Sarwa Capital Holding for Financial Investments (S.A.E)
(Sarwa Capital for Financial Advisory-previously)
Consolidated financial statements
For the financial year ended December 31, 2019
And Auditor's Report Theron

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Independent Auditor's Report

Sarwa Capital Holding for Financial Investments

Report on Special Purposes Consolidated Financial Statements

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

Management's responsibility for the special purposes consolidated financial statements

These special purposes consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these special purposes consolidated financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of special purposes consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these special purposes consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether special purposes consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purposes consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purposes consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special purposes consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purposes consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the special purposes consolidated financial statements.

KPMG

Hazem Hassan

Opinion

In our opinion, the special purposes consolidated financial statements referred to above present fairly, in all material respects, the special purposes consolidated financial position of the company as at December 31, 2019, and of its consolidated financial performance and its consolidated financial statements cash flows for the ended December 31, 2019, in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these special purposes consolidated financial statements.

Purpose

As mentioned in Note (1-3) from the notes attached to the special purposes consolidated financial statements, these special purposes consolidated financial statements have been prepared for the own use of company's shareholders , management and its analysts, consequently these special purposes consolidated financial statement might not be appropriate to any other purpose.

KPMG Hazem Hassan
Public Accountants and Consultants
(10)

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Consultants

Cairo, May 11, 2021

(In EGP)	Note No.	31-Dec-19	31-Dec-18
Assets			
Cash on hand and at Banks	(28)	126 623 828	813 357 813
Loans and receivables	(25)	2 456 732 255	1 895 337 583
Investments in associates	(22)	59 243 897	56 320 606
Financial investments	(23)	902 892 534	232 287 014
Securitization surplus	(26)	50 238 493	144 153 062
Due from related parties	(34)	34 129 056	79 497 736
Debtors and other debit balances	(24)	172 205 696	161 468 134
Work in process		7 132 429	-
Property plant and equipment	(20)	118 201 877	104 911 154
Goodwill	(21)	26 474 070	26 474 070
Deferred tax assets	(18)	1 439 975	282 334
Total assets		**3 955 314 110**	**3 514 089 506**
Liabilities			
Loans and overdrafts	(32)	1 539 616 410	1 573 059 883
Suppliers and other credit balances	(33)	219 306 208	219 860 853
Current tax liabilities		88 333 000	42 308 453
Due to related parties	(34)	3 828 285	4 116 315
Other provisions	(35)	32 516 412	5 617 812
Insurance policyholders' rights		37 101 830	-
Deferred tax liabilities	(18)	4 956 907	4 183 692
Total liabilities		**1 925 659 052**	**1 849 147 008**
Shareholders' equity			
Paid-in capital	(29)	191 515 840	115 217 391
Reserves	(30)	803 443 311	797 442 772
Retained earnings	(31)	968 294 254	703 221 858
Equity attributable to the shareholders of the parent company		**1 963 253 405**	**1 615 882 021**
Non-Controlling Interest		66 401 653	49 060 477
Total shareholders' equity		2 029 655 058	1 664 942 498
Total shareholders' equity and liabilities		**3 955 314 110**	**3 514 089 506**

* The accompanying notes and accounting policies from page (6) to page (51) are an integral part of these financial statements and are to be read therewith.

Mohamed Said	Ayman El Sawy	Hazem Moussa
Financial Manager	Chief Financial Officer	Chairman

Cairo May 11, 2021
Auditor's report "Attached"

Ayman El Sawy

(In EGP)	Note No.	31-Dec-19	31-Dec-18
Sales revenue - goods and services	(7)	2 915 683 917	2 377 447 338
Income from financing activities	(8)	354 546 217	367 431 576
Securitization Gain	(9)	213 712 406	81 117 024
Interest income (cash surplus financing)		122 877 629	60 757 974
Interest income (cash surplus insurance)		18 801 534	9 130 879
Discounting Gain	(10)	-	21 401 291
Portfolio management fees (securitization issuances)		90 883 480	70 638 936
Securitization profit	(11)	85 219 998	132 136 988
Fee income	(12)	44 068 422	33 610 694
Profit share from associates	(17)	53 683 308	51 526 218
Insurance services revenue		20 906 252	43 206 812
Net revenue from portfolio transferred		16 846 894	26 933 232
Portfolio management fees from associates		12 787 963	13 784 072
Other operating revenue		7 221 791	10 843 287
Other revenue		5 818 360	3 301 015
Portfolio management fees	(34-3)	522 749	1 134 025
Total Revenue		**3 963 580 920**	**3 304 401 361**
Cost of sales - goods and services	(13)	(2 867 035 611)	(2 348 202 688)
General and administrative expenses	(14)	(246 895 241)	(194 441 426)
Interest expense		(210 869 449)	(278 328 110)
Operating expense	(15)	(14 857 060)	(8 887 366)
Contingent provision	(35)	(28 773 458)	(5 617 812)
Insurance services Cost		(22 737 313)	(48 482 266)
Sales and distribution expenses		(18 510 200)	(22 568 982)
(Deficit) from insurance activities	(16)	(11 005 133)	-
Impairment of financial assets		(6 354 955)	(14 330 366)
ESOP expenses		(1 359 820)	-
Foreign currency differences		(606 449)	66 898
Board of directors’ allowances		(61 000)	(80 000)
IPO fees		-	(22 745 323)
Total Expenses		3 429 065 689	2 943 617 441
Net profit for the year before tax		**534 515 231**	**360 783 920**
Income tax	(18)	(128 002 146)	(62 969 284)
Net profit for the year after tax		**406 513 085**	**297 814 636**
Distributed as follows:			
Owners of the company		388 712 049	282 751 702
Non-controlling interest		17 801 036	15 062 934
		406 513 085	**297 814 636**
Earnings per share for the year	(19)	**0.46**	**0.45**

* The accompanying notes and accounting policies from page (6) to page (51) are an integral part of these financial statements and are to be read therewith.

(In EGP)	31-Dec-19	31-Dec-18
Net profit for the year after income tax	406 513 085	297 814 636
Total comprehensive income for the year	**406 513 085**	**297 814 636**
Total comprehensive income distributed as follows:		
Owners of the company	388 712 049	282 751 702
Non-controlling interest	17 801 036	15 062 934
	406 513 085	**297 814 636**

* The accompanying notes and accounting policies from page (6) to page (51) are an integral part of these financial statements and are to be read therewith.

(In EGP)

	Paid in capital	Reserves: Legal reserve	Reserves: Share premium reserve	Retained earnings	Total owners of the company	Non-controlling interest	Total equity
Balance at 1 January 2018	96 786 900	48 393 450	64 266 710	464 824 394	674 271 454	34 233 770	708 505 224
Total comprehensive income for the financial year	–	–	–	282 751 702	282 751 702	15 062 934	297 814 636
Transactions with the owners of the company:							
The share of non-controlling interest in subsidiaries' capital	–	–	–	–	–	17 515 000	17 515 000
Capital increase	18 430 491	–	684 782 612	–	703 213 103	–	703 213 103
Dividends	–	–	–	(44 354 238)	(44 354 238)	(17 751 227)	(62 105 465)
Balance at 31 December 2018	**115 217 391**	**48 393 450**	**749 049 322**	**703 221 858**	**1 615 882 021**	**49 060 477**	**1 664 942 498**
Balance at 1 January 2019	115 217 391	48 393 450	749 049 322	703 221 858	1 615 882 021	49 060 477	1 664 942 498
Net profit for the year	–	–	–	388 712 049	388 712 049	17 801 036	406 513 085
Total comprehensive income for the year	**–**	**–**	**–**	**388 712 049**	**388 712 049**	**17 801 036**	**406 513 085**
Transactions with the owners of the company:							
ESOP	4 480 000	–	–	(4 480 000)	–	–	–
Legal reserve	–	4 640 719	–	(4 640 719)	–	–	–
The share of non-controlling interest in subsidiaries' capital	–	–	–	–	–	12 507 000	12 507 000
Capital increase	71 818 449	–	1 359 820	(71 818 449)	1 359 820	–	1 359 820
Dividends	–	–	–	(42 700 485)	(42 700 485)	(12 966 860)	(55 667 345)
Total transactions with the owners of the company	**76 298 449**	**4 640 719**	**1 359 820**	**(123 639 653)**	**(41 340 665)**	**(459 860)**	**(41 800 525)**
Balance at 31 December 2019	**191 515 840**	**53 034 169**	**750 409 142**	**968 294 254**	**1 963 253 405**	**66 401 653**	**2 029 655 058**

* The accompanying notes and accounting policies from page (6) to page (51) are an integral part of these financial statements.

