RAYA HOLDING COMPANY FOR
FINANCIAL INVESTMENTS (S.A.E)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
TOGETHER WITH AUDITOR’S REPORT
AUDITOR'S REPORT

TO THE SHAREHOLDERS OF RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E) represented in the consolidated financial position as of 31 December 2016, and the related consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

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

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

In our opinion, the consolidated financial statements referred to above presented fairly, in all material respects, the consolidated financial position of RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E) as of 31 December 2016, and the consolidated results of its operations and its consolidated cash flows for the year then ended in conformity with the Egyptian Accounting Standards and the related applicable laws and regulations.
# Raya Holding Company for Financial Investments (S.A.E)

## Consolidated Financial Position

As of 31 December 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LE</td>
<td>LE</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed assets</td>
<td>(4) 454,602,107</td>
<td>405,987,553</td>
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<tr>
<td>Investment property</td>
<td>(5) 633,786,684</td>
<td>632,975,789</td>
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<tr>
<td>Projects under construction</td>
<td>(6) 44,547,041</td>
<td>1,899,381</td>
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<td>Intangible assets</td>
<td>(7) 20,841,524</td>
<td>1,899,381</td>
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<td>Goodwill</td>
<td>(8) 58,950,939</td>
<td>58,950,939</td>
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<tr>
<td>Investments in associates</td>
<td>(9) 42,767,920</td>
<td>78,716,717</td>
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<tr>
<td>Available for sale investments</td>
<td>(10) 18,085,487</td>
<td>20,980,250</td>
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<td>Deferred tax assets</td>
<td></td>
<td>3,476,564</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>1,287,036,645</td>
<td>1,222,087,193</td>
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<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td>(11) 693,474,362</td>
<td>591,336,875</td>
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<tr>
<td>Work in progress</td>
<td></td>
<td>75,700,828</td>
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<tr>
<td>Accounts and notes receivable</td>
<td>(12) 928,442,113</td>
<td>548,834,734</td>
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<tr>
<td>Prepayments and other debt balances</td>
<td>(13) 505,215,721</td>
<td>307,182,391</td>
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<tr>
<td>Share based compensation</td>
<td>(14) 161,544</td>
<td>2,714,298</td>
</tr>
<tr>
<td>Income tax - debt balances</td>
<td></td>
<td>762,946</td>
</tr>
<tr>
<td>Cash on hand and at banks</td>
<td>(15) 252,252,234</td>
<td>188,635,115</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td>1,455,246,802</td>
<td>1,691,415,598</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>3,742,285,447</td>
<td>2,913,502,791</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid up capital</td>
<td>(15) 504,634,835</td>
<td>594,624,835</td>
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<tr>
<td>Legal reserve</td>
<td></td>
<td>30,687,350</td>
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<tr>
<td>General reserve</td>
<td></td>
<td>41,935,960</td>
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<tr>
<td>Share based compensation reserve</td>
<td></td>
<td>- 2,337,917</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>(1,875,316)</td>
<td>(1,155,316)</td>
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<tr>
<td>Accumulated foreign currency translation</td>
<td>(13,920,868)</td>
<td>(3,543,945)</td>
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<tr>
<td>Revaluation reserve of available for sale investments</td>
<td></td>
<td>(8,163,830)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>169,855,382</td>
<td>74,382,136</td>
</tr>
<tr>
<td>Profits for the year/year after deducting, non-controlling interest</td>
<td>112,825,642</td>
<td>101,097,569</td>
</tr>
<tr>
<td><strong>Total equity before deducting, non-controlling interest</strong></td>
<td>844,102,985</td>
<td>738,347,333</td>
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<tr>
<td>Non-controlling interest</td>
<td>18,941,615</td>
<td>12,524,392</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>863,044,600</td>
<td>750,871,725</td>
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<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
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<tr>
<td>Long term notes payable</td>
<td>54,183,198</td>
<td>56,233,677</td>
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<td>Long term loans</td>
<td>(17) 283,676,687</td>
<td>279,254,902</td>
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<td>Other long term liabilities</td>
<td>(28) 40,861,611</td>
<td>46,676,801</td>
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<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>378,729,496</td>
<td>382,165,380</td>
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<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>(18) 23,183,977</td>
<td>16,827,916</td>
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<tr>
<td>Accounts and notes payable</td>
<td>(19) 849,282,063</td>
<td>576,953,993</td>
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<tr>
<td>Current portion of long term loans</td>
<td>(17) 112,878,133</td>
<td>74,715,781</td>
</tr>
<tr>
<td>Credit facilities</td>
<td>(20) 958,196,301</td>
<td>775,927,404</td>
</tr>
<tr>
<td>Accrued income tax</td>
<td></td>
<td>30,919,722</td>
</tr>
<tr>
<td>Accrued expenses and other credit balances</td>
<td>(21) 522,001,075</td>
<td>304,389,547</td>
</tr>
<tr>
<td>Dividends payable</td>
<td>(23) 4,068,080</td>
<td>31,651,045</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>2,506,511,351</td>
<td>1,780,463,636</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td>2,879,240,847</td>
<td>2,162,631,066</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>3,742,285,447</td>
<td>2,913,502,791</td>
</tr>
</tbody>
</table>

- The accompanying notes from (1) to (32) are an integral part of these consolidated financial statements.
- Auditor's report is attached.
## RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>31 December 2016 LE</th>
<th>31 December 2015 LE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>5,699,074,371 LE</td>
<td>4,486,943,395 LE</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>(4,805,611,204 LE)</td>
<td>(3,863,257,525 LE)</td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td>893,463,167 LE</td>
<td>623,685,870 LE</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(399,126,021 LE)</td>
<td>(361,928,189 LE)</td>
</tr>
<tr>
<td>Board of directors Remuneration</td>
<td>(642,800 LE)</td>
<td>(335,000 LE)</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>(131,586,369 LE)</td>
<td>(96,774,129 LE)</td>
</tr>
<tr>
<td>Impairment of accounts receivable</td>
<td>(22,884,581 LE)</td>
<td>(5,774,535 LE)</td>
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<tr>
<td>Reversal of impairment of accounts receivable</td>
<td>797,532 LE</td>
<td>1,306,864 LE</td>
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<tr>
<td>Provisions</td>
<td>(8,904,049 LE)</td>
<td>(5,582,670 LE)</td>
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<tr>
<td>Impairment of other debit balances</td>
<td>(2,984,467 LE)</td>
<td>(2,984,467 LE)</td>
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<tr>
<td>Reversal of impairment of other debit balances</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>OPERATING PROFIT</strong></td>
<td>334,606,563 LE</td>
<td>151,613,741 LE</td>
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<tr>
<td>Finance cost (net)</td>
<td>(164,682,909 LE)</td>
<td>(98,860,654 LE)</td>
</tr>
<tr>
<td>Foreign exchange differences</td>
<td>3,680,839 LE</td>
<td>4,180,407 LE</td>
</tr>
<tr>
<td>Company's share from results of associates</td>
<td>4,828,714 LE</td>
<td>2,908,715 LE</td>
</tr>
<tr>
<td>Gain from sale of fixed assets</td>
<td>6,490 LE</td>
<td>156,327 LE</td>
</tr>
<tr>
<td>Other income and expenses</td>
<td>251,571 LE</td>
<td>(62,827 LE)</td>
</tr>
<tr>
<td>Gain from disposal of investments in associates</td>
<td>31,440,298 LE</td>
<td>142,902,655 LE</td>
</tr>
<tr>
<td>Impairment in available for sale investments</td>
<td>(12,908,763 LE)</td>
<td>-</td>
</tr>
<tr>
<td>Impairment of good will</td>
<td>-</td>
<td>(24,065,604 LE)</td>
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<tr>
<td><strong>PROFITS FOR THE YEAR BEFORE INCOME TAXES AND NON CONTROLLING INTEREST</strong></td>
<td>197,222,803 LE</td>
<td>178,772,820 LE</td>
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<tr>
<td>Income taxes expense</td>
<td>(79,118,938 LE)</td>
<td>(74,987,875 LE)</td>
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<tr>
<td><strong>PROFITS FOR THE YEAR</strong></td>
<td>118,103,865 LE</td>
<td>103,784,945 LE</td>
</tr>
</tbody>
</table>

- The accompanying notes from (1) to (33) are an integral part of these consolidated financial statements
RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

CONSOLIDATED STATEMENT OF COMPREHENSIVE PROFIT OR LOSS
For the year ended 31 December 2016

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROFIT FOR THE YEAR</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OTHER COMPREHENSIVE INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Translation differences</td>
<td>(10,376,923)</td>
<td>(801,782)</td>
</tr>
<tr>
<td>Reversal available for sale investments</td>
<td>10,534,000</td>
<td>(10,534,000)</td>
</tr>
<tr>
<td>Income tax related to other comprehensive income items</td>
<td>(2,370,150)</td>
<td>2,370,150</td>
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<tr>
<td><strong>SUB-TOTAL</strong></td>
<td>(2,213,073)</td>
<td>(8,965,632)</td>
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<tr>
<td><strong>TOTAL COMPREHENSIVE INCOME</strong></td>
<td>115,890,792</td>
<td>94,819,315</td>
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</tbody>
</table>

-The accompanying notes from (1) to (33) are an integral part of these consolidated financial statements.
### RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>Paid up capital</th>
<th>Legal reserve</th>
<th>General reserve</th>
<th>Share based compensation reserve</th>
<th>Revaluation reserve of available for sale investments</th>
<th>Treasury shares</th>
<th>Accumulated foreign currency translation</th>
<th>Retained earnings</th>
<th>Profits for the year after deducting non-controlling interest</th>
<th>Total before non-controlling interest equity</th>
<th>Non-controlling interest equity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of 1 January 2016</td>
<td>LE 504,624,835</td>
<td>LE 26,322,027</td>
<td>LE 41,935,960</td>
<td>LE 2,337,917</td>
<td>LE (8,163,850)</td>
<td>LE (1,155,316)</td>
<td>LE (3,543,945)</td>
<td>LE 74,382,136</td>
<td>LE 101,097,569</td>
<td>LE 738,347,333</td>
<td>LE 12,524,392</td>
<td>LE 750,871,725</td>
</tr>
<tr>
<td>Transferred to retained earnings and legal reserve</td>
<td>-</td>
<td>LE 3,825,323</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>LE 97,272,246</td>
<td>-</td>
<td>LE (101,097,569)</td>
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<tr>
<td>Accumulated foreign currency translation</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>LE (10,376,923)</td>
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<td>LE (10,376,923)</td>
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</tr>
<tr>
<td>Share base compensation reserve (used)</td>
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<td>LE (2,337,917)</td>
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<td>-</td>
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<td>LE (2,337,917)</td>
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<tr>
<td>Treasury shares</td>
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<td>-</td>
<td>(720,800)</td>
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<td>Capital increase from non-controlling interest</td>
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<td>-</td>
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<td>-</td>
<td>LE 2,649,000</td>
<td>LE 2,640,000</td>
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<td>Dividends to non-controlling interest</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>LE (1,799,000)</td>
<td>LE (1,799,000)</td>
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<td>Revaluation reserve of available for sale investments- net reverse</td>
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<td>-</td>
<td>-</td>
<td>LE 8,163,850</td>
<td>-</td>
<td>LE 8,163,850</td>
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<tr>
<td>Disposal of non-controlling interest equity – investment in subsidiaries</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>LE 112,826,642</td>
<td>LE 112,826,642</td>
<td>LE (3,360,000)</td>
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<tr>
<td>Profits for the year</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>LE 169,855,382</td>
<td>LE 12,826,642</td>
<td>LE 5,276,223</td>
<td>LE 119,140,865</td>
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<tr>
<td>Balance as of 31 December 2016</td>
<td>LE 504,624,835</td>
<td>LE 30,657,800</td>
<td>LE 41,935,960</td>
<td>LE 2,337,917</td>
<td>LE (8,163,850)</td>
<td>LE (1,155,316)</td>
<td>LE (3,543,945)</td>
<td>LE 101,097,569</td>
<td>LE 738,347,333</td>
<td>LE 12,524,392</td>
<td>LE 750,871,725</td>
<td></td>
</tr>
</tbody>
</table>

