Translation of financial statements originally issued in Arabic

Sarwa Capital Holding for Financial Investments (S.A.E)
(Sarwa Capital for Financial Advisory-previously)

Special Purpose Separate Financial Statements
For the financial period ended June 30, 2018 and the years ended December 31, 2017, 2016 and 2015
And Auditor's Report Theron

Contents

KPMG

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Translation of financial statements originally issued in Arabic

Independent Auditor's Report
Sarwa Capital Holding for Financial Investments
(Sarwa capital for Financial Advisory-previously)
(An Egyptian Joint Stock Company)

Report on the Special Purpose Separate Financial Statements

We have audited the accompanying special purpose separate financial statements of Sarwa Capital Holding for Financial Investments (Sarwa Capital For Financial Advisory-previously) S.A.E, which comprise the special purpose separate statement of financial position as at 30 June 2018, 31 December 2017, 31, 2016 and 2015 and the special purpose separate statement of Income, the special purpose separate statement of comprehensive income, the special purpose separate statement of changes in equity, the special purpose separate statement of cash flows for the period ended June 30, 2018 and the years ended December 31, 2017, 2016 and 2015, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the special purpose separate financial statements

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

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

Opinion

In our opinion, the Special purpose separate financial statements referred to above present fairly, in all material respects, the special purpose separate financial position of the company as at June 30, 2018, December 31, 2017, 2016 and 2015 and of its special purpose separate financial performance and its special purpose separate cash flows for the period ended in June 30, 2018 and the years ended December 31, 2017, 2016 and 2015, in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

The Purpose

As mentioned in Note (2-2) from the notes attached to the special purpose separate financial statement, these special purpose separate financial statements had been prepared to be included in the prospectus subscription notification and/or offering circular, consequently years special purpose separate financial statement might not be appropriate to any other purpose.

KPMG حازم حسن
محاسبون قانونيون ومستشارون
(١٠)
KPMG Hazem Hassan

KPMG Hazem Hassans
Public Accountants and Consultants

Cairo, July 19, 2018

Translation of financial statements originally issued in Arabic

Sarwa Capital Holding for Financial Investment
(Sarwa Capital for Financial Advisory-previously)
(Egyptian Joint Stock Company)
Separate statement of Financial Position for special purpose
As at

	Note No.	30-Jun-2018 EGP	31-Dec-2017 EGP	31-Dec-2016 EGP	31-Dec-2015 EGP
Non-current assets					
Property, plant and equipment	(10)	31 713 864	31 771 059	32 191 508	-
Investment property	(11)	283 105	290 756	-	-
Investments in subsidiaries	(12)	279 756 866	197 271 866	197 271 866	159 773 016
Investments in associates	(13)	100	100	100	100
Total non-current assets		**311 753 935**	**229 333 781**	**229 463 474**	**159 773 116**
Current Assets					
Debtors and other debit balances	(14)	681 004	550 478	974 656	258 180
Due from related parties	(18)	8 650 828	17 302 995	44 219 460	867 093
Treasury bills		-	-	-	495 087
Cash and cash equivalents	(15)	30 988 074	6 607 306	2 700 080	9 549
Total current assets		**40 319 906**	**24 460 779**	**47 894 196**	**1 629 909**
Total Assets		**352 073 841**	**253 794 560**	**277 357 670**	**161 403 025**
Shareholders' Equity					
Paid-in capital	(16-1)	100 000 000	96 786 900	87 103 120	69 601 510
Advance payment -capital increase		-	-	49 023 065	-
Legal reserve	(16-2)	48 393 450	48 393 450	43 551 560	1 233 344
Share premium reserve	(16-3)	64 266 710	64 266 710	28 780 324	-
Retained earnings		20 240 344	21 842 712	19 001 023	(778 803)
Total Shareholders' Equity		**232 900 504**	**231 289 772**	**227 459 092**	**70 056 051**
Current liabilities					
Creditors and other credit balances	(17)	1 292 805	127 320	34 040	10 036 539
Due to related parties	(18)	117 280 090	21 162 290	49 820 919	81 310 435
Current income tax liabilities		600 442	1 215 178	43 619	-
Total current liabilities		**119 173 337**	**22 504 788**	**49 898 578**	**91 346 974**
Total Shareholders' Equity and Liabilities		**352 073 841**	**253 794 560**	**277 357 670**	**161 403 025**

* The accompanying notes from (1) to (23) are an integral part of these financial statements.

