

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

**Condensed Separate Interim Financial Statements
For the three months ended March 31, 2019
Together with Review Report**

Translation of Review
Report Originally Issued in Arabic

Review Report

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

Introduction

We have reviewed the accompanying condensed separate interim financial statements of Fawry for Banking Technology and Electronic Payments S.A.E. which comprise the condensed separate interim statement of financial position as of March 31, 2019 and the related condensed separate interim statements of income, comprehensive income, changes in equity and cash flows for the three months' period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of the condensed separate interim financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim financial statements". Our responsibility is to express a conclusion on these separate condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements do not present fairly in all material respects the separate financial position of the entity as at March 31, 2019, and of its separate financial performance and its separate cash flows for the three months' period then ended in accordance with Egyptian Accounting Standard No. (30) "Interim financial statements".

Cairo, June 3rd, 2019


Kamel Magdy Saleh, FCA, &
FESAA (R.A.A. 8510),
EFSA Register No. "69"



Fawry for Banking and Payment Technology Services S.A.E.
Condensed separate interim statement of financial position
as of March 31, 2019

	<u>Note No.</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
		<u>EGP</u>	<u>EGP</u>
Assets			
<u>Non-current assets</u>			
Fixed assets (net)	(4)	117 316 501	114 390 958
Intangible assets (net)	(5)	116 209 695	96 473 993
Projects under construction	(6)	16 530 649	16 382 823
Investments in a subsidiaries		51 347 775	51 347 775
Investments in a associates		23 000 000	23 000 000
Investments in Joint Ventures		2 250 000	2 250 000
Prepaid rent - finance lease	(7)	19 355 365	21 014 396
Total non-current assets		346 009 985	324 859 945
<u>Current assets</u>			
Inventory		132 117	170 841
Accounts and notes receivable	(8)	26 153 530	18 593 869
Debtors and other debit balances	(9)	59 584 242	36 755 454
Advances to billers		165 313 772	125 353 535
Due from related parties	(20:10)	13 267 133	15 169 225
Loans to related parties	(11)	18 292 912	14 615 412
Treasury bills	(12)	75 481 758	259 905 989
Cash and cash equivalents	(13)	625 715 622	418 380 774
Total current assets		983 941 086	888 945 099
Total assets		1 329 951 071	1 213 805 044
<u>Equity</u>			
Issued and paid-up capital	(14)	353 652 060	353 652 060
Legal reserve		32 465 079	28 905 446
Retained earnings		121 788 440	54 155 405
Net profit for the period		14 963 126	71 192 668
Total equity		522 868 705	507 905 579
<u>Non-Current liabilities</u>			
Deferred tax liabilities		1 695 724	1 695 724
		1 695 724	1 695 724
<u>Current liabilities</u>			
Provision	(15)	22 275 576	21 825 576
Accounts and notes payable		154 614 200	99 642 009
Billers payable		325 140 681	287 007 924
Merchant advances		126 954 325	130 498 338
Retail deposits		18 675 607	18 569 029
Creditors and other credit balances	(16)	66 834 499	54 656 944
Due to a related parties	(20:17)	64 014 691	70 394 494
Current income tax payable		26 877 063	21 609 427
Total current liabilities		805 386 642	704 203 741
Total equity and liabilities		1 329 951 071	1 213 805 044

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

Chief Financial Officer
AbdelMaguid Afifi

Chief Executive Officer
Ashraf Sabry

Chairman
Saifullah Coutry

Auditor's review report attached.