(In EGP)

	Note No.	31-Dec-19	31-Dec-18
Cash flows from operating activities			
Net profit for the year before taxes		534 515 231	360 783 920
Adjustments for			
Property plant and equipment depreciation	(20)	22 155 800	11 297 879
Impairments of financial assets		6 354 955	14 330 366
Interest income (cash surplus)		(141 679 163)	(69 888 853)
Interest expense		210 869 449	278 328 110
Securitization gain		(213 712 406)	(81 117 024)
Discounting gain		-	(21 401 291)
Profit share from associates		(41 844 494)	(40 013 565)
ESOP expenses		1 359 820	-
Gain from sale of property plant and equipment		(110 820)	-
Contingent provision		28 773 458	5 617 812
		406 681 830	**457 937 354**
Changes in:			
Accounts receivable		(2 481 320 635)	(1 616 395 524)
Proceeds from sale of receivable portfolios		2 127 283 414	1 539 187 792
Suppliers and other credit balances		(23 371 528)	(35 242 307)
Debtors and other debit balances		(20 728 820)	4 837 224
Due from related parties		45 368 680	(33 088 988)
Due to related parties		(288 030)	(9 392 206)
Insurance policyholders' rights		37 101 830	-
Surplus of securitization process		93 914 569	(33 859 323)
Cash provided by operating activities		**184 641 310**	**273 984 022**
Financing interest paid		(190 362 411)	(254 300 406)
Income tax paid		(82 362 025)	(54 764 114)
Net cash (used in) operating activities		**(88 083 126)**	**(35 080 498)**
Cash flows from investing activities			
Purchase of property plant equipment	(20)	(36 119 865)	(60 264 831)
Proceeds from sale of property plant and equipment		784 162	6 631
Works in progress		(7 132 429)	5 283 416
Financial investments		(670 605 520)	(180 848 098)
Proceeds from interest revenue		141 670 621	69 412 109
Payment for investment in subsidiaries		9 999 800	–
Investment in associates		38 921 203	34 275 065
The share of non-controlling interest in subsidiaries' capital		12 507 000	17 515 000
Net cash (used in) investing activities		**(509 975 028)**	**(114 620 708)**
Cash flows from financing activities			
Paid dividends		(55 232 358)	(62 105 465)
Paid for capital increase		-	18 430 491
Share premium reserve		-	684 782 612
Proceeds from banks and overdrafts		(33 443 473)	242 811 851
Net cash (used in) provided by financing activities		**(88 675 831)**	**883 919 489**
Net change in cash and cash equivalent during the year		(686 733 985)	734 218 283
Cash and cash equivalent at the beginning of the year		813 357 813	79 139 530
Cash and cash equivalent at the end of the year	(28)	**126 623 828**	**813 357 813**
Cash and cash equivalents represented as follows:			
Banks - Current banks		116 833 849	254 406 596
Cash on hand		3 580 665	2 965 590
Deposits		6 209 314	555 985 627
		126 623 828	**813 357 813**

* The accompanying notes and accounting policies from page (6) to page (51) are an integral part of these financial statements and are to be read therewith.

(All amounts are shown in EGP unless otherwise stated)

Sarwa Capital Holding for Financial Investments (S.A.E)
Notes to the special purpose consolidated financial statements
For the year ended December 31, 2019

1. Reporting entity

1-1 Legal Entity and Activity

- Sarwa Capital Holding 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 group's name was changed according to the decision of the Extraordinary General Assembly Meeting held on June 12 2017 to become "Sarwa Capital Holding for Financial Investments" and annotation was made to this effect in the commercial register of the company under number 78317 on March 18 2018 in addition the legal entity of the company changed from being subjected to law No. 159 for year 1981 to be subject to the provisions of Capital Market Law No.95 for year 1992

- On a subsequent date the Company's name changed pursuant to the resolution of the Extraordinary General Assembly Meeting held on February 15, 2021 to be "Contact Financial Holding" and annotation in the Company's commercial register to this effect dated on March 28, 2021.

1-2 Purpose of the group

- The Group's purpose is represented in participating in the establishment or the capital increase of companies that issue securities in accordance with the applicable laws and regulation provided that the license necessary for practicing such activities must be obtained. The Group may have an interest or participate in any manner with companies and other entities practicing similar activities or that may assist the Group in achieving its purpose in Egypt or abroad. The Group may also merge into the said entities purchase them or affiliate them thereto according to the provisions of law and its executive regulations.

- The following schedule determines the subsidiaries of Sarwa Capital Holding for Financial Investments along with the ownership (control) percentage over these companies which are consolidated as part of the consolidated financial statements as at December 31, 2019:

	Control percentage	
Company Name	**Direct**	**Indirect**
Contact Auto Credit	99.999%	-
Sarwa Asset Management	99.96%	-
Egyptian International for Trade and Investment	99.998%	-
Sawa Payment Systems	50.997%	-
Contact Leasing	99.9998%	-
Contact Factoring	74.99%	25%

Sarwa Insurance	84.980%	-
Sarwa Life Insurance	79.990%	-
Sarwa Promotion and Underwriting	99.996%	-
Sarwa sukuk	99 98%	-
*Contact Mortgage Finance	-	99.9998%
*Wadi Degla Financial	-	50%
*Modern Finance	-	50%
*Get Go Credit Service	-	99.9996%
*Contact Insurance Brokerage	-	80%
*Sarwa Securitization	81%	18%
*Capital Real Estate	-	99.7%
*Contact Egyptian International Motor Credit	-	50%
*Contact Specialized Consulting	1%	99%
*SMG Auto credit	-	50%

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

1-3 Purpose

The special purposes consolidated financial statements had been prepared for the own use of company’s shareholders, management and its analysts, consequently special purposes consolidated financial statement might not be appropriate to any other purpose.

2- **Basis of Accounting**

- The consolidated financial statements were prepared according to the Egyptian Accounting Standards relevant Egyptian laws and regulations.
- The Board of Directors approved the issuance of the special purpose consolidated financial statements on May 11, 2021.

3- **Functional and Presentation Currency**

This special purpose consolidated financial Statements are presented in Egyptian Pound which represents the Group's functional currency.

4- **Use of Judgments and Estimates**

- The preparation of the consolidated financial statements in conformity with Egyptian Accounting Standards requires Management to make professional judgments estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities revenues and expenses. The estimates and assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

- The Judgments and Estimates are reviewed periodically. Review of estimates are recognized prospectively.
- Changes to accounting estimates are recognized in the period in which the estimate changes if the change affects only that period or in the year of the change and future periods if the change affects both current and future periods.

5- Fair value measurement

A. Valuation Models

The Group measures fair values using the following fair value hierarchy which reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

– Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

– Level 3: Inputs that are unobservable (which the group minimize its use as much as possible). This category includes all instruments for which the valuation technique includes inputs that are not observable, and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates credit spreads and other premiums used in estimating discount rates security prices and foreign currency exchange rates.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset at the measurement date.

The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments the group uses in-house valuation models. Some or all of the significant inputs into these models may not be observable in the market and may be derived from market prices or rates or estimated based on assumptions. Examples of instruments involving significant unobservable inputs include certain instruments for which there is no active market. Valuation models that employ significant unobservable inputs require a degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used the determination of the probability of counterparty default and prepayments and selection of appropriate discount rates.

(All amounts are shown in EGP unless otherwise stated)

Fair value estimates obtained from models are adjusted for any other factors such as liquidity risk or model uncertainties; to the extent that the group believes that a third-party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the group entity and the counterparty where appropriate.

Model inputs and values are calibrated against historical data and published forecasts and where possible against current or recent observed transactions in different instruments and against market quotes. This calibration process is inherently subjective, and it yields ranges of possible inputs and estimates of fair value. Management uses judgement to select the most appropriate point in the range.

B. Financial Instruments Measured at Fair Value – Fair Value Hierarchy

The following table analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized.

The amounts are based on the values recognized in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

Financial Assets	December 31 2019	December 31 2018	Level of Fair Value	Valuation Techniques and Main Entries
	EGP	EGP		
Available for Sale Investments -Shares	6 413 750	6 413 750	Third	Other Evaluation techniques
Available for Sale Investments -Bonds	4 330 000	4 330 000	Second	Quoted prices
Mutual funds	12 922 083	-	Second	Quoted prices
Securitization Bonds - 32 issuance	33 542 524	-	Second	Quoted prices

(All amounts are shown in EGP unless otherwise stated)

6- 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. Segment results assets and liabilities include items directly attributable to a segment.

The group has 8 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.