Balance as of 1 January 2015

<table>
<thead>
<tr>
<th>Note</th>
<th>Paid up capital</th>
<th>Legal reserve</th>
<th>General reserve</th>
<th>Share based compensation reserve</th>
<th>Revaluation reserve of available for sale investments</th>
<th>Treasury shares</th>
<th>Accumulated foreign currency translation</th>
<th>Retained earnings</th>
<th>Profits for the year after deducting non-controlling interest</th>
<th>Total before non-controlling interest equity</th>
<th>Non-controlling interest equity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of 1 January 2015</td>
<td>LE 428,520,695</td>
<td>LE 24,552,272</td>
<td>LE 41,935,960</td>
<td>LE 2,319,699</td>
<td>LE (8,163,850)</td>
<td>LE (1,155,316)</td>
<td>LE (3,543,945)</td>
<td>LE 74,705,212</td>
<td>LE 101,097,569</td>
<td>LE 738,347,333</td>
<td>LE 12,524,392</td>
<td>LE 750,871,725</td>
</tr>
<tr>
<td>Transferred to retained earnings and legal reserve</td>
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<td>LE 2,279,755</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>LE 45,425,557</td>
<td>LE (60,940,168)</td>
<td>-</td>
<td>LE (60,940,168)</td>
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<td>Dividends</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>LE 47,705,312</td>
<td>-</td>
<td>LE 47,705,312</td>
<td>-</td>
</tr>
<tr>
<td>Increased in capital from retained earnings</td>
<td>LE 34,104,140</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>LE 801,782</td>
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<td>LE 801,782</td>
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<tr>
<td>Accumulated foreign currency translation</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>LE 818,218</td>
<td>-</td>
<td>LE 818,218</td>
<td>-</td>
</tr>
<tr>
<td>Share base compensation reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>LE (8,163,850)</td>
<td>-</td>
<td>LE (8,163,850)</td>
<td>-</td>
</tr>
<tr>
<td>Revaluation reserve of available for sale investments- net</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>LE (101,097,569)</td>
<td>-</td>
<td>LE (101,097,569)</td>
<td>-</td>
</tr>
<tr>
<td>Profits for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>LE 101,097,569</td>
<td>LE 2,687,376</td>
<td>LE 103,784,945</td>
<td>-</td>
</tr>
<tr>
<td>Balance as of 31 December 2015</td>
<td>LE 504,624,835</td>
<td>LE 26,322,027</td>
<td>LE 41,935,960</td>
<td>LE 2,337,917</td>
<td>LE (8,163,850)</td>
<td>LE (1,155,316)</td>
<td>LE (3,543,945)</td>
<td>LE 74,382,136</td>
<td>LE 101,097,569</td>
<td>LE 738,347,333</td>
<td>LE 12,524,392</td>
<td>LE 750,871,725</td>
</tr>
</tbody>
</table>

*The accompanying notes from (1) to (33) are an integral part of these consolidated financial statements.*
# RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E.)

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

<table>
<thead>
<tr>
<th>Notes</th>
<th>31 December 2016 LE</th>
<th>31 December 2015 LE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profits for the year before income tax and non-controlling interest</td>
<td>197,222,803</td>
<td>178,772,82</td>
</tr>
<tr>
<td>Gain from disposal of sale of leased back assets</td>
<td>(2,145,064)</td>
<td>(2,145,06)</td>
</tr>
<tr>
<td>Depreciation of fixed assets and amortization of intangible assets</td>
<td>88,193,435</td>
<td>70,582,64</td>
</tr>
<tr>
<td>Finance cost (net)</td>
<td>164,682,909</td>
<td>98,360,65</td>
</tr>
<tr>
<td>Share base compensation</td>
<td>214,837</td>
<td>118,21</td>
</tr>
<tr>
<td>Good will</td>
<td>-</td>
<td>(436,85)</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>-</td>
<td>24,065,56</td>
</tr>
<tr>
<td>Impairment in available for sale investments</td>
<td>12,998,763</td>
<td></td>
</tr>
<tr>
<td>(Gain) from disposal of investments in associates</td>
<td>(9)</td>
<td>(142,902,65)</td>
</tr>
<tr>
<td>(Gain) from disposal of fixed assets</td>
<td>(6,406)</td>
<td>(156,32)</td>
</tr>
<tr>
<td>Net (income) from company's share from results of associates</td>
<td>(9)</td>
<td>(6,087,77)</td>
</tr>
<tr>
<td>Provisions</td>
<td>-</td>
<td>6,904,16</td>
</tr>
<tr>
<td>Provisions no longer required</td>
<td>-</td>
<td>6,904,16</td>
</tr>
<tr>
<td>Impairment of accounts receivable</td>
<td>(195,768)</td>
<td>(832,56)</td>
</tr>
<tr>
<td>Impairment of accounts receivables reversal</td>
<td>22,884,581</td>
<td>5,774,53</td>
</tr>
<tr>
<td>Write-down of inventory</td>
<td>22,884,581</td>
<td>5,774,53</td>
</tr>
<tr>
<td>Write-down of inventory reversal</td>
<td>22,884,581</td>
<td>5,774,53</td>
</tr>
<tr>
<td>Change in inventory</td>
<td>475,144,546</td>
<td>231,450,11</td>
</tr>
<tr>
<td>Changes in work in progress</td>
<td>(120,766,741)</td>
<td>(214,132,45)</td>
</tr>
<tr>
<td>Change in accounts and notes receivable</td>
<td>(23,731,589)</td>
<td>(26,935,21)</td>
</tr>
<tr>
<td>Change in prepayments and other debt balances</td>
<td>(404,604,428)</td>
<td>(71,650,28)</td>
</tr>
<tr>
<td>Change in advances from customer</td>
<td>195,833,330</td>
<td>65,653</td>
</tr>
<tr>
<td>Change in accounts and notes payable</td>
<td>48,754,450</td>
<td>36,409,18</td>
</tr>
<tr>
<td>Change in accrued expenses and other credit balances</td>
<td>272,328,070</td>
<td>154,367,79</td>
</tr>
<tr>
<td>Change in other long term liabilities</td>
<td>173,062,142</td>
<td>75,623,51</td>
</tr>
<tr>
<td><strong>CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES</strong></td>
<td>237,147,930</td>
<td>265,016,88</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(50,866,709)</td>
<td>(43,445,20)</td>
</tr>
<tr>
<td>Provisions used</td>
<td>(4,255,009)</td>
<td>(2,982,21)</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES</strong></td>
<td>152,831,321</td>
<td>218,585,47</td>
</tr>
</tbody>
</table>

## CASH FLOWS FROM INVESTING ACTIVITIES

| Payments to acquire fixed assets, intangible assets and investment property | (146,614,432) | 104,243,21 |
| Payments in acquire investment in associates | (9) | (37,697,594) |
| Payments in respect of projects under construction | (34,281,700) | (105,421,19) |
| Proceeds from disposal of projects under construction | - | 6,015,75 |
| Proceeds from disposal of fixed assets and intangible assets | 390,159 | 532,69 |
| Proceeds from disposal of investments in subsidiary and associates | 109,825,403 | 163,659,60 |
| Payments in respect of restricted time deposits in favor of letters of credit | 22,510,522 | 86,593,12 |
| **NET CASH FLOWS (USED IN) INVESTING ACTIVITIES** | (55,337,642) | (126,392,27) |

## CASH FLOWS FROM FINANCING ACTIVITIES

| Proceeds from credit facilities | 182,525,897 | 82,893,16 |
| (Payments) Proceeds from long term notes payable | (2,044,479) | 30,350,70 |
| Proceeds of long term loans | 170,782,346 | 101,521,73 |
| Payments of long term loans | (128,294,109) | (155,573,66) |
| Payments of finance cost | (164,682,909) | (98,360,65) |
| Dividends paid | (29,381,965) | (33,825,84) |
| Treasury shares | (720,099) | |
| Change in non-controlling interest | 1,139,008 | 72,485,53 |
| **NET CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES** | 29,146,681 | 72,485,53 |

Net increase in cash and cash equivalent during the year | 86,127,641 | 17,912,88 |

CASH and cash equivalent - beginning of the year | 50,864,909 | 32,952,18 |

**CASH AND CASH EQUIVALENT- END OF THE YEAR**

For the purpose of preparing statements of cash flows, cash & cash equivalent are represented as follows:

- Cash on hand and at banks
- Deduct: Restricted time deposits

**CASH AND CASH EQUIVALENT- END OF THE YEAR**

- The accompanying notes from (1) to (33) are an integral part of these consolidated financial statements.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2016

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

On October 12, 2016, the Commercial Register was indicated in the commercial register activity for securities and securities on securities and the formation of the management of securities portfolios, subject to the provisions of the laws, regulations and decisions in force and the issuance of licenses for the exercise of these activities take in consideration of Article 127 of the Annual Regulations. The company may have a reformer and participate in any way with the money companies that carry out similar business activities which may cooperate to achieve its purpose in Egypt or abroad, which may be incorporated into these companies or their purchasers or in accordance with the provisions of the laws And its Executive Regulations.

On June 27, 2016, the Board of Directors approved the proposal to amend the Company's name and amend Article (2) of the Company's Articles of Association. The proposed name will be Raya Holding for Financial Investments (SAE), this was indicated in the commercial register on 12 October 2016.

The following are the details of investment in subsidiaries included in the consolidated financial statements as of 31 December 2016:

<table>
<thead>
<tr>
<th>Company name</th>
<th>Country</th>
<th>Percentage of ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1- Raya Distribution Company</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>2- Raya Integration Company</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>3- Raya International Service Company</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>4- Raya Network Company</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>5- Raya for Information Technology and Management Company</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>6- Raya Gulf Company</td>
<td>UAE</td>
<td>100%</td>
</tr>
<tr>
<td>7- Raya Technology Company Ltd.</td>
<td>Saudi Arabia</td>
<td>100%</td>
</tr>
<tr>
<td>8- Raya Contact Centre Company</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>9- Raya Electronics Company (Previously Sama)</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>10- Raya Algeria Company</td>
<td>Algeria</td>
<td>100%</td>
</tr>
<tr>
<td>11- Calf Centre Company -C3</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>12- Best Service Company- Egypt</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>13- Best Service Company- Nigeria</td>
<td>Nigeria</td>
<td>100%</td>
</tr>
<tr>
<td>14- Raya Finance Lease Company</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>15- Raya for Contact Centre Building Management Company</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>16- Bariq for Advanced Industrial Techniques Company</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>17- Ostool for Land Transport Company</td>
<td>Egypt</td>
<td>62.31%</td>
</tr>
<tr>
<td>18- Raya Restaurants Company</td>
<td>Egypt</td>
<td>85%</td>
</tr>
<tr>
<td>19- Raya Qatar Company</td>
<td>Qatar</td>
<td>100%</td>
</tr>
<tr>
<td>20- Raya Tech Distribution Company</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>21- Raya for Social Media Company</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>22- Raya for Data Centres Company</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>23- Raya Venture and Investment Company</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>24- Raya Contact Centre Gulf</td>
<td>UAE</td>
<td>100%</td>
</tr>
<tr>
<td>25- Raya for Food and Beverages Company</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>26- Raya Contact Centre - Europe</td>
<td>Poland</td>
<td>100%</td>
</tr>
<tr>
<td>27- Aman for Electronic Payment Company</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>28- Raya for Logistic Services Company</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>29- Raya Network power Company</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>30- Idin for Import and Export Company</td>
<td>Egypt</td>
<td>100%</td>
</tr>
<tr>
<td>31- Integrated Technology System Company</td>
<td>Tanzania</td>
<td>100%</td>
</tr>
<tr>
<td>Raya East Africa for Technology &amp; Communications</td>
<td>Poland</td>
<td>100%</td>
</tr>
<tr>
<td>32- company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>33- Madova Company</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

Suspended companies
1. International Business Ventures Company - IBVC  Britain  100%
2. Raya U.S.A. Company  USA  100%
3. Egyptian Company for Investment and Glass Production  Egypt  100%
4. Oratech for Communication and Information Systems  Egypt  50%
5. Oratech for Management and Information Technology Company *  Egypt  50%
6. Al Byoot Alarabia for Finance Lease Company  Egypt  100%
7. Aio Company for Networks  Egypt  100%
8. Interpain Egypt Company  Egypt  100%
9. International Business System Company - IBSE  Egypt  100%

1. BACKGROUND (Continued)

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

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

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

The consolidated financial statements of the company for the year ended 31 December 2016 were authorized for issuance in accordance with a resolution of the board of directors on 10 April 2017.

