

**RAYA HOLDING COMPANY FOR
FINANCIAL INVESTMENTS (S.A.E)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
TOGETHER WITH AUDITOR'S REPORT**

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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10, Street 213, Maadi
P.O. Box 250 Maadi
Cairo
Egypt

Tel +20 2 251 75598
Fax +20 2 252 14252
Email info@uhy-unity.com
Web www.uhy-unity.com

AUDITOR'S REPORT

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 2020, 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 consolidated 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's 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 consolidated 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 consolidated financial statements are free from material misstatement.

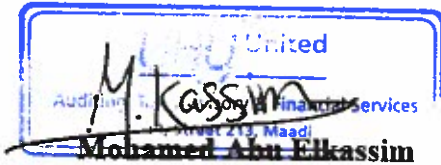
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, 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 consolidated 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 consolidated 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 2020, 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.

Cairo: 11 March 2021


Mohamed Abu Elkassim

**FESAA – FEST
RAA (17553)
CMAR (359)**

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

As of 31 December 2020

	Note	31 December 2020 LE	31 December 2019 LE
Non-current assets			
Fixed assets	(4)	1,066,235,535	1,045,071,490
Investment property	(5)	674,073,784	692,047,947
Projects under construction	(6)	452,530,512	326,322,518
Intangible assets	(7)	22,227,789	18,685,703
Goodwill	(8)	82,078,561	82,078,561
Investments in associates	(9)	54,892,480	53,122,771
Available for sale investments	(10)	20,301,151	74,479,900
Deferred tax assets		96,034,192	87,538,568
Total non-current assets		2,468,374,004	2,329,347,458
Current assets			
Inventory	(11)	1,303,694,725	1,362,719,026
Work in progress		97,045,352	97,996,515
Accounts and notes receivable	(12)	3,438,031,916	2,006,855,634
Prepayments and other debit balances	(13)	1,633,180,449	1,019,018,803
Share based compensation	(14)	13,671,842	720,000
Debit balances (Tax Authority)		51,439,993	28,082,237
Cash on hand and at banks	(15)	1,058,193,761	612,965,703
Total current assets		7,595,258,038	5,128,357,918
Total assets		10,063,632,042	7,457,705,376
Equity			
Issued and paid up capital	(16)	1,071,997,595	1,071,997,595
Legal reserve		67,957,006	64,197,233
General reserve		41,935,960	41,935,960
Treasury shares		(50,239,412)	-
Revaluation reserve of available for sale investments through OCI		1,314,141	4,552,671
Accumulated foreign currency translation		(10,266,196)	(4,579,358)
Accumulated (Losses)		(327,218,758)	(139,796,212)
(Losses) for the year after deducting non- controlling interest		(61,677,719)	(141,045,399)
Total equity before deducting non- controlling interest		733,802,617	897,262,490
Non- controlling interest		245,525,347	258,350,428
Total equity		979,327,964	1,155,612,918
Non-current liabilities			
Long term notes payable		125,770,989	75,401,180
long term loans	(17)	946,236,814	503,118,836
Other long term liabilities	(28)	60,037,713	147,214,755
Total non-current liabilities		1,132,045,516	725,734,771
Current liabilities			
Provisions	(18)	61,228,080	39,968,077
Accounts and notes payable	(19)	1,827,581,866	1,240,575,054
Current portion of long term loans	(17)	538,016,114	175,695,310
Credit facilities	(21)	3,768,846,261	3,087,277,353
Accrued expenses and other credit balances	(20)	1,740,508,197	1,008,671,699
Dividends payable	(22)	16,078,044	24,170,194
Total current liabilities		7,952,258,562	5,576,357,687
Total liabilities		9,084,304,078	6,302,092,458
Total equity and liabilities		10,063,632,042	7,457,705,376

Chief Financial Officer
Hossam Hussain



Chairman
Medhat Khalil



- The accompanying notes from (1) to (33) are an integral part of these consolidated financial statements.
- Auditor's report is attached.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

STATEMENT OF CONSOLIDATED PROFIT OR LOSS

For The Year Ended 31 December 2020

	Note	31 December 2020 LE	31 December 2019 LE
Revenues	(23)	10,756,182,585	8,767,984,574
Cost of revenues	(24)	(8,773,405,459)	(7,103,297,418)
GROSS PROFIT		1,982,777,126	1,664,687,156
General and administrative expenses		(1,073,493,177)	(886,109,573)
Board of directors remuneration		(740,000)	(475,000)
Selling and marketing expenses		(418,171,823)	(369,044,375)
Impairment of accounts receivable	(12)	(39,997,773)	(41,327,108)
Reversal of impairment of accounts receivable	(12)	7,382,804	15,171,505
Provisions	(18)	(9,532,340)	(1,930,440)
Provisions no longer required	(18)	296,271	296,271
OPERATING PROFIT		448,521,088	381,268,436
Finance cost (net)		(397,238,043)	(396,231,931)
Foreign exchange differences		3,996,839	4,348,697
Company's share from profits of associates	(9)	1,769,706	2,940,649
Share profit from investments available for sale		793,582	793,277
Gain from sale of fixed assets		8,532,638	3,130,836
Other income (loss)		(4,979,613)	828,462
Takaful contribution		(22,472,344)	(20,161,646)
PROFITS (LOSSES) FOR THE YEAR BEFORE INCOME TAXES AND NON CONTROLLING INTEREST		38,923,853	(23,083,220)
Income taxes	(25)	(84,604,784)	(62,019,847)
(LOSSES) FOR THE YEAR		(45,680,931)	(85,103,067)
Distributed as follows:			
Holding company		(61,677,719)	(141,045,399)
Non-controlling interest		15,996,788	55,942,332
(LOSSES) FOR THE YEAR		(45,680,931)	(85,103,067)

Chief Financial Officer
Hossam Hussain

Chairman
Medhat Khalil

-The accompanying notes from (1) to (33) are an integral part of these consolidated financial statements.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For The Year Ended 31 December 2020

	31 December 2020	31 December 2019
	LE	LE
(LOSSES) FOR THE YEAR	(45,680,931)	(85,103,067)
OTHER COMPREHENSIVE INCOME:		
Translation differences	(5,686,838)	(9,850,040)
Reversal of available for sale investments revaluation differences before tax	(4,051,261)	(4,666,200)
Income tax related to other comprehensive income items	812,731	1,049,895
SUB-TOTAL OF OTHER COMPERHENSIVE INCOME	(8,925,368)	(13,466,345)
TOTAL COMPREHENSIVE INCOME	(54,606,299)	(98,569,412)

-The accompanying notes from (1) to (33) are an integral part of these consolidated financial statements.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)
STATEMENT OF CONSOLIDATED CHANGES IN EQUITY

For The Year Ended 31 December 2020

	Issued and Paid up capital	Legal reserve	General reserve	Revaluation reserve of available for sale investments through OCI	Treasury shares	Accumulated foreign currency translation	Accumulated (Losses)	(Losses) for the year after deducting non-controlling interest	Total before non- controlling interest equity	Non- controlling interest equity	Total
	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
Balance as of 1 January 2020	1,071,997,595	64,197,233	41,935,960	4,552,671	-	(4,579,358)	(139,796,212)	(141,045,399)	897,262,490	258,550,428	1,155,612,918
Transferred to accumulated loss and legal reserve	-	3,759,773	-	-	-	-	(144,805,172)	141,045,399	-	-	-
Accumulated foreign currency translation differences	-	-	-	-	-	(5,686,838)	-	-	(5,686,838)	-	(5,686,838)
Dividends	-	-	-	-	-	-	(42,617,374)	-	(42,617,374)	-	(42,617,374)
Dividends for the Non-controlling interest	-	-	-	-	-	-	-	-	-	(28,821,869)	(28,821,869)
Treasury shares	-	-	-	-	(50,239,412)	-	-	-	(50,239,412)	-	(50,239,412)
Reserve of investments at fair value through OCI	-	-	-	(3,238,530)	-	-	-	-	(3,238,530)	-	(3,238,530)
(Losses) for the year	-	-	-	1,314,141	(50,239,412)	(10,266,196)	(327,218,758)	(61,677,719)	(61,677,719)	15,996,788	(45,680,931)
Balance as of 31 December 2020	1,071,997,595	67,957,006	41,935,960	1,314,141	(50,239,412)	(10,266,196)	(327,218,758)	(61,677,719)	733,802,617	245,525,347	979,327,964
Balance as of 1 January 2019	630,586,820	59,994,255	41,935,960	8,168,976	(1,155,316)	5,270,682	479,141,901	5,379,661	1,229,322,939	243,124,262	1,472,447,201
Transferred to accumulated loss and legal reserve	-	4,202,978	-	-	-	-	1,176,683	(5,379,661)	-	-	-
Capital increase from retained earnings	441,410,775	-	-	-	-	-	(441,410,775)	-	-	-	-
Accumulated foreign currency translation differences	-	-	-	-	-	(9,850,040)	-	-	(9,850,040)	-	(9,850,040)
Dividends	-	-	-	-	-	-	(178,704,021)	-	(178,704,021)	-	(178,704,021)
Dividends for the Non-Controlling interest	-	-	-	-	-	-	-	-	-	(40,716,166)	(40,716,166)
Treasury shares	-	-	-	(3,616,305)	1,155,316	-	-	-	1,155,316	-	1,155,316
Reserve of investments at fair value through OCI	-	-	-	-	-	-	-	-	(3,616,305)	-	(3,616,305)
(Losses) for the year	-	-	-	4,552,671	-	(4,579,358)	(139,796,212)	(141,045,399)	(141,045,399)	55,942,332	(85,103,067)
Balance as of 31 December 2019	1,071,997,595	64,197,233	41,935,960	4,552,671	-	(4,579,358)	(139,796,212)	(141,045,399)	897,262,490	258,350,428	1,155,612,918