December 31, 2019	Car Finance	Consumer Goods	Finance Leasing	Mortgage	Factoring	Securitization& sukuk	Others	Total financing	Total insurance &Insurance Brokerage	Total
Sales revenue - goods and services	2 720 622 759	125 536 764	-	-	-	-	33 586 667	2 879 746 190	35 937 727	2 915 683 917
Income from financing activities	163 021 268	29 404 686	89 709 029	68 402 373	4 008 861	-	-	354 546 217	-	354 546 217
Securitization Gain	213 712 406	-	-	-	-	-	-	213 712 406	-	213 712 406
Interest income (cash surplus)	47 875 747	1 277 523	9 736 566	14 611 526	9 873 032	8 685 185	28 518 905	120 578 484	2 299 145	122 877 629
Interest income (cash surplus insurance)	-	-	-	-	-	-	-	-	18 801 534	18 801 534
Portfolio management fees (securitization issuances)	-	-	-	-	-	90 883 480	-	90 883 480	-	90 883 480
Securitization profit	-	-	-	-	-	85 219 998	-	85 219 998	-	85 219 998
Fee income	35 743 420	-	3 910 521	2 025 423	1 010 451	852 247	-	43 542 062	526 360	44 068 422
Profit share from associates	-	-	-	-	-	-	53 683 308	53 683 308	-	53 683 308
Insurance services revenue	20 906 252	-	-	-	-	-	-	20 906 252	-	20 906 252
Portfolio management fees from associates	12 787 963	-	-	-	-	-	-	16 846 894	-	12 787 963
Net revenue from portfolio transferred	16 846 894	-	-	-	-	-	-	12 787 963	-	16 846 894
Other operating revenue	-	511 142	3 478 693	299 095	-	2 932 861	-	7 221 791	-	7 221 791
Other revenue	2 582 274	28 712	40 019	205 222	-	-	2 962 133	5 818 360	-	5 818 360
Portfolio management fees	522 749	-	-	-	-	-	-	522 749	-	522 749
Total revenue	**3 234 621 732**	**156 758 827**	**106 874 828**	**85 543 639**	**14 892 344**	**188 573 771**	**118 751 013**	**3 906 016 154**	**57 564 766**	**3 963 580 920**
Cost of sales - goods and services	(2 720 622 759)	(125 536 764)	-	-	-	-	(16 244 000)	(2 862 403 523)	(4 632 088)	(2 867 035 611)
General and administrative expenses	(184 327 490)	(3 242 482)	(11 130 198)	(14 657 102)	(183 601)	(15 260 981)	(9 027 102)	(237 828 956)	(9 066 285)	(246 895 241)
Interest expense	(75 652 884)	(6 516 491)	(72 386 752)	(32 293 548)	(2 236 120)	(8 987 649)	(12 796 005)	(210 869 449)	-	(210 869 449)
Insurance services Cost	(22 567 987)		-	(63 946)	(105 380)	-	-	(9 530 827)	-	(22 737 313)
Sales and distribution expense	(17 433 157)	(658 848)	-	(762 591)	-	-	344 396	(28 503 421)	-	(18 510 200)
(Deficit) from insurance activities	-	-	-	-	-	-	-	(22 737 313)	(11 005 133)	(11 005 133)
Impairment of financial assets	2 761 958	581 421	(2 856 983)	(5 492 073)	(322 071)	(969 376)	(57 831)	(18 510 200)	-	(6 354 955)
ESOP expenses	-	-	-	-	-	-	(1 359 820)	-	-	(1 359 820)
Foreign currency differences	-	-	-	-	-	-	(640 534)	(6 354 955)	34 085	(606 449)
Board of directors' allowances	-	-	-	-	-	(61 000)	-	(1 359 820)	-	(61 000)
Operating expense	(2 434 725)	(4 412 923)	(2 274 622)	(408 557)	-	-	-	(640 534)	(5 326 233)	(14 857 060)
Contingent provision	(24 791 243)	69 908	(367 845)	(213 859)	(37 352)	(2 451 176)	(711 854)	(61 000)	(270 037)	(28 773 458)

(All amounts are shown in EGP unless otherwise stated)

Total Expenses	**(3 045 068 287)**	**(139 716 179)**	**(89 016 400)**	**(53 891 676)**	**(2 884 524)**	**(27 730 182)**	**(40 492 750)**	**(3 398 799 998)**	**(30 265 691)**	**(3 429 065 689)**
Net profit for the year before tax	189 553 445	17 042 648	17 858 428	31 651 963	12 007 820	160 843 589	78 258 263	507 216 156	27 299 075	534 515 231
Income Tax	(50 540 281)	(3 681 344)	316 442	(7 073 225)	(2 745 591)	(38 920 463)	(13 566 260)	(116 210 722)	(11 791 424)	(128 002 146)
Net profit for the year after tax	**139 013 164**	**13 361 304**	**18 174 870**	**24 578 738**	**9 262 229**	**121 923 126**	**64 692 003**	**391 005 434**	**15 507 651**	**406 513 085**
Distributed as follows:										
Owners of the company	126 921 154	13 361 037	18 174 833	24 578 689	9 261 382	120 853 094	63 333 941	376 484 130	12 227 919	388 712 049
Non-Controlling interest	12 092 010	267	37	49	847	1 070 032	1 358 062	14 521 304	3 279 732	17 801 036
	139 013 164	**13 361 304**	**18 174 870**	**24 578 738**	**9 262 229**	**121 923 126**	**64 692 003**	**391 005 434**	**15 507 651**	**406 513 085**
Total assets	1 458 000 004	103 518 245	741 388 064	602 447 180	123 703 518	352 436 217	326 534 745	3 708 027 973	247 286 137	3 955 314 110
Total liabilities	628 572 680	48 374 850	542 586 606	478 746 786	58 743 780	30 761 396	73 861 911	1 861 648 009	64 011 043	1 925 659 052

December 31, 2018	**Car Finance**	**Consumer Goods**	**Finance Leasing**	**Mortgage**	**Factoring**	**Securitization& sukuk**	**Others**	**Total financing**	**Total insurance &Insurance Brokerage**	**Total**
Sales revenue - goods and services	2 203 263 105	123 118 207	-	-	-	-	22 279 437	2 348 660 749	28 786 589	2 377 447 338
Income from financing activities	192 697 131	26 124 750	112 292 260	36 317 435	-	-	-	367 431 576	-	367 431 576
Securitization Gain	81 117 024	-	-	-	-	-	-	81 117 024	-	81 117 024
Interest income (cash surplus financing)	18 157 963	1 284 388	6 915 887	3 964 438	1 055 410	3 455 070	23 714 445	58 547 601	2 210 373	60 757 974
Interest income (cash surplus insurance)	-	-	-	-	-	-	-	-	9 130 879	9 130 879
Discounting Gain	21 401 291	-	-	-	-	-	-	21 401 291	-	21 401 291
Portfolio management fees (securitization issuances)	-	-	-	-	-	70 638 936	-	70 638 936	-	70 638 936
Securitization profit	-	-	-	-	-	132 136 988	-	132 136 988	-	132 136 988
Fees income	27 959 801	77 156	-	2 279 480	-	1 361 907	-	31 678 344	1 932 350	33 610 694
Profit share from associates	-	-	-	-	-	-	51 526 218	51 526 218	-	51 526 218
Insurance services revenue	43 206 812	-	-	-	-	-	-	43 206 812	-	43 206 812
Net revenue from portfolio transferred	-	-	-	-	-	-	26 933 232	26 933 232	-	26 933 232
Portfolio management fees from associates	13 784 072	-	-	-	-	-	-	13 784 072	-	13 784 072
Other operating revenue	5 714 761	105 102	-	439 950	-	4 583 474	-	10 843 287	-	10 843 287
Other revenue	2 792 527	9 854	-	23 711	-	52 350	422 573	3 301 015	-	3 301 015
Portfolio management fees	1 134 025	-	-	-	-	-	-	1 134 025	-	1 134 025
Total revenue	**2 611 228 512**	**150 719 457**	**119 208 147**	**43 025 014**	**1 055 410**	**212 228 725**	**124 875 905**	**3 262 341 170**	**42 060 191**	**3 304 401 361**
Cost of sales - goods and services	(2 203 263 105)	(123 118 207)	-	-	-	-	(16 774 300)	(2 343 155 611)	(5 047 077)	(2 348 202 688)
General and administrative expenses	(129 808 103)	(1 901 285)	(12 699 213)	(13 651 152)	(113 011)	(13 392 261)	(11 027 109)	(182 592 135)	(11 849 291)	(194 441 426)

(All amounts are shown in EGP unless otherwise stated)

Interest expense	(134 002 447)	(7 601 816)	(74 176 426)	(23 407 804)	-	(18 035 064)	(21 104 553)	(278 328 110)	-	(278 328 110)
Operating expense	-	(4 092 589)	(1 852 310)	(289 907)	-	-	(2 652 560)	(8 887 366)	-	(8 887 366)
Contingent provision	(3 564 558)	(188 828)	(354 814)	(65 127)	(2 047)	(1 245 845)	(129 254)	(5 550 473)	(67 339)	(5 617 812)
Insurance services Cost	(48 433 978)	-	-	(48 288)	-	-	-	(48 482 266)	-	(48 482 266)
Sales and distribution expense	(20 200 502)	(1 238 910)	-	(1 026 059)	-	-	(103 511)	(22 568 982)	-	(22 568 982)
Impairment of financial assets	(1 000 000)	(832 188)	(8 973 303)	(3 624 875)	-	100 000	-	(14 330 366)	-	(14 330 366)
Foreign currency differences	-	-	-	-	-	-	66 898	66 898	-	66 898
Board of directors' allowances	(44 000)	-	-	-	-	(36 000)	-	(80 000)	-	(80 000)
IPO fees	-	-	-	-	-	-	(22 745 323)	(22 745 323)	-	(22 745 323)
Total Expenses	**(2 540 316 693)**	**(138 973 823)**	**(98 056 066)**	**(42 113 212)**	**(115 058)**	**(32 609 170)**	**(74 469 712)**	**(2 926 653 734)**	**(16 963 707)**	**(2 943 617 441)**
Net profit for the year before tax	**70 911 819**	**11 745 634**	**21 152 081**	**911 802**	**940 352**	**179 619 555**	**50 406 193**	**335 687 436**	25 096 484	**360 783 920**
Income Tax	(11 357 595)	(2 878 606)	(6 858 044)	(40 982)	(212 040)	(29 488 800)	(6 496 331)	(57 332 398)	(5 636 886)	(62 969 284)
Net profit for the year after tax	**59 554 224**	**8 867 028**	**14 294 037**	**870 820**	**728 312**	**150 130 755**	**43 909 862**	**278 355 038**	19 459 598	**297 814 636**
Distributed as follows:										
Owners of the company	49 254 980	8 866 8510	14 293 966	870 817	728 238	149 081 013	43 980 853	267 076 718	15 674 984	282 751 702
Non-Controlling interest	10 299 244	177	71	3	74	1 049 742	(70 991)	11 278 320	3 784 614	15 062 934
	59 554 224	**8 867 028**	**14 294 037**	**870 820**	**728 312**	**150 130 755**	**43 909 862**	**278 355 038**	**19 459 598**	**297 814 636**
Total assets	1 574 116 902	97 894 208	605 832 724	443 310 333	56 270 624	270 596 823	332 290 650	3 380 312 264	133 777 242	3 514 089 506
Total liabilities	843 791 313	56 112 105	421 469 323	344 188 675	191 748	42 896 749	129 179 455	1 837 829 368	11 317 640	1 849 147 008