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

Condensed separate interim income statement

for the three months ended March 31, 2019

	<u>Note No.</u>	<u>Financial Period</u>	<u>Financial Period</u>
		<u>From January 1, 2019</u>	<u>From January 1, 2018</u>
		<u>to March 31, 2019</u>	<u>to March 31, 2018</u>
		<u>EGP</u>	<u>EGP</u>
Operating revenues	(21)	146 504 614	117 342 310
<u>Less:</u>			
Operating costs	(22)	(75 818 695)	(63 613 003)
Gross margin		70 685 919	53 729 307
<u>Add (Less):</u>			
General and administrative expenses	(23)	(39 893 594)	(30 922 853)
Selling and marketing expenses	(24)	(25 268 046)	(18 846 565)
Finance costs	(26)	(2 223 385)	(1 751 687)
Health insurance contribution		(418 395)	--
Formed provisions	(15)	(450 000)	(450 000)
Foreign currency exchange losses		(2 764 217)	(225 626)
Credit interest	(19)	18 579 195	12 600 538
BOD compensation expenses		(291 000)	(291 000)
Gain on disposal of fixed assets	(4)	1 613 257	2 005 242
Other revenues		661 028	23 107
Profit of the period before tax		20 230 762	15 870 463
Current income tax		(5 267 636)	(4 045 190)
Net profit for the period after tax		14 963 126	11 825 273

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

Chief Financial Officer

AbdelMaguid Afifi

Chief Executive Officer

Ashraf Sabry

Chairman

Saifullah Coutry

Translation of financial statement

Originally Issued in Arabic

Fawry for Banking and Payment Technology Services S.A.E.
Condensed separate interim statement of comprehensive income
for the three months ended March 31, 2019

	<u>Financial Period</u> <u>From January 1, 2019</u> <u>to March 31, 2019</u> <u>EGP</u>	<u>Financial Period</u> <u>From January 1, 2018</u> <u>to March 31, 2018</u> <u>EGP</u>
Profit for the period	14 963 126	11 825 273
Other comprehensive income	--	--
Total other comprehensive income	--	--
Total comprehensive income for the period	14 963 126	11 825 273

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

Chief Financial Officer
AbdelMaguid Afifi

Chief Executive Officer
Ashraf Sabry

Chairman
Saifullah Coutry

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

**Condensed separate statement of changes in equity
for the three months ended March 31, 2019**

	Issued and paid up capital		Payments under capital increase		Share Premium		Legal reserve		Retained Earnings		Net profit for the period		Total equity	
	EGP		EGP		EGP		EGP		EGP		EGP		EGP	
Balance as of January 1, 2018	111 303 060		242 349 000		21 040 550		5 237 101		12 827 302		52 555 899		445 312 912	
Items of comprehensive income														
Net profit for the period	--	--	--	--	--	--	--	--	--	--	11 825 273	--	11 825 273	
Total comprehensive income for the period											11 825 273		11 825 273	
Transactions with company's owners														
Transferred to retained earnings and legal reserve	--	--	--	--	(21 040 550)	--	23 668 345	--	49 928 104	--	(52 555 899)	--	--	
Total Transactions with the company's owners														
Balance as of March 31, 2018	111 303 060		242 349 000		--		28 905 446		62 755 406		11 825 273		457 138 185	
Balance as of January 1, 2019	353 652 060		--		--		28 905 446		54 155 406		71 192 667		507 905 579	
Items of comprehensive income														
Net profit for the period	--	--	--	--	--	--	--	--	--	--	14 963 126	--	14 963 126	
Total comprehensive income for the period											14 963 126		14 963 126	
Transactions with company's owners														
Transferred to retained earnings and legal reserve	--	--	--	--	--	--	3 559 633	--	67 633 034	--	(71 192 667)	--	--	
Total Transactions with the company's owners														
Balance as of March 31, 2019	353 652 060		--		--		32 465 079		121 788 440		14 963 126		522 868 705	

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

Chief Financial Officer
AbdelMaguid Affifi

Chief Executive Officer
Ashraf Sabry

Chairman
Saifullah Coutry

Fawry for Banking and Payment Technology Services S.A.E.
Condensed separate interim statement of cash flows
for the three months ended March 31, 2019

