

Translation of financial statements originally issued in Arabic

Sarwa Capital Holding for Financial Investments
(Sarwa capital for financial advisory-previously)

Consolidated interim financial statements
For the nine months ended September 30, 2018

And review report thereon

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Review report on consolidated interim financial statements

To the Board of directors of Sarwa Capital Holding for Financial Investments (Sarwa capital for financial advisory-previously)

Introduction

We have reviewed the accompanying consolidated interim statement of financial position of Sarwa Capital Holding for Financial Investments (an Egyptian joint stock company) (Sarwa capital for financial advisory-previously) as of 30 September 2018 and the related consolidated interim statements of income, comprehensive income, cash flows and changes in equity for the nine - months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review


We conducted our review in accordance with Egyptian Standard on Review Engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A 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 review procedures. A 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 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 financial position of the Company as at 30 September 2018, and of its financial performance and its cash flows for the nine months period then ended in accordance with the Egyptian Accounting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note (30) to the Consolidated interim financial statements, law no. 176 of 2018 was issued on the regulation of financial lease and factoring activities, The Company has continued to apply the Egyptian Accounting Standard No. (20) for the accounting treatment of the financial lease activity to new contracts concluded by the Company under the new law until the pended issuance of a new or revised Egyptian accounting standard dealing with such contracts.


KPMG Hazem Hassan
(KPMG Hazem Hassan)
Public Accountants and Consultants
Public accountants and consultants

Cairo, 11 November 2018

Translation of financial statements originally issued in Arabic

Sarwa Capital Holding for Financial Investments
(Sarwa Capital for Financial Advisory-previously)
Consolidated Statement of Financial Position as at


<u>Assets</u>	<u>Note</u>	<u>30-Sep-18</u>	<u>31-Dec-17</u>
	<u>No.</u>	<u>EGP</u>	<u>EGP</u>
<u>Non-current assets</u>			
Property, plant and equipment	(19)	83 060 776	55 950 833
Leased assets	(20)	427 738 311	395 530 697
Leased contracts under settlement		(19 313 666)	(29 064 750)
Work in progress	(21)	16 797 481	5 283 416
Goodwill	(22)	26 474 070	26 474 070
Investments in associates	(23)	54 345 848	50 582 106
Investments available for sale	(24)	10 743 750	10 493 750
Debtors and other debit balances	(25)	3 847 937	4 157 888
Accounts receivable	(26)	628 499 194	869 847 743
Securitization surplus	(27)	149 082 571	110 293 739
Deferred tax assets	(17)	213 675	93 351
Total non-current assets		1 381 489 947	1 499 642 843
<u>Current Assets</u>			
Due from related parties - debit	(37)	10 709 391	46 408 748
Deferred cost -insurance policies	(28)	17 210 176	13 652 855
Debtors and other debit balances	(25)	144 897 919	151 687 823
Accounts receivable	(26)	330 797 069	484 209 190
Treasury bills	(29)	250 121 867	40 945 166
Conditional Bank Account	(30)	5 291 229	78 297 301
Cash and cash equivalents	(31)	124 058 316	79 139 530
Total current assets		883 085 967	894 340 613
Total assets		2 264 575 914	2 393 983 456
<u>Shareholders' equity</u>			
Paid-in capital	(32)	100 000 000	96 786 900
Legal reserve	(33)	48 393 450	48 393 450
Share premium reserve	(34)	64 266 710	64 266 710
Retained earnings	(34-1)	668 634 542	464 824 394
Equity attributable to the shareholders of the parent company		881 294 702	674 271 454
Non Controlling Interest		49 156 678	34 233 770
Total equity & non controlling interest		930 451 380	708 505 224
<u>Non-current liabilities</u>			
Loans and overdrafts	(35)	614 939 809	979 342 678
Suppliers and other credit balances	(36)	6 406 378	6 443 820
Deferred tax liabilities	(17)	2 642 707	1 639 444
Total Non-current liabilities		623 988 894	987 425 942
<u>Current liabilities</u>			
Loans and overdrafts	(35)	479 634 275	350 905 354
Suppliers and other credit balances	(36)	205 515 822	297 311 086
Current tax liabilities		20 858 411	36 327 329
Due to related parties - credit	(37)	4 127 132	13 508 521
Total current liabilities		710 135 640	698 052 290
Total liabilities		1 334 124 534	1 685 478 232
Total shareholders' equity and liabilities		2 264 575 914	2 393 983 456

* The accompanying notes from (1) to (46) are an integral part of these financial statements.

Financial Manager



Financial Controller



Chairman & Managing Director



Cairo November 11, 2018
Review report "Attached"

Sarwa Capital Holding for Financial Investments
(Sarwa Capital for Financial Advisory-previouslv)

Consolidated Statement of Income for

	<u>Note No.</u>	<u>The nine months ended in</u>		<u>The three months ended in</u>	
		<u>30-Sep-18</u> <u>EGP</u>	<u>30-Sep-17</u> <u>EGP</u>	<u>30-Sep-18</u> <u>EGP</u>	<u>30-Sep-17</u> <u>EGP</u>
Sales revenue - goods and services	(6)	2 003 418 257	1 752 427 972	796 326 003	581 506 866
Cost of sales - goods and services	(10)	(1 900 426 169)	(1 667 422 951)	(760 142 128)	(549 756 430)
Income from transferred portfolios		21 146 078	29 028 524	6 403 760	9 105 825
Interest income - goods and services	(7)	181 892 275	215 207 834	35 863 374	77 610 456
Securitization proceeds	(8)	81 117 024	-	62 320 939	-
Discounting proceeds	(9)	21 401 291	39 604 528	2 819 638	7 932 736
Interest expense		<u>(216 126 743)</u>	<u>(167 644 444)</u>	<u>(67 707 076)</u>	<u>(62 224 803)</u>
Gross profit		192 422 013	201 201 463	75 884 510	64 174 650
Operating revenue	(11)	100 853 981	52 293 669	65 750 114	19 736 076
Services and collection revenue	(37)	937 243	1 701 530	244 137	461 788
Securitization net revenue	(12)	118 933 193	36 615 705	50 178 324	12 498 090
Administrative fees revenue	(13)	27 215 113	25 130 943	10 487 769	7 970 260
Other revenue	(14)	28 110 553	20 717 678	(14 000 473)	7 554 301
Operating expense	(15)	(39 256 078)	(38 612 480)	(13 003 569)	(14 735 600)
Sales and distribution expense		(16 970 035)	(13 296 503)	(6 006 739)	(4 387 497)
General and administrative expenses	(16)	(135 003 682)	(98 341 194)	(46 761 827)	(33 186 196)
Board of directors allowances		(35 500)	(67 000)	-	(51 000)
Impairment of financial assets		<u>(9 747 309)</u>	<u>(4 877 358)</u>	<u>(5 200 038)</u>	<u>(3 873 520)</u>
Net operating income		267 459 492	182 466 453	117 572 208	56 161 352
Profit share from associates		43 921 482	29 124 488	18 261 448	10 589 511
Foreign currency differences		62 694	(791 164)	8 074	(244 629)
Net profit for the period before tax		311 443 668	210 799 777	135 841 730	66 506 234
Income tax	(17)	<u>(48 120 136)</u>	<u>(43 631 719)</u>	<u>(28 480 570)</u>	<u>(14 443 471)</u>
Net profit for the period after tax		263 323 532	167 168 058	107 361 160	52 062 763
<u>Distributed as follows:</u>					
Owners of the company		248 163 893	152 525 802	100 472 508	47 305 632
Non controlling interest		<u>15 159 639</u>	<u>14 642 256</u>	<u>6 888 652</u>	<u>4 757 131</u>
		263 323 532	167 168 058	107 361 160	52 062 763
Earnings per share for the period	(18)	<u>0.40</u>	<u>0.26</u>	<u>0.16</u>	<u>0.08</u>

* The accompanying notes from (1) to (46) are an integral part of these financial statements.

Sarwa Capital Holding for Financial Investments
(Sarwa Capital for Financial Advisory-previously)

Consolidated Statement of Comprehensive Income for the nine months

	<u>The nine months ended in</u>		<u>The three months ended in</u>	
	<u>30-Sep-18</u>	<u>30-Sep-17</u>	<u>30-Sep-18</u>	<u>30-Sep-17</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Net profit for the period after income tax	263 323 532	167 168 058	107 361 160	52 062 763
Total comprehensive income for the period	263 323 532	167 168 058	107 361 160	52 062 763
<u>Total comprehensive income distributed as follows:</u>				
Owners of the company	248 163 893	152 525 802	100 472 508	47 305 632
Non controlling interest	15 159 639	14 642 256	6 888 652	4 757 131
	263 323 532	167 168 058	107 361 160	52 062 763

* The accompanying notes from (1) to (46) are an integral part of these financial statements.

