Fawry for Banking Technology and
Electronic Payments
(S.A.E.)
Consolidated Financial Statements
Together with Auditor's Report
For The Year Ended December 31, 2019

Deloitte.

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Translation of Auditor's Report
Originally Issued in Arabic

Independent Auditor's Report

To: The Shareholders of Fawry for Banking Technology and Electronic Payments S.A.E.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Fawry for Banking Technology and Electronic Payments S.A.E. which comprise the consolidated statement of financial position as of December 31, 2019 and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of the Group's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Egyptian Accounting Standards and the relevant Egyptian laws and regulations. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of these consolidated financial statements that are free from material misstatements, whether due to fraud or error; 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and applicable Egyptian laws and regulations. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fawry for Banking Technology and Electronic Payments as of December 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and in the light of the relevant Egyptian laws and regulations.

Cairo, March 25, 2020

Kamel Magdy Saleh, FCA
F.E.S.A.A. (R.A.A. 8510)
EFSA Register No. "69"

Translation of financial statement
Originally Issued in Arabic

Fawry for Banking Technology and Electronic Payments S.A.E.
Consolidated statement of Financial Position
As of December 31, 2019

	Note No.	December 31, 2019 EGP	December 31, 2018 EGP
Assets			
Non-current assets			
Fixed assets (net)	(6)	233 899 441	114 916 044
Intangible assets (net)	(7)	125 381 225	82 804 990
Projects under construction	(8)	8 092 539	16 382 823
Investments in associate	(9)	3 414 051	8 330 137
Investments in joint ventures	(10)	1 704 261	2 258 670
Deferred tax assets	(36)	--	1 367 074
Prepaid rent - Lease	(43)	--	21 014 396
Total non-current assets		**372 491 517**	**247 074 134**
Current assets			
Inventories	(11)	109 339	6 418 584
Accounts and notes receivable	(12)	29 096 969	20 560 072
Loans to customers (net)	(13)	117 229 195	357 193
Advances to biller		202 366 327	125 353 535
Debtors and other debit balances	(14)	47 189 197	36 619 962
Due from related parties	(15)	10 330 169	15 169 227
Loan to related parties	(16)	27 816 579	14 615 412
Treasury bills	(17)	241 709 925	259 905 989
Cash and cash equivalents	(18)	442 661 921	441 235 306
Total current assets		**1118 509 621**	**920 235 280**
Total assets		**1 491 001 138**	**1 167 309 414**
Equity and liabilities			
Equity			
Issued and paid-up capital	(19)	353 652 060	353 652 060
Legal reserve	(20)	32 465 079	28 993 362
Accumulated losses		98 414 435	46 678 447
Combination reserve	(21)	5 841 596	5 841 596
Net profit for the year		102 903 064	56 642 314
Total equity for the parent company		**593 276 234**	**491 807 779**
Non controlling interest		33 648 419	12 414 564
Total equity		**626 924 653**	**504 222 343**
Non-Current Liability			
Deferred tax laibiity	(36)	3 958 566	--
Total Non-current liabilities		**3 958 566**	--
Current liabilities			
Provisions	(22)	18 762 142	22 125 576
Accounts and notes payable	(23)	16 949 634	26 009 364
Accounts payable- billers	(24)	437 368 051	367 007 943
Merchants prepaid balances		218 095 480	130 498 338
Retailer's POS security deposits		23 116 484	18 569 000
Creditors and other credit balances	(25)	106 497 282	63 266 327
Due to Related party	(26)	--	7 132 827
Current income tax for the year		39 328 846	28 477 696
Total current liabilities		**860 117 919**	**663 087 071**
Total equity and liabilities		**1 491 001 138**	**1 167 309 414**

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

Chief Financial Officer
AbdelMaguid Mohamed Afifi

Chief Executive Officer
Ashraf Kamel Mousa Sabry

Chairman
Saifullah Coutry Saadi

Auditor's report attached.

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

Consolidated Statement of Profit or Loss

For the year ended December 31, 2019

	Note No.	December 31, 2019	December 31, 2018
		EGP	EGP
Operating revenues	(28)	884 138 253	609 654 939
Less:			
Operating costs	(29)	(425 280 948)	(329 739 976)
Gross margin		**458 857 305**	**279 914 963**
Add (Less):			
General and administrative expenses	(30)	(183 274 492)	(141 695 011)
Board Compensation expenses		(727 319)	(1 770 060)
Selling and marketing expenses	(31)	(123 210 588)	(82 919 598)
Medical contribution in the fund of Health insurance		(2 656 674)	(1 038 991)
Formed provisions	(22)	(1 800 000)	(11 800 000)
Customers financing risk provision	(13)	(3 182 200)	(7 290)
Other Operting Expenses		(7 304 288)	--
Gain on disposal of fixed assets		5 932 475	7 548 799
Other revenues		2 765 967	1 726 023
Operating Profit		**145 400 186**	**49 958 835**
Credit interest	(32)	55 477 683	67 810 086
Finance costs	(33)	(13 365 069)	(7 502 356)
Other Expenses		(3 626 981)	--
Share of investments in associate and joint venture losses	(35)	(10 592 755)	(11 084 056)
Foreign currency exchange losses		(2 335 131)	(184 011)
Profit of the year before tax		**170 957 933**	**98 998 498**
Current income tax		(39 328 846)	(28 477 696)
Deferred tax	(36)	(1 240 448)	(1 280 938)
Net profit for the year after tax		**130 388 639**	**69 239 864**
Distributed as follows:			
Net profit for the parent company		102 903 064	56 642 314
Net profit for the non controlling interest		27 485 575	12 597 550
Net profit for the year after tax		**130 388 639**	**69 239 864**
Earnings per share	(38)	0.15	0.13

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

Chief Financial Officer	Chief Executive Officer	Chairman
AbdelMaguid Mohamed Afifi	Ashraf Kamel Mousa Sabry	Saifullah Coutry Saadi

Translation of financial statement

Originally Issued in Arabic

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

Consolidated statement of comprehensive income

For the year ended December 31, 2019

	December 31, 2019	December 31, 2018
	EGP	EGP
Profit for the year	**130 388 639**	**69 239 864**
Other comprehensive income	--	--
Total other comprehensive income	--	--
Total comprehensive income for the year	**130 388 639**	**69 239 864**
Distributed as follows:		
Comprehensive income for the parent company	102 903 064	56 642 314
Comprehensive income for the non controlling interest	27 485 575	12 597 550
Total comprehensive income for the year	**130 388 639**	**69 239 864**

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

Chief Financial Officer	Chief Executive Officer	Chairman
AbdelMaguid Mohamed Afifi	Ashraf Kamel Mousa Sabry	Saifullah Coutry Saadi

Translation of financial statement
Originally Issued in Arabic

Fawry for Banking Technology and Electronic Payments S.A.E.
Consolidated statement of changes in equity
For the year ended December 31, 2019

