

RAVA

Annual
Report

20
17



**Focus on
Opportunities**

Raya Holding for Financial Investments (RAYA)

RAYA Holding for Financial Investments (RAYA)

Headquartered in Cairo, Egypt, yet unrepressed to cover operations in all continents, RAYA Holding is an auspicious investment conglomerate managing a diversified investment portfolio. RAYA is the holding company of eleven up-and-coming lines of business.

RAYA Holding operates in the fields of information technology, data center outsourcing, contact centers, smart buildings, consumer electronics, food and beverage, land transport, PET remanufacturing, E-payments and Non-banking financial services. RAYA Holding shares have been listed on the Egyptian Exchange (EGX) since 2005, the company empowers more than 10,000 proficient employees, accommodating a wide international customer base from offices based in Egypt, Saudi Arabia, UAE, Qatar, Poland, and Nigeria.



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ISIN Code :

EGS690C1010

Reuters Code :

RAYA.CA



Dear Valued Shareholders,

We are pleased to present our annual report, which has been prepared in compliance with the relevant preset requirements. The report reviews the company's achievements during the fiscal year (FY) 2017, in terms of the financial performance and the strategic view, highlighting our overall goal is to continue gaining market share and ultimately contribute remarkably to the national economy.



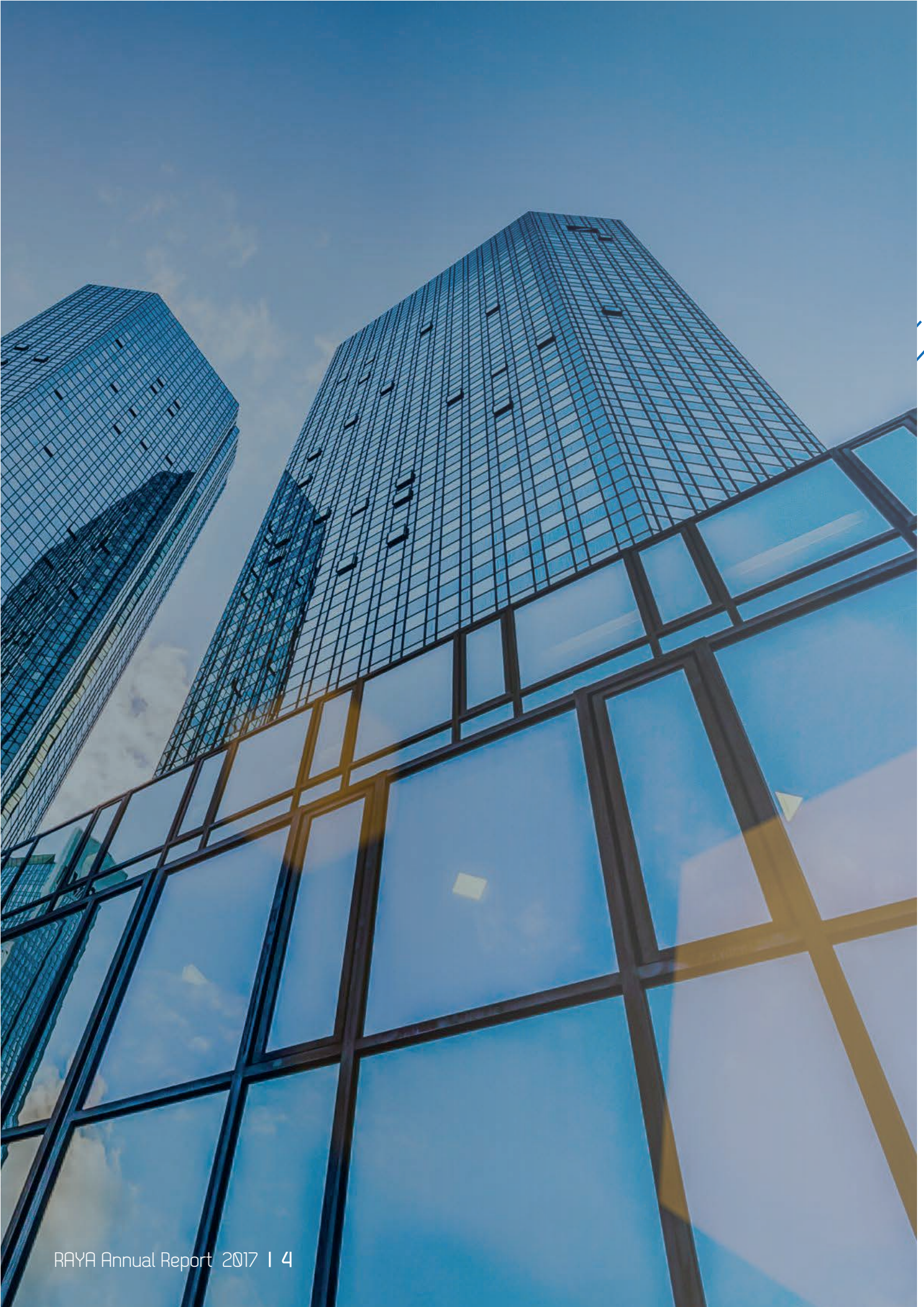


TABLE OF CONTENTS

INTRODUCTION

Chairman Message	07
Key Figures and Highlights	09
Dividends	11
Strategic Overview	12
Shareholders Information	13

Company Profile

2017 at a Glance	15
Our Vision, Mission & Value	17
Milestones in Raya's History	20
Awards in 2017	22

Corporate Governance Business Review

BOD Structure	26
Corporate Governance Committee	28
Audit Committee	30
Investment Committee	30
Remuneration Committee	31
Corporate Social Responsibility	36

Business Review

Raya Holding	43
Aman for E-Payments	44
Aman For Financial Services	45
BariQ	46
Ostool	48
Raya Contact Center	50
Raya Information Technology	52
Raya Restaurants	54
Raya Smart Buildings	56
Raya Trade	58
Raya Food Trading	60
Raya Foods	61

Financial Review

Auditor's Report	64
Opinion	66
Consolidated Financial Position	68
Consolidated Statement of Profit or Loss	70
Consolidated Statement of Comprehensive Income	71
Consolidated Statement of Changes in Equity	73
Consolidated Statement of Cash Flows	75
Notes on Consolidated Financial Statements	77



CHAIRMAN MESSAGE

The world of business is always uncertain, at RAYA Holding, we take pride in operating with the utmost excellence, and we have challenged the circumstances that affected our economy. Due to our diligence in committing to this philosophy throughout the seven years following the Arab Spring, I am very pleased to announce that the company has officially made a full recovery; following the dramatic economic aftermath of the 2011 revolution. We have enhanced our productivity and have strengthened operations while embracing economic changes. Our overall goal is to keep gaining market share and ultimately contribute to a rising national economy.

This Annual Report highlights our achievements over the year and how they moved us closer to turning our vision into a reality. Full diversification of well-established companies gives 2017 another record year. The revenue increased by 18%, with an overall robust performance in line with expectations. Further progress was made across our various lines of business, displaying strong growth across the board.

RAYA Contact Center revenue increased by a 43% compared to 2016. It has also restructured its organization to pave the road for significant future growth within a controlled environment. RAYA Restaurants continues to position Ovio as a promising international restaurant chain in casual cuisine, and now we can confidently expand to other hubs in Egypt; like the North Coast, and beyond borders too, with firm and sterling footsteps.

RAYA Foods has made great strides in 2017; we have taken another confident step in a new line of business; exporting frozen fruits to different markets; like Germany, Russia, the United States, South America, and the Gulf region in its first year. RAYA Foods factory has also added an additional production line to double its throughput, which promises more successes to come. Aman for E-Payments also has performed remarkably this year; providing customers with almost 20,000 POS in a very short period. Similarly, Aman for Financial Services has established 100 stores in record time to expands its wide customer base.

As always, our strategy relies on nurturing and growing each line of business, with a special focus on Financial Technology (Fintech), exports, and manufacturing. To continue thriving amidst the upcoming challenges-, we are diligent in regards to managing our expenses and working capital, and as a result, we will focus on decreasing our leverage and facing these challenges head-on.

I am very confident that Raya Holding will continue to dominate the country's business landscape in 2018; via aggressive growth and creating real value for our stakeholders. With our capabilities will keep fulfilling to lead the market, despite of any circumstances or obstacles.



MEDHAT KHALIL

Chairman & CEO Raya Holding For Financial Investments

HIGHLIGHTS



Strategic positioning

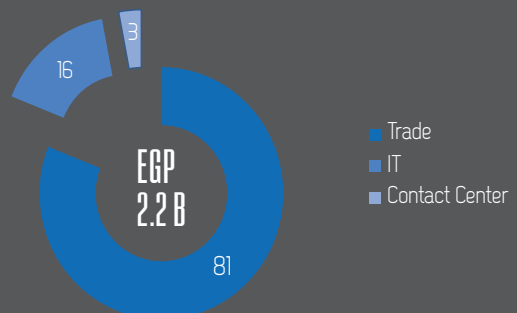
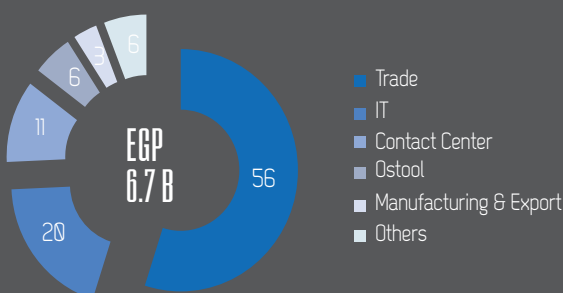
RAYA intends to continue to drive performance and profitability of its operations while maintaining credible and sustainable business practices. RAYA will continue to drive improvements, focusing on all aspect company's control, including health, safety, environment, and compliance, operational excellence, commercial expertise, and customer satisfaction. Raya Holding selectively evaluates growth opportunities across all continents. Maturing investments will be exited to invest in profitable growth opportunities. Along with our belief that we should give back to our community; RAYA endeavors to enhance its social contribution by targeted several initiatives within a range of areas.

Value creation

Recently RAYA has knocked new doors within the E-payment market in Egypt. We have entered the high growth "interpenetration electronic payment", and financial services industries when we launched Aman E-payment, it has started operation in late 2016. Aman's vision is to create an ultimate cashless society in Egypt, enabling Financial inclusion for Egyptian citizens through available secure and convenient E-payment solutions. In 2018 Aman will have access to 20,000 POS terminals, targeting 30% share of the electronic payment market.



Ten Years Revenue Analysis Revenue Diverstification 2007



KEY FIGURES AND RATIOS

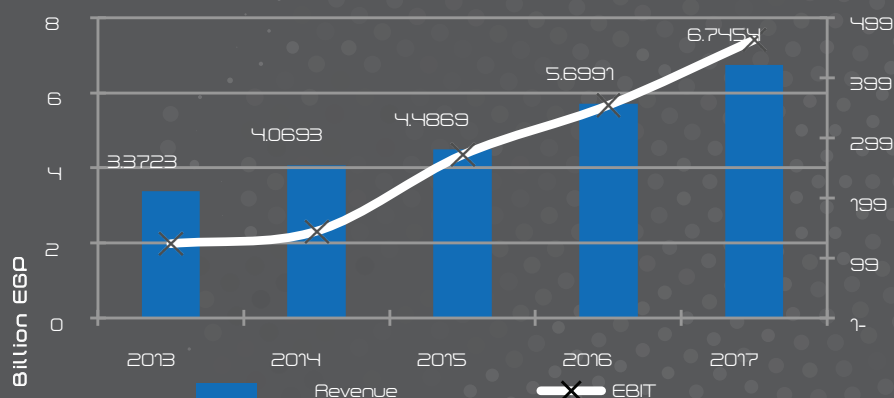
	2015	2016	2017
Revenue (EGP mn)	4,486	5,699	6,745
Net Income (EGP mn)	101	113	50
ROACE	25%	30%	31%
Share Price Year Ended (EGP)	3.4	4.3	8.8
Quick Ratio	0.62	0.70	0.76
Current Ratio	0.95	0.98	1.06
Assets/Equity	3.9x	4.3x	3.4x
Debt/Equity	1.5x	1.6x	1.2x
(Total Debt - Cash) / EBITDA	4.0x	2.4x	2.5x
Revenue/Total Assets, FY	1.5x	1.5x	1.3x
EBITDA/TE	0.3x	0.5x	0.4x
EBITDA/TA	0.1x	0.1x	0.1x

Employee Headcount
through 10 years
3,000 (2007) → 10,727 (2017)

EBIT
increase
from 2013
to 2017

296 %

Revenue and EBIT development





Cash Dividends

Ex. Date	Payment Date	Dividend Amount	Coupon Number
25/05/2017	29/05/2017	EGP 0.25	11
21/01/2016	26/01/2016	EGP 0.20	10
26/05/2015	28/05/2015	EGP 0.25	9
04/06/2013	06/06/2013	EGP 0.25	8
07/10/2012	09/10/2012	EGP 0.20	7
17/01/2012	19/01/2012	EGP 0.20	6
19/05/2010	23/05/2010	EGP 0.25	5
19/05/2009	21/05/2009	EGP 0.21	4
24/12/2007	26/12/2007	EGP 0.48	3
10/09/2007	12/09/2007	EGP 0.75	2
10/05/2007	14/05/2007	EGP 0.40	1

Stock Dividends

Record Data	Effective Date	Ex. Date	Ratio
01/02/2018	18/02/2018	19/02/2018	1.0 : 0.249615
16/06/2015	09/12/2015	10/12/2015	1.0 : 0.200
08/10/2013	30/12/2013	31/12/2013	1.0 : 0.153846
06/04/2011	25/07/2012	26/07/2012	1.0 : 0.033112
29/03/2010	14/09/2010	15/09/2010	1.0 : 0.091714

STRATEGIC OVERVIEW

RAYA from Information technology to investment conglomerate.

The last year has witnessed the birth of our new ventures RAYA Foods, RAYA Food Trading, to build upon lines of business in the previous year with Aman for E-Payments and Aman for Financial Services. These new initiatives demonstrate how RAYA persists to actively generate long-term value for shareholders. Over the year, we have enhanced productivity and strengthened operations while embracing economic changes.

In 2017, we had a special focus on manufacturing and exports as well as consumer finance. The RAYA Foods factory has also added an additional production line to double its throughput rate in production. While battling the challenging economic conditions, RAYA searched for new investment opportunities and joined new Industries.

RAYA Contact Center has surpassed its internal targets with EGP 756 million in revenue, increase of staggering 44% compared to 2016.

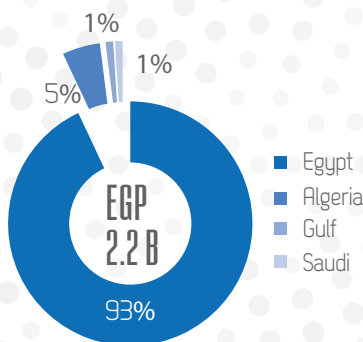
RAYA Information Technology also stood out this year; maintaining consistent growth during a highly challenging period after reporting more than EGP 800 million in revenue. Meanwhile, Raya Restaurants continued to position Ovio as a promising international chain in casual cuisine, and now we can confidently expand with a solid foundation.

RAYA Foods has started great steps in 2017; exporting frozen fruits to many of countries including Germany, Russia, the United States, South America, and the Gulf region during its first year, which is an outstanding achievement that comes after its efforts to completely refurbish its factory in compliance with the highest international standards.

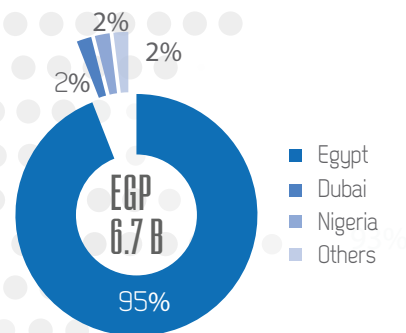
Aman continually proving its potential to become the industry's top player in the coming years, especially after being named the fastest growing service provider in the market. Similarly, Aman for Financial Services established 130 stores in record time.

The market remains full of opportunities, and we remain committed to pursuing further growth. As always, Raya's solid infrastructure depends on empowering employees to treat the firm as their own.