Sarwa Capital Holding for Financial Investments

(Sarwa Capital for Financial Advisory-previously)

Consolidated Statement of Changes in Equity for the nine months

Note No.	Paid in capital EGP	Advance payment - capital increase EGP	Legal reserve EGP	Share premium reserve EGP	Retained earnings EGP	Total owners of the company EGP	Non controlling interest EGP	Total equity EGP
	87 103 120	49 023 065	43 551 560	28 780 324	295 170 538	503 628 607	21 802 713	525 431 320
	-	-	-	-	152 525 802	152 525 802	14 642 256	167 168 058
Transactions with the owners of the company:								
	-	-	988 991	-	(988 991)	-	-	-
	9 683 780	(49 023 065)	39 339 285	-	-	-	-	-
	-	-	-	-	(15 683 493)	(15 683 493)	(4 760 668)	(20 444 161)
	96 786 900	-	83 879 836	28 780 324	431 023 856	640 470 916	31 684 301	672 155 217
	96 786 900	-	48 393 450	64 266 710	464 824 394	674 271 454	34 233 770	708 505 224
	-	-	-	-	248 163 893	248 163 893	15 159 639	263 323 532
Transactions with the owners of the company:								
(32)	3 213 100	-	-	-	-	3 213 100	-	3 213 100
	-	-	-	-	-	-	17 515 000	17 515 000
	-	-	-	-	(44 353 745)	(44 353 745)	(17 751 731)	(62 105 476)
	100 000 000	-	48 393 450	64 266 710	668 634 542	881 294 702	49 156 678	930 451 380

* The accompanying notes from (1) to (46) are an integral part of these financial statements.

Sarwa Capital Holding for Financial Investments
(Sarwa Capital for Financial Advisory-previously)
Consolidated Statement of Cash Flows for the nine months

	<u>Note</u> <u>No.</u>	<u>The nine months ended in</u>	
		<u>30-Sep-18</u> <u>EGP</u>	<u>30-Sep-17</u> <u>EGP</u>
<u>Cash flows from operating activities</u>			
Net profit for the period before taxes		311 443 668	210 799 777
<u>Adjustments for</u>			
Property, plant and equipment depreciation	(19)	6 996 781	5 402 686
Leased assets depreciation	(20)	106 107 257	73 753 377
Impairments of financial assets		9 747 309	4 877 358
Income from available for sale investments		(355 166)	-
Interest revenue		(27 704 621)	(16 922 340)
Finance Expense		216 126 743	167 644 444
Securitization proceeds	(8)	(81 117 024)	-
Discounting proceeds	(9)	(21 401 291)	(39 604 528)
Profit share from associates		(38 038 807)	(22 443 462)
		<u>481 804 849</u>	<u>383 507 312</u>
<u>Changes in:</u>			
Purchase of leased assets	(20)	(182 024 382)	(160 805 008)
Proceeds from sale of leased assets		65 945 392	41 766 045
Lease contracts under settlement		(39 219 965)	(10 570 241)
Accounts receivable		392 246 362	(236 676 262)
Proceeds from sale of receivable portfolios		102 518 315	39 604 528
Accrued deferred cost from insurance policy		(3 557 321)	(5 809 955)
Suppliers and other credit balances		(155 808 340)	45 053 385
Debtors and other debit balances		(11 528 333)	(80 303 530)
Related parties-debit		35 699 357	(2 198 484)
Related parties-credit		(9 381 389)	(25 912 621)
Surplus of securitization process		(38 788 832)	(17 111 549)
Conditional Bank Account		73 006 072	(41 297 637)
Cash provided by (used in) operating activities		<u>710 911 785</u>	<u>(70 754 017)</u>
Proceeds from interest revenue		46 332 809	16 922 340
Financing interest paid		(199 388 307)	(167 644 444)
Income tax paid		(15 468 918)	(13 429 620)
Net cash provided by (used in) operating activities		<u>542 387 369</u>	<u>(234 905 741)</u>
<u>Cash flows from investing activities</u>			
Purchase of property, plant, equipment	(19)	(34 111 180)	(3 316 374)
Proceeds from sale of property, plant and equipment		4 456	504 718
Works in progress		(11 514 065)	-
Purchases of available for sale investments		(250 000)	-
Proceeds of available for sale investments		355 166	20 769 231
Treasury Bills		(209 176 701)	(89 531 382)
Dividends from associates		34 275 065	4 201 200
The share of non controlling interest in subsidiaries' capital		17 515 000	-
Net cash (used in) investing activities		<u>(202 902 259)</u>	<u>(67 372 607)</u>
<u>Cash flows from financing activities</u>			
Paid dividends		(62 105 476)	(20 444 161)
Increase in paid in capital		3 213 100	-
Change in banks and overdrafts		(235 673 948)	270 640 639
Net cash (used in) provided by financing activities		<u>(294 566 324)</u>	<u>250 196 478</u>
Net change in cash and cash equivalent during the period		44 918 786	(52 081 870)
Cash and cash equivalent at the beginning of the period		79 139 530	117 075 548
Cash and cash equivalent at the end of the period	(31)	<u>124 058 316</u>	<u>64 993 678</u>

* The accompanying notes from (1) to (46) are an integral part of these financial statements.

Sarwa Capital Holding for Financial Investments (S.A.E)
(Sarwa Capital for Financial Advisory-previously)
Notes to the consolidated financial statements
For the nine months ended September 30, 2018

1. Reporting entity

- Sarwa Capital for Financial Investments (S.A.E) an Egyptian Joint Stock Company was established pursuant to Law No: 159 for year 1981 and its executive regulations as amended by law No. 3 for year 1998 and was registered in the commercial register under No. 37933 on March 30th 2009.
- The company's purpose is represented in the general trading and providing financial, economic, technical and insurance consulting for new and existing projects, in addition to management related services for all the projects (except the hotel management); Services relating to preparation, distribution and marketing specialized technical studies in the economic sector, and also creative arts through printed and electronic media (except for marketing and promotion for investments).
- The company name was changed according to the extraordinary general assembly held on June 12, 2017 to be "Sarwa Capital Holding for Financial Investments" and it was recorded in the commercial record of the company under number 78317 dated March 18, 2018 as a result the legal shape of the company changed from law no. 159 for year 1981 to capital market law no. 95 for year 1992
- The following schedule represents the subsidiaries of Sarwa Holding Capital for Financial Investments with the ownership percentage (control) over those companies which are consolidated as part of the consolidated financial statements as at September 30, 2018:

<u>Company Name</u>	<u>Control percentage</u>	
	<u>Direct</u>	<u>Indirect</u>
Contact Auto Credit	99.999%	-
Sarwa Asset Management	99.96%	-
Egyptian International for Trading and Investment	99.998%	-
Sawa Payment Systems	50.997%	-
Plus Leasing	99.9995%	-
Plus Factoring	74.99%	25%
Sarwa Insurance	84.980%	-
Sarwa Life Insurance	79.990%	-
Sarwa Promotion and Underwriting	99.996%	-
*Contact Mortgage Finance	-	99.9996%
*Wadi Degla Financial	-	50%
*Modern Finance	-	50%
*Get Go Credit Service	-	99.998%
*Contact Insurance Brokerage	-	80%

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Notes to the Consolidated Financial Statements for the period ended September 30, 2018

*Sarwa Securitization (owned by Egyptian International for Trading and Investment by 81%and 18% by Contact Auto Credit)	-	99%
*Capital Real Estate	-	99.7%
*Contact Egyptian International Motor Credit	-	50%
*Contact Specialized Consulting	1%	99%

* Represent the percentage of ownership of Contact Auto Credit in its subsidiaries which are controlled indirectly by Sarwa Capital Holding for Financial Investment.

2- Basis of accounting

2-1 The applicable accounting standards

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

The Board of Directors approved the issuance of the consolidated financial statements on November 11, 2018.

3- Functional and presentation currency

These consolidated financial Statements are presented in Egyptian Pounds which represents the company's functional currency.