	Note No.	Issued and paid up capital	Payment under capital increase	Share premium	Legal reserve	Retained Earnings	Combination reserve	Net profit for the year	Total equity of the parent	Non controlling interest	Total equity
		EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of January 1, 2018		**111 303 060**	**242 349 000**	**21 040 550**	**5 325 017**	**7 617 540**	-	**50 744 292**	**438 379 459**	**3 707 987**	**442 087 446**
Items of Other comprehensive							-				
Net profit for the year		-	-	-	-		-	56 642 314	56 642 314	12 597 550	**69 239 864**
Total comprehensive income		-	-	-	-	-	-	**56 642 314**	**56 642 314**	**12 597 550**	**69 239 864**
The company's shareholders transactions											
Transferred to accumulated losses and legal reserve		-	-	(21 040 550)	23 668 345	48 116 497	-	(50 744 292)	-	-	-
Dividends		-	-	-	-	(9 055 590)	-	-	(9 055 590)	(4 174 535)	**(13 230 125)**
Capital increase		242 349 000	(242 349 000)	-	-	-	-	-	-	-	-
selling investments in subsidiaries		-	-	-	-	-	5 841 596	-	5 841 596	283 562	**6 125 158**
Total company's shareholders transactions		**242 349 000**	**(242 349 000)**	**(21,040,550)**	**23 668 345**	**39 060 907**	**5 841 596**	**(50 744 292)**	**(3 213 994)**	**(3 890 973)**	**(7 104 967)**
Balance as of December 31, 2018		**353 652 060**	-	-	**28 993 362**	**46 678 447**	**5 841 596**	**56 642 314**	**491 807 779**	**12 414 564**	**504 222 343**
Balance as of January 1, 2019		**353 652 060**	-	-	**28 993 362**	**46 678 447**	**5,841,596**	**56 642 314**	**491 807 779**	**12 414 564**	**504 222 343**
The effect of EAS 49 adoption	(44)	-	-	-	-	14 463 842	-	-	14 463 842	-	14 463 842
Items of Other comprehensive											
Net profit for the year		-	-	-	-	-	-	102 903 064	102 903 064	27 485 575	130 388 639
Total comprehensive income for the year		-	-	-	-	-	-	**102 903 064**	**102 903 064**	**27 485 575**	**130 388 639**
The company's shareholders transactions											
Transferred to accumulated losses and legal reserve		-	-	-	3 471 717	53 170 597	-	(56 642 314)	-	-	-
Non-controlling interest		-	-	-	-	-	-	-	-	4 900 009	4 900 009
Profit Dividends		-	-	-	-	(15 898 451)	-	-	(15 898 451)	(11 151 729)	(27 050 180)
Total company's shareholders transactions		-	-	-	**3 471 717**	**37 272 146**	-	**(56 642 314)**	**(15 898 451)**	**(6 251 720)**	**(22 150 171)**
Balance as of December 31, 2019		**353 652 060**	-	-	**32 465 079**	**98 414 435**	**5 841 596**	**102 903 064**	**593 276 234**	**33 648 419**	**626 924 653**

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

Chief Financial Officer	Chief Executive Officer	Chairman
AbdelMaguid Mohamed Afifi	Ashraf Kamel Mousa Sabry	Saifullah Coutry Saadi

Fawry for Banking Technology and Electronic Payments S.A.E.
Consolidated statement of cash flows
For the year ended December 31, 2019

	Note	December 31, 2019 EGP	December 31, 2018 EGP
Cash flows from operating activities:			
Net profit for the year before tax		170 957 933	98 998 498
Adjusted by:			
Depreciation and amortization during the year	(6-7)	65 402 595	52 254 608
Formed provisions	(22)	1 800 000	11 800 000
Customers financing risk provision	(13)	3 182 200	7 290
Credit interest	(32)	(55 477 683)	(67 810 086)
Share of investments in associate and joint venture losses		10 592 755	11 084 056
Unrealized foreign currency exchange gain		2 335 131	184 011
Gain on sale of fixed assets		(5 932 475)	(7 548 799)
Finance expenses		13 365 069	7 503 870
Operating gain before change in working capital		**206 225 525**	**106 473 448**
Changes in Working capital			
Decrease in inventory		6 309 246	266 512
(incease) in advances to billers		(77 012 793)	(26 549 336)
(Increase) in debtors and other debit balances		(10 569 235)	(6 567 937)
(Increase) in accounts and notes receivable		(8 536 897)	(8 815 737)
Increase in loans to customers		(120 054 202)	--
(Increase) / Decrease in Due from related parties		(283 202)	19 683 373
(Decrease) in accounts and notes payable		(9 059 730)	(11 108 812)
Increase in accounts payable- billers		70 360 108	70 955 668
Increase in merchants prepaid balances		87 597 142	30 955 429
Increase in retailer's POS security deposits		4 547 484	3 883 500
Increase / (Decrese) in creditors and other credit balances		43 230 955	(9 994 860)
(Decrease) / Increase in Due to related parties		(7 132 827)	7,132,827
Income tax paid		(28 477 696)	(18 247 680)
Proceeds from credit interest		55 477 683	67 810 086
Used provisions	(22)	(5 163 434)	--
Net cash provided from operating activities		**207 458 127**	**225 876 481**
Cash flows from investing activities			
(Payments) to acquire fixed assets		(122 570 048)	(107 302 231)
(Payments) for projects under construction		(1 833 032)	(14 755 664)
(Payments) to acquire intangible assets		(55 509 507)	(29 568 512)
Proceeds from sale of fixed assets		6 736 540	13 809 476
(Increase) in loans to related parties		(13 201 167)	(14,615,412)
Net movment of treasury bills - more than three months		61 802 913	(83 516 915)
Payments to acquire Investment in associate and jount venture		--	(19 550 000)
Net cash flows (used in) investing activities		**(124 574 301)**	**(255 499 258)**
Cash flows from financing activities			
Dividends Paid		(27 050 180)	(13 230 125)
Proceeds from selling shares in subsidiary company		--	6 125 158
Proceed from Non-controlling interest		4 900 009	
Finance Expenses Paid		(13 365 069)	(7 503 870)
Net cash (used in) financing activities		**(35 515 240)**	**(14 608 837)**
Net change in cash and cash equivalents during the year		47 368 586	(44 231 614)
Cash and cash equivalents at beginning of the year		575 608 569	620 024 194
Exchange rate changes on cash and cash equivalents		(2 335 131)	(184 011)
Cash and cash equivalents at end of the year	(18)	**620 642 024**	**575 608 569**

Non-cash transactions which were excluded from the consolidated statement of cash flow those are represent investments in associates and joint ventures which have been acquired by the parent company that was between investing activities and operation activites have been settled from the balance due from related parties in the amount of EGP 5.12 million.
Additionally, non cash transaction was excluded with an 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 consolidated financial statements and to be read therewith.

Chief Financial Officer	Chief Executive Officer	Chairman
AbdelMaguid Mohamed Afifi	Ashraf Kamel Mousa Sabry	Saifullah Coutry Saadi

1. General information

Fawry for Banking Technology and Electronic Payments 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 was changed to No. 50840 in March 2011. The company has been re-registered at the 6th of October's Commercial Register under No. 1333 on July 19, 2018.

The purpose of the Company is to provide operations services specialized in systems and communications, management, operating and maintenance of equipment's 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, and renting properties, 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 Group is twenty-five years from the Commercial Register date.

The Consolidated financial statements of the company were approved in the board of directors meeting dated March 25, 2020.

2. Statement of compliance

The consolidated financial statements for the year ended 31 December 2019 have been prepared in accordance to the Egyptian Accounting Standards, issued by the Minister of Investment Decree No. 110 for the year 2015, and in the light of the relevant Egyptian laws and regulations.

The Egyptian Accounting Standards require reference to the International Financial Reporting Standards "IFRS" for events and transactions that have not been covered by the Egyptian Accounting Standard or legal requirements describing their treatments.

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 published in the official gazette on 25 April 2019. The most prominent amendments are as follows:

New or Amended Standards	A Summary of the Most Significant Amendments	Date of Implementation
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.	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.

	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 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 Standard - EAS No. (40) - "Financial Instruments: Disclosures "	-These amendments 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	Standard No(48) applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted.

	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 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 I 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 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	This standard No. (49) Applies to financial periods beginning on or after January 1st, 2020, 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 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. According to Minister of Investment and Cooperation decision No. (69) of 2019 on the amendment of the Egyptian Accounting Standards, financial leasing companies and lessees under financial leasing contracts from non-banking financial institutions and companies listed on the Egyptian Stock Exchange should apply the standard of financial leasing contracts earlier than 30 / 9/2019, with the obligation to disclose the accounting impact resulting from the application of the standard on the financial

		statements issued during the period from 1/1/2019 until the end of each financial period for which financial statements are prepared.
Egyptian Accounting Standard No. (42) as amended " 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 amended 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.	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

3. Basis of preparation of the Consolidated financial statements

The consolidated financial statements have been prepared in accordance to the historical cost basis except for the financial assets and liabilities measured at fair value, or at amortized cost, or cost according to the relative accounting standards.

