	30 June 2020
Cash flows from operating activities			
Net profit before tax		1 041 028 249	271 063 059
Adjustments as follow:			
Depreciation of property, plant & equipment	(7)	17 510 329	9 931 726
Depreciation of investments property	(6)	476 794	476 794
(losses) Gain from selling held for sale assets		197 387	( 519 183)
Profit from selling financial investments at fair value through profit or loss		( 290 848)	-
Revaluation differences in financial investments at fair value through profit or loss		( 40 589 472)	( 745 700)
Gains from selling property, plant & equipment		( 1 077 815)	( 1 177 840)
Provisions charged (no longer required)	(18)	( 32 686)	2 987 738
Provisions used	(18)	( 919 624)	( 6 534 194)
Impairment reverse Expected credit loss		20 184 180	-
Lease interest		6 020 177	-
Amortization right to use asset		13 189 228	-
Interest income		( 37 944 217)	( 28 123 338)
Dividends income		( 10 251 170)	( 26 039 029)
Financing expenses		342 319 288	418 425 309
Interest income on treasury bills		( 5 351 492)	( 9 172 233)
Interest on selling consumer durable goods		( 7 372 835)	( 1 442 376)
End of service employees benefit-charged	(19)	3 139 770	2 757 220
Employee Stock ownership plan (ESOP) - charged		150 789 324	5 788 145
Clients impairment	(12)	-	38 577 562
		<u>1 491 024 567</u>	<u>676 253 660</u>
Changes in :			
Other assets		1 467 883	(12 093 124)
Debit customers		20 728 712	90 198 506
Credit customers		42 978 157	81 297 092
Clearance accounts		(16 865 374)	86 307 583
Other liabilities		119 510 677	(48 091 705)
payments for purchase PPE		-	( 902 888)
End of service employees benefit-used	(19)	( 187 506)	( 2 399 336)
Paid Lease Liability		(14 116 992)	-
Change in paid lease liability reserve		-	33 160 601
Inventory		15 467	(9 580)
Leased assets payable to suppliers		( 26 372 745)	( 2 782 749)
Securitizations transactions		( 30 908 172)	( 28 482 516)
Restricted cash at banks		( 1 222 266)	1 377 345
Customer loans		( 273 532 766)	( 1 233 571 171)
Clients (Finance lease)		( 793 693 643)	( 1 699 849 623)
Employee Stock ownership plan (ESOP)-paid		( 158 859 717)	-
Prepaid rents proceeds		23 066 590	-
Notes Receivables		4 630 222	( 4 630 222)
suppliers of durable goods		6 775 761	1 693 775
Due to related parties		( 4 022 793)	17 592 882
Net cash flows provided from (used in) operating activities		<u>390 416 062</u>	<u>( 934 931 470)</u>
Income tax paid		(169 369 603)	(155 721 898)
Interest income - collected		36 882 789	26 721 844
Interest income of treasury bills - collected		1 066 000	5 881 639
Dividends income - collected		10 251 170	-
Interest on selling consumer durable goods - Collected		4 919 323	1 442 376
Financing expenses - paid		( 273 611 019)	( 298 977 202)
Net cash flows provided from (used in) operating activities		<u>554 722</u>	<u>( 1 355 584 711)</u>
Cash flows from investing activities			
(Payments) for investments in treasury bills		( 49 043 789)	135 878 467
Proceeds from selling Held for sale assets		7 144 000	1 698 000
Proceeds from Financial investments in subsidiaries companies		147 401 210	( 38 039 264)
The company's profit share in joint control investment		( 891 439 909)	( 17 743 485)
Financial assets at fair value through profit or loss		8 391 554	( 96 623 375)
Proceeds from (payments for) investments in settlement guarantee fund		( 180 103)	( 85 166)
Payments for investment under settlement		-	( 125 025 937)
Payments for acquire projects under constructions		( 38 342)	( 581 706)
Payments for purchasing property, plant & equipment		( 17 775 120)	( 12 125 892)
Proceeds from selling property, plant & equipment		4 098 447	1 303 876
Net cash flows used in investing activities		<u>( 791 442 052)</u>	<u>( 1 441 344 482)</u>
Cash flows from financing activities			
Dividends income - collected		10 251 170	26 039 029
Proceeds from capital increase		-	3 000
Dividends paid		( 380 023 572)	( 134 971 258)
Proceeds from Credit facilities and Loans from banks		1 016 236 044	1 573 877 188
Net cash flows provided from financing activities		<u>646 463 642</u>	<u>1 464 947 959</u>
Change in cash and cash equivalent during the period		( 144 423 688)	( 31 981 234)
Cash and cash equivalent at the beginning of the period		1 208 879 722	1 246 542 171
Change in foreign currencies translation differences		56 617 199	( 2 386 471)
Cash and cash equivalent balance at the end of the period represented in:	(9)	<u>1 121 073 232</u>	<u>1 212 174 466</u>
Cash at banks		889 425 828	831 149 779
Investments at fair value through profit or loss (FVTPL)		12 487 919	393 281
Treasury bills less than 91 days		189 511 168	229 800 856
Checks under collection		-	2 410 805
Deposits less than 3 months		29 648 317	148 419 745
	(9)	<u>1 121 073 232</u>	<u>1 212 174 466</u>

The accompanying notes from pages (6) to (74) an integral part of these financial statements and are to be read therewith.

## **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 Register on 10 April 2005 under No. 166798 and has obtained a license No. 353 from the Capital Market Authority on 24 May 2006. And the extraordinary general assembly meeting decided in 20 March 2019 to change the company's name to be CI Capital Holding for Financial Investments Company.

### **1-2 Purpose of the company**

- The company's purpose is to participate in the incorporation or to subscribe in the capital increase of entities which issue securities, management of investment funds, providing investment banking advisory services and to perform custody operation, under the provisions of Law No. 95 of 1992 and its executive regulations. The company has the right to have interest in or to participate with other corporations with similar business activities or which may assist the company in attaining its objectives in Egypt and outside Egypt. Also the company has the right to merge or acquire those entities in accordance with the law and its executive regulations.
- The Company's duration is 25 years commencing from the registration date in the commercial register.
- The company's premises are located at Galleria 40 - 26th of July Corridor - Sheikh Zayed 6 of October- Giza – Egypt
- CI Capital Holding for Financial Investments holds the following interests in its subsidiaries:

<b>Company name</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
Commercial International Brokerage Company	98.96%	98.96%
CI Assets Management	99.53%	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	99.90%	99.90%
CI Consumer Finance (Souhoola)	98.01%	97.68%
	42.159%	27.44%

---

### **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 8 August 2021.

## **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 consider 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 (12) Debit customers
  - Note (18, 19) Provisions.

## 2-5 Change in accounting policies

- 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.
- As per the Financial Regulatory Authority (FRA) decree on April 12, 2020, the implementation of the new Egyptian Accounting Standards and the accompanied amendments issued in decree No. 69 of 2019 was postponed for the interim financial statements of year 2020, due to the outbreak of COVID-19 pandemic. This was issued in view of the current circumstances and the resulting economic and financial implications as well as the application of precautionary measures including restrictions on the presence of human resources with its full capacity on regular basis in face of the widespread of the pandemic.
- As per the Prime minister decision No 1871 for the year ended 2020 dated 20 September 2020 the application of the accounting standards No. (47) "Financial Instruments", No. (48) – "Revenue from Contracts with Customers" and No (49) "Lease Contracts" have been postponed till 1 January 2021.
- The company has early adopted the new standards EAS (47) Note no. (30-6), (30-8), EAS (48) Note no. (30-14) and EAS (49) Note no. (30-13) including any consequential amendments to other standards as it's also required to apply EAS (1), (25), (26), and (40) at the same date.

Changes in accounting policies resulting from the adoption of EAS (47) have been applied using the modified retrospective approach, and therefore the comparative information has not been restated.

- The following tables show the effects of applying the new standards on the opening balances on 1 January 2021:

2-5.1 The following table shows the effect of applying the new standards on retained earnings opening balance.

