

How do you determine the profitable shares by yourself?

How do you determine the profitable shares by yourself? Is a financial and investment guide focused on helping readers independently evaluate stocks through financial and technical analysis? Authored by Taha Bayomy Mohamed, the book provides a practical framework for novice and intermediate investors seeking structured methods to identify potentially profitable stocks while minimizing investment risk.

The Main Proposition

The book emphasizes the importance of investors relying on systematic analysis rather than market rumors or emotional decision-making. It presents methods for assessing company efficiency, market risk, book value, and payback periods, combining financial indicators with real-world technical analysis into a unified approach to decision-making.

The Investment Approach

A key focus is on **building a personal analytical database for stock valuation**. The author outlines rules designed to help readers spot warning signs before stock prices decline and identify companies with strong long-term profitability potential. This framework is presented in an easy-to-understand way for readers with no prior investment experience,

emphasizing gradual valuation rather than speculation.

Author's Context

This book is part of a broader body of economic and management literature by Taha Bayomy Mohamed. His other works include *The New Genetic Economy* and *the lost science in business administration*, which explore interdisciplinary economic theories and business management concepts. In these books, the author frequently focuses on analytical systems, structured valuation models, and practical economic diagnosis.

* How do you determine the profitable shares by yourself? * aims to teach the reader how to analyze stocks and select profitable companies practically, based on financial and economic analysis, rather than relying on rumors or random speculation.

Author Taha Bayomy Mohamed attempts to provide a simplified approach that helps the average investor understand:

- How do companies operate?
- How do they generate profits?
- How is a stock valued?
- What is the difference between genuine investment and speculation?

- How can you identify strong companies before their stock prices rise?

The book's central idea:

The author believes that a stock's true value should be based on:

- Company efficiency
- Profitability
- Management quality
- Strength of core business
- Sustainability and growth

And not solely on supply and demand or short-term speculation.

He emphasizes that investors can analyze companies independently if they understand:

- Financial statements
- Profit and loss
- Working capital
- Costs
- Management efficiency
- The impact of financing and loans on the company.

Main themes of the book

1- The Difference Between Investment and Speculation

The book distinguishes between:

- **Real Investment:** Buying shares of strong companies that generate added value and real profits.
- **Speculation:** Buying shares with the aim of making quick profits from price fluctuations without considering the company's actual strength.

The author argues that excessive speculation can lead to:

- Inflated stock prices
- Significant losses for investors
- Diversion of funds away from real production
- Weakened economic growth

2- How to Read Financial Statements?

The book explains how to analyze:

- Income statement
- Balance sheet
- Cash flows

It highlights the importance of understanding:

- Sales volume
- Cost of sales
- General expenses
- Net profit
- Debt and interest
- Equity

It emphasizes that a successful investor must know whether a company:

- Generates real profits?
- Relies excessively on loans?
- Is capable of growth?
- Manages its resources efficiently?

3- Measuring Company Efficiency

The book links stock success to the efficiency of the company's economic activity. The author uses equations derived from genetic economics to evaluate:

- Product efficiency
- Management efficiency
- Resource utilization efficiency

- The impact of financing and debt. The author believes that the equations used in the book help classify companies as:

- Excellent
- Very good
- Good
- Acceptable
- Weak

Unprofitable. This helps investors determine the quality of a stock before buying.

4- The Impact of Loans and Interest

The book discusses the impact of:

- Bank loans
- Interest rates
- External financing

On company profitability and stock prices.

It argues that some companies may appear successful on the surface but are heavily reliant on debt, making them vulnerable to problems when interest rates rise or sales decline.

5- Choosing the Right Stock

The book outlines a set of criteria for stock selection, such as:

- Earnings stability
- Sales growth
- Strong cash flow
- Low waste and expenses
- Quality management
- Efficient capital utilization
- Resilience to economic crises

It also encourages:

- Long-term investment
- Portfolio diversification
- Avoiding emotional decisions
- Not being swayed by rumors

6- The Real Economy vs. the Paper Economy

The book criticizes the financial markets' focus on:

- Rapid speculation
- Unreasonable price increases
- Trading unrelated to real production

It emphasizes that a strong economy should be based on:

- Producing companies
- Real industries
- Added value
- Increased production and employment

And not just on paper trading in financial markets.

The book's main message

The core message is that:

“A successful investor is not just someone who follows market movements, but someone who understands the true nature of a company and its ability to generate profits and growth.”

The author aims to teach the reader how to:

- Analyze companies independently
- Make informed investment decisions
- Reduce risk
- Identify strong stocks early

Overall Book Review

The book is distinguished by the following:

- It connects economics, investment, and financial analysis
- It offers a simplified approach for non-specialist investors
- It discusses the pitfalls of random speculation
- It relies on quantitative analysis and economic equations
- It presents a long-term investment perspective

It is suitable for:

- Beginner investors
- Stock market traders
- Those interested in financial analysis
- Economics and management students
- Those seeking a different approach to stock valuation