Changes in accounting policies and disclosures

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 published in the official gazette on 25 April 2019. The most prominent amendments are as follows:

Lease Contracts

In March 2019, the Egyptian Standard No. (49) "Leasing Contracts" was issued to replace the Egyptian Standard No. (20) "Accounting rules and standards related to financial leasing operations" and the issuance of Law No. 176 of 2018 to regulate the financial leasing and factoring activity during August 2018 to replace Law No. 95 of 1995 Therefore, the group must apply the new Egyptian Standard No. (49) at the beginning of 2019 to contracts subject to the provisions of Law 95 of 1992 that were previously dealt with according to Egyptian Accounting Standard No. (20) according to the instructions mentioned in the periodic book No. 171 For the year 2019 issued on August 4, 2019, the companies Laguerre Lease and tenants under leasing contracts of non-bank financial firms and companies have restricted securities Egyptian Stock Exchange application of the standard lease financing no later than September 30, 2019 Therefore, the date shall be the first application in January 1, 2019.

1- The group as lessee according to law 95 for year 1995

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Initial measurement of lease liability:

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate for such liabilities.

Lease payments included in the measurement of the lease liability comprise:

a. Fixed lease payments less any lease incentives;
b. Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
c. The amount expected to be payable by the lessee under residual value guarantees;
d. The exercise price of purchase options, I the lessee is reasonably certain to exercise the options; and
e. Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate

Subsequent measurement of lease liability:

The lease liability is subsequently measured as follows:

a. Increase the carrying amount to reflect interest on the lease liability
b. Reducing the carrying amount to reflect the lease payments made.
c. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
d. The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the leases payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease contract is modified and the lease modification is not accounted for as a separate lease.

If there is a change in future lease payments resulting from a change in the rate used to determine those payments or a change in the amounts expected to be payable under the residual value guarantee, the lessee must re-measure the lease liability to discount the adjusted lease payments using the same discount rate unless there is a change in lease payments resulting from a change in the variable interest rates, in this case the lessee must use a modified discount rate that reflects changes in the interest rate.

Initial measurement of Right of use assets

The cost of right-of-use assets include:

a. The initial measurement of the corresponding lease liability at the present value of the unpaid lease payments at that date. Lease payments are discounted using the interest rate stated in the contract if that rate can be easily determined. If this rate cannot be determined, the lessee must use the interest rate on the additional borrowings.
b. Lease payments made at or before the start day
c. Any initial direct costs
d. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventory.

Subsequent measurement of Right of use assets

Right of use assets are subsequently measured at cost less:

a. Accumulated depreciation and impairment losses.
b. Any amounts resulting from revaluation of lease liability

- If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated from the commencement date over the useful life of the underlying asset. Other that the previous conditions the depreciation starts at the commencement date of the lease till the end of the useful life of the asset or end of lease contract whichever is earlier.
- The Group applies EAS 31 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property, plant and equipment" policy.

- Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are include in the line "administrative expenses" in the statement of profit or loss. Currently, the Group does not have such variable rents.
- The standard permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has not used this practical expedient.

Sale and lease back transactions

If the transfer of the asset by the "Lessor" seller does not meet the requirements of Egyptian Accounting Standard 48 for accounting for it as a sale of the asset. The seller (the lessee) must continue to recognize the transferred asset and must recognize a financial obligation equal to the transfer proceeds and must account for the financial obligation by applying Egyptian Accounting Standard No. 47.

4. Critical accounting judgments and key sources of uncertain estimations

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Those estimates and associated assumptions are based on management historical experience and other factors that are considered to be relevant. Actual results may differ from the estimates therefore, these estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions of accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods (prospectively) if the revision affects both current and future periods.

5. Significant accounting policies

The principal accounting policies used in preparing the consolidated financial statements are set out below:

a. Basis of consolidation

The consolidated financial statements represent the financial statements of the Parent Company and the entities that it controls (its subsidiaries) up till 31 December of each year. Control is achieved when the Company

- Has power over the investee;
- Is exposed or has rights to variable returns from its involvement with the investee and
- Has the ability to use its power to affects its returns.

The Company reassesses whether or not it still controls an investee, and whether facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power including:

- The size of the Company's voting rights relative to the size and dispersion of the other vote holders.
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements and
- Any additional facts and circumstances that indicate that the Company has or does not have the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date of the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is distributed amongst the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition by acquisition basis. Other non-controlling interest are either measured at fair value or at another basis specified in the Egyptian Accounting Standards that is applicable to it.

When the consideration transferred from the group – within a business combination – includes assets and liabilities arising from a conditional agreement, the conditional consideration is measured at the fair value at the acquisition date and recognized as part of the consideration transferred in business combination. If any changes occurred – other than those that match measurement period adjustments – in the fair value for the conditional consideration, then these adjustments should be adjusted retroactively against goodwill. Measurement period adjustments are defined as adjustments results from additional information arise during the period (12 months from acquisition date) about events and facts on the acquisition date.

The subsequent treatment for the fair value changes – of the conditional consideration which doesn't match the definition of the measurement period adjustments – based on the classification of the conditional consideration. If the conditional consideration is classified as owners' equity it shouldn't be re-measured in the subsequent periods and should be included in the equity, If it is classified as a monetary asset or liability it should be measured in the subsequent periods according to EAS No. 26 or EAS No. 28 "Contingent assets and contingent liabilities provisions" and recognizing the profit or loss in the statement of profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

b. Business combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method unless the transaction does not constitute an acquisition in form or substance. Application of the purchase method involves the following steps:

- Identifying an acquirer,
- Measuring the cost of the business combination; and
- Allocating, at the acquisition date, the cost of the combination to the assets acquired and liabilities and contingent liabilities assumed.

The cost of the business combination is measured as the aggregate of the fair values, at the (date of exchange), of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquirer recognizes the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under EAS (29)"Business Combination" at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with EAS (32) "Non-current Assets Held for Sale and Discontinued Operations", that are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition date is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in statement of profit or loss.

The non-controlling interest in an acquiree is initially measured at the non-controlling interest proportionate share in the fair value of the assets, liabilities and contingent liabilities recognized.

When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

A business combination agreement may allow for adjustments to the cost of the combination that are contingent on one or more future events. The Group usually estimates the amount of any such adjustment at the time of initially accounting for the combination, even though some uncertainty exists. If the future events do not occur or the estimate needs to be revised, the cost of the business combination is adjusted accordingly.

However, when a business combination agreement provides for such an adjustment, that adjustment is not included in the cost of the combination at the time of initially accounting for the combination if it either is not probable or cannot be measured reliably. If that adjustment subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination.

The Company currently holds the following direct and indirect interests in its subsidiaries:

Subsidiary	**Country**	**Main activity**	**Holding percentage**
Fawry Integrated Systems Company	Egypt	Provide operations services specialized in systems and communications, management, operating and maintenance of equipment's and computers networks .services.	99.99%
Fawry Dahab for Electronics Services	Egypt	Provide operations services specialized in systems and communications, management, operating and maintenance of equipment's and computers networks services. And electronic financial payments through the group.	39.11%
Fawry Micro Finance	Egypt	Micro finance activities.	99.8%
Fawry Insurance Brokerage	Egypt	Insurance Brokerage	90%
Fawry Fast Moving Consumer Goods	Egypt	Fast Moving Consumer Goods	51%

c. Foreign currencies

The Egyptian pound has been designated as the Group's functional currency. Transactions denominated in foreign currencies are translated to the Egyptian pound using the effective exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-valued at the end of each reporting period using exchange rates prevailing on that date.

The non-monetary items denominated in foreign currencies and measured at fair value, are translated at the exchange rates ruling at the date the fair value was determined. As for non-monetary items in other currencies, which are measured at historical cost, they are not retranslated.