Financial Manager | Financial Controller | Managing Director

Cairo July 19, 2018
Auditor's report "attached"

Sarwa Capital Holding for Financial Investment

(Sarwa Capital for Financial Advisory-previously)

Separate Statement of Income for special purpose

For the Financial periods and years ended

	Note No.	Six months ended 30-Jun-2018 EGP	Six months ended 30-Jun-2017 EGP	Three months ended 30-Jun-2018 EGP	Three months ended 30-Jun-2017 EGP	The years ended 31-Dec-2017 EGP	The years ended 31-Dec-2016 EGP	The years ended 31-Dec-2015 EGP
Dividends from subsidiaries		19 949 553	-	19 949 553	-	66	20 946 784	46
Revenue from services to subsidiaries	(5)	3 000 000	-	1 500 000	-	6 000 000	-	-
Consultants revenue		-	-	-	-	-	-	150 750
General and administrative expenses	(6)	(2 382 814)	(2 359 967)	(1 357 566)	(1 017 627)	(3 163 640)	(648 385)	(977 009)
Board of directors allowances		-	-	-	-	(11 000)	(19 000)	(11 000)
Other revenue	(7)	211 619	2 919 039	193 344	1 917 765	3 107 399	4 635 743	33 423
Net operating income		**20 778 358**	**559 072**	**20 285 331**	**900 138**	**5 932 825**	**24 915 142**	**(803 790)**
Foreign currency diffrences		54 620	(546 535)	84 891	(292 852)	(764 794)	(5 090 626)	-
Profit (loss) for the period/year before tax		20 832 978	12 537	20 370 222	607 286	5 168 031	19 824 516	(803 790)
Income tax	(8)	(635 346)	(2 821)	(531 226)	(2 821)	(1 337 351)	(44 690)	-
Profit (loss) for the period/year after tax		**20 197 632**	**9 716**	**19 838 996**	**604 465**	**3 830 680**	**19 779 826**	**(803 790)**
Earning per share for the period/year	(9)	**0.03**	**0.00**	**0.03**	**0.00**	**0.01**	**0.04**	**(0.00)**

* The accompanying notes from (1) to (23) are an integral part of these financial statements.

Translation of financial statements originally issued in Arabic

Sarwa Capital for Financial Advisory

(Sarwa Capital for Financial Advisory-previously)

Separate Statment of Comprehensive Income for special purpose

For the Financial periods and years ended

	Six months ended		Three months ended		The years ended		
	30-Jun-2018	30-Jun-2017	30-Jun-2018	30-Jun-2017	31-Dec-2017	31-Dec-2016	31-Dec-2015
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Net profit (loss) for the period/year after tax	20 197 632	9 716	19 838 996	604 465	3 830 680	19 779 826	(803 790)
Total Comprehensive Income for the period/year	**20 197 632**	**9 716**	**19 838 996**	**604 465**	**3 830 680**	**19 779 826**	**(803 790)**

* The accompanying notes from (1) to (23) are an integral part of these financial statements.

Sarwa Capital Holding for Financial Investment
(Sarwa Capital for Financial Advisory-previously)
Separate Statement of Changes in Equity for special purpose
For the Financial periods and years ended

