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Fawry for Banking and Payment Technology Services

(S.A.E.)

Consolidated Financial Statements

Together with Auditor's Report
For The Year Ended December 31, 2016

Deloitte.

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Independent Auditor's Report

To: The Shareholders of Fawry for Banking and Payment Technology Services S.A.E.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Fawry for Banking and Payment Technology Services S.A.E. which comprise the consolidated statement of financial position as of December 31, 2016 and the related consolidated statements of income, 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 and Payment Technology Services as of December 31, 2016, 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, June 5, 2017

K. Saleh

Kamel Magdy Saleh, FCA
F.E.S.A.A. (R.A.A. 8510)

Saleh, Barsoum, Abdel Aziz & Co.
Accountants & Auditors

Fawry for Banking and Payment Technology Services S.A.E.
Consolidated statement of financial position
as of December 31, 2016

	Note No.	December 31, 2016 EGP	December 31, 2015 EGP
Assets			
Non-current assets			
Fixed assets (net)	(6)	109 296 015	28 434 502
Intangible assets (net)	(7)	37 659 832	29 762 381
Projects under construction		947 850	103 856
Deferred tax assets	(20)	2 327 254	4 065 850
Total non-current assets		**150 230 951**	**62 366 589**
Current assets			
Inventory		48 212	306 371
Accounts and notes receivable	(11)	12 290 350	6 838 183
Debtors and other debit balances	(12)	108 437 468	79 711 157
Due from related parties	(13)	8 008 734	--
Treasury bills	(10)	78 517 975	86 899 950
Cash and cash equivalents	(9)	220 856 462	198 050 361
Total current assets		**428 159 201**	**371 806 022**
Total assets		**578 390 152**	**434 172 611**
Equity			
Issued and paid-up capital	(16)	111 303 060	111 303 060
Legal reserve		2 821 969	1 521 521
Share premium	(16)	21 040 550	21 040 550
Accumulated losses		(33 941 979)	(56 632 585)
Net profit for the year		50 041 218	24 394 655
Total equity for the parent company		**151 264 818**	**101 627 201**
Non controlling interest		658 584	--
Total equity		**151 923 402**	**101 627 201**
Current liabilities			
Provision		8 424 043	8 040 299
Accounts and notes payable	(15)	289 973 931	226 507 327
Creditors and other credit balances	(14)	115 178 430	97 997 784
Current income tax for the year		12 890 346	--
Total current liabilities		**426 466 750**	**332 545 410**
Total equity and liabilities		**578 390 152**	**434 172 611**

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

Auditor's report attached.

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

Consolidated Statement of Income

for the year ended December 31, 2016

	Note No.	December 31, 2016	December 31, 2015
		EGP	EGP
Operating revenues	(18)	320 927 990	264 735 072
Less:			
Operating costs	(19)	(174 272 800)	(150 876 802)
Gross margin		**146 655 190**	**113 858 270**
Add (Less):			
Selling and marketing expenses		(45 098 970)	(31 880 636)
General and administrative expenses		(48 019 080)	(50 021 342)
Depreciation and amortization	(8)	(15 418 007)	(13 874 419)
Credit interest		26 996 499	16 808 070
Finance costs		(2 595 025)	(2 284 353)
Gain on disposal of fixed assets		3 122 243	2 115 526
Other revenues		297 457	1 283 316
Board Compensation expenses		(135 000)	--
Formed provisions		(2 468 000)	(2 849 000)
Foreign currency exchange gain		1 352 588	626 043
Profit of the year before tax		**64 689 895**	**33 781 475**
Current income tax		(12 890 346)	--
Deferred tax	(20)	(1 738 596)	(9 386 820)
Net profit for the year after tax		**50 060 953**	**24 394 655**
Distributed as follows:			
Net profit for the parent company		50 041 218	24 394 655
Net profit for the non controlling interest		19 735	--
Net profit for the year		**50 060 953**	**24 394 655**

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 and Payment Technology Services S.A.E.

Consolidated statement of comprehensive income

for the year ended December 31, 2016

	December 31, 2016 EGP	December 31, 2015 EGP
Profit for the year after income tax	**50 060 953**	**24 394 655**
Other comprehensive income	--	--
Total other comprehensive income	--	--
Total comprehensive income for the year	**50 060 953**	**24 394 655**
Distributed as follows:		
Comprehensive income for the parent company	50 041 218	24 394 655
Comprehensive income for the non controlling interest	19 734	--
Total comprehensive income for the year	**50 060 952**	**24 394 655**

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 and Payment Technology Services S.A.E.