(All amounts are shown in EGP unless otherwise stated)

7- Sales revenue - goods and services

	31-Dec-19	31-Dec-18
Goods sold	2 846 159 523	2 326 381 312
Service Rendered	69 524 394	51 066 026
Total	**2 915 683 917**	**2 377 447 338**

8- Income from Financing Activities

	31-Dec-19	31-Dec-18
Auto credit	155 520 830	185 022 296
Mortgages	68 402 373	36 317 435
Factoring	4 008 879	-
Leased assets contracts	89 709 029	106 988 903
Consumer goods instalments	27 936 674	26 124 750
Others	8 968 432	12 978 192
Total	**354 546 217**	**367 431 576**

9- Securitization Gain

The item represents the value of the proceeds from securitization operations carried out by the Group through the transfer of financial debts in return for the issuance of securitization bonds. Under this transfer the risk and rewards of the transferred portfolios are transferred substantially to the bondholders. The securitization gain is represented in the difference between the securitization proceeds including the financing cost borne by the portfolio transferor until subscription in bonds is closed and the book value of the assigned rights on the date of the transaction.

10- Discounting Gain

The item represents the gain from discounting financial portfolios through the transfer of the risks and rewards of the portfolios that were subject to discounting to financial institutions. The discounting gain represent the difference between the proceeds of the discounting process and the book value of the financial assets that were subject to discounting on the date of the transaction.

(All amounts are shown in EGP unless otherwise stated)

11- Securitization Profit

	31-Dec-19	31-Dec-18
Interest income from financial rights portfolio	775 497 848	651 128 422
Proceeds from surplus of investments at custody	83 575 819	69 365 691
Interest of bond loan and the amortization of securitization cost	(659 507 032)	(496 554 298)
Insurance policy cost	(19 310 747)	(16 536 417)
Collector fees	(522 750)	(1 004 008)
Custody fees	(6 076 747)	(5 000 935)
Issuance fees	(88 436 393)	(69 261 467)
	85 219 998	**132 136 988**

12- Fee Income

The revenues in return for administrative services rendered amounted to EGP 44 068 422 on December 31 2019 compared to an amount of EGP 33 610 694 on December 31 2018 whereas a percentage of the value of the loan granted to clients was collected as administrative fees to pay for the salesmen commissions and some of the other administrative fees borne upon concluding the contract.

13- Cost of Sales - Goods and Services

	31-Dec-19	31-Dec-18
Cost of goods sold	2 846 159 523	2 326 381 310
Cost of services Rendered	20 876 088	21 821 378
Total	**2 867 035 611**	**2 348 202 688**

(All amounts are shown in EGP unless otherwise stated)

14- General and Administrative Expenses

	31-Dec-19	31-Dec-18
Salaries wages and medical Care	146 598 261	118 751 034
Lease payments	1 259 627	1 026 790
Insurance	7 494 439	13 413 642
Property plant and equipment depreciation	22 155 800	11 297 879
Professional and consultant fees	16 472 166	13 011 864
Branches and cars rent	9 894 854	6 504 160
Bank charges	2 133 538	1 835 739
Advertising administrative expenses and stock exchange renewal	2 656 502	1 625 950
Vehicles related expenses	1 052 372	1 139 696
Miscellaneous expenses	37 177 682	25 834 672
Total	**246 895 241**	**194 441 426**

15- Operating Expenses

	31-Dec-19	31-Dec-18
Experts fees	1 125 021	1 948 721
I-score fees	1 369 285	-
Rent expense	4 390 518	4 503 999
Other operating expenses	7 972 236	2 434 646
Total	**14 857 060**	**8 887 366**

(All amounts are shown in EGP unless otherwise stated)

16- (Deficit) From Insurance Activities

	31-Dec-19	31-Dec-18
Direct premiums	109 227 579	-
Outward reinsurance premiums	(20 847 333)	-
Provisions of unearned premiums at end of the year	(49 136 896)	-
Outward reinsurance commissions income	3 489 154	-
Investment income	1 429 752	-
Other operating income	2 377 747	-
Direct claims paid	(16 349 370)	-
Less: outward reinsurance claims paid	6 267 990	-
Provision for outstanding claims at end of the year	(9 524 431)	-
Direct commissions	(13 145 836)	-
Production costs	(8 282 176)	-
General & administrative expenses	(18 093 295)	-
Provided impairment loss on receivable from insurance policyholders	(1 239 299)	-
Net income from designated investments	2 821 281	-
(Deficit) of Insurance activity	**(11 005 133)**	-

(All amounts are shown in EGP unless otherwise stated)

17- Profit Share from associates

31 December 2019	Bavarian Contact	Star	EZZ Elarab	Motor Care Egypt	Motor Care Services	Total
Sales Revenue - goods and services	726 854 662	804 424 024	154 834 331	9 010 299	3 307 205	1 698 430 521
Income from financing activities	38 950 667	68 422 746	7 547 077	-	-	114 920 490
Securitization Gain	57 968 638	58 198 262	9 419 941	-	-	125 586 841
Interest Expense	(30 000 586)	(55 042 871)	(5 924 562)	-	-	(90 968 019)
Cost of sales - good and services	(726 854 662)	(804 424 025)	(154 834 331)	(4 142 597)	(3 890 609)	(1 694 146 224)
Gross Profit	**66 918 719**	**71 578 136**	**11 042 456**	**4 867 702**	**(583 404)**	**153 823 609**
Fee income	7 604 405	7 173 114	1 494 523	-	-	16 272 042
Other Operating Income	1 953 877	4 957 112	620 237	34 290	699	7 566 215
Total Operating Income	**9 558 282**	**12 130 226**	**2 114 760**	**34 290**	**699**	**23 838 257**
Investments Income (Losses)	-	(1 000 000)	-	-	-	(1 000 000)
Other Operating Expenses	(728 430)	(559 464)	(180 453)	-	-	(1 468 347)
Portfolio management fees	(12 414 596)	(8 689 976)	(1 311 755)	-	-	(22 416 327)
G&A	(4 604 805)	(1 507 020)	(849 168)	-	-	(6 960 993)
Operating Expenses	(1 655 535)	(1 810 427)	(606 845)	(4 263 748)	(665 390)	(9 001 945)
Contingent Provisions	(309 744)	1 913 394	109 349	(22 526)	(8 269)	1 682 204
Financial Asset Impairment	(14 515)	(29 728)	(8 105)	-	-	(52 348)
Foreign currency differences	-	-	-	(6 092)	-	(6 092)
Earnings Before Taxes	**56 749 376**	**72 025 141**	**10 310 239**	**609 626**	**(1 256 364)**	**138 438 018**
Income Taxes	(12 869 213)	(16 027 775)	(2 295 496)	8 865	5 599	(31 178 020)
Net Income	**43 880 163**	**55 997 366**	**8 014 743**	**618 491**	**(1 250 765)**	**107 259 998**
Contact's Share	49%	33.4%	49%	40.1%	49.2%	-
Company share before elimination	**21 501 280**	**18 703 120**	**3 927 224**	**248 015**	**(324 695)**	**44 054 944**
Portfolio management fees & dividends Elimination	6 083 152	2 902 452	642 760	-	-	9 628 364
Profit share from associate	**27 584 432**	**21 605 572**	**4 569 984**	**248 015**	**(324 695)**	**53 683 308**

(All amounts are shown in EGP unless otherwise stated)