The gains and losses resulting from the translation differences are recognized in the consolidated statement of profit or loss in the period in which they arise except for the differences resulting from the translation of non-monetary assets and liabilities denominated at fair value, as their related translation differences are included in the changes in the fair value.

d. <u>Interests in associates and joint venture entities</u>

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates and jointly controlled entities are incorporated in these financial statements using the equity method of accounting. Investments classified as held for sale, are accounted for in accordance with EAS (32) "Non-current Assets Held for Sale and Discontinued Operations", where they are stated at the lower of their carrying amount or fair value (less costs to sell).

Under the equity method, investments in associates and jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate / jointly controlled entity, less any impairment in the value of individual investments. Losses of an associate / jointly controlled entity in excess of the Group's interest in that associate/ jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate / jointly controlled entity) are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

On acquisition of the investment, any difference between the cost of the investment and the investor's share of the net fair value of the associate's / jointly controlled entity's identifiable assets, liabilities and contingent liabilities is accounted for in accordance with EAS (29) Business Combination, Therefore:

- Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the investment recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.
- Any excess of the group's share of the net fair value of the investee's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is excluded from the carrying amount of the investment and is instead recognized immediately in profit or loss in the determination of the group's share of the investee's profit or loss in the period in which the investment was acquired.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred, in which case appropriate provision is made for impairment for that asset.

The following table provides a list of the Group's associates and jointly controlled entities:

	Country of Domicile	Ownership %
Associate:		
Fawry Plus for Banking Services	Egypt	38%
Tazcara for information technology and electronic booking	Egypt	20%
Joint Venture:		
Waffarha.Com	Egypt	22.5%

e. Fixed assets and depreciation

Fixed assets is stated in the consolidated financial position at historical cost, less accumulated depreciation and accumulated impairment losses, except for land, which is stated at cost less impairment. Cost of fixed assets includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the assets carrying amount or recognized separately - as appropriate - only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit or loss during the financial period in which they have been incurred.

The gain or loss arising on the disposal or retirement of an item of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss.

The depreciation of these assets starts when they are ready for their intended use according to the same basis of depreciation applied with other fixed assets.

Depreciation is charged so as to write-off the cost of assets using the straight-line method, over their estimated useful lives, represented as follows: -

Assets description	Years
Networks and servers	4
Point of sales machines	1 – 4
Computers and servers	2 – 4
Furniture and office equipment	4 – 5
Leasehold improvement *	3 – 5
Building	40
Vehicles	5
Tools and equipment Super Fawry	3

* The useful lives are determined based on lesser of the remaining rent contract or the useful life of the asset.

f. Internally generated intangible assets

Research expenditures which are incurred for the purpose of building or developing the programs or applications necessary for pursuing the company's activities or for the purpose of sale, is recognized as expenses once incurred.

Program licenses are recognized as internally generated intangible assets if all the following conditions are met:

1- The technical feasibility of completing the intangible asset so that it will be available for use or sale
2- The company's intention to complete the intangible asset and use it or sell it.
3- The company's ability to use or sell the intangible asset.
4- How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
5- The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset.
6- The company's ability to measure reliably the expenditure attributable to the intangible asset during its development.

The costs related to developing the programs mainly consist of wages and salaries paid to program developing experts at the subsidiary level (Fawry Integrated Systems) who are directly working on the development process.

g. Revenues recognition and measurement

Applications sales revenues

Revenue is measured at the fair value of the consideration received or receivable for the Group. Revenues recognized from the sold applications are recognized in the consolidated statement of profit or loss when the risks and rewards associated with the application are transferred to the buyer, and when there is a strong probability that the economic benefits and costs incurred or to be incurred in respect of the transaction can be measured reliably and when the Group does not retain any continuing managerial involvement right to the degree usually associated with ownership, and when the amount of revenue can be measured reliably.

Services

The revenue of rendered services is recognized as follows:

Transactions sales revenues

Revenues are recognized on accrual basis when the collection / settlement related to different streams of services is completed (balance recharge, bill payments, cash collections, etc.).

Subscription revenues

Subscription revenues are recognized in the consolidated statement of profit or loss on accrual basis.

Interest revenues

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable until maturity.

Investment revenues

Dividends income from investments is recognized when the shareholder's right to receive these dividends is issued.

h. Operational costs

Operational costs include cash collection costs paid to multiple payment channels through which payments were made, including (merchants, banks, Egyptian Post Office, and several other authorities) and this is in accordance with executed contracts with each party separately. Operational costs also include the cost of applications sold, and the consumables of materials.

Operational costs are charged by the transaction's share of direct depreciation and amortization in accordance to transaction share basis compared to the estimated normal capacity, and if the normal capacity is not reached, the differences are charged to depreciation and amortization as part of general and administrative expenses.

i. Inventory

The inventory is evaluated at the date of the consolidated financial statements at cost or net realizable value whichever is less. The cost is represented in the purchase invoices, however, the realizable value is represented in the estimated selling value less selling and distribution costs.

j. Taxation

Deferred tax assets and liabilities are recognized on temporary differences between the assets and liabilities tax basis set by the Egyptian Tax Law and its executive regulations, and their carrying amounts per the accounting principles used in the preparation of the consolidated financial statements. Income tax expense for the year is the sum of current income tax and deferred tax.

Current tax payable is calculated based on taxable profit of the year as determined in accordance with applicable local laws and regulations using tax rates enacted as of the consolidated financial statements date. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted at the consolidated financial statements date. Deferred tax is recognized as an expense or benefit in the statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the income tax is also dealt with in equity unless those related items recognized in equity have affected taxable profit and calculation of current tax expense for the year, then the related deferred tax is recognized in the statement of profit or loss.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

These assets and liabilities are not recognized if the temporary difference results from goodwill or from the initial recognition of other assets and liabilities (other than those arising from business combinations) due to a transaction that did not have any effect on the taxable or accounting profit.

The carrying amount of deferred tax assets is reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are accounted for using the financial position method and are reported in the consolidated financial position as non-current assets and liabilities.

k. Legal reserve

In accordance with law No. 159 for 1981 and the article of incorporation of the Group, at least 5% should be retained and transferred from the net profit of the previous year to the legal reserve until the reserve reaches 50% of the issued capital.

l. Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, cash at banks, treasury bills with maturities less than three months and short-term demand deposits that are readily convertible to known amounts of cash.

m. Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated financial position date. When the effect of the time value of money is material, the amount of a provision shall be the present value of expected expenditures, required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance expense in the statement of profit or loss.

n. The consolidated cash flows statement

The consolidated cash flows statement was prepared using the indirect method. For preparing the consolidated cash flows statement, cash and cash equivalents are comprised of cash on hand, current accounts, deposits at banks, and treasury bills with maturity less than 90 days.

o. Short-term employee benefits

Short term employee benefits represent wages and salaries and social insurance contributions and paid annual leaves and bonuses (if they are accrued within 12 months of the end of the period) and non-cash benefits such as medical insurance for current employees.

p. Impairment of assets

Impairment of non-financial assets

At each financial position date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The company considers each investment, whether a jointly controlled entity, or associate, as a single cash generating unit.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent the revised estimate does not exceed what the carrying amount would have been determined had the impairment loss not been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit or loss.

Impairment of financial assets

Financial assets other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after an impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Impairment losses previously recognized in profit or loss for an investment in an AFS equity investment is not subsequently reversed through profit or loss. Any subsequent appreciation in the value of an AFS equity investment, for which an impairment loss had been previously recognized in profit or loss, is reversed directly through equity.

q. Financial instruments

Financial assets

Financial assets are recognized and derecognized on the "trade date" where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: investment in treasury bills, cash at banks, due from related parties, loans to related parties, and certain items within other debit balances. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

Financial assets available for sale

Financial assets available for sale are initially recognized at cost and it includes the fees and commissions paid to agents, consultants, brokers, and traders, and taxes which are imposed by regulatory bodies and stock exchanges, and taxes and fees which are paid to transfer the title of the investment. The following investments are subsequently measured at fair value at the date of the financial statements and the profits or losses resulting from the changes in fair value are treated directly in equity till the de-recognition of the investment from the company's books, and then the consolidated profits or losses which have been previously recognized in equity are recognized immediately in the statement of profit or loss.