	Paid in Capital EGP	Advance payment -capital increase EGP	Legal Reserve EGP	Share Premium Reserve EGP	Retained Earnings EGP	Total equity EGP
Balance at 1 January 2015	69 601 510	-	1 020 389	-	3 987 942	74 609 841
Legal reserve	-	-	212 955	-	(212 955)	-
Dividends	-	-	-	-	(3 750 000)	(3 750 000)
Total comprehensive income for the year	-	-	-	-	(803 790)	(803 790)
Balance at 31 December 2015	**69 601 510**	-	**1 233 344**	-	**(778 803)**	**70 056 051**
Balance at 1 January 2016	69 601 510	-	1 233 344	-	(778 803)	70 056 051
Advance payment -capital increase	-	49 023 065	-	-	-	49 023 065
Increase in paid in capital	17 501 610	-	42 318 216	28 780 324	-	88 600 150
Total comprehensive income for the year	-	-	-	-	19 779 826	19 779 826
Balance at 31 December 2016	**87 103 120**	**49 023 065**	**43 551 560**	**28 780 324**	**19 001 023**	**227 459 092**
Balance at 1 January 2017	87 103 120	49 023 065	43 551 560	28 780 324	19 001 023	227 459 092
Legal reserve for year 2016	-	-	988 991	-	(988 991)	-
Increase in paid in capital	9 683 780	(49 023 065)	3 852 899	35 486 386	-	-
Total comprehensive income for the year	-	-	-	-	3 830 680	3 830 680
Balance at 31 December 2017	**96 786 900**	-	**48 393 450**	**64 266 710**	**21 842 712**	**231 289 772**
Balance at 1 January 2017	87 103 120	49 023 065	43 551 560	28 780 324	19 001 023	227 459 092
Total comprehensive income for the period	-	-	-	-	9 716	9 716
Balance at 30 June 2017	**87 103 120**	**49 023 065**	**43 551 560**	**28 780 324**	**19 010 739**	**227 468 808**
Balance at 1 January 2018	96 786 900	-	48 393 450	64 266 710	21 842 712	231 289 772
Dividends	-	-	-	-	(21 800 000)	(21 800 000)
Increase in paid in capital	3 213 100	-	-	-	-	3 213 100
Total comprehensive income for the period	-	-	-	-	20 197 632	20 197 632
Balance at 30 June 2018	**100 000 000**	-	**48 393 450**	**64 266 710**	**20 240 344**	**232 900 504**

* The accompanying notes from (1) to (23) are an integral part of these financial statements.

Translation of financial statements originally issued in Arabic

Sarwa Capital Holding for Financial Investment

(Egyptian Joint Stock Company)

Separate statement of Cash Flows for special purpose

For the Financial periods and years ended

	30-Jun-2018 EGP	30-Jun-2017	31-Dec-2017 EGP	31-Dec-2016 EGP	31-Dec-2015 EGP
Cash flows from operating activities					
Net profit (loss) for the period/years before tax	20 832 978	12 537	5 168 031	19 824 516	(803 790)
Adjustments					
Depreciation of property,plant and equipment and investment property	64 846	64 846	129 693	64 846	-
Dividends from subsidiaries	(19 949 553)	-	(66)	(20 946 784)	(46)
	948 271	77 383	5 297 658	(1 057 422)	(803 836)
Change in:					
Due to related parties- credit	96 117 800	53 554 675	(28 658 629)	(31 489 516)	33 801 789
Debtors and other debit balances	(130 526)	25 316	424 178	(716 476)	8 669 720
Due from related parties-debit	8 652 167	37 518 754	26 916 465	(43 352 367)	(609 541)
Creditors and other credit balances	530 139	(7 483)	1 099 047	(9 959 951)	9 122 722
Cash flow provided by (used in) operating activities	**106 117 851**	**91 168 645**	**5 078 719**	**(86 575 732)**	**50 180 854**
Income tax paid	(614 736)	(2 821)	(1 171 559)	(43 619)	(803 790)
Net cash flow provided by (used in) operating activities	**105 503 115**	**91 165 824**	**3 907 160**	**(86 619 351)**	**49 377 064**
Cash flows from investing activities					
Treasury bills	-	-	-	495 087	(495 087)
Acquision of property, plant and equipment	-	-	-	(32 256 354)	-
Investment in subsidiaries	(82 485 000)	-	-	(37 498 850)	(45 249 600)
Dividends from subsidiaries	19 949 553		66	20 946 784	46
Net cash provided by (used in) investing activities	**(62 535 447)**	**-**	**66**	**(48 313 333)**	**(45 744 641)**
Cash flows from financing activities					
Advance payment -capital increase	-	-	-	49 023 065	-
Dividends	(21 800 000)	-	-	-	(3 750 000)
Increase in paid in capital	3 213 100	-	-	88 600 150	-
Net cash (used in) provided by financing activities	**(18 586 900)**	**-**	**-**	**137 623 215**	**(3 750 000)**
Change in cash and cash equivalent during the period/year	24 380 768	91 165 824	3 907 226	2 690 531	(117 577)
Cash and cash equivalent at the beginning of the period/year	6 607 306	2 700 080	2 700 080	9 549	127 126
Cash and cash equivalent at the end of the period/year	**30 988 074**	**93 865 904**	**6 607 306**	**2 700 080**	**9 549**

* The accompanying notes from (1) to (23) are an integral part of these financial statements.