Ten Year Revenue Analysis
Geographic Expansion 2007



Ten Year Revenue Analysis
Geographic Expansion 2017



SHAREHOLDER INFORMATION AND KEY ANNOUNCEMENTS

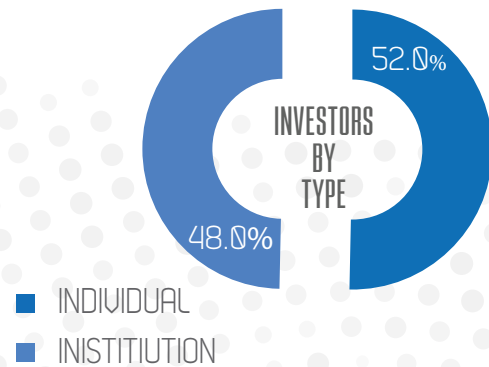
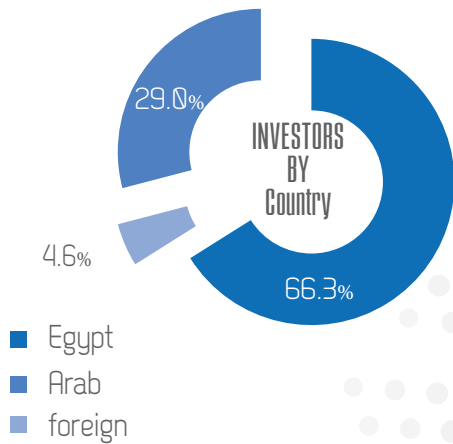
Shareholder information

As at 31 December 2017, RAYA had a total outstanding shares of 100.9 M. Corporate/ institutional investors represented 48.0% of the total ownership and individual investors represented 52.0%.

SHAREHOLDING STRUCTURE

Group	%
Medhat Khalil & Family	24.9%
Financial Holdings International LTD	12.1%
Al Taweel Family	9.7%
EGYCAP Investments LTD	12.5%
Sky	11.2%
Ashraf Mahmoud Kheir El Deen	6.9%
Norges Bank	2.8%
Others	19.9%

The following tables give an overview of RAYA's share ownership



PRICE PERFORMANCE



Key announcements 2017

1 March

Raya Holding unit to establish a joint-stock firm in KSA

Raya Contact Center got an approval from the board of directors to establish a joint stock company in Saudi Arabia.

5 April

Egypt's Raya Holding acquires Lazah for EGP 80 M

RAYA acquired 100% of the shares of the International Union for Integrated Food Industries (Lazah) through the Egyptian Exchange (EGX). Raya bought Lazah's five million shares for EGP 66.85 million and paid all of Lazah's dues, approximately EGP 13 million, bringing the acquisition's total to EGP 79.85 million. Raya has signed a preliminary agreement to acquire 100% of Lazah's shares in October of 2016. During the same period, the company had announced its plans to pump EGP 150 million investments into the food industry.

11 April

Raya Holding Q4 profits surge 205%

A rise of 205% in Raya's consolidated net profit for the fourth quarter of the fiscal year 2016 to EGP 53.73 million, versus EGP 17.61 million for Q4-15. Consolidated net profits for FY16 increased 13.8% to EGP 118.1 million from EGP 103.8 million for FY15, according to a bourse filing. Meanwhile, standalone profits for FY16 declined 7.3% to EGP 70.9 million, compared to EGP 76.5 million for FY15.

30 May

Raya Holding turns profitable in Q1

Raya reported turning to profits in the first quarter of 2017 due to a growth in sales and the improved performance in the information technology sector. Profits stood at EGP 40.6 million in Q1-17, against losses of EGP 553.600 in the year-ago period, year-on-year, revenues rose 33% to reach EGP 1.47 billion from 1.11 billion.

The sales of call centers soared 105.5% reaching EGP 174 million in Q1-17, while distribution and sales revenues increased 23% to EGP 927.9 million in Q1-17. Raya achieved standalone profits of EGP 63.77 million in the quarter ended March 2017, against losses of EGP 8.27 million in the corresponding period in the year before.

10 September

Raya Holding eyes capital hike to EGP 630.6 M

Raya Increased issued capital by EGP 125.9 million to EGP 630.58 million from EGP 504.6 million through distributing bonus shares on a 1-for-4 basis.

26 October

Raya Holding to injected EGP 100 M in automotive project

Raya has directly financed the project with EGP 60 million, and obtained a credit loan of EGP 40 million, the firm highlighted in a statement to the Egyptian Exchange (EGX). This project will include collecting and manufacturing two-wheel drive, three-wheeler, and four-wheel drive vehicles.

20 December

Raya's unit partners with Samsung to manufacture washers

Raya Trade has signed a partnership agreement with Samsung Group to locally manufacture Samsung's washing machines. The deal includes manufacturing 9-kg to 13kg washing machines in Egypt. Manufacturing is scheduled to start within the second half of 2018.

24 December

Raya Holding approves EGP 484 M capital increase of 8 units

The board approved increasing Raya Leasing Co's capital with EGP 200 million and Raya Distribution's capital with EGP 100 million, EGP 50 million capital will go to Aman microfinance and an EGP 45 million capital hike for Aman Electronic Payment. Raya for Food and Beverage capital also has been raised with EGP 40 million, while Aman Financial Services has been lifted with EGP 20 million, Raya also approved an EGP 20 million and an EGP 9 million capital increase for the International Union for Integrated Food Industries and Raya Restaurants, respectively.

2017 AT A GLANCE



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

Our success is realized by the vision, direction, and teamwork of our young and dynamic management team and workforce numbering over 10,000 employees, accommodating a wide international customer base from offices based in Egypt, Saudi Arabia, UAE, Qatar, Poland, and Nigeria; working around the clock to ensure meeting their needs through our four core values of customer focus, excellence, teamwork, and respect for people.

QUICK FACTS

Over 150 +
OFFICES, SITES,
OUTLETS AND CENTER

10,727
EMPLOYEES

11 LINES OF BUSINESS

CUSTOMERS FROM
5 CONTINENTS

20 Years
in The Market

INVESTMENTS TO DATE

EGP 1.5 Billion

20%
Allied Arab Company for Insurance

3.39% Egyptian Company for
Development and Management of Smart
Villages

RAYA COVERAGE

RAYA OFFICE

DUBAI | Hurgada | Poland

Tanzania | Saudi Arabia | Nigeria



FOCUS ON OPPORTUNITIES

OUR VISION

A MARKET LEADER NO MATTER WHERE WE ARE

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

MISSION

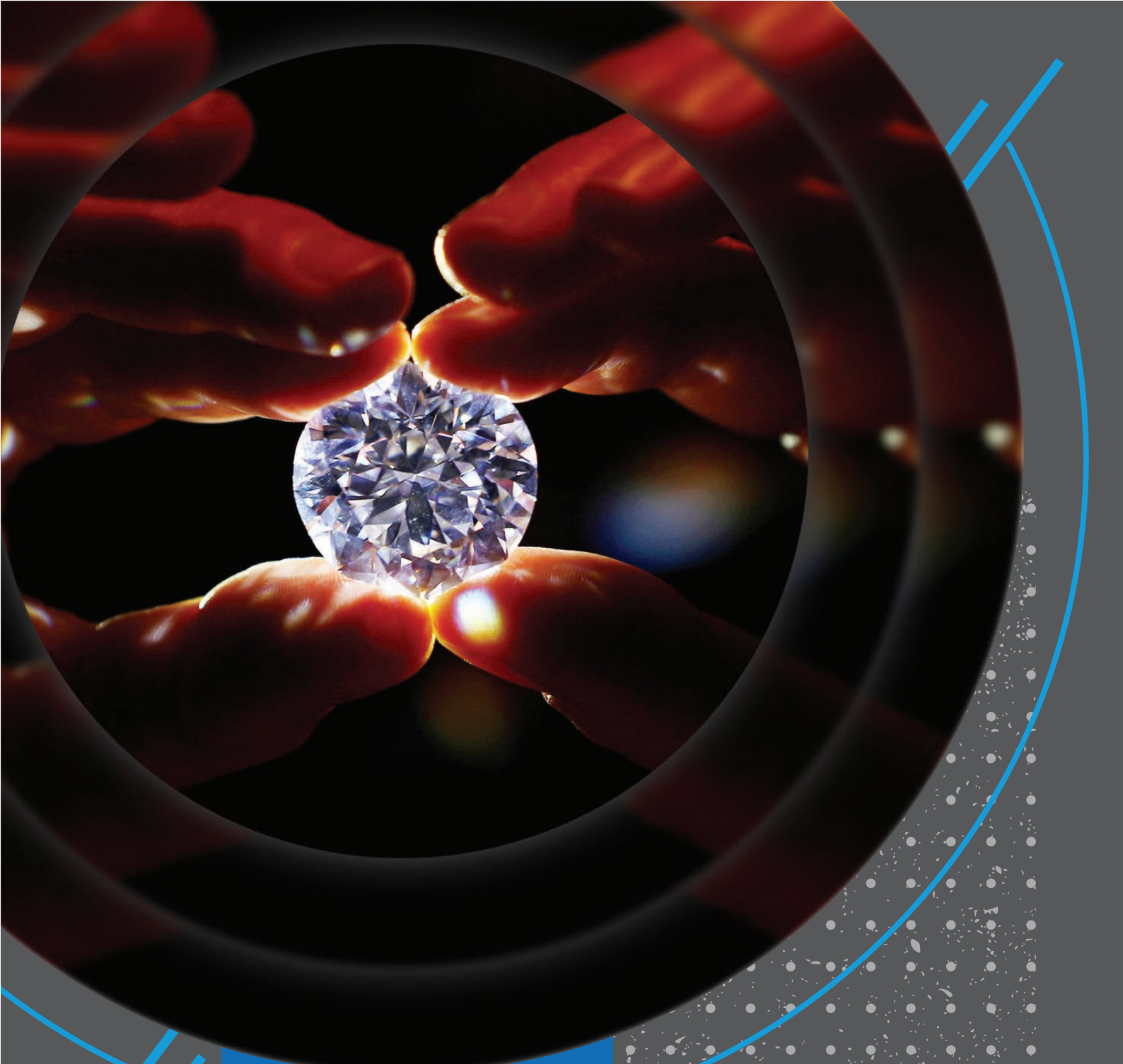
WE PROVIDE OUR WORLD CLASS SERVICE THROUGH:

- Focus on Client and end user satisfaction.
- Competent and motivated people.
- Deployment of state-of-the-art technology.
- Streamlined processes & continuous improvement of quality management system.
- Industry best practices.
- Cost-effective operations.

A set of core values that we have been steadfastly holding on to since our inception has guided our development and led to our success: respecting people, pursuing excellence, focusing on our customers, and standing together as one strong reliable team.

This year, we ventured into small-transportation vehicles through recognizing a demand that needed to be met. In the next year, as is our custom, we face all challenges head on, driven by an unfaltering confidence in our business practices, advanced operational tools and creative talents. "Today, we have successfully achieved our financial and business objectives, met all our set targets, and expanded our business operations". Today, we are very proud to see our goods entering foreign

markets like Europe and Asia. We are extremely proud to have created a real multinational company, operating with governance, based on publicly traded company standards. We are also very proud of the growth of many of our investments. As always, employee empowerment is at the foundation of our growing operations.



OUR VALUES

We have kept our values fixed and untouched. The opportunities we consistently seize and the new Markets we aggressively penetrate have only been lit through with the aid of our beliefs. The four values, upon which we base our operations, have been the foundation that holds our head up high and strong against some of the toughest prevailing economic winds. Through them, we shall continue to follow our Dreams and realize a stone-carved legacy to thrive and last.

Today, we are looking forward to see Raya Holding group grow into the largest Egyptian conglomerate in terms of employees, revenue, profit, and subsidiaries listed in the stock exchange market.



EXCELLENCE

Excellence in every aspect of our various lines of business is how we maintain our position as "A Market Leader No Matter Where We Are". Raya encourages excellence by rewarding skill and performance. With an unyielding desire to triumph and an unbending will to succeed, Raya is committed to continually developing the quality of services it currently offers. The company benchmarks itself according to international quality standards.



TEAM WORK

Raya's realizes the significance of teamwork on many levels. The company is continually promoting the concept, by seeking to bring together personals with a diversified backgrounds, skill levels and varied areas of expertise. We believe that working in teams guarantees fresh perspectives and provides a more efficient outcome, and a more comprehensive delivery of results.



CUSTOMER FOCUS

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



RESPECT TO PEOPLE

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

MILESTONES IN RAYA'S HISTORY

1990

MERGER

7 national IT companies decide to merge, establishing Raya Holding to cater to a gap between multinational market players and local companies

2000

STREAMLINING

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

2001

DIVERSIFICATION

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

2005

GOING PUBLIC

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

2003

GOING INTERNATIONAL

Expanding into the international sphere, Raya started seizing opportunities in different countries, establishing Raya Gulf, Raya Saudi, Raya USA and Raya Algeria.

2006

REALIGNING RESOURCES

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

2008

EXPANSION

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

2016

GROUNDWORK FOR FUTURE SUCCESS

Launching new 3 lines of business; Raya Foods, Raya Manufacturing & Exports, and Aman E-payments and financial services.

DEVELOPING MARKET RESILIENCE

Despite the post-revolution, along with unstable political conditions, Raya Group managed to solidify strategies and explore new realms of business, following with its vigorous expansion plan.

Conquering New Industries

Investing in Modern Vehicles manufacturing

2013

2017

2010

2015

PORTFOLIO DIVERSIFICATION

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

UNLOCKING NEW MARKETS

Raya signed a contract with Makarony Polskie, a leading Polish Pasta manufacturer, to import Makarony Polskie and Sorenti pasta brands. Raya's premium SARY tablet was launched in November recorded to be the first in Egypt to run on Windows 10.



AWARDS IN 2017

AWARDS IN 2017

After exceeding its sales target with 256% Raya Information Technology has been awarded Wincor Nixdorf's Best Performance Banking Partner of the Year for MEA region

Raya Information Technology, has won the award of the Best Performance Partner of the Year in Middle East and Africa from Wincor Nixdorf after a tough competition between 85 Wincor Nixdorf partners from 72 countries around the world. Raya Information Technology received this prestigious award because of its continuous efforts to expand and to lead the market of the Financial Solutions in Egypt with sales exceeding 256% compared to its annual planned target.

Raya Data Center - Certified to Provide Cisco Powered Cloud and Managed Services

Raya Data Center has achieved the Cisco Cloud and Managed Services Program (CMSP) Advanced certification with the introduction of Cisco Powered Infrastructure as a Service . This certification by Cisco recognizes that Raya Data Center has achieved an elite level of expertise to sell and deliver cloud and managed services.

Ostool achieves the highest record of retread tires in Egypt

Ostool received a certificate of achievement from Bridgestone for the highest retread tires record in 2015, 2016 and in the first half of 2017 in Egypt. The total number of retread tires was 1693 in 2016 and 1220 in the first half of 2017, signifying 42% of the total tire consumption. Retreading tires saves on money and time, and is an environmentally conscious practice.

Raya Foods Trading Distribution arm breaks records in Nestlé's Mondial

Nestlé's Mondial is a twice a year certificate that is awarded to the distributor that delivers the best performance in specific criteria such as: commitment, discipline, business KPIs and alignment with business directions. Raya received a certificate of achievement as the best distributor of dry goods in an unprecedented case of 3 times in a row from Nestlé's Mondial.



CORPORATE GOVERNANCE



BOARD OF DIRECTORS STRUCTURE

Subject to the disclosure and listing rules set by the Egyptian Stock Exchange (EGX) and approved by The Financial Regulatory Authority (FRA), Raya Holding complies with the code of best practices in corporate governance, financial reporting, disclosure regulations and listing rules.

With a strong commitment to abide by the highest standards of corporate governance, the board of directors ("The board") attributes strong emphasis to identifying and implementing appropriate corporate governance practices to ensure transparency, accountability and effective internal controls. Raya's board of directors routinely meets several times annually to align and discuss the group's business performance and strategy.

The board reserves the right to discuss major strategic and financial decisions related to new investments, divestment decisions, approval of significant alliances, major capital investment transactions and the compensation of the executive management of the company.

Under Raya's Articles of Association, all directors of the board are required to run for re-election every three years. With a board performance evaluation, the elected board of directors' biographical background and their expertise are disclosed in the explanatory notes of the notice during the annual general meeting. With firm creed in sound corporate governance practices,

Raya's board of directors fulfills its responsibilities in accordance to the essential foundation of Raya's corporate governance guidelines, committed to comply with the mandates of The Financial Regulatory Authority (FRA) in Egypt.

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

Following the end of each fiscal year, the Board conducts an annual performance evaluation to assess the Board's performance effectiveness overseen by the Corporate Governance Committee. The Nomination and Governance Committee is responsible for establishing evaluation criteria and implementing the process for such evaluation, as well as considering other corporate governance principles subject to consideration by the board.

BOARD OF DIRECTORS COMMITTEES PURPOSE

The purpose of the committee is to assist the board in ensuring that its composition, structure, policies and processes meet all relevant legal and regulatory requirements.

To strive to achieve global corporate governance best practices standards, and to facilitate the board and management's objective of increasing the long-term value of the company recommending qualified directors and committee nominees to the board.

To review HR policies.

To identify any additional skills and experiences that might be required to enhance the performance of the board, to interview candidates and to recommend appointments to or removals from the board.

To review the performance of any director seeking re-election at the forthcoming annual general meeting.

