



200

YEARS OF
LEGACY

RAYA
Annual Report
2018

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DEAR VALUED SHAREHOLDERS

Raya's Board of Directors is pleased to present you with our Annual Report, which has been prepared in compliance with the relevant requirements. The report reviews the company's achievements during the FY scale year 2018 in terms of financial performance and strategic view; and explains our most important developments and achievements in 2018. The report highlights Raya's vision, and confirms our overall goal of gaining market share and contributing to national economic growth.

Our drive to increase growth and expansion in all Raya's business lines is undercut by our commitment to maintaining sustainable levels of growth.

RAYA HOLDING FOR FINANCIAL INVESTMENT

Raya Holding for Financial Investments

Headquartered in Cairo, Egypt, yet mandated to operate worldwide, Raya Holding is an ambitious investment conglomerate managing a dynamic and diversified investment portfolio. As the parent company of twelve lines of business, Raya Holding operates in the fields of information technology, data center outsourcing, contact centers, smart buildings, consumer electronics, food and beverage, trade, land transport, logistical solutions, PET re-manufacturing, light-mobility vehicles, e-payments and non-banking financial services.

Raya Holding's shares have been listed in the Egyptian Stock Exchange (EGX) since 2005, empowering more than 11,000 dedicated employees, and accommodating a wide international customer base from offices based in Egypt, Nigeria, Poland, Saudi Arabia, Tanzania and the United Arab Emirates (UAE).

ADDRESS:

Headquarter

26th July St., Touristic Zone, 6th of October, 12568 Egypt

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Email: info@rayacorp.com

Website: <http://www.rayacorp.com>

Raya Investor Relation "IR":

Ahmed Nour Eldin Hassan

ISIN Code:

EGS690C1C010

Reuters Code:

RAYA.CA



CHAIRMAN'S MESSAGE

Raya's corporate philosophy continues to be characterized by a well-defined long-term plan and clear strategy to achieve growth. Our reports underline our steadily growing revenues and profits, and highlight our continuing achievements, stemming from our ability to carefully plan and prepare for – and respond to – potential challenges and unexpected circumstances. Thanks to our proven business model in delivering continued expansion, the majority of Raya's subsidiaries witnessed remarkable results, meeting – and in some cases exceeding – their 2018 business objectives.

Raya Holding has maintained its steadfast and vigorous march forward through our investment conglomerate. In 2018, we continued to build on the strong base created in previous years, and compared to 2017 figures, revenues have increased by 17 percent, yielding an operating income of nearly EGP 500 million, with an overall performance that was strongly in line with our expectations. Raya Foods and Raya Trade continue to rise to the challenge of further consolidating their market positioning and meeting their respective customers' purchasing requirements.

With regards to our long-term strategy for portfolio diversification, we achieved success through both geographic expansion and vertical integration. Our investment program continued in 2018, and through Raya for Advanced Manufacturing (Raya Auto), we have launched a light transport vehicle manufacturing assembly co-operation project with Italy's Piaggio, with an initial investment worth EGP 100 million.

With regards to BariQ, the largest bottle-to-bottle manufacturer of recycled PET plastic in Egypt, the Middle East and Africa (MEA), plans are underway to leverage its current success by exploring the doubling of its production capacity in the near future; launching new production lines and infrastructure upgrades, with an investment worth approximately EGP 250 million. Furthermore, Raya Trade is currently completing in depth investigations for an air conditioner manufacturing project under the trademarks Chigo and York, with a projected production capacity of 100,000 air conditioners annually.

Raya's logistics arm, Ostool, has over 600 employees, a fleet of 245 trucks, and an annual revenue of nearly EGP 340 million. Ostool's trucks operate nationwide, transporting an array of goods, most notably cement; glass; wheat; and foodstuffs.

Aman for E-Payments is currently delivering advanced electronic payments services, reaching over 12 million unique users across 40 thousand Points of Sale (POS) in 2018. Aman for Financial Services has successfully launched 230 branches, achieving a revenue of EGP 155 million, and a Gross Profit (GP) margin of 12 percent during its first full year of operations. An important milestone was the receipt of the final licensing required from the Financial Regulatory Authority for Raya to commence providing microfinance services. Accordingly, Aman Microfinance began operations this year and succeeded in providing nearly EGP 70 million in loan disbursements during the second half of 2018.

Raya Contact Center has a well-defined growth strategy with significant room for further expansion, and has achieved an approximately 25 percent EBITDA margin, with a 21 percent net profit margin. This result is supported by its dominant share of 20 percent of the Egyptian Contact Center Outsourcing (CCO) market. Raya Information Technology, on the other hand, is currently recognized not only in Egypt, but across the entire Middle East region, as a leading systems integrator (SI) that supports and contributes to national development.

In addition to our focus on existing businesses, we continue to identify opportunities to diversify into new markets within Nigeria and Tanzania, and to expand geographically to nearby countries through our exclusive agency for Lenovo's mobile products.

Raya Holding will continue to inject significant investments into our local market, and endeavor to develop, expand and rapidly diversify outside Egypt, supporting our conglomerate concept across the different fields of manufacturing, food industries, and non-banking financial services, among others. We believe diversification keeps us relevant and encourages growth and progress. Our stellar performance to date is the result of many factors, including our continuing commitment to ensure that we always have the highest quality products in the right place, at the right time. I extend my sincere thanks to all of Raya's stakeholders, who have helped us turn our business into a set of values for end users.

Raya will continue adopting long-term strategies to achieve our clearly defined diversification, growth and expansion plans by the end of 2020, ensuring deliberate, stable, and steady growth. We believe the best is yet to come, and providing quality products is not just a promise, it is a commitment.

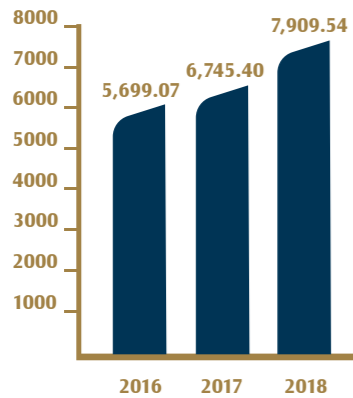
MEDHAT KHALIL
CHAIRMAN & CEO RAYA HOLDING FOR
FINANCIAL INVESTMENTS



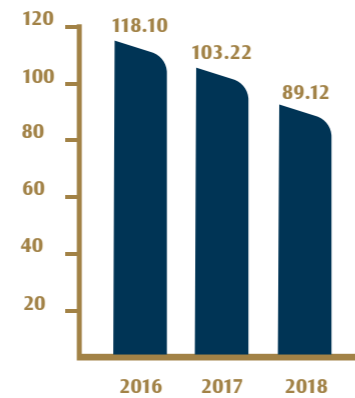
IN 2018, RAYA SHOWED RESILIENCE THROUGH DEVELOPMENT

In spite of a challenging operating environment, we take pride in operating to the highest standards of excellence, that is the Raya Holding commitment to quality. We achieved solid growth despite volatile economic conditions, because we maintained our focus on product innovation, and the diversification of our categories and geographical coverage.

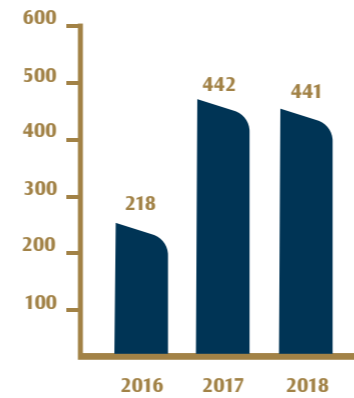
7909.54
REVENUE (EGP MILLION)



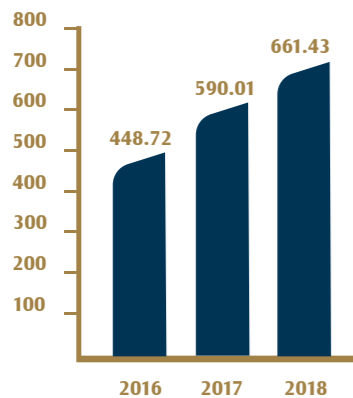
89.12
NET INCOME (EGP MILLION)



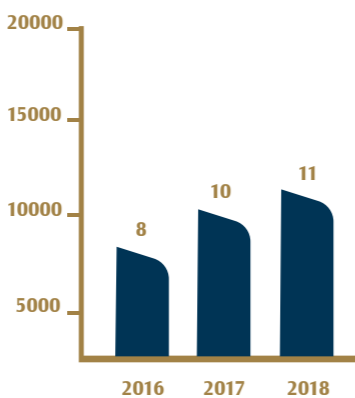
441
CAPEX (EGP MILLION)



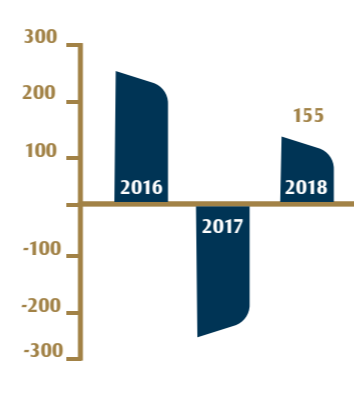
661.43
EBITDA (EGP MILLION)



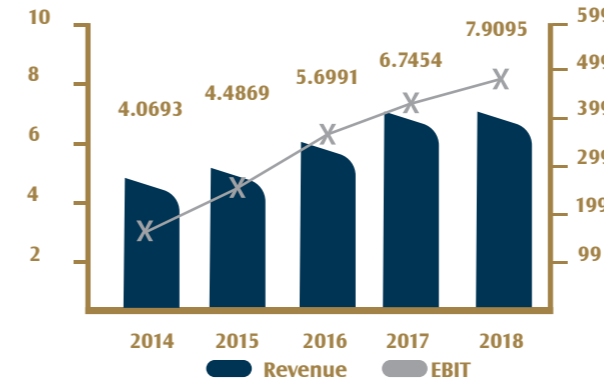
11,000+
TOTAL HEAD COUNT (THOUSAND)



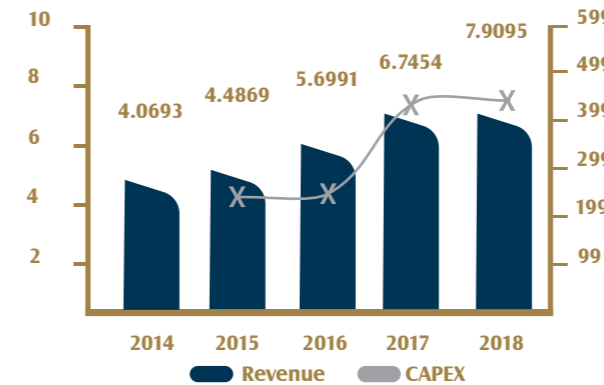
441
OPERATING CASH FLOW (EGP MILLION)



REVENUE VS EBIT DEVELOPMENT (BILLION EGP)



REVENUE VS CAPEX DEVELOPMENT (BILLION EGP)



+351 MILLION
INCREASE IN OCF COMPARED TO 2017

441 MILLION
CAPEX IN 2018

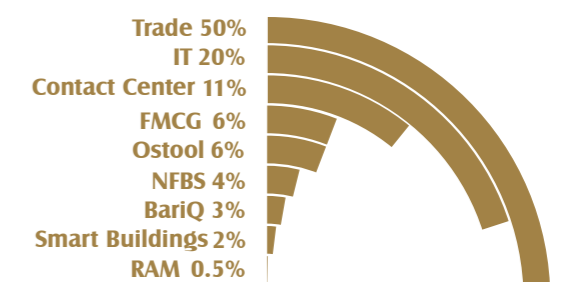
3
CONSECUTIVE YEARS OF ROACE STABILITY

12%
GROWTH IN EBITDA COMPARED 2017

1.0X
NET DEBT TO EBITDA RATIO AT A LEVEL UNDER



REVENUE SPLIT 2017 (%)



REVENUE SPLIT 2018 (%)

STRATEGIC OVERVIEW

1.14 billion

MARKET CAPITALIZATION AS OF 31 DECEMBER 2018
INCREASED BY 3% COMPARED TO 2017

32.16 billion

MARKET CAPITALIZATION AS OF 31 DECEMBER 2018
INCREASED BY 3% COMPARED TO 2017

RAYA from Information Technology to Investment Conglomerate.

Raya's mission is to provide world-class service through quality commitment, customer satisfaction, best practice, and cost-effective operation. Raya is focused on continuous improvement and growth along a strategic path that prioritizes the search for new investment opportunities and the entrance into new industries.

Last year witnessed the birth of two new ventures: Aman for Microfinance and Raya for Advanced Manufacturing (Raya Auto). These new initiatives demonstrate Raya's continued commitment to actively generate long-term value for shareholders.

Raya Holding's financial results in sales were powered by different segments. Notably, Raya Contact Center surpassed its targets achieving over EGP 900 million in revenue, which is a staggering 20 percent increase compared to 2017. In 2018, capacity was expanded in Egypt, by adding more than 1,000 additional seats; while Dubai's operations and capacity were doubled to reach approximately 300 seats.

This year, Raya has increased its investments in both existing and new lines of business. After finally receiving official licensing to provide microfinance services, Raya launched Aman Microfinance. Raya Advanced Manufacturing was also launched this year, and is nearing completion of preparations for implementation of a light transport vehicle manufacturing assembly co-operation project with Italy's Piaggio; with an initial investment of EGP 100 million.

Meanwhile, Raya Trade is completing studies for an air conditioner manufacturing project under Chigo and York trademarks, with an estimated annual production capacity of 100,000 air conditioners.

BariQ expanded its operations to include the production of high-density polyethylene and polypropylene containers for nonfood application; and achieved a 38 percent increase in revenues compared to 2017. BariQ future expansion plans include exploring a doubling of its production capacity, which would potentially involve around EGP 250 million in investments over the next few years.

Aman for E-Payments also performed remarkably well this year; providing customers with almost 40,000 outlets in a very short period of time, with an average monthly turnover of EGP 150 million. Company revenue increased by over 100 percent in comparison with 2017.

Raya Foods achieved a more than 100 percent increase in revenue in 2018, compared to 2017 figures. The company took great steps in 2017, including exporting frozen fruits to multiple countries, which is an outstanding achievement following its efforts to completely refurbish its factory. Raya Foods also added a new brand called EVEREST in 2018, which targets consumers in the higher income bracket. Adding an additional production line to halve its throughput promises even more successes.

Ostool operates in the trucking industry and does not face any significant competition. Ostool increased its fleet to 245 trucks in 2018, compared to 225 trucks in 2017.

Raya Information Technology also distinguished itself this year; maintaining consistent growth during a highly challenging period, after exploring the development of blockchain solutions in partnership with Cisco.

Meanwhile, Raya Restaurants continued to position Ovio as a promising international chain in casual dining. The company achieved a 51 percent increase in sales compared to 2017, and now boasts five in-house brands.

Raya has been crowned the fastest growing service provider in the market and is deeply committed to remaining the industry's top player, year after year. The market is full of opportunities, and we will continue to pursue them aggressively.

SHAREHOLDER INFORMATION

Share Information (RAYA.CA)

Price 31/12/2018 (EGP)	9.05
52 Wk High	15.66
52 Wk Low	6.40
Number of Shares (mn)	214.4
Market Cap. (EGP mn)	1,940.32
Market Cap. (USD mn)	108.39

SHAREHOLDERS STRUCTURE (UNTIL Q3 2019)

MEDHAT KHALIL & FAMILY 68.9%
FINANCIAL HOLDING 12%
AL Taweel Family 9.7%
FREE FLOAT 9.4%

SHAREHOLDERS
STRUCTURE

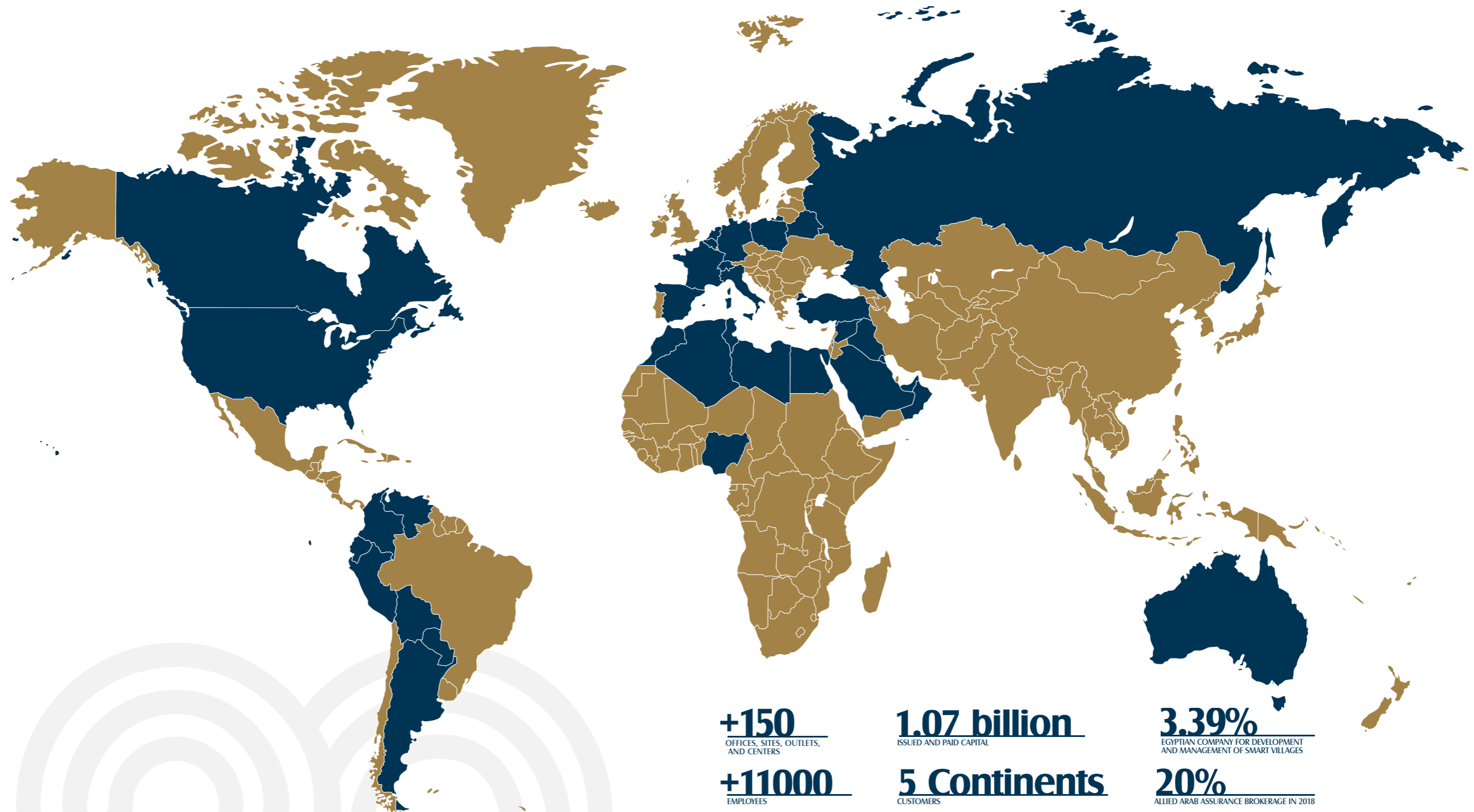
EGYPT 82.5%
UK 12.2%
ARAB 4.4%
OTHERS 0.8%
EU 0.1%

SHAREHOLDERS
BY GEOGRAPHY

CASH DIVIDENDS

EX. DATE	PAYMENT DATE	DIVIDEND AMOUNT	COUPON NO.
25/05/2017	29/05/2017	EGP 0.25	11
21/01/2016	26/01/2016	EGP 0.20	10
26/05/2015	28/05/2015	EGP 0.25	9
04/06/2013	06/06/2013	EGP 0.25	8

RAYA AT A GLANCE



Raya Holding is a well-established business conglomerate of diversified investment portfolios headquartered in Cairo, as the parent company of twelve subsidiaries and lines of business. Raya Holding operates in the fields of information technology, data center outsourcing, contact centers, smart buildings, consumer electronics, food and beverage, land transport, PET re-manufacturing, E-payments and non-banking financial services.