Sarwa Capital Holding for Financial Investment (S.A.E)
(Sarwa Fapital for Financial Advisory-previously)
Notes to the separate financial statements for special purpose
For the period ended June 30, 2018 and the years ended December 31, 2017, 2016 and 2015

1- Reporting entity

- Sarwa Capital for Financial Advisory (S.A.E) an Egyptian Joint Stock Company was established pursuant to Law No: 159 for year 1981 and its executive regulations as amended by law No. 3 for year 1998 and was registered in the commercial register under No. 37933 on March 30th 2009.

- The company's purpose is represented in the general trading and providing financial economic technical and insurance consulting for new and existing projects in addition to management related services for all the projects (except the hotel management). services relating to preparation , distribution and marketing specialized technical studies in the economic sector ,and also creative arts through the printed and electronic media (except for marketing and promotion for investments).

- The company name was changed according to the extraordinary general assembly held on June 12, 2017 to be "Sarwa Capital Holding for Financial Investments" and it was recorded in the commercial record of the company under number 78317 dated March 18, 2018 as a result the legal shape of the company changed from law no. 159 for year 1981 to capital market law no. 95 for year 1992

- The duration of the company is 25 years starting from the date of registeration in the commercial register.

- The company is located at the 28 KM Alexandria / Cairo Desert Road –Giza.

2- Basis of accounting

2-1 The applicable accounting standards

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

The Board of Directors approved the issuance of the special purpose separate financial statements on July 19, 2018.

2-2 The purpose

The special purpose separate financial statements had been prepared to be listed in the public offering memorandum, consequently special purpose separate financial statements might not be appropriate to any other purpose.

3- Functional and presentation currency

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

4- Use of judgments and estimates

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

Fair Value Measurement

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

-Fair value measurement

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

First level: The quoted prices of fair value of financial instruments in active markets.

Second level: The quoted prices of fair value of financial instruments in active market or the quoted prices from the fund's manager in which the company is investing or any other evaluation methods in which all the material important inputs are supported with market information either in a direct or an indirect way.

Third level: Other evaluating methods which is not relayed on any factors with material important inputs to comparable market information.

5- Revenue from services to subsidiaries

The item represents the value of services provided to Contact Auto Credit (a %99,999 subsidiary) for employee training and rent of a part of the company premises.

6-General and administrative expenses

	30-Jun-2018	30-Jun-2017	31-Dec-2017	31-Dec-2016	31-Dec-2015
	EGP	EGP	EGP	EGP	EGP
Professional fees	50 710	93 635	150 670	99 250	83 000
Wages and salaries	905 178	1 629 490	1 668 395	–	–
Consulting fees	1 124 202	391 248	1 021 206	346 494	828 974
Depreciation	64 846	64 846	129 693	64 846	–
Bank charges	1 707	4 016	8 112	23 688	1 751
Other expenses	236 171	176 732	185 564	114 107	63 284
	2 382 814	2 359 967	3 163 640	648 385	977 009

7- Other revenue

	30-Jun-2018	30-Jun-2017	31-Dec-2017	31-Dec-2016	31-Dec-2015
	EGP	EGP	EGP	EGP	EGP
Interest on bank deposits	16 425	2 271 377	2 420 902	2 842 643	–
Interest on Treasury bills	174 522	610 863	610 863	680 517	33 423
Interest on current accounts	20 672	36 799	75 634	1 112 583	–
	211 619	**2 919 039**	**3 107 399**	**4 635 743**	**33 423**

8- Income tax

	30-Jun-2018	30-Jun-2017	31-Dec-2017	31-Dec-2016	31-Dec-2015
	EGP	EGP	EGP	EGP	EGP
Income tax	635 346	2 821	1 337 351	44 690	-
	635 346	**2 821**	**1 337 351**	**44 690**	**-**