4- Use of judgements and estimates

- The preparation of the financial statements in conformity with Egyptian Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from those estimates,
- The Judgments and Estimates are reviewed periodically. Revision to estimates are recognized prospectively.
- The change in accounting estimates is being recognized in the same period the estimate is changed if the change is affecting this period only, or if the change is going to affect the period of change or in future period.

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Notes to the Consolidated Financial Statements for the period ended September 30, 2018

Fair value measurement

- The fair value of financial instruments is determined based on the market value of the financial instrument or the similar financial instruments on the financial statements date without deducting any estimated future sale costs .The value of financial assets is determined based on the current purchase prices of these assets, while the value of financial liabilities is determined using the current prices according to which these liabilities can be settled.
- In the absence of an active market that is required to determine the fair value of financial instruments, then the fair value is assessed using various valuation methods taking into consideration the exchange rates currently prevailing, and guided by the current fair value of the other similar instruments in a significant manner (the discounted cash flow approach) or any other valuation approach that results in reliable values.
- When using the discounted cash flow approach as an approach for valuation, the future cash flows shall be assessed based on the best management estimates. The used discount rate shall be determined in the light of the rates prevailing in the market on the financial statements date pertaining to similar financial instruments in terms of their nature and conditions.

-Fair value measurement

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

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

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Notes to the Consolidated Financial Statements for the period ended September 30, 2018

Financial assets	30 September 2018	31 December 2017	Level of fair value	Valuation techniques and main entries
	EGP	EGP		
Available for sale investments- shares	6 413 750	6 413 750	Third	Other valuation techniques
Available for sale investments- bonds	4 330 000	4 080 000	Second	Quoted prices in active market for financial securities

Sarwa Capital Holding for Financial Investments (S.A.E)
(Sarwa Capital for Financial Advisory-previously)
Notes to the Consolidated Financial Statements for the nine months ended September 30, 2018 (continued)

5- Operating segments

Segment information is presented in respect of the Group's business segments. The primary format, business segment, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment. The group has 7 operating segments that are being financially reported to the management and these reports are exposing different products and services that are being managed separately because it required different technological and market strategies.

The revenue & expense and assets & liabilities analysis in the table below is based on the type of business activities and services that are distinguishable component.

For the the nine months ended September 30, 2018

Item	Car Finance	Consumer Goods	Finance Leasing	Insurance & Insurance Brokerage	Mortgage	Factoring	Securitization	Others	Total
Gross profit	135 004 831	12 907 938	26 214 925	17 556 728	8 785 205	-	(18 035 064)	9 987 450	192 422 013
Total operating income	74 352 845	11 027 656	15 087 564	17 755 542	763 106	354 540	143 995 652	4 122 587	267 459 492
Profit share from associates	-	-	-	-	-	-	-	43 921 482	43 921 482
Foreign currency translation	-	-	-	-	-	-	-	62 694	62 694
Net profit for the period before tax	74 352 845	11 027 656	15 087 564	17 755 542	763 106	354 540	143 995 652	48 106 763	311 443 668
Income Tax	(10 576 371)	(2 481 225)	(5 022 129)	(3 989 303)	(28 551)	(79 772)	(21 797 555)	(4 145 230)	(48 120 136)
Net profit for the period After tax	63 776 474	8 546 431	10 065 435	13 766 239	734 555	274 768	122 198 097	43 961 533	263 323 532
Total current assets	247 056 157	87 690 781	118 401 256	126 212 782	63 539 656	25 684 414	89 036 254	125 464 667	883 085 967
Total non current assets	458 057 618	10 588 192	409 994 391	2 369 004	212 501 820	-	149 835 199	138 143 723	1 381 489 947
Total non current liabilities	96 910 364	3 296 044	261 929 593	17 836	191 085 300	-	-	70 749 757	623 988 894
Total current liabilities	170 571 908	73 521 429	178 831 248	11 797 705	35 970 785	59 082	37 016 448	202 367 035	710 135 640

For the the nine months ended September 30, 2017

Item	Car Finance	Consumer Goods	Finance Leasing	Insurance & Insurance Brokerage	Mortgage	Factoring	Securitization	Others	Total
Gross profit	137 973 558	6 761 624	29 972 066	13 210 969	4 338 413	-	-	8 944 833	201 201 463
Total operating income	106 383 569	6 524 549	20 411 926	12 592 068	(4 233 643)	316 005	38 629 595	1 842 384	182 466 453
Profit share from associates	-	-	-	-	-	-	-	29 124 488	29 124 488
Foreign currency translation	-	-	-	-	-	-	-	(791 164)	(791 164)
Net profit for the period before tax	106 383 569	6 524 549	20 411 926	12 592 068	(4 233 643)	316 005	38 629 595	30 175 708	210 799 777
Income Tax	(23 438 159)	(1 468 024)	(5 456 339)	(2 833 215)	-	(62 355)	(6 953 120)	(3 420 507)	(43 631 719)
Net profit for the period after tax	82 945 410	5 056 525	14 955 587	9 758 853	(4 233 643)	253 650	31 676 475	26 755 201	167 168 058

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6- Sales of goods and services revenue

	<u>The nine months ended in</u>		<u>The three months ended in</u>	
	<u>30-Sep-18</u>	<u>30-Sep-17</u>	<u>30-Sep-18</u>	<u>30-Sep-17</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Goods sold	1 772 476 083	1 589 910 556	712 932 114	523 244 833
Lease revenue	187 302 982	144 723 721	65 640 915	52 135 756
Service sold	43 639 192	17 793 695	17 752 974	6 126 277
	<u>2 003 418 257</u>	<u>1 752 427 972</u>	<u>796 326 003</u>	<u>581 506 866</u>

7- Interest income- goods and services

	<u>The nine months ended in</u>		<u>The three months ended in</u>	
	<u>30-Sep-18</u>	<u>30-Sep-17</u>	<u>30-Sep-18</u>	<u>30-Sep-17</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Car installments	138 790 855	201 066 081	18 996 630	70 717 293
Mortgages	24 421 357	5 952 795	9 761 580	3 446 347
Consumer goods installments	18 680 063	8 188 958	7 105 164	3 446 816
Total	<u>181 892 275</u>	<u>215 207 834</u>	<u>35 863 374</u>	<u>77 610 456</u>

8- Securitization proceeds

	<u>The nine months ended in</u>		<u>The three months ended in</u>	
	<u>30-Sep-18</u>	<u>30-Sep-17</u>	<u>30-Sep-18</u>	<u>30-Sep-17</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Net profit from securitization	81 117 024	-	62 320 939	-
	<u>81 117 024</u>	<u>-</u>	<u>62 320 939</u>	<u>-</u>

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9- **Discounting proceeds**

	<u>The nine months ended in</u>		<u>The three months ended in</u>	
	<u>30-Sep-18</u>	<u>30-Sep-17</u>	<u>30-Sep-18</u>	<u>30-Sep-17</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Discounting Financial Instruments Net Income	21 401 291	39 604 528	2 819 638	7 932 736
	21 401 291	39 604 528	2 819 638	7 932 736

10- **Cost of sales - goods and services**

	<u>The nine months ended in</u>		<u>The three months ended in</u>	
	<u>30-Sep-18</u>	<u>30-Sep-17</u>	<u>30-Sep-18</u>	<u>30-Sep-17</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Cost of goods sold	1 772 476 082	1 589 910 553	712 932 111	523 244 830
Cost of services sold	20 635 140	2 580 925	7 837 915	494 607
Cost of leasing contracts and depreciation	107 314 947	74 931 473	39 372 102	26 016 993
	1 900 426 169	1 667 422 951	760 142 128	549 756 430

11- **Operating revenue**

	<u>The nine months ended in</u>		<u>The three months ended in</u>	
	<u>30-Sep-18</u>	<u>30-Sep-17</u>	<u>30-Sep-18</u>	<u>30-Sep-17</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Management and incentive fees	6 833 768	5 580 963	1 579 738	2 531 945
Other service revenue (Insurance)	32 041 828	29 391 598	11 511 501	13 831 803
Credit Interest (Insurance)	9 623 041	8 966 981	3 454 640	3 372 328
Other operating revenue	52 355 344	8 354 127	49 204 235	-
Total	100 853 981	52 293 669	65 750 114	19 736 076

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12- Securitization net revenue

	<u>The nine months ended in</u>		<u>The three months ended in</u>	
	<u>30-Sep-18</u>	<u>30-Sep-17</u>	<u>30-Sep-18</u>	<u>30-Sep-17</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Interest income from financial rights portfolio	463 601 842	143 699 373	213 684 356	40 532 486
Proceeds from surplus of investments at custody	45 402 640	30 931 753	21 104 450	10 805 281
Interest from bonds loan and the amortization of securitization cost	(327 253 445)	(129 073 289)	(154 524 668)	(36 501 182)
Insurance policy cost	(11 653 013)	(5 735 610)	(5 372 879)	(1 453 122)
Collector fees	(807 226)	(1 578 015)	(232 770)	(438 680)
Custody fees	(3 452 323)	(1 628 507)	(1 585 779)	(446 693)
Issuance fees	(46 905 282)	-	(22 894 386)	-
Proceeds from securitization process	118 933 193	36 615 705	50 178 324	12 498 090

13- Revenues from administrative services

Revenues from administrative services amounted to EGP 27 215 113 during the period September 30, 2018 compared to EGP 25 130 942 during the period September 30, 2017. A percentage of auto financing contracts is collected as administrative fees to offset sales commissions and some other administrative costs.