Consolidated statement of changes in equity

for the year ended December 31, 2016

	Issued and paid up capital	Legal reserve	Payment on account for capital increase	Share premium	Accumulated losses	Net profit for the year	Total equity of the parent	Non controlling interest	Total equity
	EGP	EGP	EGP	EGP	EGP	EGP			EGP
Balance as of January 1, 2015	107 022 140	630 068	4 280 920	21 040 550	(72 356 890)	16 615 758	77 232 546	-	77 232 546
Transferred to accumulated losses and legal reserve	-	891 453	-	-	15 724 305	(16 615 758)	-	-	-
Transferred to capital (Note No. 18)	4 280 920	-	(4 280 920)	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	24 394 655	24 394 655	-	24 394 655
Balance as of December 31, 2015	111 303 060	1 521 521	-	21 040 550	(56 632 585)	24 394 655	101 627 201	-	101 627 201
Balance as of January 1, 2016	111 303 060	1 521 521	-	21 040 550	(56 632 585)	24 394 655	101 627 201	-	101 627 201
Transferred to accumulated losses and legal reserve	-	1 300 448	-	-	23 094 207	(24 394 655)	-	-	-
Additional partial interest in Fawry Integrated System	-	-	-	-	(403 601)	-	(403 601)	-	(403 601)
Non-controlling interest arising on incorporation of Fawry Dahab	-	-	-	-	-	-	-	638 850	638 850
Total comprehensive income for the year	-	-	-	-	-	50 041 218	50 041 218	19 734	50 060 952
Balance as of December 31, 2016	111 303 060	2 821 969	-	21 040 550	(33 941 979)	50 041 218	151 264 818	658 584	151 923 402

The accompanying notes form an integral part of these separate 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 and Payment Technology Services S.A.E.

Consolidated statement of cash flows

for the year ended December 31, 2016

	Note	December 31, 2016 EGP	December 31, 2015 EGP
Cash flows from operating activities:			
Net profit for the year before tax		64 689 895	33 781 475
Adjusted by:			
Depreciation and amortization during the year		23 912 193	20 278 384
Formed provisions		2 468 000	2 849 000
Unrealized foreign currency exchange gain		(1 234 713)	--
Gain on sale of fixed assets		(3 122 243)	(2 115 526)
Operating gain before change in working capital		**86 713 132**	**54 793 333**
Changes in Working capital			
(Increase) / Decrease in debtors and other debit balances		(28 726 311)	13 505 901
Decrease in inventory		258 159	76 059
(Increase) in accounts and notes receivable		(5 452 167)	(1 361 692)
(Increase) in Due from related parties		(8 008 734)	--
Increase in accounts and notes payable		63 466 604	35 369 004
Increase in creditors and other credit balances		17 180 646	23 553 260
Used provisions		(2 084 257)	--
Net cash flows provided from operating activities		**123 347 072**	**125 935 865**
Cash flows from investing activities			
(Payments) to acquire fixed assets		(104 713 351)	(20 910 997)
(Payments) for projects under construction		(843 994)	(150 392)
(Payments) to acquire intangible assets		(12 615 658)	(9 740 797)
Proceeds from the sale of fixed assets		7 780 095	5 736 731
Change in bank deposits - more than three months		--	3 590 000
Change in treasury bills - more than three months		25 500 569	(44 554 362)
Net cash flows (used in) investing activities		**(84 892 339)**	**(66 029 817)**
Cash flows from financing activities			
Additional partial interest in Fawry Integrated System		(403 601)	--
Non-controlling interest arising on incorporation of Fawry Dahab		638 850	--
Net cash provided from financing activities		**235 249**	--
Net change in cash and cash equivalents during the year		38 689 982	59 906 048
Cash and cash equivalents at beginning of the year		240 395 949	180 489 901
Exchange rate changes on cash and cash equivalents		1 234 713	--
Cash and cash equivalents at end of the year	(9)	**280 320 644**	**240 395 949**

The accompanying notes form an integral part of these separate 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 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 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, 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 Extraordinary General Assembly meeting held on April 28, 2010, decided to change the Company's location from Smart Village - Egypt-Alexandria Desert Plot No. 4 A - 83 B, Giza, to El Salam Tower next to El Salam International Hospital, Maadi Corniche El Nil Cairo, the Arab Republic of Egypt. Accordingly, the Commercial Register was changed to No. 50840 in March 2011 and assign Mr. Saifullah Coutry Saadi hasan as the chairman of the Company.

2. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Egyptian Accounting Standards, and applicable 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.

The Minister of Investment's decree No. (110) of 2015 was issued on July 9, 2015 to replace and supersede the former Egyptian Accounting Standards for the preparation and presentation of financial statements with new version of Egyptian Accounting Standards. This Decree was published in the Official Gazette, and shall be effective as of the first day of January 2016, and will be applied on the entities whose fiscal year starts on or after this date.

On May 15, 2016, the Minister of Investment issued Decree No. (53) of 2016, whereby the amended Egyptian Accounting Standards includes the addition of the Egyptian Accounting Standard (46) in the provisions of the transitional period for certain amended accounting standards. This Decree was published in the Official Gazette, and shall be effective on the day following its publication date. With respect to the standards for whom no transitional provisions were issued, management has decided to apply the requirements of amended Egyptian Accounting Standard No. (5) "The Accounting Policies, Changes in the Accounting Estimates and Errors".

