

**RAYA CONTACT CENTER COMPANY (S.A.E)
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017
TOGETHER WITH REVIEW REPORT**

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

**Interim Consolidated Financial Statements
For the period ended 30 September 2017**

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Translation of Audit Report
Originally issued in Arabic

REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS

TO THE MEMBERS OF BOARD OF DIRECTORS OF RAYA CONTACT CENTER (S.A.E)

Introduction

We have reviewed the accompanying consolidated statement of financial position of **Raya Contact Center (S.A.E) and its subsidiaries** ("the Company") as of 30 September 2017 as well as the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Egyptian Standard on Review Engagements No. 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements does not give a true and fair view, in all material respects, of the consolidated financial position of the Company and its subsidiaries as at 30 September 2017, and of its financial performance and its cash flows for the nine-month period then ended in accordance with Egyptian Accounting Standards.

Emphasis of matter

We draw attention that we have not reviewed the interim consolidated financial statements of the Company and its subsidiaries as at 30 September 2016, accordingly we do not express a conclusion on the consolidated financial position of the Company as at 30 September 2016, and of its financial performance and its cash flows for the nine-month period then ended.

Cairo: 9 November 2017



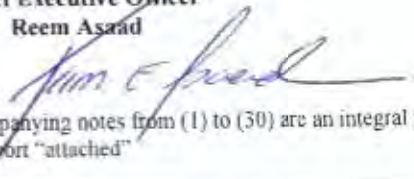
Mohamed Ahmed Abu Elkassim

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(R.A.A 17553)
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RAYA CONTACT CENTER (S.A.E)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	Note	30 September 2017 EGP	31 December 2016 EGP
ASSETS			
Non-current assets			
Fixed assets	(5)	56,766,049	30,621,052
Intangible assets	(6)	109,642	135,648
Deferred tax assets	(24)	309,167	2,795,682
Goodwill	(7)	26,582,777	26,582,777
Total non-current assets		83,767,635	60,135,159
Current assets			
Accounts and notes receivable and accrued revenue	(8)	167,173,220	135,888,406
Prepayments and other debit balances	(9)	38,903,481	20,087,774
Due from related parties	(10a)	528,194	62,811,936
Cash at banks	(11)	201,296,530	25,997,450
Total current assets		407,901,425	244,785,566
TOTAL ASSETS		491,669,060	304,920,725
EQUITY AND LIABILITIES			
EQUITY			
Capital	(16)	53,030,303	50,000,000
Share Premium	(16)	96,969,697	-
Legal reserve		9,397,510	4,545,130
Merger reserve	(17)	(2,834,374)	(2,834,374)
Foreign currency translation reserve		9,585,437	11,166,995
Retained earnings / Accumulated losses		29,596,331	(2,042,322)
Profits for the period / year of parent company		123,072,124	117,847,635
Total equity of shareholders of parent company		318,817,028	178,683,064
Non-controlling interest		1,226,494	899,901
Total equity		320,043,522	179,582,965
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	(24)	605,306	-
Other long term liabilities	(18)	2,919,079	1,385,714
Total non-current liabilities		3,524,385	1,385,714
Current Liabilities			
Credit facilities	(12)	4,960,588	1,299,531
Accounts and notes payable	(13)	66,644,259	43,402,556
Accrued expenses and other credit balances	(14)	56,668,370	40,657,086
Provisions	(15)	1,906,177	1,914,977
Due to related parties	(10a)	7,334,864	-
Income tax payable		25,913,419	36,365,628
Dividends payable		4,673,476	312,268
Total current liabilities		168,101,153	123,952,046
TOTAL LIABILITIES		171,625,538	125,337,760
TOTAL LIABILITIES AND EQUITY		491,669,060	304,920,725

Chief Executive Officer
Reem Asaad



Chairman
Medhat Khalil



- The accompanying notes from (1) to (30) are an integral part of these consolidated financial statements.
- Review report "attached"

RAYA CONTACT CENTER (S.A.E)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Note	<i>Nine Months</i>		<i>Three Months</i>	
		2017 <i>EGP</i>	2016 <i>EGP</i>	2017 <i>EGP</i>	2016 <i>EGP</i>
Revenue	(19)	557,050,209	336,962,072	196,248,728	139,689,837
Export subsidy revenue		1,506,063	(1,446,774)	-	-
Cost of revenue	(20)	(310,963,276)	(190,317,750)	(114,285,042)	(73,526,607)
GROSS PROFIT		247,592,996	145,197,548	81,963,686	66,163,230
General and administrative expenses	(21)	(50,534,631)	(41,615,919)	(15,792,606)	(16,195,689)
Selling and marketing expenses	(22)	(4,001,585)	(2,576,300)	(1,484,807)	(1,221,051)
Rent expense		(47,429,974)	(23,072,011)	(17,886,400)	(6,541,508)
Provisions no longer required	(15)	(8,800)	-	(8,800)	-
Impairment of accounts receivable	(8)	(997,132)	(2,501,237)	(346,183)	(886,951)
Reversal of impairment of accounts receivable	(8)	2,997,324	927,426	288,793	368,409
OPERATING PROFIT		147,618,198	76,359,507	46,733,683	41,686,440
Net finance income / (cost)	(23)	8,822,244	(1,657,872)	6,950,828	(627,099)
Gain from sale of fixed assets	(5)	34,980	4,490	34,980	5,268
Foreign exchange differences		(71,349)	(4,864,945)	(422,198)	2,117,671
PROFITS BEFORE INCOME TAXES		156,404,073	69,841,180	53,297,293	43,182,280
Income tax expenses	(24)	(32,426,066)	(17,045,831)	(10,792,275)	(10,188,281)
NET PROFITS FOR THE PERIOD		123,978,007	52,795,349	42,505,018	32,993,999
Attributable to :					
Parent company		123,072,124	52,473,828	42,163,931	32,841,913
Non-controlling interest		905,883	321,521	341,087	152,086
PROFIT FOR THE PERIOD		123,978,007	52,795,349	42,505,018	32,993,999
Basic and diluted earnings per share	(26)	1.05	0.43	0.36	0.27

-The accompanying notes from (1) to (30) are an integral part of these consolidated financial statements.