	<u>Note</u>	<u>Financial Period</u> <u>From January 1, 2019</u> <u>to March 31, 2019</u> <u>EGP</u>	<u>Financial Period</u> <u>From January 1, 2018</u> <u>to March 31, 2018</u> <u>EGP</u>
<u>Cash flows from operating activities:</u>			
Net profit for the period before tax		20 230 762	15 870 463
<u>Adjusted by:</u>			
Depreciation and amortization during the period	(21)	17 288 924	9 328 739
Formed provisions	(15)	450 000	450 000
Gain on sale of fixed assets		(1 613 257)	(2 005 242)
Credit interest		(18 579 195)	(12 600 538)
Operating gain before change in working capital		17 777 234	11 043 422
<u>Changes in working capital</u>			
Decrease in inventory		38 724	148 822
(Increase)/decrease in advances to billers		(39 960 237)	26 477 084
(Increase) in debtors and other debit balances		(21 169 847)	(29 457 224)
(Increase) in accounts and notes receivable		(7 559 661)	(9 087 759)
Decrease / (Increase) in due from related parties		1 902 092	(31 724 889)
Increase in accounts and notes payable		54 972 191	10 146 303
Increase in billers payable		38 132 757	122 008 409
(Decrease) / increase in due to related parties		(6 379 803)	21 104 449
Increase in advances to merchants		(3 544 013)	(15 391 444)
Increase in retail deposits		106 578	2 409 500
(Decrease) / Increase in creditors and other credit balances		12 177 555	(2 023 487)
Credit interest received		18 579 195	12 600 538
Net cash provided from operating activities		65 072 765	118 253 724
<u>Cash flows from investing activities</u>			
(Payments) to acquire fixed assets and intangible assets		(38 336 912)	(28 017 569)
(Payments) for projects under construction		(147 826)	(29 612 265)
Change in treasury bills - more than three months		78 662 109	35 262 881
Payments to acquire investment in associate		-	(17 300 000)
(Increase) in loans to related parties		(3 677 500)	-
Net cash from (used in) investing activities		36 499 871	(39 666 953)
<u>Cash flows from financing activities</u>			
Net change in cash and cash equivalents during the period		101 572 636	78 586 771
Cash and cash equivalents at beginning of the period		552 754 037	618 088 729
Cash and cash equivalents at end of the period	(13)	654 326 673	696 675 500

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

Chief Financial Officer
AbdelMaguid Afifi

Chief Executive Officer
Ashraf Sabry

Chairman
Saifullah Coutry

1. General information

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

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

The separate financial statements of the company were approved by the board of directors in its meeting dated June 2nd, 2019.

2. Statement of compliance

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

3. Basis of preparation of the separate financial statements

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

Fawry for Banking and Payment Technology Services S.A.E.
Notes to the condensed separate interim financial statements
For the three months ended March 31, 2019

4- Fixed assets (net)

Cost	Networks and Servers		Point of sales machines		Computers		Furniture & Office equipment		Leasehold Improvements		Vehicles		Tools and Equipment		Total
	EGP		EGP		EGP		EGP		EGP		EGP		EGP		
As of January 1, 2018	20 934 928		87 297 058		12 226 724		6 125 331		10 811 317		149 300		641 766		138 186 424
Additions during the year	1 739 117		68 131 323		34 710 841		1 224 130		1 026 052		--		--		106 831 463
Disposals	--		(13 748 781)		--		--		--		--		--		(13 748 781)
As of January 1, 2019	22 674 045		141 679 600		46 937 565		7 349 461		11 837 369		149 300		641 766		231 269 106
Additions during the period	20 880		15 969 246		954 717		182 496		57 000		--		--		17 184 339
Disposals	--		(1 577 389)		--		--		--		--		--		(1 577 389)
As of March 31, 2019	22 694 925		156 071 457		47 892 282		7 531 957		11 894 369		149 300		641 766		246 876 055
Accumulated depreciation															
As of January 1, 2018	15 210 673		55 607 872		5 310 009		2 218 300		2 093 572		104 510		506 380		81 051 316
Depreciation for the year	3 307 107		29 433 105		7 130 931		1 245 933		2 053 166		29 860		114 833		43 314 935
Depreciation of disposals	--		(7 488 103)		--		--		--		--		--		(7 488 103)
As of January 1, 2019	18 517 780		77 552 874		12 440 940		3 464 233		4 146 738		134 370		621 213		116 878 148
Depreciation for the period	811 398		9 278 927		2 992 648		339 973		541 630		7 465		18 192		13 990 233
Depreciation of disposals	--		(1 308 827)		--		--		--		--		--		(1 308 827)
As of March 31, 2019	19 329 178		85 522 974		15 433 588		3 804 206		4 688 368		141 835		639 405		129 559 554
Net book value															
As of March 31, 2019	3 365 747		70 548 483		32 458 694		3 727 751		7 206 001		7 465		2 361		117 316 501
As of December 31, 2018	4 156 265		64 126 726		34 496 625		3 885 228		7 690 631		14 930		20 553		114 390 958