To ensure the implementation of the Corporate Governance Code and that all items are covered under all committees.

AUTHORITY

In order to fulfill its purpose, the committee shall have the following authorities and responsibilities.

CORPORATE GOVERNANCE COMMITTEE MEMBERS

Chaired by: Yasser Hashem

**Members: Malek Sultan, Ahmed Khalil, Reem
Assad**

The Committee shall:

Develop for the board's approval and annually review the company's corporate governance code.

Consider possible conflicts of interests of directors and any related party transactions of directors and make relevant proposals to the board in accordance with the company's corporate governance code.

Review any change in status (including fulfillment of independence requirements) and professional affiliation of current directors and make relevant proposals to the board in accordance with the company's corporate governance code.

Oversee the development and implementation of a board induction process for new directors and a program of continuing director development as needed.

Develop a process for evaluating board effectiveness and coordinate the annual board effectiveness evaluation.

Review corporate governance policies and practices in major subsidiaries and make relevant proposals to the board.

Monitor trends and the best practices in corporate governance and nomination practices in order to properly discharge its duties.

The Committee shall:

Prepare the criteria and procedure for selecting board members and by which the board makes nominations for members.

Assess - at least once a year - the size and composition of the board.

Assess - at least once a year - the performance of individual board members and report their findings to the board.

Make proposals for the re-election or termination of board members and, if required, the appointment of replacement members.

Report to the board on the advisability of permitting a member of the board to become a member of another company's board and develop a policy on whether and how to cap the number of directorships a director may hold; and

Report to the board any conflicts of interest that may arise if a member of the board accepts a position on another company's board

THE AUDIT COMMITTEE

Chaired by: Seif Coutry

**Members: Yasser Hashem, Ashraf Sabry,
Malek Sultan, Mostafa Mubarak**

Purpose

To assist the Board of Directors in fulfilling its oversight responsibilities for the financial and operational reporting processes, risk management, the system of internal control, the audit process, and Raya's process for monitoring compliance with laws and regulations and the code of control.

Authority

The audit committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered:

- To recommend the appointment and compensation of the external auditors to be employed by Raya to the Board of Directors and to the General Assembly.
- To oversee the work of any external auditors employed by Raya.
- To approve the appointment, compensation, removal, or replacement of the Chief Audit Executive.
- To oversee the operations of the Internal Audit Department.
- To resolve any disagreements between management and the auditor regarding financial reporting.
- To pre-approve all audit and non-audit services.
- To retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.
- To seek any information it requires from employees all of whom are directed to cooperate with the committee's requests- or external parties.
- To meet with company officers, external auditors,

THE INVESTMENT COMMITTEE MEMBERS:

Chaired by: Seif Coutry

**Members: Medhat Khalil, Ashraf Sabry,
Malek Sultan, Amr El Tawil**

Authority

- To set the overall investment guidelines in line with the Board's strategy.
- To prepare investment cases and report to the Board recommendations of investment opportunities, activities and time horizon for the Board's
- Approval.
 - To review and monitor investments (post investments audits).
 - To set the due-diligence criteria.
 - To review investment performance with appropriate indexes and preset KPLs, IPS with the

THE REMUNERATION COMMITTEE

Chaired by: Ashraf Sabry

Members: Amr El Tawil, Yasser
Hashem

Authority

- To establish the company policy on remuneration for the executive directors, executive management, chairman, and CEOs of the different lines of business.
- To make recommendations to the board on the Group's framework of executive remuneration and its cost.
- To approve for the members of the Executive Leadership Team or other senior executives, as it considers the entire individual recruitment terms, remuneration benefits, employment conditions, pension rights, compensation payments and severance terms, individual bonus plans and targets and the subsequent achievement of performance against targets.
- To approve the remuneration of the chairman.
To propose for the approval of the Board and for recommendations by the Board to shareholders all new long-term incentive schemes.
To approve the rules and associated guideline for granting awards under the Company's long-term incentive plans.

Relations with Shareholders

The company maintains regular contact with shareholders, institutional investors, the financial community and the media through a structured investor relations program including regular formal announcements and publications relating to material events and financial results, a bi-annual institutional investors' event as well as meetings with the chairman, chief executive officers and the chief financial officer.

Private shareholders are also encouraged to attend the annual general meeting and to express their views and questions prior to the meeting, which is reported to the Board and responded to in the Chairman's address.

Going Concern after making inquiries, the directors consider that the company has adequate resources to continue operating for the foreseeable future. For this reason the going concern basis has been adopted in the program.

BOARD OF DIRECTORS



MEDHAT KHALIL

Raya Holding For Financial Investments - Chairman & CEO



AHMED KHALIL

Raya Restaurants & Raya Smart Buildings - CEO



YASSER HASHEM

Zaki Hashem & partners - managing partner



SAMER EL WAZIRI

Raya FMCG - CEO



MALEK SULTAN

Watheeqa - Operations Manager

ASHRAF KHIERELDEN
Board Member



KHALED SHASH
Board Member



MUSTAFA MUBARAK
Board Member



SEIF COUNTRY
Non-executive Board Member



AMR ELTAWIL
Non-executive Board Member



ASHRAF SABRY
Non-executive Board Member



MARK TOHME
Non-executive Board Member





MANAGEMENT TEAM



CORPORATE SOCIAL RESPONSIBILITY

Raya's social development initiatives contribute in alleviating poverty and improving education. We work hand-in-hand with local reputable organizations working in community and social development to create a sustained and meaningful impact on improving the livelihoods and well-being of our community.

Corporate Volunteering

Because the real impact relies on connecting and engaging with the community, Raya Holding's CSR department dedicated special attention to corporate volunteering and employee engagement in its initiatives in 2017. Believing in the potential of community volunteering to bring about wellness and a positive societal impact for our employees, the department organized several volunteering activities over the year. In 2017, more than 70 employees across Raya's various lines of business invested over 671 hours in community engagement activities.



INJAZ Volunteering Programs

As part of our corporate volunteer program, Raya Holding collaborated with INJAZ Egypt to contribute to their skill-based education program in public schools. INJAZ is a regionally active NGO aiming to tackle the endemic issue of youth unemployment and outdated education systems in the Arab region. The NGO provides targeted learning to prepare Arab youth for the workforce, including basic business and personal skills that enable youth to become business leaders and entrepreneurs; thereby supporting their communities and accelerating sustainable growth.

The efforts of our Raya employees leveraged their expertise by teaching Egyptian students key skills that aren't covered in the public school curriculum, in fields such as financial literacy, basic management, effective communication, self-discovery, and responsible citizenship. Twenty-seven Raya employees volunteered for an estimated 297 training hours in public schools to provide students with these important skills; aiming to ensure that they are better prepared to become constructive members of the economy working towards sustainable development at large.

Community Trip - Building a School in Behbet El Ayyat

With the knowledge that giving back entails staying connected and engaged with the community, Raya employees were given the opportunity to participate in a community trip where they helped build a community school in the village of Behbet El Ayyat. Nineteen volunteers participated in the building of this school, interacting and playing with the children and leaving a smile on their faces. It was a truly enriching experience for Raya volunteers, who left a positive impact on both the children and the locals in the village..



Ramadan Campaign - Packing and Distributing Food Boxes

In collaboration with Misr El Kheir, Raya volunteers participated in the packing and distribution of Ramadan food boxes. This year, 11 volunteers from Raya helped pack Raya Ramadan food boxes at Misr El Kheir locations, while 14 employees travelled and distributed boxes in Kom Abo Galad in Beni Suef; even delivering some of them directly to promote an improved, gender-friendly environment. Volunteers highlight their commitment to the importance and value of these philanthropic activities.

Inclusion and Diversity

With a commitment to promote gender diversity and inclusion, Raya Holding Chairman and CEO Mr. Medhat Khalil signed the Women's Empowerment Principles (WEP) Statement of Support, which is an initiative between UN Women and the UN Global Compact. The WEPs are a set of seven steps providing guidance to businesses on how to promote women's participation and leadership in the workforce.

GIZ Gender Diversity Program is committed to develop the required policies and systems that would encourage gender diversity and close the gaps of women in the workforce and in management positions. Raya participated and proudly won the GIZ-EconoWin (when women work, economies win) competition for gender diversity, which is a regional program pioneered in 2016 to empower women economically.

After winning the competition, Raya Holding Chairman and CEO Mr. Medhat Khalil signed the agreement partnership with GIZ in 2017; marking the start of this program within Raya workplace that ensures equitable career advancement for all employees. The program is currently being implemented in Raya Contact Center and Raya Information Technology, both of which envision the creation of a more inclusive working environment that maintains the motivation and aspirations of all employees over the long term.



Celebrating International Women's Day

Every year, Raya celebrates the International Women's Day to show its support for women's equitable participation in the workforce. As part of the 2017 celebration, the company organized a leadership talk delivered by distinguished women leadership expert and coach Rania Abu Rabia on how to balance one's life and unlock leadership secrets.

Raya Volunteers Recognition Event

In 2017, Raya celebrated and thanked employees who volunteered and participated in the CSR volunteering initiatives initiated throughout 2016. In recognition of their efforts and time, those who fully completed their volunteering programs received a certificate of appreciation from Raya Holding Chairman and CEO Mr. Medhat Khalil.

Raya Community Day: "Inclusion Builds Community"

Working towards creating a more enabling and inclusive working environment, the Raya Community Day was organized to collaborate with Helm, and their mission is to promote the full inclusion of persons with disabilities in all aspects of life. Staff members across all lines of business were encouraged to attend in order to raise awareness about inclusion and change their perceptions about people with special abilities through engaging and team building activities with people with disabilities.



A photograph of a business meeting in a conference room, viewed through a large circular opening. Several people in business attire are seated around a table, engaged in discussion. The room has large windows and modern decor. The image is overlaid with a dark blue background featuring abstract light blue lines and bokeh effects.

BUSINESS REVIEW





RAYA HOLDING

Egypt's Raya Holding completed acquisition of stake in International Union for Integrated Food Industries

Raya Holding acquired 100% of the International Union for Integrated Food Industries Company (Lazah). The acquisition involved 5 million shares worth EGP 66.85 million, as well as Raya's payment of the Integrated Union Company's debt which does not exceed EGP 13 million, the total value of the acquisition is EGP 79.9 million (USD 4.40 million).

Raya Holding Increased issued capital to EGP 630.6 M

Raya Increased issued capital by EGP 125.9 million to EGP 630.58 million from EGP 504.6 million through distributing bonus shares on a 1-for-4 basis..

Raya Holding injected EGP 100 M in automotive project

Raya has directly financed the project with EGP 60 million, and obtained a credit loan of EGP 40 million, the firm highlighted in a statement to the Egyptian Exchange (EGX). This project will include collecting and manufacturing two-wheel drive, three-wheeler, and four-wheel drive vehicles.

Raya Holding approves EGP 484m capital increase of 8 units

Raya Holding agreed on raising the capital of eight subsidiaries with a total value of EGP 484 million. The board approved increasing Raya Leasing Co's capital with EGP 200 million and Raya Distribution's capital with EGP 100 million. The board also approved an EGP 50 million capital increase of Aman microfinance and an EGP 45 million capital hike for Aman Electronic Payment, according to the statement. Raya for Food and Beverage's capital also has been raised with EGP 40 million, while Aman Financial Services has been lifted with EGP 20 million, the company added. Raya also approved an EGP 20 million and an EGP 9 million capital increase for the International Union for Integrated Food Industries and Raya Restaurants, respectively.

ECHO Make Your Voice ECHO To Tomorrow

Raya believes that the equation "Employees + Communication + Hard Work = Output" is the core of the Employee Engagement. Raya Holding had launched its first Employee Engagement Survey in 2017; the main purpose of the survey is to measure how employees are engaged with their work. By conducting this survey, Raya was able to identify the key aspects that need development to always ensure that Raya has a positive culture of an engaged workforce and that it maintains the highest level, as we only accept to be the best. The healthy environment among our calipers and the transparency in our team have enhanced our positioning and productivity levels.

AMAN FOR E- PAYMENTS

Raya Holding Launched Aman E- payments which started its operation in late 2016 with a vision to create an ultimate cashless society in Egypt, enabling financial inclusion for Egyptian citizens. Within the recent economic. Aman is the latest entrant in the fast growing industry that includes an excess of 20,000 POS terminals with an average monthly turnover of 15 Mn and targeting a 30% share of the electronic payment market.



AMAN for E-Payments the Fastest Growing Service Provider in the Market

AMAN for E-Payments is a young Egyptian FINTECH Company that pledges a better quality of life to people through convenient, easy and available financial services based on in-depth understanding of people's needs, continuous innovation and rapid response to market demand, ensuring adequate coverage and a substantial & relevant service scope.

In accordance with the recent national direction to enable financial inclusion, AMAN for e-payments has taken robust steps towards availing secure payment tools for Egyptians, the banked, as well as the unbanked, in convenient and affordable manner.

AMAN working on expanding network of service partners from the business and banking community, accordingly AMAN entered partnerships with banks to operate as bill aggregator and launch its own e wallets with an aggressive plan to reach 70,000 POS terminal shortly; AMAN has earned the trust of millions of Egyptians and catered to the increasing consumer demand to reach up to 125 transactions second and more than 85 increase in system capacity.

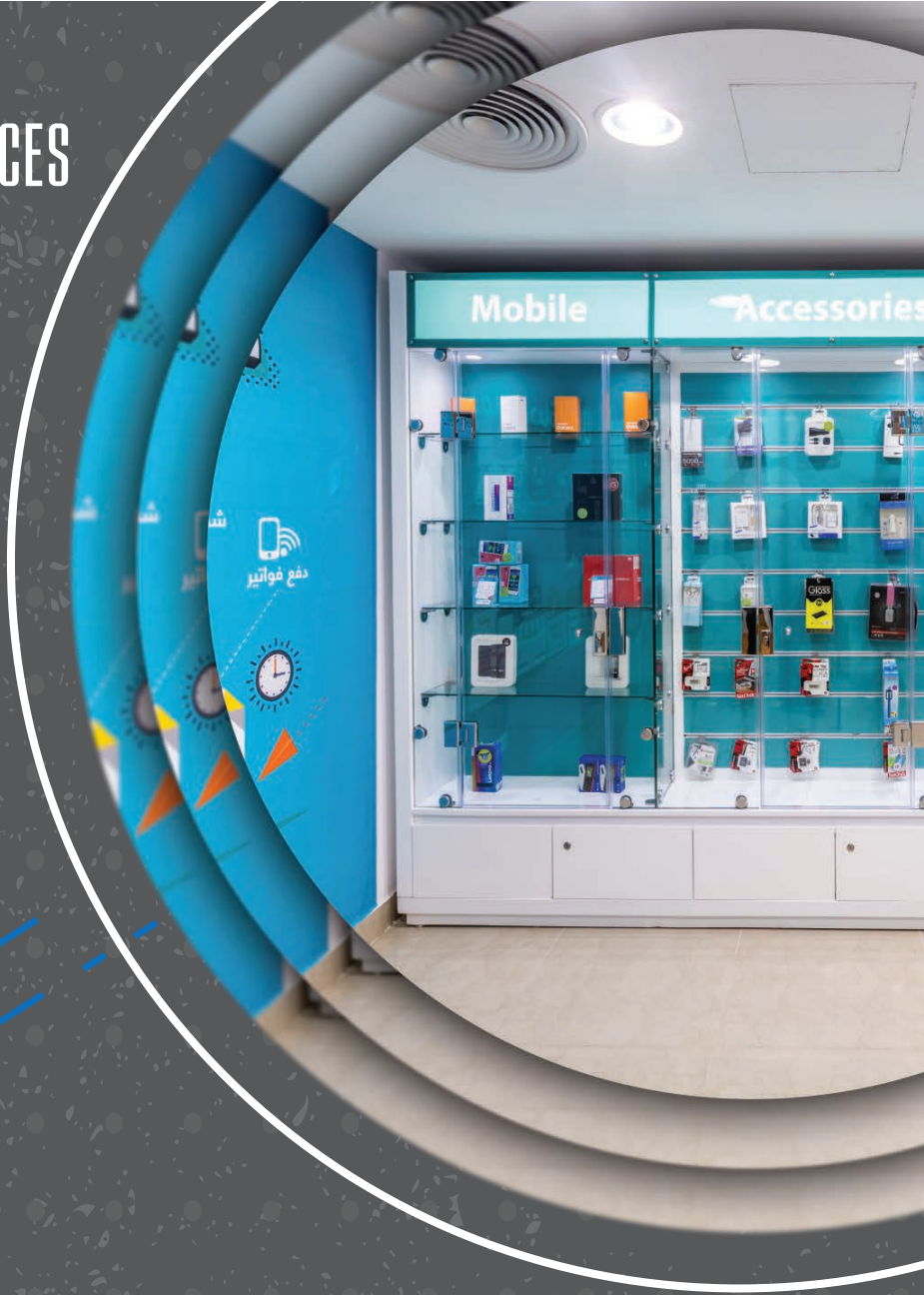
With more than 30 services provided through its Point- of-Sale Network, AMAN has offered consumers the ability to pay their bills to Telecom, Home Utilities (Electricity and Natural Gas), Transportation companies & NGO's at their convenience and with confidence, relying on Raya's impeccable reputation in the market for more than 20 years.