2. BASIS OF CONSOLIDATION SIGNIFICANT ACCOUNTING ESTIMATES

2.1 BASIS OF CONSOLIDATION

- The following steps are followed when preparing the consolidated financial statements:
  a. The carrying amount of the parent’s investment in each subsidiary and the parent company share of equity of each subsidiary are eliminated.
  b. Non controlling interest in the profit or loss of the consolidated subsidiaries for the reporting year is identified.
  c. Non controlling interests in the net assets of consolidated subsidiaries are identified and presented in the financial statement separately from the parent’s ownership interests.
  d. Intergroup balances of transactions, income and expenses are eliminated in full.
  e. 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.
  f. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.
  g. Non controlling interests are presented in the consolidated balance sheet within equity, separately from the equity of the owners of the parent. Also the non controlling interests share in the group profit or loss appear separately.

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

Ostouj for Land Transport Company  37.69%
Oratech for Communication and Information System Company  50%
Oratech for Management-and Information Technology Company  50%
Raya Restaurants Company  15%
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

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

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

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

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

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

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

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

3-1 Basis of preparation
The financial statements have been prepared under the going concern assumption on a historical cost basis except for available for sale investments which have market value and investments at fair value through profit and loss and assets held for sale which evaluated by fair value.

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

3-2 Changes in accounting policies

The accounting policies adopted this year are consistent with those of the previous year except for the amendments required by the new Egyptian Accounting Standards issued during the year 2015 which is effective for the years starting on or after 1 January 2016, disclosed below the most prominent amendments which is applicable to the company and the effects of this new amendments on Financial statements, if any.

EAS (1) revised Presentation of Financial Statements:
The revised standard requires the company to disclose all items of income and expenses that were recognized during the year in two separate statements, statement of profit or loss (statement of profit or loss) which disclose all items of income and expenses and statement of Comprehensive income which starts with profit or loss and presents items of other Comprehensive income (Statement of Comprehensive income).
It also requires an additional statement to the Statement of Financial Position disclosing balances as of the beginning of the first presented comparative year in case of retrospective implementation or change in an accounting policy or reclassification carried out by the company. The amended standard does not require the presentation of working capital.
The company has prepared the Statement of Comprehensive income and presentation of financial statements according to revised standard and there is no retrospective adjustments that requires presenting Statement of Financial position which include beginning balances of the first presented comparative year.

EAS (10) revised Fixed Assets and depreciation:
The revised standard has eliminated the option of using the revaluation model in the subsequent measurement of fixed assets.
The strategic (major) spare parts and stand-by equipment can be classified as fixed assets when the entity expects to use them for more than one year (when the definition of fixed assets applies thereto).
There is no impact for this amendment on company's financial statements.

EAS (14) revised Borrowing Costs:
The revised standard has eliminated previous benchmark treatment that recognised the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in the Statement of Profit or Loss. The revised standard requires capitalisation of this cost on qualifying assets.
There is no impact for this amendment on company's financial statements.

EAS (23) revised Intangible Assets:
The revised standard has eliminated the option of using the revaluation model in the subsequent measurement of intangible assets.
There is no impact for this amendment on company's financial statements.

EAS (29) Business Combination
The revised standard has eliminated the option of using the buying and replaces it by using the acquisition and the revised standard required to charge the expenses that are related to the acquisition as Expenses in the Profit and loss during the year, and the Expenses don’t charge by contrast material converter. Except the cost that is issuing the owner Equity tools or the tools that
RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

are related to credit acquisition. The revised standard required to recognise probably the fair value on the acquisition date as part of contrast material converter and required to the change the good well measure in case the acquisition has made in stages. In addition, to on option measuring of non controlling interests (monitory interest) by fair value measurement on acquisition date.

The Revised standard will applied to the new acquisitions as later effect after the effect date of the amended standard.

EAS (38) revised Employee Benefits:

Defined benefit plans

The revised standard requires immediate recognition for accumulated actuarial gains and losses in statement comprehensive income. Also, recognition of past service cost as expense at earlier of:
A) When plan amended or curtailed or,
B) When entity execute substantial restructuring for its activities, hence the entity recognise related restructuring costs which comprise paying end of service benefits.

There is no impact for this amendment on company’s financial statements.

New EAS (40) financial instruments “Disclosures”:

A new EAS (40) financial instruments: “Disclosures” has been issued to include all required disclosures for financial instruments. The company has disclosed required disclosures in the financial statement.

New EAS (41) Operating segments:

The EAS (33) Segment Reporting has superseded by EAS (41) Operating segment. Accordingly, segment reporting which should be disclosed and the required disclosures basically depends on the information about segment in the way that operating decision maker use. The company has disclosed data according to the new EAS (41) requirements and the way that operating decision maker use and segment reports disclosed in the company consolidated financial statements.

New EAS (45) Fair Value Measurement:

The new EAS (45) Fair Value measurement has been issued; this standard is applied when other standard requires or permits to measure or disclose the fair value. This standard defines fair value and set the frame to measure fair value in one standard and determine the required disclosure for measurements of fair value. The company disclosed all required discourses according to standards.

3-3 Foreign currency translation

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

3-4 Goodwill

At the date of acquisition the company recognizes the acquired goodwill in business combination as an asset. Goodwill is initially measured at cost. Goodwill represents the excess of the cost of the combination of businesses over the company’s interest in the net fair value of the assets, liabilities and contingent liabilities recognized.

After initial recognition, the company measures the goodwill resulting from business combination at cost less impairment loss. Goodwill is not amortized, instead the company tests the impairment of goodwill annually or yearely if the events or change in circumstances indicates that there is impairment in goodwill.
3.6 **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:

<table>
<thead>
<tr>
<th></th>
<th>Years</th>
<th>Producing units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>40</td>
<td>-</td>
</tr>
<tr>
<td>Vehicles</td>
<td>4-7</td>
<td>-</td>
</tr>
<tr>
<td>Switches</td>
<td>4-5</td>
<td>-</td>
</tr>
<tr>
<td>Furniture and office equipment</td>
<td>5-10</td>
<td>-</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>5-8 or lease year whichever is less</td>
<td>-</td>
</tr>
<tr>
<td>Computers</td>
<td>2-3</td>
<td>-</td>
</tr>
<tr>
<td>Fixtures</td>
<td>10-30</td>
<td>-</td>
</tr>
<tr>
<td>Productive assets</td>
<td>-</td>
<td>400,000 Tons</td>
</tr>
</tbody>
</table>

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

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

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

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

3.6 **Intangible assets**

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

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

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

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

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

3.7 **Projects under construction**

Projects under construction represent the amounts that are incurred for the purpose of constructing or purchasing fixed assets until it is ready to be used in the operation, upon which it is transferred to fixed assets. Projects under construction are valued at cost less impairment (if any).
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2016

3-8 Investments

Investment in associates

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

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

Investments at fair value through profit or loss

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

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

- Investments at fair value through profit or loss are recognized in the balance by the fair value and they recognized the profit or loss in the profit or loss statement.

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

Available for sale investments

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

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

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

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

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

Fair value measurement

- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2016

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

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

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

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

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

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

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

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

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

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

3-9 Recognition and disposal of financial assets and liabilities

**RECOGNITION:**

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

**DISPOSAL:**

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

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

- When the company is keeping the contractual right to receive cash flow from financial asset (The original financial asset). But, the company uses this contractual right to paid this cash flow...
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2016

to another party or to other parties (the final receiver), so the source is treated this transaction to transfer it to financial asset if it is follow these conditions:

A) The company shouldn't obligate to paid amount to the final receiver if the amount don't collect from the owner of the financial assets that isn't equally the amount of the obligation. The short loan that the company is paid with right to refund the amount with the benefits. It isn't considered contrary to these condition.

B) According to contract, the company not allowed to paid or mortgage the financial asset, But it allowed if it put as guaranty to the final receiver to pay the last amount in the liability.

C) The company is committed to transfer the amount that is collected on behalf of the final receiver without any significant delay. In addition, the company hasn't right to reinvest this cash flow except the cash investment during short settlement from the date of collocation to the date of last paid to the final receiver. Also, the source must transfer the interest from this investment to the final receiver.

3-10 Inventory

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

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

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

3-11 Accounts receivable and other debit balances

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

Impairments measured as the difference between the receivables carrying amount and the present value of estimated future cash flows. The impairment is recognized in the statement of profit or loss. Reversal of impairment is recognized in the statement of profit or loss in the year in which it occurs.

3-12 Assets held for sale

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

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

3-13 Provision

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2016

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation.

3-14 Legal reserve
According to the Company’s articles of association, 5% of the net profits of the year is transferred to the legal reserve until this reserve reaches 50% of the issued capital. The reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital.

3-15 Income taxes
Income tax is calculated in accordance with the Egyptian tax law.

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

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

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

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

3-16 Revenue recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

- Revenue is recognized if the following conditions are combined:
  - You can accurately measure the amount of revenue.
  - It is widely expected the economic benefits associated with the transaction flow of the business.
  - It can be the exact measurement of the degree of completion of the process at the balance sheet date.
  - It can be the exact measurement of the costs that are incurred in the process as well as necessary for the completion costs.
  - Revenue is measured at the fair value of the consideration received, or the amount due excluding discounts, rebates, and sales taxes or duties.

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

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

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

  - Dividends
    Revenue is recognized when the company’s right to receive the payment established

  - Operating lease income
    Rental income arising from operating leases is recognized on a straight-line basis over the lease year.
RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2016

3-17 Expenses
All expenses including operating expenses, general and administrative expenses and other expenses are recognized and charged to the statement of profit or loss of the year in which these expenses were incurred.

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

3-19 Related party transactions
Related parties represent in parent company, 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.

3-20 Impairment of assets
Impairment of financial assets
The Company assesses at each balance sheet 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 nonfinancial assets
The Company assesses at each balance sheet date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset or cash-generating units (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

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

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

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

3-21 Statement of cash flows
The statement of cash flows is prepared using the indirect method.