During the period, the Company sold point of sales machines for total consideration of EGP 1 881 819, the carrying amount of sold assets amounted to EGP 268,562 at the date of sale, and gains on sales of fixed assets amounted to EGP 1,612,257.

5. Intangible assets (net)

<u>Cost</u>	<u>Licenses</u>	<u>Programs</u>	<u>Total</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
As of January 1, 2018	17 715 102	85 502 109	103 217 211
Additions during the year	1 641 361	32 796 600	34 437 961
As of January 1, 2019	19 356 463	118 298 709	137 655 172
Additions during the period	2 350 000	20 684 395	23 034 395
As of March 31, 2019	21 706 463	138 983 104	160 689 567
<u>Accumulated amortization</u>			
As of January 1, 2018	5 515 789	25 628 403	31 144 192
Amortization for the year	1 667 231	8 369 756	10 036 987
As of January 1, 2019	7 183 020	33 998 159	41 181 179
Amortization for the period	437 341	2 861 352	3 298 693
As of March 31, 2019	7 620 361	36 859 511	44 479 872
<u>Net book value</u>			
As of March 31, 2019	14 086 102	102 123 593	116 209 695
As of December 31, 2018	12 173 443	84 300 550	96 473 993

6. Projects under construction

The increase in projects under construction is due to additions to programs' and licenses' costs by an amount of EGP 61 065 in addition to an increase in servers' costs by an amount of EGP 219 180, taking into consideration the transfers made to fixed assets by an amount of EGP 132 419.

7. Prepaid rent – finance lease

The decrease is due to the amortization charge for the period by an amount of EGP 1 659 031. The company also paid rental installments during the period with total amount of EGP 2 745 000 recognized in the separate income statement.

On April 11, 2019, the company's Board of Directors decided to settle the remaining liabilities under the finance lease agreement and repurchase the Smart Village Premises from the leasing company pursuant to the terms of the lease agreement. On April 18, 2019 the remaining outstanding liability related to the finance lease has been completely paid with a total amount of EGP 23 847 047 and legal procedures are being undertaken in order to finalize the purchase agreement of the Smart Village premises.

8. Accounts and notes receivable

This increase in accounts and notes receivables is due to the increase in the volume of transactions resulting in the increase of recognized revenues and in the increase of related customers' receivable balance by an amount of EGP 7 559 661.

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

Notes to the condensed separate interim financial statements

For the three months ended March 31, 2019

9. Debtors and other debit balances

	<u>March 31,</u>	<u>December</u>
	<u>2019</u>	<u>31, 2018</u>
	<u>EGP</u>	<u>EGP</u>
Vendors – advance payment	5 179 009	3 609 461
Advance payments to employees under dividends distribution.	10 361 000	--
Prepaid expenses	8 640 756	5 073 383
Deposits with others	152 700	152 700
Withholding tax	21 313 081	16 861 365
Other debit balances	13 937 696	11 058 544
	<u>59 584 242</u>	<u>36 755 453</u>

The increase in debtors and other debit balances is due to the increase in withholding taxes in the amount of EGP 4 451 716 and an increase in vendors' advance payments in the amount of EGP 1 569 548 in addition to the payment paid by the Company to its employees in advance under the dividends distribution which have been approved by the shareholders in the Ordinary General Assembly meeting on May 6, 2019 in the amount of EGP 10,361,000.