- The accompanying notes from (1) to (33) are an integral part of these consolidated financial statements.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

STATEMENT OF CONSOLIDATED CASH FLOWS

For The Year Ended 31 December 2020

	Note	31 December 2020 LE	31 December 2019 LE
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits (Losses) for the year before income tax and non- controlling interest		38,923,853	(23,083,219)
Depreciation of fixed assets, amortization of intangible assets, and investment property	(4,5,7)	230,863,284	196,005,930
Gain from sale of fixed assets		(8,532,638)	(3,130,836)
Finance cost (net)		397,238,043	396,231,931
Company's share from (profits) of associates	(9)	(1,769,706)	(2,940,649)
Provisions	(18)	31,956,498	10,829,606
Provisions no longer required	(18)	(5,828,535)	(1,153,345)
Write-down of inventory	(11)	(2,993,462)	25,167,158
Write-down of inventory reversal	(11)	17,239,947	(24,782,808)
Impairment of accounts receivable	(12)	39,997,773	41,327,108
Reversal of impairment of accounts receivables	(12)	(7,382,804)	(15,171,505)
Treasury Stocks		(50,239,412)	1,155,316
Share based compensation		(12,951,842)	
		666,520,999	600,454,687
Change in inventory	(11)	44,777,816	(262,305,400)
Change in projects under construction		951,163	(62,626,297)
Change in accounts and notes receivable	(12)	(1,463,791,252)	(179,739,408)
Change in prepayments and other debit balances	(13)	(614,161,648)	(203,030,332)
Change in accounts and notes payable	(19)	587,006,812	-
Change in accrued expenses and other credit balances	(20)	731,836,498	94,257,388
Change in other long term liabilities		(87,177,042)	76,592,627
CASH FLOWS (USED IN) PROVIDED FROM OPERATING ACTIVITIES		(134,036,654)	63,603,265
Income tax paid		(115,517,945)	(135,721,843)
Doubtful Debts		-	15,115,635
Used provisions		(4,867,960)	(1,756,100)
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES		(254,422,559)	(58,759,043)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payments) to acquire fixed assets, investment property and intangible assets	(4,5,7)	(187,339,214)	(291,868,785)
Proceeds from disposal of fixed assets	(4)	65,471,473	7,043,107
(Payments) in Projects under construction	(6)	(233,402,867)	(149,618,997)
Change in restricted time deposits in favor of letters of credit	(15)	(18,633,873)	3,807,330
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(373,904,481)	(430,637,345)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from credit facilities	(21)	681,568,908	1,052,929,677
(Payments) in long term loans	(17)	(650,737,349)	(247,667,011)
Proceeds from long term loans	(17)	1,456,176,131	447,291,573
Dividends paid		(50,709,524)	(165,813,305)
Change in non- controlling interest		(28,821,869)	(40,716,166)
Finance cost – net		(397,238,043)	(396,231,931)
Change in long term notes payables		50,369,810	5,085,925
NET CASH FLOW PROVIDED FROM FINANCING ACTIVITIES		1,060,608,064	654,878,762
Accumulated foreign currency translation		(5,686,838)	(9,850,040)
Net increase in cash and cash equivalent during the year		426,594,186	155,632,334
Cash and cash equivalent - beginning of the year		579,134,486	423,502,152
CASH AND CASH EQUIVALENT - END OF THE YEAR		1,005,728,672	579,134,486
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)	1,058,193,761	612,965,703
Deduct: Restricted time deposits		(52,465,090)	(33,831,217)
CASH AND CASH EQUIVALENT- END OF THE YEAR		1,005,728,672	579,134,486

-The accompanying notes from (1) to (33) are an integral part of these consolidated financial statements.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

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 permanent 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 2020:

	Company name	Country	Percentage of ownership
1-	Raya Distribution Company	Egypt	100%
2-	Raya Integration Company	Egypt	100%
3-	Raya International Service Company	Egypt	100%
4-	Raya Network Services Company	Egypt	100%
5-	Raya for Information Technology and Management Company	Egypt	100%
6-	Raya Gulf Company	UAE	100%
7-	Raya Technology Company Ltd.	Saudi Arabia	100%
8-	Raya Contact Centre Company*	Egypt	%56.316
9-	Raya Electronics Company (Previously Sama)	Egypt	100%
10-	Raya Algeria Company	Algeria	100%
11-	Call Centre Company - C3	Egypt	100%
12-	Best Service Company	Egypt	100%
13-	Best Service Company- Nigeria	Nigeria	100%
14-	Raya Finance Lease Company	Egypt	100%
15-	Raya for Contact Centre Building Management Company	Egypt	100%
16-	Bariq for Advanced Industrial Techniques Company	Egypt	100%
17-	Ostool for Land Transport Company	Egypt	62.31%
18-	Raya Restaurants Company	Egypt	95.423%
19-	Raya Qatar Company	Qatar	100%
20-	Raya Tech Distribution Company	Egypt	100%
21-	Raya for Social Media Company	Egypt	100%
22-	Raya for Data Centres Company	Egypt	100%
23-	Raya Venture and Investment Company	Egypt	100%
24-	Raya Contact Centre Gulf	UAE	100%
25-	Raya for Food and Beverages Company	Egypt	100%
26-	Raya Contact Centre Company – Europe	Poland	100%
27-	Aman for Electronic Payments Company	Egypt	100%
28-	Raya for Manufacturing and logistics Services Company	Egypt	100%
29-	Raya Network power Company	Egypt	100%
30-	Eden for Import and Export Company	Egypt	100%
31-	Integrated Technology Systems Company	Egypt	100%
32-	Raya East Africa for financial investments company	Tanzania	100%
33-	Madova Company	Poland	100%
34-	International Federation for Food Industries Company	Egypt	100%
35-	Aman for Financial Services Company	Egypt	100%
36-	Aman for Micro finance Company	Egypt	100%
37-	Raya for Modern vehicles Company	Egypt	100%
38-	Raya for advanced manufacturing Company	Egypt	100%
39-	Tadweer Company For Advanced Industries Technology	Egypt	100%
40-	Aman For non-Banking Services	Egypt	100%
41-	Raya Haier Electric For Manufacturing	Egypt	100%
42-	Raya Agriculture Crops	Egypt	100%

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

1. GROUP BACKGROUND (CONTINUED):

B- Suspended companies

Company Name	Country	Shareholding %
1- International Business Ventures Company – IBVC	Britain	100%
2- Raya U.S.A. Company	USA	100%
3- Egyptian Company for Investment and Glass Production	Egypt	100%
4- Oratech for Communication and Information Systems Company *	Egypt	50%
5- Oratech for Management and Information Technology Company **	Egypt	50%
6- Al Byoot Alarabia for Finance Lease Company	Egypt	100%
7- Ain Company for Networks	Egypt	100%
8- Interpain Egypt Company	Egypt	100%
9- 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 2020 were authorized for issuance in accordance with the decision of the board of directors meeting dated on 11 March 2021.

1. 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.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

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:

	Percentage
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%
Raya Haier Electric For Manufacturing	15%

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

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

3-9 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.
- 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
- All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between three levels in the hierarchy by re-assessing categorisation 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.