3-22 Cash and cash equivalent
For the purpose of preparing the cash flow statement, the cash and cash equivalent comprise cash on hand, current accounts with banks, time deposits maturing within three months.
### RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**31 December 2016**

<table>
<thead>
<tr>
<th>Fixed Assets</th>
<th>LE</th>
<th>LE</th>
<th>LE</th>
<th>LE</th>
<th>LE</th>
<th>LE</th>
<th>LE</th>
<th>LE</th>
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<th>LE</th>
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</thead>
<tbody>
<tr>
<td>Cost</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 January 2016</td>
<td>10,029,508</td>
<td>90,459,095</td>
<td>172,553,640</td>
<td>97,894,331</td>
<td>112,386,850</td>
<td>90,720,288</td>
<td>38,539,824</td>
<td>71,904,849</td>
<td>85,180,980</td>
<td>769,579,365</td>
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<tr>
<td>Additions during the year</td>
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<td>14,885,402</td>
<td>54,623,250</td>
<td>7,558,213</td>
<td>19,542,845</td>
<td>8,676,589</td>
<td>2,357,066</td>
<td>13,276,742</td>
<td>2,128,053</td>
<td>125,448,160</td>
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</tr>
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<td>Transfer from project under constructions</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Reclassified assets</td>
<td>-</td>
<td>(3,453,115)</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Translation differences</td>
<td>-</td>
<td>150,932</td>
<td>1,626,184</td>
<td>3,998</td>
<td>703,629</td>
<td>1,654,030</td>
<td>357,234</td>
<td></td>
<td></td>
<td>3,580,943</td>
<td>7,993,764</td>
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<tr>
<td>31 December 2016</td>
<td>17,042,329</td>
<td>101,891,387</td>
<td>226,727,822</td>
<td>106,397,351</td>
<td>135,386,808</td>
<td>100,100,506</td>
<td>41,874,211</td>
<td>85,332,571</td>
<td>90,889,976</td>
<td>905,642,956</td>
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<tr>
<td>Accumulated depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation for the year</td>
<td>-</td>
<td>(15,884,389)</td>
<td>(20,912,310)</td>
<td>(9,690,927)</td>
<td>(6,959,226)</td>
<td>(13,866,100)</td>
<td>(5,029,746)</td>
<td>(8,462,464)</td>
<td>(5,695,470)</td>
<td>(85,969,307)</td>
<td></td>
</tr>
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<td>Translation differences</td>
<td>-</td>
<td>(127,490)</td>
<td>(897,690)</td>
<td>(3,998)</td>
<td>(281,428)</td>
<td>(461,727)</td>
<td>(278,068)</td>
<td></td>
<td></td>
<td>580,671</td>
<td></td>
</tr>
<tr>
<td>31 December 2016</td>
<td>-</td>
<td>(37,494,783)</td>
<td>(58,656,367)</td>
<td>(76,085,347)</td>
<td>(73,076,489)</td>
<td>(83,953,632)</td>
<td>(37,775,208)</td>
<td>(62,274,582)</td>
<td>(21,573,877)</td>
<td>(450,900,225)</td>
<td></td>
</tr>
<tr>
<td>Net book value as of 31 December 2016</td>
<td>17,042,329</td>
<td>64,396,599</td>
<td>168,061,455</td>
<td>30,312,004</td>
<td>62,310,319</td>
<td>16,146,874</td>
<td>4,009,003</td>
<td>25,037,989</td>
<td>69,316,159</td>
<td>454,742,731</td>
<td></td>
</tr>
<tr>
<td>Impairment of Raya Algeria Company's assets</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31 December 2016</td>
<td>17,042,329</td>
<td>64,396,599</td>
<td>168,061,455</td>
<td>30,390,176</td>
<td>62,310,319</td>
<td>16,048,403</td>
<td>4,009,003</td>
<td>23,057,664</td>
<td>69,316,159</td>
<td>454,602,107</td>
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</tr>
<tr>
<td>31 December 2015</td>
<td>10,029,508</td>
<td>68,847,701</td>
<td>134,927,073</td>
<td>32,254,978</td>
<td>46,273,595</td>
<td>20,014,713</td>
<td>6,179,380</td>
<td>18,156,972</td>
<td>69,302,033</td>
<td>405,987,553</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of revenues</td>
<td>(56,651,063)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(17,616,278)</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>(11,701,966)</td>
</tr>
<tr>
<td></td>
<td>(85,969,307)</td>
</tr>
</tbody>
</table>
### RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E.

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

#### 4 FIXED ASSETS (CONTINUED)

<table>
<thead>
<tr>
<th></th>
<th>Land</th>
<th>Buildings</th>
<th>Furniture and office equipment</th>
<th>Vehicles</th>
<th>Leasable improvements</th>
<th>Switches</th>
<th>Computers</th>
<th>Fixtures</th>
<th>Productive assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
</tr>
<tr>
<td>1 January 2015</td>
<td>10,029,508</td>
<td>86,950,509</td>
<td>81,577,095</td>
<td>107,737,635</td>
<td>80,591,637</td>
<td>33,976,639</td>
<td>65,718,221</td>
<td>110,432,778</td>
<td>84,170,228</td>
<td>661,184,220</td>
</tr>
<tr>
<td><strong>Additions during the year</strong></td>
<td>-</td>
<td>55,471</td>
<td>16,437,347</td>
<td>65,051,907</td>
<td>8,376,707</td>
<td>3,426,071</td>
<td>6,955,988</td>
<td>1,336,974</td>
<td>1,001,752</td>
<td>102,851,217</td>
</tr>
<tr>
<td><strong>Transferred from projects under construction</strong></td>
<td>-</td>
<td>3,453,115</td>
<td>-</td>
<td>-</td>
<td>1,387,925</td>
<td>1,266,067</td>
<td>67,239</td>
<td>-</td>
<td>7,258,495</td>
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<tr>
<td><strong>Disposals</strong></td>
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<td>-</td>
<td>(450,274)</td>
<td>(229,000)</td>
<td>(18,000)</td>
<td>(127,412)</td>
<td>(828,391)</td>
<td>-</td>
<td>-</td>
<td>(1,653,077)</td>
</tr>
<tr>
<td><strong>Translation differences</strong></td>
<td>-</td>
<td>-</td>
<td>(26,888)</td>
<td>(6,902)</td>
<td>(17,981)</td>
<td>(1,541)</td>
<td>(8,208)</td>
<td>-</td>
<td>-</td>
<td>(61,520)</td>
</tr>
<tr>
<td>31 December 2015</td>
<td>10,029,508</td>
<td>90,459,095</td>
<td>97,804,331</td>
<td>172,553,640</td>
<td>90,720,288</td>
<td>38,539,824</td>
<td>71,904,849</td>
<td>112,386,850</td>
<td>85,180,980</td>
<td>769,579,365</td>
</tr>
<tr>
<td><strong>Accumulated depreciation</strong></td>
<td>-</td>
<td>(18,794,390)</td>
<td>(55,968,225)</td>
<td>(23,247,831)</td>
<td>(54,727,640)</td>
<td>(27,473,489)</td>
<td>(45,911,033)</td>
<td>(59,124,257)</td>
<td>(9,838,927)</td>
<td>(295,025,792)</td>
</tr>
<tr>
<td>1 January 2015</td>
<td>-</td>
<td>(2,816,004)</td>
<td>(9,941,513)</td>
<td>(14,407,790)</td>
<td>(15,899,036)</td>
<td>(5,948,524)</td>
<td>(6,622,340)</td>
<td>(6,908,598)</td>
<td>(6,039,420)</td>
<td>(69,763,625)</td>
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<tr>
<td><strong>Depreciation of disposals</strong></td>
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<td>370,235</td>
<td>26,717</td>
<td>18,000</td>
<td>100,727</td>
<td>802,347</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,318,026</td>
</tr>
<tr>
<td><strong>Translation differences</strong></td>
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<td>2,337</td>
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<td>842</td>
<td>3,474</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,203</td>
</tr>
<tr>
<td><strong>Net book value as of 31 December 2015</strong></td>
<td>10,029,508</td>
<td>68,848,701</td>
<td>32,276,806</td>
<td>134,927,073</td>
<td>20,113,184</td>
<td>6,179,380</td>
<td>18,177,297</td>
<td>46,273,595</td>
<td>69,302,633</td>
<td>406,128,177</td>
</tr>
<tr>
<td><strong>Impairment of Raya Algeria Company's assets</strong></td>
<td>-</td>
<td>-</td>
<td>(21,828)</td>
<td>-</td>
<td>(98,471)</td>
<td>-</td>
<td>(20,325)</td>
<td>-</td>
<td>-</td>
<td>(140,624)</td>
</tr>
<tr>
<td>31 December 2015</td>
<td>10,029,508</td>
<td>68,848,701</td>
<td>32,254,978</td>
<td>134,927,073</td>
<td>20,014,713</td>
<td>6,179,380</td>
<td>18,156,972</td>
<td>46,273,595</td>
<td>69,302,633</td>
<td>405,987,553</td>
</tr>
</tbody>
</table>
Raya Holding Company for Financial Investments (S.A.E)

Notes to the Consolidated Financial Statements
31 December 2016

5 Investment Property

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment property – lands</td>
<td>112,957,061</td>
<td>-</td>
</tr>
<tr>
<td>Investment property – buildings</td>
<td>520,929,623</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>633,786,684</td>
<td>-</td>
</tr>
</tbody>
</table>

6 Projects Under Construction

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects under construction – Fixed assets</td>
<td>14,506,011</td>
<td>18,289,105</td>
</tr>
<tr>
<td>Projects under construction – Investment properties</td>
<td>30,441,630</td>
<td>633,786,684</td>
</tr>
<tr>
<td></td>
<td>44,947,641</td>
<td>652,075,789</td>
</tr>
</tbody>
</table>

6.1 Projects Under Construction Fixed Assets

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance</td>
<td>18,289,105</td>
<td>22,488,059</td>
</tr>
<tr>
<td>Additions during the year</td>
<td>3,810,670</td>
<td>9,075,329</td>
</tr>
<tr>
<td>Disposals during the year/ year</td>
<td>-</td>
<td>(6,015,758)</td>
</tr>
<tr>
<td>Transfers to fixed assets</td>
<td>(7,593,764)</td>
<td>(7,258,525)</td>
</tr>
<tr>
<td>Ending balance for the year</td>
<td>14,506,011</td>
<td>18,289,105</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raya Electronics Company – “Previously Sama (A)”</td>
<td>7,344,974</td>
<td>7,344,974</td>
</tr>
<tr>
<td>Sarreq for advanced technology techniques Company</td>
<td>-</td>
<td>3,800,943</td>
</tr>
<tr>
<td>Raya Restaurants Company (B)</td>
<td>3,558,682</td>
<td>1,464,464</td>
</tr>
<tr>
<td>Raya Integration Company</td>
<td>200,775</td>
<td>82,435</td>
</tr>
<tr>
<td>Raya Holding Company for financial investments</td>
<td>3,401,580</td>
<td>3,845,300</td>
</tr>
<tr>
<td>Aman For Electronic Technologies (C)</td>
<td>30,441,630</td>
<td>1,970,069</td>
</tr>
<tr>
<td></td>
<td>14,506,011</td>
<td>18,289,105</td>
</tr>
</tbody>
</table>

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

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

C. The projects under construction balance for Aman represents the cost of databases and communication networks.

6.2 Projects Under Construction Investment Properties

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance</td>
<td>633,786,684</td>
<td>537,440,822</td>
</tr>
<tr>
<td>Additions during the year</td>
<td>30,441,630</td>
<td>96,345,862</td>
</tr>
<tr>
<td>Transfer to investment property during the year</td>
<td>(633,786,684)</td>
<td>-</td>
</tr>
<tr>
<td>Ending balance for the year/ year</td>
<td>30,441,630</td>
<td>633,786,684</td>
</tr>
</tbody>
</table>
Raya Holding Company for Financial Investments (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2016

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LE</td>
<td>LE</td>
</tr>
<tr>
<td>Raya Lease</td>
<td>30,441,030</td>
<td>633,786,684</td>
</tr>
</tbody>
</table>

The project under construction balance for Raya lease represents the amount paid for constructing the managerial building at six of October city in addition to the cost of land for this building.