If there is objective evidence that the value of the financial assets available for sale is impaired at the date of the financial statements, the accumulated losses which have been previously recognized are reclassified from equity and are immediately recognized in the statement of profit or loss even if these investments have not been derecognized from the books.

Cost is used to measure financial investments in equity classified as financial assets available for sale in the case that these assets are not listed in the stock market and it has no price in an active market and its fair value cannot be determined reliably.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortised cost using the effective interest method, less any impairment.
Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial derivatives

Derivatives (including separable embedded derivatives) are initially recognized at fair value, while attributable transaction costs are recognized in profit or loss when incurred.

Changes in fair value of derivatives during each financial period are charged to the income statement.

Embedded derivatives resulting from contractual terms contained in agreements in which the company may enter as a party with respect of both financial and non-financial instruments. Embedded derivatives that meet recognition criteria are recognized separately from the host contract and are measured at fair value through profit or loss in accordance with the accounting requirements.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.
Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in the "finance income" line item.

Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received or net value of the transferred assets, net of direct issue costs.

Financial liabilities

Financial liabilities are classified into the following specified categories: accounts payable, due to related parties and other credit balances and they are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

6. Fixed assets - Net

	Note No.	Land	Building	Networks and Servers	Point of sales machines	Computers	Furnitures and Office Equipment	Leasehold Improvements	Vehicles	Tools and Equipment Super Fawry	Fawry Branches	Total
			EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP		EGP
Cost												
As of January 1, 2018		--	--	20 942 008	87 297 058	13 196 982	6 670 243	11 348 407	149 300	641 766	--	140 245 764
Additions during the year		--	--	1 739 117	68 131 323	35 119 613	1 238 126	1 026 052	--	--	--	107 254 232
Disposals		--	--	--	(13 748 649)	--	--	--	--	--	--	(13 748 649)
As of December 31, 2018		--	--	22 681 125	141 679 732	48 316 595	7 908 369	12 374 459	149 300	641 766	--	233 751 346
As of January 1, 2019 (Restated)*	(44)	25 970 500	41 129 500	22 681 125	141 679 732	48 316 595	7 908 369	12 374 459	149 300	641 766	--	300 851 346
Additions during the year		-	--	34 769 344	64 105 933	3 452 843	1 326 431	357 929	--	--	3 286 435	107 298 914
Disposals		-	--	--	(6 041 373)	--	--	--	--	--	--	(6 041 373)
As of December 31, 2019		25 970 500	41 129 500	57 450 469	199 744 292	51 769 438	9 234 800	12 732 388	149 300	641 766	3 286 435	402 108 887
Accumulated depreciation												
As of January 1, 2018		-	-	15 217 752	55 607 872	5 978 301	2 730 536	2 623 870	104 510	506 380	--	82 769 221
Depreciation for the year		-	-	3 307 107	29 433 105	7 345 582	1 263 614	2 060 081	29 860	114 833	--	43 554 182
Depreciation of disposals		-	-	--	(7 488 104)	--	--	--	--	--	--	(7 488 104)
As of December 31, 2018		--	--	18 524 859	77 552 873	13 323 883	3 994 150	4 683 951	134 370	621 213	--	118 835 299
As of January 1, 2019 (Restated)*	(44)	-	2 142 162	18 524 859	77 552 873	13 323 883	3 994 150	4 683 951	134 370	621 213	--	120 977 461
Depreciation for the year		-	1 028 238	15 157 939	29 306 337	3 269 403	1 410 496	2 206 882	14 928	20 526	54 574	52 469 323
Depreciation of disposals		-	--	--	(5 237 338)	--	--	--	--	--	--	(5 237 338)
As of December 31, 2019		--	3 170 400	33 682 798	101 621 873	16 593 286	5 404 646	6 890 833	149 298	641 739	54 574	168 209 446
Net book value												
As of December 31, 2019		25 970 500	37 959 100	23 767 671	98 122 419	35 176 152	3 830 154	5 841 555	2	--	3 231 861	233 899 441
As of December 31, 2018		--	--	4 156 266	64 126 858	34 992 712	3 914 219	7 690 509	14 930	20 553	--	114 916 047

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 decrease in the depreciation expense for the period with an amount of EGP 9.3 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 after the settlement of prepaid rent. balances on January 1, 2019 was restated according to lease standard No (49) (Note No. (44)).

7. Intangible assets – Net

	licenses	Programs	Total
Cost	**EGP**	**EGP**	**EGP**
As of January 1, 2018	**17 715 102**	**71 407 299**	**89 122 401**
Additions during the year	1 641 361	27 927 154	29 568 515
As of January 1, 2019	**19 356 463**	**99 334 453**	**118 690 916**
Additions during the year	15 701 964	39 807 543	55 509 507
As of December 31, 2019	**35 058 427**	**139 141 996**	**174 200 423**
Accumulated amortization			
As of January 1, 2018	**5 515 789**	**21 669 579**	**27 185 368**
Amortization for the year	1 667 231	7 033 327	8 700 558
As of January 1, 2019	**7 183 020**	**28 702 906**	**35 885 926**
Amortization for the year	3 418 886	9 514 386	12 933 272
As of December 31, 2019	**10 601 906**	**38 217 292**	**48 819 198**
As of December 31, 2019	**24 456 521**	**100 924 704**	**125 381 225**
As of December 31, 2018	**12 171 443**	**84 435 433**	**82 804 990**

Intangible assets represent the total expenditures paid to design and build the Fawry Technological Platform according to the latest technical specifications and according to the Payment Card Industry Data Security Standards (PCI DSS) compliance, which includes several applications and interrelated systems through which Fawry's network is integrated with its customers in all sectors, and merchants in several point of sale (POS), and mobile phones through android applications, and also banks. Not to mention the electronic gateways through which Fawry is integrated with several payment channels at banks (ATM, Internet Banking, Mobile Banking), and Fawry applications such as the EBPP Switch, the electronic payment gateways, the mobile wallets, and the mobile banking apps. Additionally, it includes the biller warehouse which manages bills and vouchers from initiation to payment, and the source of fund application which manages the merchants' balances, development of a gateway application and a complete electronic trading system, and the development of Artificial Intelligence & Data Analytics systems. The expenditures represent consideration in return for adding new features and systems, and increasing the applications' capacity.

8. Projects under construction

	December 31, 2018	Additions during the year	Transferred to fixed assets and intangible assets	December 31, 2019
	EGP	EGP	EGP	EGP
Software and program licenses	839 898	1 833 032	--	2 672 930
Servers	15 542 925	--	(10 123 316)	5 419 609
	16 382 823	**1 833 032**	**(10 123 316)**	**8 092 539**

9. Investment in an associate

	No. of Shares	Ownership	December 31, 2019	December 31, 2018
		%	EGP	EGP
Fawry Plus for banking services	60 000 000	38%	--	8 280 330
Bosta Technology	8 744 819	15.97%	3 414 051	--
Tazcara for information technology and electronic booking	10 000	20%	--	49 807
			3 414 051	**8 330 137**

During the year the group recognized its share in the associates' losses in the consolidated statement of profit or loss by an amount of EGP 10 038 346.

The summarized financial information below represents amounts presented in the associates' financial statements prepared in accordance with EAS Standards.