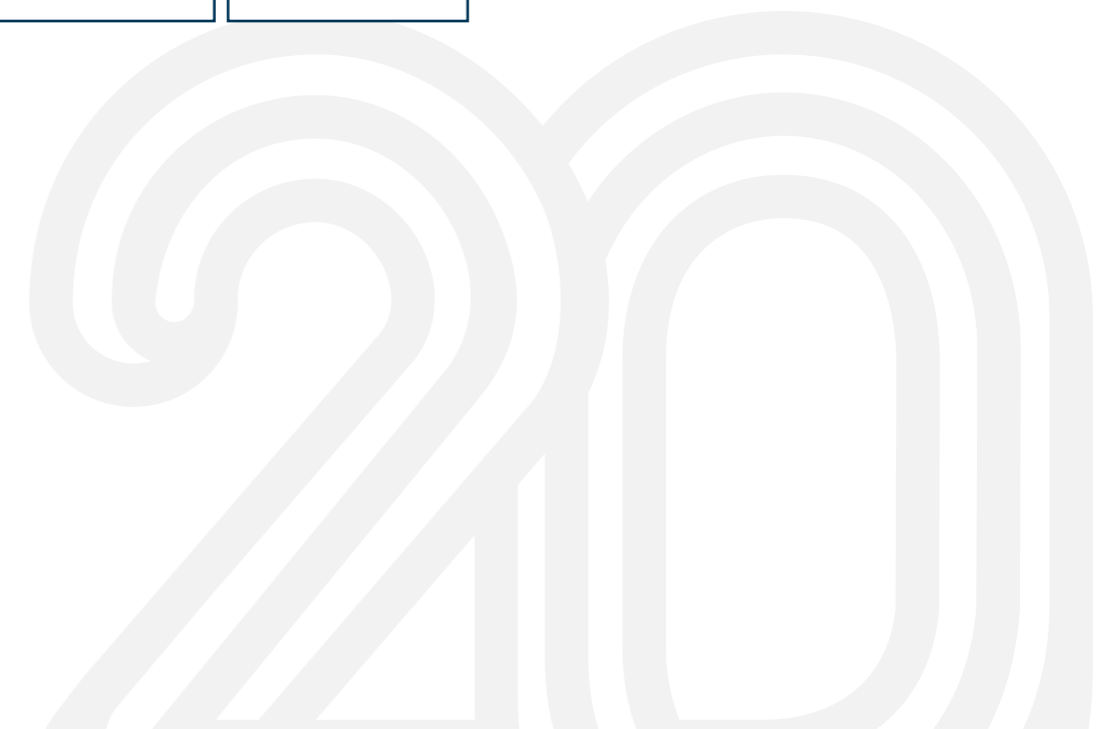
Our success is realized by the vision, direction, and teamwork of our young and dynamic management team and workforce of more than 11,000 employees, accommodating a wide international customer base from offices based in Egypt, Saudi Arabia, UAE, Poland, Tanzania and Nigeria; working around the clock to ensure meeting their needs through our four core values of customer focus, excellence, teamwork, and respect for people.



RAYA HOLDING

TRADE & DISTRIBUTION	INFORMATION TECHNOLOGY	CALL CENTER OUTSOURCING	SMART BUILDINGS & RESTAURANTS
RAYA DISTRIBUTION	RAYA INTEGRATION	RAYA CONTACT CENTER	RAYA SMART BUILDINGS
RAYA ELECTRONICS	RAYA NETWORKS	RAYA BUILDING MANAGMENT	RAYA MAINT. & BUILD. OPERATIONS
RAYA TECH DISTRIBUTION	RAYA INTERNATIONAL SERVICES	C3	EL BYOOT EL ARABIA
BEST SERVICE NIGERIA	RAYA GULF	RAYA VENTURE INVESTMENTS	RAYA RESTAURANTS
	RAYA SAUDI	RAYA SOCIAL MEDIA	
	RAYA DATA CENTER		

FMCG	INDUSTRIAL & LOGISTICS	NON - BANKING FINANCIAL SERVICES	OTHER INVESTMENTS
RAYA FOOD TRADING	BARIQ	AMAN FINANCIAL SERVICES	AAA (INSURANCE) 20%
RAYA FOODS	RAYA ADVANCED MANUFACTURING	AMAN E-PAYMENTS	SMART VILLAGE 3.39#
MAKARONI POLSKIE (20%)	OSTOOL LOGISTICS	AMAN MICROFINANCE	



OUR VISION

A MARKET LEADER NO MATTER WHERE WE ARE

With a vision to be a market leader no matter where we are, we are constantly seeking to seize every business opportunity to expand our scope of operations and maximize our shareholders' return on investment, through a strong commitment to quality and an unmatched dedication to development.

OUR MISSION

WE PROVIDE OUR WORLD-CLASS SERVICE THROUGH:

- Focusing on Client and end user satisfaction.
- Recruiting and retaining competent and motivated people.
- Deploying of state-of-the-art technology.
- Employing streamlined processes; and continuously improving the quality management system.
- Adopting industry best practices.
- Ensuring cost-effective operations.
- Maximizing the value for our shareholders.

Since our inception, we have maintained our commitment to a specific set of core values that have guided our development and continue to lead our success: respecting people; pursuing excellence; maintaining a customer-focus; and operating as a cohesive, strong, and reliable team. We have always believed that diversity is essential; it keeps us relevant and encourages growth and progress. We continue to be guided by our mission to empower every person and every line of business in our organization to grow, advance, and achieve more.

Our strategic plan aims at maintaining our growth margin at each category level across all geographies.

Our mission is to create more employment opportunities and to positively impact the development and sustainability of our community.

Last year, we ventured into light-transportation vehicles and microfinance, because we identified market needs that were not being met and acted on them. In 2018, as is our custom, we faced all challenges head on, driven by an unfaltering confidence in our business practices, advanced operational tools, and creative talents.

"Yesterday, we had successfully achieved our financial and business objectives, met all our set targets, and expanded our business operations, today we are to overcome all obstacles, we are about rising to the challenge to make our value creation".

Today, we are very proud to see our goods entering foreign markets in Europe, Africa and Asia. We are extremely proud to have created a real multinational company, operating with prudent governance. We are also very proud of the growth of many of our investments. As always, employee empowerment is at the foundation of our growing operations.



OUR VALUES

DESPITE OUR EXTRAORDINARY ABILITY TO ADAPT TO CHANGE, WE HAVE KEPT OUR CORE VALUES FIXED AND UNTOUCHED. OUR ABILITY TO CONSISTENTLY SEIZE OPPORTUNITIES AND AGGRESSIVELY PENETRATE NEW MARKETS IS ONLY POSSIBLE BECAUSE OF OUR DEDICATION TO THE FOUR VALUES UPON WHICH WE BASE ALL OPERATIONS. THESE CORE VALUES REPRESENT THE FOUNDATION THAT HAS SUSTAINED US AGAINST THE BATTERING OF OFTEN TEMPESTUOUS ECONOMIC FORCES. OUR VALUES GUIDE OUR DREAMS, DRIVE OUR PROGRESS, AND EMPOWER US TO CARVE OUT OUR ABIDING LEGACY.

TODAY, WE ARE LOOKING FORWARD TO RAYA HOLDING GROWING INTO THE LARGEST PUBLICLY LISTED EGYPTIAN CONGLOMERATE, IN TERMS OF EMPLOYEES, REVENUE, PROFIT, AND SUBSIDIARIES.



EXCELLENCE

Striving for excellence in every aspect of our various lines of business is how we maintain our position as “a market leader, no matter where we are”. Raya encourages excellence by rewarding skill and performance. With an unyielding desire to triumph and an unbending will to succeed, Raya is committed to continually developing the quality of services it currently offers; and benchmarks itself according to international quality standards.



CUSTOMER FOCUS

Raya is committed to offering its customers an exceptional experience with an unparalleled quality of service. Every task, from sales pitch to after-sales support, is customized to suit customer needs. It is this customer-focus that consistently guides us to higher levels of achievement and success.



RESPECT FOR PEOPLE

Respect for people is a deeply entrenched value in our culture. Our people are devoted employees, trusting shareholders, and essentially each and every customer. Respect for people is the value we uphold daily, and upon which we build all connections and relationships, whether within or outside of the company.



TEAMWORK

Raya realizes the significance of teamwork on many levels. We are diligent in continually promoting this concept and seeking to bring together personnel with a diversity of backgrounds, skill levels, and varied areas of expertise. We believe that working in teams guarantees fresh perspectives and provides more efficient outcomes, ensuring a more comprehensive delivery of results.



RAYA'S MILESTONE

1999

MERGER

Merger A merger of seven national IT companies establishes Raya Holding, addressing a gap between multinational market players and local companies.



2001

DIVERSIFICATION

Diversification The company's initial strategy was to diversify into more IT and IT-related activities, acquiring 3 subsidiaries and founding 7 others.



2005

GOING PUBLIC

Going Public In May 2005, an IPO worth EGP 400 million was launched to list Raya Holding shares in the Egyptian Stock Exchange.



2008

EXPANSION

Expansion Expanding Raya Holding's portfolio, Raya ventured into new markets of smart building development, leveraging on its strong IT expertise in smart buildings.



2015

UNLOCKING NEW MARKETS

Unlocking New Markets Raya signed a contract with Makarony Polskie, a leading Polish Pasta manufacturer, to import Makarony Polskie and Sorenti pasta brands. Furthermore, Raya's premium SARY tablet, launched in November 2015, was the first in Egypt to run on Windows10.



2017

CONQUERING NEW INDUSTRIES

Conquering New Industries Raya Advanced Manufacturing was launched to invest in modern vehicle manufacturing in 2017; and Raya Contact Center shares began trading on the EGX after the completion of the IPO. Furthermore, Raya Foods was established through the acquisition of a 100 percent stake in International Union for Integrated Food Industries.



2000

STREAMLINING

Streamlining Raya's operations entailed merging smaller companies with similar operations. Raya Holding launched three lines of business: Information Technology, Telecom, and Retail & Distribution.

2003

GOING INTERNATIONAL

Going International Expanding into the global sphere, Raya started seizing international opportunities, establishing Raya Gulf, Raya Saudi, Raya USA and Raya Algeria.

2006

REALIGNING RESOURCES

Realigning Resources Recognizing the need to maximize operational efficiency, three CEOs were appointed to lead Raya's three lines of business, taking the group's operations to higher levels.

2010

PORTFOLIO DIVERSIFICATION

Portfolio Diversification With a strong commitment to a portfolio diversification strategy, Raya Holding launched two new subsidiaries, penetrating markets that add to Raya's diversified portfolio. By 2010/2011, BariQ and Ostool were Raya's newest subsidiaries.

2016

GROUND WORK FOR FUTURE SUCCESS

Groundwork for Future Success Raya Holding launched 3 new lines of business in 2016; Raya Manufacturing & Exports (food trade); Aman E-Payment; and Aman for Financial Services.

2018

GROUND WORK FOR FUTURE SUCCESS

Expansion in Financial Services Sector Aman Microfinance is the first new company to obtain the license for microfinance projects in the Egyptian market. Raya Advanced Manufacturing commenced operations.



CORPORATE GOVERNANCE

BOARD OF DIRECTORS STRUCTURE

Subject to the disclosure and listing rules set by the Egyptian Stock Exchange (EGX) and approved by the Egyptian Capital Market Authority (CMA) under license number 273 dated 16/06/1999, Raya Holding complies with the code of best practices in corporate governance, financial reporting, disclosure regulations and listing rules.

Abiding by the highest standards of corporate governance, the Board of Directors (the "Board") is committed to identifying and implementing appropriate corporate governance practices to ensure transparency, accountability and effective internal controls. Raya's Board routinely meets at least four times per year to align and discuss the group's business performance and strategy. The Board reserves the right to discuss major strategic and financial decisions related to new investments, divestment decisions, approval of significant alliances, major capital investment transactions and the compensation of the executive management of the company.

Under Raya's Articles of Association, all Directors of the Board are required to run for re-election every three years. With a Board Performance Evaluation, the elected Board of Directors' biographical background and their expertise are disclosed in the explanatory notes of the notice during the annual general meeting.

Firmly rooted in sound corporate governance practices, Raya's Board fulfills its responsibilities in accordance to the essential foundation of Raya's corporate governance guidelines, and is fully committed to compliance with the mandates of the Capital Markets Authority ('CMA') in Egypt.

The Corporate Governance Committee periodically reviews the guidelines and proposes modifications to the Board for consideration as appropriate. Board meetings are held at the company headquarters upon the call of the Board Chair or the demand of one third of the Board members. Under no circumstances, should there be less than one meeting every quarter.

Following the end of each fiscal year, the Board conducts an annual performance evaluation to assess the Board's performance effectiveness overseen by the Corporate Governance Committee.

The Nomination and Governance Committee is responsible for establishing evaluation criteria and implementing the process for such evaluation, as well as considering other corporate governance principles subject to consideration by the Board.

MEMBERS OF THE BOARD

Ashraf Khir el din

Non - Executive Board Member
CEO - First Distribution & trading

Ahmed Khalil

Executive Board Member
CEO - Raya Smart Buildings &
Raya Ventures

Amr El Tawil

Non - Executive Board Member
CEO - Triangle Group

Marc Tohme

Non - Executive Board Member
Representative - Financial
Holding LTD

Sherif Kamel

Non - Executive Board Member
Dean - AUC business school

Hamed Shamma

Non - Executive Board Member
Associate Professor of Marketing AUC

Mostafa Mobarak

Independent Board Member
Managing Partner - Solera

Yasser Hashem

Non - Executive Board Member
Zaki Hashem & Partners MD

Medhat Khalil

Chairman
CEO - Raya holding

Samer El Waziri

Executive board member
CEO - Raya FMCG

Malek Sultan

Non - Executive Board Member
Investment Director - Watheeqa

Seif Coutry

Non - Executive Board Member
chairman Fawry

EXECUTIVE MANAGEMENT



Medhat Khalil
Chairman
CEO - Raya holding



Hazem Abdel hady
Chief HR Officer - Raya Holding



Hossam Hussein
Chief Financial Officer
Raya Holding



Bassem Megahed
CEO - Raya Trade



Hesham Abd el Rassoul
CEO - Raya Information
Technology



Mohamed Wahby
CEO - Aman for E-Payments



Hazem Moghazy
CEO - Aman for Financial Services
& Aman for Microfinance



Karim Khalife
CEO - Raya Restaurants



Reem Asaad
CEO - Raya Contact Center



Samir El Waziri
CEO - Raya FMCG



Tamer Badrawi
CEO - Ostool



Usama Zaki
CEO - BariQ & Raya Auto



Ahmed Khalil
CEO - Raya Smart Buildings &
Raya Venture Investments

CORPORATE SOCIAL
RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

As a result of our commitment to both our community and work environment, and our firm belief in the sustainable development principles enshrined in Egypt's Vision 2030, corporate social responsibility (CSR) plays a fundamental role in Raya's operations. With our business impacting millions of people, our unique approach to CSR is based on issues related to Youth Empowerment and Civic Engagement.

IN 2018, RAYA COLLABORATED WITH A NUMBER OF COMMUNITY ORGANIZATIONS IN ADDRESSING FIVE KEY AREAS AIMED AT RAISING AWARENESS AND SUPPORTING THE NEEDIEST SECTORS IN SOCIETY.

School Transformation Journey Program

As education is the cornerstone of sustainable development, Raya Holding has been partnering with EducateMe Foundation since 2015. This innovative and promising NGO implements a unique model to create a generation of informed individuals. Raya Holding supported EducateMe's efforts in transforming the public school environment in a school in Talbeya, and building the capacity of public school teachers and staff through an integrated Teacher Training Program and a School Transformation Program in three public schools in El Fayoum. The combined capacity building programs trained 109 school staff in 21st century education skills, enhancing their ability to provide comprehensive learner-centered education to school children.

Student Camps "Building Pioneers"

With the objective of offering activity-based learning, Raya Holding has sponsored three student "Building Pioneers" camps in three schools in Fayoum governorate, for a total of 368 students. Children learn how to express themselves, embrace the cultural heritage of their hometown; and gain time management, presentation and teamwork skills.



Recycling Awareness Campaign

Raya's CSR department cooperated with BariQ factory to raise awareness about recycling, by placing recycling bins in headquarters' premises and conducting regular awareness sessions. Raya also launched the "Recycle and Get Rewards" campaign by installing a reverse vending machine to encourage employees to recycle in exchange for rewards.



45,406
Plastic bottles & cans collected.

628 Kg
Reduction in CO2 emissions

5,785KHW
Energy and 16.3 barrels of oil saved.



Promoting Environmental Sustainability and Entrepreneurship in Circular Business Models



Raya Holding, through its subsidiary BariQ, partnered with Youthinkgreen Egypt, a social enterprise promoting sustainable development. This year, we supported their Sustainability and Entrepreneurship Youth Program (SEYP), targeting around 254 beneficiaries in the governorates of Cairo, Alexandria, Assiut, Ismailia, and Mansoura.

The objective of this program is to educate and empower youth to innovate eco-friendly creative solutions to local sustainability challenges that face Egypt.

Corporate Volunteering & Civic Engagement

Believing in the potential of community volunteering to inspire our employees for a positive societal impact, Raya organizes several volunteering activities across Raya Lines of Business.

 **116**
Corporate
volunteers

 **1280**
Volunteering
hours

FOR FURTHER DETAILS ON RAYA'S SOCIAL AND ENVIRONMENTAL PERFORMANCE, PLEASE REFER TO OUR 2018 SUSTAINABILITY REPORT ON:

WWW.RAYACORP.COM/CORPORATE/PUBLICATIONS/

BUSINESS REVIEW



RAYA HOLDING

Raya Holding manages a well-established diversified investment portfolio from its headquarters in Cairo. The parent company of twelve lines of business with strong growth operations, Raya was originally established as an IT company with a strong and professional IT service platform. Over the years, through steady growth and diversification, it has transformed into an investment conglomerate with a sustained strategy of establishing new companies in high growth industries.

Raya Holding develops innovative and timely responses to growth in middle class consumption through its subsidiaries that operate in the fields of information technology, data center outsourcing, contact centers, smart buildings, food and beverage, and land transport. Moreover, Raya recently entered high-growth production and finance industries, including PET re-manufacturing, E-Payments, and microfinance. Licensed to provide microfinance services, Raya has launched Aman for Financial Services, offering consumer financing services; as well as Aman for E-Payments with more than 40,000 POS terminals targeting a 30 percent share of the electronic payment market.

Raya Holding shares have been listed in the Egyptian Stock Exchange (EGX) since 2005, with a turnover exceeding EGP 3 billion to date, and a consistent net income growth since its inception, despite considerable (and unforeseen) social, political and economic challenges over the past few years.

Our success is realized through the vision, commitment, and teamwork of our young and dynamic management team, and our dedicated workforce of more than 11,000 employees, working around the clock to serve a wide international customer base from our offices in Egypt, Nigeria, Poland, Qatar, the Kingdom of Saudi Arabia, Tanzania, and the United Arab Emirates. We ensure our customer needs are met by strictly adhering to our four core values: customer focus, excellence, teamwork, and respect for people.



RAYA CONTACT CENTER

Raya Contact Center (RCC) is a world class Business Process Outsourcing (BPO) provider, with a well-established leading position in the MENA region. RCC has acquired strong industry expertise and know-how since its inception in 2001, and is well-g geared for growth, supported by a highly experienced management team that aspires to lead the company to continued successes and prosperity.