14- Other revenue

	<u>The nine months ended in</u>		<u>The three months ended in</u>	
	<u>30-Sep-18</u>	<u>30-Sep-17</u>	<u>30-Sep-18</u>	<u>30-Sep-17</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Interest income	27 704 621	20 538 587	10 682 948	7 978 729
Other	405 932	179 091	(24 683 421)	(424 428)
Total	28 110 553	20 717 678	(14 000 473)	7 554 301

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15- Operating expenses

	<u>The nine months ended in</u>		<u>The three months ended in</u>	
	<u>30-Sep-18</u>	<u>30-Sep-17</u>	<u>30-Sep-18</u>	<u>30-Sep-17</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Other services Cost (Insurance)	36 569 602	34 981 619	12 058 216	12 955 382
Experts fees	1 475 050	1 603 531	479 815	548 061
Other operating expenses	<u>1 211 426</u>	<u>2 027 330</u>	<u>465 538</u>	<u>1 232 157</u>
Total	<u>39 256 078</u>	<u>38 612 480</u>	<u>13 003 569</u>	<u>14 735 600</u>

16- General and administrative expenses

	<u>The nine months ended in</u>		<u>The three months ended in</u>	
	<u>30-Sep-18</u>	<u>30-Sep-17</u>	<u>30-Sep-18</u>	<u>30-Sep-17</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Salaries, wages and medical Care	81 498 706	59 133 425	28 449 195	20 125 384
Lease payments	759 834	590 690	253 278	253 278
Insurance	9 724 693	6 674 709	3 949 988	1 953 684
Property, plant and equipment depreciation	6 996 781	5 591 986	2 379 932	1 917 985
Professional and consultant fees	9 496 695	7 525 833	3 541 291	2 695 564
Branches and cars rent	4 642 850	3 671 966	1 675 525	1 250 465
Bank charges	1 247 198	1 773 010	471 960	729 995
Advertising, administrative expenses and stock exchange	1 196 555	889 766	389 808	225 668
Vehicles related expenses	849 710	693 186	306 429	204 232
Establishing fees	204 864	-	-	-
Miscellaneous expenses	<u>18 385 796</u>	<u>11 796 623</u>	<u>5 344 421</u>	<u>3 829 941</u>
	<u>135 003 682</u>	<u>98 341 194</u>	<u>46 761 827</u>	<u>33 186 196</u>

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17- Income Tax

	<u>The nine months ended in</u>		<u>The three months ended in</u>	
	<u>30-Sep-18</u>	<u>30-Sep-17</u>	<u>30-Sep-18</u>	<u>30-Sep-17</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
<u>Charged to income statement</u>				
Current income tax	47 237 197	43 700 805	23 376 595	13 650 007
Deferred income tax	882 939	(69 086)	5 103 975	793 464
Total	48 120 136	43 631 719	28 480 570	14 443 471

Deferred Tax Assets

	<u>30-Sep-18</u>	<u>31-Dec-17</u>
	<u>EGP</u>	<u>EGP</u>
Property, plant and equipment (depreciation)	213 675	93 351
Total	213 675	93 351

Deferred tax assets for the following items were not recognized for the group as there isn't enough assurance to use the benefits therefrom:

	<u>30-Sep-18</u>	<u>31-Dec-17</u>
	<u>EGP</u>	<u>EGP</u>
Debtors and other debit balance impairment	1 754 337	1 754 337
Default reserve- Discounting portfolios	1 716 752	17 434 977
Accounts receivables impairment	1 669 991	1 567 516
Total	5 141 080	20 756 830

Deferred Tax Liability

	<u>30-Sep-18</u>	<u>31-Dec-17</u>
	<u>EGP</u>	<u>EGP</u>
Property, plant and equipment (depreciation)	2 642 707	1 639 444
Total	2 642 707	1 639 444

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	<u>30-Sep-18</u>	<u>31-Dec-17</u>
	<u>EGP</u>	<u>EGP</u>
	<u>Asset (liability)</u>	<u>Revenue (Expense)</u>
As follows the movement on the deferred tax		
Beginning balance	(1 546 093)	(1 463 313)
Deferred income tax	(882 942)	(82 780)
Ending balance	(2 429 035)	(1 546 093)

	<u>30-Sep-18</u>	<u>30-Sep-17</u>
	<u>EGP</u>	<u>EGP</u>
Effective tax rate		
Net profit (before tax)	311 443 668	210 799 777
Tax rate	22.50%	22.50%
Income tax calculated based on net income	70 074 825	47 429 950
Non taxable expenses	1574276	2754779
Non taxable revenues	(23 528 965)	-6553010
Income tax	48 120 136	43 631 719
Effective tax rate	15.45%	20.70%

18- Earnings per share

Basic: Basic earnings per share is calculated by dividing the net profit attributable to shareholders' of the Parent company by the weighted average number of ordinary shares outstanding during the year.

	<u>The nine months ended in</u>		<u>The three months ended in</u>	
	<u>30-Sep-18</u>	<u>30-Sep-17</u>	<u>30-Sep-18</u>	<u>30-Sep-17</u>
			<u>EGP</u>	<u>EGP</u>
Net Profit for the period/ after taxes for owners of the company	248 163 893	152 525 802	100 472 508	47 305 632
weighted average No. of ordinary shares	615 180 554	584 001 872	615 180 554	584 001 872
Earnings per share	0.40	0.26	0.16	0.08

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19- <u>Property, plant and equipment</u>	<u>Lands</u>		<u>Buildings</u>		<u>Vehicles</u>		<u>Furniture and fixture</u>		<u>Machinery & Equipment</u>		<u>Computers and software</u>		<u>Leasehold Improvement</u>		<u>Total</u>	
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance at 1 January 2017	29 662 500	2 593 854	109 400	7 116 893	3 300 744	18 937 176	13 536 360	75 256 927								
Additions for the period	-	-	31 300	84 486	297 202	2 349 838	553 548	3 316 374								
Disposals during the period	-	-	(35 200)	-	(88 054)	(19 551)	(577 610)	(720 415)								
Total cost in 30 September 2017	29 662 500	2 593 854	105 500	7 201 379	3 509 892	21 267 463	13 512 298	77 852 886								
Balance at 1 January 2018	29 662 500	2 593 854	88 300	7 856 011	3 933 760	22 846 531	15 901 338	82 882 294								
Additions for the period	-	-	-	7 567 383	653 091	3 545 924	22 344 782	34 111 180								
Disposals during the period	-	-	-	-	(9 900)	-	-	(9 900)								
Total cost in 30 September 2018	29 662 500	2 593 854	88 300	15 423 394	4 576 951	26 392 455	38 246 120	116 983 574								
Accumulated Depreciation																
Accumulated depreciation in 1 January 2017	-	64 846	57 187	3 547 091	1 731 888	10 664 184	3 500 620	19 565 816								
Depreciation for the period	-	85 793	17 783	582 629	439 078	2 816 136	1 461 267	5 402 686								
Accumulated depreciation for disposals	-	-	(29 281)	-	(59 464)	(15 483)	(111 469)	(215 697)								
Total Accumulated depreciation in 30 September 2017	-	150 639	45 689	4 129 720	2 111 502	13 464 837	4 850 418	24 752 805								
Accumulated depreciation in 1 January 2018	-	194 539	46 680	4 330 188	2 269 884	14 711 198	5 378 972	26 931 461								
Depreciation for the period	-	97 270	16 960	632 633	526 989	3 683 000	2 039 929	6 996 781								
Accumulated depreciation for disposals	-	-	-	-	-	(5 444)	-	(5 444)								
Total Accumulated depreciation in 30 September 2018	-	291 809	63 640	4 962 821	2 796 873	18 388 754	7 418 901	33 922 798								
Net as at 31 December 2017	29 662 500	2 399 315	41 620	3 525 823	1 663 876	8 135 333	10 522 366	55 950 833								
Net as at 30 September 2017	29 662 500	2 443 215	59 811	3 071 659	1 398 390	7 802 626	8 661 880	53 100 081								
Net as at 30 September 2018	29 662 500	2 302 045	24 660	10 460 573	1 780 078	8 003 701	30 827 219	83 060 776								