RAYA CONTACT CENTER (S.A.E)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	<i>Nine Months</i>		<i>Three Months</i>	
	2017 <i>EGP</i>	2016 <i>EGP</i>	2017 <i>EGP</i>	2016 <i>EGP</i>
Profits for the period	123,978,007	52,795,349	42,505,018	32,993,999
Foreign currency translation differences	(1,581,558)	4,635,951	(652,593)	2,059,827
TOTAL COMPREHENSIVE INCOME	122,396,449	57,431,300	41,852,425	35,053,826
Attributable to :				
Parent Company	121,490,566	57,109,779	41,511,338	34,901,740
Non-Controlling Interest	905,883	321,521	341,087	152,086
TOTAL COMPERHENSIVE INCOME	122,396,449	57,431,300	41,852,425	35,053,826

-The accompanying notes from (1) to (30) are an integral part of these consolidated financial statements.

RAYA CONTACT CENTER (S.A.E)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Capital	Share Premium	Legal Reserve	Merger reserve	Foreign Currency Translation reserve	Retained earnings / Accumulated Losses	Profits for the period	Total equity of parent company	Non-controlling interest	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of 1 January 2017	50,000,000	-	4,545,130	(2,834,374)	11,166,995	(2,042,322)	117,847,635	178,683,064	899,901	179,582,965
Capital increase and Share Premium	3,030,303	96,969,697	-	-	-	-	-	100,000,000	-	100,000,000
Transferred to retained earnings and legal reserve	-	-	4,852,380	-	-	112,995,255	(117,847,635)	-	-	-
Dividends	-	-	-	-	-	(81,356,602)	-	(81,356,602)	(579,290)	(81,935,892)
Total comprehensive income	-	-	-	(1,581,558)	-	-	123,072,124	121,490,566	905,883	122,396,449
Balance as of 30 September 2017	53,030,303	96,969,697	9,397,510	(2,834,374)	9,585,437	29,596,331	123,072,124	318,817,028	1,226,494	320,043,522

- The accompanying notes from (1) to (30) are an integral part of these consolidated financial statements.

**RAYA CONTACT CENTER (S.A.E)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

	Capital	Legal Reserve	Merger reserve	Foreign Currency Translation reserve	Retained earnings / Accumulated Losses	Profits for the period	Total equity of parent company	Non-controlling interest	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of 1 January 2016	50,000,000	2,793,740	(2,834,374)	115,429	3,306,393	30,022,915	83,404,103	380,657	83,784,760
Transferred to retained earnings and legal reserve	-	1,751,390	-	-	28,271,525	(30,022,915)	(33,620,240)	(87,805)	(33,708,045)
Dividends	-	-	-	-	(33,620,240)	-	57,109,779	321,521	57,431,300
Total comprehensive income	-	-	-	4,635,951	-	52,473,828	-	-	-
Balance as of 30 September 2016	50,000,000	4,545,130	(2,834,374)	4,751,380	(2,042,322)	52,473,828	106,893,642	614,373	107,508,015

- The accompanying notes from (1) to (30) are an integral part of these consolidated financial statements.

RAYA CONTACT CENTER (S.A.E)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Note	Nine months	
		2017 EGP	2016 EGP
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits for the period before income tax		156,404,073	69,841,180
Depreciation expense of fixed assets	(5)	15,478,301	15,504,167
Amortization expense of intangible assets	(6)	34,086	-
Provisions no longer required	(15)	(8,800)	-
Impairment of accounts receivable	(8)	997,132	2,501,237
Reversal of impairment of accounts receivable	(8)	(2,997,324)	(927,426)
(Gain) from sale of fixed assets	(5)	(34,980)	(4,490)
End of service benefits		1,533,365	994,708
Net finance (income) / cost	(23)	(8,822,244)	1,657,872
		162,583,609	89,567,248
Change in accounts and notes receivable and accrued revenue		(29,280,478)	(37,879,374)
Change in prepayments and other debit balances		(16,325,789)	(3,077,143)
Change in due from related parties		62,283,742	27,422,574
Change in accounts and notes payable		23,241,703	13,925,745
Change in due to related parties		7,334,864	4,862,811
Change in accrued expenses and other credit balances		16,011,283	12,219,987
Cash flows from operating activities		225,848,934	107,041,848
Income tax paid		(39,786,454)	(11,430,112)
NET CASH FLOWS FROM OPERATING ACTIVITIES		186,062,480	95,611,736
CASH FLOWS FROM INVESTING ACTIVITIES			
Finance income received		7,182,944	2,048,945
Payments to acquire fixed assets	(5)	(41,805,555)	(10,959,601)
Proceeds from sale of fixed assets	(5)	34,980	12,360
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(34,587,631)	(8,898,296)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from credit facilities		3,661,057	23,443,631
Payments in long term loan		-	(8,061,180)
Finance cost paid		(850,618)	(3,706,817)
Proceeds from capital increase	(16)	3,030,303	-
Proceeds from Share Premium	(16)	96,969,697	-
Dividends paid		(77,574,684)	(34,334,295)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		25,235,755	(22,658,661)
NET CHANGE IN CASH AND CASH EQUIVALENTS		176,710,604	64,054,779
Cash and cash equivalents - beginning of the period		25,997,450	4,812,095
Foreign currency translation reserve		(1,411,524)	910,634
CASH AND CASH EQUIVALENTS - END OF THE PERIOD	(11)	201,296,530	69,777,508

- The accompanying notes from (1) to (30) are an integral part of these consolidated financial statements.

RAYA CONTACT CENTER (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2017

1. BACKGROUND

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

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

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

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

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

Company name	% of ownership
1- Call Center Company -C3	99,54%
2- Raya for Contact Center Building Management Company – RCCBM	97%
3- Raya Contact Center Gulf	100%
4- Raya Contact Center Europe	100%

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

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

These financial statements for the period ended 30 September 2017 were authorized for issuance in accordance with the resolution of board of directors on 9 November 2017.

Group activities

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

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

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Statement of compliance

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

RAYA CONTACT CENTER (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2017

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

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

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

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

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

Basis of consolidation

A. Subsidiaries

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

B. Transactions with Non-controlling interest

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

RAYA CONTACT CENTER (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2017

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

- The following steps are followed when preparing the Consolidated financial statements:
 - a- Eliminate the carrying amount of the Parent investment in each subsidiary and the Parent share of equity of each subsidiary.
 - b- Identify the non-controlling interest in the profit or loss of the consolidated subsidiaries for the reporting period.
 - c- Identify the non-controlling interests in the net assets of consolidated subsidiaries and presented in the financial statement separately from the Parent ownership interests. Non-controlling interests in the net assets consist of:
 - (1) The amount of non-controlling interests as of the original date of combination.
 - (2) The non-controlling interests' share of changes in equity since the date of the combination.
 - d- Intergroup balances and transactions, revenues and expenses are eliminated.
- The financial statements of the Parent and its subsidiaries used in the preparation of the consolidated financial statements are prepared as of the same date.
- The financial statements of the Parent and its subsidiaries used in the preparation of the consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events with similar circumstances.
- Non-controlling interests are presented in the consolidated financial position within equity, separately from the equity of the owners of the Parent, and the non-controlling interests share in the group profit or loss is presented separately.