3-10 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.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

3-10 Recognition and disposal of financial assets and liabilities (Continued)

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.

3-11 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.

3-12 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.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

The impairment is recognized in the statement of profit or loss. Reversal of impairment is recognized in the statement of profit or loss in the year in which it occurs.

3-13 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.

3-14 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

3-15 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.

3-16 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.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

3-17 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.

3-18 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.

3-19 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.

3-20 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.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

3-21 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

3-22 Statement of cash flows

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

3-23 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.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4 FIXED ASSETS

Cost	Land		Buildings		Vehicles		Furniture and office equipment		Fixtures		Leasehold improvements		Switches		Computers		Productive assets		Total		
	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	
1 January 2020	112,293,913	187,189,308	376,865,748	220,377,402	196,663,016	257,347,164	67,756,708	5,612,383	302,051,160	1,876,671,802											
Additions during the year	-	11,771,893	25,673,236	25,127,010	45,215,109	26,860,357	4,643,027	5,549,607	17,304,081	172,144,320											
Transferred from project under restrictions	-	27,243,215	-	1,719,778	-	4,189,153	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to project under restrictions	(52,407,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(52,407,000)
Disposals	-	(1,479,944)	(3,540,965)	(3,024,049)	-	(2,559,591)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,217,992)
Translation differences	-	-	(79,500)	(458,871)	(11,213)	(1,146,998)	-	-	-	(120,353)	-	-	-	-	-	-	-	-	-	-	(2,665,785)
31 December 2020	59,886,913	224,724,472	398,918,519	243,741,270	241,866,912	284,690,085	72,279,382	170,814,697	385,171,193	2,082,093,443											
Accumulated depreciation																					
1 January 2020	-	(56,930,331)	(143,177,514)	(127,133,640)	(128,289,756)	(139,069,610)	(53,647,224)	(195,278,473)	(77,933,140)	(831,459,688)											
Depreciation for the year	-	(7,161,463)	(34,492,535)	(29,837,494)	(28,523,547)	(38,259,439)	(7,572,199)	(25,092,306)	(22,070,555)	(193,009,538)											
Depreciation of disposals	-	-	3,540,589	3,760,863	-	1,608	-	-	-	8,239,227											
Translation differences	-	506,497	83,202	184,882	18,293	14,214	122,658	429,670	89,466	512,715											
31 December 2020	-	(63,585,297)	(174,046,258)	(153,025,389)	(156,795,010)	(177,313,227)	(61,096,765)	(129,851,643)	(100,003,695)	(1,915,717,284)											
Net Book Value 31 December 2020	59,886,913	161,139,175	224,872,261	90,715,881	85,071,902	107,376,858	11,182,617	40,963,054	285,167,498	1,066,376,159											
Impairment of Raya Algeria Company's assets	-	-	-	(21,829)	-	(98,470)	-	-	(20,325)	-	-	-	-	-	-	-	-	-	-	-	(140,624)
Net Book Value 31 December 2020	59,886,913	161,139,175	224,872,261	90,694,052	85,071,902	107,278,388	11,182,617	40,942,729	285,167,498	1,066,235,535											
Net Book Value 31 December 2019	112,293,913	130,258,977	233,688,234	93,221,933	68,373,260	118,179,084	14,109,484	50,828,585	224,118,020	1,045,071,490											

- 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:

	31 December 2020	LE
Cost of revenues	96,644,466	
General and administrative expenses	41,999,477	
Selling and marketing expenses	54,365,595	
	193,009,538	

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

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31 December 2020

4 FIXED ASSETS (CONTINUED):

Cost	Land		Buildings		Vehicles		Furniture and office equipment		Fixtures		Leasehold improvements		Switches		Computers		Productive assets		Total		
	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	
1 January 2019	44,354,263	148,755,930	310,395,443	174,076,050	181,196,768	203,642,020	55,002,708	136,243,433	213,635,812	1,467,302,427											
Additions during the year	67,939,650	8,098,464	68,073,456	46,564,544	9,505,628	36,890,190	13,535,031	25,036,898	13,118,308	288,762,169											
Transferred from project under constrictions	-	36,348,284	-	2,049,383	-	19,705,256	-	-	-	75,297,040											
Disposals	-	-	(1,530,879)	(1,246,948)	(42,556)	(1,292,043)	-	-	-	(4,298,458)											
Reclassified Assets	-	(6,013,370)	-	-	6,013,370	-	-	-	-	-											
Translation differences	-	-	(72,272)	(1,065,627)	(10,194)	(1,598,259)	-	-	-	(854,490)											
31 December 2019	112,293,913	187,189,308	376,865,748	220,377,402	196,663,016	257,347,164	67,756,708	156,127,383	302,051,160	1,876,671,802											
Accumulated depreciation																					
1 January 2019	-	(51,745,465)	(110,228,174)	(104,437,072)	(106,265,960)	(108,212,031)	(48,089,033)	(88,982,789)	(59,411,688)	(677,372,212)											
Depreciation for the year	-	(5,320,717)	(34,518,935)	(23,890,110)	(21,904,574)	(31,841,628)	(6,219,272)	(20,765,770)	(18,521,452)	(162,982,458)											
Reclassified Assets	-	135,851	-	-	(135,851)	-	-	-	-	-											
Depreciation of disposals	-	-	1,493,955	220,538	-	250	-	-	-	3,769,452											
Translation differences	-	-	75,640	973,004	16,629	983,799	661,081	700,634	-	3,410,787											
31 December 2019	-	(56,930,331)	(143,177,514)	(127,133,640)	(128,289,756)	(139,069,610)	(53,647,224)	(105,278,473)	(77,933,140)	(831,459,688)											
31 December 2019	112,293,913	130,258,977	233,688,234	93,243,762	68,373,260	118,277,554	14,109,484	50,848,910	224,118,020	1,045,212,114											
Impairment of Raya Algeria Company's assets	-	-	-	(21,829)	-	(98,470)	-	-	-	(140,624)											
Net Book Value 31 December 2019	112,293,913	130,258,977	233,688,234	93,221,933	68,373,260	118,179,084	14,109,484	50,828,585	224,118,020	1,045,071,490											

- 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:

	31 December 2019
Cost of revenues	LE 87,439,469
General and administrative expenses	33,859,831
Selling and marketing expenses	41,683,158
	<u>162,982,458</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

5 INVESTMENT PROPERTY

	Land	Buildings	Leasehold improvements	Total
	LE	LE	LE	LE
1 January 2020	112,895,877	654,475,901	14,424,708	781,796,486
Additions	-	1,432,310	1,600,353	3,032,663
Transferred from Projects under constructions	-	-	6,946,695	6,946,695
31 December 2020	112,895,877	655,908,211	22,971,756	791,775,844
Accumulated depreciation				
1 January 2020	-	(80,756,722)	(8,991,817)	(89,748,539)
Depreciation of the year	-	(26,825,650)	(1,127,871)	(27,953,521)
31 December 2020	-	(107,582,372)	(10,119,688)	(117,702,060)
Net book value 31 December 2020	112,895,877	548,325,839	12,852,068	674,073,784
Net book value 31 December 2019	112,895,877	573,719,179	5,432,891	692,047,947

6 PROJECTS UNDER CONSTRUCTION

	31 December 2020	31 December 2019
	LE	LE
Projects under construction –Fixed assets (6-1)	445,715,700	324,345,461
Projects under construction –Investment properties (6-2)	6,814,812	1,977,057
	452,530,512	326,322,518

6-1 PROJECTS UNDER CONSTRUCTION FIXED ASSETS

	31 December 2020	31 December 2019
	LE	LE
Beginning balance of the year	324,345,461	232,425,410
Additions during the year	169,211,417	139,788,725
Transferred from other debit balances	-	85,531,289
Transferred from fixed assets during year	52,407,000	-
Transferred to fixed assets during year	(98,968,098)	(133,399,963)
Transferred to intangible assets during the year	(1,280,080)	-
Ending balance of the year	445,715,700	324,345,461

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

	31 December 2020	31 December 2019
	LE	LE
Raya Restaurants Company (A)	14,034,488	12,832,041
Raya Integration Company	18,112,010	15,568,831
Raya for Data Centres Company	49,332,694	34,427,759
Raya Distribution Company	114,682,633	76,623,671
Ostool for Land Transport Company	47,175	47,175
Raya Holding Company for financial investments (B)	833,434	2,113,509
Raya for Canned Foods	-	93,058,679
Raya for Advanced manufacturing company	2,453,510	2,040,214
Raya for manufacturing and logistics (C)	98,247,536	87,609,582
AMAN for financial services	103,250	24,000
Aman E-payment	2,281,989	-
Raya Electric Haier Manufacturing Company	145,586,981	-
	445,715,700	324,345,461