In the following table, we reviewed the most prominent amendments on the Egyptian Accounting Standards (EASs) that may have a significant impact on the consolidated financial statements of the Group at the beginning of the implementation thereof.

New & amended Standards	Summary of the most significant amendments	The Transitional Provisions According to the EAS No. 46	Impact on the consolidated financial statements
EAS(1) Presentation of Financial Statements	**Financial Position statement** - The standard does not require presenting the working Capital Presentation. The reference financial statements that was included in 2006 standards was excluded; which presented the working capital presentation. - A statement shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity. **Income statement (profit or Loss)/ statement of comprehensive income** - The entity shall disclose all recognized income and expense captions during the financial period in two consolidated statements; one of them presents the profit or loss components (Income statement) and the other one starts with the profit or loss and presents the other comprehensive income items (Statement of Comprehensive Income).	Was not issued.	- The amendments and representations have been applied to be in line with the required amendments. - Added a new statement, statement of comprehensive income, for the current and comparative period.
EAS(10) Fixed assets	- The option of using the revaluation model in the subsequent measurement of fixed assets has been cancelled. - The movement of the fixed assets and its depreciation should be disclosed in the notes to the financial statements for the two financial periods (current and comparative period).	An entity that has re-evaluated the fixed assets in the light of the Egyptian Accounting Standards No. (10) Prior to the amendment, should transfer to the cost model. In this case, the entity should not apply this change retroactively, which means it should not amend the carrying values of fixed assets and their related accumulated depreciation, and therefore, these carrying amounts at the	-The application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's Consolidated financial statements. -The application of these amendments have been applied in the

		transition date, are considered the cost and accumulated depreciation at the beginning of applying this amended standard. (Refer to the full text of the transitional provisions in accordance with Egyptian Accounting Standard No. 46).	consolidated financial statements.
<u>EAS(14)</u> Borrowing Costs	- Elimination of the previous benchmark treatment that recognized the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in the income statement without being capitalized on asset.	(Refer to the full text of the transitional provisions included in the Egyptian Accounting Standard No. 14).	The application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's Consolidated financial statements.
<u>EAS(23)</u> Intangible Assets	- The option of using the revaluation model in the subsequent measurement of intangible assets has been cancelled.	An entity applying the revaluation model of intangible assets should transfer to the cost model. In this case, the entity should not apply this change retroactively, which means it should not amend the carrying values of the intangible assets and their related accumulated depreciation, and therefore, these carrying amounts at the transition date to the cost model, are considered the cost and accumulated depreciation at the beginning of applying this amended standard. (Refer to the full text of the transitional provisions in accordance with Egyptian Accounting Standard No. 46).	The application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.
<u>EAS(25)</u> Financial Instruments: Presentation	- Any Puttable instrument is classified as an equity instrument rather than a financial liability if it has all the features and meets the conditions in paragraphs 16A and 16B or paragraphs 16C and 16D of the same standard, from the date the instrument possessed these features and met the conditions stated in these paragraphs. - An entity should reclassify the financial instrument from the date the instrument has ceased possessing these features, or meeting the conditions stated in these paragraphs.	Was not issued.	The application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

EAS(40) Financial instrument disclosures	- A new Egyptian accounting standard No. (40) "Financial Instruments Disclosures" was issued including all the disclosures required for the financial instruments. - Accordingly, EAS (25) was amended by separating the disclosures from it. The name of the standard became "Financial Instrument Presentation" instead of "Financial Instruments presentation and disclosure".	Was not issued.	The notes of the consolidated financial statements were amended to confirm the new requirements, and the comparative figures for these notes were recorded.
EAS(42) The consolidated financial statements	- The new Egyptian Accounting Standard No. (42) "The consolidated Financial Statements" was issued accordingly Egyptian Accounting Standard No. (17) "The consolidated and Consolidated Financial Statements" has changed to become "The Consolidated Financial Instruments" pursuant to the new Egyptian Accounting Standards No. (42) "The consolidated Financial Statements" - The Control Model has changed to determine the investee entity that must be consolidated. - Accounting for the changes in the equity of the parent Group in a subsidiary are accounted for as transactions with equity holders in their capacity as equity holders. - Any investment retained in a former subsidiary re-measured at fair value at the date when control is lost and recognize any resulting difference in the income statement. - Loses applicable to the non- controlling interest "NCI" in a subsidiary including component of other comprehensive Income are allocated to	At the date of applying this standard, an entity should not apply the following amendments retrospectively: - With respect to the allocation of the total comprehensive income to the owners of the parent entity and the non-controlling interests, even if it led to a deficit in the balance of non-controlling interests, and therefore, the parent entity should not amend any profits or losses for periods prior to the application of this standard. - With respect to changes in the parent entity's equity share in the subsidiary entity, which does not lead to loss of control. - With respect to the loss of the parent entity's control over the subsidiary entity, in this case the parent entity should not amend the carrying value of its investments in the former subsidiary entity, if the date of loss of control occurred in a period prior to the application of this standard. In addition, the parent entity should not recalculate any profits or losses, arising from the loss of control over the subsidiary entity, if its occurrence date was prior to the application of this standard. (Refer to the full text of the transitional provisions in accordance with Egyptian Accounting Standard No. 46).	The application of these amendments has had impact on the disclosures and on the amounts recognised in the Group's Consolidated financial statements. The new accounting policy has been disclosed in the consolidated financial statements.