AMAN has partnered with key players from the Telecom and Banking sectors to provide value-added services to consumers, and has embarked on solutions with a strong technological edge and significant impact to offer the most convenient electronic and mobile payment methods for "merchants and consumers.



AMAN FOR FINANCIAL SERVICES

In 2017 Raya launched Aman For Financial Services With a vision of being the leading enabler of financial inclusion in emerging markets, AMAN envisions an ultimate cash-less society powered by technology and innovation; through offering a wide range of convenient, timely and cost-effective financial solutions and products for the unbanked or those who have limited access to funding. AMAN offers consumer financing services with currently 130 stores with plans to expand to 200 stores by 2018, 300 by 2019 and 400 by 2020.



AMAN for Financial Services Opens More Than 100 Stores Across Egypt

Within less than one year of operation, AMAN for Financial Services has launched more than 100 AMAN stores across Egypt and 20 booths in Metro Stations in Greater Cairo; with an aggressive plan to reach 300 stores by the end of Y2019.

Furthermore, AMAN for Financial Services aims to become a leading enabler in the Egyptian Business Community with ambitious and well-studied Micro-Financing services. This is accompanied by the introduction of prepaid smart cards that would allow borrowers to withdraw their loans straight from an ATM, more over AMAN will offer borrowers a choice to pay installment electronically through our network of POS terminals.

BariQ was established in 2010 to become the biggest bottle-to-bottle manufacturer of recycled PET plastic in Egypt and MENA region with an annual capacity of 15,000 mt. The company reprocesses post-consumer plastic PET bottles into food grade FDA, EFSA, Health Canada and REACH compliant PET pellets. BariQ also holds certifications for quality, environment, occupational health and safety, and food safety, while establishing an integrated management system that complies with these international standards as it exported 94% of its food grade PET pellets in 2016

BariQ targets major international bottle and food container makers, and major fiber producers throughout Europe and North America: serving various PET applications such as plastic bottles for water, CSD, edible oil, cosmetics & detergents; sheet rolls and food containers. Additionally, BariQ expanded its operations and product portfolio by adding the recycling of HDPE and PP containers into resin; suitable for various non-food applications such as crates, carpets, pallets, pipes, containers...etc

Cost efficiency and Recent Capital Expenditure

In the recent months, BariQ has invested in several projects targeting the improvement of the machinery productivity, availability, and better quality of the final product that will ultimately lead to fewer production costs increasing profit. BariQ is targeting the big market players of the personal care and cosmetics and is in the final stages of the approval process that is expected to be completed by the end of Q4-2017 with a leading French brand. The recent capital expenditure is divided among equipment aiming at maximizing the utilization of our resources.

SSP Line - Nitrogen Generator & Pelletizing Unit Upgrade

BariQ successfully added new upgrades to the SSP production line. Our Austrian technology supplier Starlinger completed the installation of the required upgrades along with BariQ team. The upgrades will improve the final product quality as well as increasing the energy efficiency of the process.



Washing Line - Trommel and De-labeller

The objectives of these additional types of equipment are to remove most of the dirt and sand in the incoming feedstock, in addition to the PUC labels and body sleeves that account for the main contamination items in our PET bottles, the removal of those items has a positive result on the final product of QPET pellets in terms of better color, physical properties, productivity, and fewer contamination levels.





Ostool is a leading provider of supply chain management services with a special focus on trucking and logistics services, storage, and vessel discharges. Established in 2010 with Raya, which has the majority share of 63.31% of the total investment. Ostool operates a vast fleet of trucks serving customers across different industries. Ostool serves most of the largest industrial companies in Egypt with a wide range of services such as the supply of raw materials, trucking and distributing, internal trucking solutions such as port services, discharge on the anchor, storage and stevedoring.

Ostool starts operations in petrol logistics after becoming an approved vendor

Ostool succeeded in acquiring a license as an official approved vendor to operate in the petrol logistics field. Ostool was able to meet all safety standards and provide all features needed to ensure a safe and guaranteed service. Today, Ostool is listed as one of the approved vendors in the Egyptian General Petroleum Corporation and has a guaranteed Request for Quotation (RFQ) spot in all tenders.

Ostool Partners with Trafigura one of the biggest coal manufacturer in the world

Ostool has been operating in the stevedoring operations for two years now, operations include managing equipment used in the loading or discharge ships and hiring longshoremen who are responsible for marking the containers and crates with identifying tags and document the number of containers moved to and from ships using production logs and worksheets, and the cargo's loading and unloading process as well.

Recently Ostool succeeded in partnering with Trafigura one of the biggest coal manufacturers in the world to provide their clients with full-fledged function handling starting from providing quotations of coals to shipping them to the customer's premises.

Ostool achieves the highest record of retread tires in Egypt

Ostool received a certificate of achievement from Bridgestone for the highest retread tires record in 2015, 2016 and in the first half of 2017 in Egypt. The total number of retread tires was 1693 in 2016 and 1220 in the first half of 2017, signifying 42% of the total tire consumption. Retreading tires saves on money and time, and is an environmentally conscious practice.



RAYA CONTACT CENTER

Raya Contact Center is a world-class Business Process Outsourcing (BPO) and Contact Center Outsourcing (CCO) Service Provider offering contact center services, back office services, inside sales channel management and professional services. Raya Contact Center caters to clients, including global Fortune 1000 companies in the Middle East, Europe, Africa, and North America, in 25 different languages. Raya Contact Center serves its clients from eight contact center facilities located in Cairo, Hurghada, Dubai and Warsaw.

With over a 5,702 seat capacity and a 6,750 advisor talent pool, Raya focuses on high growth industries; mainly telecom, technology, consumer electronics, travel and hospitality, banking, automotive and retail industries.

Raya Contact Center's competitive edge is that it offers services mainly in Egypt. This is due to the fact that Egypt is the second most financially attractive outsourcing location in the world and 14th overall in terms of effectiveness, people, skills, availability, and business environment.



RAYA CONTACT CENTER

Raya offer 10% of unit's shares for subscription

Raya Holding plans to offer 10% of its shares in Raya Contact Center for subscription on the 30th, September 2017. The company appointed Grant Thornton to prepare a report on the fair value of the stock of Raya Contact Center. Furthermore, the board agreed to sign a lease contract with Raya Contact Center.

Raya Contact Center signed a 3-year contract with one of the leading Global Fast Food

Raya Contact Center announced that it has finalized a 3-year contract with one of the leading Global Fast Food giants operating globally in over 119 countries. The new contract is set to add a third operation to one of the group's top strategic markets in the Middle East. Raya will provide to its new partner Customer Service and Order Management services via voice and digital channels with more than 110 Advisors who will process nearly 280,000 transactions monthly for more than 5 million customers in the UAE. This partnership is expected to improve the quality of the services provided to the partner's customers, enhance their Customer Experience, maximize internal efficiencies; and allow the company to better serve its customers.

Raya announced its completion of its 2nd phase of expansions to its delivery site in Dubai

Raya has received its certificate of completion from the UAE Civil Defense in 2017, to incorporate its new zone to its existing operations. The new expansion comes with an additional 160 seats which contributes to a total of 310 seats for the overall Dubai onshore capacity. The location offers Arabic & English support in addition to South Asian languages including Hindi, Urdu, Malayalam, & Tagalog for the diversified populations residing in the UAE.

Raya Contact Center IPO covered 10.36 times

Initial public offering (IPO) of Raya Contact Center was covered 10.36 times. Total purchase orders amounted to 50.7 million shares, according to a statement. The company had earlier offered 44.1 million shares for subscription.

Raya Contact Center approved on new expansions

The Company's BoD approved proceeding with adding an additional leased-facility to its portfolio of facilities under management, with a total built-up area of 3,000 square meters, and is expected to accommodate 440 seats, contemplating the Company's organic growth in the lucrative BPO line of business.

Raya Holding unit established the joint-stock firm in KSA

The Company's BOD has approved incorporating a BPO subsidiary in the Kingdom of Saudi Arabia, which would further cement RACC's targeted expansions in the region, help in diversifying RACC's service offerings and complement the Company's Regional positioning along with the current successful subsidiary operating in Dubai, UAE.

RAYA INFORMATION TECHNOLOGY

Raya Information Technology, the leading system integrator in Egypt was established in 1998 with a vision to lead the information technology market utilizing on its dynamic portfolio. Raya Information Technology helped over 500+ customers in all market sectors in adopting new technologies and achieving higher levels of business performance.

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

With a regional presence across MENA region through 4 regional offices in Egypt, Saudi Arabia, Gulf, and East Africa, our market coverage is extended to the financial services (FSI), Telecommunications, Public, Oil & Gas, Hospitality, Commercial and Retail. Raya Information Technology is leading the market for the implementation of new technology trends like Financial Inclusion Solutions, mobile wallet, Omni channel, Block chain, Analytics & Big Data, Cyber Security and Customer Experience (CX) using its large pool of 350+ certified technicians and leveraging its unique portfolio of class A technology vendors.



Raya Information Technology Achieves Growth Of 37% In Business Volume

Raya Information announced a notable growth in its business volume, as well as the increased number of its transactions during 2016. The company achieved revenues exceeding EGP 800 million, with revenue EGP 218 million more than 2015 and with a growth of more than 37% between 2015 and 2016. Raya Information Technology achieved a remarkable increase in its business volume throughout the last three years, as it reached a business volume of around EGP 474 million in 2014, with EGP 74 million more than 2013. The growth rate in 2014-2015 was approximately 24%, while in 2013-2014 reached 18%.

The company has a strong focus on several sectors, most notably the government sector, banking and financial sector and telecommunications sector, confirming that the customer's confidence in Raya Information Technology. The number of employees increased by 45%, bringing the total number of Raya Information Technology employees to 570.

The success achieved by the company at the local market level encouraged the company to enter the global market, through projects implemented by the company in the kingdom of Saudi Arabia, the Gulf, and East Africa. Furthermore, The Company is currently executing giant projects in many promising sectors inside Egypt, including IT services management for Telecom Egypt and the implementation of basic network projects for Vodafone Egypt and Etisalat Egypt. Additionally, the company implemented a project to secure the network in a well-known governmental bank, in addition to ATM machines and their solutions in the Banque Misr and the National Bank of Egypt, as well as the implementation of a huge data center for a governmental banker.

RAYA IT is the Best Banking Business Partner in Middle East & Africa

Raya IT won the prize of "The Banking Best Performance Partner of the Year for MEA Region" provided by Wincor Nixdorf. Raya Information Technology was awarded this distinguished prize for its continuous efforts in terms of the notable expansion in the Egyptian market, where the sales volume exceeded 256% compared to the planned work volume during this year.

Raya Information Technology adopts the State's initiative to apply the financial inclusion and e-payment in order to achieve the financial stability and economic growth. Raya Information Technology offers its expertise to the banking sector to implement the latest solutions to help the sector implement this initiative, including 24/7 Onboarding Services that aim to facilitate the opening of bank accounts to new bank customers through the Multifunction Kiosks in an easy and fast way not taking more than 7 minutes per user. This application helps different banks provide the service 7 days a week, through the use of ATM machines and without having to go to bank branches. This application will contribute to attract a large base of new customers to the beneficiary banks, in addition to saving the cost of opening new branches.



RAYA RESTAURANTS



Raya Restaurants, was established in 2013 with the aim of establishing itself as a market leader within the restaurant sector in Cairo through building internationally competitive restaurant chains that offer a superior dining experience, that will be franchised both regionally and globally.

Raya Restaurants' pilot project Ovio, serves premium quality artisan food for its customers. Inspired by a rich European heritage, Ovio also offers a unique Bakery and delicious pastries, and is located in three prime locations, Galleria 40 (6th of October), Maadi, and Cairo Festival City (5th Settlement) with a total of six branches which planned to be expanded in seven new locations in 2018 with an investment outlay of EGP 20M.

Ovio Introduces “Ovio Specials” Menu

Inspired by the latest trends in Europe, Ovio introduced “Ovio Specials” Menu this year. Ovio introduced a completely new set of patisserie menu inspired by the latest patisserie trend in Europe. Our new set of patisserie is called “Ovio specials” and is currently available at your nearest Ovio. “Ovio Specials” menu is inspired by European cities and what they're famous for. It includes: Vienna, Verona, Ovio, Paris, Sicily, Crete, Mixed Berry Tart, Black Forest and much more handcrafted specially for our guests.



RAYA SMART BUILDINGS



Raya Smart Buildings A Year Of Prosperity

Raya Smart Buildings has taken this year as a milestone of setting an example in terms of moving forward with all RAYA's present projects as well as upcoming ones.

This year, we have Actis Egypt, the well-known Growth Investment Company amongst our collaborations. Because of retail comes on top of our expansion list, we are delighted with the presence of reputable brand names aboard our projects as the Tap West, Good Stuff Eatery, the United Bank as well as the introduction of new retail local concepts, namely Rax Fashion, Dwaik's furniture, Secrets of Nature, Ahmed Azzam, Nada Akram, Shay Couture, Fabs, Alia Khafaga, and Mena Hamza.

Before ending the year of 2017, Raya Smart Buildings has launched the Edge Innovation Center, the most premium finished and the furnished workplace in West Cairo. Edge Innovation Center has fully furnished and equipped offices, meeting rooms, training rooms and a conference hall, in addition to the other virtual office facilities that serve different types of businesses.

Raya Smart Buildings will continue to capitalize on its success in 2017 and moving towards 2018 aiming at being the number one Business Campus and the main creative hub in west Cairo.

Raya Smart Buildings Gives Edge to the Business World

In the dynamic world of today, the dilemma of finding a place that not only accommodates your business smoothly but also sets your business forward is becoming a challenging quest. In Raya Smart Buildings, you can find all your business needs from offices, meeting rooms, training rooms, conference hall, and boardrooms. It is a 20 minutes' drive from downtown Cairo and right in the middle of the luxurious hub for retail & business, in Galleria 40, Sheikh Zayed.

Edge offers business leaders the opportunity to choose from 6 Meeting Rooms which accommodate up to 12 individuals and are all equipped with UHD Screen speaker, internet connection, IP Phones, and a lighting keypad. 17 Offices, with the capacity of 2 to 5 persons are all offered with a high Internet speed and IP Phones to make sure all your operations and needs run smooth.



Raya Trade is a group of businesses that include Raya Distribution, Raya Retail and Raya Smart Care operating in a variety of consumer electronics; mobile phones and accessories, laptops, cameras, printers, flat panel TVs and white goods. With an extensive network of 8,500 dealers, 100 retail outlets, and 38 customer service points. Raya Trade exhibits solid distribution, consumer retail and maintenance operations of a wide range of consumer electronics and white goods with an exclusive partnership with Nokia, Samsung Home Appliances and York ACs.

Raya Retail expands its Mega Stores network

As a strategic direction for Raya Trade, Raya Retail continues to expand the Mega Stores network as a one-stop-shop for all consumer products and household appliances. Raya Retail is operating now 12 Mega Stores covering different areas in Cairo, Giza, Alexandria and Delta. The expansion strategy will continue to reach 14 Mega Stores by the end of year 2018.

Raya Retail launches two Raya stores in North Coast

As an alignment to achieve a better stores network coverage and to fulfill the increasing demand of our customers for the Home Appliances and Electronic devices in the North Coast area during summer 2017, Raya launched two new stores in the North Coast displaying all Raya Retail products catalogues.

Raya's unit partners with Samsung to manufacture washers

Raya Trade has signed a partnership agreement with Samsung Group to locally manufacture Samsung's washing machines. The deal includes manufacturing 9-kg to 13kg washing machines in Egypt.

Raya Retail expands corporate sales channel

As a vision for Raya Retail to capitalize on the corporate sales channel, Raya is expanding year after year by adding new accounts with reputable corporation and governmental authorities through offering customized and attractive offers.

Raya Retail launches its new completely revamped website "RayaShop.com"

An expansion strategy in the online track was put into action starting with a complete revamp of Raya shop website to cater to all customers' needs, ranging from mobile phones and accessories to refrigerators and kitchenware of world-class brands. The expansion strategy also includes installment services to suit all customer segments.



Raya Food Trading, a subsidiary of Raya holding, blends high quality products with professional domestic distribution and broad regional existence. Raya Food Trading portfolio of services includes manufacturing of a wide range of food product categories, distribution for our company-owned food brands and for leading food producers in the market, as well as exporting food products to the Middle East, Africa and Europe.