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

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

- A- The project under construction balance for Raya restaurants represents the cost of preparation of the restaurants.
- B The balance of projects under construction of Raya Holding For Financial Investments is the cost of updating in the data center of Raya Holding.
- C- The balance of the projects under construction of Raya For Manufacturing and Logistic services is the cost of issuance of stocks on Gulf suez (Transferred from other debit balances)

6-2 PROJECTS UNDER CONSTRUCTION INVESTMENT PROPERTIES

	31 December 2020 LE	31 December 2019 LE
Beginning balance of the year	1,977,057	63,110,535
Additions during the year	11,784,450	9,830,272
Transferred to investment property during the year	(6,946,695)	(70,963,750)
Ending balance for the year	<u>6,814,812</u>	<u>1,977,057</u>

	31 December 2020 LE	31 December 2019 LE
Raya For Finance Lease	6,814,812	1,977,057
	<u>6,814,812</u>	<u>1,977,057</u>

- 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

	31 December 2020 LE	31 December 2019 LE
Cost		
1 January	62,244,730	59,152,611
Additions during the year	12,162,231	3,106,617
Transferred from projects under implementation during the year	1,280,080	
Disposals during the year	-	(14,498)
	<u>75,687,041</u>	<u>62,244,730</u>
Accumulated amortization		
1 January	(43,559,027)	(34,760,531)
Amortization for the year	(9,900,225)	(8,798,496)
	<u>(53,459,252)</u>	<u>(43,559,027)</u>
Net book value	<u>22,227,789</u>	<u>18,685,703</u>

- The amortization of the year is charged to general and administrative expenses by I.F 3,130,863 and the cost of the revenues by LE 6,769,362.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8 GOODWILL.

	31 December 2020	31 December 2019
	LE	LE
Raya Integration Company	6,019,341	6,019,341
Raya Contact Centers Company	3,160,166	3,160,166
Raya Electronics Company (Previously Sama)	33,236,748	33,236,748
Raya Call Centre Company - C3	26,582,777	26,582,777
Raya Technology Company Ltd.	1,926,942	1,926,942
Al Byoot Al Arabia for Finance Lease Company	2,626,725	2,626,725
International Business System Company – IBSE	32,139,604	32,139,604
Ostool for Land Transport Company	893,048	893,048
Bariq for advanced technology techniques Company	436,854	436,854
International Federation of Food Industries	23,127,622	23,127,622
Impairment of goodwill	(48,071,266)	(48,071,266)
	<u>82,078,561</u>	<u>82,078,561</u>

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 2020	31 December 2019
		LE	LE
Allied Arab Company for Insurance	20%	1,011,493	995,523
Makarony Polskie	19.39%	53,880,987	52,127,248
		<u>54,892,480</u>	<u>53,122,771</u>

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

	Cost	Retained Earnings	Profit for the year	Balance
	LE	LE	LE	LE
Allied Arab Company for Insurance	642,000	353,523	15,970	1,011,493
*Makarony Polskie	37,607,594	14,519,657	1,753,736	53,880,987
	<u>38,249,594</u>	<u>14,873,180</u>	<u>1,769,706</u>	<u>54,892,480</u>

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):

Company Name	Share %	Long term assets	Current assets	Current liabilities	Long term liabilities	Paid up capital and equity	Revenues	Expenses
Allied Arab Company for Insurance	20%	1,154	8,138	(101,3)	-	(6,191)	7,701	(7,621)
Makarony Polskie	19.39%	451,752	201,200	(239,122)	(106,223)	(320,516)	659,380	(567,092)

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

10 AVAILABLE FOR SALE INVESTMENTS

	31 December 2020	31 December 2019
	LE	LE
Unquoted shares or inactive shares at stock market*	14,314,250	14,314,250
Quoted shares at stock market	5,986,901	10,165,650
	<u>20,301,151</u>	<u>24,479,900</u>

*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:

	LE
Cost of investment	14,831,850
Add: Revaluation of investment reserved during 2019	(4,666,200)
Net cost of investment at 1 January 2020	<u>10,165,650</u>
Add: Revaluation of investment reserved during the year	(4,178,749)
Net cost of investment as of 31 December 2020	<u>5,986,901</u>

11 INVENTORY

	31 December 2020	31 December 2019
	LE	LE
Mobile phones, accessories, spare parts and television	734,907,695	799,293,310
Supplies, switches spare parts and networks	120,099,043	40,379,873
Raw materials, work in progress and finished goods	162,554,850	240,613,685
Raya Algeria - Mobile phones, and accessories spare parts	53,875,658	53,875,658
Software licences, electronic devices accessories and goods in transit	5,072,480	55,601,677
Canned foods	37,020,100	55,593,935
Food and restaurants accessories	3,381,012	3,010,429
Frozen Foods	150,054,587	160,560,865
Electronic payment machines	35,566,881	26,142,553
Raw Coal	88,883,084	29,734,818
Others	2,117,952	1,997,321
	<u>1,393,533,342</u>	<u>1,466,804,124</u>
Write-down of inventory	(35,962,959)	(50,209,440)
Write-down of Raya Algeria Company's inventory	(53,875,658)	(53,875,658)
	<u>1,303,694,725</u>	<u>1,362,719,026</u>

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

	LE
Balance as of 1 January 2019	49,825,094
Charged during the year	25,167,158
Reversal of Inventory write-down during the year	(24,782,808)
Balance as of 31 December 2019	<u>50,209,444</u>
Charged during the year	2,993,462
Reversal of Inventory write-down during the year	(17,239,947)
Balance as of 31 December 2020	<u>35,962,959</u>

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

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

12 ACCOUNTS AND NOTES RECEIVABLE

	31 December 2020	31 December 2019
	LE	LE
Accounts receivable	1,287,023,611	1,291,815,318
Instalments receivables	2,016,804,325	703,144,982
Notes receivable	248,240,038	93,316,423
Deduct:	<u>3,552,067,974</u>	<u>2,088,276,773</u>
Impairment of accounts receivable	(114,036,058)	(81,421,089)
	<u>3,438,031,916</u>	<u>2,006,855,634</u>

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:

	LE
Balance as of 1 January 2019	70,381,121
Charged during the year	41,327,108
Reversal of impairment during the year	(15,171,505)
Used during the year	(15,115,635)
Balance as of 31 December 2019	<u>81,421,089</u>
Charged during the year	39,997,773
Reversal of impairment during the year	(7,382,804)
Balance as of 31 December 2020	<u>114,036,058</u>

At 31 December 2020 and 31 December 2019, the aging analysis of net accounts receivables is as follows:

	Total	Past due but not impaired				
		Neither Past Due nor Impaired	Less than 30 days	Between 30 to 60 days	Between 60 to 90 days	More than 90 days
	LE	LE	LE	LE	LE	LE
31 December 2020	1,287,023,611	639,281,568	420,708,074	110,224,339	69,590,564	47,219,066
31 December 2019	1,291,815,317	568,647,361	488,918,251	107,760,991	76,743,105	49,745,609

13 PREPAYMENTS AND OTHER DEBIT BALANCES

	31 December 2020	31 December 2019
	LE	LE
Prepaid expenses	121,650,800	119,272,143
Customs Authority*	27,828,923	23,413,994
Accrued revenues	383,212,948	263,714,178
Deposits with others	43,402,250	25,949,593
Suppliers down payments	625,371,157	264,256,273
Sales tax	71,330,070	96,156,054
Letters of guarantee margin	25,636,920	12,346,673
Employees receivables	4,602,625	3,821,681
Governmental authorities receivables	97,506,537	74,834,069
Debit Balances-(Suppliers)	153,430,608	46,739,984
Other debit balances	79,207,611	88,514,161
	<u>1,633,180,449</u>	<u>1,019,018,803</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

13 PREPAYMENTS AND OTHER DEBIT BALANCES (CONTINUED)

	31 December 2020	31 December 2019
	LE	LE
Balances due within 12 months	826,492,519	555,990,767
Balances due in more than 12 months	806,687,930	463,028,036
	<u>1,633,180,449</u>	<u>1,019,018,803</u>

- * 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 2020	31 December 2019
	LE	LE
Share based compensation	<u>13,671,842</u>	<u>720,000</u>
	<u>13,671,842</u>	<u>720,000</u>

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 2016, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

14 SHARE BASED COMPENSATION (CONTINUED)

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 161,544 for the beneficiaries in accordance with granting contracts.

