RAYA CONTACT CENTER COMPANY (S.A.E.)
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019
TOGETHER WITH REVIEW REPORT

Raya Contact Center Company (S.A.E.)

Interim Consolidated Financial Statements
For the period ended 30 June 2019

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RAYA CONTACT CENTER (S.A.E)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2019

	Note	30 June 2019 EGP	31 December 2018 EGP
ASSETS			
Non-current assets			
Fixed assets	(5)	**113,033,936**	96,373,132
Intangible assets	(6)	**280,650**	349,917
Deferred tax assets	(26)	**3,040,103**	2,818,185
Goodwill	(7)	**26,582,777**	26,582,777
Total non-current assets		**142,937,466**	126,124,011
Current assets			
Accounts and notes receivable and accrued revenue	(8)	**192,361,375**	212,198,346
Prepayments and other debit balances	(9)	**66,433,000**	48,763,648
Due from related parties	(10a)	**6,162**	6,162
Cash at banks	(11)	**179,451,297**	254,513,240
Total current assets		**438,251,834**	515,481,396
TOTAL ASSETS		**581,189,300**	641,605,407
EQUITY AND LIABILITIES			
EQUITY			
Capital	(17)	**53,030,303**	53,030,303
Share Premium	(17)	**75,306,925**	75,306,925
Legal reserve	(18)	**31,060,282**	31,060,282
Merger reserve	(19)	**(2,834,374)**	(2,834,374)
Foreign currency translation reserve		**2,109,160**	10,634,932
Retained earnings		**171,525,149**	100,534,016
Profits for the period/year of parent company		**63,520,662**	178,957,499
Total equity of shareholders of parent company		**393,718,107**	446,689,583
Non-controlling interest		**2,731,512**	1,957,835
Total equity		**396,449,619**	448,647,418
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	(26)	**8,993,682**	7,022,702
Other long-term liabilities	(16)	**7,148,493**	6,730,992
Total non-current liabilities		**16,142,175**	13,753,694
Current Liabilities			
Credit facilities	(12)	**4,545,528**	4,121,156
Accounts payable	(13)	**74,667,055**	62,363,947
Accrued expenses and other credit balances	(14)	**58,771,694**	64,680,789
Provisions	(15)	**1,877,377**	1,925,377
Due to related parties	(10a)	**4,957,354**	8,740,911
Income tax payable	(20)	**7,640,124**	28,899,457
Dividends payable		**16,138,374**	8,472,658
Total current liabilities		**168,597,506**	179,204,295
TOTAL LIABILITIES		**184,739,681**	192,957,989
TOTAL LIABILITIES AND EQUITY		**581,189,300**	641,605,407

Chief Executive Officer
Reem Asaad

Finance Director
Mostafa Hasab Allah

- The accompanying notes from (1) to (34) are an integral part of these interim consolidated financial statements.
- Review report "attached"

RAYA CONTACT CENTER (S.A.E)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 JUNE 2019

		Six Months		Three Months	
	Note	**2019** *EGP*	2018 *EGP*	**2019** *EGP*	2018 *EGP*
Revenue	(21)	**427,418,484**	433,839,776	**199,445,363**	220,536,281
Export subsidy revenue		**-**	2,069,995	**-**	2,069,995
Cost of revenue	(22)	**(262,641,860)**	(268,616,763)	**(124,474,246)**	(141,006,329)
GROSS PROFIT		**164,776,624**	167,293,008	**74,971,117**	81,599,947
General and administrative expenses	(23)	**(37,437,524)**	(38,107,040)	**(18,213,653)**	(19,025,336)
Selling and marketing expenses	(24)	**(2,593,386)**	(2,755,357)	**(1,324,312)**	(1,316,372)
Rent expense		**(55,381,402)**	(36,221,004)	**(27,348,751)**	(19,805,478)
Provisions		**-**	(16,400)	**-**	(16,400)
Provisions no longer required	(15)	**48,000**	-	**24,800**	(2,800)
Impairment of accounts receivable	(8)	**(4,670,238)**	(912,349)	**(2,423,031)**	(810,611)
Reversal of impairment of accounts receivable	(8)	**3,610,609**	2,108,298	**2,149,939**	632,343
OPERATING PROFITS		**68,352,683**	91,389,156	**27,836,109**	41,255,293
Net finance income	(25)	**12,538,412**	17,575,735	**6,166,606**	8,214,193
Foreign exchange differences		**(1,319,988)**	(698,519)	**769,212**	(644,215)
PROFITS BEFORE INCOME TAXES		**79,571,107**	108,266,372	**34,771,927**	48,825,271
Income tax expenses	(26)	**(15,276,768)**	(17,984,734)	**(6,941,114)**	(6,316,218)
NET PROFITS FOR THE PERIOD		**64,294,339**	90,281,638	**27,830,813**	42,509,053
Attributable to:					
Parent company		**63,520,662**	89,509,383	**27,447,520**	42,129,668
Non-controlling interest		**773,677**	772,255	**383,293**	379,385
PROFITS FOR THE PERIOD		**64,294,339**	90,281,638	**27,830,813**	42,509,053
Basic and diluted earnings per share	(28)	**0.52**	0.73	**0.22**	0.34

-The accompanying notes from (1) to (34) are an integral part of these interim consolidated financial statements.

RAYA CONTACT CENTER (S.A.E)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2019

	Six Months		Three Months	
	2019	2018	**2019**	2018
	EGP	*EGP*	*EGP*	*EGP*
Profits for the period	**64,294,339**	90,281,638	**27,830,813**	42,509,053
Foreign currency translation differences	**(8,525,772)**	616,049	**(4,587,875)**	798,739
TOTAL COMPREHENSIVE INCOME	**55,768,567**	90,897,687	**23,242,938**	43,307,792
Attributable to:				
Parent Company	**54,994,890**	90,125,432	**22,859,645**	42,928,407
Non-Controlling Interest	**773,677**	772,255	**383,293**	379,385
TOTAL COMPERHENSIVE INCOME	**55,768,567**	90,897,687	**23,242,938**	43,307,792

-The accompanying notes from (1) to (34) are an integral part of these interim consolidated financial statements.

RAYA CONTACT CENTER (S.A.E)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019

	Capital	*Share Premium*	*Legal Reserve*	*Merger reserve*	*Foreign currency translation reserve*	*Retained earnings*	*Profits for the period*	***Total equity of parent company***	*Non-controlling interest*	***Total***
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	**EGP**	EGP	**EGP**
Balance as of 1 January 2019	53,030,303	75,306,925	31,060,282	(2,834,374)	10,634,932	100,534,016	178,957,499	**446,689,583**	1,957,835	**448,647,418**
Transferred to retained earnings	-	-	-	-	-	178,957,499	(178,957,499)	**-**	-	**-**
Dividends	-	-	-	-	-	(107,966,366)	-	**(107,966,366)**	-	**(107,966,366)**
Total comprehensive income	-	-	-	-	(8,525,772)	-	63,520,662	**54,994,890**	773,677	**55,768,567**
Balance as of 30 June 2019	**53,030,303**	**75,306,925**	**31,060,282**	**(2,834,374)**	**2,109,160**	**171,525,149**	**63,520,662**	**393,718,107**	**2,731,512**	**396,449,619**
Balance as of 1 January 2018	53,030,303	75,306,925	31,060,282	(2,834,374)	10,031,639	29,596,331	157,312,669	**353,503,775**	1,532,869	**355,036,644**
Transferred to retained earnings	-	-	-	-	-	157,312,669	(157,312,669)	**-**	-	**-**
Dividends	-	-	-	-	-	(86,374,984)	-	**(86,374,984)**	(1,157,251)	**(87,532,235)**
Total comprehensive income	-	-	-	-	616,049	-	89,509,383	**90,125,432**	772,255	**90,897,687**
Balance as of 30 June 2018	**53,030,303**	**75,306,925**	**31,060,282**	**(2,834,374)**	**10,647,688**	**100,534,016**	**89,509,383**	**357,254,223**	**1,147,873**	**358,402,096**

- The accompanying notes from (1) to (34) are an integral part of these interim consolidated financial statements.