7 INTANGIBLE ASSETS

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LE</td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 January</td>
<td>16,398,053</td>
<td></td>
</tr>
<tr>
<td>Additions during the year</td>
<td>21,166,272</td>
<td></td>
</tr>
<tr>
<td></td>
<td>37,564,325</td>
<td></td>
</tr>
<tr>
<td>Accumulated amortization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 January</td>
<td>(14,496,672)</td>
<td></td>
</tr>
<tr>
<td>Amortization for the year</td>
<td>(2,224,129)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(16,720,801)</td>
<td></td>
</tr>
<tr>
<td>Net book value 31 December 2016</td>
<td>20,841,524</td>
<td></td>
</tr>
<tr>
<td>Net book value 31 December 2015</td>
<td>1,899,381</td>
<td></td>
</tr>
</tbody>
</table>

8 GOODWILL

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LE</td>
<td>LE</td>
</tr>
<tr>
<td>Raya Integration Company</td>
<td>6,019,341</td>
<td>6,019,341</td>
</tr>
<tr>
<td>Raya Contact Centers Company</td>
<td>3,160,166</td>
<td>3,160,166</td>
</tr>
<tr>
<td>Raya Electronics Company (Previously Sama)</td>
<td>33,236,748</td>
<td>33,236,748</td>
</tr>
<tr>
<td>Raya Call Center Company - C3</td>
<td>26,582,777</td>
<td>26,582,777</td>
</tr>
<tr>
<td>Raya Technology Company Ltd.</td>
<td>1,926,942</td>
<td>1,926,942</td>
</tr>
<tr>
<td>Al Byoot Al Arabia for Finance Lease Company</td>
<td>2,626,725</td>
<td>2,626,725</td>
</tr>
<tr>
<td>International Business System Company - IBSE</td>
<td>32,139,604</td>
<td>32,139,604</td>
</tr>
<tr>
<td>Ostool for Land Transport Company</td>
<td>893,048</td>
<td>893,048</td>
</tr>
<tr>
<td>Bareeq for advanced technology techniques Company</td>
<td>436,854</td>
<td>436,854</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>(48,071,266)</td>
<td>(48,071,266)</td>
</tr>
<tr>
<td></td>
<td>58,953,939</td>
<td>58,950,939</td>
</tr>
</tbody>
</table>

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

9 INVESTMENT IN ASSOCIATES

<table>
<thead>
<tr>
<th>Association</th>
<th>Ownership percentage</th>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>10th of Ramadan for Pharmaceutical Industries &amp; Diagnostic</td>
<td>9428,875</td>
<td>726,498</td>
<td>78,084,816</td>
</tr>
<tr>
<td>Reagan company (Rameda)</td>
<td>9420</td>
<td></td>
<td>631,901</td>
</tr>
<tr>
<td>Allied Arab Company for Insurance</td>
<td>9619,39</td>
<td>42,041,422</td>
<td>78,716,717</td>
</tr>
<tr>
<td>Makarony Polskie</td>
<td></td>
<td>42,767,920</td>
<td></td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2016

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

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Retained Earnings</th>
<th>Profit for the year</th>
<th>Disposals</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
</tr>
<tr>
<td>10th of Ramadan for Pharmaceutical and</td>
<td>54,982,500</td>
<td>23,102,316</td>
<td>300,289</td>
<td>(78,385,105)</td>
<td>-</td>
</tr>
<tr>
<td>Diagnostic Regan company (Rameda)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allied Arab Company for Insurance</td>
<td>642,000</td>
<td>(10,099)</td>
<td>54,597</td>
<td>-</td>
<td>726,498</td>
</tr>
<tr>
<td><strong>Makaroni Polskie</strong></td>
<td>37,607,594</td>
<td>-</td>
<td>4,343,828</td>
<td>-</td>
<td>42,041,422</td>
</tr>
<tr>
<td></td>
<td>92,232,994</td>
<td>23,092,217</td>
<td>4,828,714</td>
<td>(78,385,105)</td>
<td>42,767,920</td>
</tr>
</tbody>
</table>

* During the second quarter of the year 2016 the investment in 10th of Ramadan for Pharmaceutical Industries & Diagnostic Regan company (Rameda) was sold for LE 111,059,031 before deducting value of commission and sale expenses which amounted to LE 1,233,628 and the cost of investment was LE 78,385,105 and the profits from sale of investment in associates amounted to LE 31,440,298 was recorded in the statement of profit or loss.

** During the fourth quarter of 2016, a 100% acquisition contract was signed for Madova, the owner of 1,793,406 shares, representing 19.39% of the shares of Makaroni Polski Polish Company with amount (2.9 million US dollars), equivalent to 37,607,594 pounds

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

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Share %</th>
<th>Long term assets</th>
<th>Current assets</th>
<th>Current liabilities</th>
<th>Long term liabilities</th>
<th>Paid up capital and equity</th>
<th>Revenues</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allied Arab Company for Insurance</td>
<td>%620</td>
<td>1.636</td>
<td>6.246</td>
<td>(2.490)</td>
<td>-</td>
<td>(5,391)</td>
<td>3.690</td>
<td>(3,217)</td>
</tr>
<tr>
<td>Makaroni Polskie</td>
<td>%19.39</td>
<td>164.484</td>
<td>394.473</td>
<td>(141.239)</td>
<td>(100.697)</td>
<td>(317.020)</td>
<td>540.649</td>
<td>(318.480)</td>
</tr>
</tbody>
</table>

10 AVAILABLE FOR SALE INVESTMENTS

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unquoted shares or inactive shares</td>
<td>14,314,250</td>
<td>14,314,250</td>
</tr>
<tr>
<td>Quoted shares at stock market</td>
<td>17,200,000</td>
<td>17,200,000</td>
</tr>
<tr>
<td>Re-valuation reserve for available for sale investments **</td>
<td>(12,908,763)</td>
<td>(10,534,000)</td>
</tr>
<tr>
<td></td>
<td>18,665,487</td>
<td>20,980,250</td>
</tr>
</tbody>
</table>

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

31 December 2016

11 INVENTORY

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LE</td>
<td>LE</td>
</tr>
<tr>
<td>Mobile phones, accessories, spare parts and television</td>
<td>592,662,818</td>
<td>550,487,205</td>
</tr>
<tr>
<td>Supplies, switches spare parts and networks</td>
<td>47,597,988</td>
<td>22,365,316</td>
</tr>
<tr>
<td>Raw materials, work in progress and finished goods</td>
<td>14,126,838</td>
<td>7,987,028</td>
</tr>
<tr>
<td>Raya Algeria - Mobile phones, and accessories spare parts</td>
<td>33,875,658</td>
<td>53,875,658</td>
</tr>
<tr>
<td>Software licences, electronic devices accessories and goods in transit</td>
<td>14,434,853</td>
<td>11,238,118</td>
</tr>
<tr>
<td>Canned foods</td>
<td>48,466,996</td>
<td>13,878,560</td>
</tr>
<tr>
<td>Food and restaurants accessories</td>
<td>1,804,628</td>
<td>838,602</td>
</tr>
<tr>
<td>Electronic payment machines</td>
<td>7,608,015</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>437,332</td>
<td>26,847</td>
</tr>
<tr>
<td><strong>Write-down of inventory</strong></td>
<td><strong>(33,664,806)</strong></td>
<td><strong>(15,484,801)</strong></td>
</tr>
<tr>
<td><strong>Write-down of Raya Algeria Company's inventory</strong></td>
<td><strong>(53,875,658)</strong></td>
<td><strong>(53,875,658)</strong></td>
</tr>
<tr>
<td><strong>Total inventory write-down</strong></td>
<td><strong>693,474,362</strong></td>
<td><strong>591,336,875</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>LE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance as of 1 January 2015</strong></td>
<td>15,243,951</td>
</tr>
<tr>
<td>Charged during the year</td>
<td>7,285,761</td>
</tr>
<tr>
<td>Reversal of Inventory write-down during the year</td>
<td>(7,044,911)</td>
</tr>
<tr>
<td><strong>Balance as of 31 December 2015</strong></td>
<td>15,484,801</td>
</tr>
<tr>
<td>Charged during the year</td>
<td>22,304,664</td>
</tr>
<tr>
<td>Reversal of Inventory write-down during the year</td>
<td>(3,655,410)</td>
</tr>
<tr>
<td>Used</td>
<td>(469,249)</td>
</tr>
<tr>
<td><strong>Balance as of 31 December 2016</strong></td>
<td>33,664,806</td>
</tr>
</tbody>
</table>

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

12 ACCOUNTS AND NOTES RECEIVABLE

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LE</td>
<td>LE</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>722,123,190</td>
<td>520,882,245</td>
</tr>
<tr>
<td>Notes receivable</td>
<td>269,155,308</td>
<td>211,181,270</td>
</tr>
<tr>
<td><strong>Impairment of accounts receivable</strong></td>
<td><strong>991,278,498</strong></td>
<td><strong>732,063,515</strong></td>
</tr>
<tr>
<td>Used</td>
<td>(63,836,385)</td>
<td>(43,228,731)</td>
</tr>
<tr>
<td><strong>Balance as of 31 December 2016</strong></td>
<td><strong>928,442,113</strong></td>
<td><strong>548,834,784</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>LE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance as of 1 January 2015</strong></td>
<td>38,761,107</td>
</tr>
<tr>
<td>Charged during the year</td>
<td>5,774,535</td>
</tr>
<tr>
<td>Reversal of impairment during the year</td>
<td>(1,306,861)</td>
</tr>
<tr>
<td><strong>Balance as of 31 December 2015</strong></td>
<td><strong>43,228,781</strong></td>
</tr>
<tr>
<td>Charged during the year</td>
<td>22,884,581</td>
</tr>
<tr>
<td>Reversal of impairment during the year</td>
<td>(797,532)</td>
</tr>
<tr>
<td>Used</td>
<td>(2,479,445)</td>
</tr>
<tr>
<td><strong>Balance as of 31 December 2016</strong></td>
<td><strong>62,836,385</strong></td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

At 31 December 2016 and 31 December 2015, the ageing analysis of net accounts and notes receivables is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Neither Past Due nor Impaired</th>
<th>Less than 30 days</th>
<th>Past due but not impaired</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>EGP</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>EGP</td>
</tr>
<tr>
<td>2016</td>
<td>928,442,113</td>
<td>491,120,096</td>
<td>167,212,333</td>
<td>104,129,053</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>63,008,153</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>102,972,478</td>
</tr>
<tr>
<td>2015</td>
<td>548,834,734</td>
<td>343,740,974</td>
<td>157,794,165</td>
<td>37,904,010</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5,924,066</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,471,519</td>
</tr>
</tbody>
</table>

13 PREPAYMENTS AND OTHER DEBIT BALANCES

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LE</td>
<td>LE</td>
</tr>
<tr>
<td>Prepayments</td>
<td>67,425,568</td>
<td>30,843,177</td>
</tr>
<tr>
<td>Debit balances-(Dividends Tax)</td>
<td>-</td>
<td>2,908,257</td>
</tr>
<tr>
<td>Customs Authority</td>
<td>10,718,087</td>
<td>8,062,793</td>
</tr>
<tr>
<td>Accrued revenues</td>
<td>72,876,992</td>
<td>88,431,825</td>
</tr>
<tr>
<td>Deposits with others</td>
<td>14,082,588</td>
<td>8,405,421</td>
</tr>
<tr>
<td>Advances to suppliers</td>
<td>255,477,837</td>
<td>71,280,381</td>
</tr>
<tr>
<td>Sales tax</td>
<td>18,137,649</td>
<td>22,281,782</td>
</tr>
<tr>
<td>Letters of guarantee margin</td>
<td>8,960,315</td>
<td>7,465,070</td>
</tr>
<tr>
<td>Employees receivables</td>
<td>3,895,537</td>
<td>3,530,572</td>
</tr>
<tr>
<td>Debit balances for sold assets</td>
<td>-</td>
<td>16,600,000</td>
</tr>
<tr>
<td>Governmental authorities receivables</td>
<td>7,503,355</td>
<td>13,022,336</td>
</tr>
<tr>
<td>Debt Balances-(Suppliers)</td>
<td>29,676,595</td>
<td>23,329,627</td>
</tr>
<tr>
<td>Other debit balances</td>
<td>21,142,138</td>
<td>16,649,517</td>
</tr>
<tr>
<td></td>
<td>509,896,631</td>
<td>312,826,778</td>
</tr>
<tr>
<td>Impairment of other debit balances</td>
<td>(4,680,910)</td>
<td>(5,644,387)</td>
</tr>
<tr>
<td></td>
<td>505,215,721</td>
<td>307,182,391</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>31 December 2015</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EGP</td>
</tr>
<tr>
<td>Balances due within 12 months</td>
<td>286,643,807</td>
</tr>
<tr>
<td>Balances due in more than 12 months</td>
<td>218,571,914</td>
</tr>
<tr>
<td></td>
<td>505,215,721</td>
</tr>
</tbody>
</table>