Retained Earnings	
Ending balance as at December 31, 2020	1 558 351 657
Effect of applying EAS 47	(22 336 094)
<b>Balance as at January 1, 2021</b>	<b>1 536 015 563</b>

CI Capital Holding for Financial Investments  
"Egyptian Joint Stock Company"

Translation of consolidated financial statements originally issued in Arabic

Notes to the consolidated financial statements

For the six months ended on June 30, 2021

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

2-5.2 The following table shows the settlement between the items of the balance sheet and the classification of financial assets on January 1, 2021:

Financial assets	FVTOCI /Equity	FVTPL / Equity	Amortized Cost	Total
Cash and Cash equivalents	-	-	850 356 226	850 356 226
Financial investment at fair value through OCI	15 801 361	-	-	15 801 361
Settlements Guarantees Fund	6 983 563	-	-	6 983 563
Debit-clients	-	-	10 092 958 380	10 092 958 380
Financial investment at fair value through P&L	-	150 549 878	-	150 549 878
Treasury bills	-	-	487 077 865	487 077 865
Securitization transaction	-	-	124 543 238	124 543 238
Notes Receivables	-	-	4 630 222	4 630 222
Other assets	-	-	156 354 070	156 354 070
<b>Total financial assets</b>	<b>22 784 924</b>	<b>150 549 878</b>	<b>11 715 920 001</b>	<b>11 889 254 803</b>

2-5.3 The following table shows the classifications and book value of the financial assets according to Egyptian accounting standard No.26 and standard No.47 on January 1, 2021:

Financial Assets	Old classification EAS No. (26)	New classification EAS No. (47)	Book Value EAS No. (26)	Book Value EAS No. (47)
Cash and Cash equivalents	Held to Maturity	Amortized Cost	850 356 226	849 698 699
Financial investment at fair value through OCI	Available for sale	FVTOCI	15 801 361	15 801 361
Settlements Guarantees Fund	Available for sale	FVTOCI	6 983 563	6 983 563
Debit clients	Loans and receivables	Amortized Cost	10 092 958 380	10 079 339 665
Financial investment at fair value through profit and loss	Trading	FVTPL	150 549 878	150 549 878
Treasury bills	Held to Maturity	Amortized Cost	487 077 865	487 077 865
Securitization transaction	Held to Maturity	Amortized Cost	124 543 238	116 969 735
Notes Receivables	Held to Maturity	Amortized Cost	4 630 222	4 628 920
other assets	Held to Maturity	Amortized Cost	156 354 070	155 869 023
<b>Total Financial assets</b>			<b>11 889 254 803</b>	<b>11 866 918 709</b>

CI Capital Holding for Financial Investments  
"Egyptian Joint Stock Company"

Translation of consolidated financial statements originally issued in Arabic

Notes to the consolidated financial statements

For the six months ended on June 30, 2021

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

2-5.4 The following table shows the adjustments between the book value of the financial assets according to EAS No. (26) and EAS No. (47) when applying the standard No. (47) on January 1, 2021:

<b>Financial assets</b>	<b>Book Value EAS 26 31 Dec 2020</b>	<b>Impairment loss on assets</b>	<b>Book Value EAS 47 01 January 2021</b>
<b>Amortized Cost</b>			
Cash and Cash equivalents	850 356 226	(657 527)	849 698 699
Debit clients	10 092 958 380	(13 618 715)	10 079 339 665
Treasury bills	487 077 865	-	487 077 865
Securitization transaction	124 543 238	(7 573 503)	116 969 735
Notes Receivables	4 630 222	(1 302)	4 628 920
Other assets	156 354 070	(485 047)	155 869 023
<b>Total Amortized Cost</b>	<b>11 715 920 001</b>	<b>(22 336 094)</b>	<b>11 693 583 907</b>
<b>Financial investment at fair value through OCI</b>			
Investment equity	15 801 361	-	15 801 361
Settlements Guarantees Fund	6 983 563	-	6 983 563
<b>Total financial investment at fair value through OCI</b>	<b>22 784 924</b>	<b>-</b>	<b>22 784 924</b>
<b>Financial investment at fair value through P&amp;L</b>			
Investment equity	150 549 878	-	150 549 878
<b>Total financial assets at fair value through P&amp;L</b>	<b>150 549 878</b>	<b>-</b>	<b>150 549 878</b>
<b>Total financial assets</b>	<b>11 889 254 803</b>	<b>(22 336 094)</b>	<b>11 866 918 709</b>

### 3- Financial investment at fair value through other comprehensive income

	30 June 2021	31 December 2020
Misr Clearance Company	10 772 145	10 772 145
The Egyptian Company for re-financing	4 998 666	4 998 666
Commodities exchange	3 000 000	-
Other Companies	30 550	30 550
	<b>18 801 361</b>	<b>15 801 361</b>

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

### 4- Investments in settlements guarantees fund

	30 June 2021	31 December 2020
Settlements Guarantees Fund	<b>7 163 666</b>	<b>6 983 563</b>

### 5- Goodwill

	30 June 2021	31 December 2020
Corplease (5-1)	23 018 082	23 018 082
Microfinance project (Reefy) (5-2)	325 786 462	325 786 462
	<b>348 804 544</b>	<b>348 804 544</b>

#### 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.

#### 5-2 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 the unpaid amount of the investment at 31 December 2018 is EGP 25 Million to be paid at April 2019 which fair value as at 31 December 2018 is 23.5 Million. During February 2019 the company paid the full amount EGP 25 million and charged EGP 1.4 million on profit and loss statement.

- 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 according to the related valuation study, 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)	373 040 574
<b>Goodwill</b>	<b>325 786 462</b>

CI Capital Holding for Financial Investments  
"Egyptian Joint Stock Company"

Translation of consolidated financial statements originally issued in Arabic

Notes to the consolidated financial statements

For the six months ended on June 30, 2021

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

## 6- Investment Property

Description	Buildings Egyptian Pound
<b><u>A-Book Value</u></b>	
Cost as of 1-1-2020	47 679 388
Additions during the period	-
<b>Cost as of 30-6-2020</b>	<b>47 679 388</b>
Cost as of 1-1-2021	47 679 388
Additions during the period	-
<b>Cost as of 30-6-2021</b>	<b>47 679 388</b>
<b><u>B-Accumulated Depreciation</u></b>	
Accumulated depreciation as of 1-1-2020	(567 589)
Depreciation for the period	(476 794)
<b>Accumulated depreciation as of 30-6-2020</b>	<b>(1 044 383)</b>
Accumulated depreciation as of 1-1-2021	(1 521 176)
Depreciation for the period	(476 794)
<b>Accumulated depreciation as of 30-6-2021</b>	<b>(1 997 970)</b>
<b>Net book value as of 30 June 2021</b>	<b>45 681 418</b>
<b>Net book value as of 30 June 2020</b>	<b>46 635 005</b>
<b>Net book value as of 31 December 2020</b>	<b>46 158 212</b>

**7- Property, plant & equipment (Net)**

Description	Communication devices	Land, premises furniture & fixtures	Computers	Vehicles	Machinery and equipment	Total
<b>Cost</b>						
Cost as of 1-1-2020	281 966	139 169 535	75 562 613	30 266 318	7 992 428	253 272 860
Additions during the period	-	4 887 366	3 895 663	2 154 650	1 188 213	12 125 892
Foreign currencies translation differences	-	(37 442)	(6 798)	(15 920)	-	(60 160)
Disposals during the period	-	-	(3 122)	(1 092 751)	-	(1 095 873)
<b>Cost as of 30-6-2020</b>	<b>281 966</b>	<b>144 019 459</b>	<b>79 448 356</b>	<b>31 312 297</b>	<b>9 180 641</b>	<b>264 242 719</b>
Cost as of 1-1-2021	281 966	206 472 688	98 896 253	37 340 523	9 001 465	351 992 895
Additions during the period	-	1 824 266	16 498 903	3 032 666	38 697	21 394 532
Foreign currencies translation differences	-	(9 362)	(1 975)	(3 980)	-	(15 317)
Disposals during the period	(93 201)	(16 567 040)	(8 434 170)	(8 814 634)	(3 998 908)	(37 907 953)
<b>Cost as of 30-6-2021</b>	<b>188 765</b>	<b>191 720 552</b>	<b>106 959 011</b>	<b>31 554 575</b>	<b>5 041 254</b>	<b>335 464 157</b>
<b>Accumulated Depreciation</b>						
Accumulated depreciation as of 1-1-2020	281 667	46 408 768	52 278 312	13 073 966	6 694 903	118 737 616
Depreciation for the period	-	2 217 215	4 447 371	3 064 126	203 014	9 931 726
Foreign currencies translation differences	-	(37 450)	(6 790)	(15 920)	-	(60 160)
Disposals accumulated depreciation	-	-	(3 122)	(966 713)	-	(969 835)
<b>Accumulated depreciation of 30-6-2020</b>	<b>281 667</b>	<b>48 588 533</b>	<b>56 715 771</b>	<b>15 155 459</b>	<b>6 897 917</b>	<b>127 639 347</b>
Accumulated depreciation as of 1-1-2021	281 667	51 434 891	62 747 009	17 907 364	6 787 150	139 158 081
Depreciation for the period	-	5 469 432	8 402 394	3 407 583	230 920	17 510 329
Foreign currencies translation differences	-	(9 369)	(1 717)	(3 985)	-	(15 071)
Disposals accumulated depreciation	(92 916)	(16 401 380)	(8 433 626)	(3 722 620)	(3 855 558)	(32 506 100)
<b>Accumulated depreciation as of 30-6-2021</b>	<b>188 751</b>	<b>40 493 574</b>	<b>62 714 060</b>	<b>17 588 342</b>	<b>3 162 512</b>	<b>124 147 239</b>
<b>Net book value</b>						
Net book value as of 1/1/2020	299	92 760 767	23 284 301	17 192 352	1 297 525	134 535 244
Net book value as of 30/6/2020	299	95 430 926	22 732 585	16 156 838	2 282 724	136 603 372
Net book value as of 31/12/2020	299	155 037 797	36 149 244	19 433 159	2 214 315	212 834 814
Net book value as of 30/6/2021	14	151 226 978	44 244 951	13 966 233	1 878 742	211 316 918