RAYA CONTACT CENTER (S.A.E)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2019

	Note	30 June 2019 EGP	30 June 2018 EGP
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits for the period before income tax		79,571,107	108,266,372
Depreciation expense of fixed assets	(5)	16,624,204	11,909,846
Amortization expense of intangible assets	(6)	63,588	24,757
Impairment of accounts receivable	(8)	4,670,238	912,349
Reversal of impairment of accounts receivable	(8)	(3,610,609)	(2,108,298)
Provisions	(15)	(48,000)	16,400
End of service benefits		417,501	1,811,722
Net finance income	(25)	(12,538,412)	(17,575,735)
		85,149,617	103,257,413
Change in accounts and notes receivable and accrued revenue		18,897,876	(13,162,372)
Change in prepayments and other debit balances		(18,866,159)	(33,621,863)
Change in due from related parties		-	-
Change in accounts payable		12,303,109	10,477,537
Change in due to related parties		(3,783,557)	(2,086,715)
Change in accrued expenses and other credit balances		(5,909,095)	11,965,061
CASH FLOWS FROM OPERATING ACTIVITIES		87,791,791	76,829,061
Income tax paid	(20)	(33,784,410)	(38,691,298)
NET CASH FLOWS FROM OPERATING ACTIVITIES		54,007,382	38,137,763
CASH FLOWS FROM INVESTING ACTIVITIES			
Finance income received		12,810,547	18,725,020
Payments to acquire fixed assets	(5)	(33,740,223)	(16,737,573)
NET CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES		(20,929,676)	1,987,447
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from credit facilities		2,126,183	39,259,003
Payments in credit facilities		(1,701,811)	(7,461,359)
Finance cost paid		(77,959)	(558,337)
Dividends paid		(100,300,650)	(75,958,619)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		(99,954,237)	(44,719,312)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(66,876,532)	(4,594,102)
Cash and cash equivalents - beginning of the period		252,178,440	241,527,269
Net foreign exchange differences		156,000	(20,800)
Foreign currency translation reserve		(8,185,411)	675,628
CASH AND CASH EQUIVALENTS - END OF THE PERIOD	(11)	177,272,497	237,587,995

- The accompanying notes from (1) to (34) are an integral part of these interim consolidated financial statements.

1. BACKGROUND

Raya Contact Center (S.A.E) (the Company or the Parent) was founded on 14 February 2001 under the name of Sera net for Software and Content Development in Egypt, under law no. 8 of 1997 and its executive regulations. The Company was registered in the Commercial Register under No. 139696.

The Company started its activity on April 2001 upon the approval of the General Authority of Investment.

On 22 April 2003, an Extraordinary General Assembly meeting decided to change the Company's name to be Raya Contact Center S.A.E and modified the second article in the Company's article of incorporation, which was approved by the General Authority of Investment and Free Zone Areas on 8 June 2003 according to the General Authority of Investment decision no.1994 of 2003.

In February 2015, Raya Contact Center became a listed company on the Egyptian Stock Exchange ("EGX").

The Consolidated financial statements of Raya Contact Center (S.A.E) and its subsidiaries (collectively, the Group) includes the financial statements of the Parent and the following subsidiaries:

	Company name	% of ownership
1-	Call Center Company - C3	99.54%
2-	Raya for Contact Center Building Management Company – RCCBM	97%
3-	Raya Contact Center Gulf	100%
4-	Raya Contact Center Europe	100%

Raya Contact Center acquired both Call Center Company – C3 and Raya for Contact Center Building Management Company during April 2014, and established both Raya Contact Center Gulf during June 2014 and Raya Contact Center Europe on January 2015.

The Company's Ultimate Parent is Raya Holding Company for Financial Investments S.A.E.

These interim consolidated financial statements for the period ended 30 June 2019 were authorized for issuance in accordance with the resolution of board of directors on 8 August 2019.

Group activities

The Group is principally engaged in the provision of the following services:

- Contact Center Services including: Customer Service, Technical Support, Inbound Sales and Tele-marketing.
- Inside Sales Channel Management services including: Account Profiling, Campaign Management, Lead Management and Account Management.
- Back Office Services including: Data Management, Finance & Accounting, Payroll Processing and Supply chain Management & temporary customer management.
- Professional Services including: Call Center Hosting, Contact Center Training, Social Media, Contact Center and Start-up Consultancy.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Interim Consolidated financial statements of the Group are prepared under the going concern assumption on a historical cost basis.

The Interim Consolidated financial statements of the Group are prepared and presented in Egyptian pound, which is the Company's functional currency.

Statement of compliance

The Consolidated financial statements of the Group are prepared in accordance with the Egyptian Accounting Standards and the applicable laws and regulations

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

During April 2014, **"Raya Contact Center S.A.E"** acquired 99.54% of the shares of **"Call Center Company- C3"**. The Company also acquired 1 % of the shares of **"Raya for Contact Center Building Management Company"** and subscribed in the capital increase of the same company to increase its ownership to 97%. As a result, the Company obtained the majority of the voting rights of these two subsidiaries and the ability to govern their financial and operating policies.

Since these two subsidiaries were under the control of **"Raya Holding Company for Financial Investments S.A.E"** (Ultimate Parent), before the acquisition by **"Raya Contact Center"**, this transaction is considered a common control transaction, which is scoped out from EAS 29 "Business combination".

The Company applies the Pooling of interest method with retrospective presentation as if the subsidiaries had always been combined in accounting for common control transactions. Under the policy adopted by the Company the following is applied:

- The assets and liabilities of the combining entities are reflected at their carrying amounts and no adjustments are made to reflect fair values, or recognize any new assets or liabilities.
- No 'new' goodwill is recognized as a result of the combination, the only goodwill that is recognized is the existing goodwill relating the combining entities.
- Any difference between the consideration and the equity 'acquired' is reflected within equity as merger reserve.

Basis of consolidation

A. Subsidiaries
A subsidiary is an entity that is controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with this entity and has the ability to affect those returns through its power over it. When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has power.
Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Accounting for business combination under EAS 29 only applies if it is considered that a business has been acquired. For acquisitions meeting the definition of a business, the acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of profit or loss.

B. Transactions with Non-controlling interest
The Group applies a policy of treating transactions with non-controlling interests that do not result in the Parent losing control as transactions with equity owners of the Group. When the proportion of the equity held by non-controlling interests changes, the Group adjust the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The Group recognises directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the Parent.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- The following steps are followed when preparing the Consolidated financial statements:
  - a- Eliminate the carrying amount of the Parent investment in each subsidiary and the Parent share of equity of each subsidiary.
  - b- Identify the non-controlling interest in the profit or loss of the consolidated subsidiaries for the reporting period.
  - c- Identify the non-controlling interests in the net assets of consolidated subsidiaries and presented in the financial statement separately from the Parent ownership interests. Non-controlling interests in the net assets consist of:
    - (1) The amount of non-controlling interests as of the original date of combination.
    - (2) The non-controlling interests' share of changes in equity since the date of the combination.
  - d- Intergroup balances and transactions, revenues and expenses are eliminated.

- 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.

- The financial statements of the Parent and its subsidiaries used in the preparation of the consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events with similar circumstances.

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

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

Company name	**% of non-controlling interest**
Call Center Company - C3	0.46%
Raya for Contact Center Building Management Company	3%

Changes in accounting policies
The accounting policies adopted are consistent across the periods presented herein.

3. 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 periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period 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:

3.1 Judgments

Revenue Recognition
The management considered the detailed criteria for the recognition of revenue from rendering services as set out in EAS 11 *Revenue* and the contracts between the Company and customers.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

3.2 Estimates

Impairment of goodwill
The Company carries out impairment testing annually in respect of the goodwill on acquisition of subsidiaries. In carrying out the impairment analysis, the Company makes an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

In calculating the future cash flows expected to arise from the cash-generating unit, management estimates the growth rate keeping in view the historical growth rates over the last five years.

In calculating the discount rate, management estimates the return on capital employed using weighted average cost of capital.

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

Taxes
The Group is subject to income taxes in Egypt and Poland. Significant judgment is required to determine the total provision for current and deferred taxes. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities in Egypt and Poland. 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 prevailing conditions In Egypt & Poland.
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.

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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are initially recorded using the prevailing exchange rate at 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 as follows:

- To reflect the substance of the revenue transactions of the Group, unrealized and realized foreign currency exchange differences related to accounts and notes receivable, as well as realized exchange differences resulting from sale of foreign currency cash balances are recognized within revenues.
- All other foreign exchange differences are recognized as a separate line item on the face of 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.