Effective tax rate

	30-Jun-2018	30-Jun-2017	31-Dec-2017	31-Dec-2016	31-Dec-2015
	EGP	EGP	EGP	EGP	
Net profit (loss) -before tax	20 832 978	12 537	5 168 031	19 824 516	(803 790)
Tax rate	22.5%	22.5%	22.5%	22.5%	22.5%
Income tax calculated based on net income	4 687 420	2 821	1 162 807	4 460 516	–
Non taxable expenses	436 575	–	174 544	297 200	–
Exempted revenues	(4 488 649)	–	–	(4 713 026)	–
Income tax	**635 346**	**2 821**	**1 337 351**	**44 690**	–
Effective tax rate	3.05%	22.50%	25.88%	0.23%	0.00%

9- Earnings per share

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

	30-Jun-2018	30-Jun-2017	31-Dec-2017	31-Dec-2016	31-Dec-201
Net profit (loss) for the period/year after tax	20 197 632	9 716	3 830 680	19 779 826	(803 79
weighted average No. of ordinary shares	610 161 726	604 918 125	589 288 398	513 227 249	435 009 4
Earnings per share	0.03	0.00	0.01	0.04	(0.0

10- Property plant and equipment

	Lands EGP	Buildings EGP	Total EGP
Cost			
As at 1 January 2015	–	–	–
Additions	–	–	–
As at 31 December 2015	–	–	–
As at 1 January 2016	–	–	–
Additions	29 662 500	2 593 854	32 256 354
As at 31 December 2016	29 662 500	2 593 854	32 256 354
As at 1 January 2017	29 662 500	2 593 854	31 950 295
Disposals	–	(306 059)	(306 059)
As at 31 December 2017	29 662 500	2 287 795	31 950 295
As at 1 January 2018	29 662 500	2 287 795	31 950 295
As at 30 June 2018	29 662 500	2 287 795	31 950 295
Accumulated depreciation			
As at 1 January 2016	–	–	–
Depreciation for the year	–	64 846	64 846
As at 31 December 2016	–	64 846	64 846
As at 1 January 2017	–	64 846	64 846
Depreciation for the year	–	114 390	114 390
As at 31 December 2017	–	179 236	179 236
As at 1 January 2018	–	179 236	179 236
Depreciation for the period	–	57 195	57 195
As at 30 June 2018	–	236 431	236 431
Net book value			
at 31 December 2015	–	–	–
at 31 December 2016	**29 662 500**	**2 529 008**	**32 191 508**
at 31 December 2017	**29 662 500**	**2 108 559**	**31 771 059**
at 30 June 2018	**29 662 500**	**2 051 364**	**31 713 864**

11- Investment property

The item represent a part of the company's premises rented to Contact Auto Credit (subsidiry 99.999%), these investment is measured by cost method as follows:

	Leased units EGP
Cost	
AS at 1 January 2017	–
Additions	306 059
AS at 31 December 2017	306 059
AS at 1 January 2018	306 059
AS at 30 June 2018	306 059
Accumlated depreciation	
AS at 1 January 2017	–
Depreciation of the year	15 303
AS at 31 December 2017	15 303
AS at 1 January 2018	15 303
Depreciation of the period	7 651
AS at 30 June 2018	22 954
Net book value	
AS at 31 December 2017	**290 756**
AS at 30 June 2018	**283 105**

12-Investments in subsidiaries

	Direct and indirect ownership	30-Jun-2018	31-Dec-2017	31-Dec-2016	31-Dec-2015
		EGP	EGP	EGP	EGP
Contact Auto Credit - SAE	99.999%	103 504 969	103 504 969	103 504 969	103 504 969
Egyptian International Trade and Investment-LLC	99.998%	4 489 547	4 489 547	4 489 547	4 489 547
- Sarwa Asset Management SAE	99.96%	4 998 000	4 998 000	4 998 000	4 998 000
Sarwa Promotion and Underwriting - SAE	99.996%	5 249 800	5 249 800	5 249 800	5 249 800
Plus Leasing- SAE	100%	69 999 650	69 999 650	69 999 650	39 999 800
Sawa Payment Systems - SAE	50.997%	1 529 900	1 529 900	1 529 900	1 529 900
Contact Specialized Consulting - LLC	100%	1 000	1 000	1 000	1 000
Sarwa insurance	84.980%	42 490 000	-	-	-
Sarwa life insurance	79.990%	39 995 000	-	-	-
Plus Factoring- SAE	74.997%	7 499 000	7 499 000	7 499 000	-
		279 756 866	**197 271 866**	**197 271 866**	**159 773 016**