31 December 2018	Bavarian Contact	Star	EZZ Elarab	Motor Care Egypt	Motor Care Services	Total
Sales Revenue - goods and services	821 206 286	2 420 034 811	129 904 298	7 292 534	4 668 798	3 383 106 727
Income from financing activities	47 749 425	88 246 636	7 904 951	-	-	143 901 012
Securitization Gain	35 032 105	57 184 499	4 284 840	-	-	96 501 444
Interest Expense	(27 640 120)	(60 930 291)	(5 225 836)	-	-	(93 796 247)
Cost of sales - good and services	(821 206 286)	(2 420 034 811)	(129 904 298)	(3 802 541)	(3 423 072)	3 378 371 008
Gross Profit	**55 141 410**	**84 500 844**	**6 963 955**	**3 489 993**	**1 245 726**	**151 341 928**
Fee income	7 660 006	22 108 977	1 295 727	-	-	31 064 710
Other Operating Income	2 188 148	2 981 850	438 759	39 197	5 071	5 653 025
Total Operating Income	**9 848 154**	**25 090 827**	**1 734 486**	**39 197**	**5 071**	**36 717 735**
Other Operating Expenses	(1 008 243)	(709 860)	(173 032)	-	-	(1 891 135)
Portfolio management fees	(10 903 196)	(11 474 035)	(1 140 656)	-	-	(23 517 887)
G&A	(3 341 936)	(8 650 932)	(411 086)	(3 375 039)	-	(12 403 954)
Operating Expenses	(1 551 415)	(1 697 067)	(268 582)	-	(1 002 611)	(7 894 714)
Contingent Provisions	(1 146 245)	(3 200 430)	(220 871)	(10 552)	(6 336)	(4 584 434)
Earnings Before Taxes	**47 038 529**	**83 859 347**	**6 484 214**	**142 599**	**241 850**	**137 767 539**
Income Taxes	(10 848 116)	(19 588 450)	(1 508 644)	13 696	(55 842)	(31 987 356)
Net Income	**36 190 413**	**64 270 897**	**4 975 570**	**157 295**	**186 008**	**105 780 183**
Contact's Share	%49	%33.4	%49	%40.1	%49.2	-
Company share before elimination	**17 733 303**	**21 466 480**	**2 438 030**	**63 075**	**91 516**	**41 792 404**
Portfolio management fees & dividends Elimination	5 342 565	3 832 327	558 922	-	-	9 733 814
Profit share from associate	**23 075 868**	**25 298 807**	**2 996 952**	**63 075**	**91 516**	**51 526 218**

(All amounts are shown in EGP unless otherwise stated)

18- Income Tax

	31-Dec-19	31-Dec-18
Charged to Income Statement		
Current income tax	104 738 680	60 614 019
Deferred income tax	(384 426)	2 355 265
Treasury Bills Tax	23 647 892	-
Total	**128 002 146**	**62 969 284**

Deferred Tax Assets

	31-Dec-19	31-Dec-18
Property plant and equipment (depreciation)	1 439 975	282 334
Total	**1 439 975**	**282 334**

Deferred Tax Liabilities

	31-Dec-19	31-Dec-18
Property plant and equipment (depreciation)	4 956 907	4 183 692
Total	**4 956 907**	**4 183 692**

Deferred tax assets for the following items were not recognized due to lack of sufficient assurance that they are to be realized in the future.

	31-Dec-19	31-Dec-18
Impairment in debtors and other debit balances	1 754 337	1 754 337
Impairment in accounts receivable	8 985 534	3 685 056
Total	**10 739 871**	**5 439 393**

Effective tax rate

	31-Dec-19	31-Dec-18
Net profit (before tax)	534 515 231	360 783 920
Tax rate	22.50%	22.50%
Income tax calculated based on net income	120 265 927	81 176 382
Tax adjustments effect	7 736 219	(18 207 098)
Income tax	**128 002 146**	**62 969 284**
Effective tax rate	23.95%	17.45%

(All amounts are shown in EGP unless otherwise stated)

19- 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 period.

	31-Dec-19	31-Dec-18
Net Profit for the year after taxes for owners of the company	388 712 049	282 751 702
weighted average No. of ordinary shares	837 903 372	630 465 486
Earnings per share	**0.46**	**0.45**

(All amounts are shown in EGP unless otherwise stated)

20- Property plant and equipment

Cost	Lands EGP	Buildings EGP	Vehicles EGP	Furniture and fixture EGP	Machinery & Equipment EGP	Computers and software EGP	Leasehold Improvement EGP	Total EGP
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 year	–	–	–	8 961 756	1 492 179	6 336 848	43 474 048	60 264 831
Disposals during the year	–	–	–	–	(41 800)	–	–	(41 800)
Total cost at 31 December 2018	29 662 500	2 593 854	88 300	16 817 767	5 384 139	29 183 379	59 375 386	143 105 325
Balance at 1 January 2019	29 662 500	2 593 854	88 300	16 817 767	5 384 139	29 183 379	59 375 386	143 105 325
Additions for the year	–	–	5 383 198	5 766 382	7 540 646	9 188 171	8 241 468	36 119 865
Disposals during the year	–	–	(596 055)	–	(164 630)	(44 852)	–	(805 537)
Total cost at 31 December 2019	29 662 500	2 593 854	4 875 443	22 584 149	12 760 155	38 326 698	67 616 854	178 419 653
Accumulated Depreciation								
Accumulated depreciation at 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 year	–	129 693	21 086	1 018 575	740 886	4 987 865	4 399 774	11 297 879
Accumulated depreciation for disposals	–	–	–	–	(35 169)	–	–	(35 169)
Total Accumulated depreciation at 31 December 2018	–	324 232	67 766	5 348 763	2 975 601	19 699 063	9 778 746	38 194 171
Accumulated depreciation at 1 January 2019	–	324 232	67 766	5 348 763	2 975 601	19 699 063	9 778 746	38 194 171
Depreciation for the year	–	129 693	226 658	1 757 644	1 899 505	6 600 327	11 541 973	22 155 800
Accumulated depreciation for disposals	–	–	(19 289)	–	(112 906)	–	–	(132 195)
Total Accumulated depreciation at 31 December 2019	–	453 925	275 135	7 106 407	4 762 200	26 299 390	21 320 719	60 217 776
Net as at 31 December 2018	**29 662 500**	**2 269 622**	**20 534**	**11 469 004**	**2 408 538**	**9 484 316**	**49 596 640**	**104 911 154**
Net as at 31 December 2019	**29 662 500**	**2 139 929**	**4 600 308**	**15 477 742**	**7 997 955**	**12 027 308**	**46 296 135**	**118 201 877**

(All amounts are shown in EGP unless otherwise stated)

21- Goodwill

Company	Description
Sarwa Securitization	*On Sep.2006 Contact Auto Credit acquired Contact Egyptian International for Trade and Investment in a manner that its share capital participation percentage reached 96.8 % (the latter owns %81 of Sarwa Securitization) *On Dec. 26 2013 Contact Auto Credit sold (transferred the ownership of) Egyptian International for Trade and Investment at 99.99% to Sarwa Capital for financial investments (parent company)
Contact Auto Credit	On Nov.10 2013 the Company acquired 999 990 shares from minority shareholders with a total share capital participation percentage of 99.9%
Contact Leasing	On 31 March 2015 the Company acquired 1 999 990 shares representing 99.995% of the share capital participation percentage.

The total goodwill amounted to EGP 26 474 070 as at the acquisition dates on December 31 2019 compared to EGP 26 474 070 on December 31 2018.

22- Investments in Associates

Company's Name	Capital Participation 31-Dec-19	% of Capital Participation	Capital Participation 31-Dec-18	% of Capital Participation
Bavarian Contact Car Trading	29 088 215	49%	24 791 575	49%
Star Auto Credit	23 850 713	33.4%	26 523 592	33.4%
Ezz El-Arab - Contact Financial	6 304 969	49%	4 680 745	49%
Motor care Service	-	49.2%	324 694	49.2%
Total	**59 243 897**		**56 320 606**	

(All amounts are shown in EGP unless otherwise stated)

31-Dec-19	Bavarian Contact Car Trading	Star Auto Credit	Ezz Elarab/Contact Financial	Motor Care Service
Total assets	195 518 097	103 558 651	44 039 318	-
Total liabilities	(136 165 208)	(32 149 332)	(31 172 035)	-
Net assets	**59 352 889**	**71 409 319**	**12 867 283**	**-**
Shares in associates' profit		**53 683 308**		

31-Dec-18	Bavarian Contact Car Trading	Star Auto Credit	Ezz Elarab/Contact Financial	Motor Care Service
Total assets	320 153 286	632 591 347	54 206 611	1 404 451
Total liabilities	(269 596 052)	(553 179 394)	(44 654 071)	(744 503)
Net assets	**50 557 234**	**79 411 953**	**9 552 540**	**659 948**
Shares in associates' profit		**51 526 218**		

Note:

The share of (Contact Auto credit Company) a subsidiary of the parent company the losses in both Motor Care Services and Motor Care Egypt exceeded the share capital participation percentage.