The Board of Directors approved the purchase of treasury shares to be used in the employee reward and incentive system on March 15, 2016 during the third quarter of 2016 done the purchase of treasury shares to be used in the employee reward and incentive system, with a total amount of EGP 720,000. The shares were registered with the employee reward and incentive system by the company.

In view of the circumstances and events that occurred on the financial markets and what the Arab and foreign stock exchanges are going through, which led to the sharp decline in the Egyptian Stock Exchange Index in an abnormal way and the negative impact on the company's share price. In light of the amendment issued in Article (51) bis of the registration rules issued by the Board of Directors of the Financial Supervision Authority Resolution No. 27 of 2020 on 29 February 2020, which is applied as of its issuance, as well as the statement published on the trading screens of the Egyptian Stock Exchange on 1 January 2020 regarding the exceptional procedures for companies with listed securities wishing to buy treasury shares. On 11 March 2020, the Council approved Management of Raya Holding Company for Financial Investments The company must purchase treasury shares, within the limits of twenty million pounds, from the open market. And use part or all of those shares to finance the company's reward and incentive system The balance has reached The stocks Purchased During the nine months ended 31 December 2020 an amount LE 12,951,842 for a number 2558229 Arrow For the shares balance on 31 December 2020, amounting to LE 13,671,842, for 2736006 shares

15 CASH ON HAND AND AT BANKS:

	31 December 2020	31 December 2019
	LE	LE
Cash on hand	18,617,896	4,634,579
Banks – current and investing accounts		
Local currency	444,357,330	199,056,733
Foreign currency	57,229,600	31,070,490
Banks – Time deposits *		
Local currency	238,018,394	203,429,347
Foreign currency	24,001,590	28,882,354
Checks under collection	275,968,951	145,892,200
	1,058,193,761	612,965,703

* The balance of time deposits held with banks represented in the following as at 31 December 2020:

- The amount of LE 24,001,590 (equivalent to USD 1,520,050) and LE 28,463,500 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 2019 was LE 4,948,864 and LE 28,882,353 (equivalent to USD 1,795,050).
- The amount of LE 179,281,623 deposit for in favor of the company Raya Contact Centers.
- The amount of LE 25,102,036 is deposited in favor of Aman for Electronic Payment Company.
- The amount of LE 4,971,234 is deposited in favor of Bariq for advanced technology manufacturing,
- The amount of LE 200,000 is deposited in favor of Raya for foods and Beverages.
- The amount of LE 1,520,050 is deposited in favor of Raya Electronics.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

16 CAPITAL

	31 December 2020	31 December 2019
	LE	LE
Authorized capital (LE 5 share par value)	5,000,000,000	5,000,000,000
Issued and paid up capital	1,071,997,595	1,071,997,595
Shares number	214,399,519	214,399,519

- 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 December 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 December 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 28 October 2017 However, the attendance quorum was not completed. An extraordinary general meeting was convened on 26 November 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 2018 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 2020	31 December 2019
	LE	LE
Long term loans – current portion	538,016,114	175,695,310
Long term loans	946,236,814	503,118,836
	<u>1,484,252,928</u>	<u>678,814,146</u>

Loans balances are represented in the following:

	31 December 2020	31 December 2019
	LE	LE
(1) Loans-Raya Holding Company for Financial Investments	729,278,826	480,263,353
(2) Loans-Raya Finance Lease Company	131,747,407	-
(3) Loans-Ostool for Land Transport Company	4,144,662	7,003,874
(4) Loans-Raya Restaurants Company	14,393,213	14,210,214
(5) Loans-Raya Data Centre services Company	7,145,058	11,787,197
(6) Loans- Bariq for Advanced Industrial Techniques Company	7,298,858	8,208,943
(7) Loans- International Federation of Food Industries	157,527,698	106,046,693
(8) Loans- Raya for Electronics Previously SAMA	8,125,049	10,137,240
(9) Loans- Raya for distributions	47,372,923	29,951,895
(10) Loans- Raya for Integration	9,396,673	11,204,737
(11) Loans-Raya Contact Center	62,566,469	-
(12) Loans –Aman Financial Services	305,256,092	-
	<u>1,484,252,928</u>	<u>678,814,146</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

(1) Raya Holding Company for Financial Investments

	31 December 2020	31 December 2019
	LE	LE
Bank loans	141,361	52,356,481
Finance lease contract (loan)	729,137,465	427,906,872
	<u>729,278,826</u>	<u>480,263,353</u>

A- Bank loan

On 2 February 2016 the company signed a medium-term loan from a bank amounted LE 2,593,000 for a four years with an average interest rate during the loan year of 12.25%. The loan shall be paid over 48 monthly instalments starting on March 2017 and ending on February 2021. The balance of the loan as of 31 December 2020 amounted to LE 141,360 (31 December 2019 amounted to EGP 900,596).

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 has applied ESA (49) which conclude Finance lease contracts accordance to law 95. When implementing the standard the company have seen if sales contracts biased with EAS (48) Criteria which conclude Revenue from customers and the consequences was that control Conditions not applied, then contacts has been treated as Finance then the sold asset is recognised with recognition of receipts payments as finance and no impact on financial statements because the finance was recognised as liability, and the subsidiary recognise the sold asset as Fixed Asset.

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 12,50% . The loan will be paid over 60 monthly installments starting on 3 March 2016 to 3 February 2021 the balance of the loan as of 31 December 2020 amounted to LE 9,567,759.

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 12.50 % current interest rate. The loan will be paid over 60 monthly installments starting on 3 September 2016 to 3 August 2021 the balance of the loan as of 31 December 2020 amounted to LE 16,085,867.

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 communications Group administrative building in 6th of October city, with the amount of LE 50,000,000 with 13.25 % current interest rate. The loan will be paid over 60 monthly installments starting on 3 March 2017 to 3 February 2022. The balance of the loan as of 31 December 2020 amounted to LE 22,162,073.

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 communications Group administrative building in 6th of October city, with the amount of LE 50,000,000 with 12.30 % 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 2020 amounted to LE 33,931,279.

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 communications Group administrative building in 6th of October city, with the amount of LE 100,000,000 with 12.30 % 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 2020 amounted to LE 74,684,282.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

17 LONG TERM LOANS (CONTINUED):

(1) Raya Holding Company for Financial Investments

B- Finance lease contracts (Continued):

Collaterals provided by the company

- Promissory note signed by Raya Integration Company (subsidiary company) 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 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 communications Group administrative building in 6th of October city, with the amount of LE 70,000,000 with 12 % current interest rate. The loan will be paid over 60 monthly installments starting on 3 October 2019 to 3 December 2024. The balance of the loan as of 31 December 2020 amounted to LE 61,692,342.

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 Technology and communications Group administrative building in 6th of October city, with the amount of LE 40,000,000 with 11.75 % current interest rate. The loan will be paid over 60 monthly installments starting on 3 July 2020 to 3 June 2025. The balance of the loan as of 31 December 2020 amounted to LE 36,649,487.

The company has signed a finance lease contract with a leasing company to finance building a factory of Raya advanced technology in 6th of October city, with the amount of LE 25,233,645 with 12 % current interest rate. The loan will be paid over 40 quarterly installments starting on 25 April 2018 to 25 January 2023. The balance of the loan as of 31 December 2020 amounted to LE 16,122,927.

The company has signed a finance lease contract with a leasing company to finance building a factory For Raya advanced technology in 6th of October city, with the amount of LE 20,695,996 with 11.50 % 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 2020 amounted to LE 14,055,289.

Collaterals provided by the company

- Promissory note signed by Raya Distribution Company and Raya for Advanced Manufacturing Company (subsidiaries companies).
- All documents related to this facility signed Raya Distribution Company and Raya for Advanced Manufacturing Company (subsidiaries companies) and the company are considered promissory notes for this facility.

The company has signed a finance lease contract with a leasing company to Lease entire 1st Floor and land of Galiria 40 which owned by RAYA for finance leasing, with the amount of LE 100,000,000 with 11.75 % current interest rate. The loan will be paid over 20 quarterly installments starting on 25 December 2019 to 25 September 2024. The balance of the loan as of 31 December 2020 amounted to LE 80,752,199.