The financial statements of the subsidiaries denominated in foreign currency are translated to the Parent company's functional currency which is the Egyptian pound as follows:

A) Assets and liabilities for each Financial position presented are translated at the closing rate at the date of that Financial position.
B) Income and expenses for each statement of profit or loss presented are translated at exchange rates at the dates of the transactions, or using average rate for the period when more practical.
C) All resulting exchange differences are included in the owner's equity as a separate line item as foreign currency translation differences.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in consolidated statement of other comprehensive income ("OCI") or profit or loss are also recognized in consolidated statement of OCI or consolidated statement of profit or loss, respectively).

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.

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
Computers and software	2-4
Furniture and office equipment	3-8
Tools and equipment	1-5
Leasehold improvements	Useful life or lease period whichever is less
Electrical Equipment	3-5
Communication networks and devices	3-5
Vehicles	4

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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed assets – Continued

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.

Projects under construction

Projects under construction represent the amounts that are incurred for 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 carried at cost less impairment (if any).

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

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 statement of profit or loss in the period in which the expenditure is incurred.

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

Intangible assets with finite 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 finite useful life are reviewed at least at each financial year end.

Intangible assets represent the computer programs and the related licenses and are amortized using the straight-line method over their estimated useful lives (1-3 years).

Goodwill

Goodwill is recognized as an asset at the acquisition date of a business combination. Goodwill is initially measured at cost, which represents the excess of the consideration transferred in the business combination over the Company's interest in the fair value of the assets, liabilities and contingent liabilities recognized. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Accounts and notes receivable and accrued revenue and other debit balances

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

Impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows. 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 period in which it occurs.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions
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.

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.

Borrowings
Borrowings are initially recognized at the value of the consideration received. Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding one year after the financial position date, then the loan balance should be classified as long-term liabilities.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate, the effective interest rate amortization is included in finance cost in the statement of profit or loss.

Income taxes
Income tax is calculated in accordance with the applicable tax law.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date.

The current income tax charge is calculated on the basis of the tax laws enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax – Continued

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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 measured at the fair value of the consideration received, or receivable excluding discounts, rebates, and sales taxes or duties.

- **Service revenue**
  Revenue is recognized when service is rendered to the client according to the contract terms.

- **Finance income**
  Finance income is recognized as it accrues using the effective interest rate (EIR) method and recognized in the statement of profit or loss. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

- **Government Grants**
  Government grants are recognized when there is reasonable assurance that the company will comply with the conditions attaching to them; and the grants will be received. Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognized in profit or loss of the period in which it becomes receivable.

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 period in which these expenses were incurred.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Related party transactions
Related parties represent 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.

Social insurance
The Company makes contributions to the General Authority for Social Insurance calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

Accounting estimates
The preparation of financial statements in accordance with Egyptian Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the financial years. Actual results could differ from these estimates.

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 reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.
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.

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

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 with original maturity within three months, reduced by bank overdraft, if any.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

5 FIXED ASSETS

	Computers and Software	Furniture & Office equipment	Tools & Equipment	Leasehold Improvement	Electrical Equipment	Communication Devices	Communication Networks	Vehicles	**Total**
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	**EGP**
Cost									
As of 1 January 2019	85,389,915	32,897,456	274,037	66,607,966	10,415,963	47,183,658	11,457,284	340,084	**254,566,363**
Additions	4,989,314	4,533,689	95,000	10,356,516	1,289,527	11,232,591	1,243,586	-	**33,740,223**
Foreign currency translation differences	(452,748)	(404,437)	-	(490,784)	(79,148)	(385,279)	(80,092)	-	**(1,892,488)**
As of 30 June 2019	**89,926,481**	**37,026,708**	**369,037**	**76,473,698**	**11,626,342**	**58,030,970**	**12,620,778**	**340,084**	**286,414,098**
Accumulated depreciation									
As of 1 January 2019	(57,009,974)	(20,112,876)	(28,176)	(28,601,733)	(6,320,949)	(38,041,850)	(7,921,801)	(155,872)	**(158,193,231)**
Depreciation for the period	(7,240,182)	(1,554,109)	(25,158)	(4,531,084)	(677,650)	(1,942,932)	(610,579)	(42,510)	**(16,624,204)**
Foreign currency translation differences	340,659	306,607	-	338,475	62,158	340,657	48,717	-	**1,437,273**
As of 30 June 2019	**(63,909,497)**	**(21,360,378)**	**(53,334)**	**(32,794,342)**	**(6,936,441)**	**(39,644,125)**	**(8,483,663)**	**(198,382)**	**(173,380,162)**
Net book value									
As of 30 June 2019	**26,016,984**	**15,666,330**	**315,703**	**43,679,356**	**4,689,901**	**18,386,845**	**4,137,115**	**141,702**	**113,033,936**
As of 31 December 2018	28,379,941	12,784,580	245,861	38,006,233	4,095,014	9,141,808	3,535,483	184,212	96,373,132

* There is no pledge or restriction on the fixed assets.
* Depreciation expense charged to cost of revenues during the period ended 30 June 2019 amounted to EGP 16,624,204 (Note 22)

* Fully depreciated assets and still used in operations are as follows:	**EGP**
Computers and Software	**34,597,564**
Furniture and office Equipment	**13,630,521**
Tools & Equipment	**22,455**
Leasehold Improvements	**4,350,185**
Electrical Equipment	**21,504,901**
Communications Devices	**29,833,051**
Communication Networks	**7,052,839**
	110,991,516

5 FIXED ASSETS (CONTINUED)

	Computers and Software	Furniture & Office equipment	Tools & Equipment	Leasehold Improvement	Electrical Equipment	Communication Devices	Communication Networks	Vehicles	**Total**
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	**EGP**
Cost									
As of 1 January 2018	73,337,747	25,904,883	221,857	32,533,909	7,161,848	42,008,247	8,766,643	340,084	**190,275,218**
Additions for the period	6,867,398	2,268,522	-	3,847,588	2,881,300	665,835	206,930	-	**16,737,573**
Foreign currency translation differences	(103,743)	(107,680)	-	(8,330)	(8,656)	(157,953)	1,669	-	**(384,693)**
As of 30 June 2018	**80,101,402**	**28,065,725**	**221,857**	**36,373,167**	**10,034,492**	**42,516,129**	**8,975,242**	**340,084**	**206,628,098**
Accumulated depreciation									
As of 1 January 2018	(44,675,462)	(17,317,127)	(22.456)	(24,790,200)	(5,040,738)	(33,737,020)	(7,082,991)	(70,851)	**(132,736,845)**
Depreciation for the period	(5,540,993)	(1,352,020)	(19,940)	(1,564,266)	(490,090)	(2,540,991)	(359,036)	(42,510)	**(11,909,846)**
Foreign currency translation differences	82,799	74,600		15,395	10,584	146,600	3,488	-	**333,466**
As of 30 June 2018	**(50,133,656)**	**(18,594,547)**	**(42,396)**	**(26,339,071)**	**(5,520,244)**	**(36,131,411)**	**(7,438,539)**	**(113,361)**	**(144,313,225)**
Net book value									
As of 30 June 2018	**29,967,746**	**9,471,178**	**179,461**	**10,034,096**	**4,514,248**	**6,384,718**	**1,536,703**	**226,723**	**62,314,873**
As of 31 December 2017	28,662,285	8,587,756	199,401	7,743,709	2,121,110	8,271,227	1,683,652	269,233	57,538,373

* There is no pledge or restriction on the fixed assets.
* Depreciation expense charged to cost of revenues during the period ended 30 June 2018 amounted to EGP 11,909,846 (Note 22).

* Fully depreciated assets and still used in operations are as follows:	**EGP**
Computers and Software	31,520,869
Furniture and office Equipment	11,363,728
Tools & Equipment	22,456
Leasehold Improvements	19,220,306
Electrical Equipment	2,583,332
Communications Devices	21,264,318
Communication Networks	5,978,287
	91,953,296

6 INTANGIBLE ASSETS

	2019 EGP	2018 EGP
Cost		
As of 1 January	555.475	325,306
Foreign currency translation differences	(13,746)	(15,082)
As of 30 June	541,729	310,224
Accumulated amortization		
As of 1 January	(205,558)	(164,860)
Amortization for the period	(63,588)	(24,757)
Foreign currency translation differences	8,067	6,730
As of 30 June	(261,079)	(182,887)
Net book value as of 30 June	280,650	127,337

Amortization expense charged to general and administrative expenses (Note 23).

7 GOODWILL

During 2014, Raya Contact Center S.A.E (Parent) acquired 99.54% of the shares of Call Center Company- C3 (Subsidiary) and recognized goodwill amounting to EGP 26,582,777 which represents the original value of goodwill previously recognized in the books of the Ultimate parent "Raya Holding Company for Financial Investments S.A.E" when it originally acquired "Call Center Company – C3" before the acquisition of the company by "Raya Contact Center" (Parent).