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20- Leased Assets (net)

	<u>Real Estate</u>	<u>Machinery & Equipment</u>	<u>Computers</u>	<u>Cars & Vehicles</u>	<u>Total</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Cost					
Balance at 1 January 2017	24 692 680	234 949 006	24 560 306	123 906 554	408 108 546
Additions for the period	-	86 405 397	4 480 001	69 919 610	160 805 008
Disposals during the period	-	(12 904 003)	(13 087 328)	(15 774 713)	(41 766 044)
Total cost in 30 September 2017	24 692 680	308 450 400	15 952 979	178 051 451	527 147 510
Balance at 1 January 2018	24 692 680	322 200 131	12 864 884	191 418 450	551 176 145
Additions for the period	-	107 201 682	960 725	73 861 975	182 024 382
Disposals during the period	(1 085 000)	(32 900 365)	(4 106 027)	(27 854 000)	(65 945 392)
Total cost in 30 September 2018	23 607 680	396 501 448	9 719 582	237 426 425	667 255 135
Accumulated Depreciation					
Accumulated depreciation in 1 January 2017	729 328	42 080 132	9 319 649	18 937 172	71 066 281
Depreciation for the period	420 359	42 426 430	5 203 502	25 703 086	73 753 377
Accumulated depreciation for disposals	-	(5 640 018)	(8 724 885)	(6 975 396)	(21 340 299)
Total Accumulated depreciation in 30 September 2017	1 149 687	78 866 544	5 798 266	37 664 862	123 479 359
Accumulated depreciation in 1 January 2018	1 289 807	92 790 498	4 998 017	43 737 622	142 815 944
Depreciation for the period	388 713	63 630 674	3 003 283	39 084 587	106 107 257
Accumulated depreciation for disposals	(162 750)	(13 496 086)	(2 722 558)	(13 087 487)	(29 468 881)
Total Accumulated depreciation in 30 September 2018	1 515 770	142 925 086	5 278 742	69 734 722	219 454 320
Net book value					
As as at 31 December 2017	23 402 873	229 409 633	7 866 867	147 680 828	408 360 201
As as at 30 September 2017	23 542 993	229 583 856	10 154 713	140 386 589	403 668 151
As as at 30 September 2018	22 091 910	253 576 362	4 440 840	167 691 703	447 800 815
Net leased assets	30-Sep-18	31-Dec-17	30-Sep-17		
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>		
	447 800 815	408 360 201	403 668 151		
Impairment of financial leased assets	(20 062 504)	(12 829 504)	(4 696 839)		
Net	427 738 311	395 530 697	398 971 312		

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21- Work in progress

The company is improving a new headquarter located at 7 Champollion St., Cairo which certificate of completion and costs amounted to EGP 16 797 481 as at September 30, 2018 compared to 5 283 416 as at December 31, 2017 at the financial position date.

22- Goodwill

<u>Company</u>	<u>Description</u>
Sarwa Securitization	In Sep.2006 Contact Auto Credit acquired Contact Egyptian International for Trade and Investment to reach an ownership percentage of 96.8 % (this company owns %81 of Sarwa Securitization)
Contact Auto Credit	In 10 Nov. 2013 the company acquired 999 990 shares from minority shareholders with total contribution 99.9%
Plus Leasing	In 31 March 2015 the company acquired 1 999 990 shares representing an ownership percentage of 99.995%.

The total goodwill amounted to EGP 26 474 070 as at the acquisition dates.

23- Investments in associates

<u>Company's Name</u>	<u>% of Share</u>	<u>Ownership 30-Sep-18 EGP</u>	<u>% of Share</u>	<u>Ownership 31-Dec-17 EGP</u>
Bavarian Contact Car Trading	49%	25 736 959	49%	24 861 099
Star Auto Credit	33.4%	23 959 006	33.4%	21 089 113
Ezz El-Arab - Contact Financial	49%	4 435 051	49%	4 398 715
Motor Care Service	49.2%	214 832	49.2%	233 179
		<u>54 345 848</u>		<u>50 582 106</u>

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<u>30-Sep-18</u>	<u>Bavarian Contact Car Trading EGP</u>	<u>Star Auto Credit EGP</u>	<u>Ezz Elarab/Contact Financial EGP</u>	<u>Motor Care Service EGP</u>
Total assets	164 001 886	209 722 028	30 188 512	915 709
Total liabilities	(111 488 296)	(137 988 478)	(21 137 387)	(479 059)
Net assets	<u>52 513 590</u>	<u>71 733 550</u>	<u>9 051 125</u>	<u>436 650</u>
Profit share from associates	<u><u>43 921 482</u></u>			
<u>31-Dec-17</u>	<u>Bavarian Contact Car Trading EGP</u>	<u>Star Auto Credit EGP</u>	<u>Ezz Elarab/Contact Financial EGP</u>	<u>Motor Care Service EGP</u>
Total assets	152 734 650	244 882 812	41 284 144	793 046
Total liabilities	(102 008 529)	(181 741 756)	(32 307 174)	(319 106)
Net assets	<u>50 726 121</u>	<u>63 141 056</u>	<u>8 976 970</u>	<u>473 940</u>
Profit share from associates	<u><u>47 271 281</u></u>			

24- Investments available for sale

	<u>30-Sep-18 EGP</u>	<u>31-Dec-17 EGP</u>
Egyptian Mortgage Refinancing company*	6 413 750	6 413 750
Treasury bonds	4 330 000	4 080 000
Total	<u><u>10 743 750</u></u>	<u><u>10 493 750</u></u>

* The investments was evaluated at cost as it is not quoted in an active market and its fair value can not be determined accurately.

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25- Debtors and other debit balances

	<u>30-Sep-18</u>		<u>31-Dec-17</u>	
	<u>Within a year</u>	<u>More than one</u>	<u>Within a year</u>	<u>More than</u>
	<u>EGP</u>	<u>year</u> <u>EGP</u>	<u>EGP</u>	<u>one year</u> <u>EGP</u>
Insurance companies - debit	7 797 055	-	7 797 055	-
Prepaid expenses	10 178 768	3 678 482	12 158 096	4 072 888
Advance payments to suppliers	73 857 809	-	8 043 146	-
Accrued revenue	18 628 188	-	12 856 756	-
Employees advances	6 645 472	-	6 642 365	-
Tax authority	1 592 906	-	1 160 025	-
Other debit balances	33 994 776	169 455	110 827 435	85 000
Deduct: Impairment	(7 797 055)	-	(7 797 055)	-
Net	144 897 919	3 847 937	151 687 823	4 157 888
Total	148 745 856		155 845 711	

26- Accounts receivable

	<u>30-Sep-18</u>		<u>31-Dec-17</u>	
	<u>Within a year</u>	<u>More than one</u>	<u>Within a year</u>	<u>More than</u>
	<u>EGP</u>	<u>year</u> <u>EGP</u>	<u>EGP</u>	<u>one year</u> <u>EGP</u>
Receivables-goods	539 381 316	820 566 233	740 366 926	1 079 661 740
Receivables-services	6 099 735	-	2 961 279	-
Leasing- accounts receivable	51 867 393	-	36 077 860	-
Transferred financial rights	75 943 626	90 406 275	84 808 040	140 789 614
Deduct:				
Credit Interest & deferred Insurance	(335 072 818)	(280 414 449)	(373 744 015)	(349 897 772)
Impairment of Accounts Receivable	(7 422 183)	(2 058 865)	(6 260 900)	(705 839)
Net	330 797 069	628 499 194	484 209 190	869 847 743
Total	959 296 263		1 354 056 933	

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27- Surplus of securitization processes

Contact Auto Credit group securitizes financial portfolios resulting in some financial assets being transferred to Sarwa Securitization (Special Purpose Entity)

The following is a list of financial assets and liabilities for outstanding securitization transactions of Sarwa Securitization:

<u>Description of transferred financial assets/liabilities that were disposed</u>	<u>30-Sep-18</u> <u>EGP</u>	<u>31-Dec-17</u> <u>EGP</u>
Financial Rights Portfolios	4 170 781 006	1 828 102 509
Deferred cost- insurance	9 125 824	3 902 382
Amounts collected for custodian	20 708 673	10 909 350
Cash held with custodian	427 287 307	189 708 270
Total Financial Assets transferred	<u>4 627 902 810</u>	<u>2 032 622 511</u>
Deduct: bond -principle	<u>(4 478 820 239)</u>	<u>(1 922 328 772)</u>
Surplus of securitization processes	<u>149 082 571</u>	<u>110 293 739</u>

The financial assets transferred to Sarwa Securitization meets the financial assets derecognition criteria, offset between financial assets and liabilities has been made for the group's consolidated financial statements.