10. Due from related parties

	<u>Account type</u>	<u>March 31,</u>	<u>December 31 ,</u>
		<u>2019</u>	<u>2018</u>
		<u>EGP</u>	<u>EGP</u>
PSI Netherlands Holding BV (Holding Company)	Current account	12 203 919	14 717 773
Tazcara Information Technology and Electronic Booking	Current account	621 438	451 452
Fawry Micro Finance	Current account	441 776	--
		<u>13 267 133</u>	<u>15 169 225</u>

11. Loans to related parties

On December 10, 2018, the Company signed a short term loan agreement with Fawry Plus for Banking Services in a total amount of EGP 14 615 412 and bears variable interest rate determined in light of the lending rate announced by the Central Bank of Egypt and for a duration of one year starting from the contract date.

On December 10, 2018, Fawry Plus for Banking Services's (associate) general assembly approved obtaining a loan from its shareholders in the amount of EGP 17.5 million out of which the Company's share is EGP 9.27 million bearing interest determined in light of the lending rates announced by the Central Bank of Egypt. By March 31, 2019, the balance of loan granted to the associate amounted to EGP 3 677 500, interest income recognized during the three months period reached EGP 668 753.

12. Treasury Bills

	<u>March 31,</u> <u>2019</u> <u>EGP</u>	<u>December 31,</u> <u>2018</u> <u>EGP</u>
Treasury bills	76 800 000	267 500 000
<u>Deduct:</u>		
Unrealized interest	(1 318 242)	(7 594 011)
	<u>75 481 758</u>	<u>259 905 989</u>

13. Cash and cash equivalents

<u>Description</u>	<u>March 31,</u> <u>2019</u> <u>EGP</u>	<u>March 31,</u> <u>2018</u> <u>EGP</u>
Cash on hand	21 269 163	15 003 605
Bank accounts – local currency	339 125 408	211 691 244
Cash at money transfer companies	176 780 268	94 435 195
Bank accounts – foreign currencies	88 540 783	97 250 730
Cash and cash equivalents	<u>625 715 622</u>	<u>548 509 953</u>

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

<u>Description</u>	<u>March 31,</u> <u>2019</u> <u>EGP</u>	<u>December 31,</u> <u>2018</u> <u>EGP</u>
Cash and bank balances	625 715 622	660 914 320
Treasury bills – less than 3 months	28 611 051	35 761 180
	<u>654 326 673</u>	<u>696 675 500</u>

14. Capital

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

On March 28, 2019, the shareholders, in the Extraordinary General Assembly decided to split the number of shares by a ratio of 1 to 20 shares, the share par value will be EGP 0.5 after completion of the stock split and total number of shares will be 707 304 120 shares. The necessary legal procedures to effect the split have not been completed yet on the date of issuance of the separate financial statements.

15. Provisions

	<u>Balance as of</u> <u>December 31, 2018</u>	<u>Formed during</u> <u>the period</u>	<u>Balance as of</u> <u>March 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Provision for claims	21 825 576	450 000	22 275 576
	<u>21 825 576</u>	<u>450 000</u>	<u>22 275 576</u>

16. Creditors and other credit balances

	<u>March 31, 2019</u>	<u>March 31, 2019</u>
	<u>EGP</u>	<u>EGP</u>
Accrued expenses	35 147 122	25 896 930
Tax Authority	18 926 984	14 924 562
Health insurance contributions	1 457 387	815 213
Social Insurance Authority	370 186	84 799
Other credit balances	16 042 936	12 935 469
	<u>71 944 615</u>	<u>54 656 973</u>

The increase in creditor and other credit balances are mainly due to the increase in accrued expenses by an amount of EGP 9 106 580 which mainly represent commissions to merchants and banks.

