RAYA INTEGRATION COMPANY (S.A.E)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
All TOGETHER WITH AUDITOR'S REPORT

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Allied for Accounting & Auditing
Ragheb, Hamouda, Istanbouli, Tageldeen & El-Kilany
P.O. Box 20 Kattameya
Rama Tower
Ring Road, Zone #10A
Kattameya, Cairo, Egypt

Tel: +202 2726 0260
Fax: +202 2726 0100
Cairo.office@eg.ey.com
ey.com/mena

Translation of Auditor's report
Originally issued in Arabic

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF RAYA INETGRATION COMPANY (S.A.E)

Report on the Financial Statements

We have audited the accompanying financial statements of **RAYA INTEGRATION COMPANY (S.A.E),** represented in the balance sheet as of 31 December 2014, and the related statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above, give a true and fair view, in all material respects, of the financial position of **RAYA INTEGRATION COMPANY (S.A.E)**, as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records that comply with the laws and the Company's articles of association and the financial statements agree with the Company's records. The physical inventory counts was undertaken by the Company's Management in accordance with the proper norms.

The financial information included in the Board of Directors' Report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the books of the Company so far as such information is recorded therein.

Cairo: 28 April 2015.

Auditor

M. Kissi

Mohamed Abu El Kassim
FESAA - FEST
(RAA 17553)
(EFSAR 359)

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RAYA INTEGRATION COMPANY (S.A.E)

BALANCE SHEET
As of 31 December 2014

	Note	31/12/2014 LE	31/12/2013 LE
Non current assets			
Fixed assets	(3)	**76,684,615**	83,398,317
Projects under constructions		**58,843**	-
Available for sale investments	(4)	**622,300**	551,628
Total non current assets		77,365,758	83,949,945
Current assets			
Inventory	(5)	**10,144,692**	18,944,554
Work in progress	(6)	**32,684,868**	21,246,155
Accounts and notes receivable	(7)	**100,142,554**	136,119,716
Due from related parties	(13-3)	**33,905,591**	13,052,722
Prepayments and other debit balances	(8)	**49,081,928**	51,214,047
Tax assets	(9)	**20,687,915**	19,891,821
Cash at banks	(10)	**4,736,868**	5,075,745
Total current assets		**251,384,416**	265,544,760
Current liabilities			
Credit facilities	(11)	**58,678,320**	93,361,195
Accounts and notes payable	(12)	**105,800,183**	92,130,919
Due to related parties	(13-3)	**24,174**	4,170,952
Accrued expenses and other credit balances	(14)	**65,962,002**	43,742,483
Provisions	(15)	**6,758,603**	5,726,124
Dividends payable		-	981,956
Total current liabilities		**237,223,282**	240,113,629
Working capital		**14,161,134**	25,431,131
Total investment		**91,526,892**	109,381,076
Financed as follows:			
Equity			
Capital	(16)	**63,182,600**	63,182,600
Legal reserve		**2,301,899**	1,992,565
Profits for the year		**7,113,718**	6,186,679
Total equity		**72,598,217**	71,361,844
Non Current liabilities			
Due to holding company	(13-4)	**12,671,135**	30,821,240
Other long term liabilities		**3,372,776**	3,412,757
Deferred tax liabilities	(17-2)	**2,884,764**	3,785,235
Total non-current liabilities		**18,928,675**	38,019,232
Total finance of working capital and non current assets		**91,526,892**	109,381,076

Financial manager

Mohamed Abd El-Mohsen

Managing director

Hisham Abdel Rasoul

- The accompanying notes from (1) to (22) are integral part of these financial statements.
- Auditor's report attached.