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

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

Changes in accounting policies

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

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

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

3.1 Judgments

Revenue Recognition

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

RAYA CONTACT CENTER (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2017

3.2 Estimates

Impairment of goodwill

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

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

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

Impairment of trade and other receivables

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

Useful lives of fixed assets

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

Taxes

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

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

Impairment of non-financial assets

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

RAYA CONTACT CENTER (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2017

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are initially recorded using the prevailing exchange rate at date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the financial position date; all differences are recognized in the statement of profit or loss as follows:

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

Nonmonetary items that are measured at historical cost in a foreign currency are translated using the exchange rates prevailing at the dates of the initial recognition.

Nonmonetary items that are measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value was determined.

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

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

Fixed assets

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

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

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

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

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

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

RAYA CONTACT CENTER (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2017

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fixed assets – Continued

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

Projects under construction

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

Intangible assets

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

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

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

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

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

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

Goodwill

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

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

Accounts receivable and other debit balances

Accounts receivable and other debit balances are stated at original invoice amount net of impairment losses. Impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows. The impairment is recognized in the statement of profit or loss. Reversal of impairment is recognized in the statement of profit or loss in the period in which it occurs.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation.

RAYA CONTACT CENTER (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Legal reserve

According to the Company's articles of association, 5% of the net profits of the year is transferred to the legal reserve until this reserve reaches 50% of the issued capital. The reserve is used upon a decision from the general assembly meeting based on the proposal of the Board of Directors.

Borrowings

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

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

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

Income taxes

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

Current income tax

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

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

Deferred tax

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

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

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

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

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

RAYA CONTACT CENTER (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred tax – Continued

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

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

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

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

Revenue recognition

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

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

- **Service revenue**

Revenue is recognized when service is rendered to the client according to the contract terms.

- **Finance income**

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

- **Government Grants**

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

Expenses

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

Borrowing costs

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

Related party transactions

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

RAYA CONTACT CENTER (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2017

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Social insurance and Employees' End-of-services

- a- Social Insurance:** The Company makes contributions to the General Authority for Social Insurance calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.
- b- Employees' End-of-services:** The Company provides end-of-service benefits to its employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The costs of these benefits are accrued over the period of employment.

Accounting estimates

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

Impairment of assets

Impairment of financial assets

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

Impairment of non-financial assets

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

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

Statement of cash flows

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

Cash and cash equivalent

For the purpose of preparing the cash flow statement, the cash and cash equivalent comprise cash on hand, current accounts with banks, time deposits with original maturity within three months, reduced by bank overdraft, if any.

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.

RAYA CONTACT CENTER (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2017

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fair value measurement (Continued)

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

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

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

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

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

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

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

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

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

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5 FIXED ASSETS

	Computers and Software		Furniture & Office equipment		Tools & Equipment		Leasehold Improvement		Electrical Equipment		Communication Devices		Communication Networks		Vehicles		Total	
	EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP	
Cost																		
As of 1 January 2017	44,934,276	19,285,786	22,458	26,422,572	5,589,452	38,045,746	7,248,349	-	141,548,639									
Additions	23,263,879	6,565,276	-	6,088,965	879,200	3,132,185	1,535,966	340,084	41,805,555									
Disposals for the period	(400,420)	(23,851)	-	(37,840)	-	(286,024)	-	-	(748,135)									
Foreign currency translation differences	16,070	(55,826)	-	(200,676)	(27,186)	(3,325)	(27,924)	-	(298,867)									
As of 30 September 2017	67,813,805	25,771,385	22,458	32,273,021	6,441,466	40,888,582	8,756,391	340,084	182,307,192									
Accumulated depreciation																		
As of 1 January 2017	(34,295,797)	(14,344,750)	(22,456)	(22,724,300)	(4,141,374)	(28,898,889)	(6,500,021)	-	(110,927,587)									
Depreciation for the period	(7,120,812)	(2,143,110)	-	(1,394,980)	(645,385)	(3,724,856)	(399,562)	(49,596)	(15,478,301)									
Disposals for the period	400,420	23,851	-	37,840	-	286,024	-	-	748,135									
Foreign currency translation differences	8,333	28,635	-	84,519	13,437	(24,918)	6,604	-	116,610									
As of 30 September 2017	(41,007,856)	(16,435,374)	(22,456)	(23,996,921)	(4,773,322)	(32,562,639)	(6,892,979)	(49,596)	(125,541,143)									
Net book value as of 30 September 2017	26,805,949	9,336,011	2	8,276,100	1,668,144	8,525,943	1,863,412	290,488	56,766,049									
Net book value as of 31 December 2016	10,638,479	4,941,036	2	3,698,272	1,448,078	9,146,857	748,328	-	30,621,052									

* There is no pledge or restriction on the fixed assets.

* Depreciation expense charged to cost of revenues during the period ended 30 September 2017 amounted to EGP 15,478,301 (Note 20)

* Fully depreciated assets and still used in operations are as follows:

* Gain from sale of fixed assets is as follows:

	EGP	EGP	EGP
Computers and Software	32,179,499		
Furniture and office Equipment	11,463,284		
Tools & Equipment	22,456		
Leasehold Improvements	19,466,709	(748,135)	
Electrical Equipment	2,583,332		
Communications Devices	21,353,342		
Communication Networks	6,113,585		
	<u>93,182,207</u>		
Proceeds from sale of fixed assets			34,980
Cost of disposed assets			
Accumulated depreciation of disposed assets			
			<u>34,980</u>

RAYA CONTACT CENTER (S.A.E)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2017

