

**Fawry for Banking Technology and Electronic
Payments (S.A.E.)**

**Condensed Separate Interim Financial Statements
For the six months ended June 30, 2019
Together with Review Report**

*Translation of Review
Report Originally Issued in Arabic*

Review Report

**To: The Board of Directors of Fawry for Banking Technology and Electronic Payments
"S.A.E."**

Introduction

We have reviewed the accompanying condensed separate interim financial statements of Fawry for Banking Technology and Electronic Payments S.A.E. which comprise the condensed separate interim statement of financial position as of June 30, 2019 and the related condensed separate interim statements of income, comprehensive income, changes in equity and cash flows for the six months' period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of the condensed separate interim financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim financial statements". Our responsibility is to express a conclusion on these separate condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements do not present fairly in all material respects the separate financial position of the entity as at June 30, 2019, and of its separate financial performance and its separate cash flows for the six months' period then ended in accordance with Egyptian Accounting Standard No. (30) "Interim financial statements".

Cairo - October 7, 2019

Kamel Magdy Saleh, FCA

F.E.S.A.A. (R.A.A. 8510)



Fawry for Banking and Payment Technology Services S.A.E.
Condensed separate interim statement of financial position
as of June 30, 2019

	<u>Note No.</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
		<u>EGP</u>	<u>EGP</u>
Assets			
<u>Non-current assets</u>			
Fixed assets (net)	(4)	172 370 207	114 390 958
Intangible assets (net)	(5)	121 947 651	96 473 992
Projects under construction		16 557 962	16 382 823
Investments in subsidiaries	(6)	56 447 766	51 347 775
Investments in associates	(7)	28 122 260	23 000 000
Investments in joint ventures		2 250 000	2 250 000
Prepaid rent - finance lease	(4)	--	21 014 396
Total non-current assets		397 695 846	324 859 944
<u>Current assets</u>			
Inventory		123 765	170 841
Accounts and notes receivable	(8)	40 215 174	18 593 869
Debtors and other debit balances	(9)	48 329 741	36 755 453
Advances to billers		93 757 613	125 353 535
Due from related parties	(10:20)	36 163 798	15 169 225
Loans to related parties	(11)	22 817 549	14 615 412
Treasury bills	(12)	11 436 765	259 905 989
Cash and cash at banks	(13)	1071 877 863	418 380 774
Total current assets		1324 722 268	888 945 098
Total assets		1 722 418 114	1 213 805 042
<u>Equity</u>			
Issued and paid-up capital	(14)	353 652 060	353 652 060
Legal reserve		32 465 079	28 905 446
Retained earnings		105 927 440	54 155 406
Net profit for the period/year		37 391 178	71 192 665
Total equity		529 435 757	507 905 577
<u>Non-Current liabilities</u>			
Deferred tax liabilities		1 695 724	1 695 724
Total non current liabilities		1 695 724	1 695 724
<u>Current liabilities</u>			
Provision	(15)	17 562 142	21 825 576
Accounts and notes payable		103 092 196	99 642 009
Accounts payable - Billers		755 277 817	287 007 924
Merchant advances		146 391 458	130 498 338
Retailers' POS security deposits		19 879 501	18 569 000
Creditors and other credit balances	(16)	76 928 980	54 656 973
Due to a related parties	(17:20)	62 057 623	70 394 494
Current income tax		10 096 916	21 609 427
Total current liabilities		1191 286 633	704 203 741
Total equity and liabilities		1 722 418 114	1 213 805 042

The accompanying notes form an integral part of these condensed separate interim financial statements and to be read therewith.

Chief Financial Officer
AbdelMaguid Afifi

Chief Executive Officer
Ashraf Sabry

Chairman
Saifullah Coutry

Auditor's review report attached.