Translation of financial statements
Originally issued in Arabic

RAYA INTEGRATION COMPANY (S.A.E)

STATEMENT OF INCOME
For The Year Ended 31 December 2014

	Note	2014 LE	2013 LE
Operating revenues	(18)	**431,788,701**	385,717,798
Operating cost	(19)	**(373,389,323)**	(335,433,363)
GROSS PROFIT		**58,399,378**	50,284,435
Marketing expenses		**(9,889,270)**	(9,255,959)
General and administrative expenses		**(35,425,096)**	(32,209,430)
Impairment of accounts receivable	(7)	**(3,374,957)**	(4,299,490)
Reversal of accounts receivable Impairment	(7)	**6,401,509**	4,372,921
Provisions	(15)	**(1,740,030)**	-
Retention and security deposits' impairment	(8)	**(2,436,840)**	(241,826)
OPERATING PROFIT		**11,934,694**	8,650,651
Other income		**6,902,355**	6,896,856
Foreign currency exchange		**(179,176)**	(532,253)
Credit interests		**73,528**	75,094
Debit interests		**(7,604,749)**	(6,791,125)
PROFITS BEFORE INCOME TAXES		**11,126,652**	8,299,223
Income tax	(17-1)	**(4,012,934)**	(2,112,544)
PROFITS FOR THE YEAR		**7,113,718**	6,186,679

Financial manager

Mohamed Abd El-Mohsen

Managing director

Hisham Abdel Rasoul

- The accompanying notes from (1) to (22) are integral part of these financial statements.

RAYA INTEGRATION COMPANY (S.A.E)

STATEMENT OF CHANGES IN EQUITY
For The Year Ended 31 December 2014

	Capital	Legal Reserve	Retained earnings	Profits for the year	Total
	LE	LE	LE	LE	LE
Balance as of 1 January 2014	63,182,600	1,992,565	-	6,186,679	71,361,844
Transferred to legal reserve and retained earnings	-	309,334	5,877,345	(6,186,679)	-
Dividends distribution	-	-	(5,877,345)	-	(5,877,345)
Profits for the year	-	-	-	7,113,718	7,113,718
Balance as of 31 December 2014	**63,182,600**	**2,301,899**	-	**7,113,718**	**72,598,217**
Balance as of 1 January 2013	63,182,600	1,720,541	863,492	5,440,476	71,207,109
Transferred to legal reserve and retained earnings	-	272,024	5,168,452	(5,440,476)	-
Dividends distribution	-	-	(6,031,944)	-	(6,031,944)
Profits for the year	-	-	-	6,186,679	6,186,679
Balance as of 31 December 2013	**63,182,600**	**1,992,565**	-	**6,186,679**	**71,361,844**

- The accompanying notes from (1) to (22) are integral part of these financial statements.

RAYA INTEGRATION COMPANY (S.A.E)

STATEMENT OF CASH FLOWS
For The Year Ended 31 December 2014

	Note	2014 LE	2013 LE
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits before income taxes		11,126,652	8,299,223
Depreciation of fixed assets	(3)	7,270,455	7,202,340
Impairment of inventory	(5)	1,281,403	436,638
Provisions no longer required	(15)	(1,206,808)	(1,737,909)
Formed provisions	(15)	3,361,043	1,591,720
Retention and security deposits' impairment	(8)	2,436,840	241,826
Impairment of accounts receivable	(7)	3,374,957	4,299,490
Reversal of accounts receivable impairment	(7)	(6,401,509)	(4,372,921)
		21,243,033	15,960,407
Change in inventory		7,518,459	(15,184,074)
Change in work in progress		(11,438,713)	(8,543,263)
Change in accounts and notes receivable		39,003,715	(53,165,809)
Change in due from related parties		(20,853,869)	8,390,928
Change in prepayments and other debit balances and tax asset		(6,014,220)	(21,939,613)
Change in accounts and notes payable		13,669,264	29,494,777
Change in due to related parties		(4,146,779)	(2,182,349)
Change in accrued expenses and other credit balances		22,179,538	13,939,678
Change in due to holding company		(18,219,777)	(7,928,036)
CASH FLOWS (USED IN) PROVIDED FROM OPERATING ACTIVITIES		42,940,651	(41,157,354)
Provisions used	(15)	(1,121,756)	(963,626)
NET CASH FLOWS (USED IN) PROVIDED FROM OPERATING ACTIVITIES		41,818,895	(42,120,980)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire fixed assets and work in progress	(3)	(615,596)	(306,834)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(615,596)	(306,834)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and (payments) of credit facilities		(34,682,875)	30,058,353
Dividends paid		(6,859,301)	(6,832,659)
NET CASH FLOWS PROVIDED FROM (USED IN) FINANCING ACTIVITIES		(41,542,176)	23,225,694
Net (decrease) increase in cash and cash equivalent during the year		(338,877)	(19,202,120)
Cash and cash equivalent - beginning of the year		5,075,745	24,277,865
CASH AND CASH EQUIVALENT - END OF THE YEAR	(10)	4,736,868	5,075,745

- The accompanying notes from (1) to (22) are integral part of these financial statements.