23- Financial Investments

	31-Dec-19	31-Dec-18
Financial investments available for sale	57 208 357	10 743 750
Financial investments held to maturity	845 684 177	221 543 264
	902 892 534	**232 287 014**

A) Financial Investments Available for Sale

	31-Dec-19	31-Dec-18
Egyptian Mortgage Refinancing company	6 413 750	6 413 750
Treasury bonds	4 330 000	4 330 000
Mutual Fund Certificates	12 922 083	-
Securitization bonds SPV 32	33 542 524	-
	57 208 357	**10 743 750**

(All amounts are shown in EGP unless otherwise stated)

B) Financial Investments Held to Maturity

	31-Dec-19	31-Dec-18
Treasury bills at face value	894 400 000	242 350 000
Less:		
Unearned revenue	(48 715 823)	(20 806 736)
	845 684 177	**221 543 264**

24- Debtors and Other Debit Balances

	31-Dec-19		31-Dec-18	
	Within a year	More than one year	Within a year	More than one year
Insurance Companies - debit balances	7 797 055	-	7 797 055	-
Prepaid expenses	11 881 750	2 764 389	10 510 803	3 501 678
Advance payments to suppliers	66 239 360	-	68 547 717	-
Accrued revenue	20 505 382	-	20 105 556	-
Advances and Imprest	6 600 138	-	17 119 507	-
Tax authority - Current accounts	3 672 150	-	2 361 728	-
Other debit balances	50 776 653	3 643 688	20 404 268	3 290 703
Insurance operations receivables	5 903 927	-	-	-
Deferred cost - insurance policies	218 259	-	15 626 174	-
Less: Impairment	(7 797 055)	-	(7 797 055)	-
Net	**165 797 619**	**6 408 077**	**154 675 753**	**6 792 381**
Total	**172 205 696**		**161 468 134**	

The summary for the movement of provision for doubtful debts is as follows:

	31-Dec-19	31-Dec-18
Beginning balance	7 797 055	7 797 055
Provided during the year	-	-
Ending balance	7 797 055	7 797 055

(All amounts are shown in EGP unless otherwise stated)

25- Loans and Receivables

	31-Dec-19	31-Dec-18
Loans and Receivables	2 496 667 962	1 929 464 189
Less: Allowance for impairment	(39 935 707)	(34 126 606)
	2 456 732 255	**1 895 337 583**

Loans and Receivables

	31-Dec-19		31-Dec-18	
	Within a year	More than one year	Within a year	More than one year
Receivables-goods	893 242 651	813 327 013	694 340 416	837 257 749
Receivables-services	11 951 669	-	15 442 284	-
Leasing- accounts receivable	442 654 426	466 013 436	342 630 380	365 927 239
Factoring -accounts receivable	70 753 816	104 951	-	-
Receivables-mortgage	155 912 640	777 084 647	49 670 155	531 755 497
Transferred financial rights	56 138 733	27 884 299	71 052 612	73 005 988
Less:				
Deferred Interest & deferred Insurance	(604 743 915)	(613 656 404)	(512 878 461)	(538 739 670)
Allowance for impairment	(33 437 330)	(6 498 377)	(30 978 037)	(3 148 569)
Net	**992 472 690**	**1 464 259 565**	**629 279 349**	**1 266 058 234**
Total	**2 456 732 255**		**1 895 337 583**	

The summary for the movement of provision for doubtful debts is as follows:

	31-Dec-19	31-Dec-18
Beginning balance	34 126 606	19 796 243
Provided during the year	9 197 223	14 430 363
Provision no longer required	(3 388 122)	(100 000)
Ending balance	**39 935 707**	**34 126 606**

(All amounts are shown in EGP unless otherwise stated)

26- Securitization Surplus

In the ordinary course of business activity; Contact Auto Credit Group perform securitization process of Loans and Receivables resulting in some financial assets being transferred to Sarwa Securitization (Special Purpose Entity) on behalf of the bondholders.
The following is a list of the financial assets and liabilities pertaining to the outstanding securitization transactions of Sarwa Co.

	31-Dec-19	31-Dec-18
Description of transferred financial assets/liabilities that were disposed (derecognized)		
Financial Rights Portfolios	4 097 529 816	3 492 421 205
Deferred cost- insurance	7 254 682	7 049 312
Amounts collected for custodian	34 925 804	18 104 972
Cash held with custodian	351 995 182	422 101 427
Total Financial Assets transferred	**4 491 705 484**	**3 939 676 916**
Less: bonds issue	(4 441 466 991)	(3 795 523 854)
Surplus of securitization processes	**50 238 493**	**144 153 062**

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

27- Bank's Escrow Account

	31-Dec-19	31-Dec-18
Treasury bills	15 240 713	667 859
Reserve account	2 862 394	1 301 627
Proceeds from factoring process	510 544	360 596
Less: Allowance for impairment	(18 613 651)	(2 330 082)
Total	-	-

Represents a reserve account relating to receivables discounted at banks. The reserve is managed (whether increased or decreased) in line with the contractual terms related thereto.

(All amounts are shown in EGP unless otherwise stated)

28- Cash on hand and at Banks

	31-Dec-19	31-Dec-18
Banks - Current Accounts	116 833 849	254 406 596
Cash on hand	3 580 665	2 965 590
Time deposit*	6 209 314	555 985 627
Total	**126 623 828**	**813 357 813**

- There is a restriction on the use of these deposits with a total amount of EGP 4 500 000 by the Egyptian financial regulatory authority in return for granting a license to the group to practice some insurance activities.

29- Paid-in 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.
- 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 by 47.2% 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 17 October 2018 the Board of Directors with an authorization from the extraordinary general assembly dated on 14 August 2018 approved the increase of the issued and paid –in capital by 95

(All amounts are shown in EGP unless otherwise stated)

108 696 shares at EGP 7.36 per share which represent EGP 0.16 nominal value per share and EGP 7.2 increase in premium reserve per share for a total amount of EGP 700 000 003.

- The increase took place on 5 November 2018. The total proceeds were recorded as EGP 115 217 391 in the share capital account with the balance of EGP 684 782 612 recorded in the share premium account.
- On May 9, 2019 the issued and paid-in capital have increased by a decision of the Company's Board of Directors held on March 3, 2019. The increase of the Company's capital through the issuance of 28 million shares at nominal value of LE 0.16 amounted to EGP 4 480 000 the total value of the increase is fully funded from the balance of retained earnings. The 28 million shares issued for the bonus and incentive system approved by the Egyptian financial regulatory Authority (FRA) on 26 February 2019. The issued and paid-in capital amounted to LE 119 697 391.
- On October 3 2019 the issued and paid-in capital have increased by a decision of the Company's Board of Directors held on May 13 2019 and authorized by companies extraordinary general assembly dated September 8 2019 through distribution of free shares to shareholders according to their investment percentage by 3 shares for every 5 shares to be financed from retained earning balance with nominal value .16 Egyptian pound. The issued and paid-in capital amounted to 191 515 840 EGP distributed by 1 196 974 000 shares.
- The following schedule represents the ownership structure at the financial position date:

Company Name	**No. of Shares**	**Amount**	**Percentage**
Consolidated Financial Holding	724 601 986	115 936 317	60.53%
Orascom investment holding	345 782 197	55 325 152	28.88%
Other shareholders	81 789 729	13 086 357	6.84%
ESOP	44 800 088	7 168 014	3.75%
	1 196 974 000	**191 515 840**	**100%**

- Assigned ESOP shares is 15 420 886 shares unassigned ESOP shares is 29 379 202 shares.

(All amounts are shown in EGP unless otherwise stated)

30- Reserves

	31-Dec-19	31-Dec-18
Legal reserve	53 034 169	48 393 450
Share premium reserve	750 409 142	749 049 322
	803 443 311	**797 442 772**

30-1- Legal Reserve

Legal reserve balance on December 31, 2019 amounted to EGP 53 034 169 compared to EGP 48 393 450 as of December 31, 2018. 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.

(All amounts are shown in EGP unless otherwise stated)

30-2 Share premium reserve

The company's capital was increased on April 14, 2016 April 5, 2017 November 5, 2018 and October 3, 2019 which resulted in share premium reserve as follows:

Share premium reserve as at December 31 2015	**-**	
No. of increase in shares	1 750 161	shares
Value 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 increase in shares	968 378	shares
Value 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**
No. of increase in shares	95 108 696	shares
Value of increase in capital	15 217 391	EGP
Share premium amount	684 782 612	EGP
Share premium reserve as at December 31 2018	**749 049 322**	**EGP**
No. of increase in shares	448 865 304	shares
Value of increase in capital	71 818 449	EGP
Share premium amount	1 359 820	EGP
Share premium reserve as at December 31 2019	**750 409 142**	**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 recognized as a special reserve and cannot be distributed as dividends.

(All amounts are shown in EGP unless otherwise stated)

31- Retained Earnings

The retained earnings include legal reserves and general reserves of subsidiaries which were classified as retained earnings for the purpose of the preparation of the consolidated financial statements however they should not be distributed. And their amount reached EGP 33 842 544 as at December 31, 2019 and EGP 25 024 608 as at December 31, 2018.

In addition the retained earnings include the value of the retained earnings for Sarwa Securitization company with an amount of EGP 113 079 250 as at December 31 2019 and EGP 98 645 042 as at December 31, 2018 the prospectus of the various securitization issuances stipulated that Sarwa Securitization company is not allowed to distribute any dividends unless after all the liabilities of the bondholders are completely paid through the custodian bank without prejudice to its rights in distributing dividends resulting from surplus in other securitization portfolios.