The company has signed a finance lease contract with a leasing company to lease the land and the upper commercial basement of the eastern administrative building B of Galiria 40 which owned by Raya for Finance Leasing with the amount of USD 1,539,222 with 7.20 % current interest rate. The loan will be paid over 20 quarterly instalments starting on 30 January 2020 to 30 October 2024. The balance of the loan as of 31 December 2020 amounted to USD 1,276,627 (Equivalent to EGP 20,151,619).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

17 LONG TERM LOANS (CONTINUED):

(1) Raya Holding Company for Financial Investments (Continued)

B- Finance lease contracts (Continued):

The company has signed a finance lease contract with a leasing company to lease the land and the commercial ground floor of the eastern administrative building B of Galiria 40 which owned by Raya for Finance Leasing with the amount of EGP 58,000,000 with 11.50 % current interest rate. The loan will be paid over 20 quarterly instalments starting on 12 May 2020 to 12 February 2025. The balance of the loan as of 31 December 2020 amounted to EGP 49,225,547.

The company has signed a finance lease contract with a leasing company to lease the land and the upper commercial basement of the eastern administrative building B of Galiria 40 which owned by Raya for Finance Leasing with the amount of USD 1,999,714 with 7.20 % current interest rate. The loan will be paid over 20 quarterly instalments starting on 5 March 2020 to 5 December 2024. The balance of the loan as of 31 December 2020 amounted to USD 1,656,583 (Equivalent to EGP 26,157,442).

Collaterals provided by the company

- Security checks signed by Raya Holding Consolidated Company.
- The building land and the 1st Floor bis are mortgaged to the financing company.
- All documents related to this facility signed by Raya Integration Company Raya for Finance Lease Company (subsidiaries companies) and the company are considered promissory notes for this facility.

The company has signed a finance lease contract with a leasing company to lease the land and the upper commercial basement of the eastern administrative building B of Galiria 40 which owned by Raya for Finance Leasing with the amount of EGP 113,400,000 with 11.75 % current interest rate. The loan will be paid over 20 quarterly instalments starting on 10 April 2020 to 10 January 2025. The balance of the loan as of 31 December 2020 amounted to EGP 100,670,578.

Collaterals provided by the company

- Security checks signed by Raya Integration Company.
- All documents related to this facility signed by Raya Integration Company and Raya for Finance Lease Company (subsidiaries companies) and the company are considered promissory notes for this facility.

The company has signed a finance lease contract with a leasing company to lease the land and a real estate area of 802.50 square meters and its share in the land and the common parts of the upper commercial basement of the eastern administrative building B of Galiria 40 which owned by Raya for Finance Leasing with the amount of EGP 50,033,037 with 11.75 % current interest rate. The loan will be paid over 20 quarterly instalments starting on 30 April 2020 to 30 January 2025. The balance of the loan as of 31 December 2020 amounted to EGP 44,416,709.

Collaterals provided by the company

- Security checks signed by Raya Integration Company (subsidiary company).
- All documents related to this facility signed by Raya Integration Company and Raya for Finance Lease Company (subsidiaries companies) and the company are considered promissory notes for this facility.

The company has signed a finance lease contract with a leasing company to lease the land and the lower commercial basement of the eastern administrative building B of Galiria 40 which owned by Raya for Finance Leasing with the amount of EGP 29,966,963 with 11.75 % current interest rate. The loan will be paid over 20 quarterly instalments starting on 30 April 2020 to 30 January 2025. The balance of the loan as of 31 December 2020 amounted to EGP 26,603,099.

Collaterals provided by the company

- Security checks signed by Raya Integration Company (subsidiary company) in favour of the financing company
- All documents related to this facility signed by Raya Integration Company and Raya for Finance Lease Company (subsidiaries companies) and the company are considered promissory notes for this facility.

The company has signed a finance lease contract with a leasing company to lease the land and the lower commercial basement of the western administrative building of Galiria 40 which owned by Raya for Finance Leasing with the amount of EGP 100,000,000 with 11.50 % current interest rate. The loan will be paid over 20 quarterly instalments starting on 28 December 2020 to 28 September 2025. The balance of the loan as of 31 December 2020 amounted to EGP 96,208,966.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

17 LONG TERM LOANS (CONTINUED):

(1) Raya Holding Company for Financial Investments (Continued)

B Finance lease contracts (Continued):

Collaterals provided by the company

- Security checks signed by Raya Integration Company (subsidiary company) in favour of the financing company
- All documents related to this facility signed by Raya Integration Company and Raya for Finance Lease Company (subsidiaries companies) and the company are considered promissory notes for this facility.

(2) Raya Finance Lease Company

The company has signed a finance lease contract with a leasing company to Lease entire 2,3 Floors and land of The eastern administrative building of Galiria 40 which owned by RAYA for finance leasing, with the amount of 10,000,000 USD with 9% current interest rate. The loan will be paid over 20 quarterly installments starting on 20 February 2020 to 20 November 2024. The balance of the loan as of 31 December 2020 amounted to 8,343,724 USD which equivalent as (LE 131,747,407) of 31 December 2020.

(3) Ostool for Land Transport Company

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 2016 to 10 February 2021 and the loan balance amounted to LE 4,144,658 as of 31 December 2020, the current portion for the same date amounted to LE 4,144,658.

(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 11,75% 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 2020 amounted to LE 14.393.213.

(5) Raya Data centre Company

On 26 May 2019, the Company signed a credit facilities agreement with a bank for LE 14,748,519 with an annual interest rate of 11.36% the loan will be paid over three years the loan balance as of 31 December 2020 amounted to LE 7,145,058.

(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 2020 was LE7,298,858 which equivalent 378,571€.

(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 9.75% 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 28,239,142 as of 31 December 2020.

The International Federation for Food Industries signed a finance lease contract with a bank with a total amount of LE 80,950,000 which equivalent (50,000,000 USD) at a rate of 8.25%+Libor price for 6 months including a grace period of 180 days and the used amounts has reached LE 74,096,801 which equivalent 4,692,641 USD as of 31 December 2020.

The International Federation for Food Industries signed a loan contract with a bank with a total amount of LE 64,000,000 at a rate of 11.10% for a period of five years. The loan is repayable on 18 quarterly instalments as of February 2020, and the used amounts has reached LE 55,191,755 as of 31 December 2020.

(8) Raya For Electronics

The company has signed a finance lease contract with a leasing company to Lease a branch for Raya Electronics, with the amount of LE 12,258,675 with 12 % current interest rate. The loan will be paid on 20 quarterly installments starting on 25 February 2019 to 25 November 2023. The balance of the loan as of 31 December 2020 amounted to LE 8,125,049.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

17 LONG TERM LOANS (CONTINUED):

(9) Raya For Distribution:

The company has signed a finance lease contract with a leasing company to Finance an operation line of washing machines belongs to Raya Distribution with the amount of LE 36,235,260 with 7.82 % current interest rate. The loan will be paid over 20 quarterly installments. The balance of the loan as of 31 December 2020 amounted to LE 22,927,222.

The company signed a finance lease contract with a financial leasing company to lease a branch of Raya Distribution Company at an amount of LE 39,771,745 at a current interest 11.75%, and the loan is repaid over 20 quarterly instalments, starting from 27 July 2020 through 27 April 2025 The loan balance was at December 31 2020 amount LE 24,445,701.

(10) Raya For Information Systems:

Raya Systems has signed a finance lease agreement with a company with a total amount of 12,000,000 EGP, with a diminishing interest 11.10% for five years, to be paid over 20 quarterly installment. Starting from 1 December 2019 And the loan balance as of 31 December 2020 amounted to LE 9,396,673.

(11) Raya Contact Center

Raya Call Center Services Company has signed a loan contract with a bank with a total amount of USD 10,000,000 at an interest of 3.44% for a period of five and a half years, including a six-month grace period, starting from March 2020, to repay the amounts used from the loan and its interest, and the loan is repaid on 21 quarterly installments as of August 2020, and the loan balance on 31 December 2020 amounted to an amount LE 62,566,469 which equivalent to 3,995,305 USD.

(12) Aman Financial Services

1- contract was signed with a factoring company in the amount of LE 50,000,000 for a period of six months, provided that it is fully repaid once the securitization process is executed based on the contract signed between the two companies with a decreasing interest of 11.15%. 44,000,000 of the total contract value is used until December 31, 2020

2-The company obtained medium-term loans as follows:

1-2 Aman Financial Services has signed a loan contract with a bank with a total amount of LE 50,000,000 interest 11.25% For a period fifteen months, to be paid off the loan on a number of 15th Premium Monthly From July 2019, And has reach Loan balance on 31 Dec 2020 amount LE 4,259,905 (31 December 2019 amount LE 16,573,333).