RCC offers customer experience services, back office services, inside sales channel management, and digital services; and caters to clients, including global fortune 100 companies in Europe, the Middle East and Africa in 25 different languages. Raya provides tangible value to our clients from our delivery locations in Cairo, Hurghada, Dubai and Warsaw by sharing improvements, insights, analytics and recommendations, supported by illustrated savings and additional derived revenues.

With ten contact center facilities located in Egypt, Poland, and the UAE, an over 6,600 seat capacity, and a talent pool of over 6,500 Advisors, RCC provides top notch outsourcing and customer experience services to high growth industries in sectors including, but not limited to: technology and consumer electronics; media and communications; fast food; banking and insurance; automotive; white goods; retail; healthcare; travel and hospitality; e-commerce; real estate; and government and public services.

RCC is an Egyptian joint stock company listed on the Egyptian Stock Exchange (EGX) under the ticker RACC.CA, and holds a diversified roster of sophisticated institutional shareholders from Egypt, GCC, Europe, USA and the UK.

Our operations span the Middle East, Africa and Europe, and are supported by our robust approach of continuous improvement, leveraging best practices in Lean, Innovation, 6-Sigma, Problem Solving, Data Analytics as well as world class standards such as COPC, GDPR, PCI, GDPR and ISO certifications.

In 2018, Raya Contact Center doubled its Dubai operations and capacities to reach around 300 seats; opened a new facility in West Cairo's Palm Strip, with around 450 seats; and signed a rental contract for a new facility in Smart Village, West Cairo. Supporting our growth mission, RCC expanded capacities in Egypt by adding more than 1,500 additional seats.

#1
Market Position in
Egyptian CCO Market

20%
Market Share in
Egyptian CCO Market

8Million
Transaction / Month

6,688
Number
of Installed
workstations

18 Years
Experience in MENA

6,539
Employees

75%
Offshore Revenues

12%
Increase in Net profit
compared to 2017



RAYA INFORMATION TECHNOLOGY

Raya Information Technology (Raya IT) is the leading system integrator, established in 1998 with a vision to lead the information technology market through its dynamic portfolio. Raya IT has assisted over 500 customers in all market sectors to adopt new technologies and achieve higher levels of business performance.

Raya IT's portfolio of services includes data center services, enterprise infrastructure services, ATM and self-service software, and enterprise resources planning implementation services. Raya IT is the exclusive partner of Diebold, Nixdorf, the second biggest manufacturer of ATMs in the world; and gold partner of Cisco, Oracle, Microsoft and Hewlett Packard (HP).

Raya IT has a presence across the MEA region, through 4 regional offices in Egypt, Saudi Arabia, the Gulf and East Africa, under the umbrella of Raya Integration, through: Raya International Services & Raya Data Center.

Raya IT covers the following sectors: financial services (FSI); telecommunications; public services; oil and gas; hospitality; commercial and retail. Raya IT also leads the market in the implementation of new technological trends, like financial inclusion solutions; mobile wallets; omni channel; blockchain; analytics and big data; cyber security; and customer experience (CX), through our pool of over 350 certified and experienced staff and our unique portfolio of class A technology vendors.

Raya IT continues to expand its services and solution offerings with a special focus on banking and telecom sector applications, by leveraging its extensive market presence and highly experienced human capital in accordance with best-in-class global standards.

Raya IT capitalizes on its experts to cater to the market with the latest HPE IT infrastructure and business technology solutions designed to accelerate digital transformation and deliver high levels of performance and efficiency. Notably, Raya IT was awarded "HPE Best Compute Partner of the Year 2018" during HPE Egypt Partner Kickoff Conference held in Movenpick Ein Sokhna from the 28th to the 30th of October 2018. HPE Value Awards recognize best partner capabilities to design and implement HPE Enterprise Solutions.

Raya IT sets the standard for Security Solutions, receiving the Cisco Award of "Cisco FY18 Security Partner of The Year for NWCA (North West Central Africa Region)" during the Cisco Partner Xperience Summit event in Marrakech, Morocco on the 18 and 19th of September 2018. This prestigious award not only recognizes Raya IT for embracing Cisco's goal of becoming its customers' trusted security partner, and demonstrating the innovation to secure enterprise assets, but also highlights the exceptional performance of our outstanding security team.

4
Regional Offices

24/7
Onboarding Services

45%
Increase in EBITDA
Compared to 2017

Awards
Best Partner of the
Year for HP

Awards
Security partner with
many successful and
strategic projects

235%
Growth in New
Non-Enterprise
Banking Accounts

15%
Gross Profit Margin

260%
Security Partner with
Multiple Successful
and Strategic Projects



RAYA TRADE

Raya Trade is a group of businesses that include Raya Distribution, Raya Retail, and Raya Smart Care, operating in the following consumer electronics: mobile phones and accessories; laptops; cameras; printers; flat panel TVs; and white goods. It boasts an extensive network of 8,500 dealers across all distributed brands, 110 retail outlets, and 48 customer service points. Raya Trade demonstrates solid distribution, consumer retail and maintenance operations of a wide range of consumer electronics and white goods, with exclusive partnerships with Nokia, Samsung, Home Appliances and York ACs. The company is expected to start assembling Samsung top loading washing machines within the next few months and plans to assemble more products in the near future.

Raya Trade continues to expand its network of 14 megastores covering different areas in Cairo, Giza, Alexandria and Delta as a one-stop-shop for mobile phones and accessories, consumer electronics, and household appliances. Notably, Raya Trade successfully opened its 15th megastore at Mega Shubra in Shubra Misr, in addition to its 20th store at Raya Haram 2 in Haram Street this quarter.

Meanwhile, Raya Trade Nigeria operates in Distribution, Retail and After-sales Services, through 9 retail stores, 12 after-sales centers, and 150 specialists serving 12,000 customers monthly. The Company Distributes a strong brand portfolio including Huawei, Xiaomi, Vivo and Lava; through a distribution network covering 22 States, providing a unique experience and high-quality products.



8,500

Dealers

110

Retail Outlets

48

Customer Service Points

14

Megastores covering Different Areas

350 MILLION

New Credit Lines

20

Years of Experience

7%

Increase in Revenue

8%

EBITDA Margin

14%

Gross Profit Margin

RAYA FOODS

Raya Foods was formed through the acquisition of The International Union for Integrated Food Industries' factory, which had been operating in the market since 2006- offering a wide variety of frozen vegetables and fruits in both local and international markets.

After successfully renovating the factory, Raya Foods was able to increase the production capacity to over 35 thousand tons of produce per year, with a storage capacity of 5000 tons. Raya Foods also managed to expand its export sector from only two countries during the launch year to reach more than 15 countries by the end of 2018

Raya Foods now produces first-rate products of frozen vegetables and fruits across two brands, "Lazah", which enables the family with efficient product range and affordable pricing, and "Everest", which introduces a range of products that satisfies consumer needs starting from the very basic to the innovative, healthy, and vitamin rich.

For the last two years, its commercial team has ensured that Raya Foods is represented in various International exhibitions around the world, like Gulf Foods, World Food Moscow, Sial Paris and many more, successfully raising awareness about the diversified product portfolio and brands.

Manufacturing for many known brands worldwide signifies the steady penetration of the frozen sector with many more contracts and partnerships underway to make Raya's name a worldwide experience and recognition of top-notch quality.

The company is currently conducting final tests to introduce new varieties in the company's product list which would make Raya Foods one of the first Egyptian frozen food companies to have such a diversified range of offerings that cater to both local as well as international tastes

Raya Foods aims to become one of the top global companies impacting the food industry, leading the field in innovative, high quality products.

2.2x
Increase in gross profit

6x
Increase in Revenue

400
Headcount

35 K
Production Capacity Compared to 12K Last Year

5000
Ton Storage Capacity



RAYA FOOD TRADING

Raya Food Trading blends high quality products with professional domestic distribution and broad regional presence. Its portfolio of services includes manufacturing of a wide range of food product categories, distribution for our company-owned food brands “Haneya” — including pasta, tomato sauce and fava beans and rice — Tunato and Sardinato, as well as exporting food products to the Middle East, Africa and Europe.

Raya Food Trading’s tuna brand Tunato market share continues to increase, and it has achieved total growth in 2018 that is four times higher than 2016 figures. Tunato is regularly available in most of the major modern trade markets in Egypt

Raya Food Trading utilizes international expertise to anticipate and dominate existing market trends in Egypt. Accordingly, the company pursues strategic partnerships with leading European food manufacturers, including the recent acquisition of a 20 percent share of the Makarony Polskie factory in Poland, with a total acquisition value of USD 2.9 million. Raya Food Trading is now Makarony Polskie’s sole partner, facilitating its penetration into new markets by capitalizing on Raya’s wide distribution network and expertise.

Raya Food trading provides food and beverage manufacturing companies with a premium distribution service that spans the distribution of their goods to more than +40,000 points of sale covering all market segments. Nationwide, Raya Food trading covers distribution channels powered by skilled sales representatives.

Our fleet of over 250 technology-enhanced trucks are capable of transporting all of our products; and we plan on increasing our number of trucks in the coming three years. Committed to strategic partnerships and working hand in hand with market leading brands like Makarony Polskie, Sorenti, Nestle, Nestle Professional, Wadi Food, Everest, Lazah, Haneya, and Pomi, our logistical strengths enable us to control and deliver products to our pool on behalf of our partners with great efficiency indicators that serve their business objectives.



11k
Sqm storage Area

20
Distribution Centers

250 Million
Investment to Date

250
Headcount

40%
Increase in Gross Profit

60%
Increase in Revenue

AMAN FOR E-PAYMENTS

Raya Holding successfully launched AMAN for E-Payments at the end of 2016 with a vision to create an ultimate cashless society in Egypt, enabling financial inclusion through available secure and convenient E-payment solutions for various segments of the population through its nationwide network of nearly 40 thousand points of sale (POS).

AMAN for E-Payments has collaborated with key players from the telecom and banking sectors to provide value-added services to consumers and has embarked on solutions featuring a strong technological edge and significant impact to offer the fastest electronic and mobile payment methods for merchants and consumers. It currently offers consumers the ability to pay telecom, utility bills (electricity, natural gas and water), as well as transportation tickets and NGOs donations at their convenience and with confidence in Raya's impeccable reputation based on 20 years of market presence.

AMAN for E-Payments is targeting to become the largest electronic payments network in Egypt within three years, enabling small and medium merchants to grow their businesses and reduce the cash transactions in the market, supporting the government's initiative of moving towards a cashless society.

+40K
Points of Service

+1MILLION
Transactions / Day

+150
Partners



AMAN FOR FINANCIAL SERVICES

In 2016, Raya launched Aman for Financial Services with a vision of being the leading enabler of financial inclusion in emerging markets. Aman for Financial Services envisions a cashless society powered by technology and innovation, achieved through a wide range of convenient, timely and cost-effective financial solutions and products for the unbanked, or those with limited access to funding.

Aman for Financial Services offers consumer financing services through 230 stores nationwide; categorized as follows: 176 regular stores, 40 "Shop in Shop" stores, and 14 metro station kiosks. The company plans to expand to 250 stores in 2019 and reach 300 stores by the end of 2020.

Aman For Financial Services provides consumer finance services in the following five categories: mobile phones; home appliances; furniture; automotive; and travel; through five different installment programs, with tenures up to 60 months, each fitting with a specific target audience. In addition, the company has partnered with strategic market leaders including Samsung, Jumia, Souq.com, Orange, WE, HyperOne and Kabbani.

Moreover, Aman for Financial Services enabled a considerable batch of Value Added Services in stores including: ATMs, Smart Care, Orange SIM Swap, and B2B Cash Collection. The company now also provides customers with several payment options, including paying through Aman's nationwide branch network over 40,000 Aman E-Payments POS terminals, National Bank of Egypt (NBE) Visa Card, and through collection messengers at the customer's own selected location.

Aman for Financial Services aims to reach the goal of being the fastest cashless service provider in the market through state-of-the-art technology while prioritizing "Convenience" ...It is still "Convenience" that empowers!

230

Branches

14

Metro Station Booths

40

SIS

12%

Gross Profit Margin

155 MILLION

Revenue



AMAN FOR MICROFINANCE

Aman for Microfinance was established in mid-2018 with an end goal of providing target clientele of craftsmen, small businesses, and microenterprises with suitable, timely, and diversified financial solutions.

In 2018 Aman for Microfinance received final approval for microfinance activities. With 25 branches, expansion plans are in place to add another 30 offices by the end of 2019; and to reach a total of 150 offices over the coming five years.

Aman for Microfinance has been able to provide funding services, with a portfolio of EGP 64.3 million with a rapid growth of the company's business volume since its launch. In the short time since launching operations, it has already succeeded in financing approximately 8,092 projects, for a total value of EGP 75.4 million in loans.

The company plans to increase the number of projects funded to reach 73,000 projects by the end of next year, with a total funding of EGP 795 million.

Next year, it aims to boost funding to EGP 720 M for 65,000 projects, each with a loan size of EGP 4,000 to 100,000.

2018, Aman has launched many ways to facilitate for clients paying installments, most prominently, through the company's branches and machines, in addition to the possibility of obtaining loans and paying in instalments at the National Bank of Egypt (NBE).

8,092
Loans Distributed

64 MILLION
Portfolio Principal

25
Branches

8,023
Active Loans

75 MILLION
Loan Disbursement



RAYA RESTAURANTS

Raya Restaurants was established in 2013 with the aim of becoming a market leader within the restaurant sector in Cairo, by building internationally competitive restaurant chains that offer a superior dining experience and can be franchised both regionally and globally. The company currently boasts three restaurant chains: Ovio, Little Ovio, Lorenzo, and Liquid.

Raya Restaurants' pilot project, Ovio, is inspired by a rich European heritage. This iconic restaurant chain offers premium quality artisanal food for its customers, including high end bakery and pastry items, alongside premium quality European cuisine. With 5 prime locations: in Galleria 40 (6th of October City), Maadi, Cairo Festival City (5th Settlement, New Cairo), and in our seasonal venues in North Coast, at Diplo, and Marassi.

Raya Restaurants currently boast a total of 11 branches, with plans for expansion to two new locations in 2019.

Over the coming period, Raya Restaurants will experience a growth of its existing concepts in Egypt as well increasing its brand portfolio by acquiring new premium franchise brands. We estimate an additional investment of 20 million in 2019.

3
Restaurant Chains

11
Branches

75 MILLION
Revenue



RAYA SMART BUILDINGS

Striving to lead the market in mixed commercial use properties, Raya Smart Buildings is a rental property development company which designs and establishes elegant smart commercial and office complexes, in partnership with world-renowned architectural and green building technology firms.

The company develops environmentally friendly smart building complexes for corporate and commercial businesses according to Leadership in Energy and Environmental Design (LEED) standards. Galleria 40's Administrative Building, is one of the most recently built technology buildings in Egypt. Along with Raya Smart View building in Smart Village, and Raya's Headquarters in 6th of October City, the total investments amount to about EGP 1.5 billion, in addition to Raya's headquarters in Sixth of October City.

The properties are currently underutilized, with occupancy rates at nearly 65 percent and expected to achieve break-even by 2020.

Raya Smart Buildings continues to capitalize on its 2017 successes in 2018, retaining its position as the number one business campus and main creative hub in West Cairo. Moreover, the company has announced the launch of a number of projects that rely on Raya Smart Buildings' strong ICT infrastructure in the field of smart buildings.

Raya Smart Buildings launched the Edge Innovation Center, the most premium finished and furnished workplace in West Cairo. Edge Innovation Center offers fully furnished and equipped offices, meeting rooms, training rooms, a board room and a conference hall, in addition to virtual office facilities that cater to different types of businesses.

In 2018, Galleria 40 has a new investment in the restaurants and cafes sector through the inauguration of "Zaitouna" Food Hall. With estimated investments of 20 million pounds, it aims to create an integrated environment for recreation and entertainment.

1.6 BILLION
Total Investment

80 MILLION
Annual Turnover

43,000 sqm
Inventory Space

42%
Net Operating Income



BARIQ

QPET: Food Grade rPET, Simple, Easily Processed and Top Quality!

BariQ was established on the foundation of two sustainability pillars: being economically justified and environmentally sound. It is the first food grade bottle-to-bottle rPET producer in MENA, operating since 2012 processing post-consumer bottles into food grade FDA, EFSA, REACH and Health Canada compliant PET pellets. It incorporates state-of-the-art cutting-edge green technology from major European suppliers to support a strong portfolio of recycled products ranging from food grade PET and non-food grade both clear and green colors, injection grade R-PP and R-HDPE.

BariQ exports 96 percent of its production to global players in the packaging sector (including bottle and food container producers) and major fiber producers throughout Europe and North America. With an annual capacity of 15,000 metric tons, BariQ is recycling 1.6 Billion PET bottles per year; transferring them to food grade rPET. Furthermore, BariQ is the first and only non-European PET recycler to be registered in Ecoembes ESPAÑA, allowing BariQ to purchase PET bottle bales through the established periodic tendering system that shall finally be recycled in our plant in Egypt.

Our operation team were able to decrease chemical consumption by 30% without compromising the quality of our product. While being more aggressive and installing more magnets for metal detection and elimination, finally we were able to recover 10% of our waste and rework it.

Our team was able to acquire REACH certificate. Also, we were able to upgrade the ISO 9001, and ISO 14001 to 2015 standards.

BariQ has always believed that continuous improvement is the key to living 100 years. BariQ recently installed a STF grinder, with V-cut technology, to assure minimum downtime for the washing line, and to meet customer demand. The new upgrade has enabled us to achieve a 30% increase in our output.

In parallel with its commercial presence, as the only rPET recycler in Egypt, BariQ has acknowledged its social responsibility to increase public awareness on waste management issues and enhance the waste collection system by launching a Choose Green Campaign with our CSR committee to aware the employees on how important the recycling is, while distributing segregation bins in RAYA HeadQ for recycling of plastic bottles in BariQ.

Furthermore, BariQ has completed the United Nations International Development Organization (UNIDO) MED TEST II project, which allowed BariQ to map its energy consumption, and apply upgrades that have decreased energy consumption per ton by up to 30%.

BariQ future plans include conducting a feasibility study for doubling its capacity. Furthermore, to tackle the change in raw material, and increase both product quantity and quality BariQ is planning to install purchased Autosort Flakes Sorter 2.0, the latest technology from TOMRA to sort flakes and provide top quality flakes to the washing line. This new upgrade has helped provide high-end flake quality to produce higher end PET pellets. This allows us to meet our customers evolving requirements and will allow us to sustain our output quality with any input source.

15,000

Metric tons Annual Capacity

1.6 BILLION

Recycled PET Bottel Per Year



OSTOOL

Established in 2010 with a Raya Holding share of 63.31 percent, Ostool operates a vast fleet of trucks serving customers across different industries. As a result of the fragmented nature of the trucking industry in Egypt, Ostool operates without any significant competition. It boasts a massive fleet of 245 trucks working in various areas of goods transport (most notably, cement, glass, and grains) and food distribution.

Ostool has emerged as a leading provider of supply chain management services, with a special focus on trucking and logistics services, storage, and vessel discharging. Ostool provides a wide range of services to some of the largest industrial companies in Egypt, including supply of raw materials; trucking and distribution; and internal trucking solutions, such as port services, discharge on anchor, storage and stevedoring.

The company also owns two plots of land in Suez governorate: the first covers an area of 200 thousand square meters in the industrial area of the Suez Canal Axis Development Project including a huge store built on 10.000 square meters; along with a space to be built next year for manufacturing and storing. The second covers a massive area of 100.000 square meters for the storage of raw materials. These facilities will support the company's strategic plan to increase its volume of business by between 10 and 20 percent during 2019, based on market needs.