32- Loans and Overdrafts

	31-Dec-19		31-Dec-18	
	Within a year	**More than one year**	**Within a year**	**More than one year**
Loans	194 136 146	467 072 105	222 668 340	628 139 126
Short term facilities	130 650 781	-	11 906 394	-
Egyptian Mortgage Refinancing Company	4 551 064	337 122 118	1 644 686	174 630 726
Syndication loan	16 051 639	390 032 557	17 231 901	516 838 710
	345 389 630	**1 194 226 780**	**253 451 321**	**1 319 608 562**
Total	**1 539 616 410**		**1 573 059 883**	

(All amounts are shown in EGP unless otherwise stated)

33- Suppliers and Other Credit Balances

	31-Dec-19		31-Dec-18	
	Within a year	**More than one year**	**Within a year**	**More than one year**
Suppliers	43 060 172	-	44 278 334	-
Accounts Receivables - Credit balances	5 710 466	-	1 619 366	-
Tax authority - Current account	29 240 653	-	16 859 656	-
Custodian*	59 310 955	-	27 932 254	-
Accrued interest	20 507 038	-	24 027 704	-
Insurance and reinsurance companies	7 631 765	-	-	-
Accrued expenses	21 966 999	-	17 881 988	-
Deposits held with third party	5 435 583	676 937	4 800 357	1 869 172
Insurance companies- credit	6 327 161	-	54 295 418	-
Default reserve-factoring portfolios	3 540 306	-	4 872 714	-
Other credit balances	11 325 066	4 573 107	17 174 209	4 249 681
	214 056 164	**5 250 044**	**213 742 000**	**6 118 853**
Total	**219 306 208**		**219 860 853**	

* According to the custody agreement concluded between the group and the custodian it was agreed that the group will collect the installments related to customers' contracts which are transferred to Sarwa Securitization company on its behalf. They shall be subsequently transferred to the custodian; the aforementioned balance represents the amounts collected till the financial position date that were transferred to the custodian in the subsequent period.

(All amounts are shown in EGP unless otherwise stated)

34-Related Parties

34-1 Financial Position Balances

Related Party		31-Dec-19	31-Dec-18
Due from Related Parties	**Relation Nature**		
Star Auto Credit	Associate 33.4%	10 087 988	63 095 962
Motor Care Egypt	Associate 40.1%	1 492 805	1 244 790
Bavarian Contact Car Trading	Associate 49%	20 856 031	14 163 221
Ezz El-Arab - Contact Financial	Associate 49%	1 597 886	899 417
Tamwil Holding Company	Parent Company	64 063	64 063
Other shareholders		30 283	30 283
Total		**34 129 056**	**79 497 736**

Due to Related Parties		31-Dec-19	31-Dec-18
Consolidated Financial Holding	Shareholder 60.53%	3 828 285	4 116 315
Total		**3 828 285**	**4 116 315**

34-2 Income Statement Transactions

		31-Dec-19	31-Dec-18
		Expense (Revenue)	
Bavarian Contact Car Trading	Associate 49%		
Operating Income - Management and incentive fees		(6 331 444)	(5 560 630)
Star Auto Credit	Associate 33.4%		
Operating Income - Management fees		(5 787 524)	(7 641 707)
Ezz El-Arab / Contact Financial	Associate 49%		
Operating Income - Management fees		(668 995)	(581 735)

(All amounts are shown in EGP unless otherwise stated)

34-3 Portfolio Management 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 27, 28 and 30 bond issuances). The total amount of such fees as at December 31, 2019 amounted to EGP 522 749 compared to EGP 1 134 025 as at December 31, 2018.

34-4 Bonus and Salaries for Executive Management:

The value of bonus and salaries for the executive management of the group as at December 31, 2019 amounted to EGP 52 648 141.

35- Other provisions

	31-Dec-19	31-Dec-18
Beginning balance	5 617 812	-
Provided during the year	28 773 458	5 617 812
Provision used during the year	(1 874 858)	-
Ending balance	**32 516 412**	**5 617 812**

- Other provisions relate to legal tax and other exposures - see accounting policy in note 42-22

36- Tax Position

First: Corporation income tax:

- Tax returns of the Sarwa Capital Holding for Financial Investments were submitted for the years since the inception of the business activity till 2018 on the due dates according to law No. 91 for year 2005.
- Years 2010-2014: are currently being inspected by the Tax the Inspectorate.

Second: Salary tax:

- The Company regularly settles the tax pay on the legal due dates and preparation of the data required for inspection is in process.

Third: Stamp tax

- The inspection was completed until 2016 and the due tax differences were paid.

37- Letter of Guarantees

	31-Dec-19	31-Dec-18
Letter of Guarantee – 16th issuance	-	7 000 000
Letter of Guarantee - Suppliers	3 000 000	-
Total	**3 000 000**	**7 000 000**

(All amounts are shown in EGP unless otherwise stated)

38- Commitment and Liabilities

Minimum payments for future leases expected for future trade centers under lease are due as follows:

	31-Dec-19	31-Dec-18
First year	20 898 816	8 244 452
Second year	22 746 615	16 038 706
Third year	24 187 884	17 333 993
Fourth year	25 263 318	18 314 803
Above 5-year	119 932 694	109 449 184
	213 029 327	**169 381 138**

39- Guarantees and Securities

- Contact Auto Credit provided joint guarantees for each of the associated and subsidiary companies operating under the credit sale system and the credit limit is granted in the name of Contact Auto Credit provided that the purpose of such credit limit and the use thereof shall be directed towards financing the activity of the Group and/or financing the activity of any of the associated companies. Borrowing shall be carried out in the name of each company that uses 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 and loans granted to the companies in consideration of the joint guarantee amounted to EGP 716 667 306 as at December 31, 2019 compared to EGP 1 703 935 930 as at December 31, 2018.

40- Objective and Policies of Financial Risks Management

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

The group's board of director is responsible for setting the framework for the risk management process and its monitoring. The group's top management is the responsible for setting and monitoring the risk management policies.

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

40-1 Credit Risk

Credit risks are the financial losses incurred by the Company in the event that customer or the counterparty do not fulfill a or his/its obligations under of the terms and conditions of the financial instruments contract

The group mainly faces credit risks from clients' receivables notes receivable sundry debtors other debit balances dues from related parties as well as its financing activities including deposits at banks and financial institutions.

Receivables Balances

- The credit risk is managed through the group's policies procedures and control structure related to risk management. As the credit worthiness is being measured for each client separately through conducting field survey to assure good reputation and credit worthiness of client and his ability to repay all his financial liabilities. The credit limit is determined according to this evaluation. The client's outstanding accounts are monitored on continuous basis. Impairment study is conducted at the financial position date.

40-2 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 group observes the cash flows and the financing and liquidity requirements of the group. The aim of the group is summarized in striking a balance between the continuity of finance and flexibility through borrowings from banks. The Group manages liquidity risk by maintaining adequate reserves and obtaining facilities pertaining to loans; the matter which is performed through monitoring expected and actual cash flows and matching the maturities of financial assets and liabilities.

The group has enough cash to pay for the expected operating expenses which include financial liabilities.

40-3 Market risk

Market risk arises from the instability of the fair value of future cash flows in respect of the financial instrument as a result of the changes in market prices. Examples for foreign currency risk and interest rate risk these risks may affect the income of the Group. The financial instruments that are affected by market risk include interest bearing loans and deposits. The purpose of managing market risk is to manage and control risks within acceptable limits and at the same time achieve rewarding returns. The group does not keep or issue derivative financial instruments.

40-3-1 Interest rate risk

Interest rate risk arises due to the fluctuations in the fair value of the future cash flows of the financial instruments as a result of the changes in the market interest rates. The management of the group reduces the interest rate risk through matching the similarity between the nature of interest rates applied by the Group to its clients (fixed/variable interest rate) and the nature of interest rates the liabilities (borrowings) of the group towards the lending financial institutions.

40-3-2 Foreign currency risk

This risk is considered to be limited as the value of the financial instruments in foreign currencies and the various transactions that take place in a currency other than the presentation and functional currency are not deem end as relatively influential from a Management perspective.

41- 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.

42- Significant accounting policies

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

42-1 Subsidiaries

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

42-2 Non-controlling interests

- Non-controlling interest are measured initially 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.

42-3 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.

42-4 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.

42-5 <u>Transactions eliminated on consolidation</u>

- 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.

42-6 <u>Segment reporting</u>

- An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses relating to transactions with any of the group's other components whose operating results are regularly reviewed by the group's chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

42-7 <u>Foreign currency transaction</u>

- Transactions in foreign currencies are translated into the functional currencies of the group 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.

42-8 <u>Revenue recognition</u>

a- <u>Cars goods sold and rendered services</u>

- Revenues from selling cars and goods are recognized in the Income Statement when the significant risks and rewards of ownership is transferred to the purchaser. The revenues from rendered services are recorded in income statement when the services are rendered. No revenue shall be recognized 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 the administrative connection regarding the sold cars and goods shall continue to exist.

- 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 interest income that are presented as a deduction from the total indebtedness due from customers . These interests shall be recorded as revenues in the income statement at the effective interest rate until the maturity date
- 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 services.
- The value of the revenue is measured at fair value of the received or accrued consideration of the group.

b- <u>Interest income</u>

- Interest income is recognized in the income statement on the accrual basis using the Effective Interest Rate Method.