8 ACCOUNTS AND NOTES RECEIVABLE AND ACCRUED REVENUE

	30 June 2019 EGP	31 December 2018 EGP
Accounts receivable*	126,466,269	162,461,795
Due from related parties (Note 10a)	5,783,275	4,174,285
Accrued Revenue	63,430,932	49,131,052
Notes receivable	2,358,619	1,169,838
	198,039,095	216,936,970
Impairment of accounts receivable	(5,677,720)	(4,738,624)
	192,361,375	212,198,346

The movements of impairment of accounts and notes receivables is as follows:

	2019 EGP	2018 EGP
Balance as of 1 January	(4,738,624)	(2,725,204)
Charged during the period	(4,670,238)	(912,349)
Reversal of impairment of accounts receivable	3,610,609	2,108,298
Foreign currency translation differences	120,533	-
Balance as of 30 June	(5,677,720)	(1,529,255)

8 ACCOUNTS AND NOTES RECEIVABLE AND ACCRUED REVENUE (CONTINUED)

At 30 June 2019 and 31 December 2018, the ageing analysis of net accounts, notes receivables and accrued revenue is as follows:

			Past due but not impaired			
	Total	*Neither Past Due nor Impaired*	*Less than 30 days*	*Between 30 to 60 days*	*Between 60 to 90 days*	*More than 90 days*
	EGP	*EGP*	*EGP*	*EGP*	*EGP*	*EGP*
30 June 2019	**192,361,375**	**132,363,567**	**10,938,249**	**8,445,380**	**33,080,988**	**7,533,191**
31 December 2018	212,198,346	151,176,945	17,112,568	22,005,367	15,318,979	6,584,487

- As at 30 June 2019, impaired accounts, notes receivables and accrued revenue amounted to EGP 5,677,720 (31 December 2018: EGP 4,738,624).

- Refer to Note (31a) on credit risks of accounts, note receivable and accrued revenue, which discusses how the company manages and measures credit quality of accounts and note receivable and accrued revenue that are past due not impaired.

9 PREPAYMENTS AND OTHER DEBIT BALANCES

	30 June 2019	31 December 2018
	EGP	EGP
Prepayments	**23,884,285**	18,621,607
Deposits with others	**6,936,780**	6,406,831
Margin of letters of guarantee (Note 30)	**283,336**	174,962
Advance to suppliers	**9,960,270**	6,430,106
Social Insurance Authority	**127,253**	-
Employees' imprests	**180,365**	-
Tax authority – sales tax / value added tax	**11,147,383**	7,986,787
Tax authority – With-holding tax (Note 20)	**6,485,238**	-
Accrued interest income	**5,804,781**	5,998,957
Advance Dividends*	**372,365**	1,387,428
Other debit balances	**1,421,167**	1,927,193
	66,603,223	48,933,871
Impairment on other debit balances	**(170,223)**	(170,223)
	66,433,000	48,763,648

The movements of impairment of other debit balances is as follows:

	2019	2018
	EGP	EGP
Balance as of 1 January	**170,223**	170,223
Charged during the period	**-**	-
Balance as of 30 June	**170,223**	170,223

* Advance dividends balance represents advance benefits paid to the Chairman according to the Ordinary General Assembly meeting held on 23 September 2017, 1% of the Company's annual profits is to be allocated and paid monthly to the Chairman, which will be settled at the end of the financial year after the issuance of the financial statements and its approval from the General Assembly meeting.

10 RELATED PARTY DISCLOSURES

Related parties represented in Ultimate Parent Company, associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly or significantly influenced by such parties, pricing policies and term of these transactions are approved by the Company's management.

The related parties' transactions resulted in the following balances:

a) Related party balances
Significant related party balances are as follows:

	30 June 2019			
	Due from related parties EGP	*Due to related parties EGP*	*Trade payables EGP*	*Trade receivables EGP*
Raya Distribution Company	-	-	**3,333,358**	**2,032,402**
Raya Holding Company for Financial Investments	-	**4,957,354**	-	**166,833**
Raya Restaurants Company	**6,162**	-	**166,851**	**733,217**
Raya Finance Lease Company	-	-	**59,126**	-
Aman for Electronic Payment Company	-	-	-	**773,369**
Aman for Financial Services Company	-	-	-	**1,017,127**
Raya Electronics Company	-	-	**382,257**	**346,622**
Raya for Social Media Company	-	-	**485,404**	-
Ostool for Land Transport Company	-	-	-	**713,705**
	6,162	**4,957,354**	**4,426,996**	**5,783,275**

	31 December 2018			
	Due from related parties EGP	*Due to related parties EGP*	*Trade payables EGP*	*Trade receivables EGP*
Raya Distribution Company	-	-	196,964	815,198
Raya Integration Company	-	-	480,032	194,683
Raya Holding Company for Financial Investments	-	8,740,911	-	147,920
Raya for Data Center Company	-	-	447,529	-
Raya Restaurants Company	6,162	-	159,265	477,940
Raya Finance Lease Company	-	-	59,126	-
Aman for Electronic Payment Company	-	-	-	1,550,323
Aman for Financial Services Company	-	-	-	350,551
Raya Electronics Company	-	-	126,698	131,034
Raya for Social Media Company	-	-	28,953	-
Ostool for Land Transport Company	-	-	-	506,636
	6,162	8,740,911	1,498,567	4,174,285

- The due from related parties' balances above include interest-bearing balances that generated finance income as indicated in related party transactions (b) below.

10 RELATED PARTY DISCLOSURES (CONTINUED)

b) Related party transactions

Transactions with related parties included in the financial statements are as follows:

Company	Nature of relationship	30 June 2019							
		Services to	Services from	Purchases from	Rent expense	Allocated expense	Finance income	Net financing	Dividends to
		EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Raya Holding Company for Financial Investments	Ultimate Parent	852,494	-	-	14,774,349	-	-	-	89,793,069
Raya Integration Company	Subsidiary of ultimate Parent	254,055	-	3,196,392	-	-	-	-	161,951
Raya Distribution Company	Subsidiary of ultimate Parent	1,067,723	-	3,136,800	-	-	-	-	8,997
Ostool for Land Transport Company	Subsidiary of ultimate Parent	181,639	-	-	-	-	-	-	-
Raya for Data Center Company	Subsidiary of ultimate Parent	-	-	1,506,303	-	-	-	-	-
Raya Social Media Company	Subsidiary of ultimate Parent	-	-	933,688	-	-	-	-	-
Raya Electronics Company	Subsidiary of ultimate Parent	189,113	-	450,750	-	-	-	-	-
Raya Restaurants Company	Subsidiary of ultimate Parent	223,927	-	7,586	-	-	-	-	-
Aman for Electronic Payment Company	Subsidiary of ultimate Parent	1,335,975	-	-	-	-	-	-	-
Aman for Financial Services Company	Subsidiary of ultimate Parent	585,639	-	-	-	-	-	-	-

Company	Nature of relationship	30 June 2018							
		Services to	Services from	Purchases from	Rent expense	Allocated expense	Finance income	Net financing	Dividends to
		EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Raya Holding Company for Financial Investments	Ultimate Parent	656,958	-	-	7,016,088	-	-	-	33,382,898
Raya Integration Company	Subsidiary of ultimate Parent	222,220	-	693,616	-	-	-	-	56,870
Raya Distribution Company	Subsidiary of ultimate Parent	1,209,948	-	6,715,099	-	-	-	-	47,934
Ostool for Land Transport Company	Subsidiary of ultimate Parent	165,098	-	-	-	-	-	-	-
Raya Social Media Company	Subsidiary of ultimate Parent	-	-	925,474	-	-	-	-	-
Raya for Data Center Company	Subsidiary of ultimate Parent	-	-	721,559	-	-	-	-	-
Raya Restaurants Company	Subsidiary of ultimate Parent	-	-	31,536	-	-	-	-	-
Aman for Financial Services Company	Subsidiary of ultimate Parent	-	-	3,023,505	-	-	-	-	-
Aman for Electronic Payment Company	Subsidiary of ultimate Parent	-	266,611	-	-	-	-	-	-

10 RELATED PARTY DISCLOSURES (CONTINUED)

c) Salaries and benefits of key management personnel

The remuneration of key management personnel during the periods ended 30 June 2019 and 2018 was as follows:

	30 June 2019 EGP	30 June 2018 EGP
Salaries and benefits	7,953,439	5,688,333
	7,953,439	5,688,333

11 CASH AT BANKS

	30 June 2019 EGP	31 December 2018 EGP
Local currency		
Current accounts	7,845,552	2,372,483
Time deposits	144,500,000	187,000,000
Checks under collection	446,615	1,633,449
	152,792,167	191,005,932
Foreign currency		
Checks under collection	434,113	-
Current accounts	24,046,217	25,252,508
Time deposits	2,178,800	38,254,800
	26,659,130	63,507,308
	179,451,297	254,513,240

For statement of cash flows preparation purposes:

	30 June 2019 EGP	31 December 2018 EGP
Cash at banks	179,451,297	254,513,240
Restricted time deposit as a letter of guarantee cover* (More than 3 months)	(2,178,800)	(2,334,800)
Cash and cash equivalents	177,272,497	252,178,440

* Cash at banks at 30 June 2019 amounted to EGP 2,178,800 (equivalent to USD 130,000) while at 31 December 2018 the amount was EGP 2,334,800 (equivalent to USD 130,000) represented in restricted time deposit as letter of guarantee cover (Note 30).