* Based on the verdict of the constitutional court in the lawsuit No. 175/220 legal, at the court session held on 5 September 2003 regarding the non-constitutionality of the first and last paragraphs of article (111) custom Law No. (66) of 1963 issued by the Republic president decree relating to imposing fees against additional services. Raya Distribution Company one of the subsidiary companies of Raya Holding Company for Technology and Communication – took legal procedure under No. 7780 of 2001 ‘Calre South Civil’ against Minister of Finance in his capacity to refund amount of LE 9,684,349 representing the paid amount by the company against the additional service. The court had referred the lawsuit to experts’ office at Ministry of Justice. The delegated expert report indicated that the company’s right to recover the amount of LE 6,990,846. Based on the court ruling issued in similar raised lawsuits by other associates which ended up by refunding the amount paid to the Custom Authority as additional service fees in form of checks issued by the Custom Authority in favour of those associates, the legal advisor of the company is in the opinion that, it is virtually certain that the final ruling in this case will be in favour of the Company. Accordingly, the management of Raya Distribution had recorded the amount of LE 6,990,846 (only six million nine hundred ninety thousands and eight hundred forty six Egyptian pounds) in prepayments and other debit balances and other revenues in the financial statements as of 31 December 2005 till 30 September 2016. There is no final court decision yet.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2016

14 SHARE BASED COMPENSATION

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LE</td>
<td>LE</td>
</tr>
<tr>
<td>Share based compensation</td>
<td>161,544</td>
<td>2,714,298</td>
</tr>
<tr>
<td></td>
<td>161,544</td>
<td>2,714,298</td>
</tr>
</tbody>
</table>

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

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

The Company implements employees' stock option plan which was amended and approved by extraordinary general assembly meeting held on 5 January 2011 to convert from promise to sell to granting free shares to create competition atmosphere to encourage creativity and performance rewarding. This plan will be applied to the company's employees, managers and executive members of the company's board that qualified according to certain conditions specified in plan's agreement.

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

During the first quarter for the year 2016, the committee of stock option plan supervision approved grant and give the ownership of stock option amounted to LE 2,552,754 for the beneficiaries in accordance with granting contracts

15 CASH ON HAND AND AT BANKS

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LE</td>
<td>LE</td>
</tr>
<tr>
<td>Cash on hand</td>
<td>6,388,716</td>
<td>877,814</td>
</tr>
<tr>
<td>Banks - current and investing accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local currency</td>
<td>31,695,511</td>
<td>7,428,703</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>86,415,946</td>
<td>31,473,770</td>
</tr>
<tr>
<td>Banks - Time deposits *</td>
<td>61,920,714</td>
<td>87,893,025</td>
</tr>
<tr>
<td>Local currency</td>
<td>53,338,889</td>
<td>49,877,100</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>12,492,458</td>
<td>11,084,703</td>
</tr>
<tr>
<td>Checks under collection</td>
<td>252,252,234</td>
<td>188,635,115</td>
</tr>
</tbody>
</table>

*Time deposits balance as of 31 December 2016 includes an amount of LE 61,920,714 and an amount of LE 53,338,889 (equivalent to USD 2,922,679) that represents restricted deposits against letters of guarantee and letters of credit (the balance of restricted time deposit against letters of guarantee and letters of credit as of 31 December 2015 was LE 87,893,025 and LE 49,877,100 (equivalent to USD 6,370,000).
# RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 31 December 2016

#### 16 CAPITAL

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016 (LE)</th>
<th>31 December 2015 (LE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorized capital</td>
<td>1,000,000,000</td>
<td>1,000,000,000</td>
</tr>
<tr>
<td>(LE 5 share par value)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued and paid up</td>
<td>984,624,835</td>
<td>504,624,835</td>
</tr>
<tr>
<td>capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares number</td>
<td>100,924,967</td>
<td>100,924,967</td>
</tr>
</tbody>
</table>

- The authorized capital is LE 1,000,000,000 and the issued and paid up capital amounted to LE 420,520,695 divided on 84,104,139 shares of par value LE 5 each, all are in cash stocks.

- On 16 September 2015, An Extraordinary General Assembly meeting approved the increase of capital by an amount of LE 84,104,140 through free increase with number of 16,820,828 shares (1 share for every 5 shares) to reach LE 504,624,835 divided on 100,924,967 shares and, recorded in the Commercial Register on 13 October 2015.

### 17 LONG TERM LOANS

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016 (LE)</th>
<th>31 December 2015 (LE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term loans -</td>
<td>112,870,133</td>
<td>74,715,781</td>
</tr>
<tr>
<td>current portion</td>
<td>283,678,687</td>
<td>279,254,902</td>
</tr>
<tr>
<td>Long term loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>396,548,820</td>
<td>353,970,683</td>
</tr>
</tbody>
</table>

Loans balances are represented in the following:

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016 (LE)</th>
<th>31 December 2015 (LE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Loans-Raya Holding</td>
<td>162,166,991</td>
<td>117,492,024</td>
</tr>
<tr>
<td>Company for Financial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>155,785,041</td>
<td>176,860,363</td>
</tr>
<tr>
<td>(2) Loans-Raya Finance</td>
<td>472,619</td>
<td>420,466</td>
</tr>
<tr>
<td>Lease Company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Loans-Bariq for</td>
<td>8,061,180</td>
<td>34,437,750</td>
</tr>
<tr>
<td>Advanced Industrial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Techniques Company</td>
<td>17,950,684</td>
<td>16,236,081</td>
</tr>
<tr>
<td>(4) Loans-Raya Distribution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company</td>
<td>2,490,600</td>
<td></td>
</tr>
<tr>
<td>(5) Loans-Raya Contact</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Centers Company</td>
<td>396,548,820</td>
<td>353,970,683</td>
</tr>
<tr>
<td>(6) Loans-Ostool for Land</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport Company</td>
<td>158,126,253</td>
<td>98,399,168</td>
</tr>
<tr>
<td>(7) Loans-Raya Restaurants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company</td>
<td>162,166,991</td>
<td>117,492,024</td>
</tr>
<tr>
<td>(8) Loans-Raya Data Centre</td>
<td></td>
<td></td>
</tr>
<tr>
<td>services Company</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Raya Holding Company for Financial Investments

---

1-1 Bank loan

On 20 July 2011 the Company obtained a medium-term loan from a bank amounted to USD 3,750,000 for a year of 4.5 years including one year as a grace year with an average interest rate during the loan year of 3.25% above LIBOR. The loan shall be paid after the grace year over 8 semi-annual instalments starting on 26 July 2012 and ending on 26 January 2016. The balance of the loan as of 31 December 2016 amounted to USD 6,850 equivalent to LE 0 (31 December 2015 amounted to USD 468,750 equivalent to LE 3,670,313).
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2016

1-2 Bank loan
On 20 December 2010, the Company obtained a medium-term loan from a bank amounted to LE 5,000,000 and on November 2011 the company took a supplementary loan amounted to LE 2,000,000 for a year of five years including one year as a grace year with an average interest rate during the loan year of 11.0%. The loan shall be paid after the grace year over 48 monthly installments starting on 25 January 2012 and ending on 31 December 2015. The balance of the loan as of 31 December 2016 amounted to LE 0 (31 December 2015 amounted to LE 1,265).

1-3 Bank loan
On 30 May 2012 the Company obtained a medium-term loan from the Egyptian Real Estate Mortgage Company amounted to LE 1,680,505 for a year of five years with an average interest rate during the loan year of 15% as a minimum rate. The loan shall be paid over 60 monthly installments starting on 31 May 2012 and ending on 30 April 2017. The balance of the loan as of 31 December 2016 amounted to LE 30,614 (31 December 2015 amounted to LE 224,167).

1-4 Bank loan
On 28 September 2012 the Company obtained a medium-term loan from a bank amounted to LE 36,000,000 for a year of five years with an average interest rate during the loan year of 13%. The loan shall be paid over 10 semi-annual installments starting on 28 September 2012 and ending on 28 September 2017. The balance of the loan as of 31 December 2016 amounted to LE 0 (December 2015 amounted to LE 10,800,000).

1-5 Bank loan
On 1 October 2012 the Company signed a medium-term loan from a bank amounted LE 2,000,000 for a year of 5 years including one year as a grace year with an average interest rate during the loan year of 17.75%. The loan shall be paid over 48 monthly installments starting on 1 October 2012 and ending on 1 September 2017. The balance of the loan as of 31 December 2016 amounted to LE 448,522 (31 December 2015 amounted to LE 976,653).

1-6 Bank loan
On 17 December 2013 the Company signed a medium-term loan from a bank amounted LE 2,000,000 for a year of five years including one year as a grace year with an average interest rate during the loan year of 17.75%. The company got amount of LE 922,939. The loan shall be paid after the grace year over 48 monthly installments starting on 18 December 2014 and ending on 18 December 2018. The balance of the loan as of 31 December 2016 amounted to LE 1,082,850 (31 December 2015 amounted to LE 1,554,331).

1-7 Bank loan
On 12 March 2015 the Company signed a medium-term loan amounted LE 1,607,000 for a year of four years with an average interest rate during the loan year of 17.75%. The loan shall be paid after the grace year over 48 monthly installments starting on 30 April 2015 and ending on 30 March 2019. The balance of the loan as of 31 December 2016 amounted to LE 1,008,077 (31 December 2015 amounted to LE 1,560,542).

1-8 Bank loan
On 2 February 2016 the company signed a medium-term loan from a bank amounted LE 2,393,000 for a year of four years with an average interest rate during the loan year of 14.75%. The loan shall be paid over 48 monthly installments starting on 2 February 2017 and ending on 2 February 2021. The balance of the loan as of 31 December 2016 amounted to LE 1,470,675 (31 December 2015 amounted to LE 345,585).
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2016
2-1 Finance lease contracts

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

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

On July 2012, the company obtained a supplementary loan with an amount of LE 16,889,290 and the due amount of the loan had been re-scheduled with an amount of LE 78,483,798 over 60 unequal monthly instalments starting on 25 July 2012 to 25 September 2016.

On December 2012 the company obtained a supplementary loan amounted to LE 15,000,000 and the due balance has been rescheduled to be LE 77,020,000 paid over 60 unequal instalments from 1 January 2013 to 1 December 2017.

On September 2013, the company obtained a supplementary loan amounted to LE 30,000,000 and the balance has been re-scheduled to be LE 98,016,650 over 60 unequal instalments starting from 3 October 2013 to 3 August 2018 with an interest amounted to 20.17%. The balance of the loan as of 31 December 2016 amounted to LE 32,899,310.

The company obtained a long term loan in the form of a finance lease contract with a finance lease company to finance the completion of Raya Holding for Technology and Communication Group administrative building in 6th of October city, with the amount of LE 50,000,000 including interest till the end of the payments with 18.75% interest rate. The loan will be paid over 60 monthly instalments starting on 3 February 2015 to 3 August 2019. The balance of the loan as of 31 December 2016 amounted to LE 34,422,909.

The company obtained a long term loan in the form of a finance lease contract with a finance lease company to finance the completion of Raya Holding for Technology and Communication Group administrative building in 6th of October city, with the amount of LE 50,000,000 including interest till the end of the payments with 19% interest rate. The loan will be paid over 60 monthly instalments starting on 3 March 2016 to 3 February 2022. The balance of the loan as of 31 December 2016 amounted to LE 43,634,579.