## 8- Operating lease as lessee

### 8-1 Right to use asset

	30 June 2021 EGP
<b>Cost</b>	
Beginning balance	-
Additions	132 523 270
Ending balance	132 523 270
<b>Accumulated depreciation</b>	
Accumulated depreciation at the beginning of the period	-
Foreign Currency difference	(15 065)
Amortization of Right to use asset	(13 189 228)
Accumulated depreciation at the end of the period	(13 204 293)
Net book value at the end of the period	119 318 977

### 8-2 Lease liability

	30 June 2021 EGP
Beginning balance	-
(Additions)	(131 894 827)
Lease Payments during the period	14 132 057
Lease liability interest	(6 020 177)
	(123 782 947)
<b>Divided into</b>	
Lease liability – short term	(16 930 637)
Lease liability – long term	(106 852 310)

- On January 1<sup>st</sup>, 2021 the company has implemented Egyptian Accounting Standard EAS 49 on contracts that the company represents "the lessee", the right to use the asset and lease liabilities have been recorded in present value of the future rent obligations remaining from lease contracts using CBE announced Corridor as the discount rate at January 1<sup>st</sup>, 2021.

## 9- Cash at banks

	30 June 2021	31 December 2020
Banks - current accounts *	838 950 192	717 824 381
Banks - deposits**	74 648 317	113 638 588
Cash on hand	8 669 735	18 893 257
Effect of adoption financial instrument standard No. (47) on beginning balance	(657 527)	-
Expected credit loss for the period	189 651	-
	<b>921 800 368</b>	<b>850 356 226</b>

\* The bank's current account contains a holding balance at Commercial International Bank – Egypt amounting to EGP 3 194 099 as of 30 June 2021 against EGP 1 971 833 as of 31 December 2020 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 as per the bank agreement.

\*\* The bank's deposits contain an amount of EGP 3 909 150 a holding deposit against letter of guarantee until 31 August 2021.

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

	30 June 2021	30 June 2020
Cash at banks	889 425 828	831 149 779
Financial investments at fair value through profit or loss	12 487 919	393 281
Treasury bills less than 91 days	189 511 168	229 800 856
Checks under collection	-	2 410 805
Banks – deposits less than 3 months	29 648 317	148 419 745
	<b>1 121 073 232</b>	<b>1 212 174 466</b>

## 10- Treasury bills

	30 June 2021	31 December 2020
Treasury bills less than 91 days	344 000 000	387 500 000
Treasury bills 91-182 days	25 000 000	100 000 000
Treasury bills 273- 364 days *	5 000 000	5 000 000
Unearned interest	(4 951 785)	(5 422 135)
	<b>369 048 215</b>	<b>487 077 865</b>

\* Treasury bills with a face value of EGP 5 000 000 as at 30 June 2021 is pledged for banks as a guarantee for loans and credit facilities granted to Reefy Company. Note (17)

## 11- Financial investments at fair value through profit or loss

	30 June 2021	31 December 2020
Mutual funds certificates	12 487 919	8 589 225
Investments at Egyptian listed companies	182 550 125	141 960 653
	<b>195 038 044</b>	<b>150 549 878</b>

## 12- Debit clients - Net

	30 June 2021	31 December 2020
Brokerage clients	585 486 780	654 372 839
Micro finance clients	1 281 178 463	1 005 933 522
Finance lease clients	9 280 339 694	8 485 564 959
Other clients	282 853 692	230 984 818
	<b>11 429 858 629</b>	<b>10 376 856 138</b>
Less: Expected credit loss	(318 157 927)	(283 897 758)
	<b>11 111 700 702</b>	<b>10 092 958 380</b>
Expected credit loss movement as follows: -		
Impairment at 31 December 2020	283 897 758	229 320 505
Effect of adoption financial instrument standard No. (47)	13 618 715	-
Expected credit loss at 1 January 2021 adjusted	<b>297 516 473</b>	<b>229 320 505</b>
Charged during the period	20 871 503	57 418 427
Foreign currency Differences	(229 352)	(357 549)
Expected credit loss Reverse	(697)	(2 483 625)
Expected credit loss at the end of the period	<b>318 157 927</b>	<b>283 897 758</b>

The debit client (net) represented as follow:

CI Capital Holding for Financial Investments  
"Egyptian Joint Stock Company"

Translation of consolidated financial statements originally issued in Arabic

Notes to the consolidated financial statements

For the six months ended on June 30, 2021

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

	30 June 2021	31 December 2020
Debit Clients – Non-current	3 843 427 500	3 548 602 025
Debit clients – current	7 268 273 202	6 544 356 355
	<u>11 111 700 702</u>	<u>10 092 958 380</u>

### 13- Joint control investment

	30 June 2021	31 December 2020
Taleem for Management Service	1 277 912 571	1 267 614 586
The company's profit share in joint control investments	891 439 909	98 710 886
The company's dividends share in joint control investments	(1 217 449 678)	(88 412 901)
	<u>951 902 802</u>	<u>1 277 912 571</u>

- 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 23.34%). And during September 2019 the company paid an amount of 10.7 million dollar, and in March 2020 an amount of 9.6 million dollar paid so the direct investment of CI Capital in EGY EDU Invest Capital is 27.44%. On 26 January 2021 EGY EDU invest has been decreased by 3.7 million dollars and CI Capital Holding share is 1.016 million dollars. And, on May 2021 CI Capital Holding has increased its investments by 12.2 million dollars, and, on May 2021 the capital of EGY EDU invest has been decreased by 69.6 million dollars and CI Capital Holding share is 19.1 million dollars.
- The investment has been recorded by acquisition cost the affected by the company's share in profit of joint control investment after acquisition date until the fair value study and goodwill calculation (if it found).

CI Capital Holding for Financial Investments  
"Egyptian Joint Stock Company"

Translation of consolidated financial statements originally issued in Arabic

Notes to the consolidated financial statements

For the six months ended on June 30, 2021

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

- Summary of the associate financial statement:

**31 August 2019 (Date of Acquisition)**

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

**30 June 2021**

<b>Assets</b>	<b>Liabilities</b>	<b>Revenues</b>	<b>Expenses</b>
<b>1 497 478 582</b>	<b>333 105 604</b>	<b>365 855 049</b>	<b>267 184 246</b>

- On 5 April 2021 the initial public offering taleem for Management service company in the EGX and there is 48% has been sold from the company's shares, IPO price EGP 5.75 and EGY EDU realized capital gain amounted EGP 900.7 Million (CI Capital Holding share is EGP 103.16 Million).

**14- Other assets**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Deposits with others	4 403 837	4 479 369
Accrued revenues	43 230 306	37 723 634
Prepaid expenses	16 550 627	16 857 707
Advances payments for purchases of fixed assets	3 483 257	6 835 397
Projects under construction	224 000	185 658
Debit cutting tax	1 400 568	2 049 684
Sundry debtors (net)	22 248 583	22 064 820
Accrued debtors arising from selling assets held for sale	2 025 103	-
Accrued debtors arising from written off debts	9 358 168	-
Accrued dividends	-	66 157 801
Effect of adoption financial instrument standard No. (47) on beginning balance	(485 047)	-
Expected credit loss for the period	(201 583)	-
	<b>102 237 819</b>	<b>156 354 070</b>



---

## 15- Capital

- 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 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 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 Distributing 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.
- According to the extraordinary general assembly meeting dated 19 March 2020 they approve to increase the issued and paid capital of the company from EGP 800 000 000 to EGP 1 000 000 000 by an increase of EGP 200 000 000 distributed on 200 000 000 share by a par value of EGP 1 to be funded from the issuance premium to be balanced EGP 402 732 129, the shares resulting to be distributed on the shareholders as 0.25 free share per 1 original share , with rounding up fractions for the small shareholders, and registered in the Commercial Register on 10 June 2020.
- On 16 March 2021 Bank Misr has been completed 90% ownership of Ci capital holding shares throughout present compulsory purchase amounted 4.7 EGP per share.