	the owners of the holding entity and the NCI even if this causes the NCI to have a deficit balances. - EAS 42 does not apply to 1. Post-employment benefit plans or other long-term employee benefit plans, 2. Investment funds excluded by regulators.		
EAS(44) Disclosure of interests in other entities	- A new Egyptian accounting standard no. (44) "Disclosure of interests in other entities" was issued in order to comprise all the required disclosures pertaining to all the investments in subsidiaries, associates, joint arrangements, and the unconsolidated structured entities. - The objective of this standard is to comply the entity to disclose the information that enables the users of the financial statements to evaluate the nature and risks associated with its interests in other entities and the effect of those interests on its financial position, financial performance and cash flow.	Was not issued.	The application of these amendments has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.
EAS(45) Fair value measurement	- The new Egyptian Accounting Standard No. (45) "Fair Value Measurement" was issued and shall be applied when another standard requires or allows measurement or disclosure to be made at fair value. This standard aims the following: 1. Defining the fair value. 2. Laying down a framework to measure the fair value in one standard and 3. Identifying the disclosure required for the fair value measurement.	- An entity should apply the Egyptian Accounting Standard No. 45 "Fair Value Measurement" prospectively when preparing the financial statements for periods beginning on or after the first of January 2016. - An entity should not apply the requirements of the disclosure included in this standard, in the comparative information presented for the periods before the initial application of this standard.	The application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

3. Basis of preparation of the Consolidated financial statements

The consolidated financial statements are presented in Egyptian Pound (EGP), which is the functional and presentation currency of the Group.

The consolidated financial statements have been prepared in accordance with the Egyptian Accounting Standards and applicable laws and regulations on 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.

Base of consolidation

The consolidated financial statements are represented in the financial statements of the parent of the Group and the companies under their control (subsidiaries) at the date of December 31 of each year. Control is achieved when the Group:

- 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 affect its returns.

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

The consolidated income statement comprises a list of the consolidated results of operations of the subsidiaries of income, whether procured or excluded during the period as of the effective date of acquisition or until the effective date of disposal, as the case.

The necessary adjustments are being made to the financial statements of any of the group companies whenever necessary, to make their accounting policies consistent with those used by other companies of the group's accounting policies.

The complete exclusion of intercompany transactions and balances, income and expenses between group companies.

Non-controlling interest holders' rights appear in the net assets of consolidated subsidiaries (excluding goodwill) separately from the equity of the parent company. And non-controlling interests consist of the value of those rights are the rights of the owners of the original date of the consolidation as well as the share of non-controlling interest holders in the change in equity from the date of the consolidation.

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

The Company has the following subsidiaries "the Group" which currently owns, directly following rights 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.	99.999%
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.	48.9%
Fawry Micro Finance	Egypt	Micro finance activities.	99.8%

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. 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 income statement 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.

B. **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 income statement.

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 – 3
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.

C. **Intangible assets**

Intangible assets are stated in the consolidated financial position at historical cost, less accumulated amortization and accumulated impairment. Amortization is charged so as to write-off the cost of assets over their estimated useful lives, using the straight-line method.
The estimated useful lives, residual values and amortization method are reviewed at each year-end, taking into consideration the effect of any changes in useful lives estimate accounted for on a prospective basis.

Programs' licenses

Programs' licenses are stated at historical cost, less accumulated depreciation.
Amortization is charged so as to write-off the cost of assets over their estimated useful lives, using the straight-line method, which is usually 10 years.

Programs

Computer software programs are capitalized on the basis of the acquisition and utilization cost. These costs are amortized on straight-line basis over their estimated useful lives, which is usually between 4-10 years.

D. 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 income statement 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 service is rendered (transaction) and the sales invoice is issued.

Subscription revenues

Subscription revenues are recognized to consolidated income statement on straight line basis during subscription contract period.

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.

E. Operational costs

Operational costs includes the cost of applications sold, consumables of materials and also the merchants' fees for bills payments and banks' fees in accordance with executed contracts with consumer service providers as merchants, billers and banks.

Operational costs is charged by transaction share of direct depreciation and amortization in accordance to transaction share basis to the estimated normal capacity, and if the normal capacity is not reached, the differences are charged to indirect depreciation and amortization.

F. 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 consolidated income statement, 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 consolidated income statement.