5 FIXED ASSETS (Continued)

Cost	Computers and Software	Furniture & Office equipment	Tools & Equipment	Leasehold Improvement	Electrical Equipment	Communication Devices	Communication Networks	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
As of 1 January 2016	33,193,776	15,863,347	22,458	23,846,710	4,773,320	32,684,424	6,939,960	117,323,995
Addition	8,259,802	752,947	-	335,988	290,483	1,201,780	118,601	10,959,601
Disposals	(284,408)	(279,902)	-	(8,400)	(27,500)	(76,709)	-	(676,919)
Foreign currency translation differences	905,090	1,345,785	-	1,299,219	2,56,906	1,464,597	44,664	5,316,261
As of 30 September 2016	<u>42,074,260</u>	<u>17,682,177</u>	<u>22,458</u>	<u>25,473,517</u>	<u>5,293,209</u>	<u>35,274,092</u>	<u>7,103,225</u>	<u>132,922,938</u>
Accumulated depreciation								
As of 1 January 2016	(28,496,333)	(10,409,256)	(22,456)	(16,805,308)	(3,181,734)	(23,274,190)	(5,690,439)	(87,879,716)
Depreciation for the period	(3,924,908)	(2,415,517)	-	(4,577,546)	(581,193)	(3,451,068)	(533,935)	(15,504,167)
Disposals	281,656	272,784	-	8,400	27,500	76,709	-	667,049
Foreign currency translation differences	(214,461)	(424,069)	-	(379,068)	(88,311)	(449,128)	(42,675)	(1,597,712)
As of 30 September 2016	<u>(32,354,046)</u>	<u>(12,976,058)</u>	<u>(22,456)</u>	<u>(21,753,522)</u>	<u>(3,823,738)</u>	<u>(27,097,677)</u>	<u>(6,287,049)</u>	<u>(104,314,546)</u>
Net book value as of 30 September 2016	<u>9,720,214</u>	<u>4,706,119</u>	<u>2</u>	<u>3,719,995</u>	<u>1,469,471</u>	<u>8,176,415</u>	<u>816,176</u>	<u>28,608,392</u>

• There is no pledge or restriction on the fixed assets.

• Depreciation expense charged to cost of revenues during the period ended 30 September 2016 amounted to EGP 15,504,167 (Note 20)

• Fully depreciated assets and still used in operations are as follows:

• Gain from sale of fixed assets is as follows:

Computers and Software	27,989,813	EGP
Furniture and office Equipment	6,089,733	
Tools & Equipment	22,456	
Leasehold Improvements	17,802,057	
Electrical Equipment	2,139,977	
Communications Devices	17,118,260	
Communication Networks	4,900,031	
	<u>76,062,327</u>	

Proceeds from sale of fixed assets

14,360

Cost of disposed assets

(676,919)

Accumulated depreciation of disposed assets

667,049

Gain from sale of fixed assets

(9,870)
4,490

RAYA CONTACT CENTER (S.A.E)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2017

6 INTANGIBLE ASSETS

	2017 EGP	2016 EGP
Cost		
As of 1 January	227,910	81,263
Additions for the period	-	105,392
Foreign currency translation differences	9,991	6,768
As of 30 September	<u>237,901</u>	<u>193,423</u>
Accumulated amortization		
As of 1 January	(92,261)	(81,263)
Amortization for the period*	(34,086)	-
Foreign currency translation differences	(1,912)	-
As of 30 September	<u>(128,259)</u>	<u>(81,263)</u>
Net book value as of 30 September	<u>109,642</u>	<u>112,160</u>

- Net book value as of 31 December 2016 amounted to EGP 135,648.

*Amortization expense charged to general and administrative expenses (Note 21).

7 GOODWILL

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

8 ACCOUNTS AND NOTES RECEIVABLE AND ACCRUED REVENUE

	30 September 2017 EGP	31 December 2016 EGP
Accounts receivable*	77,335,227	115,379,581
Due from related parties (Note 10a)	3,175,058	1,681,538
Accrued Revenue*	87,071,958	21,962,267
Notes receivable	1,174,169	452,548
	<u>168,756,412</u>	<u>139,475,934</u>
Impairment of accounts receivable	(1,583,192)	(3,587,528)
	<u>167,173,220</u>	<u>135,888,406</u>

* Accounts receivable and accrued revenue balances as at 30 September 2017 include an amount of EGP 4,998,765 and EGP 1,469,086 respectively resulted from a service agreement between "Raya Technology Company Ltd.- Saudi Arabia" and "Raya Contact Center S.A.E.". The actual services are rendered to "Mobile Telecommunication Company Saudi Arabia -Zain Saudi Arabia S.A.A.", (the Client). However, the invoices are issued and collected through "Raya Technology Company Ltd.-Saudi Arabia".

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

	2017 EGP	2016 EGP
Balance as of 1 January	(3,587,528)	(1,067,650)
Charged during the period	(997,132)	(2,501,237)
Reversal of impairment of accounts receivable	2,997,324	927,426
Foreign currency translation differences	4,144	-
Balance as of 30 September	<u>(1,583,192)</u>	<u>(2,641,461)</u>

RAYA CONTACT CENTER (S.A.E)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2017

8 ACCOUNTS AND NOTES RECEIVABLE AND ACCRUED REVENUE (continued)

At 30 September 2017 and 31 December 2016, the ageing analysis of net accounts and notes receivables is as follows:

	<i>Total</i>	<i>Neither Past Due nor Impaired</i>	<i>Past due but not impaired</i>			
			<i>Less than 30 days</i>	<i>Between 30 to 60 days</i>	<i>Between 60 to 90 days</i>	<i>More than 90 days</i>
<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
30 September 2017	167,173,220	137,410,791	12,091,455	9,833,241	6,935,419	902,314
31 December 2016	135,888,406	101,313,661	21,624,216	6,539,902	1,594,991	4,815,636

As at 30 September 2017, impaired accounts and notes receivables amounted to EGP 1,583,192 (31 December 2016: EGP 3,587,528)

Refer to Note (29a) on credit risks of trade receivables, which discusses how the company manages and measures credit quality of trade and notes receivables that are past due not impaired.