- Cash at banks earn interest based on prevailing bank deposit rates.
- Time deposits in EGP earn interest with an average effective interest rate of 13.43 % (31 December 2018: 13.79%).

12 CREDIT FACILITIES

	30 June 2019 EGP	31 December 2018 EGP
Credit facilities – local currency	-	-
Credit facilities – foreign currency	4,545,528	4,121,156
	4,545,528	4,121,156

All credit facilities are renewed annually and are payable upon demand.
All credit facilities are secured by a corporate guarantee from "Raya Holding Company for Financial Investments S.A.E" (Ultimate Parent). In addition to the following:

- One of the facilities of "Raya Contact Center S.A.E" (Parent) is secured by a corporate guarantee from "Raya for Contact Center Building Management Company" and "Call Center Company – C3" (subsidiaries).
- One of the facilities of "Raya Contact Center S.A.E" (Parent) is secured by a time deposit at the granted bank.
- One of the facilities of "Call Center Company – C3" (Subsidiary) is secured by a corporate guarantee from "Raya Contact Center S.A.E" (Parent), and "Raya for Contact Center Building Management Company" (Subsidiary).
- One of the facilities of "Raya for Contact Center Building Management Company" (Subsidiary) is secured by a corporate guarantee from "Raya Contact Center S.A.E" (Parent), "Call Center Company – C3" (Subsidiary).

13 ACCOUNTS PAYABLE

	30 June 2019 EGP	31 December 2018 EGP
Accounts payable	**70,240,059**	60,865,380
Due to related parties (Note 10a)	**4,426,996**	1,498,567
	74,667,055	62,363,947

14 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	30 June 2019 EGP	31 December 2018 EGP
Accrued expenses	**40,902,054**	47,355,202
Social insurance authority	**27,598**	6,704,470
Tax authority – payroll tax	**1,856,136**	1,223,255
Tax authority – value added tax	**2,306,270**	4,825,920
Tax authority – withholding tax	**730,055**	510,840
Tax authority – stamp tax	**20,500**	18,100
Unearned revenue and advances from customers	**11,879,916**	2,883,518
Other credit balances	**1,049,165**	1,159,484
	58,771,694	64,680,789

15 PROVISIONS

	Balance as of 1 January 2019 EGP	Charged during the period EGP	No longer required during the period EGP	Used during the period EGP	**Balance as of 30 June 2019 EGP**
Provision for expected claims	815,377	-	(48,000)	-	**767,377**
Provision for claims	1,100,000	-	-	-	**1,100,000**
Legal claims	10,000	-	-	-	**10,000**
	1,925,377	-	(48,000)	-	**1,877,377**

	Balance as of 1 January 2018 EGP	Charged during the period EGP	No longer required during the period EGP	Used during the period EGP	**Balance as of 30 June 2018 EGP**
Provision for expected claims	808,977	6,400	-	-	815,377
Provision for claims	1,100,000	-	-	-	1,100,000
Legal claims	-	10,000	-	-	10,000
	1,908,977	16,400	-	-	1,925,377

Provisions represent the amounts of actual and expected claims from certain Governmental bodies and others.

The information usually required by accounting standards is not disclosed because the management believes that to do so would seriously prejudice the outcome of the negotiation with those parties. These provisions are reviewed by management on an annual basis and they are adjusted based on latest developments, discussions and agreements with those parties.

16 OTHER LONG TERM LIABILITY

Other long-term liability represents the end of service benefits required by law for the Group's employees in UAE. The Group does not have end of service benefits to employees except only the end of service of UAE required by law.

17 CAPITAL

At incorporation, the Company had authorized capital of EGP 150 million and issued capital of amount EGP 15 million divided over 1.5 million shares with par value EGP 10 per share. The Company's paid up Capital amounted to EGP 6 million. On 17 October 2001, the General Assembly meeting decided to increase the paid up capital to be EGP 9 million.

On 24 December 2011, an Extraordinary General Assembly meeting decided to decrease the issued capital to be EGP 9 Million divided over 900000 shares with par value EGP 10 per share, which is fully paid. This change was registered in the commercial register on 23 May 2012.

On 7 of April 2014, the Company's Board of Directors approved the increase of the issued capital of the Company to EGP 50 million divided over 5 million share with par value EGP 10 per share. This change was registered in the commercial register on 28 April 2014.

On 28 April 2014, an Extraordinary General Assembly meeting decided to decrease the par value per share from EGP 10 to EGP 0.50 to be divided over 100 million shares instead of 5 million shares. This change was registered in the commercial register on 20 November 2014; the Company's current capital structure is as follows:

	% of ownership	Number of shares	Paid up capital EGP
Raya Holding Company for Financial Investments (S.A.E)	99.8%	99802000	49,901,000
Raya Integration Company (S.A.E)	0.18%	180000	90,000
Raya Distribution Company (S.A.E)	0.01%	12000	6,000
Citibank Oversees Investment Corporation Company (S.A.E)	0.01%	6000	3,000
	100%	**100000000**	**50,000,000**

On 8 January 2017, an Extraordinary General Assembly meeting decided to offer 49% of the Company's share capital on Egyptian stock market by maximum limit of 49 million share. Also, approved the increase of the Company's authorized capital to be EGP 500 million, and increase the Company's issued capital within the authorized capital through the issuance of number of shares not exceeding 10 million share and specializing those shares to Raya Holding Company for Financial Investments (S.A.E) (Principal shareholder) against shares offered on public offering and/or special offering by the same final price at offering.
This increase is financed from the proceeds of the secondary offering after the completion of the offering process and settling the stabilization account of shares price; this increase is approved only by the decision of the principal shareholder.

On 29 March 2017, Raya Contact Center S.A.E. issued Offering memorandum in the Egyptian Stock Exchange where Raya Holding Company for Financial Investments S.A.E. (the main shareholder - seller) sold 48994000 share representing 48.99%.

Prior to the completion of the offering period, 1430288 share were returned to Raya Holding Company for Financial Investments S.A.E. (the main shareholder - seller).

On 30 April 2017, Raya Holding Company for Financial Investments S.A.E. transferred EGP 100 million to Raya Contact Center S.A.E. under capital increase in accordance with the extraordinary general assembly resolution held on 8 January 2017.

On 20 June 2017, according to board of directors meeting held on this date, the company decided to increase the issued capital by issuing 6060606 shares at amount EGP 16.5 per share (offering price) , which represent the par value per share of amount EGP 0.5 and issuance share premium of amount EGP 16 per share. This difference (issuance share premium) amounted to EGP 96,969,697, will be recorded in the reserve account. It was determined that the authorized capital is EGP 500 Million and the issued capital is EGP 53,030,303 divided over 106060606 shares each of par value EGP 0.5 and all are cash shares. Registered on commercial register on 10 September 2017.

On 9 January 2019, the General Assembly Meeting approved increasing the company's issued capital from EGP 53,030,303 to EGP 111,363,636 amounting to an increase of EGP 58,333,333 divided by 116666666 shares with par value of EGP 0.5 per share and distributing one free share for each share equivalent to 106060606 shares, and allocate the remaining shares amounting to 10606060 shares to employee stock option plan "ESOP" which was approved on 20 February, 2018 by EFSA, financed from retained earnings which amounted to EGP 13,666,278 from profits of the year which amounted to EGP 94,820,992 and share premium of EGP 75,306,925 for the year ended 31 December 2017 as per standalone issued financial statements. According to this, the capital increase was approved. The necessary procedures are being taken in this regard.