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.

G. **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.

H. **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.

Treasury bills

Treasury bills are presented at (acquisition cost) plus accrued interest as of the consolidated financial statements date. The interest revenue is recorded in the consolidated income statement under the credit interest account.

I. **Impairment of assets**

Impairment of financial assets

- At each reporting period, the Group reviews the carrying values of the recorded financial assets carried at cost or amortized cost to determine whether there is any indication that the values of these assets may be impaired. In case of evidences of impairment, the loss is recognized immediately and charged to the consolidated income statement, such loss is determined by the difference between the carrying amount of the asset and the current value of future cash flows discounted using the effective interest rate.

- If it is proven during the subsequent periods, that the previously recognized impairment loss related to the financial assets was reduced and the impairment can be associated objectively to an event, which occurred after the recognition of the impairment loss, then the previously recognized impairment loss or a portion of it, is recharged to the consolidated income statement.

Impairment of non-financial assets

- The Group assesses at each financial position date whether there is any indication that an asset may be impaired. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the consolidated income statement.

  A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement.

J. 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 consolidated income statement.

K. 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.

L. Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will declare bankruptcy or financial reorganisation, and default or delinquency in payments (more than granted credit limits) are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate used to determine the amortized cost. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated statement of income.

M. Trade payables

Trade payables are obligation to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are initially carried at the value of goods or services received from others, whether invoiced or not. Where material, goods and services received and trade payables are initially recognised at the present value of expected cash outflows using the market rate of interest for similar borrowings. Thereafter, trade payables are carried at amortized cost using the effective interest method.

N. Transactions with related parties

Related party transactions carried out by the Group within its normal course of business, are recognized pursuant to the conditions set out by the Board of Directors on an arm's length-basis. These transactions are disclosed if changed from normal transaction with third party.

O. Employee benefits

The short-term employees benefits, such as wages, salaries, social insurance contributions, paid annual leaves, and bonuses (if due during the 12 months at the end of the period) and the non-monetary benefits (such as medical care for current employees).

P. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

i. Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the market place.

The Group presents assets in statement of financial position based on current/non-current classification. An asset as current when it:

- Expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- Hold the asset primarily for the purpose of trading;
- Expects to realise the asset within twelve months after the reporting period; or
- The asset is cash or a cash equivalent (as defined in EAS 4) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

ii. 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.

iii. 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.

iv. Impairment of financial assets

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

Financial assets that are measured at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

Financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade 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 recognised in profit or loss.

For financial assets measured at amortised cost if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised 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 amortised cost would have been had the impairment not been recognised.

v. **De-recognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

vi. **Financial liabilities and equity instruments**

vii. **Classification as debt or equity**

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

viii. **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

ix. **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through consolidated statement of income.

A financial liability is classified as current liability when it satisfies any of the following criteria:

- It is expected to be settled in the entity's normal operating cycle
- It is held primarily for the purposes of trading;
- It is due to be settled within twelve months after the reporting period;
- The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other financial liabilities are classified as non-current

x. **Financial liabilities subsequently measured at amortised cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the "finance costs" line item.

xi. **De-recognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

xii. **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, there is a currently legal enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

6. Fixed assets - Net

	land and Building	Networks and Servers	Point of sales machines	Computers	Furnitures & Office equipment	Leasehold Improvements	Vehicles	Tools and Equipment Super Fawry	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost									
As of January 1, 2015	--	9 921 583	43 695 488	1 878 643	2 176 004	2 229 382	149 300	245 998	60 296 398
Additions during the year	--	8 764 623	10 942 604	487 761	480 700	150 180	--	85 129	20 910 997
Disposals	--	--	(6 133 698)	--	--	--	--	--	(6 133 698)
As of January 1, 2016	--	18 686 206	48 504 394	2 366 404	2 656 704	2 379 562	149 300	331 127	75 073 697
Additions during the year	67 100 000	1 407 108	27 484 103	7 736 283	417 270	257 950	--	310 637	104 713 351
Disposals	--	--	(8 289 854)	--	--	--	--	--	(8 289 854)
As of December 31, 2016	67 100 000	20 093 314	67 698 643	10 102 687	3 073 974	2 637 512	149 300	641 764	171 497 194
Accumulated depreciation									
As of January 1, 2015	--	6 637 204	21 246 992	1 199 045	1 555 868	1 955 243	14 930	25 930	32 635 212
Depreciation for the year	--	1 780 747	13 544 018	658 821	245 158	158 789	29 860	99 083	16 516 476
Depreciation of disposals	--	--	(2 512 493)	--	--	--	--	--	(2 512 493)
As of January 1, 2016	--	8 417 951	32 278 517	1 857 866	1 801 026	2 114 032	44 790	125 013	46 639 195
Depreciation for the year	139 792	3 229 704	13 723 788	1 300 156	415 951	161 352	29 860	193 383	19 193 986
Depreciation of disposals	--	--	(3 632 002)	--	--	--	--	--	(3 632 002)
As of December 31, 2016	139 792	11 647 655	42 370 303	3 158 022	2 216 977	2 275 384	74 650	318 396	62 201 179
Net book value									
As of December 31, 2016	66 960 208	8 445 659	25 328 340	6 944 665	856 997	362 128	74 650	323 368	109 296 015
As of December 31, 2015	--	10 268 255	16 225 877	508 538	855 678	265 530	104 510	206 114	28 434 502