RAYA INTEGRATION COMPANY (S.A.E)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014

1 BACKGROUND

- Raya Integration Company (S.A.E) was established under the name of Tritech for Information technology and Communication in Egypt on 17 July 1996, according to law No. 159 for 1981 and law No, 95 for 1992. The company started its activities on 1 August 1996.
- On 28 April 2002, the company's general assembly decided in its meeting to change the company's name from Tritech for Information technology and Communication (S.A.E) to be Raya Integration (S.A.E) and this modification was approved in the commercial register of the company on 4th July 2002.

COMPANY'S PURPOSE

- Trading in all kinds of wired and wireless telecommunication equipments, computers and other electronic devices as well as its spare parts and supplies.
- Establishing service centres, maintenance, and importing, exporting and commercial agents.

2 SIGNIFICANT ACCOUNTING POLICIES

2-1 Basis of preparation
The financial statements have been prepared under the going concern assumption and on historical cost basis.

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

2-2 Changes in accounting policies
The accounting policies adopted this year are consistent with those of the previous year.

2-3 Foreign currency translation
- The financial statements are prepared and presented in Egyptian pound, which is the company's functional currency.
- Transactions in foreign currencies are initially recorded using a fixed exchange rate changing monthly.
- Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rate prevailing at the balance sheet date. All differences are recognized in the statement of income.
- Nonmonetary items that are measured at historical cost in foreign currency are translated using the exchange rates prevailing at the dates of the initial recognition.
- Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value is determined.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2-4 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 plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of income as incurred.

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

	Year
Buildings	15-50
Installations and fixtures	19
Furniture and office equipments	8
Computers and software	2-4
Electrical equipment	2-4
Leasehold improvements	3
Tools	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 on derecognizing of the asset is included in the statement of income 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 balance sheet date whether there is an indication that fixed assets may be impaired. Where 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 income

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 income.

2-5 Available for sale investments

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

Available for sale investments are initially recognized at fair value inclusive directly attributable expenses.

After initial measurement, available for sale investments are measured at fair value with unrealized gains or losses recognized directly in equity until the investment is derecognized, at which time the cumulative gain or loss recorded in equity is recognized in the statement of income, or determined to be impaired, at which time the cumulative loss recorded in equity is recognized in the statement of income. If the fair value of an equity instrument cannot be reliably measured, the investment is carried at cost.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2-5 Available for sale investments (continued)

a) Equity investments: where there is an evidence of impairment, the cumulative loss is removed from the equity and recognized in the statement of income. Impairment losses on equity investments are not reversed through the statement of income; increases in the fair value after impairment are recognized directly in equity.

b) Debt investments: where there is an evidence of impairment, loss is removed from the equity and recognized in the statement of income and interest continues to be accrued at original rate on the reduced carrying amount of the asset. If the fair value of the debt investment increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the statement of income.

2-6 Inventory

The inventory items are valued as follows:

a) **Equipment and its accessories**
Valued at the lower of cost (using the weighted average method) or net realizable value.

b) **Spare parts**
Valued at the lower of cost (using the weighted average method) or net realizable value.

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

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

2-7 Accounts receivable and other debit balances

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

2-8 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.

Where discounting is used, the increase in the provision due to the passage of time is included in a finance cost.

- **Warranty provision**
  A 1% warranty provision is charged based on the total amount of each sales invoice except for programs and solutions, maintenance, and license invoices, this provision is accumulated to settle any expected future obligations.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2-9 Employees' pension plan

The company contributes in the social insurance system in favour of the employees according to Law No. 79 for year 1975 and its amendments. This cost is charged to the income statement according to the accrual basis; accordingly, the company's liability is limited to its contribution only.

2-10 Legal reserve

According to the company's articles of association, 5% of the net profits of the year are 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.