9 PREPAYMENTS AND OTHER DEBIT BALANCES

	30 September 2017	31 December 2016
	EGP	EGP
Prepayments	25,472,301	10,510,803
Deposits with others	2,165,232	2,235,981
Margin of letters of guarantee (Note 28)	244,370	27,680
Advance to suppliers	2,851,316	4,211,700
Social insurance authority	149,715	199,169
Tax authority – sales tax / value added tax	3,065,683	1,449,174
Accrued interest Income	2,489,918	-
Other debit balances	2,635,169	1,623,490
	39,073,704	20,257,997
Impairment on other debit balances	(170,223)	(170,223)
	38,903,481	20,087,774

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

	2017	2016
	EGP	EGP
Balance as of 1 January	170,223	170,223
Charged during the period	-	-
Reversal of impairment of other debit balances	-	-
Balance as of 30 September	170,223	170,223

RAYA CONTACT CENTER (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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10 RELATED PARTY DISCLOSURES

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

The related parties' transactions resulted in the following balances:

a) Related party balances

Significant related party balances are as follows:

	<i>30 September 2017</i>			
	<i>Due from related parties</i>	<i>Due to related parties</i>	<i>Trade payables</i>	<i>Trade receivables</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Raya Distribution Company	522,032	-	2,085,893	425,670
Raya Integration Company	-	-	3,714,906	158,081
Raya Holding Company for Financial Investments	-	7,334,651	-	309,523
Raya for Data Center Company	-	-	453,905	-
Raya Network Company	-	45	-	-
Raya Restaurants Company	6,162	-	1,888	227,329
Aman for Electronic Payment Company	-	-	-	1,820,683
Raya Electronics Company	-	168	-	-
Raya for Social Media Company	-	-	406,472	-
Ostool for Land Transport Company	-	-	-	233,772
	528,194	7,334,864	6,663,064	3,175,058
	<i>31 December 2016</i>			
	<i>Due from related parties</i>	<i>Due to related parties</i>	<i>Trade payables</i>	<i>Trade receivables</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Raya Distribution Company	244,866	-	3,161,039	-
Raya Technology for Distribution Company	-	-	13,110	-
Raya Integration Company	552	-	515,188	161,627
Raya Holding Company for Financial Investments	62,398,851	-	-	27,118
Raya for Data Center Company	3,210	-	214,474	524,480
Raya Finance Lease Company	22,169	-	-	-
Raya Network Company	2,813	-	-	-
Bariq for Advanced Industrial Techniques Company	3,353	-	-	-
Raya Restaurants Company	21,915	-	6,157	300
Aman for Electronic Payment Company	8,820	-	-	902,335
Raya Electronics Company	14,757	-	-	-
Raya International Service Company	28,618	-	-	-
Raya for food and beverage Company	20,763	-	-	-
Raya Network power Company	605	-	-	-
Raya Gulf Company	39,046	-	-	-
Raya for Social Media Company	1,598	-	582,591	-
Ostool for Land Transport Company	-	-	-	65,678
	62,811,936	-	4,492,559	1,681,538

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

RAYA CONTACT CENTER (S.A.E)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10 RELATED PARTY DISCLOSURES (Continued)

b) Related party transactions

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

Company	Nature of relationship	30 September 2017					
		Services to EGP	Services from EGP	Purchases from EGP	Rent expense EGP	Allocated expenses EGP	Dividends EGP
Raya Holding Company for Financial Investments	Ultimate Parent	786,655	-	-	8,593,190	880,048	(67,007,947)
Raya Integration Company	Subsidiary of ultimate Parent	285,176	-	6,218,789	-	-	(120,856)
Raya Distribution Company	Subsidiary of ultimate Parent	1,523,138	-	14,887,188	-	-	(6,714)
Ostool for Land Transport Company	Subsidiary of ultimate Parent	230,408	-	-	-	-	-
Raya for Data Center Company	Subsidiary of ultimate Parent	-	1,869,609	-	-	-	-
Raya Restaurants Company	Subsidiary of ultimate Parent	200,489	11,561	-	-	-	-
Raya Electronics Company	Subsidiary of ultimate Parent	-	-	143,207	-	-	-
Raya Social Media Company	Subsidiary of ultimate Parent	-	143,830	-	-	-	-
Aman for Electronic Payment Company	Subsidiary of ultimate Parent	2,040,409	-	-	-	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2017
10 RELATED PARTY DISCLOSURES (Continued)
b) Related party transactions (Continued)

Company	Nature of relationship	30 September 2016									
		Services to EGP	Services from EGP	Purchases from EGP	Rent expense EGP	Allocated expenses	Finance expenses EGP	Finance income EGP	Net financing EGP	Dividends EGP	
Raya Holding Company for Financial Investments	Ultimate Parent	651,733	-	-	4,000,167	3,554,397	-	1,113,062	16,163,909	(28,394,432)	
Raya Integration Company	Subsidiary of ultimate Parent	267,636	-	2,953,103	-	-	71,291	-	(3,325,000)	(51,212)	
Raya Distribution Company	Subsidiary of ultimate Parent	925,656	-	5,244,738	-	-	-	831,192	7,816,750	(2,845)	
Ostool for Land Transport Company	Subsidiary of ultimate Parent	235,249	-	-	-	-	-	-	-	-	
Raya Social Media Company	Subsidiary of ultimate Parent	-	296,990	-	-	-	-	-	-	-	
Raya for Data Center Company	Subsidiary of ultimate Parent	-	1,123,195	-	-	-	-	-	-	-	
Raya Restaurants Company	Subsidiary of ultimate Parent	-	85,731	-	-	-	-	-	-	-	
Raya Electronics Company	Subsidiary of ultimate Parent	-	-	431,051	-	-	-	-	-	-	
Aman for Electronic Payment Company	Subsidiary of ultimate Parent	470,101	-	-	-	-	-	-	-	-	
Raya for Information technology and management company	Subsidiary of ultimate Parent	503,200	-	-	-	-	-	-	-	-	
Bariq for Advanced Industrial Techniques Company	Subsidiary of ultimate Parent	-	-	-	-	-	-	104,692	-	-	

* Prior to the decision by the CBE in November 2016 to allow the Egyptian Pound to float freely against foreign currencies, such as the U.S. Dollar, the prevailing market rate differed from the official rate published by the CBE. As the Group receives its revenues principally in U.S. Dollars and pay its costs and expenses primarily in Egyptian Pounds, the Group is required to exchange U.S. Dollars for Egyptian Pounds from time-to-time mainly within Raya Holding group, which the Group has done at the prevailing market rates, in accordance with market practice.