EGP 000'	Total Assets	Total Equity	Total Revenue	Net (Loss)
Fawry Plus for banking services	52 808	(17 280)	26 106	(42 720)
Bosta Technology	7 976	22 192	15 740	(13 869)
Tazcara for information technology and electronic booking	876	249	850	(750)

10. Investment in Joint venture

	Owner ship	December 31, 2019	December 31, 2018
		EGP	EGP
Waffarha.com	30%	1 704 261	2 258 670
		1 704 261	**2 258 670**

On October 1, 2018, the Company singed a shareholder agreement for acquiring 30 % of Waffarha.com's capital, the acquisition will be completed in two stages, in the first stage the Company acquired 36 quotas by an amount of EGP 1.5 million, and the company paid 750 thousands in cash.

The second stage, the company subscribed in capital increase of 35 quotas by an amount of EGP 1.5 Million paid in cash. Acquired quotas by the second quarter in 2019 reached 71 quotas representing 30% of Waffarha.com capital. The investment was recognized as a jointly controlled entity based on the terms of the shareholders agreement between the company and other shareholders which provide that the decision making process will be jointly made by the parties to the agreement.

During the year the group recognized its share of the associate's gain in the consolidated statement of profit or loss by an amount of EGP 554 409.

The summarized financial information below represents amounts presented in the associates' financial statements prepared in accordance with EAS Standards.

EGP 000'	Total Assets	Total Equity	Total Revenue	Profit
Waffarha.com	2 569	(328)	11 916	(1 848)

11. Inventory

	December 31, 2019	December 31, 2018
	EGP	EGP
Goods in transit	109 339	6 247 743
Goods for sale	--	170 841
	109 339	**6 418 584**

12. Accounts and notes receivable

	December 31, 2019	December 31, 2018
	EGP	EGP
Accounts receivables- Billers and banks	29 087 469	20 510 122
Notes receivables	9 500	49 950
	29 096 696	**20 560 072**

13. Loans to customers

	December 31, 2019	December 31, 2018
	EGP	EGP
Loans to customers – Micro finance loans	120 418 685	364 483
Less: Customers financing risk provision (obligatory provision)	(3 189 490)	(7 290)
	117 229 195	**357 193**

Provision movement represented as follow:

	Balance as December 31, 2018	Formed provision During year	Balance as December 31, 2019
	EGP	EGP	EGP
Net Customers financing risk provision	7 290	3 182 200	3 189 490
	7 290	**3 182 200**	**3 189 490**

14. Debtors and other debit balances

	December 31, 2019	December 31, 2018
	EGP	EGP
Vendors- advance payments	366 059	3 609 461
Prepaid expenses	7 283 891	5 073 383
Deposits with others	512 700	152 700
Withholding tax	24 444 197	19 322 718
Other debit balances	9 556 726	6 953 215
Accrued Revenue	5 026 624	408 485
Letters of guarantee	--	1 100 000
	47 189 197	**36 619 962**

15. Due from related parties

	Account type	December 31, 2019	December 31, 2018
		EGP	EGP
PSI Netherlands Holding BV	Current account	--	14 717 773
Fawry Plus for Banking Services	Current account	2 026 750	451 454
Bosta Technology	Current account	7 300 970	--
Waffarha	Current account	303 576	--
Tazcara information technology and electronic booking	Current account	698 873	--
		10 330 169	**15 169 227**

- On April 18, 2019, a share sale contract was signed with PSI Netherlands Holding BV 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 PSI Netherlands Holding BV Company was transferred to the company and the value of that transfer was settled from the balance due to the PSI Netherlands Holding BV 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 PSI Netherlands Holding BV company, under which the amount due from Fawry Gulf of the PSI Netherlands Holding BV company is transferred to the PSI Netherlands Holding BV company and the value of that transfer was settled from the balance due from the PSI Netherlands Holding BV company in the amount of USD 12 514 equivalent to the amount of EGP 213 667. The outstanding balance of the PSI Netherlands Holding BV Company was thus fully settled to the outstanding balance of EGP 0.

16. Loans to related parties

- On December 10, 2018, a short-term loan contract was signed with Fawry Plus for Banking Services (associate) and was approved by the ordinary general assembly of the Fawry plus held on the same date, according to which the company was granted a total financing of EGP 14 615 412 with an annual interest at the announced loan rate on the Central Bank of Egypt for a one year starting from the date of the contract.

- On December 10, 2018, the General Assembly of Fawry Plus for Banking Services (Associate) approved obtaining shareholder loan by an amount of EGP 17.5 million from its shareholders, the Company's share of the associate's shareholders loan amounted to EGP 9 275 000. The share of the other shareholders of the associate's loan amounted to EGP 8 225 000, interest rate is 2.5% over the lending rates announced by the Central Bank of Egypt This loan was obtained even during 2019.

- During the year 2019, another short-term loan was granted by Fawry for Bank Technology and Payments to Fawry Plus for Banking Services (associate) with maximum amount of EGP 2 million per month with interest at the rate of lending announced by the Central Bank of Egypt and an amount of EGP 4 million was granted from this loan until the end of 2019.

17. Treasury bills

	December 31, 2019	December 31, 2018
	EGP	EGP
Treasury bills- with maturities up to (91) days	174 352 895	131 290 683
Treasury bills- with maturities after (91) days	63 303 560	122 721 208
Add:		
Accrued interest -Less than three months	4 534 265	3 699 096
Accrued interest -More than three months	532 827	3 373 823
Less:		
Accrued tax on accrued interest -Less than three months	(907 057)	(616 516)
Accrued tax on accrued interest-More than three months	(106 565)	(562 305)
Balance	**241 709 925**	**259 905 989**
Nominal value	**249 100 000**	**267 500 000**

18. Cash and banks balances

	December 31, 2019	December 31, 2018
	EGP	EGP
Cash	18 321 674	15 003 604
Current bank accounts – local currency	217 317 326	230 805 604
E-Acceptance transactions under settlement	19 905 922	3 740 173
Cash at companies and agents of money collections	146 963 287	94 435 195
Time deposit – local currencies	7 526 610	--
Time deposit – foreign currencies	26 125 628	87 962 667
Current bank accounts – foreign currencies	6 501 474	9 288 063
Cash and cash at banks	**442 661 921**	**441 235 306**

For cash flows purposes, Cash and cash equivalents are analyzed as follows:

	December 31, 2019	December 31, 2018
	EGP	EGP
Cash and banks balances	442 661 921	441 235 306
Treasury bills – less than 3 months	177 980 103	134 373 262
	620 642 024	**575 608 568**

19. Capital

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

On March 28, 2019 the extraordinary general assembly decided to divide the share into 20 shares, so that the nominal value of the share becomes 0.5 EGP after dividing the share, and the number of shares after division 707 304 120 shares. The commercial register was updated on June 10, 2019.

20. Legal reserve

	December 31, 2019 EGP	December 31, 2018 EGP
Beginning balance	28 993 362	5 325 017
Transferred from prior year net profit	3 471 717	2 627 795
share premium*	--	21 040 550
	32 465 079	**28 993 362**

*Represent share premium paid by shareholders as part of the capital increase, which had been transferred to the legal reserve according to law 159 of 1981.