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

Raya Finance Lease Company obtained a loan from a bank amounted to LE 182,642,000 with 16.45% interest rate, for a year of seven years including two years grace year starting from December 2012 to pay the used portions and their interest. The loan shall be paid after the grace year over twenty quarterly payments starting from March 2016. The balance of the loan as of 31 December 2016 amounted to LE 155,785,041 (31 December 2015 amounted to LE 176,860,563).

(3) Bariq for Advanced Industrial Techniques Company

On 25 March 2014, a loan agreement was signed with a bank for an amount of EUR 500,000 with an annual interest rate of 3.50% above LIBOR price for six-month year, the loan will be paid over eight quarterly instalments starting from 25 September 2014. The loan balance as of 31 December 2016 amounted to LE 0 (equivalent to EUR 0) 31 December 2015 amounted to LE 472,619.

(4) Raya Distribution Company

During the year, the company made a loan agreement in the form of a financial lease contract with a financial leasing company with an amount of LE 3,110,710 and the guarantee provided was a commercial store owned by Raya Distribution Company in which the loan will be paid over 60 unequal monthly instalments starting from 25 July 2012 to 25 September 2016. The loan balance as of 31 December 2016 amounted to LE 0 (31 December 2015 amounted to LE 420,468).

(5) Raya Contact Centre Company

On 23 November 2014, the company made a loan agreement with a bank for USD 1,500,000 with an annual interest rate of 5.36% above LIBOR for three months year; the loan will be paid over three years after a grace year of seven months starting from 30 November 2014 to 29 September 2015. The loan balance amounted to LE 0 as of 31 December 2016 (equivalent to USD 0) and amounted to LE 8,061,180 as of 31 December 2015 (equivalent to USD 1,029,526).

(6) Ostool for Land Transport Company

- Loan from bank
  Loan amounting to LE 17,288,000 will be paid over an equal monthly instalment by an amount of LE 261,940 started from 31 January 2014 until 30 September 2019. The loan balance as of 31 December 2016 amounted to LE 7,914,432, the current portion for the same date amounted to LE 3,143,280.

- Loan from bank
  Loan amounting to LE 7,590,400 will be paid over an equal monthly instalment by an amount of LE 115,006 started from 31 July 2014 until 30 November 2019. The loan balance as of 31 December 2016 amounted to LE 4,140,220, the current portion for the same date amounted to LE 1,380,072.

- Loan from bank
  Loan amounting to LE 6,121,600 will be paid over an equal monthly instalment by an amount of LE 92,752 started from 31 August 2014 until 31 January 2020. The loan balance as of 31 December 2016 amounted to LE 3,431,794, the current portion for the same date amounted to LE 1,113,024.

- Loan from bank
  Loan amounting to LE 13,371,200 the loan will be paid over quarterly equal instalments starting from March 2016 to 30 June 2019 and the loan balance amounted to LE 10,915,680 as of 31 December 2016, the current portion for the same date amounted to LE 4,300,992.

- Loan from bank
  The Company obtained a loan from a bank for a total amounted to LE 24,868,102 the loan will be paid over quarterly payments with amounted to 1,381,563 instalments starting from 10 November 2016 to February 2021 and the loan balance amounted to LE 24,486,539 as of 31 December 2016, the current portion for the same date amounted to LE 5,526,252.

- Loan from bank
  The Company obtained a loan from a bank for a total amounted to LE 8,327,439 the loan will be paid over quarterly payments with amounted to 750,000 instalments starting from March 2017 to March 2021 and there are no payments from the loan, the loan balance amounted to LE 8,327,439 as of 31 December 2016, the current portion for the same date amounted to LE 3,000,000.
RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2016

(7) Raya Restaurants Company

On 4 March 2014, the Company signed a credit facilities agreement with a bank for LE 19,000,000 with an annual interest rate of 18.25% the loan will be paid over six years after a grace year of nine months starting from 4 March 2014 till 1 October 2019. The loan balance as of 31 December 2016 amounted to LE 17,960,584 (31 December 2015 amounted to LE 16,226,081).

(8) Raya Data centre Company

On 4 September 2016, the Company signed a credit facilities agreement with a bank for LE 3,000,000 with an annual interest rate of 16.38% the loan will be paid over five years the loan balance as of 31 December 2016 amounted to LE 2,400,000

18 PROVISIONS

<table>
<thead>
<tr>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance for the year/year</td>
<td>LE 16,827,916</td>
</tr>
<tr>
<td>Charged during the year/year</td>
<td>9,304,829</td>
</tr>
<tr>
<td>Utilized during the year/year</td>
<td>(3,250,000)</td>
</tr>
<tr>
<td>Provisions no longer required during the year/year</td>
<td>(198,768)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>23,183,977</strong></td>
</tr>
</tbody>
</table>

- Value of the provisions charged amounted to LE 900,779 was charged to the cost of revenues.
- Balance of provisions related to the parent company and its subsidiaries as follows:

<table>
<thead>
<tr>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims provision</td>
<td>LE 11,038,599</td>
</tr>
<tr>
<td>Warranty provision</td>
<td>2,976,872</td>
</tr>
<tr>
<td>Other provision</td>
<td>10,068,506</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>23,183,977</strong></td>
</tr>
</tbody>
</table>

19 ACCOUNTS AND NOTES PAYABLE

<table>
<thead>
<tr>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>LE 729,923,066</td>
</tr>
<tr>
<td>Notes payable</td>
<td>LE 119,359,057</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>849,282,063</strong></td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2016

20 CREDIT FACILITIES

<table>
<thead>
<tr>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>LE</td>
<td>LE</td>
</tr>
<tr>
<td>Raya Distribution Company</td>
<td>729,164,524</td>
</tr>
<tr>
<td>Raya Integration Company</td>
<td>199,578,250</td>
</tr>
<tr>
<td>Raya Holding Company for Financial Investments</td>
<td>15,875,119</td>
</tr>
<tr>
<td>Raya Contact Centers Company</td>
<td>6,797</td>
</tr>
<tr>
<td>Raya for Contact Centers Buildings Management Company</td>
<td>208,422</td>
</tr>
<tr>
<td>Raya Call Center Company - C3</td>
<td>-</td>
</tr>
<tr>
<td>Best Service Company</td>
<td>27,869</td>
</tr>
<tr>
<td>Bariq for Advanced Industrial Techniques Company</td>
<td>8,038,720</td>
</tr>
<tr>
<td>Raya Electronics Company</td>
<td>-</td>
</tr>
<tr>
<td>Raya for Data Centres Company</td>
<td>3,664,285</td>
</tr>
<tr>
<td>Raya restaurants</td>
<td>473,352</td>
</tr>
<tr>
<td>Raya Contact Centers Company – Poland</td>
<td>787,110</td>
</tr>
<tr>
<td>Raya Algeria Company</td>
<td>361,923</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>958,186,301</strong></td>
</tr>
</tbody>
</table>

Subsidiaries obtained credit facilities from several banks secured by Raya Holding Company for Technology and Communication. The interest rate for amounts in local currency varies between 16.75% and 17.60%, and for that of foreign currencies 4%.

21 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

<table>
<thead>
<tr>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>LE</td>
<td>LE</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>178,150,387</td>
</tr>
<tr>
<td>Unearned revenues and subscriptions</td>
<td>144,068,393</td>
</tr>
<tr>
<td>Deferred revenues from sale leased back assets</td>
<td>5,541,496</td>
</tr>
<tr>
<td>Customers down payment</td>
<td>130,536,241</td>
</tr>
<tr>
<td>Credit balances – tax authority</td>
<td>35,546,348</td>
</tr>
<tr>
<td>Other credit balances</td>
<td>28,158,300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>522,091,075</strong></td>
</tr>
</tbody>
</table>

22 DIVIDENDS PAYABLE

<table>
<thead>
<tr>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>LE</td>
<td>LE</td>
</tr>
<tr>
<td>Dividends Payable – Shareholders</td>
<td>-</td>
</tr>
<tr>
<td>Dividends Payable - Board of directors</td>
<td>-</td>
</tr>
<tr>
<td>Dividends Payable – Employees</td>
<td>4,068,080</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,068,080</strong></td>
</tr>
</tbody>
</table>

23 REVENUES

<table>
<thead>
<tr>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>LE</td>
<td>LE</td>
</tr>
<tr>
<td>Devices and goods distribution revenue</td>
<td>4,074,227,721</td>
</tr>
<tr>
<td>Transportation service revenue</td>
<td>205,347,383</td>
</tr>
<tr>
<td>Supplies and Installations revenue</td>
<td>874,177,925</td>
</tr>
<tr>
<td>Call Centre service revenue</td>
<td>495,021,154</td>
</tr>
<tr>
<td>Investment property revenue</td>
<td>29,786,081</td>
</tr>
<tr>
<td>Restaurant revenue</td>
<td>18,488,110</td>
</tr>
<tr>
<td>Other revenues</td>
<td>2,915,970</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,699,074,371</strong></td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

24 COST

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of materials used in the production</td>
<td>(63,852,540)</td>
<td>(56,451,658)</td>
</tr>
<tr>
<td>Devices and goods distribution cost</td>
<td>(3,418,066,084)</td>
<td>(2,860,132,589)</td>
</tr>
<tr>
<td>Supplies and Installations Cost</td>
<td>(797,442,987)</td>
<td>(570,508,232)</td>
</tr>
<tr>
<td>Transportation service cost</td>
<td>(112,482,864)</td>
<td>(86,284,621)</td>
</tr>
<tr>
<td>Salaries</td>
<td>(314,032,095)</td>
<td>(224,200,506)</td>
</tr>
<tr>
<td>Fixed Assets Depreciation</td>
<td>(56,651,063)</td>
<td>(38,222,110)</td>
</tr>
<tr>
<td>Finance cost</td>
<td>(21,760,473)</td>
<td>(20,313,571)</td>
</tr>
<tr>
<td>Other Direct Cost</td>
<td>(21,423,098)</td>
<td>(7,144,238)</td>
</tr>
<tr>
<td></td>
<td>(4,805,611,204)</td>
<td>(3,863,257,925)</td>
</tr>
</tbody>
</table>

25 INCOME TAX

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income tax</td>
<td>(88,179,317)</td>
<td>(59,955,226)</td>
</tr>
<tr>
<td>Deferred income tax</td>
<td>9,060,379</td>
<td>(15,032,649)</td>
</tr>
<tr>
<td></td>
<td>(79,118,938)</td>
<td>(44,987,875)</td>
</tr>
</tbody>
</table>

26 RELATED PARTY TRANSACTIONS

Related parties represent in parent company, associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the boards of directors. And compensation contracts had been approved at general assembly meeting.
AYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

OTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| December 2016
| 27 SEGMENT REPORTING
| (Value in LE thousands)