Ostool has succeeded in acquiring official licensing qualifying it as an approved vendor mandated to operate in the petroleum services (logistics) field. Today, Ostool is listed as one of the approved vendors in the Egyptian General Petroleum Cooperation and has a guaranteed request for quotation (RFQ) spot in all tenders.

245

Trucks

343 MILLION

Revenue



RAYA ADVANCED MANUFACTURING

Raya Auto was founded in 2018 by Raya Holding to operate in the assembly and manufacture of light transport vehicles, with an initial investment of EGP 100 million. Raya Auto is set to cater to Egyptian market requirements, while ensuring the highest quality and safety standards, and the highest environmental compatibility rates. The company partnered with Piaggio Group, a world leader in light vehicle manufacturing, and the largest European maker of two-wheeled motor vehicles (including the world-famous Vespa). Piaggio Group has 6 manufacturing plants all over the globe and Raya Auto takes pride in having the only certified assembly plant in the world for the production of Piaggio's light transport vehicles.

Raya Auto has an 8,500 square meter factory built to Piaggio's highest standards of safety and quality. Piaggio and Raya designed the plant and production line in a manner that ensures the highest quality and safety standards. A team of engineers and technicians also completed training courses in skills ranging from assembly, quality, and after-sales service, based on practices at Piaggio's factories in Italy and India.

Raya Auto has inaugurated a 10,000 square meter, factory built to Piaggio's highest standards of safety and quality. Piaggio and Raya designed the plant and production line in a manner that ensures the highest quality and safety standards. A team of engineers and technicians has also completed training courses in skills ranging from assembly, quality, and after-sales service, based on practices at Piaggio's factories in Italy and India.

Leveraging Piaggio's 130-year-old legacy of making vehicles ranging from motorcycles, scooters and bicycles to three-wheel commercial vehicles commonly known as tuk-tuks in Egypt, Raya Auto vehicles will meet the highest European safety standards. PIAGGIO models currently available in Egypt are Ape City, Ape Cargo, & Ape Romanza.

In order to make the new vehicles affordable to a broad cross-section of Egyptians, Raya provides various financing offers to young people through easy installment programs. It also aims to encourage young people to invest in micro-enterprises.

8,500

Square Meter
Factory

100 MILLION

Initial Investment



FINANCIAL REVIEW



TO THE SHAREHOLDERS OF RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)** represented in the consolidated financial position as of 31 December 2018, and the related consolidated statements of profit or loss, other 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 Financial Statements

These consolidated financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above, give a true and fair view, in all material respects, the consolidated financial position of **RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)** as of 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the related applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records that comply with the laws and the Company's articles of association and the financial statements agree with the Company's records.

The financial information included in the Board of Directors Report prepared in accordance with law No.159 of 1981 and its executive regulations, is in agreement with books of the Company insofar as such information is recorded therein.

Cairo: 20 March 2019**Amr El Shaabini****FESAA – FEST
(RAA. 9365)
(EFSAR .103)**

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

AS OF 31 DECEMBER 2018

NON-CURRENT ASSETS	NOTE	31 DECEMBER 2018	31 DECEMBER 2017
Fixed assets	(4)	EGP 789,789,591	EGP 641,172,199
Investment property	(5)	EGP 645,309,172	EGP 660,607,312
Projects under construction	(6)	EGP 295,535,945	EGP 152,036,852
Intangible assets	(7)	EGP 24,392,080	EGP 23,783,208
Goodwill	(8)	EGP 82,078,561	EGP 82,078,561
Investments in associates	(9)	EGP 50,182,123	EGP 46,999,552
Available for sale investments	(10)	EGP 28,187,862	EGP 19,605,387
Deferred tax assets		EGP 49,831,539	EGP 10,807,339
Total non-current assets		EGP 1,965,306,873	EGP 1,637,090,410
CURRENT ASSETS			
Inventory	(11)	EGP 1,100,029,281	EGP 971,122,389
Work in progress		EGP 35,370,215	EGP 94,266,945
Accounts and notes receivable	(12)	EGP 1,622,734,746	EGP 1,156,211,087
Prepayments and other debit balances	(13)	EGP 901,519,761	EGP 850,587,917
Share based compensation	(14)	EGP 720,000	EGP 720,000
Cash on hand and at banks	(15)	EGP 461,140,699	EGP 353,557,280
Total current assets		EGP 4,121,514,702	EGP 3,426,465,618
Total assets		EGP 6,086,821,575	EGP 5,063,556,028
EQUITY			
Issued and paid up capital	(16)	EGP 630,586,820	EGP 504,624,835
Legal reserve		EGP 59,994,255	EGP 34,203,775
General reserve		EGP 41,935,960	EGP 41,935,960
Treasury shares		EGP (1,155,316)	EGP (1,155,316)
Net gain arising from sale of Raya Contact Centre shares (1-A)		-	EGP 380,346,421
Revaluation reserve of available for sale investments		EGP 8,168,976	EGP 774,923
Accumulated foreign currency translation		EGP 5,270,682	EGP 5,816,474
Retained earnings		EGP 479,141,901	EGP 250,600,906
Profits for the year after deducting non- controlling interest		EGP 5,379,662	EGP 50,034,720
Total equity before deducting non- controlling interest		EGP 1,229,322,940	EGP 1,267,182,698
Non- controlling interest		EGP 243,124,261	EGP 201,539,656
Total equity		EGP 1,472,447,201	EGP 1,468,722,354
NON-CURRENT LIABILITIES			
Long term notes payable		EGP 70,315,254	EGP 46,597,827
long term loans	(17)	EGP 313,869,316	EGP 249,895,858
Other long term liabilities	(28)	EGP 70,622,128	EGP 55,367,042
Total non-current liabilities		EGP 454,806,698	EGP 351,860,727
CURRENT LIABILITIES			
Provisions	(18)	EGP 32,047,916	EGP 33,424,331
Accounts and notes payable	(19)	EGP 1,145,548,970	EGP 922,203,189
Current portion of long term loans	(17)	EGP 165,320,268	EGP 150,270,296
Credit facilities	(20)	EGP 2,034,347,675	EGP 1,411,455,760
Income tax payable		EGP 8,004,387	EGP 10,356,261
Accrued expenses and other credit balances	(21)	EGP 763,018,981	EGP 710,978,444
Dividends payable	(22)	EGP 11,279,478	EGP 4,284,666
Total current liabilities		EGP 4,159,567,675	EGP 3,242,972,947
Total liabilities		EGP 4,614,374,373	EGP 3,594,833,674
Total equity and liabilities		EGP 6,086,821,575	EGP 5,063,556,028

- The accompanying notes from (1) to (31) are an integral part of these consolidated financial statements.

STATEMENT OF CONSOLIDATED PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	31 DECEMBER 2018	31 DECEMBER 2017
Revenues	(23)	EGP 7,909,540,584	EGP 6,745,402,871
Cost of revenues	(24)	EGP (6,438,073,739)	EGP (5,543,055,137)
GROSS PROFIT		EGP 1,471,466,845	EGP 1,202,347,734
General and administrative expenses		EGP (672,526,982)	EGP (534,313,801)
Board of directors Remuneration		EGP (465,000)	EGP (540,000)
Selling and marketing expenses		EGP (288,917,349)	EGP (199,832,742)
Impairment of accounts receivable	(12)	EGP (29,782,607)	EGP (15,326,973)
Reversal of impairment of accounts receivable	(12)	EGP 21,676,709	EGP 14,206,707
Provisions	(18)	EGP (5,805,589)	EGP (7,559,045)
Provisions no longer required	(18)	EGP 1,667,939	EGP 1,079,806
Reversal of impairment of other debit balances		-	EGP 1,922,871
OPERATING PROFIT		EGP 497,313,966	EGP 461,984,557
Finance cost (net)		EGP (334,751,853)	EGP (293,776,840)
Foreign exchange differences		EGP (910,350)	EGP 3,975,398
Company's share from profits of associates		EGP 3,182,571	EGP 4,231,631
(Loss) Gain from sale of fixed assets		EGP (173,450)	EGP 347,402
Other (loss) income	(9)	EGP (636,315)	EGP 4,842,263
Takaful contribution		EGP (10,733,940)	-
PROFITS FOR THE YEAR BEFORE INCOME TAXES AND NON CONTROLLING INTREST		EGP 153,290,629	EGP 181,604,411
Income taxes	(25)	EGP (64,168,307)	EGP (78,379,969)
PROFITS FOR THE YEAR		EGP 89,122,322	EGP 103,224,442
Distributed as follows :			
Holding company		EGP 5,379,662	EGP 50,034,720
Non-controlling interest		EGP 83,742,660	EGP 53,189,722
PROFITS FOR THE YEAR		EGP 89,122,322	EGP 103,224,442

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	31 DECEMBER 2018	31 DECEMBER 2017
PROFITS FOR THE YEAR	EGP 89,122,322	EGP 103,224,442
OTHER COMPREHENSIVE INCOME		
Translation differences	EGP (545,792)	EGP 19,737,343
Reversal of available for sale investments revaluation differences- before tax	EGP 9,540,713	EGP 999,900
Income tax related to other comprehensive income items	EGP (2,146,660)	EGP (224,977)
SUB-TOTAL OF OTHER COMPERHENSIVE INCOME	EGP 6,848,261	EGP 20,512,266
TOTAL COMPREHENSIVE INCOME	EGP 95,970,583	EGP 123,736,708

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY

	ISSUED AND PAID UP CAPITAL	LEGAL RESERVE	GENERAL RESERVE	REVALUATION RESERVE OF AVAILABLE FOR SALE INVESTMENTS	TREASURY SHARES	NET GAIN FROM SALE OF RAVA CONTACT CENTER SHARES	ACCUMULATED FOREIGN CURRENCY TRANSLATION	RETAINED EARNINGS	PROFITS FOR THE YEAR ATTRIBUTING TO NON-CONTROLLING INTERESTS	TOTAL BEFORE NON-CONTROLLING INTEREST EQUITY	NON-CONTROLLING INTEREST EQUITY	TOTAL
Balance as of 1 January 2018	EGP 504,624,835	EGP 34,203,775	EGP 41,935,960	EGP 774,923	EGP (1,155,316)	EGP 380,346,421	EGP 5,816,474	EGP 250,600,906	EGP 50,034,720	EGP 1,267,182,698	EGP 201,539,656	EGP 1,468,722,354
Transferred to retained earnings and legal reserve	-	EGP 25,790,480	-	-	-	EGP (380,346,421)	-	EGP 404,590,661	EGP (50,034,720)	-	-	-
Accumulated foreign currency translation differences	-	-	-	-	-	-	EGP (545,792)	-	-	EGP (545,792)	-	EGP (545,792)
Dividends	-	-	-	-	-	-	-	EGP (21,361,975)	-	EGP (21,361,975)	-	EGP (21,361,975)
Dividends for the Non-controlling interest	-	-	-	-	-	-	-	EGP (28,725,706)	-	EGP (28,725,706)	EGP (42,158,055)	EGP (70,883,761)
Capital increase from retained earnings	EGP 125,961,985	-	-	-	-	-	-	EGP (125,961,985)	-	-	-	-
Profits for the year	-	-	-	EGP 7,394,053	-	-	-	-	-	EGP 7,394,053	-	EGP 7,394,053
Balance as of 31 December 2018	EGP 630,586,820	EGP 59,994,255	EGP 41,935,960	EGP 8,168,976	EGP (1,155,316)	-	EGP 5,270,682	EGP 479,141,901	EGP 5,379,662	EGP 1,229,322,940	EGP 243,124,261	EGP 1,472,447,201
Balance as of 1 January 2017	EGP 504,624,835	EGP 30,657,350	EGP 41,935,960	-	EGP (1,875,316)	-	EGP (13,920,869)	EGP 169,855,382	EGP 112,825,642	EGP 844,102,984	EGP 18,941,614	EGP 863,044,598
Transferred to retained earnings and legal reserve	-	EGP 3,546,425	-	-	-	-	-	EGP 109,279,217	EGP (112,825,642)	-	-	-
Accumulated foreign currency translation differences	-	-	-	-	-	-	EGP 19,737,343	-	-	EGP 19,737,343	-	EGP 19,737,343
Dividends	-	-	-	-	-	-	-	EGP (28,533,693)	-	EGP (28,533,693)	-	EGP (28,533,693)
Share base compensation	-	-	-	-	EGP 720,000	-	-	-	-	EGP 720,000	-	EGP 720,000
Capital increase from non-controlling interest	-	-	-	-	-	-	-	-	-	-	EGP 8,269,399	EGP 8,269,399
Net gain from sale of Kawa Contact Center	-	-	-	-	-	380,346,421	-	-	-	EGP 380,346,421	-	EGP 380,346,421
Revaluation reserve of available for sale Investments-net	-	-	-	EGP 774,923	-	-	-	-	-	EGP 774,923	-	EGP 774,923
Change in non-controlling interest due to the sale of part of the company's stake in Kawa Connect Centre	-	-	-	-	-	-	-	-	-	-	EGP 121,138,921	EGP 121,138,921
Profits for the year	-	-	-	-	-	-	-	-	EGP 50,034,720	EGP 50,034,720	EGP 53,189,722	EGP 103,224,442
Balance as of 31 December 2017	EGP 504,624,835	EGP 34,203,775	EGP 41,935,960	EGP 774,923	EGP (1,155,316)	EGP 380,346,421	EGP 5,816,474	EGP 250,600,906	EGP 50,034,720	EGP 1,267,182,698	EGP 201,539,656	EGP 1,468,722,354

STATEMENT OF CONSOLIDATED CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES	NOTE	31 DECEMBER 2018	31 DECEMBER 2017
Profits for the year before income tax and non- controlling interest			EGP 181,604,411
Gain from disposal of sale of leased back assets		EGP (2,145,064)	EGP (2,145,064)
Depreciation of fixed assets, amortization of intangible assets, and investment property	(4-7)	EGP 154,283,617	EGP 122,900,203
Finance cost (net)		EGP 334,751,853	EGP 293,776,840
Share base compensation		-	EGP (558,456)
loss from disposal of fixed assets		EGP 173,450	-
Company's share from (profits) of associates	(9)	EGP (3,182,571)	EGP (4,231,632)
Accumulated Provisions	(18)	EGP 6,476,692	EGP 7,777,713
Provisions no longer required	(18)	EGP (2,578,191)	EGP (1,079,806)
Impairment of accounts receivable	(12)	EGP 29,782,607	EGP 15,326,973
Impairment of accounts receivables reversal	(12)	EGP (21,676,709)	EGP (14,206,707)
Write-down of inventory	(11)	EGP 68,159,343	EGP 48,270,748
Write-down of inventory reversal	(11)	EGP (45,390,477)	EGP (36,849,134)
		EGP 671,945,179	EGP 610,586,089
Change in inventory		EGP (151,675,758)	EGP (289,069,641)
Change in projects under construction		EGP 58,896,7	EGP (18,566,117)
Change in accounts and notes receivable		EGP (474,629,556)	EGP (228,889,241)
Change in prepayments and other debit balances		EGP (50,931,844)	EGP (345,372,195)
Change in advances from customer		EGP 21,834,426	EGP (43,968,187)
Change in accounts and notes payable		EGP 223,345,781	EGP 65,421,126
Change in accrued expenses and other credit balances		EGP 32,351,175	EGP 226,099,108
Change in other long term liabilities		EGP 15,255,086	EGP 14,505,430
CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES		EGP 346,391,216	EGP (9,253,628)
Income tax paid		EGP (106,732,804)	EGP (97,438,803)
Used provisions	(18)	EGP (5,274,916)	EGP (10,442,923)
NET CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES		EGP 234,383,496	EGP (117,135,354)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire fixed assets, intangible assets and investment property	(4-7)	EGP (253,029,839)	EGP (222,814,549)
Payments in respect of projects under construction	(6)	EGP (188,365,390)	EGP (152,295,994)
Payments in acquire investment in subsidiary		-	EGP (66,850,000)
Proceeds from disposal of fixed assets and intangible assets		EGP 9,510,946	EGP 2,987,376
Proceeds from sale of investments in subsidiary and associates		-	EGP 501,485,348
Payments in respect of restricted time deposits in favor of letters of credit		EGP (4,653,547)	EGP 82,274,604
NET CASH FLOWS (USED IN) PROVIDED FROM INVESTING ACTIVITIES		EGP (436,537,830)	EGP 144,786,785
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from credit facilities		EGP 622,891,916	EGP 453,269,459
(Payments) Proceeds from long term notes payable		EGP 23,717,427	EGP (7,591,369)
Proceeds of long term loans		EGP 271,332,866	EGP 105,815,886
(Payments) of long term loans		EGP (192,309,436)	EGP (102,198,552)
(net) of finance cost		EGP (334,751,853)	EGP (293,776,840)
Dividends paid		EGP (43,092,869)	EGP (28,317,110)
Treasury shares		-	EGP 720,000
Change in non- controlling interest		EGP (42,158,054)	EGP 8,269,400
NET CASH FLOW PROVIDED FROM FINANCING ACTIVITIES		EGP 305,629,997	EGP 136,190,874
Accumulated foreign currency translation		EGP (545,792)	EGP 19,737,345
Net increase in cash and cash equivalent during the year		EGP 102,929,871	EGP 183,579,650
Cash and cash equivalent - beginning of the year		EGP 320,572,280	EGP 136,992,630
CASH AND CASH EQUIVALENT - END OF THE YEAR		EGP 423,502,151	EGP 320,572,280
For the purpose of preparing statement of cash flows, cash & cash equivalent are represented as follows:			
Cash on hand and at banks – end of the year	(15)	EGP 461,140,699	EGP 353,557,280
Deduct: Restricted time deposits		EGP (37,638,548)	EGP (32,985,000)
CASH AND CASH EQUIVALENT- END OF THE YEAR		EGP 423,502,151	EGP 320,572,280

1- GROUP BACKGROUND

Raya Holding Company for Financial Investments (S.A.E) was established as holding company on 9 May 1999, The main purpose of the company is to subscribe in establishing companies that issue securities or increasing their capital in accordance with the regulations of Law number 146 for the year 1988. The company should submit a separate feasibility study to the general authority for investment for each project the company will invest or share in by any means as a pre-condition for approval of the general authority for investment, and the company has investments in subsidiaries.

On 12 October 2016, the Commercial Register was added to the activity of the company which is the practice of promotion and coverage of subscription securities and financial advisory services on securities and the formation and management of portfolios of securities with take into consideration of laws and regulations and decisions in force and require the issuance of licenses crisis to exercise these activities taking into account Article 127 of the Annual Regulations The company may have a reformer and participate in any way with the companies of funds that carry out business similar to their work which may cooperate to achieve its purpose in Egypt or abroad, which may be merged into those companies or purchaser or their equity and in accordance with the provisions of laws and its executive regulations.