17. Due to related parties

	<u>Nature of</u> <u>relationship</u>	<u>Account type</u>	<u>March 31,</u> <u>2019</u>	<u>December</u> <u>31, 2018</u>
			<u>EGP</u>	<u>EGP</u>
Fawry Integrated Systems	Subsidiary	Current account	48 529 964	51 018 292
Fawry Dahab for Electronic Services	Subsidiary	Current account	14 162 694	6 715 379
Fawry Micro Finance	Subsidiary	Current account	--	5 527 996
Fawry Plus for Banking Services	Associate	Current account	1 314 209	7 035 626
Waffarha.com	Joint Venture	Current account	7 824	97 201
			<u>64 014 691</u>	<u>70 394 494</u>

18. Contingent liabilities

	<u>March 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
	<u>EGP</u>	<u>EGP</u>
Letters of guarantee – local currency	483 069 625	409 844 625
	<u>483 069 625</u>	<u>409 844 625</u>

- The letters of guarantee facilities obtained from banks amounted to EGP 566.5 million as of March 31, 2019, the company has signed promissory notes in the same amount as a guarantee of the obtained facilities. The utilized amount from the banks facilities amounted to EGP 483 million in the form of issued letters of guarantee.

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

Notes to the condensed separate interim financial statements

For the three months ended March 31, 2019

- Pursuant to the shares purchase agreement dated October 1, 2018 related to Waffarha.com, the Company is committed to pay a price difference to the other shareholders of Waffarha.com up to 150% of the shares value paid in stage 1. Additionally, if Waffarha.com's revenues reached agreed upon certain levels in 2019, the Company is committed to buy/sell certain number of shares from / to the other shareholders up to 15 quotas of Waffarha.com.

19. Credit interest

	<u>March 31,</u>	<u>March 31,</u>
	<u>2019</u>	<u>2018</u>
	<u>EGP</u>	<u>EGP</u>
Credit interest - current accounts	5 659 518	6 596 692
Credit interest - treasury bills	12 250 924	6 003 846
Credit interest - loans to related party	668 753	--
	<u>18 579 195</u>	<u>12 600 538</u>

The increase in credit interest is due to the increase in interest from treasury bills by an amount of EGP 6 247 078.

20. Significant related parties' transactions

<u>Nature of the Transaction</u>		<u>Volume of</u>
		<u>transactions</u>
		<u>during the period</u>
		<u>EGP</u>
Fawry Dahab for	Revenue collection on behalf of related party	(32 030 769)
Electronic Services	Payments on behalf of related party	17 619 191
	Electronic Payment services revenue	4 804 615
Fawry Integrated Services	POS machine acquisition	(10 018 154)
	Intangible assets acquisition	(8 326 084)
	Payments on behalf	7 803 582
	Cash transfers	5 695 200
Fawry Micro Finance	Payments on behalf	1 295 765
	Revenue Collection on behalf of related party	(151 511)
Fawry Plus for Banking	Revenue collection on behalf of related party	(6 540 289)
Services	Loans to related party	7 800 000
	Revenue collection on behalf of related party	(4 112 500)
	Credit interest	668 753
PSI Netherlands	Payments on behalf	391 566
Holding BV	Settlement of receivable balance	(2 513 854)
Tazcara for Information		
Technology and	Payments on behalf	169 986
Electronic Booking		

21. Operating revenues

The increase in operating revenues is due to the increase in volume of transactions during the period ended March 31, 2019.

22. Operating costs

The increase in operating costs are mainly due to the increase of merchants' fees by an amount of EGP 4.5 million which corresponds to the increase in the volume of transactions during the period in addition an increase in depreciation expense by an amount of EGP 4.2 million.

23. General and administrative expenses

The increase in general and administrative expenses is mainly due the increase in salaries and wages in the amount of EGP 1.2 million in addition to an increase in outsourcing, technical support and services by an amount of EGP 2.8 million, an increase in fixed assets depreciation by an amount of EGP 1.9 million, and an increase in transportation expenses by an amount of EGP 2.1 million.