Fawry for Banking and Payment Technology Services S.A.E.**Condensed separate interim income statement****for the six months ended June 30, 2019**

	Note No.	Six months ended		Three months ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		EGP	EGP	EGP	EGP
Operating revenues	(21)	309 609 089	246 073 444	163 104 475	128 731 134
Operating costs	(22)	(156 370 113)	(131 566 663)	(80 551 418)	(67 953 660)
Operating margin		153 238 976	114 506 781	82 553 057	60 777 474
(Less):					
General and administrative expenses	(23)	(74 924 266)	(64 591 095)	(35 217 405)	(33 839 419)
Employee compensation expenses		(582 000)	(582 000)	(291 000)	(291 000)
Advertising and marketing expenses	(24)	(56 056 737)	(38 905 520)	(30 788 691)	(20 058 955)
Health insurance contribution		(874 000)	--	(455 605)	--
Provisions	(15)	(900 000)	(900 000)	(450 000)	(450 000)
Loss on disposal of fixed assets	(4)	3 112 129	3 174 020	1 498 872	1 168 778
Other revenues		1 364 376	600 755	703 348	577 648
Operating profit		24 378 478	13 302 941	17 552 576	7 884 526
Dividend interest	(19)	28 919 323	28 897 444	10 340 128	16 296 906
Finance costs		(5 249 196)	(3 715 615)	(2 839 078)	(1 772 751)
Dividends from investments in subsidiaries		6 743 761	3 555 238	6 743 761	3 555 238
Other expenses	(26)	(3 626 981)	--	(3 626 981)	--
Capital gains from sale of shares in subsidiary		--	5 902 783	--	5 902 783
Foreign currency exchange losses		(3 677 291)	(247 362)	(913 074)	(21 736)
Profit for the period before tax		47 488 094	47 695 429	27 257 332	31 844 966
Current income tax		(10 096 916)	(10 826 862)	(4 829 280)	(6 781 672)
Profit for the period after tax		37 391 178	36 868 567	22 428 052	25 063 294
Earnings per share	(27)	0.05	0.17	0.03	0.11

The accompanying notes form an integral part of these condensed separate interim financial statements and to be read therewith.

Chief Financial Officer

AbdelMaguid Afifi




Chief Executive Officer

Ashraf Sabry



Chairman

Saifullah Coutry



Fawry for Banking and Payment Technology Services S.A.E.

Condensed separate interim statement of comprehensive income

for the six months ended June 30, 2019

	<u>Six months ended</u>		<u>Three months ended</u>	
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Profit for the period	37 391 178	36 868 567	22 428 052	25 063 294
Other comprehensive income	--	--	--	--
Total other comprehensive income	--	--	--	--
Total comprehensive income for the period	37 391 178	36 868 567	22 428 052	25 063 294

The accompanying notes form an integral part of these condensed separate interim financial statements and to be read therewith.

Chief Financial Officer
AbdelMaguid Afifi



Chief Executive Officer
Ashraf Sabry



Chairman
Saifullah Coutry



Fawry for Banking and Payment Technology Services S.A.E.