13- Investments in associates

	Direct and indirect ownership	30-Jun-2018	31-Dec-2017	31-Dec-2016	31-Dec-2015
		EGP	EGP	EGP	EGP
Bavarian-Contact Car Trading- SAE	48.999%	100	100	100	100
		100	**100**	**100**	**100**

14-Debtors and other debit balances

	30-Jun-2018	31-Dec-2017	31-Dec-2016	31-Dec-2015
	EGP	EGP	EGP	EGP
Prepaid expenses	59 583	–	171 800	50 783
Tax authority	166 269	134 974	–	–
Accrued interest from deposits	48 226	31 390	4 870	–
Payments for purchase of investments	195 165	195 165	451 685	–
Other debit balances	211 761	188 949	346 301	207 397
	681 004	**550 478**	**974 656**	**258 180**

15-Cash and cash equivalents

	30-Jun-2018	31-Dec-2017	31-Dec-2016	31-Dec-2015
	EGP	EGP	EGP	EGP
Banks - current accounts	28 355 925	3 997 885	33 603	9 549
Time deposits	2 632 149	2 609 421	2 666 477	–
	30 988 074	**6 607 306**	**2 700 080**	**9 549**

16- Equity

16-1 Capital

- Authorized capital amounts to EGP 600 Million with a par value EGP 10 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 authorized capital was increased by EGP 400 million to be EGP 1 billion and the paid in capital was increased by EGP 3 213 100 to be EGP 100 million divided into 625 million shares and was recorded in the commercial register.

The following schedule represents ownership structure at the financial position date:

Company Name	No. of Shares	Amount	Percentage
Consolidated Financial Holding	620 540 187	99 286430	99.19%
Mohamed Hossam Aboul Fotoh	4 441 063	710 570	0.78%
Amr Mohamed Lamei	6 250	1 000	0.01%
Hazem Amr Moussa	6 250	1 000	0.01%
Ayman Elsawy Mahmoud	6 250	1 000	0.01%
	625 000 000	**100 000 000**	**100%**

16-2 Legal Reserve

Legal reserve balance on June 30, 2018 EGP 48 393 450 compared to EGP 48 393 450 on December 31, 2017 compared to EGP 43 551 560 on December 31, 2016 compared to EGP 1 233 344 on December 31, 2015. 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.

16-3 Share premium reserve

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

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

According to low 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 until it reaches half of the issued capital. Any excess is recognized as a special reserve and cannot be distributed as a dividends.

17- Creditors and other credit balances

	30-Jun-2018	31-Dec-2017	31-Dec-2016	31-Dec-2015
	EGP	EGP	EGP	EGP
Accrued expenses	29 535	75 630	33 500	36 000
Dividends payable	140 023	540	540	539
Accrued salary	–	51 150	–	–
Tax authority	1 123 247	–	–	–
Other credit balances	–	–	–	10 000 000
	1 292 805	**127 320**	**34 040**	**10 036 539**

18- Related parties

Financial position balances

Due from related parties	**30-Jun-2018**	**31-Dec-2017**	**31-Dec-2016**	**31-Dec-2015**
	EGP	**EGP**	**EGP**	**EGP**
Sawa Payment Systems (50.997% (subsidiary	2 784 499	2 664 165	1 959 211	680 224
Sarwa Promotion and Underwriting) subsidiary 99.996%)	4 278 822	5 006 141	3 551 371	131 730
Contact Auto Credit (99.999% subsidiary)	-	8 324 105	38 224 722	-
Plus Leasing (99.996% subsidiary)	-	-	-	35 139
Sarwa Asset Management (99.96% (subsidiary		-	4 838	20 000
Tamwil Holding (parent company)	-	245 752	107 469	-
Sarwa insurance (84.98% subsidiary)	125 613	-	-	-
Sarwa life insurance (79.99% subsidiary)	321 671	-	-	-
Easy Finance (under establishment)	852 281	774 890	111 222	-
Other shareholders	287 942	287 942	260 627	-
	8 650 828	**17 302 995**	**44 219 460**	**867 093**