Raya Food Trading utilizes international expertise that over-shine existing market trends in Egypt through strategic partnerships with leading European food manufacturers; with recent acquisition of 20% share of Makarony Polskie factory in Poland with a total acquisition value of 2.9 million dollars, becoming its sole partner aiming to penetrate new markets and capitalize on Raya's wide distribution network and expertise.

Raya Food Trading Distribution arm break records in Nestlé's Mondial

Nestlé's Mondial is a twice a year certificate that is awarded to the distributor that delivers the best performance in specific criteria such as: commitment, discipline, business KPIs and alignment with business directions. Raya received a certificate of achievement as the best distributor of dry goods in an unprecedented case of 3 times in a row from Nestlé's Mondial.

Raya Food Trading Distribution vigorous business expansions with Wadi Foods

Raya Food Trading Tuna distribution shelves share continues to grow with its brand "Tunato", Raya Food Trading Tuna products continues to record more growth in market share with their full product range. Tunato sold a total of 37 Million in 2016 and 146 Million in 2018 with total growth 4 times more than the year 2016. Tunato has been a consistently available product on most of the biggest modern trade markets in Egypt.





RAYA FOODS

Raya Foods, acquired The International Union for Integrated Food Industries' factory - which has been operating in the market since 2006 - offering a wide variety of frozen vegetables and fruits in both the local and international markets. Raya Foods aims to become one of the top global companies supplying the food industry and enriching lives with high quality and innovative products. Raya Foods is expanding its export sector by shipping its frozen vegetables and fruits range to different foreign and GCC markets.

Raya Foods Impacting the Food Industry & Enriching Lives

Raya Foods Global Presence At Raya Foods, we aspire not only to enrich the lives of our consumers, but also to better educate them about the benefits of the frozen products. Competing in this market is challenging, yet we are up to the challenge because of the combination of our tenacious team and our partnerships with Raya sister companies are what success stories are made of. In under a year, Raya Foods team was able to renovate the factory and bring it back to life to manufacture first-rate products that are presented in two brands, Everest which will target relatively higher income segments and Lazah that expected to target the middle-income segment.

Raya Foods Global Presence

Raya Foods commercial team was present in World Food Moscow Exhibition that was held in Russia during September, and has successfully raised awareness about our diversified product portfolio and brands while simultaneously creating a prominent place for Raya among the manufacturers of the frozen food field. Raya Foods works under the umbrella of excellence, providing its customers with the best quality. This has enabled us to finalize an exporting contract to one of the biggest players located in KSA. Manufacturing for Sunbullah brand signifies our penetration of the GCC market with many more contracts and partnerships underway to make Raya's name recognized world wide as a top notch quality brand.

17

Annual Report
Focus on Opportunities

RAYA

2017

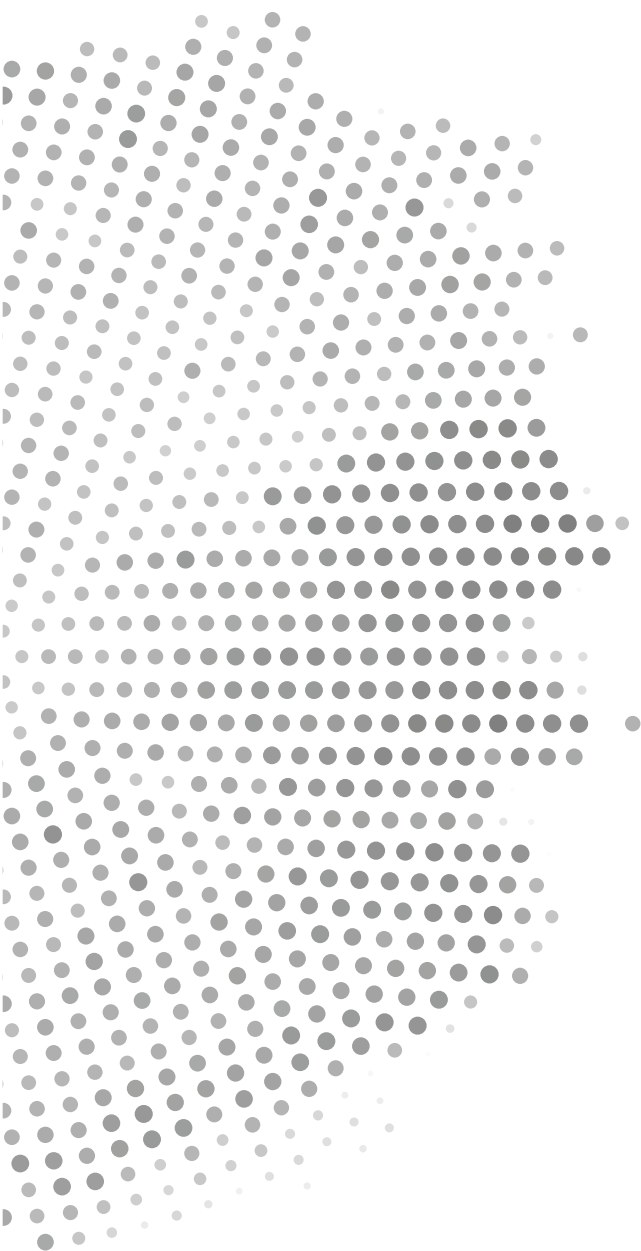


RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017, 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.



AUDITOR'S REPORT

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 2017, 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.

Cairo:27 March 2018

MOHAMED AHMED ABU ELKASSIM
FESAA - FEST
(RAA 17553)
(EFSAR. 359)



RAYA

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

CONSOLIDATED FINANCIAL POSITION

As of 31 December 2017

	Note	31 December 2017 LE	31 December 2016 LE
Non-current assets			
Fixed assets	(4)	641,172,199	454,602,107
Investment property	(5)	660,607,312	633,786,684
Projects under construction	(6)	152,036,852	44,947,041
Intangible assets	(7)	23,783,208	20,841,524
Goodwill	(8)	82,078,561	58,950,939
Investments in associates	(9)	46,999,552	42,767,920
Available for sale investments	(10)	19,605,387	18,605,487
Deferred tax assets		10,807,339	12,536,943
Total non-current assets		1,637,090,410	1,287,038,645
Current assets			
Inventory	(11)	971,122,389	693,474,362
Work in progress		94,266,945	75,700,828
Accounts and notes receivable	(12)	1,156,211,087	928,442,113
Prepayments and other debit balances	(13)	850,587,917	505,215,721
Share based compensation	(14)	720,000	161,544
Cash on hand and at banks	(15)	353,557,280	252,252,234
Total current assets		3,426,465,618	2,455,246,802
Total assets		5,063,556,028	3,742,285,447

	Note	31 December 2017 LE	31 December 2016 LE
Equity			
Issued and paid up capital	(16)	504,624,835	504,624,835
Legal reserve		34,203,775	30,657,350
General reserve		41,935,960	41,935,960
Treasury shares		(1,155,316)	(1,875,316)
Net gain arising from sale of Raya Contact Centre shares (I-A)		380,346,421	-
Revaluation reserve of available for sale investments		774,923	-
Accumulated foreign currency translation		5,816,474	(13,920,868)
Retained earnings		250,600,906	169,855,382
Profits for the year after deducting non- controlling interest		50,034,720	112,825,642
Total equity before deducting non- controlling interest		1,267,182,698	844,102,985
Non- controlling interest		201,539,656	18,941,615
Total equity		1,468,722,354	863,044,600
Non-current liabilities			
Long term notes payable		46,597,827	54,189,198
long term loans	(17)	249,895,858	283,678,687
Other long term liabilities	(28)	55,367,042	40,861,611
Total non-current liabilities		351,860,727	378,729,496
Current liabilities			
Provisions	(18)	33,424,331	23,183,977
Accounts and notes payable	(19)	922,203,189	849,282,063
Current portion of long term loans	(17)	150,270,296	112,870,133
Credit facilities	(20)	1,411,455,760	958,186,301
Accrued income tax		10,356,261	30,919,722
Accrued expenses and other credit balances	(21)	710,978,444	522,001,075
Dividends payable	(22)	4,284,666	4,068,080
Total current liabilities		3,242,972,947	2,500,511,351
Total liabilities		3,594,833,674	2,879,240,847
Total equity and liabilities		5,063,556,028	3,742,285,447

Financial Controller

Ahmed Farouk

Chief Financial Officer

Hossam Hussain

Chairman

Medhat Khalil

- The accompanying notes from (1) to (31) 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 2017

	Note	31 December 2017 LE	31 December 2016 LE
Revenues	(23)	6,745,402,871	5,699,074,371
Cost of revenues	(24)	(5,543,055,137)	(4,805,611,204)
GROSS PROFIT		1,202,347,734	893,463,167
General and administrative expenses		(534,313,801)	(399,126,021)
Board of directors Remuneration		(540,000)	(642,800)
Selling and marketing expenses		(199,832,742)	(131,586,369)
Impairment of accounts receivable	(12)	(15,326,973)	(22,884,581)
Reversal of impairment of accounts receivable	(12)	14,206,707	797,532
Provisions	(18)	(7,559,045)	(8,904,049)
Provisions no longer required	(18)	1,079,806	-
Reversal of impairment of other debit balances		1,922,871	3,489,684
OPERATING PROFIT		461,984,557	334,606,563
Finance cost (net)		(293,776,840)	(164,682,909)
Foreign exchange differences		3,975,398	3,680,838
Company's share from profits of associates	(9)	4,231,631	4,828,714
Gain from sale of fixed assets		347,402	6,490
Other income		4,842,263	251,571
Gains from sale of investments in associates		-	31,440,298
Impairment in available for sale investments		-	(12,908,763)
PROFITS FOR THE YEAR BEFORE INCOME TAXES AND NON CONTROLLING INTEREST		181,604,411	197,222,803
Income taxes	(25)	(78,379,969)	(79,118,938)
PROFITS FOR THE YEAR		103,224,442	118,103,865
Distributed as follows :			
Holding company		50,034,720	112,825,642
Non-controlling interest		53,189,722	5,278,223
PROFITS FOR THE YEAR		103,224,442	118,103,865

Financial Controller

Ahmed Farouk

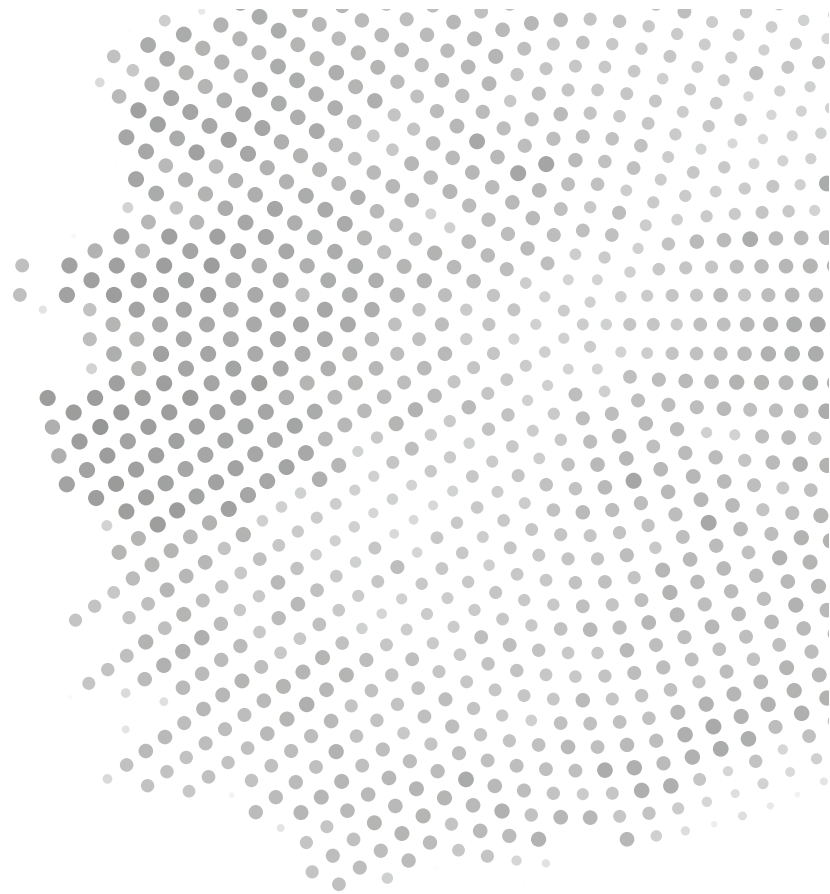
Chief Financial Officer

Hossam Hussain

Chairman

Medhat Khalil

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



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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	31 December 2017 LE	31 December 2016 LE
PROFIT FOR THE YEAR	103,224,442	118,103,865
OTHER COMPREHENSIVE INCOME		
• Translation differences	19,737,344	(10,376,923)
• Reversal available for sale investments revaluation differences- before tax	999,900	10,534,000
• Income tax related to other comprehensive income items	(224,977)	(2,370,150)
SUB-TOTAL OF OTHER COMPERHENSIVE INCOME	20,512,267	(2,213,073)
TOTAL COMPREHENSIVE INCOME	123,736,709	115,890,792

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

TRANSLATION OF AUDITOR'S REPORT
ORIGINALLY ISSUED IN ARABIC

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	IF	IF	IF	IF	IF	IF	IF	IF	IF	IF	IF	IF	IF	IF
	Issued and Paid Up Capital	Legal Reserve	General Reserv	Share Based Compensation Reserve	Evaluation Reserve Of Available For Sale Investments	Treasury Shares	Net Gain From Sale Of Raja Contact Center Shares	Accumulated Foreign Currency Translation Differences	Retained Earnings	Profits For The Year After Deducting Non-con- trolling Interest	Total Before Non-con- trolling Interest Equity	Non-con- trolling Interest Equity	Total	
Balance as of 1 January 2017	504,624,835	30,657,350	41,935,960	-	-	(1,875,316)	-	(13,920,869)	169,855,382	112,825,642	844,102,984	18,941,614	863,044,598	
Transferred to retained earnings and legal reserve	-	3,546,425	-	-	-	-	-	-	109,279,217	(112,825,642)	-	-	-	
Accumulated foreign currency translation differences	-	-	-	-	-	-	-	19,737,343	-	-	19,737,343	-	19,737,343	
Dividends	-	-	-	-	-	-	-	(28,533,693)	-	-	(28,533,693)	-	(28,533,693)	
Share base compensation	-	-	-	-	-	720,000	-	-	-	-	720,000	-	720,000	
Capital increase from non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	8,269,399	8,269,399	
Net gain from sale of Raja Contact Center	-	-	-	-	-	-	380,346,421	-	-	-	380,346,421	-	380,346,421	
Evaluation reserve of available for sale investments- net	-	-	-	-	774,923	-	-	-	-	-	774,923	-	774,923	
Change in non-controlling interest due to the sale of part of the company's stake in Raja Connect Centre	-	-	-	-	-	-	-	-	-	-	-	121,138,921	121,138,921	
Profits for the year	-	-	-	-	-	-	-	-	-	50,034,720	50,034,720	53,189,722	103,224,442	
Balance as of 31 December 2017	504,624,835	34,203,775	41,935,960	-	774,923	(1,155,316)	380,346,421	5,816,474	250,600,906	50,034,720	1,267,182,698	201,539,656	1,468,722,354	

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Issued and Paid Up Capital	Legal Reserve	General Reserv	Share Based Compensation Reserve	Evaluation Reserve Of Available For Sale Investments	Treasury Shares	Net Gain From Sale Of Raya Contract Center Shares	Accumulated Foreign Currency Translation Differences	Retained Earnings	Profits For The Year After Deducting Non-con- trolling Interest	Total Before Non-con- trolling Interest Equity	Non-con- trolling Interest Equity	Total
	IE	IE	IE	IE	IE	IE	IE	IE	IE	IE	IE	IE	IE
Balance as of 1 January 2016	504,624,835	26,832,027	41,935,960	2,337,917	(8,163,850)	(1,155,316)	-	(3,543,943)	74,382,136	101,097,569	738,347,333	12,524,392	750,871,725
Transferred to retained earnings and legal reserve	-	3,825,323	-	-	-	-	-	-	97,272,246	(101,097,569)	-	-	-
Accumulated foreign currency translation differences	-	-	-	-	-	-	-	(10,376,925)	-	-	(10,376,925)	-	(10,376,925)
Share base compensation reserve (Accumulated)	-	-	-	214,837	-	-	-	-	-	-	214,837	-	214,837
Share base compensation reserve (Used)	-	-	-	(2,552,754)	-	-	-	-	-	-	(2,552,754)	-	(2,552,754)
Treasury shares	-	-	-	-	-	(720,000)	-	-	-	-	(720,000)	-	(720,000)
Capital increase from non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	2,640,000	2,640,000
Dividends to non-controlling interest	-	-	-	-	-	-	-	-	(1,799,000)	-	(1,799,000)	1,799,000	-
Evaluation reserve of available for sale investments- net	-	-	-	-	8,163,850	-	-	-	-	-	8,163,850	-	8,163,850
Disposal of non-controlling interest - investment in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(3,300,000)	(3,300,000)
Profits for the year	-	-	-	-	-	-	-	-	-	112,825,642	112,825,642	5,278,223	118,103,865
Balance as of 31 December 2016	504,624,835	30,657,350	41,935,960	-	-	(1,875,316)	-	(13,920,868)	169,855,382	112,825,642	844,102,985	18,941,615	863,044,600