**Condensed separate statement of changes in equity
for the six months ended June 30, 2019**

	Issued and paid up capital		Payments under capital increase		Share Premium		Legal reserve		Retained Earnings		Net profit for the period		Total	
	EGP		EGP		EGP		EGP		EGP		EGP		EGP	
Balance as of January 1, 2018	111 303 060		242 349 000		21 040 550		5 237 101		12 827 302		52 555 899		445 312 912	
Items of comprehensive income.														
Net profit for the period	--		--		--		--		--		36 868 567		36 868 567	
Total comprehensive income for the period	111 303 060		242 349 000		21 040 550		5 237 101		12 827 302		89 424 466		482 181 479	
Transactions with company's owners														
Transferred to retained earnings and legal reserve	--		--		(21 040 550)		23 668 345		49 928 104		(52 555 899)		--	
Dividends distributions	--		--		--		--		(8 600 000)		--		(8 600 000)	
Total Transactions with the company's owners	--		--		(21 040 550)		23 668 345		41 328 104		(52 555 899)		(8 600 000)	
Balance as of June 30, 2018	111 303 060		242 349 000		--		28 905 446		54 155 406		36 868 567		473 581 479	
Balance as of January 1, 2019	353 652 060		--		--		28 905 446		54 155 406		71 192 665		507 905 577	
Items of comprehensive income.														
Net profit for the period	--		--		--		--		--		37 391 178		37 391 178	
Total comprehensive income for the period	--		--		--		--		--		37 391 178		37 391 178	
Transactions with company's owners														
Dividends distributions	--		--		--		--		(15 860 998)		--		(15 860 998)	
Transferred to retained earnings and legal reserve	--		--		--		3 559 633		67 633 032		(71 192 665)		--	
Total Transactions with the company's owners	--		--		--		3 559 633		51 772 034		(71 192 665)		(15 860 998)	
Balance as of June 30, 2019	353 652 060		--		--		32 465 079		105 927 440		37 391 178		529 435 757	

The accompanying notes form an integral part of these condensed separate interim financial statements and to be read therewith.

Chief Financial Officer
AbdelMaguid Affi

Chief Executive Officer
Ashraf Sabry

Chairman
Saifulah Coutry

Fawry for Banking and Payment Technology Services S.A.E.
Condensed separate interim statement of cash flows
for the six months ended June 30, 2019

	Note	Financial Period	Financial Period
		From January 1, 2019 to June 30, 2019	From January 1, 2018 to June 30, 2018
		EGP	EGP
Cash flows from operating activities:			
Net profit for the period before tax		47 488 094	47 695 429
Adjusted by:			
Depreciation and amortization during the period	(25)	32 531 647	23 287 853
Formed provisions	(15)	900 000	900 000
Unrealized foreign currency exchange loss/(gain)		3 677 291	247 362
Gain on sale of fixed assets		(3 112 129)	(3 174 020)
Credit interest		(28 919 323)	(28 897 444)
Finance costs		5 249 196	3 715 615
Capital gains from sale of shares in subsidiary		--	(5 902 783)
Operating gain before change in working capital		57 814 776	37 872 012
Changes in working capital			
Decrease in inventory		47 076	241 455
Decrease/(Increase) in advances to billers		31 595 922	(8 703 935)
(Increase) in debtors and other debit balances		(11 574 288)	(62 096 903)
(Increase) in accounts and notes receivable		(21 621 305)	(14 475 213)
(Increase)/Decrease in due from related parties		(26 116 833)	10 985 802
Increase in accounts and notes payable		3 450 187	92 871 931
Increase in billers payable		468 269 893	223 259 085
(Decrease) in due to related parties		(8 336 871)	(8 490 979)
Increase in advances to merchants		15 893 120	2 522 001
Increase in retail deposits		1 310 501	2 720 288
Increase in creditors and other credit balances		22 272 007	14 239 973
Paid income tax		(21,609,427)	(16 043 252)
Credit interest received		28 919 323	28 897 444
Provisions used	(15)	(5 163 434)	--
Net cash provided from operating activities		535 150 646	303 799 709
Cash flows from investing activities			
(Payments) to acquire fixed assets		(63 077 367)	(40 829 582)
(Payments) for projects under construction		(175 139)	(39 399 963)
(Payments) to acquire intangible assets		(32,305,691)	(17 102 480)
Proceeds from the sale of fixed assets		3 525 021	3 174 020
Net movement of treasury bills - more than three months		114,095,970	(89 878 356)
Proceeds from the sale of investment in subsidiaries		--	5 825 157
Payments to acquire investment in subsidiaries		(5 099 991)	--
Payments to acquire investment in associates and joint ventures		--	(17 100 000)
(Increase) in loans to related parties		(8 202 137)	--
Net cash provide from (used in) investing activities		8 760 666	(195 311 204)
Cash flows from financing activities			
Dividends paid		(15 860 998)	(8 600 000)
Payments of finance expense		(5 249 196)	(3 715 615)
Net cash used in financing activities		(21 110 194)	(12 315 615)
Net change in cash and cash equivalents during the period		522 801 117	96 172 890
Cash and cash equivalents at beginning of the period		552 754 037	618 088 729
Changing currency difference for cash and cash equivalent		(3 677 291)	(247 362)
Cash and cash equivalents at end of the period	(13)	1 071 877 863	714 014 257