#### 16- Other liabilities

	30 June 2021	31 December 2020
Accrued expenses	120 143 694	167 375 680
Sundry creditors *	171 472 901	39 426 574
Finance lease contracts collected in advance	4 684 124	7 055 364
Suppliers of durable goods	11 612 858	4 837 097
Deferred revenue	29 774 232	13 433 559
Dividends payable	101 387 456	-
Due to governmental authorities	67 592 772	11 853 932
	<b>506 668 037</b>	<b>243 982 206</b>

\*The sundry creditors balance as at 30 June 2021 includes an amount of EGP 47 165 623 which represents cash collected from contracts of the 8th securitization as its payable to custodian (Banque Misr) against 18 629 486 as at 31 December 2020.

CI Capital Holding for Financial Investments  
"Egyptian Joint Stock Company"

Translation of consolidated financial statements originally issued in Arabic

Notes to the consolidated financial statements

For the six months ended on June 30, 2021

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

## 17- Loans

Loans represent the amount utilized from the loans as of 30 June 2021 and 31 December 2020 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	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Loans with foreign currencies (Equivalent to EGP)	602 098 777	760 067 392	1 301 994 471	1 512 044 210	1 904 093 248	2 272 111 602
Egyptian Pound*	946 612 090	1 075 355 276	5 466 296 234	4 196 380 518	6 412 908 324	5 271 735 794
<b>Total</b>	<b>1 548 710 867</b>	<b>1 835 422 668</b>	<b>6 768 290 705</b>	<b>5 708 424 728</b>	<b>8 317 001 572</b>	<b>7 543 847 396</b>

\* Note (10)

CI Capital Holding for Financial Investments  
"Egyptian Joint Stock Company"

Translation of consolidated financial statements originally issued in Arabic

Notes to the consolidated financial statements

For the six months ended on June 30, 2021

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

## 18- Provisions

	Balance as of 31 December 2020	Charged during the period	Used during the period	No longer required during the period	Balance as of 30 June 2021
Claims provision *	24 579 656	-	(919 624)	(32 686)	23 627 346
Legal claims provision	300 318	-	-	-	300 318
	<b>24 879 974</b>	<b>-</b>	<b>(919 624)</b>	<b>(32 686)</b>	<b>23 927 664</b>

  

	Balance as of 31 December 2019	Charged during the year	Used during the year	No longer required during the year	Balance as of 31 December 2020
Claims provision *	32 413 812	986 429	(8 820 585)	-	24 579 656
Legal claims provision	300 318	-	-	-	300 318
	<b>32 714 130</b>	<b>986 429</b>	<b>(8 820 585)</b>	<b>-</b>	<b>24 879 974</b>

\* 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.

## 19- Employees end of service benefits

	Balance as of 31 December 2020	Charged during the period	Used during the period	Foreign currency differences	Balance as of 30 June 2021
Employees end of service benefits	23 960 854	3 139 770	(187 506)	(25 964)	26 887 154
	<b>23 960 854</b>	<b>3 139 770</b>	<b>(187 506)</b>	<b>(25 964)</b>	<b>26 887 154</b>

  

	Balance as of 31 December 2019	Charged during the year	Used during the year	Foreign currency difference	Balance as of 31 December 2020
Employees end of service benefits	20 910 853	5 573 409	(2 469 040)	(54 368)	23 960 854
	<b>20 910 853</b>	<b>5 573 409</b>	<b>(2 469 040)</b>	<b>(54 368)</b>	<b>23 960 854</b>

CI Capital Holding for Financial Investments  
 "Egyptian Joint Stock Company"

Translation of consolidated financial statements originally issued in Arabic

Notes to the consolidated financial statements

For the six months ended on June 30, 2021

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

## 20- Related parties' transactions

Misr Bank (shareholder)

30 June 2021

Financial position items debit / (credit)		Income statement items revenue / (expense)	
Cash at banks *	37 057 124	Interest income	-
Loans & Credit facilities**	(2 853 205 785)	Financing expenses	(111 138 836)
Custodian – securitization	(37 584 918)	G & A expenses	-

\* The transactions with the commercial international bank are presented till 16 March 2021 which is the acquisition date from Misr bank on the controlling percentage for ci capital holding

## - Commercial International Bank-Egypt (shareholder)

31 December 2020		30 June 2020	
Financial position items debit / (credit)		Income statement items revenue / (expense)	
Cash at banks *	369 305 486	Interest income	16 042 778
Custodian – securitization	(4 022 793)	Financing expenses	(35 562 841)
Loans & Credit facilities**	(439 105 222)	G & A expenses	(188 627)
		Operating revenues	1 616 000

\* Part of cash at banks.

\*\* Part of credit facilities.

## 21- Operating Segments

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 more than five 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 required funds for financing mortgage.
- Consumer finance segment which operates in selling in installments goods
- Other segments represents the bookkeeping and custodian sector

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

Description	For the six months ended 30 June 2021					Adjustment	Total
	Financial service- Non Banking segment	leasing segments	Micro finance segment	Mortgage finance segment	Consumer finance segment	Other segments	
Operating revenues	162 907 975	524 291 079	268 430 767	14 762 149	18 011 156	4 554 145	991 839 372
Dividends income	-	-	-	-	-	1 453 725 778	10 251 170
Gain from selling Property, plant and equipment	491 218	-	300 000	-	-	286 597	1 077 815
(Losses) profit from selling assets held for sale	-	( 197 387)	-	-	-	-	( 197 387)
Cost of selling durable consumer goods	-	-	-	-	( 4 616 802)	-	( 4 616 802)
The company's profit share in joint control investment	-	-	-	-	-	891 439 909	891 439 909
Interest income on treasury bills	282 729	11 994 461	289 632	-	-	4 779 131	17 345 953
Profit from selling financial investments at fair value through profit or loss	216 058	74 790	-	-	-	-	290 848
Profit from revaluation financial investments at fair value through profit or loss	-	-	-	-	-	40 589 472	40 589 472
Interest income	7 621 299	12 083 060	680 108	926 317	91 921	15 625 467	23 182 072
Foreign currency exchange differences	( 215 356)	( 3 131 997)	-	-	-	387 584	( 2 959 769)
Other income	582 458	14 718 985	642 861	55 510	-	17 462	15 896 962
Total revenues	171 886 381	559 832 991	270 343 368	15 743 976	13 486 275	2 411 405 545	1 984 139 615
Direct financing and banking expense	( 22 517 345)	( 339 574 522)	( 37 672 146)	( 5 416 623)	( 4 259 093)	-	( 395 593 629)
Net revenues	149 369 036	220 258 469	232 671 222	10 327 353	9 227 182	2 411 405 545	1 588 545 986
General and administrative expenses	( 156 923 343)	( 89 051 292)	( 97 781 781)	( 5 748 321)	( 24 248 428)	( 135 165 089)	( 507 680 041)
Expected credit loss	( 66 685)	( 972 005)	( 10 920 717)	( 1 815 120)	( 6 401 753)	( 2 334)	( 20 184 183)
Lease interest	( 2 101 455)	( 554 910)	( 1 596 054)	( 263 443)	( 505 808)	( 998 507)	( 6 020 177)
amortization right to use asset	( 4 270 677)	( 1 801 207)	( 3 587 559)	( 590 089)	( 999 572)	( 1 940 124)	( 13 189 228)
Investments property depreciation	-	( 476 794)	-	-	-	-	( 476 794)
Provisions (charged) no longer required	32 686	-	-	-	-	-	32 686
Total expenses	(163 329 474)	(92 856 208)	(113 886 111)	(8 416 973)	(32 155 561)	(138 106 054)	(547 517 737)
Net profit before tax	(13 960 438)	127 402 261	118 785 111	1 910 380	(22 928 379)	2 273 299 491	1 041 028 249
Income tax	( 4 081 757)	( 28 241 390)	( 27 190 979)	13 424	( 99 599)	( 24 384 677)	( 63 189 465)
Net profit for the period	(18 042 195)	99 160 871	91 594 132	1 923 804	(23 027 978)	2 248 914 814	977 838 784
Total current assets as at June 30, 2021	1 046 781 319	2 543 543 838	1 057 715 475	75 335 169	89 764 801	620 941 557	5 434 082 159
Total non -current assets as at June 30, 2021	116 049 148	7 202 240 499	248 699 407	158 507 044	50 077 067	3 773 933 678	9 125 543 253
Total non-current liabilities as at June 30, 2021	229 640 000	6 805 790 435	63 532 648	114 341 339	35 086 624	20 365 921	7 057 257 967
Total current liabilities as at June 30, 2021	693 068 690	1 612 577 473	978 640 879	20 755 895	105 811 522	275 279 192	3 686 133 651