21. Combination reserve

	December 31, 2019 EGP	December 31, 2018 EGP
Combination reserve from selling a stake of the Company's investments in Fawry Dahab without losing control	5 841 596	5 841 596
	5 841 596	**5 841 596**

22. Provisions

	Balance at December 31, 2018 EGP	Formed during the year EGP	Used during the year	Balance at December 31, 2019 EGP
Provision for claims	22 125 576	1 800 000	(5 163 434)	18 762 142
	22 125 576	**1 800 000**	**(5 163 434)**	**18 762 142**

23. Accounts and notes payable

	December 31, 2019 EGP	December 31, 2018 EGP
Accounts payable	16 949 634	26 009 364
	16 949 634	**26 009 364**

24. Accounts payable – Billers

	December 31, 2019 EGP	December 31, 2018 EGP
Billers payable	322 148 856	287 007 924
Billers' Notes payable	115 219 195	80 000 019
	437 368 051	**367 007 943**

25. Creditors and other credit balances

	December 31, 2019 EGP	December 31, 2018 EGP
Accrued expenses	24 408 650	13 791 659
Accrued commissions	23 635 261	12 982 415
Accrued salaries	7 170	--
Unearned revenue	2 662 009	--
Health insurance contribution	2 656 674	1 038 991
Tax Authority	40 968 718	21 581 245
Social Insurance Authority	133 047	773 909
Other credit balances	12 025 753	13 098 108
	106 497 282	**63 266 327**

26. Due to related party

	Nature of relationship	Account type	December 31, 2019 EGP	December 31, 2018 EGP
Fawry Plus for banking services	Associate	Current account	--	7 035 626
Waffarha.com	Joint Venture	Current account	--	97 201
			--	**7 132 827**

27. Contingent liabilities

- The amount represents to the following:

Description	December 31, 2019 EGP	December 31, 2018 EGP
Letters of guarantee – local currency	485 604 625	409 844 625
	485 604 625	**409 844 625**

The letter of guarantee facilities at the consolidated financial statements date amounted to EGP 661.5 million as of December 31, 2019, where the used amount from banks amounted to EGP 485 million in the form of letters of guarantee.

- Pursuant to the purchase agreement dated on October 1, 2018, if waffarha.com recognized revenue exceeds certain level of the financial year ended December 31, 2019, Fawry for Banking and Payment Technology Services shall pay prices difference for Waffarha.com old shareholders up to 150% of the first trench (Note No.10). In addition, if Waffarha.com recognized revenue exceed / less certain level of revenue for the financial year ended December 31, 2019, Fawry for Banking and Payment Technology Services shall sell / purchase certain number of quotas for Waffarha.com old shareholders up to 15 Quotas.

28. Operating revenues

	December 31, 2019 EGP	December 31, 2018 EGP
Application sales revenues	10 474 879	1 753 760
Interest revenue Micro finance	19 288 705	14 589
Transactions services revenues- collection fees	850 655 353	604 953 021
Subscriptions revenues	3 707 581	2 793 002
Other revenues	11 735	140 567
	884 138 253	**609 654 939**

The total throughput from Electronic Top Up and bill payment transactions for the billers through the Group's various payments channels (i.e. the Group points of sales, banks ATM machines, mobile devices, outlets of Egypt post offices and E-banking), are represented as follows:

	December 31, 2019 EGP	December 31, 2018 EGP
Total throughput	53 400 160 497	34 162 624 549
	53 400 160 497	**34 162 624 549**

29. Operating costs

	December 31, 2019 EGP	December 31, 2018 EGP
Merchants' fees	350 661 442	268 189 083
Banks fees	15 014 893	12 565 270
Depreciation and amortization	18 745 691	19 158 425
Cash collection cost	32 229 064	23 511 593
Others	8 629 858	6 315 605
	425 280 948	**329 739 976**

30. General and administrative expenses

	December 31, 2019 EGP	December 31, 2018 EGP
Salaries and Wages	64 025 023	41 961 925
Outsourcing, technical support and services	34 993 041	21 655 217
Rent Expense	1 801 377	18 563 268
Depreciation and amortization	46 656 904	32 888 154
Insurance expenses	8 067 308	4 239 284
Premises expenses	9 693 315	4 986 697
Training and Human resource expenses	1 601 889	2 043 366
Travel and transportation	5 859 096	4 630 898
Professional fees	5 916 407	2 140 995
Other expenses	4 660 172	8 585 207
	183 274 492	**141 695 011**

31. Selling and marketing expenses

	December 31, 2019	December 31, 2018
	EGP	EGP
Salaries and Wages	72 459 430	43 049 440
Selling and marketing commissions	28 423 140	20 852 635
Promotion and advertising expenses	22 328 018	19 017 523
	123 210 588	**82 919 598**

32. Credit Interest

	December 31, 2019	December 31, 2018
	EGP	EGP
Credit interest - current accounts	24 005 709	28 769 461
Credit interest – treasury bills	26 324 567	36 529 222
Credit interest – time deposits	1 706 101	2 359 803
Credit interest – loans to related party	3 441 306	151 600
	55 477 683	**67 810 086**

33. Finance costs

	December 31, 2019	December 31, 2018
	EGP	EGP
Debit interest	7 778 678	4 647 936
Letter of guarantees - Bank charges	5 586 391	2 854 420
	13 365 069	**7 502 356**

34. Significant related parties' transactions

Balances due to and from related parties have been disclosed in Note No. (15) and (26) which also guarantees the nature of the relationship with each company as well as the nature of the account, this is the transaction that took place during the fiscal year on accounts of a current nature in the expenses paid on behalf of the company or what the company paid for on behalf of those parties in addition to the transfer of balances between those parties (if any). These transactions included in current accounts - which are essentially transfers to and from the company - are of a short-term nature

The following are significant related parties' transactions:

	Nature of the Transaction	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
		EGP	EGP
Fawry Plus For Banking Services	Revenue collection on behalf of related party	(29 164 052)	(26 121 197)
	Credit interest revenue	3 531 255	151 600
	Payments on behalf of the company	(2 365 920)	(7 989 215)
	Loan to associate	27 816 579	14 615 412

35. Group's share of (Losses)/profits of investment in associates and joint venture entities

	December 31, 2019 EGP	December 31, 2018 EGP
Fawry Plus For Banking Services	(8 280 330)	(10 942 533)
Waffarha.com	(554 409)	8 670
Bosta Technology	(1 708 209)	
Tazcara information technology and electronic booking	(49 807)	(150 193)
	(10 592 755)	**(11 084 056)**

36. Deferred tax

For the following represent deferred tax assets (liabilities) calculated according to income tax law:

	Beginning balance	Charged to Consolidated Shareholders' Equity	Charged to Consolidated profit or loss	Ending balance
Deferred tax Assets				
Temporary differences	2 821 870	--	7 066	2 828 936
Intercompany transactions				
Deferred tax liabilities				
Difference in Fixed assets depreciation and intangible assets amortization	(1 176 985)		(1 247 514)	(2 424 499)
Implementation of EAS 49 Lease (44)	--	(4 085 192)		(4 085 192)
Other temporary differences	(277 811)	--	--	(277 811)
Deferred tax Assets	**1 367 074**	**(4 085 192)**	**(1 240 448)**	**3 958 566**

37. Operating costs and expenses according to nature

	December 31, 2019	December 31, 2018
	EGP	EGP
Merchant's and bank commission	375 841 023	280 754 353
Selling and marketing commission	37 823 160	20 852 635
Depreciation and amortization	65 933 958	52 048 099
Cost of cash collections	32 578 614	23 511 593
Micro finance contract expenses	367 360	--
Salaries and wages	114 510 115	72 281 960
Outsourcing, technical support and services	34 993 041	21 655 217
Rent expense	1 801 376	18 563 268
Selling and marketing expense	22 328 018	19 017 523
Bank charges	5 551 493	3 534 992
Debit interest	7 783 157	4 647 937
Insurance	8 207 559	4 239 284
Premises	7 005 459	4 986 697
Training and Human resource expenses	1 601 889	2 043 366
Travel and transportation	15 339 199	17 360 303
Professional fees	9 779 695	2 140 995
Others	3 626 981	14 218 719
	745 072 097	**561 856 941**

	December 31, 2019	December 31, 2018
	EGP	EGP
Operating cost	425 280 948	329 739 976
General and administrative expenses	183 274 492	141 695 011
Selling and marketing expenses	123 151 588	82 919 598
Finance expenses	13 365 069	7 502 356
	745 072 097	**561 856 941**

38. Earnings per share

Earnings per share is calculated by divide available net profit for parent company shareholders by weighted average number of shares for the year

	December 31, 2019	December 31, 2018
	EGP	EGP
Net profit of the year for the parent company shareholders	102 903 064	56 642 314
Weighted average for no. of shares during the year	707 304 120	441 716 175
	0.15	**0.13**

39. Legal Position

During the third quarter of 2019, a company filed a lawsuit against Fawry Banking and payment technology services "the company" to pay amount of EGP 30 million for the contract dues from year 2015 to 30 June 2019 in addition the legal accrued interest on this amount and according to that, the company did not took place any transactions related to this the aforementioned contract, the company and the company's external legal advisor opinion regarding this case is likely to be favored of Fawry Banking and payments technology services without any financial liabilities on the company as a result of this case.