-The accompanying notes from (I) to (3I) 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 2017

	Note	31 December 2017 LE	31 December 2016 LE
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits for the year before income tax and non- controlling interest		181,604,411	197,222,803
Gain from disposal of sale of leased back assets		(2,145,064)	(2,145,064)
Depreciation of fixed assets and amortization of intangible assets	(4/7)	122,900,203	88,193,436
Finance cost (net)		293,776,840	164,682,909
Share base compensation	(14)	(558,456)	214,837
Impairment in available for sale investments		-	12,908,763
(Gain) from sale of investments in associates	(9)	-	(31,440,298)
(loss) from disposal of fixed assets		-	(6,490)
Company's share from profits of associates	(9)	(4,231,632)	(4,828,714)
Accumulated Provisions	(18)	7,777,713	9,804,829
Provisions no longer required	(18)	(1,079,806)	(198,768)
Impairment of accounts receivable	(12)	15,326,973	22,884,581
Impairment of accounts receivables reversal	(12)	(14,206,707)	(797,532)
Write-down of inventory	(11)	48,270,748	22,304,664
Write-down of inventory reversal	(11)	(36,849,134)	(3,655,410)
		610,586,089	475,144,546
Change in inventory		(289,069,641)	(120,786,741)
Change in work in progress		(18,566,117)	(23,751,589)
Change in accounts and notes receivable		(228,889,241)	(401,694,428)
Change in prepayments and other debit balances		(345,372,195)	(198,033,330)
Change in advances from customer		(43,968,187)	48,754,450
Change in accounts and notes payable		65,421,126	272,328,070
Change in accrued expenses and other credit balances		226,099,108	171,002,142
Change in other long term liabilities		14,505,430	(5,815,190)
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES		(9,253,628)	217,147,930
Income tax paid		(97,438,803)	(58,866,799)
Used provisions	(18)	(10,442,923)	(3,250,000)
NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES		(117,135,354)	155,031,131
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire fixed assets, intangible assets and investment property	(4/7)	(222,814,549)	(146,614,432)
Payments in acquire investment in associates	(9)	-	(37,607,594)
Payments in respect of projects under construction	(6)	(152,295,994)	(34,251,700)
Payments in acquire investment in subsidiary		(66,850,000)	-
Proceeds from disposal of fixed assets and intangible assets		2,987,376	300,159
Proceeds from sale of investments in subsidiary and associates		501,485,348	109,825,403
Payments in respect of restricted time deposits in favor of letters of credit		82,274,604	22,510,522
NET CASH FLOWS PROVIDED FROM (USED IN) INVESTING ACTIVITIES		144,786,785	(85,837,642)

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

TRANSLATION OF AUDITOR'S REPORT
ORIGINALLY ISSUED IN ARABIC

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Note	31 December 2017 LE	31 December 2016 LE
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from credit facilities		453,269,459	182,258,897
(Payments) Proceeds from long term notes payable		(7,591,369)	(2,044,479)
Proceeds of long term loans		105,815,886	170,782,246
(Payments) of long term loans		(102,198,552)	(128,204,109)
(net) of finance cost		(293,776,840)	(164,682,909)
Dividends paid		(28,317,110)	(29,381,965)
Treasury shares		720,000	(720,000)
Change in non- controlling interest		8,269,400	1,139,000
NET CASH FLOW PROVIDED FROM FINANCING ACTIVITIES		136,190,874	29,146,681
Accumulated foreign currency translation		19,737,345	(12,212,529)
Net increase in cash and cash equivalent during the year		183,579,650	86,127,641
Cash and cash equivalent - beginning of the year		136,992,630	50,864,990
CASH AND CASH EQUIVALENT - END OF THE YEAR		320,572,280	136,992,631
For the purpose of preparing statement of cash flows, cash & cash equivalent are represented as follows:			
Cash on hand and at banks	(15)	353,557,280	252,252,234
Deduct: Restricted time deposits		(32,985,000)	(115,259,603)
CASH AND CASH EQUIVALENT - END OF THE YEAR		320,572,280	136,992,631

* The value of the proceeds from the sale of investments in subsidiaries amounted to LE 664,966,354 and expenses, commissions and bonuses were deducted at LE 163,481,006.

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

TRANSLATION OF AUDITOR'S REPORT
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RAYA HOLDING COMPANY FOR FINANCIAL INVESTMENTS (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

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 added to the activity of the company which is the practice of promotion and coverage of subscription securities and financial advisory services on securities and the formation and management of portfolios of securities with take into consideration of laws and regulations and decisions in force and require the issuance of licenses crisis to exercise these activities taking into account Article 127 of the Annual Regulations. The company may have a reformer and participate in any way with the companies of funds that carry out business similar to their work which may cooperate to achieve its purpose in Egypt or abroad, which may be merged into this entity or purchaser or their equity and in accordance with the provisions of 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 2017:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

Company name	Country	Percentage of Ownership
1- Raya Distribution Company	Egypt	100%
2- Raya Integration Company	Egypt	100%
3- Raya International Service Company	Egypt	100%
4- Raya Network Services Company	Egypt	100%
5- Raya for Information Technology and Management Company	Egypt	100%
6- Raya Gulf Company	UAE	100%
7- Raya Technology Company Ltd.	Saudi Arabia	100%
8- Raya Contact Centre Company*	Egypt	56.316%
9- Raya Electronics Company (Previously Sama)	Egypt	100%
10- Raya Algeria Company	Algeria	100%
11- Call Centre Company -C3	Egypt	100%
12- Best Service Company- Egypt	Egypt	100%
13- Best Service Company- Nigeria	Nigeria	100%
14- Raya Finance Lease Company	Egypt	100%
15- Raya for Contact Centre Building Management Company	Egypt	100%
16- Bariq for Advanced Industrial Techniques Company	Egypt	100%
17- Ostool for Land Transport Company	Egypt	62.31%
18- Raya Restaurants Company	Egypt	85%
19- Raya Qatar Company	Qatar	100%
20- Raya Tech Distribution Company	Egypt	100%
21- Raya for Social Media Company	Egypt	100%
22- Raya for Data Centres Company	Egypt	100%
23- Raya Venture and Investment Company	Egypt	100%
24- Raya Contact Centre Gulf	UAE	100%
25- Raya for Food and Beverages Company	Egypt	100%
26- Raya Contact Centre - Europe	Poland	100%
27- Aman for Electronic Payment Company	Egypt	100%
28- Raya for Manufacturing logistic Services Company	Egypt	100%
29- Raya Network power Company	Egypt	100%
30- Idin for Import and Export Company	Egypt	100%
31- Integrated Technology System Company	Egypt	100%
32- Raya East Africa for Technology & Communications company	Tanzania	100%
33- Madova Company	Poland	100%
34- International Federation of Food Industries	Egypt	100%
35- Aman for Financial Services	Egypt	100%
36- Aman for Micro finance Company	Egypt	100%
37- Raya for Modern vehicles	Egypt	100%

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

* On January 8, 2017, the extraordinary general assembly decided to approve the issuance of 49% of the shares of the capital of Raya call centre company in the Egyptian Stock Exchange market with a maximum of 49 million shares. In addition to approving the increase of company's authorized capital to 500 million Egyptian pounds, approving the increase of company's issued capital within the authorized company's capital by issuing a number of shares not exceeding 10 million shares, and allocating those shares to Raya Holding for Financial Investments (the main shareholder) against the shares offered in the public and / or private offering at the same price as the final offer. This increase is financed from the proceeds of the secondary offering after the completion of the offering and the liquidation of the share price stability and this increase is approved by the main shareholder only.

On March 29, 2017, Raya Call Center Company filed a prospectus with the Egyptian Stock Exchange (the main shareholder - the seller) sold 48994000 shares, which represents 48.99%.

On 30 April 2017, Raya Holding for Financial Investments has been transferred 100 million Egyptian pounds to Raya Call Center Company under the account of the increase in capital of the company in implementation of the extraordinary general assembly decision held on 8 January 2017.

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

On 6 June 2017, the legal period for calculating the stock price stability was completed a total of LE 54,203,886 was repaid out of the total amount of LE 80,840,100. Accordingly, the net number of shares sold was 46331784 with 43.684 % of the company's shares. Raya Holding achieved a net profit of selling investments in subsidiaries companies amounting to 478,319,456, after deduction of the investment value recorded in the books of the company on 31/3/2017 after deduction of expenses, fees, commissions and bonuses for the tender process.

On October 28, 2017 the Ordinary General Assembly of the Company decided to approve by a majority to grant bonuses to some of the employees of Raya Contact Center Company, one of the companies of Raya Holding for financial investments in the amount of 123,852,593 Egyptian pounds only one hundred and twenty-three million eight hundred and fifty-two thousand and five hundred and ninety-three Egyptian pounds, which were included in the expenses of the process Subtraction.

In accordance with the Egyptian Standard No. 42, paragraph 23 of the consolidated financial statements, the profits of the sale of the ownership rights of Raya Holding in Raya Contact Center Company were recorded at 43.684% in equity and are not included in the statement profits or losses when the consolidated financial statements are prepared. The sale operation not caused losing the majority the share of Raya Holding and its subsidiaries after sale was 56.316%, but the sale proceeds are recognized as a separate item in the statement of profit or loss in the separate financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

It is worth noting that the difference between the net profit from the sale of Raya shares for call center services included in the consolidated financial statements is LE 380,346,421 and is included in the statement of profit or loss for Raya Holding's standalone financial statements of LE 478,319,456, represents difference in the value of disposal of investments at the date of sale for the consolidated financial statements rather than standalone financial statement, the cost of investment is disposed by cost in standalone financial statements and disposal of sold minority in net equity of Raya Contact Center in consolidated financial statements.

1. BACKGROUND (CONTINUED):

B-Suspended companies

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

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

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

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

The consolidated financial statements of the company for the year ended 31 December 2017 were authorized for issuance in accordance with the decision of the board of directors on 27 March 2018.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 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 holding company's investment in each subsidiary and the holding company share of equity of each subsidiary are eliminated.

b-Non controlling interest in the profit or loss of the consolidated subsidiaries for the reporting year is identified.

c-Non controlling interests in the net assets of consolidated subsidiaries are identified and presented in the financial statement separately from the parent's ownership interests.

Non controlling interests in the net assets consist of:

(1)The amount of those non controlling interests at the date of the original combination.

(2)The non controlling interests' share of changes in equity since the date of the combination.

d-Intergroup balances of transactions, income and expenses are eliminated in full.

•The financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements are prepared as of the same date.

•Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

•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.

2.1 BASIS OF CONSOLIDATION (CONTINUING):

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

Ostool for Land Transport Company	37.69%
Oratech for Communication and Information System Company	50%
Oratech for Management and Information Technology Company	50%
Raya Restaurants Company	15%
Raya Contact Centre Company	43.68%

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

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

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

Impairment of trade and other receivables

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

Useful lives of fixed assets and intangible assets

The Company's management determines the estimated useful lives of its fixed assets and intangible assets properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical depreciation of assets. The management 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES

3-1 Basis of preparation

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

EAS (14) revised Borrowing Costs:

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

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 (29) Business Combination

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

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 restructure 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

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 yearically if the events or change in circumstances indicates that there is impairment in goodwill.

3-5 Fixed assets

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

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).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

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 acquiesced to sale in short term, or to current assets that recognized in first time by the fair value through profit or loss.

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

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

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

Available for sale investments

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

Fair value measurement

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

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

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

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

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

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

3-9 Recognition and disposal of financial assets and liabilities

RECOGNITION:

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

DISPOSAL:

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

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.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

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.

-Revenue of services

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

-Dividends

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

-Operating lease income

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

3-17 Expenses

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

3-18 Finance cost

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

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 Revenue recognition

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 can not recover the cost of that asset. In addition to objective evidence, the company used evidence of how to determine impairment in value which include reduction in the fair value below the cost significantly or continuously.

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

3-21 Statement of cash flows

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

3-22 Cash and cash equivalent

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

4. FIXED ASSETS

	Land	Buildings	Vehicles	Furniture and office equipment	Fixtures	Leasehold improvements	Switches	Computers	Productive assets	Total
	IE	IE	IE	IE	IE	IE	IE	IE	IE	IE
Cost	17,042,329	101,891,382	226,727,822	106,397,351	135,386,808	100,100,506	41,874,211	85,332,571	90,889,976	905,642,956
Additions during the year	23,414,832	11,056,712	52,305,954	22,486,818	33,702,471	24,779,995	5,343,291	25,161,046	11,040,668	209,291,787
Transferred from project under constructions	-	-	-	-	3,754,953	-	-	-	17,190,070	20,945,023
Transfer from fixed assets to real estate investment	-	-	-	-	-	(12,953,023)	-	-	-	(12,953,023)
Additions from acquisition of subsidiaries	1,267,200	21,650,000	858,500	563,220	(2,507)	(193,082)	-	(1,184,108)	58,606,600	82,945,520
Disposals	-	-	(5,651,963)	(1,924,363)	(2,507)	985,880	(31,249)	414,070	-	(8,956,023)
Translation differences	-	-	117,406	511,274	191,552	985,880	-	414,070	-	2,188,933
31 December 2017	41,724,361	134,598,094	274,357,719	128,034,300	173,033,276	112,720,278	47,186,253	109,723,579	177,727,314	1,199,105,173
Accumulated depreciation										
1 January 2017	-	(37,494,783)	(58,666,367)	(76,085,347)	(73,076,489)	(83,953,632)	(37,775,208)	(10,625,028)	(21,573,817)	(450,900,225)
Depreciation for the year	-	(5,847,693)	(25,573,993)	(10,824,648)	(15,084,436)	(10,426,319)	(4,807,690)	(10,625,028)	(6,717,513)	(89,907,320)
Transferred from fixed assets to real estate investment	-	-	-	-	-	5,110,825	-	-	-	5,110,825
Depreciation from additions from acquisition of subsidiaries	-	(4,330,000)	(858,500)	(563,220)	-	-	-	-	(17,554,473)	(23,306,193)
Depreciation of disposals	-	-	2,970,406	915,716	1,950	643,739	-	1,661,112	6,192,923	6,192,923
Translation differences	-	-	(510,203)	(2,180,182)	(15,992)	(866,089)	(18,314)	(1,391,580)	-	(4,982,360)
31 December 2017	-	(47,672,476)	(82,638,657)	(88,737,681)	(88,174,967)	(89,491,476)	(42,601,212)	(72,630,078)	(45,845,803)	(557,792,350)
Net book value as of 31 December 2017	41,724,361	86,925,618	191,719,062	39,296,619	84,858,310	23,228,800	4,585,041	37,093,501	131,881,511	641,312,822
Impairment of Raya Algeria Company's assets	-	-	-	(21,828)	-	(98,471)	-	(20,325)	-	(140,624)
31 December 2017	41,724,361	86,925,618	191,719,062	39,274,791	84,858,310	23,130,329	4,585,041	37,073,176	131,881,511	641,172,199
31 December 2016	17,042,329	64,396,599	168,061,455	30,290,176	62,310,319	16,048,403	4,099,003	23,037,664	69,316,159	454,602,107

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

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

4. FIXED ASSETS (CONTINUED):

-The depreciation of fixed assets is allocated as follows:

	31 December 2017
Cost of revenues	49,430,295
General and administrative expenses	28,230,064
Selling and marketing expenses	12,246,960
	89,907,320