2-11 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 balance sheet 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 income statement 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 income statement.

2-12 Income taxes

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

Current income tax

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

Deferred income tax

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2-13 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, excluding discounts, rebates, and sales taxes or duty.

The following specific recognition criteria must also be met before revenue is recognized:

- **Sale of goods**

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

Revenue from sale of goods in addition to its installation and operating it and training the staff is recognized on two stages:
First stage: When the goods are delivered to the clients.
Second stage: When goods are installed and is operating or training the client's employees is complete.

- **Service income**

Revenue is recognized when the company's perform the service directly to the clients.

- **Interest income**

Interest income is recognized as interest accrues using the effective interest method. Interest income is included in finance revenue in the statement of income.

- **Rental income**

Rental income is accounted for on a straight line basis over the rent term.

2-14 Expenses

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

2-15 Dividends

Dividends are recorded as a liability in the financial period in which they are declared.

2-16 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 they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2-17 Work in Progress

Work in progress represents the cost of works and services for which the performance has not been completed and its related revenue is not yet recognized, those costs are chargeable to the income statement in the period in which the related revenue is recognized.

2-18 Related parties 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.

2-19 Accounting estimates

The preparation of the financial statements according to Egyptian Accounting Standards requires management to make estimates and assumptions that affect assets and liabilities, revenues and expenses during fiscal years. The actual results may differ from those estimates.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2-20 Impairment of assets

Impairment of financial assets

The company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is 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 balance sheet date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of income.

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 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 income.

2-21 Statement of cash flows

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

2-22 Cash and cash equivalent

For the purpose of preparing the cash flow statement, the cash and cash equivalent comprise cash on hand, current accounts with banks, checks under collection and time deposits maturing within three months less bank credit balance.

RAYA INTEGRATION COMPANY (S.A.E)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014

3 FIXED ASSETS

	Land	Buildings	Installations and fixtures	Furniture and office equipment	Computers and software	Electrical equipment	Leasehold improvements	Tools	Vehicles	Total
	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
Cost										
1 January 2014	4,150,000	48,660,883	74,898,664	655,584	6,867,498	942,563	2,461,969	223,842	151,982	139,012,985
Addition	-	-	-	20,060	366,769	1,223	168,701	-	-	556,753
31 December 2014	4,150,000	48,660,883	74,898,664	675,644	7,234,267	943,786	2,630,670	223,842	151,982	139,569,738
Accumulated depreciation										
1 January 2014	-	(13,581,944)	(31,240,254)	(642,973)	(6,473,851)	(939,396)	(2,360,430)	(223,840)	(151,980)	(55,614,668)
Depreciation for the year	-	(2,092,661)	(4,813,395)	(5,231)	(297,877)	(1,000)	(60,291)	-	-	(7,270,455)
31 December 2014	-	(15,674,605)	(36,053,649)	(648,202)	(6,771,728)	(940,396)	(2,420,721)	(223,840)	(151,980)	(62,885,123)
Net book value										
31 December 2014	**4,150,000**	**32,986,278**	**38,845,015**	**27,442**	**462,539**	**3,390**	**209,950**	**2**	**2**	**76,684,615**
31 December 2013	4,150,000	35,078,939	43,658,410	12,611	393,647	3,167	101,539	2	2	83,398,317

- There is a mortgage on the land on which the building is constructed which works as a guarantee for a bank loan taken by Raya Holding .
- There are no restrictions on fixed assets.

RAYA INTEGRATION COMPANY (S.A.E)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

3 Fixed Asset (continued)

- The cost of assets fully depreciated that and still in use are as follows :

	31/12/2014	31/12/2013
	LE	LE
Vehicles	151,980	151,980
Computers	5,421,677	5,413,874
Leasehold improvements	2,280,510	2,280,510
Electrical equipment	938,562	223,840
Furniture	613,760	613,760
Software	710,619	710,619
Tools	223,840	223,840
	10,340,948	9,618,423

Depreciation is allocated as follows:

	31/12/2014	31/12/2013
	LE	LE
Operating cost	147,824	150,501
General and administrative expenses	7,074,465	7,014,414
Marketing and selling expenses	48,166	37,425
	7,270,455	7,202,340