For the six months ended 30 June 2020

Description	Financial service- Non Banking segment	leasing segments	Micro finance segment	Mortgage finance segment	Consumer finance segment	Other segments	Adjustment	Total
Operating revenues	137 746 352	602 562 466	186 196 139	7 729 480	17 616 163	4 227 756	( 729 344)	955 349 012
Dividends income	16 883 962	-	-	-	-	190 340 085	(181 185 018)	26 039 029
Gain from selling Property, plant and equipment	-	-	-	-	-	293 876	-	293 876
Gain on sale of assets held for sale	-	519 183	-	-	-	-	-	519 183
Cost of selling durable consumer goods	-	-	-	-	(15 967 646)	-	-	(15 967 646)
The company's profit share in joint control investment	-	-	-	-	-	-	17 743 485	17 743 485
Interest income on treasury bills	208 906	156 056	902 916	-	-	7 904 355	-	9 172 233
Profit from selling financial investments at fair value through profit or loss	-	19 939	-	-	-	-	-	19 939
Profit from revaluation financial investments at fair value through profit or loss	-	-	-	-	-	745 700	-	745 700
Interest income	7 688 993	15 521 330	551 122	445 167	469 616	27 580 190	(24 133 080)	28 123 338
Foreign currency exchange differences	( 846 034)	3 516 862	-	-	319	1 407 500	-	4 078 647
Other income	2 928 788	2 109 514	56 615	531 974	-	924 191	( 851 282)	5 699 800
Total revenues	164 610 967	624 405 350	187 706 792	8 706 621	2 118 452	233 423 653	(189 155 239)	1 031 816 596
Direct financing and banking expense	(35 686 189)	(376 008 284)	(27 262 494)	(3 350 105)	( 251 317)	-	24 133 080	(418 425 309)
Net revenues	128 924 778	248 397 066	160 444 298	5 356 516	1 867 135	233 423 653	(165 022 159)	613 391 287
General and administrative expenses	( 94 306 659)	( 77 807 840)	( 60 995 388)	( 5 554 429)	( 14 020 403)	( 49 182 041)	1 580 626	(300 266 134)
Right to use asset depreciation	-	-	-	-	-	-	-	-
lease liability interest	-	-	-	-	-	-	-	-
Depreciation of investment property	-	( 476 794)	-	-	-	-	-	( 476 794)
Provision (charged) no longer required	( 410 261)	-	( 2 000 000)	-	-	( 577 477)	-	(2 987 738)
Impairment loss of clients	-	( 19 293 073)	( 18 606 525)	( 62 527)	( 615 437)	-	-	(38 577 562)
Total expenses	(94 716 920)	(97 577 707)	(81 601 913)	(5 616 956)	(14 635 840)	(49 759 518)	1 580 626	(342 328 228)
Net profit before tax	34 207 858	150 819 359	78 842 385	( 260 440)	(12 768 705)	183 664 135	(163 441 533)	271 063 059
Income tax	( 5 843 485)	( 37 850 464)	( 18 260 068)	( 36 019)	( 123 307)	(12 669 020)	9 102 105	( 65 680 258)
Net profit for the period	28 364 373	112 968 895	60 582 317	( 296 459)	(12 892 012)	170 995 115	(154 339 428)	205 382 801
Total current assets as at December 31, 2020	1 032 921 236	3 036 106 900	615 927 795	45 209 888	51 105 911	433 369 752	(7 640 278)	5 207 001 204
Total non-current assets as at December 31, 2020	74 703 180	6 270 603 605	405 041 714	154 624 900	22 201 506	2 867 926 069	(1 211 732 758)	8 583 368 216
Total non-current liabilities as at December 31, 2020	236 184 460	5 777 552 159	28 944 394	48 740 908	406 412	-	(212 704 487)	5 879 123 846
Total current liabilities as at December 31, 2020	636 749 003	2 079 170 284	708 996 806	54 028 517	65 929 305	30 160 450	(7 640 278)	3 567 394 087

CI Capital Holding for Financial Investments  
"Egyptian Joint Stock Company"

Translation of consolidated financial statements originally issued in Arabic

Notes to the consolidated financial statements

For the six months ended on June 30, 2021

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

## 22- General and administrative expenses

	For the six months ended		For the three months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Wages and salaries *	379 797 239	199 338 476	114 200 859	107 321 584
Employees end of service benefits	3 139 770	2 757 220	1 575 210	1 360 723
Other expenses	107 232 703	88 258 712	62 747 481	38 068 075
Property, plant & equipment depreciation	17 510 329	9 931 726	9 000 800	5 084 632
	<u>507 680 041</u>	<u>300 286 234</u>	<u>187 524 350</u>	<u>151 835 014</u>

- \* Wages and salaries account include amount of EGP 150 789 324 which represent the amount charged to the statement of profit and loss resulted from The employee exercised the right of shares payment due to compulsory purchase of majority of the company's shares as they obtained cash value for designated shares after deducting par value for share.

## 23- Securitization transactions

The securitization transaction debtors amounted by EGP 148 562 255 as of 30 June 2021 versus EGP 124 543 237 as of 31 December 2020 represent the net 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	30 June 2021	31 December 2020
7 <sup>th</sup> securitization	3 596 334	9 351 711
8 <sup>th</sup> securitization	64 969 409	116 589 847
10 <sup>th</sup> securitization	20 621 875	21 270 003
<b>Total</b>	<u>89 187 618</u>	<u>147 211 561</u>



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**

<b>Description</b>	<b>Evaluation Method/Methods</b>	<b>Important input for fair value measurement</b>
<b>Fair value of surplus securitization portfolio after all obligations are paid</b>	<p>Discounted Cash Flows:</p> <p>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.</p>	<p>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 .</p> <p>2- Cash flows have been adjusted at moderate estimated rates for accelerated reimbursement.</p> <p>3- The return to the calculation of the outcome was calculated at an average annual estimated rate of return on investment.</p> <p>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.</p>

CI Capital Holding for Financial Investments  
"Egyptian Joint Stock Company"

Translation of consolidated financial statements originally issued in Arabic

Notes to the consolidated financial statements

For the six months ended on June 30, 2021

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

## 24- Operating revenues

	For the six months ended		For the three months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Custody and other operation	3 436 246	3 498 412	349 275	272 274
Brokerage	97 995 490	101 083 391	44 206 789	50 340 437
Fund and portfolio management	36 402 589	15 440 887	29 061 302	5 897 606
Investment banking	28 509 896	21 222 074	733 948	1 616 002
Finance leasing operation	524 291 079	602 562 466	256 247 590	298 555 281
Microfinance	268 430 767	186 196 139	140 990 449	91 603 109
Mortgage Finance	14 762 149	7 729 480	6 020 093	3 812 840
Consumer Finance	18 011 156	17 616 163	6 086 010	8 740 386
	<u>991 839 372</u>	<u>955 349 012</u>	<u>483 695 456</u>	<u>460 837 935</u>

## 25- Income Tax

	For the six months ended		For the three months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Current income tax	(79 882 313)	(76 100 398)	(29 783 548)	(30 889 763)
Deferred tax	16 692 848	10 420 140	(61 590)	956 962
	<u>(63 189 465)</u>	<u>(65 680 258)</u>	<u>(29 845 138)</u>	<u>(29 932 801)</u>

### 25-1 Deferred Tax

	Deferred tax liabilities (Fixed assets)	Deferred tax assets (ESOP & Provisions)	Recognized in Income statement (expense) / revenue
Balance at 31 December 2020	(32 215 044)	5 973 559	
Recognized in Income statement	16 948 297	(255 449)	16 692 848
Balance at 30 June 2021	<u>(15 266 747)</u>	<u>5 718 110</u>	

CI Capital Holding for Financial Investments  
"Egyptian Joint Stock Company"

Translation of consolidated financial statements originally issued in Arabic

Notes to the consolidated financial statements

For the six months ended on June 30, 2021

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

## 26- Assets classified as held for sale

Description	30 June 2021	31 December 2020
	EGP	EGP
Cars	2 288 796	2 453 823
Buildings	-	6 294 158
	<u>2 288 796</u>	<u>8 747 981</u>

## 27- Share based Payments

According to the extraordinary general assembly meeting on September 2, 2019, the company launched new Employees Share Ownership Plan (ESOP) scheme and issued equity-settled share-based payments. Eligible employees should complete a term of 2 years of service and appraisal of at least good in the past two years to issue shares, The employee to have the right in option to purchase ordinary shares at face value (right to share) that will be issued on the vesting date, the equity instruments is to be recognized at it's fair value at the grant date and to accrue over the company statement of profit and loss.

The fair value for such equity instruments is measured using the Black-Scholes pricing model

- the accrued shares (options) as of December 31 2020 as follow :

<u>Maturity</u>	<u>Exercise price</u>	<u>Fair value</u>	<u>Number of</u>
<u>date</u>	<u>EGP</u>	<u>EGP</u>	<u>shares</u>
March 2022	1.00	1.16766	28 308 338
March 2023	1.00	1.10584	16 691 662

The employee exercised the right of shares payment due to compulsory purchase of majority of the company's shares as they obtained cash value for designated shares after deducting par value for share.