Non-cash transactions

Non-cash transactions which include investments in associates and joint ventures which have been acquired from the parent company have been settled from the balance due from related parties in the amount of EGP 5.12 million. Additionally, non cash transaction in the amount of EGP 21 014 396 have been eliminated to reflect the settlement of the finance lease of the smart village building which has been bought and classified in fixed assets

The accompanying notes form an integral part of these condensed separate interim financial statements and to be read therewith.

Chief Financial Officer
AbdelMaguid Afifi

Chief Executive Officer
Ashraf Sabry

Chairman
Saifullah Coutry

Fawry for Banking Technology and Electronic Payments S.A.E.

Notes to the condensed separate interim financial statements

For the six months ended June 30, 2019

1. General information

Fawry for Banking and Payment Technology Services S.A.E. was established in accordance with the provisions of Law No. 159 of 1981 and its executive regulation, and was registered at the Commercial Register under No. 33258 on June 26, 2008, the commercial register has changed to 50840 in June 2011. The company was re-registered at the commercial register of the 6th of October under No. 1333 in July 19, 2018.

The purpose of the company is to provide operations services specialized in systems and communications, management, operating and maintenance of equipment and computers networks services and internal systems of banks, networks, and centralized systems, establish operating systems for banking services through the internet, phone and e-payment services and circulation of secured documents electronically, taking into account the provisions of laws, regulations and decisions and provided that all the licenses necessary for pursuing these activities are issued. The duration of the company is twenty-five years from the Commercial Register date.

The interim condensed separate financial statements were authorized for issuance at the Board of Directors meeting held on 7 October 2019

2. Statement of compliance

The condensed separate interim financial statements have been prepared in accordance with the Egyptian Accounting Standards No. (30).

3. Basis of preparation of the separate financial statements

The condensed separate interim financial statements have been prepared using the same accounting policies which have been applied in the prior year. The condensed separate interim financial statements should be read in conjunction with the annual separate financial statements for the year ended December 31, 2018.

Fawry for Banking and Payment Technology Services S.A.E.
Notes to the condensed separate interim financial statements
For the six months ended June 30, 2019

4- Fixed assets (net)