RAYA CONTACT CENTER (S.A.E)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10 RELATED PARTY DISCLOSURES (Continued)

c) Salaries and benefits of key management personnel

The remuneration of key management personnel during the periods ended 30 September 2017 and 2016 was as follows:

	30 September 2017	30 September 2016
	EGP	EGP
Salaries and benefits	7,020,206	6,218,186
End-of-service benefits	-	316,161
	<u>7,020,206</u>	<u>6,534,347</u>

11 CASH AT BANKS

	30 September 2017	31 December 2016
	EGP	EGP
Local currency		
Current accounts	5,409,578	15,011,078
Time deposits (Maturity within 3 months)	186,000,000	-
Checks under collection	95,414	1,873,842
	<u>191,504,992</u>	<u>16,884,920</u>
Foreign currency		
Current accounts	9,791,538	9,112,530
	<u>9,791,538</u>	<u>9,112,530</u>
	<u>201,296,530</u>	<u>25,997,450</u>

For purposes of statement of cash flows:

The cash and cash equivalent is equal to cash and at banks.

12 CREDIT FACILITIES

	30 September 2017	31 December 2016
	EGP	EGP
Credit facilities – local currency	-	208,421
Credit facilities – foreign currency	4,960,588	1,091,110
	<u>4,960,588</u>	<u>1,299,531</u>

All credit facilities are renewed annually and are payable upon demand.

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

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

13 ACCOUNTS AND NOTES PAYABLE

RAYA CONTACT CENTER (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	30 September 2017 EGP	31 December 2016 EGP
Accounts payable	49,159,975	37,568,570
Notes payable	10,821,220	1,341,427
Due to related parties (Note 10a)	6,663,064	4,492,559
	<u>66,644,259</u>	<u>43,402,556</u>

14 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	30 September 2017 EGP	31 December 2016 EGP
Accrued expenses	46,081,663	32,119,340
Social insurance authority	2,927,019	2,480,240
Tax authority – payroll tax	937,808	1,153,675
Tax authority – value added tax	2,245,664	2,445,129
Tax authority – withholding tax	346,897	296,361
Deferred revenue	2,262,177	71,998
Advances from customers	437,781	211,746
Other credit balances	1,429,361	1,878,597
	<u>56,668,370</u>	<u>40,657,086</u>

15 PROVISIONS

	Balance as of 1 January 2017 EGP	Charged during the period EGP	No longer required during the period EGP	Used during the period EGP	Balance as of 30 September 2017 EGP
Provision for expected claims	814,977	-	(8,800)	-	806,177
Provision for claims	1,100,000	-	-	-	1,100,000
	<u>1,914,977</u>	<u>-</u>	<u>(8,800)</u>	<u>-</u>	<u>1,906,177</u>

	Balance as of 1 January 2016 EGP	Charged during the period EGP	No longer required during the period EGP	Used during the period EGP	Balance as of 30 September 2016 EGP
Provision for expected claims	96,977	-	-	-	96,977
Provision for claims	1,100,000	-	-	-	1,100,000
	<u>1,196,977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,196,977</u>

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

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

RAYA CONTACT CENTER (S.A.E)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2017

16 CAPITAL

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

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

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

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

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

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

This increase is financed from the proceeds of the secondary offering after the completion of the offering process and settling the stabilization account of shares price; this increase is approved only by the decision of the principal shareholder.

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

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

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

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

17 MERGER RESERVE

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

RAYA CONTACT CENTER (S.A.E)
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18 OTHER LONG TERM LIABILITY

Other long-term liability represents the end of service benefits required by law for the Group's employees in UAE. During 2016 the Company cancelled the voluntarily end of service benefits which was granted to certain employees in the Group, the remaining balance as of 31 December 2016 represents only the end of service required by law.

19 REVENUE

	<i>Nine Months</i>		<i>Three Months</i>	
	2017	2016	2017	2016
	EGP	EGP	EGP	EGP
Revenue based on type of service				
Back Office Services	20,290,722	16,100,894	6,924,673	5,646,318
Contact Service Center	384,155,874	250,844,703	134,098,523	102,960,638
Inside Sales services	4,839,189	5,383,974	1,516,677	2,881,236
Professional Services	147,764,424	64,632,501	53,708,855	28,201,645
	<u>557,050,209</u>	<u>336,962,072</u>	<u>196,248,728</u>	<u>139,689,837</u>
	<i>Nine Months</i>		<i>Three Months</i>	
	2017	2016	2017	2016
	EGP	EGP	EGP	EGP
Revenue based on the geographical location of the Group				
Egypt	428,108,328	304,264,721	144,843,571	123,522,424
Dubai	106,220,798	18,478,005	44,249,266	8,502,197
Poland	22,721,083	14,219,346	7,155,891	7,665,216
	<u>557,050,209</u>	<u>336,962,072</u>	<u>196,248,728</u>	<u>139,689,837</u>
	<i>Nine Months</i>		<i>Three Months</i>	
	2017	2016	2017	2016
	EGP	EGP	EGP	EGP
Revenue based on the source model				
Hosting	76,081,285	32,859,293	28,150,354	13,844,580
Insourcing	60,961,414	34,442,777	21,566,925	12,817,860
Outsourcing	420,007,510	269,660,002	146,531,449	113,027,397
	<u>557,050,209</u>	<u>336,962,072</u>	<u>196,248,728</u>	<u>139,689,837</u>
	<i>Nine Months</i>		<i>Three Months</i>	
	2017	2016	2017	2016
	EGP	EGP	EGP	EGP
Revenue based on currency				
Local (EGP)	124,187,869	87,187,070	44,720,546	32,786,156
Offshore (foreign currencies)	432,862,340	249,775,002	151,528,182	106,903,681
	<u>557,050,209</u>	<u>336,962,072</u>	<u>196,248,728</u>	<u>139,689,837</u>

* Revenues include foreign exchange differences losses amounted to EGP 6,564,060 in 30 September 2017 and foreign exchange differences gain amounted to EGP 63,433,408 in 30 September 2016. Foreign exchange differences were allocated between different revenue types based on the weight of the foreign currency revenues percentage of each type.

** Revenues for the period ended 30 September 2017 includes an amount of EGP 6,457,741 represents revenues from a service agreement between "Raya Technology Company Ltd.-Saudi Arabia" and "Raya Contact Center-S.A.E." Revenues and Cost of revenues are recognized in "Raya Contact Center-S.A.E." The actual services are rendered to "Mobile Telecommunication Company Saudi Arabia -Zain Saudi Arabia S.A.A.", (the Client). However, the invoices are issued and collected through "Raya Technology Company Ltd.-Saudi Arabia".