In November 2016, the company acquired a plot of land and a building from Arabian Amwal for Cotton Company. The land and building are located in the Smart village and will be used as the new headquarter of the company. In 2016, the company decided not to separate the value of land from the total purchase cost of EGP 67.1 million as the depreciation expense for the year ended 31 December 2016 amounted only to EGP 139 depreciating the total purchase cost over 40 years. The building and land are not yet registered at the Notary Public under the company's name.

in March 25, 2017 the comppany conducted in a tentative agreement with Icolease to sell the building amounted to EGP 67 100 000 at cost as of 31 December 2016 with a sale consideration of EGP 67 100 000

then lease it back with a sale bargin option of 1 EGP at the end of the lease period or yearly rental period

7. Intangible assets – Net

	Programs' license	Programs	Total
Cost	EGP	EGP	EGP
As of January 1, 2015	4 877 260	30 445 809	35 323 069
Additions during the year	865 942	8 874 855	9 740 797
Transferred from projects under construction	319 734	86 040	405 774
As of January 1, 2016	**6 062 936**	**39 406 704**	**45 469 640**
Additions during the year	289 808	12 325 850	12 615 658
As of December 31, 2016	**6 352 744**	**51 732 554**	**58 085 298**
Accumulated amortization			
As of January 1, 2015	2 880 531	9 064 820	11 945 351
Amortization for the year	567 516	3 194 392	3 761 908
As of January 1, 2016	**3 448 047**	**12 259 212**	**15 707 259**
Amortization for the year	611 118	4 107 089	4 718 207
As of December 31, 2016	**4 059 165**	**16 366 301**	**20 425 466**
Net book value			
As of December 31, 2016	**2 293 579**	**35 366 253**	**37 659 832**
As of December 31, 2015	**2 614 889**	**27 147 492**	**29 762 381**

Intangible assets represents the total expenditures for electronic payment applications (Switch) which Fawry Integrated System (a subsidiary) in corporation with IBM have designed in order to develop various payment channels of the electronic payments networks for the billers and the banks in addition to the applications related to the systems of payment via mobile phones, prepaid balances, electronic gateway payments, invoices' management and rechargeable voucher from initiation to full payment, and the implementation of the source of fund which manages the merchants accounts, that includes new systems features and improvement to increase the operation capacity.

8. Depreciation and amortization

Depreciation and amortization of the year amounted to EGP 23 912 193 (EGP 19 193 986 representing the depreciation of fixed assets Note No. 6 and EGP 4 718 207 representing amortization of intangible assets Note No. 7). The depreciation and amortization expenses are allocated as follows:

Note No.	December 31, 2016	December 31, 2015
	EGP	EGP
Operating costs Note No. (19)	7 479 387	5 693 416
Depreciation and amortization – indirect	15 530 451	13 874 419
General and administrative expenses	902 355	710 549
	23 912 193	**20 278 384**

The depreciation and amortization allocation is based on pro-rata utilization method between the average actual transactions compared to estimated capacity of data center.

9. Cash and cash equivalents

	December 31, 2016 EGP	December 31, 2015 EGP
Cash on hand	22 338 119	12 552 389
Banks and collecting agents accounts – local currency	195 022 496	182 443 623
Banks accounts – foreign currencies	3 495 847	3 054 349
Cash and cash equivalents	**220 856 462**	**198 050 361**

The cash and cash equivalents are represented as follows:

	December 31, 2016 EGP	December 31, 2015 EGP
Cash on hand	22 338 119	12 552 389
Banks current accounts – local currency	195 022 496	182 443 623
Banks current accounts – foreign currencies	3 495 847	3 054 349
Treasury bills – less than 3 months	59 464 182	42 345 588
	280 320 644	**240 395 949**

10. Treasury bills

	December 31, 2016 EGP	December 31, 2015 EGP
Treasury bills due up to (91) days	59 308 280	41 969 560
Treasury bills due after (91) days	19 024 200	44 258 760
Add: accrued interest		
Less than three months	194 799	467 699
More than three months	36 991	366 994
Less: Accrued tax on accrued interest		
Less than three months	(38 897)	(91 671)
More than three months	(7 398)	(71 392)
Balance	**78 517 975**	**86 899 950**
Nominal value	**82 000 000**	**88 500 000**

The treasury bills purchase transactions are stated in the consolidated financial statements at cost plus any accrued interest during the year from the purchase date till the consolidated financial statements date, and the interest income related to such transaction is restated in the consolidated income statement under the credit interest item.