Due to related parties	**30-Jun-2018**	**31-Dec-2017**	**31-Dec-2016**	**31-Dec-2015**
	EGP	**EGP**	**EGP**	**EGP**
Contact Auto Credit (99.999% subsidiary)	102 481 939	-	-	81 310 435
Plus factoring (74.997% subsidiary)	10 479 612	6 393 150	-	-
Sarwa Asset Management (99.96% (subsidiary	-	1 260 619	-	-
Consolidated Financial Holding (99% (principal shareholder	4 318 539	13 508 521	49 820 919	-
	117 280 090	**21 162 290**	**49 820 919**	**81 310 435**

Income statement transactions	**30-Jun-2018**	**30-Jun-2018**
	EGP	**EGP**
	Expense (revenue)	
Sarwa Promotion and Underwriting) subsidiary 99.996%)		
Dividends from subsidiaries	(19 949 553)	–
Contact Auto Credit (99.999% subsidiary)		
Revenue from services to subsidiaries	(3 000 000)	–

	31-Dec-2017	**31-Dec-2016**	**31-Dec-2015**
	EGP	**EGP**	**EGP**
		Expense (revenue)	
Sarwa Promotion and Underwriting) subsidiary 99.996%)			
Dividends from subsidiaries	(66)	(20 946 784)	46
Contact Auto Credit (99.999% subsidiary)			
Revenue from services to subsidiaries	(6 000 000)	–	–

19- Tax position

First: Corporate Tax:

- Tax returns since company's establishment till 2017 were submitted within legal deadlines according to law No. 91 for 2005.
- Years 2010-2014 are currently under inspection.

Second: Salary Tax:

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

Third: Stamp tax

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

20- Important Events

Employees Stock Ownership Plan (ESOP)

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

-Granting bonus stocks.

-Offering shares at favorable rates or using easy payment methods.

-Giving a promise of sale to the employee to own shares in the Company after spending a specific employment period(s) and fulfilling certain requirements in accordance with the promise of sale policy issued by the Company.

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

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

-Authorized Custodians.

-A Brokerage Company trading in securities.

-Employees Contribution Union.

21- Financial instruments and risk management

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

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

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

21-1 Credit Risk

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

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

21-2 Liquidity risk

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

The management of the company observes the cash flows and the financing and liquidity requirements of the company. This is performed through monitoring expected and actual cash flows and matching the maturities of financial assets and liabilities.

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

21-3 Market risk

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

21-3-1 Interest rate risk

Interest rate risk arises from the sensitivity of earnings to future movements in the interest rate prices in the market. This risk is considered limited, as the value of the financial instruments bering interest are not relatively influential from a management perspective.

21-3-2 Foreign currency risk

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

22- Measurement bases

These separate financial statements are prepared on the historical cost basis, except for financial Insstruments which are stated at fair value or amortized cost.

Investments in subsidiaries and associates are accounted for in the separate financial statements at cost, which represents the Company's direct ownership interest in equity and, not on the results of operations and net assets of the subsidiaries. The consolidated financial statements provide more understanding of the consolidated financial position, results of operations and the consolidated cash flows of the Company and its subsidiaries (The Group)

23- Significant accounting policies

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

23-1 Foreign currencies

Foreign currency transactions

- Transactions in foreign currencies are translated into the functional currencies of the company at the exchange rates at the dates of the transactions.
- Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting 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 a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.
- However, foreign currency differences arising from the translation of the following items are recognized in other comprehensive income :

- available- for- sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

23-2 Revenue recognition

A) Activity revenues

The value of the revenue is measured with fair value for the received or accrued payment for the company after dispose any detuctions or sales tax.

Revenue from rendering services is recognized in the statement of income when the service is rendered. No revenue is recognized in the event of uncertainty regarding the collectability of such revenues or the associated costs.

B) Interest income

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

Effective interest method

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

Effective interest rate

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

C) Revenue from dividends

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

23-3 Expenses

Rent

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

Interest expense

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

23-4 Employee benefit

Short – term employee benefits

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

Define contribution plans

Obligations for contributions to be defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company pays contributions to the Public Authority for Social Insurance for their employees based on the rules of the social insurance law no 79 for the year 1975. The employees and employers contribute under this law with a fixed percentage of wages. The company's commitment is limited to the value of their contribution. And the Company's contribution amount expensed in profits and losses according to accrual basis.