On 27 June 2016, the Board of Directors approved the proposal to amend the Company's name and amend Article (2) of the Company's Articles of Association. The proposed name will be Raya Holding for Financial Investments (S.A.E), this was indicated in the commercial register on 12 October 2016. The following are the details of investment in subsidiaries included in the consolidated financial statements as of 31 December 2018:

COMPANY NAME	COUNTRY	PERCENTAGE OF OWNERSHIP
Raya Distribution Company	Egypt	100%
Raya Integration Company	Egypt	100%
Raya International Service Company	Egypt	100%
Raya Network Services Company	Egypt	100%
Raya for Information Technology and Management Company	Egypt	100%
Raya Gulf Company	UAE	100%
Raya Technology Company Ltd.	Saudi Arabia	100%
Raya Network Services Company	Egypt	100%
Raya Contact Centre Company*	Egypt	56.316%
Raya Electronics Company (Previously Sama)	Egypt	100%
Raya Algeria Company	Algeria	100%
Call Centre Company - C3	Egypt	100%
Best Service Company	Egypt	100%
Best Service Company- Nigeria	Nigeria	100%
Raya Finance Lease Company	Egypt	100%
Raya for Contact Centre Building Management Company	Egypt	100%
Bariq for Advanced Industrial Techniques Company	Egypt	100%
Ostool for Land Transport Company	Egypt	62.31%
Raya Restaurants Company	Egypt	95.423%
Raya Qatar Company	Qatar	100%

COMPANY NAME	COUNTRY	PERCENTAGE OF OWNERSHIP
Raya Tech Distribution Company	Egypt	100%
Raya for Social Media Company	Egypt	100%
Raya for Data Centres Company	Egypt	100%
Raya Venture and Investment Company	Egypt	100%
Raya Contact Centre Gulf	UAE	100%
Raya for Food and Beverages Company	Egypt	100%
Raya Contact Centre Company – Europe	Poland	100%
Aman for Electronic Payments Company	Egypt	100%
Raya for Manufacturing and logistics Services Company	Egypt	100%
Raya Network power Company	Egypt	100%
Eden for Import and Export Company	Egypt	100%
Integrated Technology Systems Company	Egypt	100%
Raya East Africa for financial investments company	Tanzania	100%
Madova Company	Poland	100%
International Federation for Food Industries Company	Egypt	100%
Aman for Financial Services Company	Egypt	100%
Aman for Micro finance Company	Egypt	100%
Raya for Modern vehicles Company	Egypt	100%
Raya for advanced manufacturing Company	Egypt	100%

1. GROUP BACKGROUND (CONTINUED):

On January 8, 2017, the Extraordinary General Assembly decided to approve the issuance of 49% of the share capital of Raya Contact Center Company in the Egyptian Stock Exchange Market with a maximum of 49 million shares, in addition to approving the increase of the company's authorized capital to be 500 million Egyptian pounds, and approve the increase of the issued capital of the company within the company's authorized capital by issuing a number of shares not exceeding 10 million shares and allocating those shares to Raya Holding for Financial Investments SAE. (The main shareholder) against the shares offered in the public and / or private offering at the same price as the final offer. This increase is financed from the proceeds of the secondary offering after completion of the offering and the liquidation of the share price stability calculation. This increase is approved by a decision of the main shareholder only.

On 29 March 2017, Raya Contact Center Company filed a prospectus with the Egyptian Stock Exchange Market, Raya Holding Company for Financial Investments (The main shareholder - the seller) has sold 48,994,000 shares representing 48.99%.

On 30 April 2017, Raya Holding for Financial Investments has transferred 100 million Egyptian pounds to Raya Contact Center Company under the account of increasing the capital of the company in implementation of the decision of the Extraordinary General Assembly Meeting held that on 8 January 2017.

On 20 June 2017, the Company decided to increase the issued share capital by issuing 6060606 shares at a value of LE 16.5 per share (initial public offering price) representing the nominal value per share of LE 0.5 and its share premium of LE 16 each, and the difference of "share premium" is deposited To the reserve account with a total amount of LE 96,969,697 in the books of Raya Contact Center Company according to the Board of Directors held on that date. The authorized capital of the company was set at 500 million Egyptian Pounds and the issued share capital at 53,030,303 Egyptian Pounds distributed to 106060606 shares the value of each share is 0.5 Egyptian pounds and all shares are cash shares, and the necessary legal procedures are under way.

On 6 June 2018, the legal grace period for calculating the share price stability was completed and 54,203,886 Egyptian pounds were repaid out of the total sum of 80,840,100 Egyptian pounds. Consequently, the net number of shares sold reached 46331784 with 43.684 % Of the company's shares. Raya Holding has achieved net profits from the sale of investments in subsidiary companies amounting to 478,319,456, after deduction of the investment value recorded in the books of the company on 31/3/2018 after deducting expenses, fees, commissions and rewards for the public offering process.

On 28 October 2018, the Ordinary General Assembly of the Company has decided to approve by a majority of the award of bonuses to some employees of Raya Contact Center, one of the companies of Raya Holding for financial investments by the amount of 123852593 Egyptian pounds only one hundred and twenty-three million eight hundred and fifty-two thousand and five hundred and ninety-three pounds and that included in the expenses of the public offering process.

In accordance with the Egyptian Accounting Standard No. 42, paragraph 23 of the consolidated financial statements, the profits of the sale of the ownership rights of Raya Holding in Raya Contact Center Company were recorded at 43.684% in equity and are not included in the statement of profit or loss in the preparation of the consolidated financial statements, the sale process not resulted in the loss of control of the holding company. Raya Holding and its subsidiaries share after the sale has reached 56.316%. However, the sale proceeds are included as a separate item in the statement of profit or loss in the separate financial statements.

It is worth noting that the difference between the net profits from the sale of Raya Contact Center Company shares that are included in the consolidated financial statements by amount of LE 380,346,421 and that included in the statement of profit or loss of Raya Holding's separate financial statements of 478,319,456 represents the difference of the value of the exclude of the investment at the date of sale for the consolidated financial statements stated and the exclude of the minority interests sold in the net equity of Raya Contact Center Company are excluded in the consolidated financial statements.

1. GROUP BACKGROUND (CONTINUED):

Suspended companies

COMPANY NAME	COUNTRY	PERCENTAGE OF OWNERSHIP
International Business Ventures Company – IBVC	Britain	100%
Raya U.S.A. Company	USA	100%
Egyptian Company for Investment and Glass Production	Egypt	100%
Oratech for Communication and Information Systems Company *	Egypt	50%
Oratech for Management and Information Technology Company **	Egypt	50%
Al Byoot Al Arabia for Finance Lease Company	Egypt	100%
Ain Company for Networks	Egypt	100%
Interpain Egypt Company	Egypt	100%
International Business System Company – IBSE	Egypt	100%

* On 13 January 2004, Oratech for Communication and Information Systems Company notified the tax authority about its need to temporary suspend its activities starting from 21 March 2003 and it handed over its tax card.

** On 25 May 2008, Oratech for Management and Information Technology Company notified the tax authority about its need to temporary suspend its activities starting from 30 September 2007 and it handed over its tax card.

*** The consolidated financial statements includes the assets, liabilities and results of operations of Oratech for Communication and Information Systems Company and Oratech for Management & Information Technology Company.

The consolidated financial statements of the company for the year ended 31 December 2018 were authorized for issuance in accordance with the decision of the board of directors meeting dated on 19 March 2019.

2- BASIS OF CONSOLIDATION SIGNIFICANT ACCOUNTING ESTIMATES

2.1 BASIS OF CONSOLIDATION

- The following steps are followed when preparing the consolidated financial position:
 - a. The carrying amount of the holding company’s investment in each subsidiary and the holding company share of equity of each subsidiary are eliminated.
 - b. Non controlling interest in the net profit or loss of the consolidated subsidiaries for the reporting year is identified.
 - c. Non controlling interests in the net assets of consolidated subsidiaries are identified and presented in the financial statement separately from the parent’s ownership interests.
Non controlling interests in the net assets consist of:
 - 1- The amount of those non controlling interests at the date of the original combination.
 - 2- The non controlling interests’ share of changes in equity since the date of the combination.
 - d. Intergroup balances of transactions, income and expenses are eliminated in full.
 - The financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements are prepared as of the same date.
 - Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

2.1 BASIS OF CONSOLIDATION (CONTINUED):

- Non controlling interests are presented in the consolidated financial position within equity, separately from the equity of the owners of the parent. Also the non controlling interests share in the group profit or loss appear separately.

Non-controlling interests shown in the consolidated financial statements are as follows:

Ostool for Land Transport Company	37.69%
Oratech for Communication and Information System Company	50%
Oratech for Management and Information Technology Company	50%
Raya Restaurants Company	4.577%
Raya Contact Centre Company	43.68%

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future years.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised.

The key judgements and estimates that have a significant impact on the financial statements of the Company are discussed below:

Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Useful lives of fixed assets and intangible assets

The Company's management determines the estimated useful lives of its fixed assets and intangible assets properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical depreciation of assets. The management periodically reviews estimated useful lives and the depreciation method to ensure that the method and year of depreciation are consistent with the expected pattern of economic benefits from these assets.

Taxes

The Company is subject to income taxes in Egypt. Significant judgment is required to determine the total provision for current and deferred taxes. The Company established provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities in Egypt. The amount of such provision is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Company and the responsible tax authority. Such differences of interpretations may arise on a wide variety of issues depending on the conditions prevailing in Egypt.

Deferred tax assets are recognized for unused accumulated tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED):

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows..

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements have been prepared under the going concern assumption on a historical cost basis except for available for sale investments which has market value and investments at fair value through profits or losses and assets held for sale which evaluated by fair value.

Statement of compliance

The financial statements of the company has been prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.

3.2 Changes in accounting policies

The accounting policies adopted this year are consistent with those of the previous year except for the changes required by the new Egyptian accounting standards issued during the year 2015, which are effective for the financial periods beginning after the first of January 2017.

3.3 Foreign currency translation

- The financial statements are prepared and presented in Egyptian pound, which is the company's functional currency.
- Transactions in foreign currencies are initially recorded using the exchange rate prevailing on the date of the transaction.
- Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the financial position date, all differences are recognized in the statement of profit or loss.
- Nonmonetary items that are measured at historical cost in a foreign currency are translated using the exchange rates prevailing at the dates of the initial recognition.
- Nonmonetary items that are measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value was determined.

3.4 Goodwill

At the date of acquisition the company recognizes the acquired goodwill in business combination as an asset. Goodwill is initially measured at cost. Goodwill represents the excess of the cost of the combination of businesses over the company's interest in the net fair value of the assets, liabilities and contingent liabilities recognized. After initial recognition, the company measures the goodwill resulting from business combination at cost less impairment loss. Goodwill is not amortized, instead the company tests the impairment of goodwill annually or periodically if the events or change in circumstances indicates that there is impairment in goodwill.

3.5 Fixed assets

Fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met. Likewise, when major inspections and improvements are performed, their cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are met. All other repair and maintenance costs are recognized in the statement of profit or loss as incurred.

3.5 Fixed assets (Continuing):

Depreciation of an asset begins when it is in the location and condition where it is capable of operating in the manner intended by management, and it is computed using the straight-line method according to the estimated useful life of the asset as follows:

	YEARS	PRODUCED UNITS
Buildings	40	-
Vehicles	4-7	-
Switches	4-5	-
Furniture and office equipment	5-10	-
Leasehold improvements	5-8 or lease duration whichever is less	-
Computers	2-3	-
Fixtures and fitting	10-30	-
Productive assets	-	400,000 Tons

Fixed assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognizing of the asset is included in the statement of profit or loss when the asset is derecognized.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end.

The Company assesses at each financial position date whether there is an indication that a fixed assets may be impaired. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, impairment losses are recognized in the statement of profit or loss.

A previously recognized impairment loss is reversed only 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, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

3.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost intangible assets acquired when business combination are measured at fair value at acquisition date.

After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Internally generated intangible assets are not capitalized and expenditure is reflected in the profit or loss statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either definite or indefinite.

Intangible assets with definite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Useful lives and the amortization method for an intangible asset with a definite useful life are reviewed at least at each financial year end.

3.7 Projects under construction

Projects under construction represent the amounts that are incurred for the purpose of constructing or purchasing fixed assets until it is ready to be used in the operation, upon which it is transferred to fixed assets. Projects under construction are valued at cost less impairment.

3.8 Investments

Investment in associates

Investments in associates are investments in entities which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is presumed to exist when the company holds, directly or indirectly through subsidiaries 20% or more of the voting power in the investee without exceeding 50%, unless it can be clearly demonstrated that this is not the case.

Investments in associates are accounted for in the consolidated financial statements using the equity method and according to the equity method, the investment in any associate company is recognized initially at cost. Then the investment balance is increased or decreased to recognize the company's share in the investee company profit or loss among the company's profit or loss, the investment balance is decreased by dividends received from the investee company.

Investments at fair value through profit or loss

- Investments at fair value through profit or loss are current assets. They reclassified either to assets for trading purposes which they acquired to sale in short term, or to current assets that recognized in first time by the fair value through profit or loss.

- In first time recognition, the investments at fair value through profit or loss measure by fair value and it includes the direct expenses that are related to them.

- Investments at fair value through profit or loss are recognized in the financial position by the fair value and they recognized the profit or loss in the profit or loss statements.

- The profit or loss selling investments at fair value through profit or loss recognized in the profit or loss statements.

Available for sale investments

- Available for sale investments are those non-derivative financial assets that are designated as available for sale when acquired not classified as loans and receivables, held to maturity investments or investments at fair value through profit or loss.

- Available for sale investments are initially recognized at fair value includes the direct attributable expenses that are related to them.

- After initial measurement, available for sale investments are measured at fair value with unrealized gains or losses recognized directly in equity until the investment is derecognized, upon which the cumulative gain or loss recorded in equity is recognized in the statement of profit or loss, if the asset is considered impaired, in this case the cumulative loss recorded in equity is recognized in the statement of profit or loss.

- In case the fair value of an equity instrument cannot be reliably measured, the investment is carried at cost.

- Equity investments: where there is an evidence of impairment, the cumulative loss is removed from the equity and recognized in the statement of profit or loss. Impairment losses on equity investments cannot be reversed through the statement of profit or loss; increases in the fair value after impairment are recognized directly in equity.

Fair value measurement

- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

- The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

- A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

- For assets traded in an active market, fair value is determined by reference to quoted market bid prices.

- The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

Fair value measurement (continued)

- For unquoted assets, fair value is determined by reference to the market value of a similar asset or is based on the expected discounted cash flows.

- The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and maximizing the use of unobservable inputs.

- All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

- For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between three levels in the hierarchy by re-assessing categorization at the end of each reporting period.

- For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.9 Recognition and disposal of financial assets and liabilities**RECOGNITION:**

The group recognized the financial assets and liabilities first time through fair value on the transaction date and the rest of the financial assets and liabilities recognized first time when the group is a part of the contract.

DISPOSAL:

- The group will dispose the financial assets from the books after the contractual right ends the cash flows this asset, or transfer the contractual rights to collect cash flow from this assets, including transfer the risk and the benefits that are related the owning this asset significantly in case the development or the group keep the right of any financial assets without transfer. They recognized the right as an asset or an independent liability.

- The group will dispose financial liability in the book in case exemption, elimination, or end the contract liability that is related to it.

- When the company is keeping the contractual right to receive cash flow from financial asset (The original financial asset).But, the company uses this contractual right to paid this cash flow to another party or to other parties (the final receiver), so the source is treated this transaction to transfer it to financial asset if it is follow three conditions are met:

- a. The company shouldn't obligate to paid amount to the final receiver if the amount don't collect from the owner of the financial assets that isn't equally the amount of the obligation. The short loan that the company is paid with right to refund the amount with the interest. It isn't considered contrary to theses condition.
- b. According to contract, the company not allowed to Paid sales or mortgage the financial asset, But It allowed if it put as guaranty to the final receiver to pay the cash flows.
- c. The company is committed to transfer the amount that is collected on behalf of the final receiver without any significant delay. In addition, the company has no right to reinvest this cash flow except the cash investment during short settlement from the date of collection to the date of last paid to the final receiver. Also, the source must transfer the interest from this investment to the final receiver.

3.10 Inventory

The inventory is valued at the lower of cost (using the weighted average method) or net realizable value and the cost includes expenses that are incurred for the acquisition of inventory and access to its location and its current state.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The amount of any write down of inventories to net realizable value and all losses of inventories shall be recognized in cost of sales in the statement of profit or loss in the year in which the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in the net realizable value, shall be recognized as reduction of cost of sales in the statement of profit or loss in the year in which the reversal occurs.

3.11 Accounts receivable and other debit balances

Accounts receivable and other debit balances are stated at original invoice amount net of impairment losses.

Impairments measured as the difference between the receivables carrying amount and the present value of estimated future cash flows.

3.12 Assets held for sale

Assets (Or disposal groups which include the assets and liabilities), which is expected initially recoverable through sale and not by continuing to use it are classified as an asset held for sale. The group assets(Or disposals) re measured in before classify it as assets held for sale in accordance with the group accounting policies then the assets (Or disposals) measured in general accordance with the book value or fair value less costs to sell, whichever is lower.

The impairment losses are recognized upon initial reclassification as assets held for sale, as well as the subsequent profits and losses on re-measurement at statement of profit or loss. It is not recognized earnings in excess of any impairment losses, and when the assets are classified as held for sale, the company suspends calculating depreciation of fixed assets and amortization of intangible assets, The Company also suspends the accounting for associates using the equity method.

3.13 Provision

Provisions are recognized when the Company 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. Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation

3.14 Legal reserve

According to the Company's articles of association, 5% of the net profits of the year is transferred to the legal reserve until this reserve reaches 50% of the issued capital, The reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors. Once this reserve is shortened, the cutback should be cut back.

3.15 Income taxes

Income tax is calculated in accordance with the Egyptian tax law.

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authority.

Deferred income tax

Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the financial position (accounting base) using the applicable tax rate.

Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

Current and deferred tax shall be recognized as an income or an expense and included in the statement of profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different year, directly in equity.

3.16 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue is recognized if the following conditions are met collectively:

- The amount of revenue can be reasonably measured.
- The probability of economic benefit related to transaction will flow the entity.
The amount of revenue can be reasonably measured for the degree of completion as of the Financial Position date.
- Cost of revenue can be reasonably measured which incurred and related cost for completion.

Revenue is measured at the fair value of the consideration received, or the amount due excluding discounts, rebates, and value added taxes or duties.

The specific recognition criteria described below must also be met before revenue is recognized:

-Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

- Interest income

Interest income is recognized as interest accrues using the effective interest method, and it is included in the statement of profit or loss under credit interest.

- Revenue of services

Revenue recognition from rendering of services when the services are rendered directly to the customer.

- Dividends

Revenue is recognized when the company's right to receive the payment established.

- Operating lease income

Rental income arising from operating leases is recognized on a straight-line basis over the lease term.

3.17 Expenses

All expenses including operating expenses, general and administrative expenses and other expenses are recognized and charged to the statement of profit or loss of the year in which these expenses were incurred.

3.18 Finance cost

Financing cost charged as an expense during the fiscal year in which the company has incurred that cost at statement of profit or loss in financing expenses account in accordance with the maturity of the contract with the funders.

3.19 Related party transactions

Related parties represent in associate companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the boards of directors.

3.20 Impairment of assets

Impairment of financial assets

The Company assesses at each financial position date whether there is any objective evidence that a financial asset or a group of financial assets are impaired. A financial asset or a group of financial assets are deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Impairment of non-financial assets

The Company assesses at each financial position date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset or cash-generating units (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

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, (net of depreciation) had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Impairment of available for sale investments

Available for sale investments considered impaired if there is objective evidence that can not recover the cost of that asset. In addition to objective evidence, the company used evidence of how to determine impairment in value which include reduction in the fair value below the cost significantly or continuously.

In the case of impairment accumulated losses are eliminated from equity and be recognized in the statement of profit or loss , Investment Impairment losses cannot reversed on equity through statement of profit or loss ,the increase in the fair value after impairment are recognized directly in equity

3.21 Statement of cash flows

The statement of cash flows is prepared using the indirect method.