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

4. FIXED ASSETS (Continued)

	Land	Buildings	Vehicles	Furniture and office equipment	Fixtures	Leasehold improvements	Switches	Computers	Productive assets	Total
Cost	IE	IE	IE	IE	IE	IE	IE	IE	IE	IE
1 January 2016	10,029,508	90,459,095	172,553,640	97,804,331	112,386,850	90,720,288	38,539,824	71,904,849	85,180,980	769,579,365
Additions during the year	3,000,000	14,885,402	54,023,250	7,558,213	19,542,845	8,676,589	2,357,066	13,276,742	2,128,053	125,448,160
Transferred from project under constitutions	4,012,821	-	-	-	-	-	-	-	3,580,943	7,593,764
Reclassified assets	-	(3,453,115)	-	-	3,453,115	-	-	-	-	-
Disposals	-	-	-	(591,377)	-	-	(76,709)	(206,254)	-	(874,340)
Translation differences	-	-	150,932	1,626,184	3,998	703,629	1,054,030	357,234	-	3,896,007
31 December 2016	17,042,329	101,891,382	226,727,822	106,397,351	135,386,808	100,100,506	41,874,211	85,332,571	90,889,976	905,642,956
Accumulated depreciation										
1 January 2016	-	(21,610,384)	(37,626,567)	(65,527,525)	(66,113,255)	(70,607,104)	(32,360,444)	(53,727,552)	(15,878,347)	(363,451,188)
Depreciation for the year	-	(15,884,389)	(20,912,310)	(9,960,592)	(6,959,236)	(13,065,100)	(5,029,746)	(8,462,464)	(5,695,470)	(85,969,307)
Depreciation of disposals	-	-	-	300,460	-	-	76,709	203,502	-	580,671
Translation differences	-	-	(127,490)	(897,690)	(3,998)	(281,428)	(461,727)	(288,068)	-	(2,060,401)
31 December 2016	-	(37,494,783)	(58,666,367)	(76,085,347)	(73,076,489)	(83,953,632)	(37,775,208)	(62,274,582)	(21,573,817)	(450,900,225)
Net book value as of										
31 December 2016	17,042,329	64,396,599	168,061,455	30,312,004	62,310,319	16,146,874	4,099,003	23,057,989	69,316,159	454,742,731
Impairment of Raya Algeria Company's assets	-	-	-	(21,828)	-	(98,471)	-	(20,325)	-	(140,624)
31 December 2016	17,042,329	64,396,599	168,061,455	30,290,176	62,310,319	16,048,403	4,099,003	23,037,664	69,316,159	454,602,107

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

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

-There is no fixed asset not in use temporarily or permanently

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

4. FIXED ASSETS (CONTINUED):

-The depreciation of fixed assets is allocated as follows:

	31 December 2016
Cost of revenues	(56,651,063)
General and administrative expenses	(17,616,278)
Selling and marketing expenses	(11,701,966)
	(85,969,307)

5. INVESTMENT PROPERTY

	Land	Buildings	Leasehold improvements	Total
Cost	LE	LE	LE	LE
1 January 2017	112,857,061	532,263,086	-	645,120,147
Transferred from fixed assets	-	-	12,953,023	12,953,023
Additions	-	2,032,714	-	2,032,714
Transferred from projects under construction	-	40,048,503	1,402,727	41,451,230
31 December 2017	112,857,061	574,344,303	14,355,750	701,557,114
Accumulated depreciation				
1 January 2017	-	(11,333,463)	-	(11,333,463)
Transferred from fixed assets	-	-	(5,110,825)	(5,110,825)
Depreciation of the year	-	(22,826,056)	(1,679,458)	(24,505,514)
31 December 2017	-	(34,159,519)	(6,790,283)	(40,949,802)
Net book value 31 December 2017	112,857,061	540,184,784	7,565,467	660,607,312
Net book value 31 December 2016	112,857,061	520,929,623	-	633,786,684

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

6. ROJECTS UNDER CONSTRUCTION

	31 December 2017	31 December 2016
	LE	LE
Projects under construction –Fixed assets	111,020,970	14,506,011
Projects under construction –Investment properties	41,015,882	30,441,030
	152,036,852	44,947,041

6-1 PROJECTS UNDER CONSTRUCTION FIXED ASSETS

	31 December 2017	31 December 2016
	LE	LE
Beginning balance	14,506,011	18,289,105
Additions during the year	100,269,912	3,810,670
Additions from acquisition of subsidiaries	17,190,070	-
Transferred to fixed assets	(20,945,023)	(7,593,764)
Ending balance for the year	111,020,970	14,506,011

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

	31 December 2017	31 December 2016
	LE	LE
Raya Electronics Company –“Previously Sama (A)	7,344,974	7,344,974
Raya Restaurants Company (B)	6,570,043	3,558,682
Raya Integration Company (C)	30,008,667	200,775
Raya for Data Centres Company	13,034,503	-
Aman for Electronic Payment Company	-	3,401,580
Ostool for Land Transport Company	47,175	-
Raya Holding Company for financial investments (E)	20,273,680	-
The International Federation of Food Industries (D)	32,664,596	-
Bariq for advanced technology techniques Company (F)	1,077,332	-
	111,020,970	14,506,011

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

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

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

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

C-The projects under construction for Raya Integration are the cost of establishing a logistics area and warehouses in the Suez Canal Economic Zone.

D-D- The balance of projects under implementation of Raya Food Company is the cost of processing and restructuring the company's factory.

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

F-The balance of the projects under implementation of Bariq for Advanced Industries Technologies is the cost of updating the production lines.

6-2 PROJECTS UNDER CONSTRUCTION INVESTMENT PROPERTIES

	31 December 2017	31 December 2016
	LE	LE
Beginning balance	30,441,030	633,786,684
Additions during the year	52,026,082	30,441,030
Transferred to investment property during the year	(41,451,230)	(633,786,684)
Ending balance for the year	41,015,882	30,441,030

	31 December 2017	31 December 2016
	LE	LE
Raya For Finance Lease	41,015,882	30,441,030
	41,015,882	30,441,030

The projects under construction balance for Raya lease represents the amount paid for improvement of managerial building at six of October city.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

7. INTANGIBLE ASSETS

	31 December 2017
Cost	LE
1 January	37,564,325
Additions during the year	11,591,059
Disposals	(63,983)
	49,091,401

Accumulated amortization	31 December 2017
Cost	LE
1 January	(16,722,801)
Amortization for the year	(8,603,165)
Amortization disposal	17,773
	(25,308,193)
Net book value 31 December 2017	23,783,208
Net book value 31 December 2016	20,841,524

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

8. GOODWILL

	31 December 2017	31 December 2016
	LE	LE
Raya Integration Company	6,019,341	6,019,341
Raya Contact Centers Company	3,160,166	3,160,166
Raya Electronics Company (Previously Sama)	33,236,748	33,236,748
Raya Call Center Company - C3	26,582,777	26,582,777
Raya Technology Company Ltd.	1,926,942	1,926,942
Al Byoot Al Arabia for Finance Lease Company	2,626,725	2,626,725
International Business System Company – IBSE	32,139,604	32,139,604
Ostool for Land Transport Company	893,048	893,048
Bariq for advanced technology techniques Company	436,854	436,854
International Federation of Food Industries*	23,127,622	--
Impairment of goodwill	(48,071,266)	(48,071,266)
	82,078,561	58,950,939

The increase in goodwill is in:

* The company acquired the shares of the International Federation of Food Industries. The difference between the cost of investment and the net equity of the International Federation of Food Industries amounted to LE 23,127,621 which the company recorded as goodwill using temporary values in accordance with paragraphs 45 and 46 of the Egyptian Accounting Standard No. 29 The Company shall recognize any settlement of these temporary values to complete the initial accounting in a period not exceeding 12 months from the date of acquisition.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

9. INVESTMENT IN ASSOCIATES

	Ownership percentage	31 December 2017	31 December 2016
		LE	LE
Allied Arab Company for Insurance	20 %	965,983	726,498
Makarony Polskie	19.39 %	46,033,569	42,041,422
		46,999,55	42,767,920

	Cost	Retained Earnings	Profit for the year	Balance
	LE	LE	LE	LE
Allied Arab Company for Insurance	642,000	84,499	239,484	965,983
*Makarony Polskie	37,607,594	4,433,828	3,992,147	46,033,569
	38,249,594	4,518,327	4,231,631	46,999,552

* 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 Poland Company with amount (2.9 million US dollars), equivalent to 37,607,594 Egyptian 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):

Company Name	Share %	Long term assets	Current assets	Current liabilities	Long term liabilities	Paid up capital and equity	Revenues	Expenses
Allied Arab Company for Insurance	20%	1,459	7,921	(2,762)	-	(6,618)	4,350	(3,152)
Makarony Polskie	19.39%	194,735	469,295	(180,900)	(106,512)	(376,618)	519,930	(499,341)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

10. AVAILABLE FOR SALE INVESTMENTS

	31 December 2017	31 December 2016
	LE	LE
Unquoted shares or inactive shares at stock market	14,314,250	14,314,250
Quoted shares at stock market	17,200,000	17,200,000
Impairment in available for sale investments *	(11,908,563)	(12,908,763)
	19,605,687	18,605,487

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

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

Cost of investment	LE 17,200,000
Less: Evaluation of investment reserved during the year	(12,908,763)
Net cost of investment 1 January 2017	4,291,237
Add: Evaluation of investment reserved during the year	999,900
Net cost of investment as of 31 December 2017	5,291,137

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

11. INVENTORY

	31 December 2017	31 December 2016
	LE	LE
Mobile phones, accessories, spare parts and television	787,366,420	592,662,818
Supplies, switches spare parts and networks	69,282,216	47,597,988
Raw materials, work in progress and finished goods	24,402,968	14,126,838
Raya Algeria - Mobile phones, and accessories spare parts	53,875,658	53,875,658
Software licences, electronic devices accessories and goods in transit	12,162,129	14,434,553
	22,623,038	48,466,996
Canned foods	3,308,588	1,804,628
Food and restaurants accessories	63,496,592	-
Frozen Foods	19,105,588	7,608,015
Electronic payment machines	13,956,410	-
Raw Coal	504,860	437,332
Others	1,070,084,467	781,014,826
	(45,086,420)	(33,664,806)
Write-down of inventory	(53,875,658)	(53,875,658)
Write-down of Raya Algeria Company's inventory	971,122,389	693,474,362

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

	LE
Balance as of 1 January 2016	15,484,801
Charged during the year	22,304,664
Reversal of Inventory write-down during the year	(3,655,410)
Used during the year	(469,249)
Balance as of 31 December 2016	33,664,806
Charged during the year	48,270,748
Reversal of Inventory write-down during the year	(36,849,134)
Balance as of 31 December 2017	45,086,420

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

12. ACCOUNTS AND NOTES RECEIVABLE

	31 December 2017	31 December 2016
	LE	LE
Accounts receivable	976,402,616	722,123,190
Notes receivable	242,439,477	269,155,308
	1,218,842,093	991,278,498
Impairment of accounts receivable	(62,631,006)	(62,836,385)
	1,156,211,087	928,442,113

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

	LE
Balance as of 1 January 2016	43,228,781
Charged during the year	22,884,581
Reversal of impairment during the year	(2,479,445)
Used during the year	(797,532)
Balance as of 31 December 2016	62,836,385
Charged during the year	15,326,973
Reversal of impairment during the year	(14,206,707)
Used during the year	(1,325,645)
Balance as of 31 December 2017	62,631,006

At 31 December 2017 and 31 December 2016, the aging analysis of net accounts and notes receivables is as follows:

	Total LE	Past due but not impaired				
		Neither Past Due nor Impaired LE	Less than 30 days LE	Between 30 to 60 days LE	Between 60 to 90 days LE	More than 90 days LE
2017	1,156,211,087	632,498,766	203,071,520	102,727,406	53,196,120	164,717,275
2016	928,442,113	491,120,096	167,212,333	104,129,053	63,008,153	102,972,478

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

13. PREPAYMENTS AND OTHER DEBIT BALANCES

	31 December 2017	31 December 2016
	LE	LE
Prepayments	123,175,737	67,425,568
Customs Authority	7,853,554	10,718,087
Accrued revenues	121,153,766	72,876,992
Deposits with others	17,978,872	14,082,558
Suppliers down payments	456,629,708	255,477,837
VAT	25,665,813	18,137,649
Letters of guarantee margin	5,382,177	8,960,315
Employees receivables	4,698,428	3,895,537
Governmental authorities receivables	18,704,431	7,503,355
Debit Balances-(Suppliers)	43,163,464	29,676,595
Other debit balances	26,181,967	21,142,138
	850,587,917	509,896,631
Impairment of other debit balances		(4,680,910)
	850,587,917	505,215,721

	31 December 2017	31 December 2016
	LE	LE
Balances due within 12 months	317,255,606	286,643,807
Balances due in more than 12 months	533,332,311	218,571,914
	850,587,917	505,215,721

* Based on the verdict of the constitutional court in the lawsuit No. 175/220 legal, at the court session held on 5 September 2004 regarding the non-constitutionality of the first and last paragraphs of article (III) custom Law No. (66) of 1963 issued by the Republic president decree relating to imposing fees against additional services. Raya Distribution Company one of the subsidiary companies of Raya Holding Company for Technology and Communication – took legal procedure under No. 7780 of 2001 'Cairo South Civil' against Minister of Finance in his capacity to refund amount of LE 9,684,349 representing the paid amount by the company against the additional service. The court had referred the lawsuit to experts' office at Ministry of Justice. The delegated expert report indicated that the company's right to recover the amount of LE 6,990,846. Based on the court ruling issued in similar raised lawsuits by other associates which ended up by refunding the amount paid to the Custom Authority as additional service fees in form of checks issued by the Custom Authority in favour of those associates, the legal advisor of the company is in the opinion that, it is virtually certain that the final ruling in this case will be in favour of the Company. Accordingly, the management of Raya Distribution had recorded the amount of LE 6,990,846 (only six million nine hundred ninety thousands and eight hundred forty six Egyptian pounds) in prepayments and other debit balances and other revenues in the financial statements as of 31 December 2005 till 30 September 2016. There is no final court decision yet.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

14. SHARE BASED COMPENSATION

	31 December 2017	31 December 2016
	LE	LE
Share based compensation	720,000	161,544
	720,000	161,544

The legal period for share based compensation for Raya Holding Company for Financial Investments (SAE) was terminated and an extraordinary general assembly was held on 30 July 2016. The Assembly agreed to extend the validity of Share based compensation for another five years. Dated 10 October 2016 and the approval of the Authority to extend the validity of the system on 17 August 2017.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

15. CASH ON HAND AND AT BANKS

	31 December 2017	31 December 2016
	LE	LE
Cash on hand	5,131,620	6,388,716
Banks – current and investing accounts		
Local currency	24,978,014	33,695,511
Foreign currency	55,229,262	86,415,946
Banks – Time deposits *		
Local currency	222,012,427	61,920,714
Foreign currency	32,485,000	53,338,889
Checks under collection	13,720,957	12,492,458
	353,557,280	252,252,234

*Time deposits balance as of 31 December 2017 includes an amount of LE 500,000 and an amount of LE 32,485,000 (equivalent to USD 1,825,000) 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 2016 was LE 61,920,714 and LE 53,338,889 (equivalent to USD 2,922,679).

- The amount of LE 398,427 represents deposits held in favor of Bariq company letters of guarantee.
- The amount of LE 219,314,000 deposit for the benefit of the company Raya Contact Centers.
- A deposit of LE100,000 for Aman for Financial Services Company.
- An amount of LE 1,700,000 is deposited in favor of Aman for Electronic Payment Company.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

16. CAPITAL

	31 December 2017	31 December 2016
	LE	LE
Authorized capital (LE 5 share par value)	1,000,000,000	1,000,000,000
Issued and paid up capital	504,624,835	504,624,835
Shares number	100,924,967	100,924,967

-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.

- On 28 October 2017, the Ordinary General Assembly of the Company decided to unanimously approve the transfer of part of the retained earnings as per the financial statements 31/12/2016 to bonus shares increased by its issued and paid up capital from LE 504,624,835 (five hundred and four million six hundred twenty four thousand eight hundred) (One hundred and fifty Egyptian pounds) to 630,586,820 Egyptian pounds. The shares resulting from the increase shall be distributed free of charge to the shareholders by one share for every four original shares before the increase shall be financed from Profit from profit for the year ended On 31/12/2016 with the awarding of fractions to the benefit of the small shareholders, subject to taking all the procedures related to the rules of listing and delisting of securities issued by the Board of Directors of the Financial Supervisory Authority No. 11 on 22 January 2014 and its executive procedures and amendments, To amend the provisions of Articles 6 and 7 of the Articles of Association of the Company. The Extraordinary General Meeting was convened on October 28, 2017. However, the attendance quorum was not completed. An extraordinary general meeting was convened on November 26, 017.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

17. LONG TERM LOANS

	31 December 2017	31 December 2016
	LE	LE
Long term loans – current portion	150,270,296	112,870,133
Long term loans	249,895,858	283,678,687
	400,166,154	396,548,820

Loans balances are represented in the following:

	31 December 2017	31 December 2016
	LE	LE
(1) Loans-Raya Holding Company for Financial Investments	202,706,378	162,166,991
(2) Loans-Raya Finance Lease Company	140,785,330	155,785,041
(3) Loans-Ostool for Land Transport Company	40,273,762	58,236,104
(4) Loans-Raya Restaurants Company	15,200,684	17,960,684
(5) Loans-Raya Data Centre services Company	1,200,000	2,400,000
	400,166,154	396,548,820

	31 December 2017	31 December 2016
	LE	LE
Bank loans	3,217,044	4,040,738
Finance lease contract (loan)	199,489,334	158,126,253
	202,706,378	162,166,991

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

17. LONG TERM LOANS (CONTINUED)

(1) Raya Holding Company for Financial Investments (CONTINUED):

A-1 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 instalments starting on 31 May 2012 and ending on 30 April 2017. The balance of the loan as of 31 December 2017 amounted to LE 0 (31 December 2016 amounted to LE 30,614).