RAYA CONTACT CENTER (S.A.E)

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24 INCOME TAX

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

	<i>Nine Months</i>		<i>Three Months</i>	
	2017	2016	2017	2016
	EGP	EGP	EGP	EGP
Current income tax	(29,334,246)	(18,356,197)	(9,038,105)	(9,745,843)
Deferred income tax	(3,091,820)	1,310,366	(1,754,170)	(442,438)
Income tax expense	(32,426,066)	(17,045,831)	(10,792,275)	(10,188,281)

DEFERRED INCOME TAX

	Statement of financial position		Statement of profit or loss	
	30 September 2017	31 December 2016	30 September 2017	30 September 2016
	EGP	EGP	EGP	EGP
Depreciation of fixed assets	385,385	1,507,249	(1,121,864)	1,063,838
Provisions, impairment and accruals	528,076	566,874	(38,798)	480,367
Foreign currency translation differences	690,144	809,740	(119,596)	8,759
Accumulated losses of Raya Contact Center Europe Company **	1,413,623	1,934,260	(520,637)	412,745
Undistributed dividends from subsidiaries	(3,313,367)	(2,022,441)	(1,290,925)	(655,343)
	(296,139)	2,795,682	(3,091,820)	1,310,366

Reflected in the statement of financial position as follows:

	30 September 2017	31 December 2016
	EGP	EGP
Deferred tax assets	309,167	2,795,682
Deferred tax liabilities	(605,306)	-
Net deferred tax	(296,139)	2,795,682

** Deferred tax assets recognized for the accumulated tax losses of Raya Contact Center Europe can be used to offset taxable income in the 5 coming years.

25 TAX SITUATION

• **RAYA CONTACT CENTER (PARENT)**

Corporate Tax

- The Company was exempted for 5 years from 1 January 2002 till 31 December 2006.
- The Company is committed to submitting tax returns in accordance with the Law No. 91 of 2005 and its amendments in legal due dates.
- The Company's records were inspected since inception till 31 December 2004.
- The Company was not notified for inspection for the years from 2005 till 2009.
- The Company's records were inspected on estimated basis for the years from 2010 till 2012. The Company appealed and is currently preparing for actual basis inspection.
- The Company's records were not inspected for the period from 2013 till 30 September 2017.

Salary Tax

- The Company's records were inspected since inception till 2010 and all tax forms are received.
- The Company's records were inspected for the years 2011 and 2012 and all tax differences were paid.
- The Company's records were not inspected for the period from 2013 till 30 September 2017.

Stamp duty Tax

- The Company's records were inspected since inception till 2009 and all tax differences were paid.
- The Company's records were not inspected for the period from 2010 till 30 September 2017.

Value added Tax

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

RAYA CONTACT CENTER (S.A.E)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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25 TAX SITUATION (Continued)

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

Corporate Tax

- The Company's records were inspected since inception till 2010 and tax forms are received and the Company objected and the differences were paid.
- The Company is committed to submitting tax returns in accordance with the Law No. 91 of 2005 and its amendments in legal due dates.
- The Company's records were inspected on estimated basis for the years 2011 and 2012 and the Company appealed and is currently preparing for actual basis inspection.
- The Company's records were not inspected for the period from 2013 till 30 September 2017.

Salary Tax

- The Company's records were inspected on estimated basis for the period since inception till 2012 and the Company objected and currently preparing for actual basis inspection.
- The Company's records were not inspected for the period from 2013 till 30 September 2017.

Stamp duty Tax

- The Company's records were inspected since inception till 2011 and all tax forms are received.
- The Company's records were not inspected for the period from 2012 till 30 September 2017.

Value added Tax

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

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

Corporate Tax

- The Company's records were inspected since inception till 2004 and all tax differences were paid.
- The Company is committed to submitting tax returns in accordance with the Law No. 91 of 2005 and its amendments in legal due dates.
- The Company's records were not inspected for the period from 2005 till 30 September 2017.

Salary Tax

- The Company's records were inspected since inception till 2008 and all tax differences were paid.
- The Company's records were inspected for the years from 2009 till 2012 and all tax differences were paid.
- The Company's records were not inspected for the period from 2013 till 30 September 2017.

Stamp duty Tax

- The Company's records were inspected since inception till 2006 and all tax differences were paid.
- The Company's records were not inspected for the period from 2013 till 30 September 2017.

Value added Tax

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

RAYA CONTACT CENTER (S.A.E)

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26 EARNING PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the period applicable to attribute to the Parent by the weighted average number of ordinary shares outstanding during the period. The Company has no dilutive shares.

The information necessary to calculate basic and diluted earnings per share is as follows:

	<i>Nine Months</i>		<i>Three Months</i>	
	2017	2016	2017	2016
	EGP	EGP		
Profit for the period attributable to the Parent	123,072,124	52,473,828	42,163,931	32,841,913
Employees' and board of directors share (estimated)*	(18,171,246)	(9,805,625)	(5,764,220)	(5,800,005)
Net profit applicable to attribute to the ordinary equity holders of the Parent	104,900,878	42,668,203	36,399,711	27,041,908
Weighted average number of ordinary shares for basic and diluted earnings	100,332,088	100,000,000	100,332,088	100,000,000
EPS – basic and diluted	1.05	0.43	0.36	0.27

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

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

27 SEGEMENT REPORTING

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

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

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

RAYA CONTACT CENTER (S.A.E)

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

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

Geographical segments Reporting

For the period ended 30 September 2017:

	Egypt EGP	Dubai EGP	Poland EGP	Eliminations EGP	Unallocated EGP	Total EGP
Revenue	428,108,328	106,220,798	22,721,083	-	-	557,050,209
Cost of revenue	(224,936,644)	(70,122,639)	(15,903,993)	-	-	(310,963,276)
Export subsidy revenue	1,506,063	-	-	-	-	1,506,063
Gross Profit	204,677,747	36,098,159	6,817,090	-	-	247,592,996
Operating expenses					(99,974,798)	(99,974,798)
Net finance income					8,822,244	8,822,244
Gain from sale of fixed assets					34,980	34,980
Foreign currency translation differences					(71,349)	(71,349)
Operating profits						156,404,073
Income tax expenses					(32,426,066)	(32,426,066)
Net profits						123,978,007
Other information						
Fixed assets additions	33,626,957	8,142,291	36,307	-	-	41,805,555
Depreciation expenses	(11,447,767)	(2,436,416)	(1,594,118)	-	-	(15,478,301)
Total assets	415,463,989	79,264,750	13,688,181	(16,747,860)	-	491,669,060
Total liabilities	(141,001,963)	(38,346,141)	(9,025,294)	16,747,860	-	(171,625,538)