40. Tax position

Corporate tax

The period from 2009 until 2012

The Company was inspected and any difference settled.

The period from 2015 until 31/12/2018

The company's records have not been tax inspected for the mentioned period yet.

Salaries tax

The period from inception until 31/12/2016

The Company was notified with Form No. (38), and is currently being inspected on an actual basis.

The year 2017 until 31/12/2018

The company's records have not been tax inspected for the mentioned period yet.

Stamp tax

The period from inception until 31/12/2014

The company's records has been tax inspected from the date of incorporation till 2014 and tax differences have been settled.

The period from 2015 until 31/12/2018

The company's records have not been tax inspected yet.

Sales tax / VAT tax

The period from inception until 31/12/2014

The company's records has been tax inspected from the date of incorporation till 2014 and tax differences have been settled.

The period from 2015 until 31/12/2017

The company's records are being inspected, but the company has not received any claims regarding the results of the inspection.

The year 2018

The company's records have not been tax inspected for the mentioned period yet.

Withholding tax

The company's records have not been tax inspected yet.

41. Financial instruments

Categories of financial instruments

	December 31, 2019 EGP	December 31, 2018 EGP
Financial assets		
Cash and cash equivalents	442 661 921	441 235 306
Loans and receivables	489 009 527	189 410 012
Financial assets – held for sale	241 709 924	259 905 989
Financial liabilities		
Financial liabilities with amortized cost	797 387 122	611 215 230

The management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

a. Capital risk management

The Group manages its capital to ensure that it will be able to continue as going concerns, in order to generate returns for shareholders, benefits for other stakeholders and to provide an adequate return for shareholders.

The capital structure of the Group consists of the capital paid by shareholders plus retained earnings. The Group reviews the capital structure of the Group regularly. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital.

Financial risks factors

The Group monitors and manages financial risks relating to its operations through analyzing the degree and magnitude of risk exposure. These risks include credit risk and liquidity risk. The Group's overall risk management program focuses on managing the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations on due dates resulting in financial loss to the Group. This risk is insignificant as the Group applies polices to guarantee dealing with clients of high credit worthiness and good reputation, and performs a continuous monitoring of debtors in order to minimize credit risk to the minimal rate. The Group's management collects cash in advance from the merchants, who represent the major portion of the transactions volume. Also, the bank current accounts are held at banks with high credit ratings.

The Group reviews this risk, and submits reports regularly to the senior management.

The maximum credit risk is analyzed as follows:

	December 31, 2019	December 31, 2018
	EGP	EGP
Cash and cash equivalents	442 661 924	441 235 306
Treasury bills	241 709 924	259 905 989
Accounts and notes receivable	29 096 969	20 560 072
Loans to customers (Net)	117 229 195	357 193
Due from related parties	10 330 169	15 184 227
Loan to related parties	27 816 579	14 615 412
Debtors and other debit balances	15 461 111	12 339 573
Advances to billers	202 366 328	125 353 535
Total	**1 086 672 199**	**889 551 307**

Liquidity risk

The ultimate responsibility for liquidity risk rests with the Group's management, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group's management continuously monitors the forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

Analysis of contractual maturity for financial liabilities:

31 December 2019	**Less than one year**	**Total**
	EGP	EGP
Non-interest bearing	860 117 919	860 117 919
	860 117 919	**860 117 919**

31 December 2018	**Less than one year**	**Total**
	EGP	EGP
Non-interest bearing	663 087 071	663 087 071
	663 087 071	**663 087 071**

Foreign currency risk

Foreign currency risk is represented in foreign currency fluctuations in exchange rates affecting the Company's cash inflow and outflow in foreign currencies and also the exchange differences arising from translation of monetary assets and liabilities in foreign currencies. The Group's management monitors foreign currency balances and prevailing exchange rates, and continuously minimises deficit in foreign currency position, if any. Except for bank accounts in foreign currencies, most of the company's assets and liabilities are denominated in Egyptian pound, which minimise exposure to foreign currency risk.

Interest rate risk:

Interest rate risk represents fluctuations in interest rate which may have a negative impact on the results of operations and cash flows, management continuously monitors the changes in interest rates in the market. Interest rate risk is considered insignificant since all the company does not has facility at variable interest rate.

42. Significant Events during the year

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

43. Subsequent events

In the subsequent period to the consolidated financial statements date, the world has exposed to the spread of the emerging Corona virus (COVID-19), as this virus is spread rapidly over the world, on January 30, 2020 the World Health Organization declared a health emergency and March 11, 2020 declare the virus as a global pandemic, The spread of this virus had a negative impact on the economies of many countries, which was reflected on of the performance of financial markets and the global trade, in addition to the magnitude of the negative impact of this pandemic on global economies as well as the Egyptian economy was not reliably assessed and on the domestic level, the Egyptian Stock Exchange transactions were affected.

Several decisions have been taken to prevent the spread of this virus and to confront the economic effects that may occur, and at the date of issuance of the financial statements, it is not possible to determine the size of the negative effects associated with this virus on the Egyptian economy as well as the company's future results

44. The effect of the initial application of EAS 49 (Lease Contracts)

Some opening balances in the financial statements as of January 1, 2019 have been adjusted to reflect the effect of the initial application of EAS (49) "Lease contracts". On the contracts that are subject to Law no. 95 for the year 1992 which were previously treated in accordance with EAS No. 20 only.

The following is a summary of the effect on the previously issued financial statements for the financial periods ended March 31, 2019, June 30, 2019 and the opening balances on January 1, 2019:

EGP	Before Adjustment January 1, 2019	After adjustment January 1, 2019	Adjustment effect
Statement of financial position			
Fixed assets (Net)	114 916 044	179 873 883	64 957 839
Prepaid rent expense - Finance lease.	21 014 396	--	(21 014 396)
Retained earnings	46 678 447	61 142 292	(14 463 842)
Finance lease liabilities	--	(25 395 406)	(25 394 406)
Deferred tax liabilities	--	(4 085 192)	(4 085 192)

EGP	Before Adjustment March 31, 2019	After adjustment March 31, 2019	Adjustment effect
Statement of Financial Position			
Fixed assets (Net)	117 655 403	182 356 182	64 700 779
Prepaid rent expense - Finance lease.	19 355 365	--	(19 355 365)
Retained earnings	99 761 128	114 224 973	(14 463 845)
Net profit for the period	17 595 267	20 907 974	(3 312 707)
Finance lease liabilities	--	(23 483 670)	(23 483 670)
Deferred tax liabilities	--	4 287 522	(4 085 192)
Statement of profit or loss			
General and administrative expenses	41 416 173	36 778 598	(4 637 575)
Finance costs	2 418 670	3 743 538	1 324 868
Net profit for the period after tax	17 595 267	20 907 974	3 312 707

EGP	Before Adjustment June 30, 2019	After adjustment June 30, 2019	Adjustment effect
Statement of Financial Position			
Fixed assets (Net)	172 510 691	193 867 061	21 356 370
Retained earnings	83 950 593	98 414 438	(14 463 845)
Net profit for the period	33 672 406	36 479 738	(2 807 332)
Deferred tax liabilities	1 708 451	5 793 643	(4 085 192)
Statement of profit or loss			
General and administrative expenses	79 940 769	75 808 568	(4 132 201)
Finance costs	5 269 205	6 594 073	1 324 868
Net profit for the period after tax	33 672 406	36 479 738	(2 807 332)

Chairman	Chief Executive Officer	Chief Financial Officer
Saifullah Coutry	Ashraf Kamel Mousa Sabry	AbdelMaguid Mohamed Afifi