3.22 Cash and cash equivalent

For the purpose of preparing the cash flow statement, the cash and cash equivalent comprise cash on hand, current accounts with banks, time deposits maturing within three months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FIXED ASSETS

COST	LAND	BUILDINGS	VEHICLES	FURNITURE AND OFFICE EQUIPMENT	FIXTURES	LEASEHOLD IMPROVEMENTS	SWITCHES	COMPUTERS	PRODUCTIVE ASSETS	TOTAL
1 January 2018	EGP 41,724,361	EGP 134,598,094	EGP 274,357,719	EGP 128,034,300	EGP 173,033,276	EGP 112,720,278	EGP 47,186,253	EGP 109,723,579	EGP 177,727,314	EGP 1,199,105,174
Additions during the year	EGP 2,629,902	EGP 14,001,313	EGP 36,006,798	EGP 32,709,724	EGP 17,430,367	EGP 69,954,599	EGP 8,054,637	EGP 26,023,880	EGP 36,157,409	EGP 242,968,629
Transferred from project under constrictions	-	EGP 1,077,332	-	EGP 12,989,692	-	EGP 20,874,257	-	EGP 649,393	-	EGP 35,590,674
Disposals	-	-	-	EGP (494,830)	EGP (9,275,341)	-	-	-	EGP (248,911)	EGP (10,019,082)
Translation differences	-	EGP (920,809)	-	EGP 920,809	-	-	-	-	-	-
31 December 2018	-	-	EGP 30,926	EGP (83,645)	EGP 8,466	EGP 92,886	EGP (238,182)	EGP (153,419)	-	EGP (342,968)
Accumulated depreciation	EGP 44,354,263	EGP 148,755,930	EGP 310,395,443	EGP 174,076,050	EGP 181,196,768	EGP 203,642,020	EGP 55,002,708	EGP 136,243,433	EGP 213,635,812	EGP 1,467,302,427
1 January 2018	-	EGP (47,672,476)	EGP (82,638,657)	EGP (88,737,681)	EGP (88,174,967)	EGP (89,491,476)	EGP (42,601,212)	EGP (72,630,078)	EGP (45,845,803)	EGP (557,923,550)
Depreciation for the year	-	EGP (4,072,991)	EGP (27,483,004)	EGP (15,581,047)	EGP (18,966,991)	EGP (18,544,754)	EGP (5,575,717)	EGP (16,299,114)	EGP (13,733,899)	EGP (120,257,517)
Depreciation of disposals	-	-	-	EGP 323,032	EGP 902,312	-	-	-	EGP 168,015	EGP 1,393,359
Translation differences	-	-	EGP (106,512)	EGP (441,378)	EGP (26,314)	EGP (175,800)	EGP 87,897	EGP (53,597)	-	EGP (715,704)
-	-	EGP (51,745,467)	EGP (110,228,173)	EGP (104,437,074)	EGP (106,265,960)	EGP (108,212,030)	EGP (48,089,032)	EGP (88,982,789)	EGP (59,411,687)	EGP (677,372,212)
31 December 2018	EGP 44,354,263	EGP 97,010,463	EGP 200,167,270	EGP 69,638,976	EGP 74,930,808	EGP 95,429,989	EGP 6,913,676	EGP 47,260,644	EGP 154,224,125	EGP 789,930,213
Impairment of Raya Algeria Company's assets	-	-	-	EGP (21,828)	-	EGP (98,471)	-	EGP (20,325)	-	EGP (140,624)
31 December 2018	EGP 44,354,263	EGP 97,010,463	EGP 200,167,270	EGP 69,617,151	EGP 74,930,808	EGP 95,331,519	EGP 6,913,676	EGP 47,240,319	EGP 154,224,125	EGP 789,789,591
31 December 2017	EGP 41,724,361	EGP 86,925,618	EGP 191,719,062	EGP 39,274,791	EGP 84,858,310	EGP 23,130,329	EGP 4,585,041	EGP 37,073,176	EGP 131,881,511	EGP 641,172,199

- There is a mortgages on the land located in 6th of October city on which the administrative building of Raya group is held.
- There is a mortgages on a store owned by Raya Distribution Company due to the loan granted to the company.
- There is no fixed asset not in use temporarily or permanently.
- The depreciation of fixed assets is allocated as follows:

Cost of revenues	EGP 63,897,067
General and administrative expenses	EGP 24,690,65
Selling and marketing expenses	EGP 31,669,793
	EGP 120,257,516

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FIXED ASSETS

COST	LAND	BUILDINGS	VEHICLES	FURNITURE AND OFFICE EQUIPMENT	FIXTURES	LEASEHOLD IMPROVEMENTS	SWITCHES	COMPUTERS	PRODUCTIVE ASSETS	TOTAL
1 January 2017	EGP 17,042,329	EGP 101,891,382	EGP 226,727,822	EGP 106,397,351	EGP 135,386,808	EGP 100,100,506	EGP 41,874,211	EGP 85,332,571	EGP 90,889,976	EGP 905,642,956
Additions during the year	EGP 23,414,832	EGP 11,056,712	EGP 52,305,954	EGP 22,486,818	EGP 33,702,471	EGP 24,779,995	EGP 5,343,291	EGP 25,161,046	EGP 11,040,668	EGP 209,291,787
Transferred from project under constructions	-	-	-	-	EGP 3,754,953	-	-	-	EGP 17,190,070	EGP 20,945,023
Transfer from fixed assets to real estate investment	-	-	-	-	-	EGP (12,953,023)	-	-	-	EGP (12,953,023)
Additions from acquisition of subsidiaries	EGP 1,267,200	EGP 21,650,000	EGP 858,500	EGP 563,220	-	-	-	-	EGP 58,606,600	EGP 82,945,520
Disposals	-	-	EGP (5,651,963)	EGP (1,924,363)	EGP (2,507)	EGP (193,082)	-	EGP (1,184,108)	-	EGP (8,956,023)
Translation differences	-	-	EGP 117,406	EGP 511,274	EGP 191,552	EGP 985,880	EGP (31,249)	EGP 414,070	-	EGP 2,188,933
31 DECEMBER 2018	EGP 41,724,361	EGP 134,598,094	EGP 274,357,719	EGP 128,034,300	EGP 173,033,277	EGP 112,720,276	EGP 47,186,253	EGP 109,723,579	EGP 177,727,314	EGP 1,199,105,173
Accumulated depreciation										
1 January 2017	-	EGP (37,494,783)	EGP (58,666,367)	EGP (76,085,347)	EGP (73,076,489)	EGP (83,953,632)	EGP (37,775,208)	EGP (62,274,582)	EGP (21,573,817)	EGP (450,900,225)
Depreciation for the year	-	EGP (5,847,693)	EGP (25,573,993)	EGP (10,824,648)	EGP (15,084,436)	EGP (10,426,319)	EGP (4,807,690)	EGP (10,625,028)	EGP (6,717,513)	EGP (89,907,320)
Transferred from fixed assets to real estate investment	-	-	-	-	-	EGP 5,110,825	-	-	-	-
Additions from acquisition of subsidiaries	-	EGP (4,330,000)	EGP (858,500)	EGP (563,220)	-	-	-	-	EGP (17,554,473)	EGP (23,306,193)
Depreciation of disposals	-	-	EGP 2,970,406	EGP 915,716	EGP 1,950	EGP 643,739	-	EGP 1,661,112	-	EGP 6,192,923
Translation differences	-	-	EGP (510,203)	EGP (2,180,182)	EGP (15,992)	EGP (866,089)	EGP (18,314)	EGP (1,391,580)	-	EGP (4,982,360)
31 December 2017	-	EGP (47,672,476)	EGP (82,638,657)	EGP (88,737,681)	EGP (88,174,967)	EGP (89,491,476)	EGP (42,601,212)	EGP (72,630,078)	EGP (45,845,803)	EGP (557,792,350)
NET BOOK VALUE AS OF 31 DECEMBER 2017	EGP 41,724,361	EGP 86,925,618	EGP 191,719,062	EGP 39,296,619	EGP 84,858,310	EGP 23,228,800	EGP 4,585,041	EGP 37,093,501	EGP 131,881,511	EGP 641,312,823

FIXED ASSETS (CONTINUED):
Impairment of Raya Algeria

	COST	LAND	BUILDINGS	VEHICLES	FURNITURE AND OFFICE EQUIPMENT	FIXTURES	LEASEHOLD IMPROVEMENTS	SWITCHES	COMPUTERS	PRODUCTIVE ASSETS	TOTAL
Company's assets	-	-	-	-	EGP (21,828)	-	EGP (98,471)	-	EGP (20,325)	-	EGP (140,624)
31 December 2017	EGP 41,724,361	EGP 86,925,618	191,719,062	EGP 39,274,791	EGP 84,858,310	EGP 23,130,329	EGP 4,585,041	EGP 37,073,176	EGP 131,881,511	EGP 641,172,199	
31 December 2016	EGP 17,042,329	EGP 64,396,599	EGP 168,061,455	EGP 30,290,176	EGP 62,310,319	EGP 16,048,403	EGP 4,099,003	EGP 23,037,664	EGP 69,316,159	EGP 454,602,107	

— There is a mortgages on the land located in 6th of October city on which the administrative building of Raya group is held.

— There is a mortgages on a store owned by Raya Distribution Company due to the loan granted to the company.

— There is no fixed asset not in use temporarily or permanently.

— The depreciation of fixed assets is allocated as follows:

Cost of revenues	EGP 49,430,295
General and administrative expenses	EGP 28,230,064
Selling and marketing expenses	EGP 12,246,961
	EGP 89,907,320

5-INVESTMENT PROPERTY

	LAND	BUILDINGS	LEASEHOLD IMPROVEMENT	TOTAL
1 January 2018	EGP 112,857,061	EGP 574,344,303	EGP 14,355,750	EGP 701,557,114
Transferred for Projects under constrictions	-	EGP 9,275,622	-	EGP 9,275,622
31 December 2018	EGP 112,857,061	EGP 583,619,925	EGP 14,355,750	EGP 710,832,736
Accumulated depreciation				
1 January 2018	-	EGP (34,159,519)	EGP (6,790,283)	EGP (40,949,802)
Depreciation of the year	-	EGP (22,871,953)	EGP (1,701,809)	EGP (24,573,762)
31 December 2018	-	EGP (57,031,472)	EGP (8,492,092)	EGP (65,523,564)
NET BOOK VALUE 31 DECEMBER 2018	EGP 112,857,061	EGP 526,588,453	EGP 5,863,658	EGP 645,309,172
NET BOOK VALUE 31 DECEMBER 2017	EGP 112,857,061	EGP 540,184,784	EGP 7,565,467	EGP 660,607,312

6-PROJECTS UNDER CONSTRUCTION

	31 December 2018	31 December 2017
Projects under construction –Fixed assets	EGP 232,425,410	EGP 111,020,970
Projects under construction - Investments Properties	EGP 63,110,535	EGP 41,015,882
	EGP 295,535,945	EGP 152,036,852

6-1 PROJECTS UNDER CONSTRUCTION

	31 December 2018	31 December 2017
Beginning balance of the year	EGP 81,167,970	EGP 14,506,011
Additions during the year	EGP 186,848,115	EGP 100,269,912
Additions from acquisition of subsidiaries	-	EGP 17,190,070
Transferred to fixed assets during year	EGP (35,590,674)	EGP (20,945,023)
Ending balance for the year	EGP 232,425,410	EGP 111,020,970

6-1 PROJECTS UNDER CONSTRUCTION FIXED ASSETS (CONTINUED):

Projects under construction balance for the parent company and its subsidiaries as follows:

	31 December 2018	31 December 2017
Raya Electronics Company –“Previously Sama (A)	EGP 7,344,974	EGP 7,344,974
Raya Restaurants Company (B)	EGP 7,876,874	EGP 6,570,043
Raya Integration Company	EGP 246,581	EGP 30,008,667
Raya for Data Centres Company	EGP 18,435,650	EGP 13,034,503
Raya Distribution Company	EGP 60,803,907	-
Ostool for Land Transport Company	EGP 47,175	EGP 47,175
Raya Holding Company for financial investments (C)	EGP 833,434	EGP 20,273,680
Raya for Canned Foods (D)	EGP 100,987,317	EGP 32,664,596
Raya for Advanced manufacturing company	EGP 30,527,298	EGP 1,077,332
Bariq for advanced technology techniques Company (F)	EGP 5,322,200	-
	EGP 232,425,410	EGP 111,020,970

A. The projects under construction balance for Raya Electronics – “Previously-Sama” represents the value of advance payment for the purchase of commercial stores in fifth settlement and Alex desert road.

B. The project under construction balance for Raya restaurants represents the cost of preparation of the restaurants.

C. The projects under construction for Raya for Canned Foods represents the cost of preparation and restructuring the factory of the company.

D. The balance of projects under construction of Raya For Financial Investments is the cost of processing a floor in the Galleria 40 building.

E. The balance of the projects under construction of Bariq for Advanced Industries Technologies is the cost of updating of the production lines.

6-2 PROJECTS UNDER CONSTRUCTION INVESTMENT PROPERTIES

	31 December 2018	31 December 2017
Beginning balance of the year	EGP 41,015,882	EGP 30,441,030
Additions during the year	EGP 31,370,275	EGP 52,026,082
Transferred to investment property during the year	EGP (9,275,622)	EGP (41,451,230)
Ending balance for the year	EGP 63,110,535	EGP 41,015,882
	31 December 2018	31 December 2017
Raya For Finance Lease	EGP 63,110,535	EGP 41,015,882
	EGP 63,110,535	EGP 41,015,882

The balance of projects under construction for Raya Leasing Company is represented in the value of the payment under the account of the improvements of an administrative building in the central hub at 6th October city.

7- INTANGIBLE ASSETS

1 January	EGP 49,091,401	EGP 37,564,325
Amortization for the year	EGP 10,061,210	EGP 11,591,059
Disposals during the year	-	EGP (63,983)
	EGP 59,152,611	EGP 49,091,401

Accumulated amortization

1 January	EGP (25,308,193)	EGP (16,722,801)
Amortization for the year	EGP (9,452,338)	EGP (8,603,165)
Amortization disposal for the year	-	EGP 17,773
	EGP (34,760,531)	EGP (25,308,193)
Net book value	EGP 24,392,080	EGP 23,783,208

The year amortization is charged to general and administrative expenses by EGP 2,873,882 and the cost of the revenues by EGP 6,578,456.

8 - GOODWILL

	31 December 2018	31 December 2017
Raya Integration Company	EGP 6,019,341	EGP 6,019,341
Raya Contact Centers Company	EGP 3,160,166	EGP 3,160,166
Raya Electronics Company (Previously Sama)	EGP 33,236,748	EGP 33,236,748
Raya Call Centre Company - C3	EGP 26,582,777	EGP 26,582,777
Raya Technology Company Ltd.	EGP 1,926,942	EGP 1,926,942
Al Byoot Al Arabia for Finance Lease Company	EGP 2,626,725	EGP 2,626,725
International Business System Company – IBSE	EGP 32,139,604	EGP 32,139,604
Ostool for Land Transport Company	EGP 893,048	EGP 893,048
Bariq for advanced technology techniques Company	EGP 436,854	EGP 436,854
International Federation of Food Industries	EGP 23,127,622	EGP 23,127,622
Impairment of goodwill	EGP (48,071,266)	EGP (48,071,266)
	EGP 82,078,561	EGP 82,078,561

Goodwill Impairment Test

The company tests the impairment of goodwill annually at 31 December to ensure that the fair value can be recovered but if there are impairment indicators require test the company will do it within the year.

9-INVESTMENT IN ASSOCIATES

	Ownership percentage	31 December 2018	31 December 2017
Allied Arab Company for Insurance	20%	EGP 1,091,048	EGP 965,983
Makarony Polskie	19.39%	EGP 49,091,075	EGP 46,033,569
		EGP 50,182,123	EGP 46,999,552

The company accounting for investment using the equity method: (value in thousands)

	Cost	Retained Earnings	Profit for the year	Balance
Allied Arab Company for Insurance	EGP 642,000	EGP 323,983	EGP 125,065	EGP 1,091,048
Makarony Polskie	EGP 37,607,594	EGP 8,425,975	EGP 3,057,506	EGP 49,091,075
	EGP 38,249,594	EGP 8,749,958	EGP 3,182,571	EGP 50,182,123

Below is a summary of the company's shares in associate Companies' assets, liabilities, equity, revenue and net profit for the period: (value in thousands):

9-INVESTMENT IN ASSOCIATES (CONTINUED):

COMPANY	SHARE %	LONG TERM ASSETS	CURRENT ASSETS	CURRENT LIABILITIES	LONG TERM LIABILITIES	PAID UP CAPITAL AND EQUITY	REVENUES	EXPENSES
Allied Arab Company for Insurance	20%	8,963	1,132	(3,842)	-	(6,253)	4,750	(4,125)
Makarony Polskie	19.39%	434,805	210,337	(208,192)	(67,892)	(369,058)	375,264	(359,495)

10-AVAILABLE FOR SALE INVESTMENTS

	31 December 2018	31 December 2017
Unquoted shares or inactive shares at stock market*	EGP 14,314,250	EGP 14,314,250
Quoted shares at stock market	EGP 17,200,000	EGP 17,200,000
Impairment in available for sale financial investments**	EGP (3,326,388)	EGP (11,908,563)
	EGP 28,187,862	EGP 19,605,687

*Investment in The Egyptian Company for Development and Management of Smart Villages is carried at cost, since this investment unquoted share and the fair value of these investments can't be reliably measured.

** Impairment in the value of investments in the statement of profit or loss, including impairment in value was recognized in the statement of comprehensive income and the difference in valuation is recognized in the statement of comprehensive income during the period, and the movement is as follows:

Cost of investment	EGP 4,291,237
Add: Revaluation of investment reserved during 2018	EGP 999,900
Net cost of investment 1 January 2018	EGP 5,291,137
Add: Revaluation of investment reserved during the year	EGP 9,540,713
Net cost of investment as of 31 December 2018	EGP 14,831,850

11-INVENTORY

	31 December 2018	31 December 2017
Mobile phones, accessories, spare parts and television	EGP 728,062,437	EGP 787,366,420
Supplies, switches spare parts and networks	EGP 29,031,648	EGP 69,282,216
Raw materials, work in progress and finished goods	EGP 166,171,006	EGP 24,402,968
Raya Algeria - Mobile phones, and accessories spare parts	EGP 53,875,658	EGP 53,875,658
Software licenses, electronic devices accessories and goods in transit	EGP 55,615,282	EGP 12,162,129
Canned foods	EGP 42,856,806	EGP 22,623,038
Food and restaurants accessories	EGP 2,640,807	EGP 3,308,588
Frozen Foods	EGP 87,289,666	EGP 63,496,592
Electronic payment machines	EGP 28,537,708	EGP 19,105,588
Raw Coal	EGP 8,613,276	EGP 13,956,410
Others	EGP 1,035,739	EGP 504,860
	EGP 1,203,730,033	EGP 1,070,084,467
Write-down of inventory	EGP (49,825,094)	EGP (45,086,420)
Write-down of Raya Algeria Company's inventory	EGP (53,875,658)	EGP (53,875,658)
	EGP 1,100,029,281	EGP 971,122,389

Net value of inventory appears after the decline in value by write down provision movement in inventory write down is as follows:

Balance as of 1 January 2017	EGP 33,664,806
Charged during the year	EGP 30,240,556
Reversal of Inventory write-down during the year	EGP (36,849,134)
Balance as of 31 December 2017	EGP 27,056,228
Charged during the year	EGP 68,159,343
Reversal of Inventory write-down during the period	EGP (45,390,477)
Balance as of 31 December 2018	EGP 49,825,094

- The amount of Inventory write-down and reversal are recorded in the cost of revenues.