24. Selling and distribution expenses

The increase in selling and distribution expenses is mainly due to the increase of salaries and wages by an amount of EGP 4.4 million in addition to an increase in sales and distribution commissions by an amount of EGP 2.4 million.

25. Tax position

Corporate tax

The years from incorporation until December 31, 2014

The Company was notified with Form No. (19), and was appealed and is currently being inspected on an actual basis.

The years from 2015 until December 31, 2017

The Company was not notified by the tax inspection.

Salaries tax

The years from inception until December 31, 2016

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

The years 2017 and 2018

The Company's records were not inspected.

Stamp duty tax

The years from inception until December 31, 2014

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

The years from 2015 until December 31, 2017

The company's records were not inspected.

Sales tax / VAT tax

The years from inception until December 31, 2014

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

Notes to the condensed separate interim financial statements

For the three months ended March 31, 2019

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

The years from 2015 until December 31, 2017

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

Withholding tax

The company's records were not inspected.

26. Significant events subsequent to the financial statements date

- On April 7, 2019, the Minister of Investment and International Cooperation Decree No. 96 of 2019 amending certain provisions of the Egyptian Accounting Standards was published. Three new accounting standards were issued, namely the Egyptian Accounting Standard No. (47) for Financial Instruments and the Egyptian Accounting Standard No. 48 for the revenue of contracts with customers and the Egyptian Accounting Standard No. (49) Concerning leasing contracts in accordance with the Financial Leasing Law 176 of 2018. The Company has not yet determined the effect of the revised standards on its financial statements upon implementation.
- On April 11, 2019 the company's board of directors decided to settle the remaining liabilities under the finance lease agreement and repurchase the Smart Village Premises from the leasing company pursuant to the terms of the lease agreement. On 18 April 2019 the remaining outstanding liability related to the finance lease has been completely paid with a total amount of EGP 23 847 047 and legal procedures are being undertaken in order to finalize the purchase agreement of the Smart Village premises.
- On April 11, 2019, the Board of Directors' of Fawry for Banking Technology and Electronic Payments approved to offer the company's shares on the Egyptian Stock Exchange and the appointment of an Independent Financial Advisor, Legal advisor and the Lead manager for the initial public offering. The board also called for a General Assembly meeting to convene in order to approve the proposed dividends distributions for the financial year ended December 31, 2018.
- On April 18, 2019, a contract was signed between the Company, PSI Netherlands Holding BV (the holding company) and Bosta ,Inc., a Delaware corporation for the sale of 1 396 825 shares to the Company for an amount of USD 300,000. This amount will be offset with the amount due from PSI Netherlands Holding BV, the holding company.
Additionally, a debt assignment agreement has been signed between the Company, PSI Netherlands Holding BV and Bosta ,Inc., whereby the amount due from Bosta Inc to PSI Netherlands Holding BV is assigned to the Company by total amount of USD 163,000. This amount will be offset with the amount due from PSI Netherlands Holding BV, the holding company.

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

Notes to the condensed separate interim financial statements

For the three months ended March 31, 2019

- On May 6, 2019, the shareholders in the ordinary general assembly meeting decided to distribute an amount of EGP 10.3 million to employees and EGP 5.5 million to the shareholders. On 30 May 2019, an amount of EGP 3.6 million was transferred to PSI Netherlands to settle the balance due from the holding company.
And during the second quarter of 2019, a debt assignment agreement was signed between the company and the holding company to assign the amount of debt due to PSI from Fawry Gulf to the Company, the debt assignment was settled in the balance due from the holding company by an amount of USD 12 514 which is equivalent to EGP 213 667. Accordingly, the balance due from the holding company has been fully settled and has reached an amount of zero in the subsequent period.
- On May 20, 2019, the Company subscribed in 51% of Fawry FMCG's capital and the Company's share in the paid up capital has been fully paid by an amount of EGP 5.1 million.

Chief Financial Officer
AbdelMaguid Afifi

Chief Executive Officer
Ashraf Sabry

Chairman
Saifullah Coutry