	<u>Buildings & Land</u>		<u>Networks and Servers</u>		<u>Point of sales machines</u>		<u>Computers</u>		<u>Furniture & Office equipment</u>		<u>Leasehold Improvements</u>		<u>Vehicles</u>		<u>Tools and Equipment</u>		<u>Total</u>		
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost																			
As of January 1, 2018	--	20 934 928	87 297 058	12 226 724	6 125 331	10 811 317	149 300	641 766	138 186 424										
Additions during the year	--	1 739 117	68 131 323	34 710 841	1 224 130	1 026 052	--	--	106 831 463										
Disposals	--	--	(13 748 781)	--	--	--	--	--	(13 748 781)										
As of January 1, 2019	--	22 674 045	141 679 600	46 937 565	7 349 461	11 837 369	149 300	641 766	231 269 106										
Additions during the period	43 267 632	139 075	30 495 521	9 282 183	600 343	307 009	--	--	84 091 763										
Disposals during the period	--	--	(2 916 976)	--	--	--	--	--	(2 916 976)										
As of June 31, 2019	43 267 632	22 813 120	169 258 145	56 219 748	7 949 804	12 144 378	149 300	641 766	312 443 893										
Accumulated depreciation																			
As of January 1, 2018	--	15 210 673	55 607 872	5 310 009	2 218 300	2 093 572	104 510	506 380	81 051 316										
Depreciation for the year	--	3 307 107	29 433 105	7 130 931	1 245 933	2 053 166	29 860	114 833	43 314 935										
Depreciation of disposals	--	--	(7 488 104)	--	--	--	--	--	(7 488 104)										
As of January 1, 2019	--	18 517 780	77 552 873	12 440 940	3 464 233	4 146 738	134 370	621 213	116 878 147										
Depreciation for the period	180 282	1 552 922	15 730 289	6 391 256	704 925	1 105 653	14 928	19 359	25 699 614										
Depreciation of disposals	--	--	(2 504 075)	--	--	--	--	--	(2 504 075)										
As of June 30, 2019	180 282	20 070 702	90 779 087	18 832 196	4 169 158	5 252 391	149 298	640 572	140 073 686										
Net book value																			
As of June 30, 2019	43 087 350	2 742 418	78 479 058	37 387 552	3 780 646	6 891 987	2	1 194	172 370 207										
As of December 31, 2018	--	4 156 265	64 126 727	34 496 625	3 885 228	7 690 631	14 930	20 553	114 390 958										

On April 1, 2019, the company revised the useful lives of its fixed assets and the useful life of the Point of Sales machines has been changed from 3 years to 4 years which resulted in a revision in the depreciation expense for the second quarter of 2019 in the amount of EGP 3.4 million

On April 11, 2019, the Board of Directors decided to pay the remaining obligations of the lease and then purchase the Smart Village building from the leasing company in accordance with the contract between the two parties, and on April 18, 2019, the remaining obligations of the lease were paid in a total amount of 23 847 047 EGP. The building's acquisition cost was 43 267 632 EGP.

5. Intangible assets (net)

Cost	Licenses	Programs	Total
	EGP	EGP	EGP
As of January 1, 2018	17 715 102	85 502 109	103 217 211
Additions during the year	1 641 361	32 796 600	34 437 961
As of January 1, 2019	19 356 463	118 298 709	137 655 172
Additions during the period	2 350 000	29 955 692	32 305 692
As of June 30, 2019	21 706 463	148 254 401	169 960 864
<u>Accumulated amortization</u>			
As of January 1, 2018	5 515 789	25 628 403	31 144 192
Amortization for the year	1 667 231	8 369 757	10 036 988
As of January 1, 2019	7 183 020	33 998 160	41 181 180
Amortization for the period	1 196 123	5 635 910	6 832 033
As of June 30, 2019	8 379 143	39 634 070	48 013 213
<u>Net book value</u>			
As of June 30, 2019	13 327 320	108 620 331	121 947 651
As of December 31, 2018	12 173 443	84 300 549	96 473 992

6. Investments in subsidiaries

On May 20, 2019, The Company invested in FMCG by a percentage of 51% and the company's shares in capital was paid by an amount of EGP 5.1 million.

7. Investments in associates

The increase is due to the increase in company's investments in Bosta, Inc & Delaware Corporation by an amount of EGP 5 122 260.

8. Accounts and notes receivable

This increase in accounts and notes receivables is due to the increase in the volume of transactions resulting in the increase of recognized revenues during the period and in the increase of related customers' receivable balance by an amount of EGP 21 621 305.

9. Debtors and other debit balances

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
	<u>EGP</u>	<u>EGP</u>
Vendors – advance payment	7 716 903	5 534 734
Prepaid expenses	7 775 323	5 073 383
Deposits with others	319 700	152 700
Withholding tax	5 432 638	16 861 365
E-Acceptance (transactions under settlement)	15 142 879	3 670 468
Other debit balances	11 942 298	5 462 803
	<u>48 329 741</u>	<u>36 755 453</u>

The increase in debtors and other debit balances is due to the increase in prepaid expenses by an amount of EGP 2.7 Million in addition to the increase in E-Acceptance transactions under settlement by an amount of EGP 11 Million.