12-ACCOUNTS AND NOTES RECEIVABLE

	31 December 2018	31 December 2017
Accounts receivable	EGP 1,018,245,310	EGP 853,417,701
Instalments receivables	EGP 505,698,938	EGP 122,984,915
Notes receivable	EGP 169,171,619	EGP 242,439,477
	EGP 1,693,115,867	EGP 1,218,842,093
Impairment of accounts receivable	EGP (70,381,121)	EGP (62,631,006)
	EGP 1,622,734,746	EGP 1,156,211,087

Balance of accounts and notes receivables presented in net value after deducting value of impairment the movements of accounts receivable impairment are represented as follows:

Balance as of 1 January 2017	EGP 62,836,385
Charged during the year	EGP 15,326,973
Reversal of Inventory write-down during the year	EGP (14,206,707)
Used during the year	EGP (1,325,645)
Balance as of 31 December 2017	EGP 62,631,006
Charged during the year	EGP 29,782,607
Used during the year	EGP (21,676,709)
Balance as of 31 December 2018	EGP (355,783)
	EGP 70,381,121

At 31 December 2018 and 31 December 2017, the aging analysis of net accounts and notes receivables is as follows:

	TOTAL	NEITHER PAST DUE NOR IMPAIRED	LESS THAN 30 DAYS	PAST DUE BUT NOT IMPAIRED		
				BETWEEN 30 TO 60 DAYS	BETWEEN 60 TO 90 DAYS	MORE THAN 90 DAYS
31 December 2018	EGP 1,018,245,310	EGP 339,575,001	EGP 232,050,636	EGP 90,858,996	EGP 75,601,810	EGP 280,158,867
31 December 2017	EGP 853,417,701	EGP 359,513,851	EGP 183,071,520	EGP 92,918,935	EGP 53,196,120	EGP 164,717,275

13-PREPAYMENTS AND OTHER DEBIT BALANCES

	31 December 2018	31 December 2017
Prepaid expenses	EGP 163,982,866	EGP 123,175,737
Customs Authority*	EGP 18,682,371	EGP 7,853,554
Accrued revenues	EGP 265,716,618	EGP 121,153,766
Deposits with others	EGP 26,842,475	EGP 17,978,872
Suppliers down payments	EGP 157,992,775	EGP 456,629,708
Sales tax	EGP 55,208,928	EGP 25,665,813
Letters of guarantee margin	EGP 12,778,728	EGP 5,382,177
Employees receivables	EGP 2,654,168	EGP 4,698,428
Governmental authorities receivables	EGP 32,306,813	EGP 18,704,431
Debit Balances-(Suppliers)	EGP 54,289,972	EGP 43,163,464
Other debit balances	EGP 111,064,047	EGP 26,181,967
	EGP 901,519,761	EGP 850,587,917
	31 December 2018	31 December 2017
Balances due within 12 months	EGP 580,505,230	EGP 317,255,606
Balances due in more than 12 months	EGP 321,014,531	EGP 533,332,311
	EGP 901,519,761	EGP 850,587,917

* Based on the verdict of the constitutional court in the lawsuit No. 175/220 legal, at the court session held on 5 September 2004 regarding the non-constitutionality of the first and last paragraphs of article (111) custom Law No. (66) of 1963 issued by the Republic president decree relating to imposing fees against additional services. Raya Distribution Company one of the subsidiary companies of Raya Holding Company for Technology and Communication – took legal procedure under No. 7780 of 2001 'Cairo South Civil' against Minister of Finance in his capacity to refund amount of LE 9,684,349 representing the paid amount by the company against the additional service. The court had referred the lawsuit to experts' office at Ministry of Justice. The delegated expert report indicated that the company's right to recover the amount of LE 6,990,846. Based on the court ruling issued in similar raised lawsuits by other associates which ended up by refunding the amount paid to the Custom Authority as additional service fees in form of checks issued by the Custom Authority in favour of those associates, the legal advisor of the company is in the opinion that, it is virtually certain that the final ruling in this case will be in favour of the Company. Accordingly, the management of Raya Distribution had recorded the amount of LE 6,990,846 (only six million nine hundred ninety thousands and eight hundred forty six Egyptian pounds) in prepayments and other debit balances and other revenues in the consolidated financial statements as of 31 December 2005 till 31 December 2018. There has no final court decision yet.

14-SHARE BASED COMPENSATION

	31 December 2018	31 December 2017
Share based compensation	EGP 720,000	EGP 720,000
	EGP 720,000	EGP 720,000

According to Ministerial decree No. 282 of 2005 declared by Ministry of Investment on August 2005 & Capital Market Authority decree No.44 of 2006 issued in April 2006 and approved in the extraordinary general assembly meeting on 14 May 2006, the employees' stock option plan is added to the company's Articles of Association and approved by Capital Market Authority on 20 September 2006.

On 28 March 2010 the company's board of directors decided to purchase 500,000 treasury shares which was acquired during 2010 with a market value amounted to LE 2,714,298.

The Company implements employees' stock option plan which was amended and approved by extraordinary general assembly meeting held on 5 January 2011 to convert from promise to sell to granting free shares to create competition atmosphere to encourage creativity and performance rewarding. .

This plan will be applied to the company's employees, managers and executive members of the company's board that qualified according to certain conditions specified in plan's agreement which is as follows:

Beneficiaries of this plan not allowed to dispose of shares only after one year:

- The basic rules for enjoying the plan of share based compensation:
- The beneficiary of the plan is required to be a permanent employee or an executive board member.
- To achieve the objectives assigned to him, whose annual performance is assessed on the basis of the criteria of the degree of function, seniority, efficiency and the method used for the evaluation on which the reward and incentive report is based.

During the first quarter for the year 2011, the Company's board of directors approved the transfer of treasury shares amounted to LE 2,714,298 to stock option plan which was registered in the Egyptian Exchange Market. And on 4 May 2014, the extraordinary general assembly approved the amendment of article 69 of the stock option plan.

During the first quarter for the year 2017, the committee of stock option plan supervision approved grant and give the ownership of stock option amounted to LE 2,552,754 for the beneficiaries in accordance with granting contracts

15-CASH ON HAND AND AT BANKS

	31 December 2018	31 December 2017
Cash on hand	EGP 1,854,689	EGP 5,131,620
Banks – current and investing accounts		
Local currency	EGP 106,595,110	EGP 24,978,014
Foreign currency	EGP 22,913,833	EGP 55,229,262
Banks – Time deposits *		
Local currency	EGP 232,412,849	EGP 222,012,427
Foreign currency	EGP 33,639,698	EGP 32,485,000
Checks under collection	EGP 63,724,520	EGP 13,720,957
	EGP 461,140,699	EGP 353,557,280

* The balance of time deposits held with banks represented in the following as at 31 December 2018 :

- The amount of EGP 33,639,698 (equivalent to USD 1,873,034) that represents restricted deposits against letters of guarantee and letters of credit (the balance of restricted time deposit against letters of guarantee and letters of credit as of 31 December 2017 was EGP 61,920,714 and EGP 53,338,889 (equivalent to USD 2,922,679).
- The amount of EGP 219,314,000 deposit for in favor of the company Raya Contact Centers.
- The amount of EGP 9,100,000 is deposited in favor of Aman for Electronic Payment Company.

16- CAPITAL

	31 December 2018	31 December 2017
Authorized capital (LE 5 share par value)	EGP 1,000,000,000	EGP 1,000,000,000
Issued and paid up capital		
Shares number	EGP 630,586,820	EGP 504,624,835
	EGP 126117364	EGP 100924967

The authorized capital is LE 1 billion and the issued and fully paid up capital of the company was LE 420,520,695 distributed over 84104139 shares. The nominal value of the share is LE 5 all of which are cash shares.

- On 16 September 2015, An Extraordinary General Assembly meeting approved the increase of capital by an amount of LE 84,104,140 through free increase with number of 16820828 shares (1 share for every 5 shares) to reach LE 504,624,835 divided on 100924967 shares and, recorded in the Commercial Register on 13 October 2015.
- On 28 October 2017, the Ordinary General Assembly of the Company decided to unanimously approve the transfer of part of the retained earnings as per the financial statements 31/12/2016 to bonus shares increased by its issued and paid up capital from LE 504,624,835 (five hundred and four million six hundred twenty four thousand eight hundred thirty five Egyptian pounds) to 630,586,820 Egyptian pounds. The shares resulting from the increase shall be distributed free of charge to the shareholders by one share for every four original shares before the increase shall be financed from the retained earnings for the year ended On 31/12/2016 with the awarding of fractions to the benefit of the small shareholders, subject to taking all the procedures related to the rules of listing and delisting of securities issued by the Board of Directors of the Financial Supervisory Authority No. 11 on 22 January 2014 and its executive procedures and amendments, To amend the provisions of Articles 6 and 7 of the Articles of Association of the Company. The Extraordinary General Meeting was convened on October 28, 2017. However, the attendance quorum was not completed. An extraordinary general meeting was convened on November 26, 2017
- On 30 October 2018, the Ordinary General Assembly of the Company decided to unanimously approve the transfer of part of the retained earnings as per the financial statements as of 31 December 2017 to bonus shares increased by its issued and paid up capital from 630,586,820 Egyptian pounds (Six hundred and thirty million five hundred and sixty-six thousand eight hundred and twenty Egyptian pounds) to 1,071,997,595 Egyptian pounds (One billion seventy-one million nine hundred and ninety-seven thousand five hundred and ninety-five Egyptian pounds). The shares resulting from the increase shall be distributed free of charge to the shareholders by 0.7 shares per 1 shares, before the increase. Of the profits of the profit stage The financial year ended 31 December 2017 with the award of fractions to the benefit of the small shareholders, provided that all the procedures for the rules of listing and delisting of securities in the stock exchange issued by the decision of the Board of Directors of the Financial Supervisory Authority No. 11 on 22 January 2014 and its executive procedures and amendments, The Extraordinary General Assembly to consider the approval of the capital increase and amend the provisions of Articles 6 and 7 of the Company's Articles of Association. The Extraordinary General Assembly was convened on 30 October 2018 and the amendment of the articles was approved, and recorded in the Commercial Register on 10 March 2019.

17- LONG TERM LOANS

	31 December 2018	31 December 2017
Long term loans – current portion	EGP 165,320,268	EGP 150,270,296
Long term loans	EGP 313,869,316	EGP 249,895,858
	EGP 479,189,584	EGP 400,166,154

Loans balances are represented in the following:

	31 December 2018	31 December 2017
1-Loans-Raya Holding Company for Financial Investments	EGP 335,561,788	EGP 202,706,378
2-Loans-Raya Finance Lease Company	EGP 66,000,000	EGP 140,785,330
3-Loans-Ostool for Land Transport Company	EGP 19,011,192	EGP 40,273,762
4-Loans-Raya Restaurants Company	EGP 10,640,684	EGP 15,200,684
5-Loans-Raya Data Centre services Company	EGP 500,000	EGP 1,200,000
6-Loans- Bariq for Advanced Industrial Techniques Company	EGP 9,821,430	-
7-Loans International Federation of Food Industries	EGP 37,654,490	
	EGP 479,189,584	EGP 400,166,154

(1) Raya Holding Company for Financial Investments

	31 December 2018	31 December 2017
Bank loans	EGP 1,662,680	EGP 3,217,044
Finance lease contract (loan)	EGP 333,899,108	EGP 199,489,334
	EGP 335,561,788	EGP 202,706,378

17-LONG TERM LOANS (CONTINUED):

A-1 Bank loan

On 17 December 2013 the Company signed a medium-term loan from a bank amounted LE 2,000,000 From which the company has received an amount of 922,939 Egyptian pounds for a five years including one year as a grace year with an average interest rate during the loan year of 19.75%. The loan shall be paid after the grace year over 48 monthly instalments starting on 18 December 2014 and ending on 18 December 2018. The balance of the loan as of 31 December 2018 amounted to LE Zero (31 December 2017 amounted to LE 1,082,850).

A-2 Bank loan

On 12 March 2015 the Company signed a medium-term loan amounted LE 1,607,000 for a four years with an average interest rate during the loan year of 19.75%. The loan shall be paid after the grace year over 48 monthly instalments starting on 30 April 2015 and ending on 30 March 2019. The balance of the loan as of 31 December 2018 amounted to LE 136,062 (31 December 2017 amounted to LE 1,008,007).

A-3 Bank loan

On 2 February 2016 the company signed a medium-term loan from a bank amounted LE 2,393,000 for a four years with an average interest rate during the loan year of 19.75%. The loan shall be paid over 48 monthly instalments starting on 2 February 2018 and ending on 2 February 2021. The balance of the loan as of 31 December 2018 amounted to LE 1,526,618 (31 December 2017 amounted to EGP 1,470,675).

B- Finance lease contracts

The company management considered, according to the Egyptian Accounting Standard (1) paragraph (17), that compliance with the requirements of the Egyptian Accounting standard (20) relating to the rules and accounting treatments of the finance lease may lead to misleading presentation and non-compliance with this requirement is important for fair presentation.

The company obtained a long term loan in the form of a finance lease contract with a finance lease company to finance the completion of Raya Holding for Technology and Communication Group administrative building in 6th of October city, with the amount of LE 85,038,864 including interest till the end of the payments with 13.50% interest rate. The loan will be paid over 70 monthly installments starting on 15 May 2007 to 15 February 2013. On November 2010, the company has obtained a supplementary loan amounted to LE 40,000,000, the loan due balance amounted to LE 67,738,315 was rescheduled to be paid over 60 unequal monthly instalments starting on 15 November 2010 to 15 October 2015.

On July 2011, the company obtained a supplementary loan with an amount of LE 16,889,290 and the due amount of the loan had been re-scheduled with an amount of LE 78,483,798 over 60 unequal monthly instalments starting on 25 July 2012 to 25 June 2017.

On December 2012 the company obtained a supplementary loan amounted to LE 15,000,000 and the due balance has been rescheduled to be LE 77,020,000 paid over 60 unequal instalments from 1 January 2013 to 1 December 2018.

On September 2013, the company obtained a supplementary loan amounted to LE 30,000,000 and the balance has been re-scheduled to be LE 98,016,650 over 60 unequal instalments starting from 3 October 2013 to 3 August 2018 with an interest amounted to 22.17% . The balance of the loan as of 31 December 2018 amounted to LE 0 with interest rate of 22.17%.

(1) Raya Holding Company for Financial Investments

The company obtained a long term loan in the form of a finance lease contract with a finance lease company to finance the completion of Raya Holding for Financial Investments Group administrative building in 6th of October city, with the amount of LE 50,000,000 with a current interest rate 22.75% . The loan will be paid over 60 monthly installments starting on 3 February 2015 to 3 August 2019. The balance of the loan as of 31 December 2018 amounted to LE 14,678,176.

The company obtained a long term loan in the form of a finance lease contract with a finance lease company to finance the completion of Raya Holding for Financial Investments Group administrative building in 6th of October city, with the amount of LE 50,000,000 With a current interest rate of 23 % . The loan will be paid over 60 monthly installments starting on 3 March 2017 to 3 February 2021 The balance of the loan as of 31 December 2018 amounted to LE 27,382,221.

The company obtained a long term loan in the form of a finance lease contract with a finance lease company to finance the completion of Raya Holding for Financial Investments Group administrative building in 6th of October city, with the amount of LE 50,000,000 with 21 % current interest rate. The loan will be paid over 60 monthly installments starting on 3 September 2017 to 3 August 2021 The balance of the loan as of 31 December 2018 amounted to LE 32,419,658.

The company obtained a long term loan in the form of a finance lease contract with a finance lease company to finance the completion of Raya Holding for Financial Investments Group administrative building in 6th of October city, with the amount of LE 50,000,000 with 23.50 % current interest rate. The loan will be paid over 60 monthly installments starting on 3 March 2018 to 3 February 2022. The balance of the loan as of 31 December 2018 amounted to LE 37,026,071.

Collaterals provided by the company

- Promissory note signed by Raya Integration Company (subsidiary company) in favour of the financing company
- The land is mortgaged in favour of the financing company.
- All documents related to this facility signed by Raya Integration Company (subsidiary company) and the company are considered promissory notes for this facility.

The company signed a finance lease with one of the finance leasing companies to finance the completion of the factory on plot No. 66/11 in the first industrial zone sadat City with an amount of LE 50,000,000 with current interest rate of 24.50%. The loan will be paid over 60 monthly instalments starting from 9 July 2018 to 9 July 2022. The balance of the loan as at 31 December 2018 amounted to LE 40,064,106.

Collaterals provided by the company

- Promissory note signed by Raya Integration Company (subsidiary company) in favour of the financing company
- The factory land is mortgaged in favour of the financing company.
- All documents related to this facility signed by Raya Integration Company (subsidiary company) and the company are considered promissory notes for this facility.
- The company has signed a finance lease contract with a leasing company to finance the completion of Raya Holding for Financial Investments Group administrative building in 6th of October city, with the amount of LE 50,000,000 with 20.50 % current interest rate. The loan will be paid over 60 monthly installments starting on 3 June 2018 to 3 May 2023. The balance of the loan as of 31 December 2018 amounted to LE 45,674,978.
- The company has signed a finance lease contract with a leasing company to finance the completion of Raya Holding for Financial Investments Group administrative building in 6th of October city, with the amount of LE 100,000,000 with 20.50 % current interest rate. The loan will be paid over 60 monthly installments starting on 3 November 2018 to 3 October 2023. The balance of the loan as of 31 December 2018 amounted to LE 96,419,934.

17-LONG TERM LOANS (CONTINUED):

The company has signed a finance lease contract with a leasing company to finance the construction of Raya for advanced industries factory in 6th of October city, with the amount of LE 25,233,645 with 20.50 % current interest rate. The loan will be paid over 20 quarterly installments starting on 25 April 2018 to 25 January 2023. The balance of the loan as of 31 December 2018 amounted to LE 21,747,235.

The company has signed a finance lease contract with a leasing company to finance the construction of Raya for advanced industries factory in 6th of October city, with the amount of LE 20,695,996 with 20 % current interest rate. The loan will be paid over 20 quarterly installments starting on 15 August 2018 to 15 May 2023. The balance of the loan as of 31 December 2018 amounted to LE 18,486,730.

(2) Raya Finance Lease Company

Raya Finance Lease Company obtained a loan from a bank amounted to LE 152,174,646 with 21.45% interest rate, for a seven years including two years grace year starting from December 2012 to pay the used portions and their interest. The loan shall be paid after the grace year over twenty quarterly payments starting from March 2017. The balance of the loan as of 31 December 2018 amounted to LE 66,000,000 (31 December 2017 amounted to LE 176,860,563).

(3) Ostool for Land Transport Company

Loan from bank

Loan amounting to LE 17,288,000 will be paid over an equal monthly instalment by an amount of LE 261,940 started from 31 January 2014 until 30 June 2019. The loan balance as of 31 December 2018 amounted to LE 2,016,038 the current portion for the same date amounted to LE 2,016,038.

Loan from bank

Loan amounting to LE 7,590,400 will be paid over an equal monthly instalment by an amount of LE 115,006 started from 30 June 2014 until 30 November 2019. The loan balance as of 31 December 2018 amounted to LE 1,642,449 the current portion for the same date amounted to LE 1,642,449.

Loan from bank

Loan amounting to LE 6,121,600 will be paid over an equal monthly instalment by an amount of LE 92,752 started from 31 August 2014 until 31 January 2020. The loan balance as of 31 December 2018 amounted to LE 1,391,252, the current portion for the same date amounted to LE 1,113,024.

Loan from bank

Loan amounted to LE 13,371,200 the loan will be paid over quarterly equal instalments amounted to LE 1,075,248 starting from 31 March 2017 to 30 June 2019 and the loan balance amounted to LE 1,528,553 as of 31 December 2018, the current portion for the same date amounted to LE 1,528,553.

Loan from bank

The Company obtained a loan from a bank for a total amounted to LE 24,868,102 the loan will be paid over quarterly payments with amounted to LE 1,381,563 instalments starting from 10 November 2017 to 10 February 2021 and the loan balance amounted to LE 12,434,035 as of 31 December 2018, the current portion for the same date amounted to LE 5,526,252.

Loan from bank

The Company obtained a loan from a bank for a total amounted to LE 8,327,439 the loan will be paid over quarterly payments with amounted to LE 750,000 instalments starting from March 2018 to March 2021 and there are no payments from the loan, the loan balance amounted to LE 1,135 as of 31 December 2018, the current portion for the same date amounted to LE 1,135.