<table>
<thead>
<tr>
<th></th>
<th>Trade and distribution sector</th>
<th>Information technology sector</th>
<th>Call centers sector</th>
<th>Finance lease sector</th>
<th>International services sector</th>
<th>Transportation sector</th>
<th>Data centers sector</th>
<th>Manufacturing sector</th>
<th>Restaurant sector</th>
<th>Other activities</th>
<th>Eliminations of intersegments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>31 December 2016</strong></td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
</tr>
<tr>
<td>Revenues</td>
<td>3,959,405</td>
<td>813,703</td>
<td>495,021</td>
<td>29,786</td>
<td>61,686</td>
<td>205,347</td>
<td>28,466</td>
<td>1,038</td>
<td>114,791</td>
<td>18,468</td>
<td>2,103</td>
<td>28,672</td>
</tr>
<tr>
<td>Cost</td>
<td>(3,512,748)</td>
<td>(695,861)</td>
<td>(271,676)</td>
<td>(49,425)</td>
<td>(50,667)</td>
<td>(154,966)</td>
<td>(12,894)</td>
<td>(626)</td>
<td>(68,837)</td>
<td>(15,500)</td>
<td>(1,081)</td>
<td>28,672</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(14,270)</td>
<td>(7,496)</td>
<td>(18,864)</td>
<td>(13,616)</td>
<td>(154)</td>
<td>(17,640)</td>
<td>(1,380)</td>
<td>(1,283)</td>
<td>(6,843)</td>
<td>(2,547)</td>
<td>(4,120)</td>
<td>-</td>
</tr>
<tr>
<td>Net profit</td>
<td>60,515</td>
<td>98,299</td>
<td>123,381</td>
<td>57,437</td>
<td>(21,038)</td>
<td>14,054</td>
<td>3,005</td>
<td>(18,448)</td>
<td>17,983</td>
<td>78,978</td>
<td>(114,395)</td>
<td>181,102</td>
</tr>
<tr>
<td>Total Assets</td>
<td>1,747,635</td>
<td>908,017</td>
<td>361,480</td>
<td>741,864</td>
<td>57,737</td>
<td>247,055</td>
<td>26,193</td>
<td>51,654</td>
<td>148,153</td>
<td>56,990</td>
<td>1,358,318</td>
<td>3,742,285</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>(1,604,959)</td>
<td>(794,287)</td>
<td>(157,810)</td>
<td>(394,099)</td>
<td>(82,992)</td>
<td>(134,201)</td>
<td>(19,800)</td>
<td>(66,346)</td>
<td>(72,566)</td>
<td>(34,490)</td>
<td>(497,712)</td>
<td>1,031,841</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Trade and distribution sector</th>
<th>Information technology sector</th>
<th>Call centers sector</th>
<th>Finance lease sector</th>
<th>International services sector</th>
<th>Transportation sector</th>
<th>Data centers sector</th>
<th>Manufacturing sector</th>
<th>Restaurant sector</th>
<th>Other activities</th>
<th>Eliminations of intersegments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>31 December 2015</strong></td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
<td>LE</td>
</tr>
<tr>
<td>Revenues</td>
<td>2,423,588</td>
<td>498,361</td>
<td>205,739</td>
<td>20,000</td>
<td>31,956</td>
<td>107,048</td>
<td>14,533</td>
<td>74,313</td>
<td>5,269</td>
<td>1,821</td>
<td>(9,188)</td>
<td>3,373,420</td>
</tr>
<tr>
<td>Impairment &amp; reversal for customer</td>
<td>(859)</td>
<td>(2,162)</td>
<td>1,116</td>
<td>-</td>
<td>(770)</td>
<td>(810)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(3,508)</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(8,685)</td>
<td>(5,583)</td>
<td>(13,010)</td>
<td>(1,256)</td>
<td>(235)</td>
<td>(7,570)</td>
<td>(442)</td>
<td>(4,957)</td>
<td>(2,273)</td>
<td>(4,265)</td>
<td>-</td>
<td>(49,323)</td>
</tr>
<tr>
<td>Net profit before tax</td>
<td>50,340</td>
<td>15,402</td>
<td>30,757</td>
<td>18,318</td>
<td>(14,485)</td>
<td>12,763</td>
<td>2,386</td>
<td>7,998</td>
<td>8,955</td>
<td>141,271</td>
<td>(71,978)</td>
<td>147,180</td>
</tr>
<tr>
<td>Net profit</td>
<td>37,707</td>
<td>11,808</td>
<td>23,221</td>
<td>27,985</td>
<td>(14,647)</td>
<td>9,006</td>
<td>1,783</td>
<td>6,171</td>
<td>(7,440)</td>
<td>118,162</td>
<td>(71,978)</td>
<td>88,198</td>
</tr>
<tr>
<td>Total Assets</td>
<td>1,294,716</td>
<td>523,293</td>
<td>266,016</td>
<td>678,986</td>
<td>35,350</td>
<td>173,948</td>
<td>15,208</td>
<td>129,711</td>
<td>34,095</td>
<td>1,185,620</td>
<td>(1,541,321)</td>
<td>2,795,621</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>(1,167,733)</td>
<td>(442,702)</td>
<td>(177,069)</td>
<td>(265,690)</td>
<td>(37,574)</td>
<td>(142,654)</td>
<td>(12,393)</td>
<td>(83,290)</td>
<td>(26,649)</td>
<td>(361,635)</td>
<td>698,670</td>
<td>(2,018,719)</td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

28 OTHER LONG TERM LIABILITIES

Other Long term liabilities represent value of the end of service benefits for some of Raya group employees.

29 TAX SITUATION

Raya Holding Company for Financial Investments and some of its subsidiaries are subject to Egyptian income tax law. The income tax was calculated for each company individually, and the income tax amount shown in the consolidated profit or loss statement for the year ended 31 December 2016 represents the total income tax for the subsidiaries, which are subject to income tax, except other subsidiaries that are exempted from income tax according to law (8) of 1997, as they are established in pursuance of this law, so no income tax was calculated.

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Foreign Currency Risk

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

<table>
<thead>
<tr>
<th>Currency</th>
<th>31 December 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>475,801.017 LE</td>
<td>98,631,874 LE</td>
</tr>
<tr>
<td>EURO</td>
<td>2,427.239</td>
<td>599,110</td>
</tr>
<tr>
<td>GBP</td>
<td>102.108</td>
<td>-</td>
</tr>
<tr>
<td>AED</td>
<td>461.373</td>
<td>-</td>
</tr>
<tr>
<td>SAR</td>
<td>93,197</td>
<td>-</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Currency</th>
<th>Change Ratio</th>
<th>The effect in profit before Tax</th>
<th>Change Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>%10+</td>
<td>47,580.102</td>
<td>%10+</td>
</tr>
<tr>
<td>USD</td>
<td>%10-</td>
<td>(47,580.102)</td>
<td>%10-</td>
</tr>
<tr>
<td>EUR</td>
<td>%10+</td>
<td>242.724</td>
<td>%10+</td>
</tr>
<tr>
<td>EUR</td>
<td>%10-</td>
<td>(242.724)</td>
<td>%10-</td>
</tr>
<tr>
<td>AED</td>
<td>%10+</td>
<td>46,137</td>
<td>%10+</td>
</tr>
<tr>
<td>AED</td>
<td>%10-</td>
<td>(46,137)</td>
<td>%10-</td>
</tr>
<tr>
<td>SAR</td>
<td>%10+</td>
<td>9,320</td>
<td>%10+</td>
</tr>
<tr>
<td>SAR</td>
<td>%10-</td>
<td>(9,320)</td>
<td>%10-</td>
</tr>
<tr>
<td>GBP</td>
<td>%10+</td>
<td>10,211</td>
<td>%10+</td>
</tr>
<tr>
<td>GBP</td>
<td>%10-</td>
<td>(10,211)</td>
<td>%10-</td>
</tr>
</tbody>
</table>
b) Credit risk

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

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

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

Trade and notes receivables

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

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

Other financial assets and cash deposits

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

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

Due from related parties

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

e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's obligations with floating interest rates and interest bearing time deposits. Interest on financial instruments having floating rates is re-priced at intervals of less than one year.

The risk of interest in the changes in interest rates which may have an adverse effect on the business results. The company's total liabilities from loans and credit facilities from banks as of 31 December 2016 are LE 1,424,933,266 (31 December 2015 LE 1,199,012,159) and value of related interest charged during the year ended 31 December 2016 was LE 166,578.51 (31 December 2015 LE 99,851.258). Charged interest was classified as finance cost in profit or loss statement. The company management is always working to get better borrowing terms available in the market.

c) Interest rate risk (continued)

As explained in note (31), the interest rate increased by 3% on 3 November 2016 there is no impact on the Company's equity other than the profit impact stated below.
RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2016

31 December 2016
<table>
<thead>
<tr>
<th>Change in rate</th>
<th>Effect on profit before tax</th>
<th>31 December 2015</th>
<th>Change in rate</th>
<th>Effect on profit before tax</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>LE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial asset</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+1%</td>
<td>1.155.516</td>
<td>+1%</td>
<td>1.380.621</td>
<td></td>
</tr>
<tr>
<td>-1%</td>
<td>(1.155.516)</td>
<td>-1%</td>
<td>(1.380.621)</td>
<td></td>
</tr>
<tr>
<td>Financial liability</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+1%</td>
<td>(14.249.332)</td>
<td>+1%</td>
<td>(11.990.121)</td>
<td></td>
</tr>
<tr>
<td>-1%</td>
<td>14.249.332</td>
<td>-1%</td>
<td>11.990.121</td>
<td></td>
</tr>
</tbody>
</table>

d) Liquidity risk

Liquidity risk is the inability of the company to repay its obligations under the contractual terms with others.
The company’s management on a regular basis to make sure of the availability of the necessary liquidity to pay obligations when due without incurring losses or risk the reputation of the company.
The company has sufficient cash to repay Batak projected expenditures include financial liabilities expenses.
The table below summarizes the maturity profile of the financial liabilities the company dates based on the contractual undiscounted payments.

Financial liabilities

<table>
<thead>
<tr>
<th>31 December 2016</th>
<th>L.E</th>
<th>L.E</th>
<th>L.E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>20.845.685</td>
<td>104.479.142</td>
<td>271.223.593</td>
</tr>
<tr>
<td>Credit Facilities</td>
<td>758.698.051</td>
<td>199.878.250</td>
<td>958.186.301</td>
</tr>
<tr>
<td>Warranty</td>
<td>127.249</td>
<td>97.888</td>
<td>128.621</td>
</tr>
<tr>
<td>Trade payables, accrued expenses and other credit balances</td>
<td>563.954.899</td>
<td>591.608.777</td>
<td>96.360.408</td>
</tr>
<tr>
<td>Income tax payable</td>
<td>-</td>
<td>87.178.665</td>
<td>-</td>
</tr>
<tr>
<td>Other long term liabilities</td>
<td>-</td>
<td>-</td>
<td>40.861.611</td>
</tr>
<tr>
<td>Notes payable</td>
<td>101.091.408</td>
<td>16.115.733</td>
<td>56.341.113</td>
</tr>
<tr>
<td>Total undiscounted financial liabilities</td>
<td>1,444,627.292</td>
<td>999,058.455</td>
<td>464,915.746</td>
</tr>
<tr>
<td>Total</td>
<td>2,908,601.493</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

d) Capital management

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

e) Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities.
Financial assets of the company include bank balances and cash, accounts and notes receivables, other receivables and other debit balances, investments through profit and loss. Financial liabilities of the company include credit facilities, trade and notes payables, accrued expenses and other credit balances.
(2) of the notes to the financial statements accounting policies used to measure and recognize significant financial instruments and their related income.
Based on the methods used to evaluate the company's assets and liabilities contained in note (2) the fair values of the financial assets and liabilities are not materially different from their carrying value at the closing date of financial statements.

31 CONTINGENT LIABILITIES

The value of letters of guarantee issued by banks of subsidiaries for the benefit of others at 31 December 2016 amounted to EGP 901,022,458 (31 December 2015: EGP 757,187,254) and the unencumbered portion of 31 December 2016 amounts to LE 892,062,143 (31 December) (EGP 749,722,184). The hedged portion of EGP 8,960,315 is included under prepaid expenses and other debit balances (31 December 2015 amount of LE 7,465,070) (Note 12).

32 SUBSEQUENT EVENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2016

On 3 November 2016, the Central Bank stated that foreign exchange rate is to be determined by supply and demand, adding that the move will be accompanied by 3% rise in interest rates.

The interbank market will be reviewed and banks will be free to set bid/ask for the USD:EGP based on the forces of supply and demand. When the interbank market dynamics do not allow for a clearing price, the central bank will intervene to facilitate “price discovery”.

33 COMPARTIVE FIGURES
Some comparative figures have been reclassified to conform to the current year financial statements’ presentation.