10. Due from related parties

	<u>Account type</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
		<u>EGP</u>	<u>EGP</u>
PSI Netherlands Holding BV (Holding Company)	Current account	--	14 717 773
Tazcara Information Technology and Electronic Booking	Current account	687 140	451 452
Bosta Inc. Delaware	Current account	7 300 000	--
Fawry Micro Finance	Current account	26 268 263	--
Fawry Plus	Current account	1 908 395	--
		<u>36 163 798</u>	<u>15 169 225</u>

- On April 18, 2019, a share sale contract was signed with PSI Netherlands Holding BV (Holding Company) under which the ownership of 1 396 825 shares of Bosta, Inc., a Delaware Corporation was transferred for 300 000 U.S. dollars. Holding Company and a debt transfer contract was signed between the company and Bosta, Inc., a Delaware Corporation, under which the amount due from Bosta, Inc., a Delaware Corporation of the Holding Company was transferred to the company and the value of that transfer was settled from the balance due to the holding company in the amount of 163 000 U.S. dollars.
- During the second quarter of 2019, a debt transfer contract was signed between the company and the holding company, under which the amount due from Fawry Gulf of the holding company is transferred to the holding company and the value of that transfer was settled from the balance due from the holding company in the amount of USD 12 514 equivalent to the amount of EGP 213 667. The outstanding balance of the holding company was thus fully settled to the outstanding balance of EGP 0.

11. Loans to related parties

The main increase in this account due to the increase in the amount of loans to Fawry plus by an amount of EGP 8.2 Million during the period.

12. Treasury Bills

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
	<u>EGP</u>	<u>EGP</u>
Treasury bills	11 600 000	267 500 000
Deduct:		
Unrealized interest	(163 235)	(7 594 011)
	<u>11 436 765</u>	<u>259 905 989</u>

13. Cash and cash at banks

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
	<u>EGP</u>	<u>EGP</u>
Cash	35 644 030	15 003 605
Bank accounts – local currency	293 569 485	211 691 243
Cash at money transfer companies	658 361 111	94 435 195
Bank accounts – foreign currencies	18 565 403	9 288 064
Time deposits – foreign currencies	65 737 834	87 962 667
Cash and cash at banks	<u>1 071 877 863</u>	<u>418 380 774</u>

For the purpose of preparing the cash flow statements, the cash and cash equivalents comprise the following:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
	<u>EGP</u>	<u>EGP</u>
Cash and bank balances	1 071 877 863	690 029 007
Treasury bills – less than 3 months	--	2 398 550
	<u>1 071 877 863</u>	<u>714 014 257</u>

14. Capital

The company's authorized capital amounted to EGP 500 million, and the issued and paid-up capital amounted to EGP 353 652 060, divided among 35 365 206 shares of par value EGP 10 each.

On 28 March 2019 the extraordinary general assembly meeting decided to split the share to 20 shares and therefore the par value for one share would be EGP 0.5 and so the number of shares will accordingly reach 707 304 120 shares. The commercial register was updated on 10 June 2019.

15. Provisions

	<u>Balance as of</u> <u>December 31, 2018</u>	<u>Formed during</u> <u>the period</u>	<u>Used during the</u> <u>period</u>	<u>Balance as of</u> <u>June 30, 2019</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for claims	21 825 576	900 000	(5 163 434)	17 562 142
	<u>21 825 576</u>	<u>900 000</u>	<u>(5 163 434)</u>	<u>17 562 142</u>

16. Creditors and other credit balances

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
	<u>EGP</u>	<u>EGP</u>
Accrued expenses	44 565 383	25 896 930
Tax Authority	12 201 822	14 924 562
Health insurance contributions	874 000	815 213
Social Insurance Authority	127 731	84 799
Other credit balances	19 160 044	12 935 469
	<u>76 928 980</u>	<u>54 656 973</u>

The increase in creditor and other credit balances are mainly due to the increase in accrued expenses by an amount of EGP 18 668 453 which mainly represent commissions to merchants and banks. In addition to the increase accrued expenses related to shares in the stock exchange by an amount of EGP 3.6 Million.