(4) Raya Restaurants Company

On 4 March 2014, the Company signed a credit facilities agreement with a bank for LE 19,000,000 with an annual interest rate of 19.75% the loan will be paid over six years after a grace period of Nine months starting from 4 March 2014 till 1 October 2019. The loan balance as of 31 December 2018 amounted to LE 10,640,684 (31 December 2017 amounted to LE 17,960,684).

(5) Raya Data centre Company

On 4 September 2017, the Company signed a credit facilities agreement with a bank for LE 3,000,000 with an annual interest rate of 20.56% the loan will be paid over five years the loan balance as of 31 December 2018 amounted to LE 500,000.

(6) Bariq for Advanced Industrial Techniques Company

Bariq for Advanced Industrial Techniques Company has signed a loan contract with a bank with a total amount of LE 14,683,500 (equivalent to EUR 650,000) at a rate of 7% for a period of four years starting from 28 January 2019 to January 2023. The loan is repayable on a number of semi-annually instalments. The balance of the loan as of 31 December 2018 was LE 9,821,430.

(7) International Federation for Food Industries

The International Federation for Food Industries signed a loan contract with a bank with a total amount of LE 40,000,000 at a rate of 12% for a period of five years, including a grace period of six months from January 2018 to repay the amounts used and interest of the loan. The loan is repayable on 18 quarterly instalments as of July 2018, and the used amounts has reached LE 37,654,490 as of 31 December 2018.

18-PROVISIONS

	31 December 2018	31 December 2017
Beginning balance for the year	EGP 33,424,331	EGP 23,183,977
Charged during the year	EGP 6,476,692	EGP 7,777,713
Provision for acquisition of a subsidiary	-	EGP 13,985,370
Used during the year	EGP (5,274,916)	EGP (10,442,923)
Provisions no longer required during the year	EGP (2,578,191)	EGP (1,079,806)
	EGP 32,047,916	EGP 33,424,331

18 - PROVISIONS (CONTINUED):

Value of the provisions charged amounted to LE 671,103 was charged to the cost of revenues.

- Balance of provisions related to the parent company and its subsidiaries as follows:

	31 December 2018	31 December 2017
Claims provision	EGP 16,691,836	EGP 15,955,855
Warranty provision	EGP 519,142	EGP 1,572,065
Other provision	EGP 9,283,067	EGP 7,729,706
Provision for acquisition of a subsidiaries	EGP 5,553,871	EGP 8,166,705
	EGP 32,047,916	EGP 33,424,331

19 - ACCOUNTS AND NOTES PAYABLE

	31 December 2018	31 December 2017
Accounts payable	EGP 1,019,361,360	EGP 865,808,458
Notes payable	EGP 126,187,610	EGP 56,394,731
	EGP 1,145,548,970	EGP 922,203,189

20 - CREDIT FACILITIES

	31 December 2018	31 December 2017
Raya Distribution Company	EGP 1,273,907,078	EGP 1,045,045,458
Raya Integration Company	EGP 302,340,659	EGP 196,467,992
Raya Holding Company for Financial Investments	EGP 35,371,119	EGP 37,342,944
Raya Contact Centers Company	-	EGP 3,796,424
Raya Electronics Company	EGP 82,486,920	-
Raya Tech Distribution	EGP 823,692	-
Best Service Company	EGP 27,869	EGP 27,869
Bariq for Advanced Industrial Techniques Company	EGP 140,523,987	EGP 55,291,709
Raya for Data Centres Company	EGP 6,164,629	EGP 8,055,183
International Federation of Food Industries	EGP 64,914,304	-
Raya Contact Centers Company – Poland	EGP 4,109,953	EGP 4,463,044
Raya Algeria Company	EGP 361,923	EGP 361,923
Eden for Import and Export Company	EGP 8,469,543	-
Aman for Financial Service	EGP 43,333,335	-
Aman for Micro Finance	EGP 63,536,980	-
Ostool For Land Transportation	EGP 7,975,684	EGP 60,603,214
	EGP 2,034,347,675	EGP 1,411,455,760

Subsidiaries obtained credit facilities from several banks secured by Raya Holding Company for Financial Investments. The interest rate for amounts in local currency varies between 18.75% and 19.60%, and for that of foreign currencies 3.5% to 4%.

21-ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31 December 2018	31 December 2017
Accrued expenses	EGP 257,944,829	EGP 226,531,211
Unearned revenues and subscriptions	EGP 238,316,703	EGP 173,855,419
Deferred revenues from sale leased back assets	EGP 41,061,795	EGP 54,858,321
Customers down payment	EGP 108,402,481	EGP 86,568,054
Credit balances – tax authority	EGP 59,612,643	EGP 92,860,454
Other credit balances	EGP 57,680,530	EGP 76,304,985
	EGP 763,018,981	EGP 710,978,444

22-DIVIDENDS PAYABLE

	31 December 2018	31 December 2017
Dividends Payable – Employees	EGP 11,279,478	EGP 4,284,666
	EGP 11,279,478	EGP 4,284,666

23-REVENUES

	31 December 2018	31 December 2017
Devices and goods distribution revenue	EGP 4,370,102,400	EGP 3,914,051,751
Transportation service revenue	EGP 342,672,093	EGP 380,691,960
Supplies, and Installations revenue	EGP 1,514,504,836	EGP 1,342,096,286
Call Centre service revenue	EGP 898,538,296	EGP 749,266,305
Investment property revenue	EGP 94,545,629	EGP 57,237,874
Restaurant revenue	EGP 62,288,563	EGP 40,736,935
Manufacture, and export revenue	EGP 337,167,213	EGP 210,748,112
Canned foods revenue	EGP 123,261,346	EGP 16,698,521
Non-bank financial services revenue	EGP 151,721,736	EGP 30,413,456
Vehicles manufacturing revenue	EGP 11,591,272	-
Other revenues	EGP 3,147,200	EGP 3,461,671
	EGP 7,909,540,584	EGP 6,745,402,871

24-COST OF REVENUES

	31 December 2018	31 December 2017
Cost of martials used in the production	EGP 38,229,980	EGP 105,662,998
Devices and goods distribution cost	EGP 3,575,610,663	EGP 3,362,871,081
Supplies and Installations Cost	EGP 1,639,291,971	EGP 1,192,078,800
Transportation service cost	EGP 219,957,419	EGP 253,113,184
Salaries and wages	EGP 604,601,072	EGP 461,166,231
Fixed Assets Depreciation	EGP 95,049,285	EGP 81,327,778
Finance cost	EGP 25,409,785	EGP 27,004,967
Other Direct Cost	EGP 39,923,564	EGP 59,830,098
	EGP 6,438,073,739	EGP 5,543,055,137

25-INCOME TAX

	31 December 2018	31 December 2017
Current income tax	EGP (105,333,481)	EGP (76,875,342)
Deferred income tax	EGP 41,165,174	EGP (1,504,627)
	EGP (64,168,307)	EGP (78,379,969)

26-RELATED PARTY TRANSACTIONS

Related parties represent in associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the boards of directors, and compensation contracts had been approved at general assembly meeting.

27- Segment reporting (Value in EGP thousands)

YEAR ENDED 31 December 2018	TRADE AND DISTRIBUTION SECTOR	INFORMATION TECHNOLOGY SECTOR	CALL CENTERS SECTOR	FINANCE LEASE SECTOR	INTERNATIONAL SERVICES SECTOR	LAND TRANSPORTATION SECTOR	MANUFACTURING SECTOR	RESTAURANTS SECTOR	NON-BANK FINANCIAL SERVICES SECTOR	MANUFACTURING & EXPORT SECTOR	CANNED FOODS SECTOR	VEHICLES MANUFACTURING SECTOR	OTHER ACTIVITIES	ELIMINATIONS OF INTERSEMENTS	CONSOLIDATED	
Revenues	EGP 4,057,106	EGP 1,498,047	EGP 906,897	EGP 94,546	EGP 88,405	EGP 342,672	EGP 223,680	EGP 62,289	EGP 307,126	EGP 337,167	EGP 123,261	EGP 11,591	EGP 3,147	EGP (146,393)	EGP 7,909,541	
Cost	EGP (3,502,982)	EGP (1,269,686)	EGP (533,828)	EGP (76,583)	EGP (69,562)	EGP (273,762)	EGP (164,066)	EGP (36,004)	EGP (240,611)	EGP (294,761)	EGP (107,079)	EGP (11,683)	EGP (3,860)	EGP 146,393	EGP (6,438,074)	
Depreciation and amortization	EGP (17,050)	EGP (11,252)	EGP (27,141)	EGP (25,844)	EGP (136)	EGP (21,438)	EGP (8,807)	EGP (3,862)	EGP (18,081)	EGP (4,376)	EGP (8,290)	EGP (243)	EGP (7,764)	-	EGP (154,284)	
Net profit for the year	EGP 93,646	EGP 95,463	EGP 179,713	EGP (36,675)	EGP (4,198)	EGP 14,783	EGP 16,830	EGP (2,438)	EGP (92,159)	EGP (3,663)	EGP (31,550)	EGP (7,551)	EGP (144,963)	EGP (71,858)	EGP 5,380	
Total Assets	EGP 2,644,546	EGP 1,111,785	EGP 657,183	EGP 783,290	EGP 80,707	EGP 429,949	EGP 296,826	EGP 82,669	EGP 528,426	EGP 125,150	EGP 341,759	EGP 149,483	EGP 2,379,492	EGP (3,532,900)	EGP 6,078,365	
Total Liabilities	EGP (2,219,196)	EGP (893,939)	EGP (161,646)	EGP (362,469)	EGP (108,289)	EGP (349,801)	EGP (192,123)	EGP (43,913)	EGP (453,801)	EGP (75,351)	EGP (245,78)	EGP (150,141)	EGP (1,025,212)	EGP 1,667,291	EGP (4,614,374)	
YEAR ENDED 31 December 2017	TRADE AND DISTRIBUTION SECTOR	INFORMATION TECHNOLOGY SECTOR	CALL CENTERS SECTOR	FINANCE LEASE SECTOR	INTERNATIONAL SERVICES SECTOR	LAND TRANSPORTATION SECTOR	MANUFACTURING SECTOR	RESTAURANTS SECTOR	MANUFACTURING & EXPORT SECTOR	OTHER ACTIVITIES	ELIMINATIONS OF INTERSEMENTS	CONSOLIDATED				
Revenues	EGP 3,781,217	EGP 1,367,101	EGP 756,280	EGP 57,238	EGP 70,111	EGP 380,692	EGP 162,458	EGP 40,737	EGP 227,447	EGP 3,462	EGP (101,340)	EGP 6,745,403				
Cost	EGP (3,269,825)	EGP (1,175,948)	EGP (430,897)	EGP (69,619)	EGP (47,251)	EGP (305,542)	EGP (120,454)	EGP (28,740)	EGP (192,307)	EGP (3,812)	EGP 101,340	EGP (5,543,055)				
Depreciation and amortization	EGP (14,474)	EGP (20,805)	EGP (19,898)	EGP (25,273)	EGP (68)	EGP (21,478)	EGP (7,740)	EGP (3,326)	EGP (4,989)	EGP (4,849)	-	EGP (122,900)				
Net profit for the year	EGP 101,629	EGP 114,931	EGP 188,192	EGP (90,046)	EGP (7,134)	EGP 5,114	EGP 12,306	EGP (5,800)	EGP (8,779)	EGP 515,509	EGP (720,698)	EGP 103,224				
Total Assets	EGP2,072,428	EGP 1,128,752	EGP 589,809	EGP 763,593	EGP 82,156	EGP 455,652	EGP 175,762	EGP 73,779	EGP 283,752	EGP 1,933,620	EGP (2,496,242)	EGP 5,063,061				
Total Liabilities	EGP (1,687,545)	EGP (959,423)	EGP (191,466)	EGP (306,097)	EGP (105,428)	EGP (389,989)	EGP (87,889)	EGP (42,679)	EGP (145,484)	EGP (605,382)	EGP 926,548	EGP (3,594,834)				

30-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

A - Foreign Currency Risk

The foreign currency risk is the risk that the value of the financial assets and liabilities and the related cash inflows and outflows in foreign currencies will fluctuate due to changes in foreign currency exchange rates, and the value of monetary assets and liabilities denominated in foreign currencies which are translated using the current exchange rate were as follows:

	31 December 2018	31 December 2017
USD	EGP 145,638,992	EGP 202,546,026
EURO	EGP 3,369,947	EGP 3,385,044
GBP	EGP 1,117,893	EGP 362,314
AED	EGP 1,511	EGP (2,011,823)
SAR	EGP 12,649,196	EGP 10,716,311

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, AED and SAR exchange rates, with all other variables held constant. The impact on the company's profit before tax is due to changes in the value of monetary assets and liabilities. The company's exposure to foreign currency changes for all other currencies is not material.

CURRENCY	31 December 2018		31 December 2017	
	CHANGE RATIO	THE EFFECT IN PROFIT BEFORE TAX	CHANGE RATIO	THE EFFECT IN PROFIT BEFORE TAX
USD	10%+	EGP 14,563,899	10%+	EGP 20,254,603
USD	10%-	EGP (14,563,899)	10%-	EGP (20,254,603)
EURO	10%+	EGP 336,995	10%+	EGP 338,504
EURO	10%-	EGP (336,995)	10%-	EGP (338,504)
AED	10%+	EGP 151	10%+	EGP 201,182
AED	10%-	EGP (151)	10%-	EGP (201,182)
SAR	10%+	EGP 1,264,920	10%+	EGP 1,071,631
SAR	10%-	EGP (1,264,920)	10%-	EGP (1,071,631)
GBP	10%+	EGP 111,789	10%+	EGP 36,231
GBP	10%-	EGP (111,789)	10%-	EGP (36,231)

30-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED):

B-Credit risk

The group does business with financial institutions with high credit solvency which limiting credit risk.

For the group customers, the Group legal arrangements and documents made at the transaction date reduces credit risk to a minimum, and allowances are necessary to mitigate the risk of default in payment by the customer for each individual case.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk principally from its Accounts and notes receivables, prepayments and other debit balances, due from related parties, and from its financial activities, including deposits with banks and financial institutions.

Trade and notes receivables

The Company has entered into contracts with customers. The Company is exposed to credit risk in respect of customers due amounts. In addition, due balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less influence on credit risk. The Company earns its revenues from a large number of customers.

Other financial assets and cash deposits

With respect to credit risk arising from the other financial assets of the Company, which comprise bank balances and cash on hand, financial assets at amortised cost, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

Credit risk from balances with banks and financial institutions is managed by local Company's treasury supported by the Parent Company. The Company limits its exposure to credit risk by only placing balances with international banks and local banks of good repute. Given the profile of its bankers, management does not expect any counterparty to fail to meet its obligations.

30-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED):

Due from related parties

Due from related parties relates to transactions arising in the normal course of business with minimal credit risk, with a maximum exposure equal to the carrying amount of these balances.

C - Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's obligations with floating interest rates and interest bearing time deposits.

Interest on financial instruments having floating rates is re-priced at intervals of less than one year.

The risk of interest in the changes in interest rates which may have an adverse effect on the business results. The company's total liabilities from loans and credit facilities from banks as of 31 December 2018 are LE 2,643,852,514 (31 December 2017 LE 1,858,219,741) and value of related interest charged during the year ended 31 December 2018 was LE 412,816,735 (31 December 2017 LE 322,256,847), Charged interest was classified as finance cost in profit or loss statement. The company management is always working to get better borrowing terms available in the market.

Interest rate risk (Continued):

CURRENCY	31 December 2018		31 December 2017	
	CHANGE RATIO	THE EFFECT IN PROFIT BEFORE TAX	CHANGE RATIO	THE EFFECT IN PROFIT BEFORE TAX
Financial asset	1%+	EGP 2,660,525	1%+	EGP 2,544,974
	1%-	EGP (2,660,525)	1%-	EGP (2,544,974)
Financial liability	1%+	EGP 26,438,525	1%+	EGP 18,582,197
	1%-	EGP (26,438,525)	1%-	EGP (18,582,197)

Liquidity risk

Liquidity risk is the inability of the company to repay its obligations under the contractual terms with others.

The company's management on a regular basis to make sure of the availability of the necessary liquidity to pay obligations when due without incurring losses or risk the reputation of the company.

The company has sufficient cash to repay Batch projected expenditures include financial liabilities expenses.

The table below summarizes the maturity profile of the financial liabilities the company dates based on the contractual undiscounted payments

Financial liabilities 31 December 2018	LESS THAN 3 MONTHS	FROM 3 TO 12 MONTHS	FROM 1 TO 5 YEARS	TOTAL	Financial liabilities 31 December 2017	LESS THAN 3 MONTHS	FROM 3 TO 12 MONTHS	FROM 1 TO 5 YEARS	TOTAL
Loans	EGP 45,015,574	EGP 114,949,601	EGP 319,224,409	EGP 479,189,584	Loans	EGP 39,823,371	EGP 136,484,821	EGP 223,857,962	EGP 400,166,154
Credit Facilities	EGP 61,978,273	EGP 1,972,369,402	-	EGP 2,034,347,675	Credit Facilities	EGP 169,909,757	EGP 1,241,546,003	-	EGP 1,411,455,760
Warranty	EGP 40,829	EGP 503,504	-	EGP 544,333	Warranty	EGP 200,650	EGP 293,129	EGP 161,192	EGP 654,971
Trade payables, accrued expenses, and other credit	EGP 239,663,841	EGP 270,645,504	EGP 252,709,636	EGP 763,018,981	Trade payables, accrued expenses, and other credit	EGP 761,089,229	EGP 581,693,091	EGP 290,399,313	EGP 1,633,181,633
Income tax payable	-	EGP 8,009,080	-	EGP 8,009,080	Income tax payable	-	EGP 10,356,261	-	EGP 10,356,261
Other long term liabilities	-	-	EGP 70,622,128	EGP 70,622,128	Other long term liabilities	-	-	EGP 55,767,042	EGP 55,767,042
Accounts and notes payable	EGP 509,590,795	EGP 494,975,172	EGP 140,983,003	EGP 1,145,548,970	Accounts and notes payable	EGP 148,942	EGP 56,245,789	EGP 46,197,827	EGP 102,592,558
Total undiscounted financial liabilities	EGP 856,289,312	EGP 2,861,452,263	EGP 783,539,176	EGP 4,501,280,751	Total undiscounted financial liabilities	EGP 971,171,949	EGP 2,026,619,094	EGP 616,383,336	EGP 3,614,174,379

D-Capital management

The main purpose of the company's capital management is to ensure that there is a good capital levels to support the business and maximize shareholder benefits. The Company manages its capital structure in light of changes in the conditions of activity. There are no changes occurred in the objectives and policies of the company during the year.

30-FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED):

e) Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets of the company include cash on hand and at banks, fair value investments through profit or loss, accounts and notes receivables, and other debit balances, Financial liabilities of the company include other credit balances, accounts and notes payable, loans, and credit facilities.

Note (2) from the notes to the financial statements accounting policies used to measure and recognize significant financial instruments and their related income.

Based on the methods used to evaluate the company's assets and liabilities contained in note (2) the fair values of the financial assets and liabilities are not materially different from their carrying value at the closing date of financial position.

31-CONTINGENT LIABILITIES

The value of letters of guarantee issued by banks of subsidiaries for the benefit of others at 31 December 2018 amounted to LE 1,178,504,082 (31 December 2017 LE 1,029,352,143) and the unencumbered portion of 31 December 2018 amounted to LE 1,165,725,354 (31 December 2017 LE 1,023,969,966). The hedged portion of LE 12,778,728 is included under prepaid expenses and other debit balances (31 December 2017 amount of LE 5,382,177) (Note 13).