18 LEGAL RESERVE

On June 20, 2017, the Company increased its issued share capital by issuing 6060606 shares with a par value of EGP 3,030,303 and a total premium of LE 96,969,697 (note 17). In accordance with Article 94 of Law 159 of 1981, transfer share premium is transferred to the legal reserve until this reserve reaches 50% of the issued capital. The extra amounts shall constitute a special reserve., Upon the proposal of the Board of Directors, The General Assembly shall decide whether to distribute as profits or keep as special reserve. Accordingly, the legal reserve and share premium amounted to EGP 31,060,282 and EGP 75,306,925 respectively.

19 MERGER RESERVE

Until the date of the common control transaction (acquisition of Raya Contact Center Building Management Company and Call Center Company, the merger reserve represents the Company's share in the nominal value of the shares of the subsidiaries owned by the Ultimate Parent and its subsidiaries in addition to goodwill previously recognized in the books of the Ultimate Parent when it originally acquired "Call Center Company – C3" (Note 7). Consideration paid by the Company to acquire the subsidiaries shares during April 2014 has been reflected as a distribution.

20 INCOME TAX PAYABLE

	Balance as of 1 January 2019	Current income tax	Deducted & Paid tax	Balance as of 30 June 2019 Asset*	Balance as of 30 June 2019 Liability
	EGP	EGP	EGP	EGP	EGP
Income tax payable (Note 26)	28,899,457	13,707,398	(41,451,969)	**6,485,238**	**7,640,124**
	28,899,457	13,707,398	(41,451,969)	**6,485,238**	**7,640,124**

*The debit balance amounted to EGP 6,485,238 is included in prepayments and other debit balances.

	Balance as of 1 January 2018	Current income tax	Deducted & Paid tax	Balance as of 30 June 2018 Asset	Balance as of 30 June 2018 Liability
	EGP	EGP	EGP	EGP	EGP
Income tax payable (Note 26)	32,459,513	19,902,885	(38,691,298)	-	**13,671,100**
	32,459,513	19,902,885	(38,691,298)	-	**13,671,100**

21 REVENUE

	Six Months		Three Months	
	2019	2018	**2019**	2018
Revenue based on type of service	**EGP**	EGP	**EGP**	EGP
Back Office Services	**17,170,828**	16,349,827	**8,651,189**	9,141,250
Contact Service Center	**256,120,481**	292,986,074	**119,103,706**	149,867,643
Inside Sales services	**759,802**	2,106,438	**406,982**	282,333
Professional Services	**153,367,373**	122,397,437	**71,283,486**	61,245,055
	427,418,484	433,839,776	**199,445,363**	220,536,281

	Six Months		Three Months	
	2019	2018	**2019**	2018
Revenue based on the geographical location of the group	**EGP**	EGP	**EGP**	EGP
Egypt	**316,464,954**	316,645,455	**149,183,798**	160,775,278
Dubai	**104,008,963**	105,335,184	**46,793,622**	54,342,056
Poland	**6,944,567**	11,859,137	**3,467,943**	5,418,947
	427,418,484	433,839,776	**199,445,363**	220,536,281

21 REVENUE (CONTINUED)

	Six Months		Three Months	
	2019	2018	2019	2018
Revenue based on the source model	EGP	EGP	EGP	EGP
Hosting	**88,598,108**	63,186,080	**41,605,669**	33,489,314
Insourcing	**74,624,518**	60,130,566	**34,672,804**	31,090,183
Outsourcing	**264,195,858**	310,523,130	**123,166,890**	155,956,784
	427,418,484	433,839,776	**199,445,363**	220,536,281

	Six Months		Three Months	
	2019	2018	2019	2018
Revenue based on currency	EGP	EGP	EGP	EGP
Local (EGP)	**114,546,952**	108,711,844	**55,501,813**	58,009,573
Offshore (foreign currencies)	**312,871,532**	325,127,932	**168,471,308**	162,526,708
	427,418,484	433,839,776	**199,445,363**	220,536,281

* Revenues include foreign exchange differences losses amounted to EGP 9,122,791 and EGP 123,016 during the period ended 30 June 2019 and 2018, respectively. Foreign exchange differences were allocated between different revenue types based on the weight of the foreign currency revenues percentage of each type.

22 COST OF REVENUE

	Six Months		Three Months	
	2019	2018	2019	2018
	EGP	EGP	EGP	EGP
Salaries and employee benefits	**208,208,582**	225,374,823	**98,326,476**	117,776,476
Depreciation expense (Note 5)	**16,624,204**	11,909,846	**8,235,682**	6,015,069
IT Expense Utilities	**8,833,548**	7,067,781	**3,993,357**	3,789,170
Service cost	**18,538,339**	15,207,339	**9,239,744**	9,120,014
Maintenance and repair expenses	**2,445,855**	3,358,531	**948,737**	1,887,357
Utilities expenses	**7,991,332**	5,698,443	**3,730,250**	2,418,243
	262,641,860	268,616,763	**124,474,246**	141,006,329

23 GENERAL AND ADMINISTRATIVE EXPENSES

	Six months		Three Months	
	2019	2018	2019	2018
	EGP	EGP	EGP	EGP
Salaries and employee benefits	**26,493,111**	26,594,974	**12,405,314**	13,631,236
Amortization expense (Note 6)	**63,588**	24,757	**31,520**	12,172
Professional fees	**1,874,747**	1,612,739	**951,098**	770,305
Bank charges	**811,519**	554,361	**492,536**	274,638
Business travel	**342,727**	642,627	**261,473**	298,429
Internal training expenses	**748,735**	2,142,114	**361,329**	984,059
Cleaning and Security expenses	**3,407,978**	2,534,230	**1,692,931**	1,019,808
Takaful contribution charges	**792,666**	-	**379,371**	-
Other expenses	**2,905,423**	4,001,238	**1,641,051**	2,034,689
	37,440,494	38,107,040	**18,216,623**	19,025,336

24 SELLING AND MARKETING EXPENSES

	Six months		Three Months	
	2019	2018	**2019**	2018
	EGP	EGP	EGP	EGP
Salaries and employee benefits	**2,253,403**	1,558,820	**1,053,958**	751,662
Other marketing expenses	**339,983**	1,196,537	**270,354**	564,710
	2,593,386	2,755,357	**1,324,312**	1,316,372

25 NET FINANCE INCOME

	Six Months		Three Months	
	2019	2018	2019	**2018**
	EGP	EGP	EGP	**EGP**
Finance income				
Finance income from time deposits	**12,616,371**	18,134,072	**5,728,212**	8,686,319
	12,616,371	18,134,072	**5,728,212**	8,686,319
Finance cost				
Bank interest and expenses	**(77,959)**	(558,337)	**438,394**	(472,126)
	(77,959)	(558,337)	**438,394**	(472,126)
Net finance income	**12,538,412**	17,575,735	**6,166,606**	8,214,193

26 INCOME TAX

Raya Contact Center S.A.E and its Egyptian subsidiaries are subject to Egyptian tax law; the subsidiary in Poland is subject to tax law in Poland. The income tax was calculated for each company individually, and the income tax balance shown in the consolidated statement of profit or loss represents the total income tax for the Parent and its subsidiaries in addition to income tax applicable on consolidation level.

	Six Months		Three Months	
	2019	2018	**2019**	2018
	EGP	EGP	**EGP**	EGP
Current income tax	**(13,707,398)**	(19,902,885)	**(5,774,221)**	(9,526,217)
Deferred income tax	**(1,569,370)**	1,918,151	**(1,166,893)**	3,209,999
Income tax expense	**(15,276,768)**	(17,984,734)	**(6,941,114)**	(6,316,218)

DEFERRED INCOME TAX

	Statement of financial position		Statement of profit or loss	
	30 June 2019	31 Dec. 2018	**30 June 2019**	30 June 2018
	EGP	EGP	**EGP**	EGP
Depreciation of fixed assets	**(3,854,693)**	(3,575,196)	**(274,951)**	(432,320)
Provisions, impairment and accruals	**970,660**	705,706	**270,087**	7,273
Foreign currency translation differences	**316,010**	(12,462)	**329,193**	(4,499)
Accumulated losses of Raya Contact Center Europe Company*	**2,678,695**	2,753,662	**94,325**	337,758
Undistributed dividends from subsidiaries	**(6,064,251)**	(4,076,227)	**(1,988,024)**	2,009,939
	(5,953,579)	(4,204,517)	**(1,569,370)**	1,918,151

Reflected in the statement of financial position as follows:

	30 June 2019	31 Dec. 2018
	EGP	EGP
Deferred tax – asset	3,040,103	2,818,185
Deferred tax – liability	(8,993,682)	(7,022,702)
Net deferred tax (liability)	(5,953,579)	(4,204,517)

* Deferred tax assets recognized for the accumulated tax losses of Raya Contact Center Europe can be used to offset taxable income in the five coming years.