A-2 Bank loan

On 1 October 2012 the Company signed a medium-term loan from a bank amounted LE 2,000,000 for a 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 instalments starting on 1 October 2012 and ending on 1 September 2017. The balance of the loan as of 31 December 2017 amounted to LE 0 (31 December 2016 amounted to LE 448,522).

A-3 Bank loan

On 17 December 2013 the Company signed a medium-term loan from a bank amounted LE 2,000,000 for a 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 instalments starting on 18 December 2014 and ending on 18 December 2018. The balance of the loan as of 31 December 2017 amounted to LE 567,340 (31 December 2016 amounted to LE 1,082,850).

A-4 Bank loan

On 12 March 2015 the Company signed a medium-term loan amounted LE 1,607,000 for a four years with an average interest rate during the loan year of 17.75%. The loan shall be paid after the grace year over 48 monthly instalments starting on 30 April 2015 and ending on 30 March 2019. The balance of the loan as of 31 December 2017 amounted to LE 615,038 (31 December 2016 amounted to LE 1,008,077).

A-5 Bank loan

On 2 February 2016 the company signed a medium-term loan from a bank amounted LE 2,393,000 for a four years with an average interest rate during the loan year of 14.75%. The loan shall be paid over 48 monthly instalments starting on 2 February 2017 and ending on 2 February 2021. The balance of the loan as of 31 December 2017 amounted to LE 2,034,666 (31 December 2016 amounted to LE 1,470,675).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

17. LONG TERM LOANS (CONTINUED)

B- Finance lease contracts

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

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

On July 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 July 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 24.17% . The balance of the loan as of 31 December 2017 amounted to LE 13,311,614.

The company obtained a long term loan in the form of a finance lease contract with a finance lease company to finance the completion of Raya Holding for Financial Investments Group administrative building in 6th of October city, with the amount of LE 50,000,000 including interest till the end of the payments with 22.75 % interest rate. The loan will be paid over 60 monthly installments starting on 3 August 2015 to 3 August 2019. The balance of the loan as of 31 December 2017 amounted to LE 25,562,930.

The company obtained a long term loan in the form of a finance lease contract with a finance lease company to finance the completion of Raya Holding for Financial Investments Group administrative building in 6th of October city, with the amount of LE 50,000,000 including interest till the end of the payments with 23 % interest rate. The loan will be paid over 60 monthly installments starting on 3 March 2016 to 3 February 2021 The balance of the loan as of 31 December 2017 amounted to LE 36,349,684.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

17. LONG TERM LOANS (CONTINUED)

B- Finance lease contracts (continued):

The company obtained a long term loan in the form of a finance lease contract with a finance lease company to finance the completion of Raya Holding for Financial Investments Group administrative building in 6th of October city, with the amount of LE 50,000,000 including interest till the end of the payments with 23 % interest rate. The loan will be paid over 60 monthly installments starting on 3 September 2017 to 3 August 2021. The balance of the loan as of 31 December 2017 amounted to LE 40,558,842.

The company obtained a long term loan in the form of a finance lease contract with a finance lease company to finance the completion of Raya Holding for Financial Investments Group administrative building in 6th of October city, with the amount of LE 50,000,000 including interest till the end of the payments with 23.5 % interest rate. The loan will be paid over 60 monthly installments starting on 3 March 2017 to 3 February 2022. The balance of the loan as of 31 December 2017 amounted to LE 44,288,702.

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

The company signed a finance lease with one of the finance leasing companies to finance the completion of the factory on plot No. 66/11 in the first industrial zone - Sadat City with an amount of LE 50,000,000 with an interest rate of 24.50%. The loan will be paid over 60 monthly instalments. From 9 July 2017 to 9 July 2022. The balance of the loan as at 31 December 2017 amounted to LE 46,635,032.

(2) Raya Finance Lease Company

Raya Finance Lease Company obtained a loan from a bank amounted to LE 152,174,646 with 21.45% interest rate, for a seven years including two years grace year starting from December 2012 to pay the used portions and their interest. The loan shall be paid after the grace year over twenty quarterly payments starting from March 2016. The balance of the loan as of 31 December 2017 amounted to LE 140,785,330 (31 December 2016 amounted to LE 176,860,563).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

17. LONG TERM LOANS (CONTINUED)

(3) Ostool for Land Transport Company

-Loan from bank

Loan amounting to LE 17,288,000 will be paid over an equal monthly instalment by an amount of LE 261,940 started from 31 January 2014 until 30 June 2019. The loan balance as of 31 December 2017 amounted to LE 4,944,427 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 30 June 2014 until 30 November 2019. The loan balance as of 31 December 2017 amounted to LE 2,875,154 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 2017 amounted to LE 2,411,522, 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 5,826,120 as of 31 December 2017, 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 amounting to LE 24,868,102 the loan will be paid over quarterly payments with amounting to 1,381,563 instalments starting from 10 November 2016 to 10 February 2021 and the loan balance amounting to LE 17,960,287 as of 31 December 2017, 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 amounting to LE 8,327,439 the loan will be paid over quarterly payments with amounting to LE 750,000 instalments starting from March 2017 to March 2021 and there are no payments from the loan, the loan balance amounting to LE 6,256,252 as of 31 December 2017, the current portion for the same date amounted to LE 3,000,000.

(4) Raya Restaurants Company

On 4 March 2014, the Company signed a credit facilities agreement with a bank for LE 19,000,000 with an annual interest rate of 19.75% the loan will be paid over six years after a grace period of nine months starting from 4 March 2014 till 1 October 2019. The loan balance as of 31 December 2017 amounted to LE 15,200,684 (31 December 2016 amounted to LE 17,960,684).

(5) 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 20.56% the loan will be paid over five years the loan balance as of 31 December 2017 amounted to LE 1,200,000

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

18. PROVISIONS

	31 December 2017	31 December 2016
	LE	LE
Beginning balance for the year	23,183,977	16,827,916
Charged during the year	7,777,713	9,804,829
Provision for acquisition of a subsidiary	13,985,370	-
Used during the year	(10,442,923)	(3,250,000)
Provisions no longer required during the year	(1,079,806)	(198,768)
	33,424,331	23,183,977

- Value of the provisions charged amounted to LE 218,669 was charged to the cost of revenues.

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

	31 December 2017	31 December 2016
	LE	LE
Claims provision	15,955,855	11,038,599
Warranty provision	1,572,065	2,076,872
Other provision	7,729,706	10,068,506
Provision for acquisition of a subsidiaries	8,166,705	-
	33,424,331	23,183,977

19. ACCOUNTS AND NOTES PAYABLE

	31 December 2017	31 December 2016
	LE	LE
Accounts payable	865,808,458	729,923,006
Notes payable	56,394,731	119,359,057
	922,203,189	849,282,063

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

20. CREDIT FACILITIES

	31 December 2017	31 December 2016
	LE	LE
Raya Distribution Company	1,045,045,458	729,164,534
Raya Integration Company	196,467,992	199,578,250
Raya Holding Company for Financial Investments	37,342,944	15,875,119
Raya Contact Centers Company	3,796,424	6,797
Raya for Contact Centers Buildings Management Company	-	208,422
Best Service Company	27,869	27,869
Bariq for Advanced Industrial Techniques Company	55,291,709	8,038,720
Raya for Data Centres Company	8,055,183	3,664,205
Raya restaurants	-	473,352
Raya Contact Centers Company – Poland	4,463,044	787,110
Raya Algeria Company	361,923	361,923
Ostool For Land Transportation	60,603,214	-
	1,411,455,760	958,186,301

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 20.75% and 22.75%, and for that of foreign currencies 4 % to 5.56%.

21. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31 December 2017	31 December 2016
	LE	LE
Accrued expenses	226,531,211	178,150,387
Unearned revenues and subscriptions	173,855,419	144,068,393
Deferred revenues from sale leased back assets	54,858,321	5,541,406
Customers down payment	86,568,054	130,536,241
Credit balances – tax authority	92,860,454	35,546,348
Other credit balances	76,304,985	28,158,300
	710,978,444	522,001,075

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

22. DIVIDENDS PAYABLE

	31 December 2017	31 December 2016
	LE	LE
Dividends Payable – Employees	4,284,666	4,068,080
	4,284,666	4,068,080

23. REVENUES

	31 December 2017	31 December 2016
	LE	LE
Devices and goods distribution revenue	3,914,026,704	4,074,237,721
Transportation service revenue	380,691,959	205,347,383
Supplies and Installations revenue	1,372,534,787	874,177,952
Call Centre service revenue	749,266,305	495,021,154
Investment property revenue	57,237,874	29,786,081
Restaurant revenue	40,736,935	18,488,110
Manufacture & export revenue	227,446,935	-
Other revenues	3,461,671	2,015,970
	6,745,402,871	5,699,074,371

24. COST

	31 December 2017	31 December 2016
	LE	LE
Cost of materials used in the production	(105,662,998)	(63,852,540)
Devices and goods distribution cost	(3,362,871,081)	(3,418,066,084)
Supplies and Installations Cost	(1,192,078,800)	(797,342,987)
Transportation service cost	(253,113,184)	(112,482,864)
Salaries	(461,166,231)	(314,032,095)
Fixed Assets Depreciation	(81,327,778)	(56,651,063)
Finance cost	(27,004,967)	(21,760,473)
Other Direct Cost	(59,830,098)	(21,423,098)
	(5,543,055,137)	(4,805,611,204)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

27. SEGEMENT REPORTING

(Value in LE thousands)

	31 December 2017		31 December 2016											
	Trade and distribution sector	Information technology sector	Call centers sector	Finance lease sector	International services sector	Transportation sector	Data centers services sector	Manufacturing sector	Restaurants sector	Manufacturing & export sector	Other activities	Eliminations of intersegments	Eliminations of intersegments	Consolidated
	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
Revenues	3,781,217	1,329,727	756,280	57,238	70,111	380,692	37,374	162,458	40,737	227,447	3,462	(101,340)	6,745,403	
Cost	(3,269,825)	(1,153,766)	(430,897)	(69,619)	(47,251)	(305,542)	(22,182)	(120,454)	(28,740)	(192,307)	(3,812)	101,340	(5,543,055)	
Depreciation and amortization	(14,474)	(17,615)	(19,898)	(25,273)	(68)	(21,478)	(3,189)	(7,740)	(3,326)	(4,989)	(4,849)	-	(122,900)	
Net profit	101,629	112,404	186,192	(90,046)	(7,134)	5,114	2,527	12,306	(5,800)	(8,779)	515,509	(608,046)	103,224	
Total Assets	2,072,428	1,084,686	589,809	763,593	82,156	455,652	44,068	175,762	73,779	283,752	1,933,620	(2,496,242)	5,063,061	
Total Liabilities	(1,687,545)	(911,824)	(191,466)	(306,097)	(105,428)	(389,989)	(38,128)	(87,889)	(42,679)	(145,484)	(605,382)	926,548	(3,594,834)	
	31 December 2016													
	Trade and distribution sector	Information technology sector	Call centers sector	Finance lease sector	International services sector	Transportation sector	Data centers services sector	Manufacturing sector	Restaurants sector	Other activities	Eliminations of intersegments	Eliminations of intersegments	Consolidated	
	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	
Revenues	3,959,405	814,741	495,021	29,786	61,686	205,347	26,466	114,791	18,488	2,103	(28,672)	5,699,162		
Cost	(3,539,830)	(696,487)	(244,596)	(49,425)	(50,667)	(154,966)	(12,894)	(68,837)	(15,500)	(1,081)	28,672	(4,805,611)		
Depreciation and amortization	(14,270)	(8,759)	(18,864)	(13,616)	(154)	(17,640)	(1,360)	(6,843)	(2,547)	(4,120)	-	(88,193)		
Net profit	60,515	20,821	123,381	(57,437)	(21,038)	14,064	3,005	17,983	(7,775)	78,978	(114,395)	118,102		
Total Assets	1,747,636	956,671	361,480	741,864	57,737	247,055	26,193	148,153	56,990	1,358,318	(1,959,812)	3,742,285		
Total Liabilities	(1,604,959)	(862,633)	(157,610)	(394,099)	(82,992)	(184,201)	(19,800)	(72,586)	(34,490)	(497,712)	1,031,841	(2,879,241)		

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

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 2017 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 were as follows:

	31 December 2017	31 December 2016
	LE	LE
USD	202,546,026	475,801,017
EURO	3,385,044	2,427,239
GBP	362,314	102,108
AED	(2,011,823)	461,373
SAR	10,716,311	93,197

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

	31 December 2017		31 December 2016	
	Change Ratio	The effect in profit before Tax	Change Ratio	The effect in profit before Tax
	%	LE	%	LE
USD	10%+	20,254,603	10%+	47,580,102
USD	10%-	(20,254,603)	10%-	(47,580,102)
EUR	10%+	338,504	10%+	242,724
EUR	10%-	(338,504)	10%-	(242,724)
AED	10%+	201,182	10%+	46,137
AED	10%-	(201,182)	10%-	(46,137)
SAR	10%+	1,071,631	10%+	9,320
SAR	10%-	(1,071,631)	10%-	(9,320)
GBP	10%+	36,231	10%+	10,211
GBP	10%-	(36,231)	10%-	(10,211)

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

Other financial assets and cash deposits

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

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

Due from related parties

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

c) Interest rate risk

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

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

The risk of interest in the changes in interest rates which may have an adverse effect on the business results. The company's total liabilities from loans and credit facilities from banks as of 31 December 2017 are LE 1,858,219,741 (31 December 2016 LE 1,408,924,319) and value of related interest charged during the year ended 31 December 2017 was LE 341,528,847 (31 December 2016 LE 166,578,519), 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.

	31 December 2017		31 December 2016	
	Change in rate	Effect on profit before tax	Change in rate	Effect on profit before tax
	%	LE	%	LE
Financial asset	+1%	2,544,974 (2,544,974)	+1%	1,155,516 (1,155,516)
	- 1%		- 1%	
Financial liability		18,582,197 (18,582,197)		14,089,243 (14,089,243)
	+1%		+1%	

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

d) Liquidity risk

Liquidity risk is the inability of the company to repay its obligations under the contractual terms with others. The company's management on a regular basis to make sure of the availability of the necessary liquidity to pay obligations when due without incurring losses or risk the reputation of the company.

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

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

Financial liabilities

31 December 2017	Less than 3 Months	From 3 to 12 Months	From 1 to 5 years	Total
	LE	LE	LE	LE
Loans	39,823,371	136,484,821	223,857,961	400,166,154
Credit Facilities	169,909,757	1,241,546,003	-	1,411,455,760
Warranty	200,650	293,129	161,192	654,971
Trade payables, accrued expenses and other credit balances	761,089,229	581,693,091	234,004,581	1,576,786,901
Income tax payable	-	10,356,261	-	10,356,261
Other long term liabilities	-	-	55,767,042	55,767,042
Notes payable	148,942	56,245,789	46,597,827	102,992,559
Total undiscounted financial liabilities	971,171,949	2,026,619,095	559,988,604	3,557,779,648
31 December 2016	Less than 3 Months	From 3 to 12 Months	From 1 to 5 years	Total
	LE	LE	LE	LE
Loans	20,845,685	104,479,142	271,223,993	396,548,820
Credit Facilities	758,608,051	199,578,250	-	958,186,301
Warranty	127,249	97,888	128,621	353,758
Trade payables, accrued expenses and other credit balances	563,954,899	591,608,777	96,360,408	1,251,924,084
Income tax payable	-	87,178,665	-	87,178,665
Other long term liabilities	-	-	40,861,611	40,861,611
Notes payable	101,091,408	16,115,733	56,341,113	173,548,254
Total undiscounted financial liabilities	1,444,627,292	999,058,455	464,915,746	2,908,601,493

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

e) Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities

Financial assets of the company include bank balances and cash on hand and at banks, 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 2017 amounted to LE 1,029,352,143 (31 December 2016 LE 901,022,458) and the unencumbered portion of 31 December 2017 amounts to LE 1,023,969,966 (31 December 2016 LE 892,062,143). The hedged portion of LE 5,382,177 is included under prepaid expenses and other debit balances (31 December 2016 amount of LE 8,960,315) (Note 13).



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This document may contain forward looking statements that constitute Raya's beliefs and expectations about future performance. Except for historical information, any forward looking statement based on current expectations, assumptions, projections about future events are subject to certain economic and market risks and uncertainties that could turn our actual results to differ materially or may not occur.

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