28- Deferred cost - insurance

The deferred cost of insurance policies amounted to EGP 17 210 176 as at September 30, 2018 compared to amount EGP 13 652 855 as at December 31, 2017 this item represents the cost of insurance policies purchased with respect to cars sold to customers covering the remaining period of the contract term, The income statement is charged with the amortization of these costs referer to the financial year.

29- Treasury Bills:

	<u>30-Sep-18</u> <u>EGP</u>	<u>31-Dec-17</u> <u>EGP</u>
Treasury bills	254 975 000	43 975 000
Deduct:		
Unearned revenue	<u>(4 853 133)</u>	<u>(3 029 834)</u>
Net	<u>250 121 867</u>	<u>40 945 166</u>

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30- Conditional Bank Account

	<u>30-Sep-18</u> <u>EGP</u>	<u>31-Dec-17</u> <u>EGP</u>
Treasury bills	5 110 892	16 995 498
Reserve account	68 525	54 058 398
Proceeds from discounting process	111 812	7 243 405
	<u>5 291 229</u>	<u>78 297 301</u>

31- Cash and cash equivalents

	<u>30-Sep-18</u> <u>EGP</u>	<u>31-Dec-17</u> <u>EGP</u>
Banks - Current Accounts	111 162 574	72 930 051
Cash on hand	7 030 201	3 454 618
Checks under collection	80 042	145 440
Time deposit	5 785 499	2 609 421
Total	<u>124 058 316</u>	<u>79 139 530</u>

32- Capital

- Authorized capital amounts to EGP 600 Million with par value 10 EGP per share.
- Paid in and issued capital amounts to EGP 69 601 510 distributed over 6 960 151 shares with a par value of EGP 10 per share. All shares are ordinary shares and all issued shares are paid in full.
- On 14 April 2016 the capital was increased by 1 750 161 shares with a total par value of EGP 17 501 610 and was recorded in the commercial register.
- On 5 April 2017 the capital was increased by 968 378 shares with a total par value of EGP 9 683 780 and was recorded in the commercial register.
- On 14 May 2018 the extraordinary general assembly approved increasing the authorized capital by EGP 400 million to EGP 1 billion and the paid in capital by EGP 3 213 100 to EGP 100 million, in addition to a share split of 62.5:1, changing the par value from EGP 10 per share to EGP 0.16 per share, making the total number of shares 625 million instead of 10 million. This was recorded in the commercial register.

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- The company's extraordinary general assembly dated 14 August 2018 approved the initial public offering of the company on the Egyptian Stock Exchange through a private and public placement. The offering was executed on 11 October 2018 with a total of 295 170 731 shares, owned by some of the company's shareholders, with total proceeds of EGP 2 172 456 581, EGP 700 million of which are to be reinvested in the company in a capital increase at the same price of the offering.
- On 5 November 2018 the company increased the issued capital by 95 108 696 shares at EGP 7.36 per share, for a total amount of EGP 700 000 002 .The total proceeds were recorded as EGP 15 217 391 in the share capital account with the balance of EGP 684 782 611 recorded in the share premium account.
- The following schedule represents the ownership structure at the financial position date:

<u>Company Name</u>	<u>No. of Shares</u>	<u>Amount</u> <u>EGP</u>	<u>Percentage</u>
Consolidated Financial Holding	620 540 187	99 286 430	99.19%
Mohamed Hossam Aboul Fotouh	4 441 063	710 570	0.78%
Amr Mohamed Lamei	6 250	1 000	0.01%
Hazem Amr Moussa	6 250	1 000	0.01%
Ayman Elsaywy Mahmoud	6 250	1 000	0.01%
	<u>625 000 000</u>	<u>100 000 000</u>	<u>100%</u>

33- Legal Reserve

Legal reserve balance on September 30, 2018 amounted to EGP 48 393 450 compared to EGP 48 393 450 as at December 31, 2017. According to Law 159 for the year 1981 and the Company's articles of association, 5% of annual net profit is transferred to the legal reserve. Upon the approval of the general assembly, the Company may stop such transfer when the legal reserve reaches 50% of the issued capital.

34- Share premium reserve

The company's capital was increased on April 14,2016 and April 5, 2017 which results share premium reserve as follows:

Share premium reserve as at December 31, 2015	-
No. of shares increased	1 750 161 shares
Amount of increase in capital	17 501 610 EGP
Share premium amount	28 780 324 EGP
Share premium reserve as at December 31, 2016	28 780 324 EGP
No. of shares increased	968 378 shares
Amount of increase in capital	9 683 780 EGP
Share premium amount	35 486 386 EGP
Share premium reserve as at December 31, 2017	64 266 710 EGP
Share premium reserve as at September 30, 2018	64 266 710 EGP

According to law No.159 for year 1981 and its executive regulations, the amount of share premium is to be added to the legal reserve of the company up to reaching 50% of the issued capital. Any excess is recognised as a special reserve and cannot be distributed as dividends.

34-1 Retained Earnings

The legal reserves and general reserves for the subsidiaries were classified as retained earnings in these consolidated financial statements however they should not be distributed. They amount to EGP 25 024 580 as at September 30, 2018 , EGP 19 161 326 as at December 31, 2017.

In addition, the retained earnings include the retained earnings for Sarwa Securitization company with amount of EGP 99 641 464 as at September 30, 2018 , EGP 59 389 869 as at December 31, 2017; the offering memorandum for the outstanding issuances state that Sarwa Securitization company is not allowed to distribute any dividends unless all the liabilities of the bondholders are completely paid.

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35- Loans and overdrafts

	<u>30-Sep-18</u>		<u>31-Dec-17</u>	
	<u>EGP</u>		<u>EGP</u>	
	<u>Within a year</u>	<u>More than one year</u>	<u>Within a year</u>	<u>More than one year</u>
Loans	387 705 462	379 078 257	132 276 646	538 829 226
Short term facilities	74 301 847	-	164 212 111	-
Egyptian Mortgage Refinancing Company	757 206	76 637 861	23 065	2 571 565
Syndication loan	16 869 760	159 223 691	54 393 532	437 941 887
	479 634 275	614 939 809	350 905 354	979 342 678
	1 094 574 084		1 330 248 032	

36- Suppliers and other credit balances

	<u>30-Sep-18</u>		<u>31-Dec-17</u>	
	<u>EGP</u>		<u>EGP</u>	
	<u>Within a year</u>	<u>More than one year</u>	<u>Within a year</u>	<u>More than one year</u>
Suppliers	38 962 983	-	45 957 232	-
Accounts Receivables - Credit balances	4 844 279	-	1 763 610	-
Tax authority	28 606 910	-	40 341 438	-
Custodian*	27 226 426	-	34 284 649	-
Accrued interest	16 738 436	-	24 811 412	-
Accrued expenses	6 363 104	-	6 770 962	-
Deposits held with others	4 565 848	2 165 040	4 537 791	2 459 543
Insurance companies- credit	51 119 077	-	40 973 678	-
Default reserve-discounting portfolios	7 630 010	-	77 488 785	-
Default reserve- securitization	7 435 559	-	8 189 548	-
Other credit balances	12 023 190	4 241 338	12 191 981	3 984 277
	205 515 822	6 406 378	297 311 086	6 443 820
	211 922 200		303 754 906	

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* According to the custody agreement between the company and the custodian, it was agreed that the company will collect the installments related to customers' contracts which are transferred to Sarwa Securitization on its behalf. If they are subsequently transferred to the custodian, the balance above represents the collected amounts that have been subsequently transferred to the custodian.