27 TAX SITUATION

- **RAYA CONTACT CENTER (PARENT)**

Corporate Tax
- The Company is committed to submit tax returns in accordance with the Law No. 91 of 2005 and its amendments in legal due dates.
- The Company's records were inspected since inception till 31 December 2004.
- The Company was not notified for inspection for the years from 2005 till 2009.
- The Company's records were inspected on estimated basis for the years from 2010 till 2012. The Company appealed and were inspected on actual basis for the period and the conflict is transferred to internal committee.
- The Company's records were not inspected for the period from 2013 till 30 June 2019.

Salary Tax
- The Company's records were inspected since inception till 2010 and all tax forms are received.
- The Company's records were inspected for the years 2011 till 31 December 2016 and all the tax differences were paid.
- The company's records were not inspected for the period from 2017 till 30 June 2019.

Stamp duty Tax
- The Company's records were inspected since inception till 2009 and all tax differences were paid.
- The Company's records were not inspected for the period from 2010 till 30 June 2019.

Value added Tax
- The Company was registered for the Value Added Tax in accordance with the Law No. 67 of 2016.

Sales Tax
- The company's records were inspected and certificate of tax exemption is issued.

- **RAYA FOR CONTACT CENTER BUILDING MANAGEMENT (Subsidiary)**

Corporate Tax
- The Company's records were inspected since inception till 2010 and tax forms are received and the Company appealed and the differences were paid.
- The Company is committed to submit tax returns in accordance with the Law No. 91 of 2005 and its amendments in legal due dates.
- The Company's records were inspected on estimated basis for the years 2011 and 2012. The Company appealed and is currently preparing for actual basis inspection.
- The Company's records were not inspected for the period from 2013 till 30 June 2019.

Salary Tax
- The Company's records were inspected on estimated basis for the period since inception till 2012. The Company appealed and is currently preparing for actual basis inspection.
- The Company's records were not inspected for the period from 2013 till 30 June 2019.

Stamp duty Tax
- The Company's records were inspected since inception till 2011 and all tax forms are received.
- The Company's records were not inspected for the period from 2012 till 30 June 2019.

Value added Tax
- The Company was registered for the Value Added Tax in accordance with the Law No. 67 of 2016.

Sales Tax
- The company is exempted from sales tax.

27 TAX SITUATION (CONTINUED)

- **CALL CENTER COMPANY – C3 (Subsidiary)**

Corporate Tax
- The Company is committed to submit tax returns in accordance with the Law No. 91 of 2005 and its amendments in legal due dates.
- The Company's records were inspected since inception till 2004 and all tax differences were paid.
- The Company's records were not inspected for the period from 2005 till 30 June 2019.

Salary Tax
- The Company's records were inspected since inception till 2008 and all tax differences were paid.
- The Company's records were inspected for the years from 2009 till 2012 and all tax differences were paid.
- The Company's records were not inspected for the period from 2013 till 30 June 2019.

Stamp duty Tax
- The Company's records were inspected since inception till 2006 and all tax differences were paid.
- The Company's records were not inspected for the period from 2007 till 30 June 2019.

Value added Tax
- The Company was registered for the Value Added Tax in accordance with the Law No. 67 of 2016.

Sales Tax
- The company is exempted from sales tax.

- **RAYA CONTACT CENTER EUROPE COMPANY (Subsidiary)**
  - The Company has fulfilled their tax obligations to the Polish ministry of finance till 30 June 2019.
- **RAYA CONTACT CENTER GULF COMPANY (Subsidiary)**
  - The Company is not subjected to taxes till 30 June 2019.

28 EARNING PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the period applicable to attribute to the Parent by the weighted average number of ordinary shares outstanding during the period. The Company has no dilutive shares.
The information necessary to calculate basic and diluted earnings per share is as follows:

	Six months		Three months	
	2019 EGP	2018 EGP	**2019 EGP**	2018 EGP
Profit for the period attributable to the Parent	**63,520,662**	89,509,383	**27,447,520**	42,129,668
Employees' and board of directors share (estimated)*	**(8,005,452)**	(12,495,983)	**(3,721,433)**	(6,217,278)
Net profit applicable to attribute to the ordinary equity holders of the Parent	**55,515,210**	77,013,400	**23,726,087**	35,912,390
Weighted average number of ordinary shares for basic and diluted earnings	**106060606**	104865089	**106060606**	104865089
EPS – basic and diluted	**0.52**	0.73	**0.22**	0.34

* According to the Egyptian law, employees and Board of Directors members are entitled to a percentage of the company's profit as a profit sharing when dividends are declared.

According to the Ordinary General Assembly meeting held on 23 September 2017, 1% of the Company's annual profits is to be allocated and paid monthly to the Chairman, which will be settled at the end of the financial year after the issuance of the financial statements and its approval from the General Assembly meeting.

29 SEGEMENT REPORTING

The Group identifies two sets of segments information that management uses to make decisions about operating matters: Business segments, which are based on related types of services provided, and geographic segments, which are based on geographical areas in which the Group have locations.

Business segments: For management purposes, the Group activities are organized into four main business segments:

- Contact Center Services including: Customer Service, Technical Support, Inbound Sales and Tele-marketing.
- Inside Sales Channel Management services including: Account Profiling, Campaign Management, Lead Management and Account Management.
- Back Office Services including: Data Management, Finance & Accounting, Payroll Processing and Supply chain Management.
- Professional Services including Call Center Hosting, Contact Center Training, Social Media, Contact Center and Start-up Consultancy.

Geographical segments: the Group currently operates in 3 main locations, Egypt, Dubai and Poland, all geographic locations can and intended to provide all of the four activities which the Group provide.

Operating segments that did not meet any of the quantitative thresholds were considered reportable, and were separately disclosed, since management believes that information about these segments are regularly monitored by the executive management and would be useful to users of the financial information.

Geographical segments Reporting
For the period ended 30 June 2019:

	Egypt EGP	Dubai EGP	Poland EGP	Eliminations EGP	Total EGP
Revenue	316,464,954	104,008,963	6,944,567	-	**427,418,484**
Cost of revenue	(185,248,125)	(71,607,498)	(5,786,237)	-	**(262,641,860)**
Gross Profit	**131,216,829**	**32,401,465**	**1,158,330**	-	**164,776,624**
Operating expenses	(82,600,863)	(10,543,554)	(3,279,524)	-	**(96,423,941)**
Net finance income	12,616,371	-	(77,959)	-	**12,538,412**
Foreign currency translation differences	(1,271,634)	(28,318)	(20,036)	-	**(1,319,988)**
Operating profits	**59,960,704**	**21,829,593**	**(2,219,190)**	-	**79,571,107**
Income tax expenses	(15,657,534)	-	380,766	-	**(15,276,768)**
Net profits	**44,303,170**	**21,829,593**	**(1,838,424)**	-	**64,294,339**
Other information					
Fixed assets additions	33,398,820	339,930	1,473	-	**33,740,223**
Depreciation expenses	(14,378,053)	(1,579,489)	(66,662)	-	**(16,624,204)**
Total assets	496,694,668	127,241,113	8,464,554	(51,211,035)	**581,189,300**
Total liabilities	(216,509,028)	(12,120,702)	(7,320,978)	51,211,035	**(184,739,681)**

For the period ended 30 June 2018:

	Egypt EGP	Dubai EGP	Poland EGP	Eliminations EGP	Total EGP
Revenue	316,645,454	105,335,185	11,859,137	-	433,839,776
Cost of revenue	(186,626,824)	(71,972,202)	(10,017,737)	-	(268,616,763)
Export subsidy revenue	2,069,995	-	-	-	2,069,995
Gross Profit	**132,088,625**	**33,362,983**	**1,841,400**	-	**167,293,008**
Operating expenses	(62,523,978)	(7,789,497)	(5,590,377)	-	(75,903,852)
Net finance income	17,693,201	-	(117,466)	-	17,575,735
Foreign currency translation differences	(59,736)	(23,162)	(615,621)	-	(698,519)
Operating profits	**87,198,112**	**25,550,324**	**(4,482,064)**	-	**108,266,372**
Income tax expenses	(18,785,347)	-	800,613	-	(17,984,734)
Net profits	**68,412,765**	**25,550,324**	**(3,681,451)**	-	**90,281,638**
Other information					
Fixed assets additions	16,656,356	81,217	-	-	**16,737,573**
Depreciation expenses	(8,139,551)	(2,611,683)	(1,158,612)	-	**(11,909,846)**
Total assets	478,361,807	93,214,044	10,933,869	(1,532,611)	**580,977,109**
Total liabilities	(197,772,114)	(15,702,957)	(10,632,553)	1,532,611	**(222,575,013)**

29 SEGEMENT REPORTING (CONTINUED)

Business Segment Reporting

For the period ended 30 June 2019:

	Back Office Services EGP	Contact Center Services EGP	Inside Sales Services EGP	Professional Services EGP	Unallocated EGP	Total EGP
Revenue	17,170,828	256,120,481	759,802	153,367,373	-	**427,418,484**
Cost of revenue	-	-	-	-	(262,641,860)	**(262,641,860)**
Total assets	-	-	-	-	581,189,300	**581,189,300**

For the period ended 30 June 2018:

	Back Office Services EGP	Contact Center Services EGP	Inside Sales Services EGP	Professional Services EGP	Unallocated EGP	Total EGP
Revenue	16,349,827	292,986,074	2,106,438	122,397,437	-	**433,839,776**
Cost of revenue	-	-	-	-	(268,616,763)	**(268,616,763)**
Total assets	-	-	-	-	580,977,109	**580,977,109**

30 CONTINGENT LIABILITIES

A. Letters of guarantee issued by the Group in favour of others are as follows:

Original Currency	**Currency**	**30 June 2019**	31 December 2018
	EGP	4,918,179	4,838,179
	USD	1,936,295	1,936,295
	EUR	100,559	100,559
	SAR	-	100,000
EGP Equivalent	**Currency**		
	EGP	4,918,179	4,838,179
	USD	32,452,304	34,775,857
	EUR	1,915,649	2,070,512
	SAR	-	479,000

The paid margin of letters of guarantee amounted to EGP 273,931 as at 30 June 2019 (31 December 2018: EGP 174,962).

B. Legal cases

The Group has some employment legal cases with some former employees'; based on the management assessment the probability of wining these cases is possible; the total exposure is not expected to be material.

31 FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

Overview

The Company has exposure to the following risks from its use of financial instruments:

a) Credit risk,
b) Market risk, and
c) Liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

a) Credit risk

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 receivable and accrued revenues, due from related parties, other receivables and from its financing activities, including bank balances.

Accounts and notes receivables and accrued revenue
Credit risk is represented in the inability of customers to pay the amounts due from them; the Group controls this risk through dealing with customers with credit worthiness that have the ability to pay their debts.

Other financial assets
With respect to credit risk arising from the other financial assets of the Company 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.

Bank Balances
The Company reduces the credit risk related to bank balances by dealing with reputable banks. Credit risk from balances with banks and financial institutions is managed by Company's treasury. 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 are with minimal credit risk, with a maximum exposure equal to the carrying amount of these balances.

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk and interest rate risk, which will affect the Company's income. Financial instruments affected by market risk include credit facilities and deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Exposure to interest rate risk
Interest rate risk is the risk that the fair value or 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.
Interest on financial instruments having floating rates is re-priced at intervals of less than one year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Company's profit before tax:

	30 June 2019		*30 June 2018*	
	Change in rate	*Effect on profit before tax EGP*	*Change in rate*	*Effect on profit before tax EGP*
Financial asset	+1%	202,627	+1%	268,263
	-1%	(202,627)	-1%	(268,263)
Financial liability	+1%	(1,590)	+1%	53,538
	-1%	1,590	-1%	(53,538)

31 FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (CONTINUED)

b) Market risk (Continued)

Exposure to foreign currency risk

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, AED, PLN, SAR and GBP exchange rates, with all other variables held constant. The impact on the Group'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.

	30 June 2019			*30 June 2018*		
	Change in rate	*Effect on profit before tax EGP*	*Effect on Equity EGP*	*Change in rate*	*Effect on profit before tax EGP*	*Effect on Equity EGP*
USD	**+10%**	**5,955,851**	-	+10%	7,500,303	-
	-10%	**(5,955,851)**	-	-10%	(7,500,303)	-
AED	**+10%**	**5,102,819**	**11,512,041**	+10%	-	7,751,108
	-10%	**(5,102,819)**	**(11,512,041)**	-10%	-	(7,751,108)
EUR	**+10%**	**105,101**	-	+10%	271,063	-
	-10%	**(105,101)**	-	-10%	(271,063)	-
PLN	**+10%**	-	**114,357**	+10%	-	30,131
	-10%	-	**(114,357)**	-10%	-	(30,131)
SAR	**+10%**	**1,045**	-	+10%	1,895,174	-
	-10%	**(1,045)**	-	-10%	(1,895,174)	-
GBP	**+10%**	**88,769**	-	+10%	-	-
	-10%	**(88,769)**	-	-10%	-	-

c) Liquidity risk

The cash flows, funding requirements and liquidity of the Company are monitored by Company's management. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities.

The Company currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Financial liabilities	***Less than 3 Months EGP***	***3 to 12 months EGP***	***1 to 5 Years EGP***	***Over 5 years EGP***	***Total EGP***
As at 30 June 2019					
Credit facilities	4,545,529	-	-	-	4,545,529
Accounts payable	74,667,055	-	-	-	74,667,055
Accrued expenses and other credit balances	46,891,778	-	-	-	46,891,778
Due to related parties	4,957,354	-	-	-	4,957,355
Dividends payable	16,138,374	-	-	-	16,138,374
Total undiscounted financial liabilities	147,200,090	-	-	-	147,200,090

31 FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (CONTINUED)

c) Liquidity risk (continued)

Financial liabilities	*Less than 3 Months EGP*	*3 to 12 Months EGP*	*1 to 5 Years EGP*	*Over 5 years EGP*	*Total EGP*
As at 31 December 2018					
Credit facilities	4,121,156	-	-	-	4,121,156
Accounts payable	62,363,947	-	-	-	62,363,947
Accrued expenses and other credit balances	61,797,271	-	-	-	61,797,271
Due to related parties	8,740,911	-	-	-	8,740,911
Dividends payable	28,899,457	-	-	-	28,899,457
Total undiscounted financial liabilities	165,922,742	-	-	-	165,922,742

32 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.
Financial assets of the Group include cash at banks, accounts, notes receivable and accrued revenues, other debit balances, and due from related parties. Financial liabilities of the Group include accounts payable, credit facilities, other credit balances, due to related parties, income taxes and dividends payable.

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

33 EMPLOYEE STOCK OPTION PLAN

On 27 January 2018, An Extraordinary General Assembly approved the adoption of "Employee Stock Option Plan – ESOP" in favour of eligible shares entitlements to executive directors, general managers or managers, employees of the Company or its subsidiaries in accordance with the decision of the Management and supervision Committee on adoption of "Employee Stock Option Plan – ESOP" through a plan granting dividend shares whereby the shares will be granted as an incentive, reward and determine their number according to the annual assessment of the employees not exceeding 5% of the total issued capital of the company within five years provided that these shares are granted financing either through purchase of treasury shares or capital increase and allocate this increase in favour of executive directors, general managers or managers, employees of the Company or its subsidiaries in accordance with the decision of the Management and supervision Committee on adoption of "Employee Stock Option Plan – ESOP", as well as the adoption of the disclosure statement in accordance with the provisions of Article 50 Of the Listing Rules and Article 61 of its executive procedures.

On 9 January 2019, the General Assembly Meeting approved the allocation of 10606060 shares to employee stock option plan "ESOP" which was approved on 20 February 2018 by EFSA, financed from retained earnings which amounted to EGP 13,666,278 from profits of the year which amounted to EGP 94,820,992 and share premium of EGP 75,306,925 for the year ended 31 December 2017 as per standalone financial statements issued. According to this, the capital increase was approved. The necessary procedures are being taken in this regard.

34 COMPARATIVE FIGURES

Certain comparative figures for the year/period 2018 have been reclassified to conform to the current period's presentation.