11. Accounts and notes receivable

	December 31, 2016 EGP	December 31, 2015 EGP
Customers – billers and banks	12 290 350	6 838 183
	12 290 350	**6 838 183**

12. Debtors and other debit balances

	December 31, 2016 EGP	December 31, 2015 EGP
Vendors – advance payment	936 144	249 070
Advances to service providers *	91 441 659	70 831 803
Prepaid expenses	1 596 504	1 126 625
Deposits with others	217 006	169 006
Withholding tax	10 620 269	5 993 508
Other debit balances	3 625 886	1 341 145
	108 437 468	**79 711 157**

*This amount represents values of Electronic Top Up and rechargeable balances vouchers purchased from the services providers.

13. Related party balances

Due from related party

	Account type	December 31, 2016 EGP	December 31, 2015 EGP
PSI Netherlands Holding BV	Current account	8 008 734	--
		8 008 734	--

The following are significant related parties' transactions:

	Nature of the Transaction	For the Year Ended December 31, 2016 EGP	For the Year Ended December 31, 2015 EGP
PSI Netherlands Holding BV	Payments on behalf	8 008 734	--
Key Management personnel	Salaries and bonus	6 561 504	7 342 749

14. Creditors and other credit balances

	December 31, 2016 EGP	December 31, 2015 EGP
Accrued expenses	21 332 900	9 594 343
Accrued salaries and bonus	1 166 268	6 552 511
Merchants prepaid balances	61 369 474	57 414 785
Tax Authority	11 627 516	8 747 741
Social Insurance Authority	525 525	438 027
Retailer's POS security deposits	13 481 500	11 579 700
Other credit balances	5 675 247	3 670 677
	115 178 430	**97 997 784**

15. Accounts and notes payable

	December 31, 2016 EGP	December 31, 2015 EGP
Accounts payable	13 008 083	6 036 431
Accounts payable– billers	221 381 138	172 698 250
Notes payable	54 798 422	47 772 646
Others	786 288	-
	289 973 931	**226 507 327**

16. Capital

- The Group's authorized capital amounted to EGP 350 million, and the issued capital amounted to EGP 46 million, divided among 4 600 000 shares of par value EGP 10 each.
- On December 15, 2010, the Board of Directors agreed to increase the issued capital by EGP 1 771 000, and therefore it became EGP 47 771 000. The shareholders have paid the amount in full as stated in the Group's Commercial Register on April 26, 2011.
- On June 5, 2011, the Board of Directors agreed to increase the issued capital by EGP 30 million, and therefore it became EGP 77 771 000. The shareholders paid 50% of the increased amount (EGP 15 million), and therefore, the paid-up capital amounted to (EGP 62 771 000), as stated in the Group's Commercial Register on July 20, 2011.
- On August 10, 2011, the Board of Directors agreed to recall the remaining 50% of the total capital increase (EGP 15 million) and therefore, the issued and paid-up capital amounted to (EGP 77 771 000), as stated in the Group's Commercial Register on August 29, 2011.
- On April 18, 2012, the Board of Director agreed to increase the issued capital by EGP 9 791 690 and therefore, the issued and paid-up capital became EGP 87 562 690. The shareholders have paid the amount in full as stated in the Group's Commercial Register on May 30, 2012.
- On July 17, 2012, the Ordinary General Assembly Meeting agreed to increase the issued capital by EGP 19 459 450. The total capital increase was paid in full in addition to the issuance premium in the amount to EGP 21 040 550 and therefore the total issued and paid-up capital became EGP 107 022 140 on February 3, 2013. Such increase was stated in the Group's Commercial Register on April 9, 2013.
- On June 19, 2014, the Board of Directors agreed to increase the Group's issued capital by EGP 4 280 920 where the shareholders have paid the full amount during 2014, and therefore, the issued and paid-up capital became EGP 111 303 060, as stated in the Group's Commercial Register on February 11, 2015.

	Nationality	Percentage	No. of quotas	Value
				EGP
PSI Netherlands Holding BV	Dutch	99.959%	11 125 786	111 257 860
Joseph Gamal Khalil	Egyptian	0.04%	4 518	45 180
Ashraf Kamel Sabry	Egyptian	0.01%	1	10
Mohamed Okasha	Egyptian	0.01%	1	10
		100%	**11 130 306**	**111 303 060**

17. Contingent liabilities

The amount represents letters of guarantee issued by banks in favor of third parties.

Description	December 31, 2016	December 31, 2015
	EGP	EGP
Letters of guarantee – local currency	254 749 750	213 166 045

The letter of guarantee facilities at the consolidated financial statements date amounted to EGP 351 million as of December 31, 2016, where the used amount from banks amounted to EGP 254 million in the form of letters of guarantee.