---

## **28- Tax status of the parent company**

### **28-1 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.
- The period from 2015/2017 were not included under the inspection sample, therefore the tax returns are approved.

### **28-2 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.

### **28-3 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.

## **29- 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.

---

### **30- Significant accounting policies**

The accounting policies set out below have been applied consistently with those applied in all periods presented. On March 28, 2019, the Minister of Investment and International Cooperation amended some provisions of the Egyptian Accounting Standards issued by Minister of Investment Decision No. 110 of 2015, which include some new accounting standards and amendments to some of the existing standards. The following is an overview of the most important accounting policies applied in preparing the company's financial statements on January 1, 2021 and before January 1, 2021

#### **30-1 Foreign currencies**

##### **30-1-1 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.

---

### **30-1-2 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 company 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 company 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.

### **30-2 Business Combination**

- The company accounts for business combinations using the acquisition method when control is transferred to the company.
- 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 debt or 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.

### **30-3 Subsidiaries and associates**

#### **30-3-1 Subsidiaries are entities controlled by the company.**

- Subsidiaries are entities controlled by the Group.
- The company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and could 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 company'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 company 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- company balances and transactions, and any unrealized profit and loss arising from intra- company transactions, are eliminated.

Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the company'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.

### **30-3-2 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.

## **30-4 Property, plant and equipment**

### **30-4-1 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.

### **30-4-2 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.



---

### **30-4-3 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.

### **30-4-4 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:

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

## **30-5 Intangible assets and goodwill**

### **30-5-1 Goodwill**

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

### **30-5-2 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.

### **30-5-3 Assets held for sale**

Non-current assets, or disposal company 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 company'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.

### **30-6 Financial instruments**

#### **-Policies applied from 1 January 2021**

-EAS No. (47) outlines regulations for the recognition of financial assets and liabilities and retained earnings on 1 January 2021 and the comparative figure did not adjusted.

-Effective 1 January 2021, EAS No. (47) substantially changed accounting and financial reporting in three key areas: classification and measurement of financial assets, impairment and hedge accounting.

#### **Business model, classification and measurement**

##### **Business model**

- The company determines the nature of the business model by considering the way in which the financial assets are managed to achieve the business objective as determined by management.
- On initial recognition, financial assets are classified as measured at:
  - amortized cost ("AC");
  - fair value through other comprehensive income ("FVOCI"); or
  - fair value through profit or loss ("FVTPL").
- Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

- 
- A debt instrument is measured at amortized cost if it meets the following conditions:
    - it is held within a business model that has an objective to hold financial assets to collect contractual cash flows; and
    - the contractual terms of the financial asset result in cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").
  - A debt instrument is measured at FVOCI if it meets both of the following conditions:
    - it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
    - the contractual terms of the financial asset result in cash flows that are SPPI.
  - On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an instrument-by-instrument basis.
  - All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.
  - On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.
  - Measuring or recognition instability (sometimes, this referred to "accounting inconsistency") and this may arise otherwise.

#### **Business model assessment**

The company assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a interest rate profile, matching

---

the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- How the performance of the portfolio is evaluated and reported to the company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.
- Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the company's continuing recognition of the assets.
- Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the company considers:

- Contingent events that would change the amount or timing of cash flows;
  - terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and

- 
- Terms that limit the company's claim to cash flows from specified assets (e.g. non-recourse features).
  - A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Financial assets – Subsequent measurement and gains and losses**

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
<b>Financial assets at amortized cost</b>	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
<b>Debt investments at FVOCI</b>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
<b>Equity investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

CI Capital Holding for Financial Investments

"Egyptian Joint Stock Company"

Translation of consolidated financial statements originally issued in Arabic

Notes to the consolidated financial statements

For the six months ended on June 30, 2021

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

---

### **Financial liabilities – Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

### **Derecognition**

#### **Financial assets**

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial 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 in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

#### **Financial liabilities**

The company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

---

### **Policies applied before 1 January 2021**

- The company 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 company classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

#### **30-6-1 Non-derivative financial assets and financial liabilities – Recognition and De-recognition**

The company 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 company 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 company is recognized as a separate asset or liability.

The company 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 company 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.

#### **30-6-2 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.

**30-6-3 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.

### **30-7 Capital**

#### **30-7-1 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.

#### **30-7-2 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.

### **30-8 Impairment**

#### **- Policies applied from 1 January 2021**

- As allowed by EAS No. (47), the company applies two impairment models for financial assets measured at amortized cost and FVOCI:

- the **simplified approach model** for trade receivables related to fees and commission under the scope of EAS No. (48) "Revenues from Contracts with Customers"; and
- the **general approach model** for other financial assets, including financial assets under the scope of EAS No. (47).
- Impairment losses on financial assets are recognized in the Consolidated Income Statement within the credit losses expenses.

#### **Simplified approach model**

With regards to trade receivables related to fees and commission, the simplified approach model for determining the impairment is performed in two steps:

- any trade receivable in default is individually assessed for impairment; and

- a general reserve is recognized for all other trade receivables (including those not past due) based on the determined historical loss rates and carryforward losses expectations.

#### **General approach model**

- The general model impairment requirements of EAS No. (47) apply to all credit exposures that are measured at amortized cost or FVOCI, except the positions covered by simplified model as abovementioned.
- For purposes of the impairment policy below, these instruments are referred to as ("Financial Assets").
- The determination of impairment losses and allowance moves from an incurred credit loss model whereby credit losses are recognized when a defined loss event occurs under previous accounting standard, to an expected credit loss model under EAS No. (47), where allowances are taken upon initial recognition of the Financial Asset, based on expectations of potential credit losses at the time of initial recognition.
- The company uses three main components to measure ECL. These are Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD").
- The probability of tripping the corresponding parties is derived from internal group assessments. The Group allocates the probability of default for each exposure of the counterparty based on the economic environment in which the customer works, considering the relevant quantitative and qualitative information and quality available.
- Loss estimates when you stumble are independent of the client's probability of default. Loss models when tripping ensure that the main drivers of losses, including the quality of the warranty, are reflected in the loss factor when the specified stumble.
- Exposure when it stumbles is defined as the expected amount of credit risk to the counterparty at the time of its stumble. The exposure model is designed when you default on the life of the financial asset considering the expected payment files.

- 
- EAS No. (47) Introduces a three-stage approach to impairment for Financial Assets that are not credit-impaired at the date of origination or purchase. This approach is summarized as follows:
    - **Stage 1:** The company recognizes a credit loss allowance at an amount equal to **12-month expected credit losses**. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after initial recognition.
    - **Stage 2:** The company recognizes a credit loss allowance at an amount equal to **lifetime expected credit losses** for those Financial Assets which are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on lifetime probability of default, lifetime loss given default and lifetime exposure at default that represents the probability of default occurring over the remaining lifetime of the Financial Asset. Allowance for credit losses are higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.
    - **Stage 3:** The company recognizes a loss allowance at an amount equal to **lifetime expected credit losses**, via the expected recoverable cash flows for the asset, for those Financial Assets that are credit impaired. For further detail see following paragraph "Credit-impaired Financial Assets in Stage 3".
    - The company calculates expected credit losses for each financial asset individually. Similarly, the determination of the need to transfer between stages is made on an individual asset basis.

---

### **Significant Increase in Credit Risk**

- Under EAS No. (47), when determining whether the credit risk (i.e., risk of default) of a Financial Asset has increased significantly since initial recognition, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information based on the company's historical experience, credit risk assessment and forward-looking information (including macro-economic factors). The assessment of significant credit deterioration is key in determining when to move from measuring an allowance based on 12-month ECLs to one that is based on lifetime ECLs (i.e., transfer from Stage 1 to Stage 2).

### **Credit-impaired Financial Assets in Stage 3**

- At each reporting date, the company reviews the indicators for impairment of receivables balances, in order to take the necessary actions to account for impairment against the amounts that may not be collected from customers.
- The study is necessary to ensure that clients own and maintain a portfolio of shares to cover the debt owed to them - enabling the company to take necessary measures to preserve the company's right in case of any amounts due from customers and failure or delay in payment. The calculation using aging reports will not be applicable on brokerage receivables as there is no specified or expected time frame for clearing or collection, however a provision is to be formed for the difference between debit due balance and the value of owned shares (collateral).
- For Financial Assets considered to be credit-impaired, the ECL allowance covers the amount of loss the company is expected to suffer. The estimation of ECLs is done on a case-by-case basis for non-homogeneous portfolios, or by applying portfolio-based parameters to individual Financial Assets in these portfolios via the company's ECL model for homogeneous portfolios.
- Forecasts of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability-weighted present value of the difference between the contractual cash flows that are due to the company under the contract; and the cash flows that the company expects to receive.