37-Related Parties

Financial Position Balances

<u>Related Party</u>	<u>Relation Nature</u>	<u>30-Sep-18</u> <u>EGP</u>	<u>31-Dec-17</u> <u>EGP</u>
<u>Due from related parties - debit</u>			
Star Auto Credit	Associate 33.4%	4 183 106	39 273 233
Motor Care Egypt	Associate 40.1%	1 338 183	1 181 714
Bavarian Contact Car Trading	Associate 49%	4 413 620	4 983 965
Ezz El-Arab / Contact Financial	Associate 49%	392 194	405 859
Tamwil Holding	Parent Company	64 063	245 752
Other shareholders		318 225	318 225
		<u>10 709 391</u>	<u>46 408 748</u>

Due to related parties - credit

Consolidated Financial Holding	Main Shareholder 99 %	4 127 132	13 508 521
		<u>4 127 132</u>	<u>13 508 521</u>

Income Statements Transactions

		<u>nine months</u>	
		<u>30-Sep-18</u>	<u>30-Sep-17</u>
		<u>Expense (Revenue)</u>	
		<u>EGP</u>	<u>EGP</u>
Bavarian Contact Car Trading	Associate 49%		
Operating Income - Management and incentive fees		918 000	918 000
Star Auto Credit	Associate 33.4%		
Operating Income - Management fees		5 563 745	4 155 643
Ezz El-Arab / Contact Financial	Associate by 49%		
Operating Income - Management fees		352 023	507 321

Collection and other services fees

Contact Auto Credit collects the financial rights of the customers of Sarwa Securitization Company in accordance with the service and collection contracts concluded with Sarwa Securitization Company, then the collected amounts are remitted to the custodian in return for monthly collection fees (for the 10th, 12th, 13th, 15th , 16th). The total amount of such fees as at September 30, 2018 amounted to EGP 937 243 compared to EGP 1 701 530 as at September 30, 2017.

Bonus and salaries for executive management:

The value of bonus and salaries for executive management for the group including their shares in dividends as of September 30, 2018 amount to EGP 14 748 898 ,as of September 30, 2017 amount to EGP 12 016 698.

38- Tax position

First: Corporate Tax:

- Tax returns since company's establishment till 2017 were submitted within legal deadlines.
- Years 2010-2014 are currently under inspection.

Second: Salary Tax:

- The company made the payment on the legal due dates. The company have not inspected since establishment.

Third: Stamp tax

- The inspection was completed until 2013 and the payment made on the legal due dates.

39- Contingent liabilities

	<u>30-Sep-18</u>	<u>31-Dec-17</u>
	<u>EGP</u>	<u>EGP</u>
Letter of Guarantee - 16th bond issue	7 000 000	7 000 000
Letter of Guarantee - Carefour	3 150 000	-
	10 150 000	7 000 000

40- Finance Lease

	<u>30-Sep-18</u>	<u>31-Dec-17</u>
	<u>EGP</u>	<u>EGP</u>
Liabilities within a year	947 183	1 013 112
Liabilities longer than one year	1 803 658	2 497 563
	2 750 841	3 510 675

Finance lease cars:

Some of lease contracts for No. sale and leaseback contracts of cars that owned by the company.

The total of these contracts are as follows:

<u>Description</u>	<u>Amounts paid from concluded contracts during previous years</u>	<u>Amounts paid during the year from concluded contracts till 30 September, 2018</u>	<u>Contract liabilities as of 30 September , 2018</u>
	<u>EGP</u>	<u>EGP</u>	
Cars Leasing Contracts	19 968 532	759 834	2 750 841

41- Guarantees and sureties

- Contact Auto Credit provided joint guarantees to each of the associated companies operating under the car instalment system and the credit limit is given on behalf of Contact Auto Credit, provided that the purpose of such credit limit and the use thereof shall be directed to finance the activity of the Company and/or finance an activity of any of the associated companies. Borrowing shall be carried out under the name of each company utilizing the credit facility separately and within the limit of the total credit facility granted to Contact Auto Credit.
- Each company remains committed to pay the liabilities and assume any losses and risks resulting from nonpayment. The balance of credit facilities secured by the joint guarantee as at September 30, 2018 amounted to EGP 505 552 559 compared to EGP 504 620 121 as at December 31, 2017.

42- Important Events

Employees Stock Ownership Plan (ESOP)

Based on the Resolution issued by the Extraordinary General Assembly on May 14, 2018, the Company's Articles of Association were amended to allow the Extraordinary General Assembly of the Company to implement one or more of the following plans to reward employees, managers and executive board members of the Company and the subsidiaries thereof:

- Granting bonus stocks.
- Offering shares at favorable rates or using easy payment methods.
- Giving a promise of sale to the employee to own shares in the Company after spending a specific employment period(s) and fulfilling certain requirements in accordance with the promise of sale policy issued by the Company.

The General Assembly shall determine how the shares needed to implement any of the said plans will be available for the employees, either through issuing new shares, buying the shares issued by the Company or transferring the reserve fund or part thereof as well as transferring the retained earnings to shares for the sake of increasing the issued capital. The Extraordinary General Assembly Resolution shall determine the terms and conditions organizing and governing the entitlement of the shares to be determined in accordance with the Plan Regulations including the terms and conditions relating to the employment period, position, key performance indicator rating and other conditions.

The Company may assign the management of the plan to any of the following entities:

- Authorized Custodians.
- A Brokerage Company trading in securities.
- Employees Contribution Union.

43- Financial instruments and management of related risks

This Disclosure presents information about to the extent to which the company is subject to the following risks resulting from using the financial instruments, the company's goals, policies and operations regarding the measurement and management of such risks and the company's capital management as well.

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

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 manage the risks.

43-1 Credit risk

Credit risk is the risk that a person or an organization defaults in the repayment of his obligations to the Group in respect of the terms and conditions of the credit facilities granted to him by the Group.

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

First: Client receivables

The credit risk is managed through the company's policies, procedures and control structure related to risk management. As the credit worthiness is being measured for each client separately through doing the needed investigation to assure good reputation and credit worthiness that the client have; also his ability to repay all his liabilities. The credit limit is being determined according to this evaluation. A client's accounts to be always monitored. Impairment study is to be made at the financial position date.

43-2 Liquidity Risk

The liquidity risk is represented in the factors that could affect the ability of the group to repay all or part of its liabilities.

The management of the company observes the cash flows and the financing and liquidity requirements of the company. The aim of the company in achieving the balance between the financing continuity and flexibility through borrowings from banks. This is performed through monitoring expected and actual cash flows and matching the maturities of financial assets and liabilities.

The company has enough cash to pay the expected operating expenses which includes the financial liabilities.

43-3 Market risk

Market risk arises from the instability of the fair value of cash flows for financial instruments as a result of changes in market prices. Examples for market risks are foreign currency risk and interest rate risk, these risks may have effect the income of the company .the financial instruments that are affected by market risk includes interest bearing loans and deposits. The purpose of managing market risk is to manage and control risk within acceptable limits and in the same time achieving sufficient returns. The company doesn't keep derivative financial instruments.

43-3-1 Interest rate risk

Interest rate risk arises from the sensitivity of earnings to future movements in the interest rate prices in the market. The management of the group decreases the interest rate risk through matching the interest rates applied for clients (fixed/variable interest rate) with the interest rates for the liabilities (borrowings) of the company.

43-3-2 Foreign currency risk

This risk is considered limited, as the value of the financial instruments in foreign currencies and different transactions that occur in a currency different from the presentation and functional currency, are not relatively influential from a management perspective.

44- Bases of Measurements

- The financial statements are prepared on a historical cost basis except for financial instruments that are measured at fair value, amortized cost or cost as appropriate.

45- Significant accounting policies

- The accounting policies described below have been applied consistently during the years/periods presented in these financial statements.

45-1 Business combination

- The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. 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 premeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is premeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

45-2 Subsidiaries

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

45-3 Non-controlling interests

- Non-controlling interest are measured at their proportionate share of the acquirer's identifiable net assets at the date of acquisition.
- Changes in the Group's interest in subsidiaries which do not result in a loss of control are accounted for as equity transactions.

45-4 Loss of control

- When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related Non-controlling interest and other components of equity. 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.

45-5 Investments accounted with equity method

- Group's interests in equity- accounted investees comprise interests in associates and a joint venture.
- Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.
- Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases.