17. Due to related parties

	<u>Nature of</u> <u>relationship</u>	<u>Account type</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
			<u>EGP</u>	<u>EGP</u>
Fawry Integrated Systems	Subsidiary	Current account	51 970 897	51 018 292
Fawry Dahab for Electronic Services	Subsidiary	Current account	10 086 726	6 715 379
Fawry Micro Finance	Subsidiary	Current account	--	5 527 996
Fawry Plus for Banking Services	Associate	Current account	--	7 035 626
Waffarha.com	Joint Venture	Current account	--	97 201
			<u>62 057 623</u>	<u>70 394 494</u>

Fawry for Banking Technology and Electronic Payments S.A.E.

Notes to the condensed separate interim financial statements

For the six months ended June 30, 2019

18. Contingent liabilities

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
	<u>EGP</u>	<u>EGP</u>
Letters of guarantee – local currency	505 274 625	409 844 625
	<u>505 274 625</u>	<u>409 844 625</u>

- The letters of guarantee facilities obtained from banks amounted to EGP 566.5 million as of June 30, 2019, the company has signed promissory notes in the same amount as a guarantee of the obtained facilities. The utilized amount from the banks facilities amounted to EGP 505.3 million in the form of issued letters of guarantee.

- According to the purchase agreement dated on October 1, 2018 with Waffarha.com Company. Fawry for Banking and Payment Technology Services shall pay prices difference for Waffarha.com old shareholders up to 150% of the first trench. In addition, if Waffarha.com recognized revenue certain level of revenue during 2019, Fawry for Banking and Payment Technology Services shall sell / purchase certain number of quotas for Waffarha.com old shareholders up to 15 Quotas.

19. Credit interest

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
	<u>EGP</u>	<u>EGP</u>
Credit interest - current accounts and treasury bills	27 390 646	28 897 444
Credit interest – loans to related party	1 528 677	--
	<u>28 919 323</u>	<u>28 897 444</u>

20. Significant related parties' transactions

<u>Nature of the Transaction</u>		<u>Volume of transactions during the period</u>
		<u>EGP</u>
Fawry Dahab for Electronic Services	Electronic Payment services revenue	10 932 045
	Dividends income from related party	6 743 761
Fawry Integrated Services	Intangible assets acquisition	(17 552 283)
	POS machine sales	(23 375 660)
Fawry Plus for Banking Services	Loans to related party	9 275 000
	Cost of cash collection on behalf of related party	(13 779 005)
	Credit interest from the related party	1 528 677

21. Operating revenues

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
	<u>EGP</u>	<u>EGP</u>
Transactions services revenues – collection fees	297 252 104	239 538 543
Subscription revenues	12 351 208	6 423 057
Other operating revenues	5 777	111 844
	<u>309 609 089</u>	<u>246 073 444</u>

22. Operating costs

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
	<u>EGP</u>	<u>EGP</u>
Merchants' and channel fees	117 719 341	103 323 940
Banks fees	7 112 196	5 921 761
Depreciation and amortization (Note No. 25)	15 805 975	8 030 013
Cash collection cost	12 255 285	11 687 919
Others	3 477 316	2 603 030
	<u>156 370 113</u>	<u>131 566 663</u>

23. General and administrative expenses

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
	<u>EGP</u>	<u>EGP</u>
Technical support and service centers	13 033 569	9 662 420
Rent expense	4 783 275	9 280 988
Salaries	25 614 152	18 367 040
Depreciation and amortization (Note No. 25)	16 725 672	15 257 843
Other	14 767 598	12 022 804
	<u>74 924 266</u>	<u>64 591 095</u>