---

### **Collateral for Financial Assets considered in the Impairment Analysis**

EAS No. (47) requires cash flows expected from collateral and other credit enhancement to be reflected in the ECL calculation. The following are key aspects with respect to collateral and guarantees:

- Eligibility of collateral, i.e. which collateral should be considered in the ECL calculation;
- Collateral evaluation, i.e. what collateral (liquidation) value should be used; and
- Projection of the available collateral amount over the life of a transaction.

### **Critical Accounting Estimates**

- The accounting estimates and judgments related to the impairment of Financial Assets is a critical accounting estimate because the underlying assumptions used can change from period to period and may significantly affect the company's results of operations.
- In assessing assets for impairments, management judgment is required, particularly in projecting future economic information and scenarios where circumstances of economic and financial uncertainty, when developments and changes to expected cash flows can occur both with greater rapidity and less predictability. The actual amount of the future cash flows and their timing may differ from the estimates used by management and consequently may cause actual losses to differ from reported allowances.
- Any effect on the carrying amounts of financial assets, liabilities and retained earnings at 1 January 2020 to EAS No. (47) was recognized as an adjustment to opening retained earnings.

### **Policies applied before 1 January 2020**

#### **30-8-1 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 company on terms that the company would not consider otherwise in another 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 company 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 company considers that 20% declining is important, and nine months is considered as prolonged.

**First: Financial assets measured at amortized cost**

The company 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 company 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 company 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.

## **30-8-2 Non-financial assets**

At each reporting date, the company 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.

### **30-9 Provisions**

- Provisions are recognized when the company 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.

#### **30-9-1 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:



CI Capital Holding for Financial Investments

"Egyptian Joint Stock Company"

Translation of consolidated financial statements originally issued in Arabic

Notes to the consolidated financial statements

For the six months ended on June 30, 2021

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

<b>Duration of service</b>	<b>Percentage of balance paid</b>
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%

### **30-9-2 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:

<b>Client's balances according to delay in payment</b>	<b>Percentage of provision</b>
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

### **30-9-3 Provision for customer financing risk (Mortgage Financing Sector)**

The customer financing risk provision is set at 1% of the value of the

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

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:

**30-9-4 Impairment losses of (Consumer Finance sector)**

The impairment losses of consumer finance loans is estimated in light of In accordance with the decision of the General Authority no (101) for the year ended 2020 issued on 22 June 2020.

As follow the schedule of the percentage of provisions related to the delays of payments (except for vehicles):

<b>Client's balances according to delay in payment</b>	<b>Percentage of provision</b>
Client's balances which are regular in payment or with delay not exceeding 30 days	%1
Delay on payment for more than 30 days till 90 days	%10
Delay on payment for more than 90 days till 120 days	%30
Delay on payment for more than 120 days till 180 days	%50
Delay on payment for more than 180 days	%100

For vehicles the provisions for the doubtful debts are recorded as presented in the following schedule: -

<b>Client's balances according to delay in payment</b>	<b>Percentage of provision</b>
Client's balances which are regular in payment or with delay not exceeding 30 days	%1
Delay on payment for more than 30 days till 90 days	%10 from uncovered balance
Delay on payment for more than 90 days till 120 days	%30 from uncovered balance
Delay on payment for more than 120 days till 180 days	%50 from uncovered balance
Delay on payment for more than 180 days	%100 from uncovered balance

### **30-10 Legal reserve**

The Company's statutes provide 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.

### **30-11 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.

### **30-12 Dividend Distribution**

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

### **30-13 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 replaces 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 provides 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 company 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 company 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.

### **30-14 Operating revenues**

#### **Policies applied from 1 January 2021**

-The EAS No. (48) Supersedes the following Egyptian Accounting Standards:

- EAS No. (8) "Construction Contracts" as amended in 2015.
- EAS No. (11) "Revenue" as amended in 2015.

More specifically, EAS No. (48) Sets out that the recognition of the revenue is based on the following five steps:

- 1- identify the contract with the customer;
  - 2- identify the contractual obligation to transfer goods and/or services (known as performance obligations);
  - 3- determine the transaction price;
  - 4- allocate the transaction price to the performance obligations identified based on the stand-alone selling price of each good or service; and
  - 5- Recognize revenue when the related performance obligation is met.
- The company applies the EAS No. (48) five-step revenue recognition model to the recognition of fees and commissions income, under which income must be recognized when services are transferred, hence the contractual performance obligations to the customer has been satisfied.
  - The company adopted EAS No. (48) With reference to the three business units in which the Group operates at the date of adoption: Brokerage, Asset Management and Investment Banking.
  - Accordingly, after a contract with a customer has been identified in the first step, the second step is to identify the performance obligation - or a series of distinct performance obligations - provided to the customer. The Group examines whether the service is capable of being distinct and is distinct within

the context of the contract. A promised service is distinct if the customer can benefit from the service either on its own or together with other resources that are readily available to the customer, and the promise to transfer the service to the customer is separately identifiable from other promises in the contract.

- The amount of income is measured based on the contractually agreed transaction price for the performance obligation defined in the contract. If a contract includes variable consideration, the company estimates the amount of consideration to which it will be entitled in exchange for transferring the promised services to a customer. Income is recognized in profit and loss when the identified performance obligation has been satisfied.
- Following the adoption of EAS No. (48), fee and commission income is presented in the income statement separately from fee and commission expense.
- The company acts as the main source and Egyptian Accounting Standard No. 48 requires that the costs of implementing contracts be presented separately in the income statement within fees and commission expenditures.
- The company provides Asset Management services that give rise to asset management and performance fees and constitute a single performance obligation. The asset management and performance fee components are variable considerations such that at each reporting date the Group estimates the fee amount to which it will be entitled in exchange for transferring the promised services to the customer. The benefits arising from the asset management services are simultaneously received and consumed by the customer over time. The company recognizes revenue over time by measuring the progress towards complete satisfaction of that performance obligation, subject to the removal of any uncertainty as to whether it is highly probable that a significant reversal in the cumulative amount of revenue recognized would occur or not. For the management fee component this is the end of the service period. For performance fees this date is when any uncertainty related to the performance component has been fully removed.
- Management has assessed the impact of application of the new standard on the company's financial statements, analyzing each of its revenue streams by applying the five-step model, and concluded there was no impact given the nature of and the accounting policy adopted for the company's revenues.

CI Capital Holding for Financial Investments

"Egyptian Joint Stock Company"

Translation of consolidated financial statements originally issued in Arabic

Notes to the consolidated financial statements

For the six months ended on June 30, 2021

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

---

**-Policies applied before 1 January 2021**

**30-14-1 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.

**30-14-2 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.

**30-14-3 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.

---

**30-14-4 Interest income**

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

**30-14-5 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.

**30-14-6 Finance leasing income**

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 outright 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).

**30-14-7 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.

**30-14-8 Custody revenue**

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



---

**30-14-9 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.

**30-14-10 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.

**30-14-11 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.

**30-14-12 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.

**30-14-13 Perennials products and Services Revenue**

Revenue recognized from the sales of Perennials products in the income statements when the risks and substantial benefits transferred to the buyer. Revenue of services provided recognized in the income statements when the services rendered, no revenue will be recognized in

case of assurance of uncollectability of the return or the cost associated to or continuing administrative relation with the sold products.

The sales represents the value of the contractual sold perennials products which delivered to the customers in its cash sales prices , the difference between the cash price and the total sales as a deferred credit interest which presented netted from the accounts receivables , this interest recognized as revenue in the income statement according to the effective interest rate till maturity, same bases used to record revenue from other services which represented in the general commerce , distribution, commercial agencies, invoices collection of behalf of others, and late penalties on customers, administrative expenses and revenue from accelerating payments

#### **30-14-14 Customers finance interest Revenue**

Revenuer recognized from customers finance according to the contract between the company and its customers based on the time value taking into consideration the rate of return used on the same asset. The revenue recognized in the income statements under revenue from interest according to the effective interest rate till maturity.

The effective interest rate is the financial asset amortized cost and allocation of the revenuer over the lifetime of the asset. Actual rate of return is the rate used for deduction of projected cashflows expected to collect over the life of the financial asset to reach book value for the financial asset.

The revenue is not recognized from the loans to customer categorizing the as doubtful, those booked as marginal records outside the financial statements. The recognition of such interest upon the cash collection.

#### **30-15 Expenses**

##### **30-15-1 Rent**

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

---

### **30-15-2 Interest expense**

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

### **30-15-3 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 company can 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 company. 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.

#### **30-15-4 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.

---

**30-16 Lease contracts in which the company as a lessor  
policies applied from 1 January 2021**

The right to use asset and lease contract liability is recognized on the initial date of the lease contract, although the company has the right not to imply that neither for short-term lease contracts nor lease contracts in which the asset has low value, in this case lease payments regarding these leases are recognized expense, either with fixed installment over the life of the lease, or another regular basis, and the another regular basis is recognized if that basis is more representative of the benefit as lessee.