45-6 Transactions eliminated on consolidation

- Intra- group balances and transactions, and any unrealized income and expenses arising from intra- group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

45-7 Foreign currency

Foreign currency transactions

- Transactions in foreign currencies are translated into the functional currencies of the company 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 financial statements date. Non- monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non- monetary items that are measured based on historical cost in 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 other comprehensive income:
 - available- for- sale equity investments (except for impairment, in which case foreign currency differences that have been recognized in other comprehensive income 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; and
 - qualifying cash flow hedges to the extent that the hedges are effective.

45-8 Revenue Recognition

a- Cars and goods sales and related services

- Revenues from selling cars and goods are recognized in income statement when the significant risks and rewards of ownership is transferred to the purchaser. The revenue from rendered services are recorded in income statement when the services are rendered. No revenue shall be recorded in case there is a doubt in respect of the reimbursement of the amount in consideration of this revenue or the related costs, or in case there is an expectation that sales returns shall be made or the administrative connection regarding the sold cars and goods shall continue to exist.

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- Sales are represented in the value of cars and goods to be sold to customers at the cash selling price; however, the difference between the cash selling price and the total sale value are recognized as deferred revenue. These returns shall be recorded as revenues in the income statement. The same basis shall be applied in recording the revenues of other services represented in providing insurance services, and maintenance for the customers (Contact Service Club) through other companies specialized in this field and revenues from financial consulting.
- The value of the revenue is measured with fair value for the received or accrued payment for the company

b- Interest income

- Interest income return is recognized in the income statement on the accrual basis using the effective interest rate.

Effective interest method

- This is a method to calculate the amortized cost for a financial asset or a financial liability (or a combination of financial assets or financial liabilities) and allocates the interest cost and Interest income over the lifetime of the financial asset or financial liability using effective interest rate.

Effective interest rate

- This is an accurate rate used to discount future payments expected to be paid or collected over the term of the financial instrument (or less period if applicable) to determine the present value of financial asset or financial liability).

c- Revenue from dividends

- Revenue from dividends resulting from group investments are recognized on income statement at the date of declaration.

d- Securitization profit

- The revenue from securitization transactions is recognized when the terms of derecognition of the financial asset are fulfilled for the asset that has been securitized. The revenue from securitization process is measured by the increase in the price transfer compared to the book value of the securitization portfolios in the date of transfer.

e- Finance leasing

- The lease contract revenue is recognized based on the consequential interest income in addition to an amount equal to the leased assets depreciation, the difference between the income recognized and the accrued rental value for the same period is recorded in a separate account and is settled against the net carrying value of leased assets at the end of the lease contract period. The revenue on late interest charges is recognized starting from the year 2012 in response to article (19 e) of the leasing contracts.

45-9 Expenses

Rent

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

Interest expense

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

45-10 Employee benefit

Short – term employee benefits

- Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Define contribution plans

- Obligations for contributions to be defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.
- The Company pays contributions to the Public Authority for Social Insurance for their employees based on the rules of the social insurance law no 79 for the year 1975. The employees and employers contribute under this law with a fixed percentage of wages. The group's commitment is limited to the value of their contribution. And the Company's contribution amount expensed in profits and losses according to accrual basis.

Profit sharing to employees

- The holding 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.

45-11 Income Tax

- The recognition of the current tax and deferred tax as income or expense in the profit or loss for the period, except in cases in which the tax comes from process or event recognized - at the same time or in a different period - outside profit or loss, whether in other comprehensive income or in equity directly or business combination.

Current income tax

- The recognition of the current tax for the current period and prior periods and that have not been paid as a liability, but if the taxes have already been paid in the current period and prior periods in excess of the value payable for these periods, this increase is recognized as an asset. The current taxable liabilities (assets) for the current period and prior periods measured at expected value paid to (recovered from) the tax authority, using the current tax rates (and tax laws) or in the process to issue in the end of the financial period. Dividends are subject to tax as part of the current tax. But do not be offset for tax assets and liabilities only when certain conditions are met.

Deferred tax

- Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose 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:
 1. A business combination.
 2. And not affects neither accounting nor taxable profit nor loss.

- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Company. 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 using current tax rate or future expecting rate.
- The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.
- Deferred tax assets and liabilities are offset only if certain criteria are met.

45-12 Property, plant and equipment and depreciation

1) Recognition and measurement

- Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.
- 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.
- Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2) Subsequent expenditure

- Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

3) Depreciation

- Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the (straight-line method) over their estimated useful lives for each item, and is generally recognized in profit or loss.
- Land is not depreciated.
- Estimated depreciation rates for each type of assets for current and comparative periods are as follow:

<u>Asset</u>	<u>Depreciation years</u>
Building	20
Furniture	10
Computers	3
Machinery & equipment	5
Fixtures	5
vehicles	5

- Leased improvements depreciated on the less of the lease contract period or on the useful life of the asset.
- Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

45-13 Projects under Construction

- Projects under construction are carried at cost, less accumulated impairment, if any. Costs include all costs associated with the acquisition of the asset and bringing it to be ready for its intended use. Projects under construction are transferred to fixed assets when they become ready for their intended use.
- Then the group starts its depreciation using the assumptions that is used in depreciate the same types of the assets.

45-14 Goodwill

- Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

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- For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.
- If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.
- On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. This applies as well on investments in associates, where goodwill is included within the carrying amount of the investment.
- The Group's policy for goodwill arising on the acquisition of an associate is described above at "Investments in associates."

45-15 Earnings per share

- Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the period/year.

45-16 Dividends Distribution

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

45-17 Financial instrument

- The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and debit balance, investment available for sale.
- The Company classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

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1) Non-derivative financial assets and financial liabilities – Recognition and de-recognition

- The Company initially recognizes loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.
- The 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 realize the asset and settle the liability simultaneously

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: Loans and receivables

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

Third: Held-to-maturity financial assets

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

Forth: Available-for-sale financial assets

- These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in other comprehensive income 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.

3) Non-derivative financial liabilities – Measurement

- A financial liability is classified at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognized in profit or loss.
- Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

45-18 Impairment

Non-derivative financial assets

- Financial assets not classified 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;
 - 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; or
 - Observable data indicating that there is a measurable decrease in the expected cash flows from a Company of financial assets.

Translation of financial statements originally issued in Arabic
Sarwa Capital Holding for Financial Investments (S.A.E)
(Sarwa Capital for Financial Advisory-previously)
Notes to the Consolidated Financial Statements for the period ended September 30, 2018

- 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 a decline of 20% to be significant and a period of nine months to be prolonged.

First: Financial assets measured at amortized cost

- The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.
- In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.
- An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Second: Available-for-sale financial assets

- Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Third: Equity-accounted investees

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

Non-financial Assets

- At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories 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 cash generated units. Goodwill arising from a business combination is allocated to cash generated units or groups of cash generated units that are expected to benefit from the synergies of the combination.
- The recoverable amount of an asset or cash generated unit 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 cash generated unit.
- An impairment loss is recognized if the carrying amount of an asset or cash generated unit 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 cash generated unit, and then to reduce the carrying amounts of the other assets in the cash generated unit on a pro rata basis.
- An impairment loss in respect of goodwill is not reversed in the subsequent period. 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 previous periods.

45-19 Cash Flows

- The statement of cash flows is prepared using the indirect method. For the purpose of preparing the cash flows, cash and cash equivalents consists of cash on hand, bank current accounts, demand deposit which not exceed three months.

45-20 Legal Reserve

- According to the law of Joint Stock companies no. 159 for the year 1981 and the company's statutes provides for deduction of a sum equals to 5% of the annual net profit for the formation of the legal reserves such deduction will be ceased when the total reserve reaches an amount equals to half of the company's issued capital, according to the article no. 192 from the executive regulations for law no. 159 for the year 1981; no dividends paid from these reserves and the legal reserve is allowed to be used to cover the company's losses and the increase of the capital.

45-21 Capital

1) Ordinary Shares

- Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS No. (24) "Income Tax".

45-22 Provisions

- Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events and that it is probable that an outflow of economic resources will be required to settle the obligation, the costs to settle related obligations are probable and a reliable estimate is made of the amount of the obligation.
- The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

46- Significant Events

- On 14 August 2018 Law No. 176 of 2018 was issued on the regulation of financial leasing and factoring activities, Article 1 of this law stipulates the repeal of the Law No. 95 of 1995 on financial leasing. The Company has continued to apply the Egyptian Accounting Standard No. (20) for the accounting treatment of the financial leasing activity to the new contracts concluded by the Company under the new law until the pended issuance of a new or revised Egyptian accounting standard dealing with these contracts.