18. Operating revenues

	For the Year Ended December 31, 2016 EGP	For the Year Ended December 31, 2015 EGP
Application sales revenues	997 146	179 688
Transactions services revenues	316 748 802	260 193 518
Subscriptions revenues	2 922 930	4 154 339
Other revenues	259 112	207 527
	320 927 990	**264 735 072**

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) during the period from 1/1/2016 to 31/12/2016, are represented as follows:

	For the Year Ended December 31, 2016 EGP	For the Year Ended December 31, 2015 EGP
Total proceeds	15 467 548 549	9 145 487 312
	15 497 548 549	**9 145 487 312**

19. Operating costs

	For the year ended December 31, 2016 EGP	For the year ended December 31, 2015 EGP
Application sales cost	258 159	124 715
Merchants' fees	141 276 309	128 886 601
Banks fees	4 865 476	3 223 358
Depreciation and amortization (Note No. 8)	7 479 387	5 693 416
Cash collection cost	17 961 425	11 186 483
Others	2 432 044	1 762 229
	174 272 800	**150 876 802**

20. Deferred tax

	Opening balance	Charged to P&L	Closing balance
Assets			
Fixed assets and intangible assets	1 812 994	(443 667)	1 369 327
Carry forward losses	1 338 789	(1 338 789)	--
Intercompany transactions profit elimination	914 067	321 671	1 235 738
Liabilities			
Unrealized foreign currency gain differences	--	(277 811)	(277 811)
Deferred tax Assets	**4 065 850**	**(1 738 596)**	**2 327 254**

21.Financial instruments and managed related risk

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 on a semi-annual basis. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital.

Categories of most significant financial instruments

	December 31, 2016 EGP	December 31, 2015 EGP
Financial assets		
Cash and cash equivalents	220 856 462	198 050 361
Due from related parties	8 008 734	--
Treasury bills	78 517 975	86 899 950
Trade and notes receivables	12 290 350	6 838 183
Financial liabilities		
Creditors and other credit balances	35 980 668	27 726 554
Trade and notes payables	289 973 931	226 507 327

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

b. Financial risk management objectives

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 quarterly reports to the audit committee for this risk, and the means of facing its impact on the interim consolidated financial statements. The maximum credit risk is represented as follows:

Age of receivables that are past due but not impaired:

	December 31, 2016 EGP	December 31, 2015 EGP
Current	7 553 421	5 078 090
Overdue 1-30 days	1 638 725	499 260
Overdue 31-60 days	620 625	132 855
Overdue 61-90 days	873 016	100 328
Overdue 90+ days	1 048 168	767 242
1-3 years	493 912	260 408
3-5 years	62 483	--
Total	**12 290 350**	**6 838 183**

Liquidity risk

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.

The remaining contractual dues of the financial liabilities, which include the payment of estimated interest and does not the impact of the liquidation contract, are represented as follows:

Analysis of contractual maturity for financial liabilities:

	Less than one year	Total
Non-interest bearing	325 954 599	325 954 599
31 December 2016	**325 954 599**	**325 954 599**
Non-interest bearing	254 233 881	254 233 881
31 December 2015	**254 233 881**	**254 233 881**

22. Significant Events during the Current Financial Period

a. Value added Tax law issuance :-

On 29 August 2016, the House of Representatives concluded its deliberations and approved the Value Added Tax (VAT) Law. The Law is to replace the General Sales Tax (GST) Law, which was also an indirect consumption tax. The result of House deliberations is that the standard VAT is to be applied from the day following the issuance of the Law in the Official Gazette (7 September 2016) at a baseline rate of 13% for FY 2016/2017 "plus schedule (table) additional tax", and then be increased to the 14% originally proposed by government starting FY 2017/2018;

The VAT is to be levied on all goods and services (whether local or imported) in all stages of their handling, except those specifically exempted.

Table Rate, Special rates apply to a number of goods and services listed in Table (1) of the VAT Law, as follows:

- Goods and services subject to the Table rates only,
- Goods and services subject to the Table rates and the VAT general rate, with a right to recover (by deduction) the input VAT in the application of VAT at general rate.

The most prominent impact on the Group is:

- Changing the tax from 0% to 13% on the provided service.
- Changing the tax from 10% to 13% on the subscrition banks' fees.

b.Liberalized exchange rate regime

On November 3, 2016, the CBE announces its decision to move, to a liberalized exchange rate regime. Foreign currencies Bid and ask exchange rates will be determined based on market of demand and supply. The CBE will use the prevailing market rate for any transactions it undertakes.

In order to support and ensure the viability of the program while upholding CBE's mandates, the CBE has taken a key policy rates have been raised by 300 basis points, effective immediately.

The exchange rate of USD against EGP increased from 7.83 by end of Dec 2015 to 18.24 by end of Dec 2016. The Group recognized approximately an amount of 1 352 588 EGP as forex gain, including an amount of 1 234 713 EGP representing un-realized foreign exchange resulting from the retranslation of the monetary assets and liabilities.

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