<u>Effective interest rate method</u>

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

<u>Effective interest rate</u>

- This is an accurate rate used to discount future payments expected to be paid or collected over the expected lifetime of the financial instrument (and a shorter period where appropriate) in order to determine the present value of financial asset or financial liability).

c- <u>Dividends income</u>

- Revenues from dividends resulting from group investments are recognized on income statement on the date on which the right of the company to collect the value of these profits arises.

d- Securitization profit

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

e- Insurance Premium Revenues:

- The insurance premium revenues are recognized starting from the date of issuing the insurance policy revenue is recorded within the limits of the value of insurance premium related to the period/year.

42-9 Expenses

Lease expense

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

Interest expense

- Interest expense on loans is recognized in the income statement using the effective interest rate method.

42-10 Employee benefit

- Employee Stock Ownership Plan (ESOP)
- According to the decision of the Extraordinary General Assembly Meeting of the Group held on May 14 2018 the articles of association of the Group were amended in a manner that allows the Extraordinary General Assembly Meeting of the group to adopt one or more of the following systems to reward employees managers and executive board members of the group and its subsidiaries:
- Granting bonus shares
- Granting shares with special prices or easy way payments.
- A promise to sell shares after a specified period or periods of time and certain conditions are fulfilled in accordance with the group 's promise to sell.
- The General Assembly Meeting determines how to provide the shares necessary for the implementation of any of these - (ESOP) systems whether through the issuance of new shares through the group's purchase of its shares or through the transfer of cash reserve - or part of it as well as converting the retained earnings into shares whose value - is used to increase the issued capital. The decision of the extraordinary general assembly meeting determines the conditions for entitlement to the prescribed shares in accordance with the (ESOP) including the conditions related to the tenure of the position the degree the competence and other conditions.
- The group may entrust the management of the system to any of the following:
- Licensed custodians
- One of the companies working in securities field
- labour union of employees holding capital participations.

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 group 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.

Defined Contribution Plans

- Obligations of defined contribution plans are recognized as an expense when 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 made.
- The group pays contributions to the Public -Social Insurance Authority for their employees based on Social Insurance Law No 79 for the year 1975. The employees and employers contribute to this plan under this law with a fixed percentage of wages. The group's commitment is -confined to the value of their contribution. and. The group’s contribution amount shall be charged as an expense to the income statement - according to accrual basis.

Employees’ Share in Profits

- The holding Group pays 10% of its cash dividends to its employees as a share in profits provided that it must not exceed the total employees’ annual salaries. Profit sharing is recognized as a dividend distribution through equity and as a liability during the fiscal period - wherein the group’s shareholders approved these dividends.

42-11 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 group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Deferred tax assets are recognized for unused tax losses unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the group. deferred tax assets are 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 group 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.

42-12 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 group.

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:

Asset	**Depreciation years**
Building	20
Furniture	10
Computers	3-5
Machinery & equipment	5
Fixtures	10
vehicles	5

- Leasehold improvements are depreciated - over the lease contract period or the useful life of the asset whichever is lower.
- Depreciation methods useful lives and residual values are reviewed at each reporting date and adjusted if -necessary.

42-13 Projects in Progress

- Projects in progress are recorded at cost less accumulated impairment in their value if any. Costs include all costs directly related to - the acquisition of the asset and bringing it to be ready for its intended use and to be used in the purposes for which it is acquired. Projects -in progress are charged to fixed assets when they become ready for their intended use.
- Then the group starts its depreciation using the same bases used to depreciate the same types of assets.

42-14 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 acquired assets at the acquisition date. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.
- For the purpose of impairment testing goodwill is allocated to each of the Group's cash-generating units expected to generate cash and benefit from this combination. Cash-

generating units 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 previously allocated to the unit and then to reduce the value of the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Taking into account that 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 sale. This applies as well on investments in associates where goodwill is included within the carrying amount of the investment.

42-15 Earnings per share

- Basic earnings per share is calculated by dividing profit or loss attributable to ordinary shareholders of the parent group (for their participation in the company's ordinary shares) over the weighted average number of ordinary shares outstanding during the period/year.

42-16 Dividends

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

42-17 Financial instrument

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

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

- The group 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 group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows in a transaction

in which substantially all of the risks and rewards of ownership of the financial asset are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the group is recognized as a separate asset or liability.

- The Company group a financial liability when its contractual obligations are discharged or cancelled or expired.
- Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when and only when the group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to 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.

42-18 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 group on terms that the group would not consider otherwise;
  - Indications that a debtor or issuer will enter bankruptcy;
  - Adverse changes in the payment status of borrowers or issuers;
  - The disappearance of an active market for a security because of financial difficulties; or
  - Observable data indicating that there is a measurable decrease in the expected cash flows from financial assets.
- For an investment in an equity security objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The group considers 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 it’s carrying amount. An impairment loss is recognized in profit or loss and is reversed if there have been favorable changes in the estimates used to determine the recoverable amount.

Impairment of non-financial Assets

- At each reporting date the reviews the carrying amounts of its non-financial assets (other than biological assets 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 generating units. Goodwill arising from a business combination is

allocated to cash generating units or groups of cash generating units that are expected to benefit from the synergies of the combination.

- The recoverable amount of an asset or cash generating 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 generating unit.
- An impairment loss is recognized if the carrying amount of an asset or cash generating 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 generating unit and then to reduce the carrying amounts of the other assets in the cash generating 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.

42-19 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.

42-20 Legal reserve

- According to the requirements of Companies law No. 159 for the year 1981 ;the group's statutes provides for deduction of a sum equals to at least 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 at least half of the group's issued capital once the reserve falls below this amount deduction shall resume.

42-21 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".

42-22 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.

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- 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.

43 New accounting standards issued but not implemented

On March 18, 2019 the minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian accounting standards issued thereby by virtue of Decree No. 110 of 2015 which include some new accounting standards as well as introducing amendments to certain existing standards. The most prominent amendments are as follows:

New or amended standards	A Summary of the most significant amendments	The possible impact on the financial statements	Date of implementation
The new Egyptian accounting standard No. (49) "Lease Contracts	1- The new Egyptian accounting standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20)" Accounting Rules and Standards related to Financial Leasing" issued in 2015 2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities taking into account that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts . 3- As for the lessor he shall classify each lease contract either as an operating lease or a finance lease contract. 4- As for the finance lease the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable	The management assessment over implementing the amendment of the standard on the financial statements will result in decreasing the opening equity balance by about EGP 18 million.	This standard No. (49) applies to financial periods beginning on or after January 1st, 2021 and the early implementation thereof is permitted if Egyptian accounting standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of enforcement standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian accounting standard No. 20 "Accounting rules and standards related to financial leasing " as well as the finance lease contracts that arise under and are subjected

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	with an amount equivalent to the amount of the net investment in the lease contract. 5- As for operating leases the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.		to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued.
1- The new Egyptian Accounting Standard No. (47) "Financial Instruments"	1-The new Egyptian Accounting Standard No. (47) “Financial Instruments” supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26) “Financial Instruments: Recognition and Measurement". Accordingly Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise. 2- Pursuant to the requirements of the Standard financial assets are classified based on their subsequent measurement whether at amortized cost or fair value through other comprehensive income or at fair value through profit or loss in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset. 3- When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL)Models which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other	The management assessment over implementing the amendment of the standard on the financial statements will result in decreasing the opening equity balance by about EGP 45 million.	This standard applies to financial periods beginning on or after January1st 2020 and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards Nos. (1) (25) (26) and (40) are to be simultaneously applied.

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	comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event. 4- based on the requirements of this standard the following standards were amended: -Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019] -Egyptian Accounting Standard No. (4) - "Statement of Cash Flows". -Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation. -Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement". Egyptian Accounting 5- Standard - EAS No. (40) - "Financial Instruments: Disclosures "		-These ammendments are effective as of the date of implementing Standard No. (47)
The new Egyptian Accounting Standard No. (48) "Revenue from - Contracts with Customers"	1.The new Egyptian accounting standard No. (48) - "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void: a-Egyptian accounting standard No. (8) - "Construction Contracts" as amended in 2015. b-Egyptian accounting standard No. (11) – "Revenue" as amended in 2015. 2.For revenue recognition control model is used instead of risk and rewards model. 3.incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met. 4.The standard requires that contract must have a commercial substance in order for revenue to be recognized. 5.Expanding in the presentation and disclosure requirements.	The management assessment for the potential impact of implementing the amendment of the standard and expecting no or very minor impact on the financial statements.	Standard No (48) applies to financial periods beginning on or after January1st 2021 and the early implementation thereof is permitted.

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Egyptian accounting standard No. (42) as ammended " Consolidated Financial Statements"	Some paragraphs related to the exclusion of the Investment entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment entities. The standards that were ammended are as follows: - (ESA 15) Related Party Disclosures - (ESA 17)Consolidated and Separate Financial Statements - (ESA 18) Investments in Associates - (ESA 24) Income Taxes - (ESA 29)Business Combinations - ESA(30) Periodical Financial Statements - EAS (44) Disclosure of Interests in Other Entities.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January 1st, 2020 and the early implementation thereof is permitted. -The new or amended paragraphs Pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements" as amended and issued in 2019.