Profit sharing to employees

The company pays 10% of its cash dividends as profit sharing to its employees provided that it will not exceed total employees annual salaries. Profit sharing is recognized as a dividend distribution through equity and as a liability when approved by the Company's shareholders.

23-5 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 purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not:
  1. A business combination.
  2. And not affects neither accounting nor taxable profit nor loss.
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Company. deferred tax assets are reassessed at each reporting date, and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences using current tax rate or future expecting rate.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

23-6 Property, plant and equipment and depreciation

(1) Recognition and measurement

- Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.
- If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.
- Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(2) Subsequent expenditure

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

(3) Depreciation

- Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.
- Land is not depreciated.
- The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	20 years

23-7 Investment property

a) Recognition and initial measurement

This item includes buildings leased to lessee under operating leases. Investments property are carried at cost including transaction costs less the accumulated depreciation and impairment, the carrying amount of investment property, useful life and depreciation method is reviewed on annual basis. The fair value of these investments are disclosed at the balance sheet date unless it is not practical to be determined in a reliable manner. In this case such fact shall be disclosed.

b) Depreciation

Is charged to the income statement on a straight-line basis over the estimated useful lives of each component of the investment properties. The estimated useful lives are as follows:

Investments assets	Years
Leased units	20

23-8 Investments in Subsidiaries

Investments in subsidiaries are accounted for in the Company's seperate financial statements using the cost method whereby investments in subsidiaries are recognized at acquisition cost less impairment in value. The impairment is estimated for each investment individually and is recognized in the statement of profit and loss. Subsidiaries are companies controlled by the Company when the investor has all the following:

- Power over the investee.
- Exposure or right to variable returns through its contribution to the investee.
- The ability to use his authority over the investee in order to influence the amount of interest received from it.

The Company shall evaluate the control of the investee if the facts and circumstances indicate that there are variables for one or more of the three control elements mentioned above.

For subsidiaries "Structured Entities", there is no cost recognized in the Company's separate financial statements. Therefore, the nature and risks of these entities are disclosed in the Company's separate financial statements as related parties.

23-9 Investments in Associates

The associate company is an entity which the company has a significant influence on it through participation in the financial and operating decisions of that entity but does not amount to the degree of control or joint control.

Investments in associates are carried at cost unless they are classified as non-current investments held for sale and are measured at their carrying amount or fair value less costs to sell, whichever is less. The Company does not follow the equity method of accounting for its investments in associates in the accompanying separate financial statements in accordance with paragraph (44) of the Egyptian Accounting Standard No. 18.

If, however, certain indications and indicators indicate that impairment losses may occur in the value of investments in associates at the date of financials, the carrying amount of those investments is reduced to their recoverable amount and the resulting impairment losses are recognized immediately in the statement of income.

23-10 Earnings per share

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

23-11 Dividends Distribution

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

23-12 Financial instrument

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

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

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

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

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously

2) Non-derivative financial assets – Measurement

First: Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.

Second: Loans and receivables

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

Third: Held-to-maturity financial assets

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

Forth: Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in other comprehensive income and accumulated in the fair value reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

3) Non-derivative financial liabilities – Measurement

A financial liability is classified at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognized in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

23-13 Impairment

23-13-1Non-derivative financial assets

Financial assets not classified at fair value through profit or loss, including an interest in an equity- accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the expected cash flows from a Company of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Company considers a decline of 20% to be significant and a period of nine months to be prolonged.

First: Financial assets measured at amortized cost

The company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not 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 company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Second: Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the 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.

23-13-2 Non-financial assets

At each reporting date, the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash generated units. Goodwill arising from a business combination is allocated to cash generated units or groups of cash generated units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash generated units is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generated unit.

An impairment loss is recognized if the carrying amount of an asset or cash generated units exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the cash generated units, and then to reduce the carrying amounts of the other assets in the cash generated units on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized - in previous periods.

23-14 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.

23-15 Legal Reserve

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

23-16 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".

23-17 Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of past events and that it is probable that an outflow of economic resources will be required to settle the obligation, the costs to settle related obligations are probable and a reliable estimate is made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.