24. Selling and distribution expenses

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
	<u>EGP</u>	<u>EGP</u>
Selling and marketing commissions	45 201 591	29 548 961
Selling and marketing expenses	10 855 146	9 356 559
	<u>56 056 737</u>	<u>38 905 520</u>

25. Depreciation and amortization

Depreciation and amortization for the period in the income statement, which amount to EGP 32 531 647 represents depreciation for fixed assets in the amount of EGP 25 699 614 (Note No. 4) and amortization of intangible assets in the amount of EGP 6 832 033 (Note No. 5), has been allocated as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
	<u>EGP</u>	<u>EGP</u>
Operating costs	15 805 975	8 030 013
General and administrative expenses	16 725 672	15 257 843
	<u>32 531 647</u>	<u>23 287 856</u>

26. Other Expenses

Other expenses represent the expenses incurred during the period with 3.6 Egyptian Million pound in relation to the company's Initial Public Offering.

27. Earnings per share

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
	<u>EGP</u>	<u>EGP</u>
Net profit of the period	37 391 178	36 868 567
Average number of shares	707 304 120	222 606 120
	<u>0.05</u>	<u>0.17</u>

28. Tax Position

Corporate tax

The company is subject to the income tax law no. 91 for year 2005 and its executive regulations and amendments.

The years from incorporation until 31 December 2014

- The Company was notified with Form No. (19) for the year 2009, and an appeal was filed on May 4, 2015 and the company's records are currently under inspection based on an actual basis.
- The Company was notified with Form No. (19) for the year 2010, and an appeal was filed on June 23, 2016 and the company's records are currently under inspection based on an actual basis.
- The Company was notified with Form No. (19) for the years 2011 and 2012, and an appeal was filed on February 27, 2017 and the company's records are currently under inspection based on an actual basis.
- The Company was notified with Form No. (19) for the years 2013 and 2014, and an appeal was filed on February 27, 2019 and the company's records are currently under inspection based on an actual basis.

The years from 2015 until 2018

- The company was not notified by the tax inspection.

Payroll tax

The years from inception until 31 December 2016

The company's records have been inspected and the tax differences have been settled.

The years 2017 and 2018

The company's records have not inspected.

Stamp duty tax

The years from inception until 31 December 2014

- The company's records has been inspected and the tax differences have been settled.

The years from 2015 until 31 December 2018

- The company's records were not inspected.

Sales tax / VAT tax

The years from inception until 31 December 2014

- The company's records have been inspected and the tax differences have been settled.

The years from 2015 until 31 December 2017

- The company's records are currently under inspection and the company has not received any claims regarding the results of the tax inspection.

The Year 2018

- The company's records were not inspected.

Withholding tax

- The company's records were not inspected.

29. Significant events during the period

- On 7 April 2019, the Minister of Investment and International Cooperation issued Decree No. 96 of 2019 amending certain provisions of the Egyptian Accounting Standards. The three accounting standards were issued, namely the Egyptian Accounting Standard No. (47) for Financial Instruments and the Egyptian Accounting Standard No. (48) for the revenue of contracts with customers and the accounting standard (49) concerning leasing contracts in accordance with the Financial Leasing Law and the No. 176 of 2018. The standards have not been applied by the company, as the standards' amendments were not issued up till the date of the Financial statements' issuance; noting that the company has not yet determined the effect of the standard amendment implementation on its Financial statements
- On May 6, 2019 the ordinary general Assembly decided to divide an amount of EGP 10.3 Million on the employees and share profit by an amount of EGP 5.5 Million for shareholders.

30. Subsequent events

- On August 8, 2019, the Company started trading its shares on the stock exchange.

Chief Financial Officer
Abdel Meguid Afifi



Chief Executive Officer
Ashraf Sabry



Chairman
Saifullah Coutry