The company has long-term lease contracts for some exhibitions and workshops, it is measured and presented in financial statements as follows;

**30-16-1 Initial measurement of the asset "the right to use"**

The cost of the right to use asset consists of;

- A. The initial measurement of lease contract liability, which is the current value of the unpaid lease payments on that date. Lease payments are deducted using the interest rate in the lease contract, in case that was not possible, the lessee must use interest rate of additional borrowing for the lessee.
- B. Any lease contract payments have been made during or before the date the lease contract began without any lease incentives collected.
- C. Any initial direct costs that was carried by the lessee.
- D. Estimates of the costs carried by the lessee in dismantle and remove asset of the contract, restoring the site the asset existed in, to its original condition, or restoring the asset itself to its required condition, unless those costs are to be incurred to produce the stock, and the lessee will record these costs either on the date of the lease contract or as result of using this asset for period of time.

**30-16-2 Subsequent measurement of the asset "the right to use"**

After the start date of the lease, the "right of use" is measured, and the cost model is applied where the right of use asset is measured at cost:

- A. Minus any accumulated depreciation and any accumulated impairment losses.
- B. Modified by any remeasurement of the lease obligation.

---

**30-16-3 Initial measurement of lease contract obligation**

On the date of the start of the lease, the commitment of the lease is measured at the present value of the unpaid rent payments on that date. Lease payments are discounted using the interest rate implicit in the lease if that rate can be easily determined. If that rate cannot be easily determined, the lessee must use the company's additional borrowing rate as a lessee.

**30-16-4 Subsequent measurement of lease contract obligation**

After the lease contract initial date, the following is to be done:

- A. Increase the carrying amount of the obligation to reflect interest on the commitment to lease.
- B. Reducing the carrying amount of the liability to reflect rental payments.
- C. To reassess the carrying amount of the obligation to reflect any revaluation or adjustments to the lease or to reflect the fixed lease payments in its modified essence.

The right of use asset and rental contract obligations are presented in the statement of financial position separately from other assets and liabilities.

Lease contracts include the lessee is responsible for the maintenance and insurance of the leased asset, and the lease does not include any arrangements for the transfer of ownership at the end of the lease period.

For a contract that includes a rental component with one or more rental or non-rental components (if any), compensation is allocated in the contract to each rental component based on the independent, proportional price of the rental component and the total independent price of the non-rental components. As a practical means, and within the scope permitted by the standard, the company, as a lessee, can choose, according to the category of the underlying asset in the contract, not to separate the non-rental components from the rental components, and then account for each rental component and any accompanying non-rental components as one rental component.

---

### **Policies applied before 1 January 2021**

#### **Lease**

The payments are measured in the statement of profit and loss based on the fixed payments over the lease contract period.

#### **30-17 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.

#### **30-18 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.

#### **30-19 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:

<b>Investment in property</b>	<b>No. of years</b>
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.

### **31- 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.

#### **31-1 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.

#### **31-2 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.

#### **31-3 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.

### 31-3-1 Interest rate risk

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

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

	30 June 2021	31 December 2020
<b>Fixed return balances</b>		
Financial assets	417 957 365	600 617 453
<b>Variable return balances</b>		
Financial assets	10 938 487 482	10 046 754 142
Financial liabilities	9 415 706 774	8 399 648 474

### 31-3-2 Foreign currency risk

- The company faces the foreign currency risk on sales, purchases and loans which is not recorded with the company's functional currency which is mainly the Egyptian Pound, and so the evaluation of assets and liabilities in foreign currencies.
- For assets and cash liabilities which is occurred in foreign currencies, the company's policies is to assure that the net risk remains in an acceptable level of purchasing and selling of foreign currencies.
- The company 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 period:

	Egyptian Pound	USD	Euro	GBP	Other Currencies	Total
<b>June 30, 2021</b>						
<b>Financial assets</b>						
Investments in settlements guarantee fund	7 163 666	-	-	-	-	7 163 666
Financial investments at fair value through other comprehensive income	18 801 361	-	-	-	-	18 801 361
Cash at banks	455 897 975	421 707 366	10 672 068	11 124 489	22 398 470	921 800 368
Financial investments at fair value through profit or loss	195 038 044	-	-	-	-	195 038 044
Treasury bills	369 048 215	-	-	-	-	369 048 215
Clearance - debit balances	241 417	-	-	-	-	241 417
Debit clients - (Net)	8 660 899 398	2 034 594 112	265 473 454	-	150 733 738	11 111 700 702
<b>Total Financial assets</b>	<b>9 707 090 076</b>	<b>2 456 301 478</b>	<b>276 145 522</b>	<b>11 124 489</b>	<b>173 132 208</b>	<b>12 623 793 773</b>
<b>Financial liabilities</b>						
Banks overdraft	7 511 613 526	1 676 944 671	227 148 577	-	-	9 415 706 774
Clearance - credit balances	781 935	-	-	-	-	781 935
Clients - credit balances	337 943 345	66 267 920	4 650 436	-	1 115 539	409 977 240
<b>Total Financial liabilities</b>	<b>7 850 338 806</b>	<b>1 743 212 591</b>	<b>231 799 013</b>	<b>-</b>	<b>1 115 539</b>	<b>9 826 465 949</b>

	Egyptian Pound	USD	Euro	GBP	Other Currencies	Total
<b>December 31, 2020</b>						
<b>Financial assets</b>						
Investments in settlements guarantee fund	6 983 563	-	-	-	-	6 983 563
Available for sale financial investments	15 801 361	-	-	-	-	15 801 361
Cash at banks	538 534 516	268 940 177	18 849 513	16 939 430	7 092 590	850 356 226
Financial investments at fair value through profit or loss	150 549 878	-	-	-	-	150 549 878
Treasury bills	487 077 865	-	-	-	-	487 077 865
Clearance - debit balances	682 937	-	-	-	-	682 937
Debit clients - (Net)	7 409 287 030	2 256 684 069	277 764 382	-	149 222 899	10 092 958 380
<b>Total Financial assets</b>	<b>8 608 917 150</b>	<b>2 525 624 246</b>	<b>296 613 895</b>	<b>16 939 430</b>	<b>156 315 489</b>	<b>11 604 410 210</b>
<b>Financial liabilities</b>						
Banks overdraft	6 127 536 873	2 006 811 336	265 300 265	-	-	8 399 648 474
Clearance - credit balances	15 310 599	2 778 232	-	-	-	18 088 831
Clients - credit balances	256 661 075	98 875 800	4 943 237	6 518 971	-	366 999 083
<b>Total Financial liabilities</b>	<b>6 399 508 547</b>	<b>2 108 465 368</b>	<b>270 243 502</b>	<b>6 518 971</b>	<b>-</b>	<b>8 784 736 388</b>

CI Capital Holding for Financial Investments  
"Egyptian Joint Stock Company"

Translation of consolidated financial statements originally issued in Arabic

Notes to the consolidated financial statements

For the six months ended on June 30, 2021

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

---

### **32- 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.

---

### **33- Significant events.**

Most countries of the world, including Egypt, were exposed during the first quarter of 2020 to a state of slowdown and economic contraction as a result of the outbreak of the new epidemic of Corona (Covid-19), and the governments of the world, including the Egyptian government, made packages of precautionary measures to prevent the spread of the epidemic. These measures have led to a state of economic slowdown at the global and local levels, which has shown its impact on all activities in various forms, so some precautionary measures have been taken:

#### **First: Procedures from Central bank of Egypt and Financial regulatory authority**

- 1) The financial regulatory authority has taken an exception procedure to remove the burden from all the clients dealing with companies under its authority by postponing all accrued installment (for institutions and individuals) for six months without any delay penalties.
- 2) The central bank Egypt on March 16, 2020 has postponed all the accrued installments without any extra interest or delay penalties for six months.

#### **Second: Procedures from the company**

- 1) The company has reduced the working hours in premises and allow for employees (who can) to work from home, reducing the availability of the employees by 50% with providing all the required medical supplies.
- 2) The company postponed all loans installments and interest with the lending balances for a period of six months without incurring any returns and fines additional to late payment according to the central bank decision issued on March 18, 2020.
- 3) The company postpone most of the accrued installment for its clients for six months from the date of the Financial regulatory authority decree issued at March 16, 2020.
- 4) Reefy for micro finance has reduced the rate imposed on clients, cancelling the administration fees with an approval to postpone March installment or March and April upon client and on the issued loans the grace period is to be extended for one month after issuing.

-The company assures that the value of assets and liabilities in the financial statements have been identified upon the best estimate from the latest data available for it.

The company assures that the value of assets and liabilities in the financial statements have been identified based on the best estimate from the latest data available for it.