2-2 Aman Financial Services has signed a loan contract with a bank with a total amount LE 50,000,000 with interest 10.25% For a period of two years, to be paid off the loan on a number of 24 Premium Monthly From May 2020, And has reach Loan balance on 31 Dec 2020 amount LE 41,288,491 (31 December 2019 amount LE 0).

2-3 Aman Financial Services has signed a loan contract with a bank with a total amount LE 90,000,000 with interest 10.50% For a period two years, to be paid off the loan is on a number of 24 Premium Monthly From October 2020, And has reach Loan balance on 31 Dec 2020 amount LE 95,289,585 (31 December 2019 amount LE 0).

2-4 Aman Financial Services has signed a loan contract with a bank with a total amount I.F 10,000,000 with interest 10.50% For a period Five years, to be paid off the loan is on a number of 60 Premium Monthly From October 2020, And has reach Loan balance on 31 Dec 2020 amount LE 9,343,134 (31 December 2019 amount LE 0).

2-5 Aman Financial Services has signed a loan contract with a bank with a total amount LE 10,000,000 with interest 10.50% For a period Forty-five months, to be paid off the loan is on a number of 45 Premium Monthly From March 2020, And has reach Loan balance on 31 Dec 2020 amount LE 107,393,493 (31 December 2019 amount LE 0).

2-6 Aman Financial Services has signed a loan contract with a bank with a total amount LE 110,000,000 with interest 10.75% For a period Five years, to be paid off the loan is on a number 60 Premium Monthly From February 2020, And has reach Loan balance on 31 Dec 2020 amount 3,681,484 Egyptian Pound (31 December 2019 amount LE 0).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

18 PROVISIONS

	31 December 2020	31 December 2019
	LE	LE
Beginning balance for the year	39,968,077	32,047,916
Charged during the year*	31,956,498	10,829,606
Used during the year	(4,867,960)	(1,756,100)
Provisions no longer required during the year**	(5,828,535)	(1,153,345)
	<u>61,228,080</u>	<u>39,968,077</u>

- Value of the provisions charged amounted to LE 22,424,158 was charged to the cost of revenues and the remaining amount LE 9,532,340 to Statement of profit or loss.
- Value of the provisions no longer required during the year charged amounted to LE 5,532,264, Amount of LE 296,271 charged to profit or loss statement
- **Balance of provisions related to the parent company and its subsidiaries as follows :**

	31 December 2020	31 December 2019
	LE	LE
Claims provision	18,199,510	22,816,546
Warranty provision	517,267	519,142
Other provision	42,511,303	11,192,439
Provision for acquisition of a subsidiaries	-	5,439,950
	<u>61,228,080</u>	<u>39,968,077</u>

19 ACCOUNTS AND NOTES PAYABLE

	31 December 2020	31 December 2019
	LE	LE
Accounts payable	1,334,704,221	1,180,148,185
Notes payable	492,877,645	60,426,869
	<u>1,827,581,866</u>	<u>1,240,575,054</u>

20 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31 December 2020	31 December 2019
	LE	LE
Accrued expenses	357,224,775	307,717,180
Unearned revenues and subscriptions	409,632,476	211,749,390
Customers down payment	747,591,796	283,952,010
Credit balances – tax authority	54,337,104	107,795,766
Other credit balances	171,722,046	97,457,353
	<u>1,740,508,197</u>	<u>1,008,671,699</u>

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

21 CREDIT FACILITIES

	31 December 2020	31 December 2019
	LE	LE
Raya Distribution Company	1,569,221,385	1,323,190,950
Raya Integration Company	470,683,974	635,001,454
Raya Holding Company for Financial Investments	27,133,310	40,690,215
Raya Contact Centers Company	30,010,657	9,246,461
Raya Electronics Company	254,159,621	223,552,797
Best Service Company	27,869	27,869
Bariq for Advanced Industrial Techniques Company	197,013,952	196,019,546
Raya for Data Centres Company	4,162,578	6,018,801
International Fcdration of Food Industries	80,011,085	85,812,937
Raya Contact Centers Company – Poland	4,466,864	5,013,153
Raya Algeria Company	361,923	361,923
Eden for Import and Export Company	-	2,662,175
Aman for Financial Service	39,214,975	132,974,535
Aman for Micro Finance	928,655,250	379,306,657
Ostool For Land Transportation	163,722,818	47,397,880
	<u>3,768,846,261</u>	<u>3,087,277,353</u>

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 10,25% and 11,25%, and for that of foreign currencies 5.20% to 6.20 %.

22 DIVIDENDS PAYABLE

	31 December 2020	31 December 2019
	LE	LE
Dividends Payable – Employees	16,078,044	24,170,194
	<u>16,078,044</u>	<u>24,170,194</u>

23 A- REVENUES ACCORDING TO TYPE:

	31 December 2020	31 December 2019
	LE	LE
Devices and goods distribution revenue	5,666,397,096	4,547,450,645
Transportation service revenue	530,526,999	377,154,935
Supplies, and Installations revenue	2,160,619,305	1,860,185,898
Call Centre service revenue	720,255,300	815,254,769
Investment property revenue	147,696,399	117,672,377
Restaurant revenue	65,733,127	73,840,261
Manufacture, and export revenue	618,251,424	333,682,658
Canned foods revenue	423,004,367	377,639,109
Non-bank financial services revenue	300,207,688	201,689,577
Vehicles manufacturing revenue	123,490,880	57,351,191
Other revenues	-	6,063,154
	<u>10,756,182,585</u>	<u>8,767,984,574</u>

B- REVENUES ACCORDING TO CURRENCY:

	31 December 2020	31 December 2019
	LE	LE
Revenues in Local currency	7,647,552,784	6,159,354,876
Revenues in Foreign Currency	3,108,629,801	2,608,629,698
	<u>10,756,182,585</u>	<u>8,767,984,574</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

24 COST OF REVENUES

	31 December 2020	31 December 2019
	LE	LE
Cost of materials used in the production	697,884,414	232,682,497
Devices and goods distribution cost	4,555,975,603	3,957,574,101
Supplies and Installations Cost	1,886,479,968	1,759,789,976
Transportation service cost	390,924,117	233,624,494
Salaries and wages	1,057,208,983	741,459,149
Fixed Assets Depreciation, Intangible assets and Properties	131,367,349	118,050,151
Finance cost	29,091,098	25,471,722
Other Direct Cost	24,473,927	34,645,328
	<u>8,773,405,459</u>	<u>7,103,297,418</u>

25 INCOME TAX

	31 December 2020	31 December 2019
	LE	LE
Current income tax	(99,623,323)	(100,774,962)
Deferred income tax	15,018,539	38,755,115
	<u>(84,604,784)</u>	<u>(62,019,847)</u>

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 TREASURY SHARES

In view of the circumstances and events that occurred on the financial markets and what the Arab and foreign stock exchanges are going through, which led to the sharp decline in the Egyptian Stock Exchange Index in an abnormal way and the negative impact on the company's share price. In light of the amendment issued in Article (51) bis of the registration rules issued by the Board of Directors of the Financial Supervision Authority Resolution No. 27 of 2020 on 29 February 2020, which is applied as of its issuance, as well as the statement published on the trading screens of the Egyptian Stock Exchange on 31 December 2020 regarding the exceptional procedures for companies with listed securities wishing to buy treasury shares. And the Dated 11 March 2020., Corporation Board of Directors approved Raya Call Center Services Concerning the company's purchase of treasury shares, for a period of one year within the limits of the legally established percentages. The balance of treasury shares during the nine months ended 31 December 2020 amounted to LE 50,239,412.

RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

28 SEGEMENT REPORTING

(Value in LE thousands)

Year Ended	Trades 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 Intersegments	Consolidated
31 December 2020	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
Revenues	4,549,216	2,226,065	733,805	147,696	96,267	530,527	252,152	65,733	1,551,793	423,005	300,208	123,491	-	(243,775)	10,756,183
Cost	(4,071,653)	(1,882,603)	(444,083)	(90,788)	(57,792)	(454,432)	(186,238)	(29,300)	(1,111,390)	(369,413)	(205,510)	(1,3978)	-	243,775	(8,773,405)
Depreciation and amortization	(19,383)	(14,325)	(39,385)	(31,755)	(434)	(30,000)	(12,634)	(7,754)	(42,638)	(3,128)	(14,946)	(4,623)	(9,848)	-	(230,863)
Net profit for the year	65,552	148,912	132,349	6,082	(3,684)	6,335	4,893	(12,267)	22,967	96	9,068	(4,913)	(123,580)	(293,488)	(61,678)
Total Assets	3,089,334	2,140,366	741,478	803,604	53,835	741,374	373,934	126,508	2,962,775	78,669	526,628	227,692	3,532,836	5,335,451	10,063,632
Total Liabilities	(2,661,265)	(1,902,572)	(314,627)	(296,800)	(86,078)	(643,250)	(247,962)	(82,650)	(2,447,687)	(45,641)	(349,065)	(250,943)	(2,033,422)	2,257,658	(9,084,304)

Year Ended	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 Intersegments	Consolidated
31 December 2019	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
Revenues	3,942,203	1,834,058	819,945	117,672	97,420	377,155	312,245	73,840	739,097	377,639	201,630	57,351	9,064	(188,395)	8,767,984
Cost	(3,384,398)	(1,530,509)	(501,010)	(86,508)	(61,436)	(300,341)	(224,631)	(41,030)	(557,864)	(339,671)	(196,400)	(2,419)	(5,475)	188,395	(7,103,297)
Depreciation and amortization	(18,428)	(12,474)	(36,028)	(26,516)	(247)	(28,656)	(11,390)	(6,130)	(26,717)	(4,214)	(11,211)	(4,523)	(5,472)	-	(196,006)
Net profit for the year	66,257	132,512	1,2,871	(20,231)	(814)	17,283	17,885	2,384	(83,593)	(16,247)	(52,581)	(20,197)	6,984	(348,559)	(141,045)
Total Assets	2,617,084	1,922,992	793,674	806,760	82,549	424,103	369,634	92,510	1,589,338	89,239	503,922	250,555	2,853,120	4,947,776	7,457,705
Total Liabilities	(2,223,362)	(1,713,206)	(3,3,035)	(306,046)	(108,936)	(327,581)	(248,555)	(51,369)	(1,094,410)	(55,931)	(395,428)	(221,392)	(1,565,732)	2,313,271	(6,302,092)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

29 OTHER LONG TERM LIABILITIES

Other long term liabilities represent value of the end of service benefits for some of Raya group employees, and business insurance.

30 TAX SITUATION

Raya Holding Company for Financial Investments and some of its subsidiaries are subject to Egyptian income tax law. The income tax was calculated for each company individually, and the income tax amount shown in the consolidated profit or loss statement for the year ended 31 December 2020 represents the total income tax for the subsidiaries, which are subject to income tax, except other subsidiaries that are exempted from income tax according to law (8) of 1997, as they are established in pursuance of this law, so no income tax was calculated.

31 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 2020	31 December 2019
	LE	LE
USD	76,110,156	63,915,919
EURO	2,991,999	1,604,050
GBP	148,217	46,009
AED	14,100,715	8,300,814
SAR	3,715,389	1,131,469

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	Change Ratio	31 December 2020	Change Ratio	31 December 2019
		The effect in profit before Tax LE		The effect in profit before Tax LE
USD	%10+	7,611,016	%10+	6,391,592
USD	%10-	(7,611,016)	%10-	(6,391,592)
EUR	%10+	299,200	%10+	160,405
EUR	%10-	(299,200)	%10-	(160,405)
AED	%10+	14,822	%10+	830,081
AED	%10-	(14,822)	%10-	(830,081)
SAR	%10+	1,410,071	%10+	113,147
SAR	%10-	(1,410,071)	%10-	(113,147)
GBP	%10+	371,539	%10+	4,601
GBP	%10-	(371,539)	%10-	(4,601)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

31 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.

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 2020 are LE 5,416,462,162 (31 December 2019 LE 3,841,492,678) and value of related interest charged during the year ended 31 December 2020 was LE 446,055,947 (31 December 2019 LE 493,087,783), 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED):

C) Interest rate risk (CONTINUED):

	31 December 2020		31 December 2019	
	Change in rate	Effect on profit before tax L.E	Change in rate	Effect on profit before tax L.E
Financial asset	+1%	2,620,200	+1%	2,323,117
	- 1%	(2,620,200)	- 1%	(2,323,117)
Financial liability	+1%	54,164,621.62	+1%	38,414,926
	- 1%	(54,164,621.62)	- 1%	(38,414,926)

d) 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 2020	Less than 3 Months L.E	From 3 to 12 Months L.E	From 1 to 5 years L.E	Total L.E
Loans	212,996,381	291,797,651	979,458,896	1,484,252,928
Credit Facilities	1,658,292,355	2,110,553,906	-	3,768,846,261
Accrued expenses and other credit balances	728,464,710	537,576,925	481,035,385	1,747,077,020
Other long term liabilities	-	-	53,468,890	53,468,890
Accounts and notes payable	478,325,358	969,482,602	379,773,906	1,827,581,866
Total undiscounted financial liabilities	3,078,078,804	3,909,411,084	1,893,737,077	8,881,226,965

Financial liabilities 31 December 2019	Less than 3 Months L.E	From 3 to 12 Months L.E	From 1 to 5 years L.E	Total L.E
Loans	44,516,090	148,915,572	485,382,484	678,814,146
Credit Facilities	1,639,844,995	1,447,432,358	-	3,087,277,353
Accrued expenses, and other credit balances	374,556,373	357,171,938	276,943,388	1,008,671,699
Other long term liabilities	-	-	147,214,755	147,214,755
Notes payable	661,546,906	543,717,507	110,711,820	1,315,976,233
Total undiscounted financial liabilities	2,720,464,364	2,497,237,375	1,020,252,447	6,237,954,186

e) 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

f) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

32 CONTINGENT LIABILITIES

The value of letters of guarantee issued by banks of subsidiaries for the benefit of others at 31 December 2020 amounted to LE 1,648,883,204 (31 December 2019 LE 1,178,238,949) and the unencumbered portion of 31 December 2020 amounted to LE 1,623,238,949 (31 December 2019 LE 1,165,892,276). The hedged portion of LE 25,636,920 is included under prepaid expenses and other debit balances (31 December 2019 amount of LE 12,346,673) (Note 13).

33 IMPORTANT EVENTS

Most countries of the world, including Egypt, were exposed during the first quarter of 2020 to a state of slowdown and economic downturn as a result of the spread of the new Corona epidemic (Covid-19), and world governments, including the Egyptian government, took packages of precautionary measures to prevent the spread of the epidemic, and these measures have led There has been a state of economic slowdown at the global and local levels, which has affected all activities in different ways.

And based on the specific effects referred to above, which may have a significant impact on the assets, liabilities and business results of the company's financial statements during the year 2020.

the following periods, which are summarized as follows:

- The net profits and consolidated financial results were negatively affected by the current conditions the country is going through as a result of the outbreak of the Coronavirus (COVID-19), which is clearly visible in the company's various sectors such as the restaurant sector and the manufacturing sector. Note that the collected profits during the year 2020 decreased by about 28 million Egyptian pounds for these sectors compared to the same period last year due to the direct impact of the repercussions of its spread and the precautionary measures taken by the Egyptian government to limit the spread of the virus.
- Net losses amounted this year (45.6) million Egyptian pounds compared to a loss of (85.1) million Egyptian pounds during the year 2019. This is also a result of the negative effects caused by the outbreak of the Corona virus (COVID-19) in the a forementioned sectors, in addition to the increase in both general and marketing expenses and financing expenditures for new activities, whose returns will be achieved during the coming years, God willing, and directly affected by the circumstances the country is going through.
- Losses also amounted This year after minority rights (62) million Egyptian pounds, compared to losses (141) million Egyptian pounds during the year 2019. This is as a result of some sectors affected by the outbreak of the Corona virus and the increase in public, marketing and financing expenses for new investment activities, in addition to minority rights amounting to 16 million Egyptian pounds. In addition to the measures taken by the state to support these activities such as lowering the interest rate and delaying the payment of debts, the company's management has taken several measures to confront this risk and limit its impact on its financial position, and the most important of these measures are:
- Tightening occupational safety and health measures and instructing the World Health Organization to maintain Work environment and workers.

In light of the revised plan with the best estimates based on the latest available data, assets have been proven based on its best estimate, and there is no expectation that the emerging (Covid-19) virus will have an impact on the company's ability to continue in the foreseeable future.

The Financial Supervisory Authority announced the postponement of the application of three new Egyptian accounting standards for the fiscal year scheduled to begin on 1 January 2021, according to the Prime Minister's Decree No. 1871 recently issued to postpone the application of Egyptian Accounting Standards Nos. (47), (48), (49) This financial statements, which were to be issued during the year 2020, were hampered by the effects that accompanied the emerging corona virus pandemic.