For the period ended 30 September 2016:

	Egypt EGP	Dubai EGP	Poland EGP	Eliminations EGP	Unallocated EGP	Total EGP
Revenue	304,264,721	18,478,005	14,219,346	-	-	336,962,072
Cost of revenue	(163,559,349)	(16,138,143)	(10,620,258)	-	-	(190,317,750)
Export subsidy revenue	(1,446,774)	-	-	-	-	(1,446,774)
Gross Profit (Loss)	139,258,598	2,339,862	3,599,088	-	-	145,197,548
Operating expenses					(68,838,041)	(68,838,041)
Net finance cost					(1,657,872)	(1,657,872)
Gain from sale of fixed assets					4,490	4,490
Foreign currency translation differences					(4,864,945)	(4,864,945)
Operating profits						69,841,180
Income tax expenses					(17,045,831)	(17,045,831)
Net profits						52,795,349
Other information						
Fixed assets additions	9,652,923	401,265	905,413	-	-	10,959,601
Depreciation expenses	(11,473,633)	(2,436,416)	(1,594,118)	-	-	(15,504,167)
Total assets	166,878,180	79,264,750	13,688,181	(12,661,875)	-	247,169,236
Total liabilities	(104,951,661)	(38,346,141)	(9,025,294)	12,661,875	-	(139,661,221)

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Business Segment Reporting
For the period ended 30 September 2017:

	Back Office Services EGP	Contact Center Services EGP	Inside Sales Services EGP	Professional Services EGP	Unallocated EGP	Total EGP
Revenue	20,290,722	384,155,874	4,839,189	147,764,424	-	557,050,209
Cost of revenue	-	-	-	-	(310,963,276)	(310,963,276)
Total assets	-	-	-	-	491,669,060	491,669,060

For the period ended 30 September 2016:

	Back Office Services EGP	Contact Center Services EGP	Inside Sales Services EGP	Professional Services EGP	Unallocated EGP	Total EGP
Revenue	16,100,894	250,844,703	5,383,974	64,632,501	-	336,962,072
Cost of revenue	-	-	-	-	(190,317,750)	(190,317,750)
Total assets	-	-	-	-	247,169,236	247,169,236

28 CONTINGENT LIABILITIES

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

Original Currency	Currency	30 September 2017	31 December 2016
	EGP	2,828,680	2,200,855
	USD	1,928,466	2,300,824
	EUR	114,279	114,279
	SAR	-	1,000,000
	QAR	-	1,250,000
EGP Equivalent	Currency		
	EGP	2,828,680	2,200,855
	USD	34,191,701	43,715,661
	EUR	2,386,137	2,273,001
	SAR	-	5,070,000
	QAR	-	6,500,000

The paid margin of letters of guarantee amounted to EGP 244,370 as at 30 September 2017 (31 December 2016: EGP 27,680).

A letter of guarantee amounted to USD 175,069 equivalent to EGP 3,326,311 was issued from Raya Integration Company bank account (subsidiary of the Ultimate Parent) in favour of Raya Contact Center Company.

B. Legal cases

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

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29 FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

Overview

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

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

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

a) Credit risk

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

Trade and notes receivables

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

Other financial assets

With respect to credit risk arising from the other financial assets of the Company at amortised cost, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

Bank Balances

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

Due from related parties

Due from related parties are with minimal credit risk, with a maximum exposure equal to the carrying amount of these balances.

b) Market risk

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

Exposure to interest rate risk

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

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

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

	30 September 2017		30 September 2016	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
Financial asset	+1%	306,900	+1%	33,573
	-1%	(306,900)	-1%	(33,573)
Financial liability	+1%	(1,795)	+1%	(49,230)
	-1%	1,795	-1%	49,230

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29 FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (Continued)

b) Market risk (Continued)

Exposure to foreign currency risk

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

	30 September 2017			30 September 2016		
	Change in rate	Effect on profit before tax EGP	Effect on Equity EGP	Change in rate	Effect on profit before tax EGP	Effect on Equity EGP
USD	+10%	6,908,525	-	+10%	10,775,708	-
	-10%	(6,908,525)	-	-10%	(10,775,708)	-
AED	+10%	1,699,064	4,091,861	+10%	1,339,783	1,567,494
	-10%	(1,699,064)	(4,091,861)	-10%	(1,339,783)	(1,567,494)
EUR	+10%	36,674	-	+10%	71,419	-
	-10%	(36,674)	-	-10%	(71,419)	-
PLN	+10%	-	466,289	+10%	-	(202,559)
	-10%	-	(466,289)	-10%	-	202,559
GBP	+10%	20,597	-	-	-	-
	-10%	(20,597)	-	-	-	-
SAR	+10%	668,950	-	+10%	33,287	-
	-10%	(668,950)	-	-10%	(33,287)	-

c) Liquidity risk

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

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

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

Financial liabilities	Less than 3 Months EGP	3 to 12 months EGP	1 to 5 Years EGP	Over 5 years EGP	Total EGP
<i>As at 30 September 2017</i>					
Credit facilities	4,960,588	-	-	-	4,960,588
Accounts and notes payable	66,644,259	-	-	-	66,644,259
Accrued expenses and other credit balances	53,968,412	-	-	-	53,968,412
Due to related parties	7,334,864	-	-	-	7,334,864
Income tax payable	-	25,913,419	-	-	25,913,419
Dividends payable	4,673,476	-	-	-	4,673,476
Total undiscounted financial liabilities	137,581,599	25,913,419	-	-	163,495,018

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29 FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (Continued)

c) Liquidity risk (Continued)

Financial liabilities	<i>Less than 3 Months EGP</i>	<i>3 to 12 Months EGP</i>	<i>1 to 5 years EGP</i>	<i>Over 5 years EGP</i>	<i>Total EGP</i>
<i>As at 31 December 2016</i>					
Credit facilities	1,299,531	-	-	-	1,299,531
Accounts and notes payable	43,402,556	-	-	-	43,402,556
Accrued expenses and other credit balances	40,373,342	-	-	-	40,373,342
Income tax payable	-	36,365,628	-	-	36,365,628
Dividends payable	312,268	-	-	-	312,268
Total undiscounted financial liabilities	<u>85,387,697</u>	<u>36,365,628</u>	<u>-</u>	<u>-</u>	<u>121,753,325</u>

30 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

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

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