4 AVAILABLE FOR SALE INVESTMENTS

	Ownership percentage	31/12/2014 LE	31/12/2013 LE
Raya Contact Center Company	0.23 %	**164,048**	90,000
Raya Networks Company	0.25 %	**1,250**	1,250
Raya for Information Technology and Management Company	0.25 %	**5,000**	5,000
Raya for contact center Buildings management Company	1%	**2,500**	2,500
Raya for Finance Lease Company	1%	**145,000**	145,000
Raya Software Company	0.05 %	**565**	565
Raya Distribution Company	0.16%	**18,000**	18,000
Raya Maintenance Company	0.0%	-	9,000
Raya Social Media Company (RSM)	10%	**150,000**	150,000
Raya Data Centre Company	1%	**8,437**	2,813
Raya for Foods and Beverages Company	1%	**2,500**	2,500
Raya For Venture and Investment Company	1%	**125,000**	125,000
		622,300	551,628

All available for sale investments are not listed in the stock market and are carried at cost, since the fair value of these investments cannot be reliably measured.

During 2014, the company sold its investment in Raya Maintenance Company with the cost recorded in the books

5 Inventory

	31/12/2014 LE	31/12/2013 LE
Equipment and supplies	**8,120,524**	8,320,295
Spare parts	**4,956,098**	5,391,732
Goods in transit	**44,020**	6,927,074
	13,120,642	20,639,101
Less: Impairment of Inventory	**(2,975,950)**	(1,694,547)
	10,144,692	18,944,554

- The amount of impairment of inventory /reversal of impairment of inventory is included in the operating cost.
- Movement of impairment of inventory is represented as follows:

	31/12/2014	31/12/2013 LE
Balance as of 1 January	**(1,694,547)**	(1,257,909)
Formed during the year	**(1,281,403)**	(436,638)
Balance as of 31 December	(2,975,950)	(1,694,547)

6 WORK IN PROGRESS

Work in progress recognized in the balance sheet as of 31 December 2014 amounted to LE 32,684,868 represents all amounts paid for jobs not completed yet till 31 December 2014 (31 December 2013 amounted to LE 21,246,155).

7 ACCOUNTS AND NOTES RECEIVABLE

	31/12/2014 LE	31/12/2013 LE
Accounts receivable	106,926,685	143,098,119
Accounts receivable - related parties (note 13-1)	1,536,601	3,798,758
Notes receivable	-	570,123
Less:	108,463,286	147,467,000
Accounts receivable impairment	(8,320,732)	(11,347,284)
	100,142,554	136,119,716

Movement of the impairment of receivables is as follows:

	31/12/2014 LE	31/12/2013 LE
Balance as of 1 January	(11,347,284)	(11,420,715)
Formed during the year	(3,374,957)	(4,299,490)
Reversal of accounts receivable Impairment	6,401,509	4,372,921
	(8,320,732)	(11,347,284)

8 PREPAYMENTS AND OTHER DEBIT BALANCES

	31/12/2014 LE	31/12/2013 LE
Suppliers down payments	27,959,376	21,546,868
Accrued revenue	13,622,628	22,994,340
Retentions and security deposits	4,961,085	3,186,365
Prepaid expenses	938,012	678,210
Margin on letters of guarantee (note 20)	4,721,419	3,093,648
Customs authority	80,912	858,127
Deposits with others	34,050	58,050
Other debit balances	288,934	-
Tax authority - tax added from suppliers	209,966	96,053
	52,816,382	52,511,661
Retention and security deposits' impairment	(3,734,454)	(1,297,614)
	49,081,928	51,214,047

- Movement of retention and security deposits' impairment is represented as follows:

	31/12/2014 LE	31/12/2013 LE
Balance as of 1 January	(1,297,614)	(1,055,788)
Retention and security deposits' impairment	(2,436,840)	(241,826)
	(3,734,454)	(1,297,614)

9 TAX ASSET

	31/12/2014 LE	31/12/2013 LE
Withholding Tax (customers and custom Authority)	25,601,322	24,251,375
Accrued income tax	(4,913,407)	(4,359,554)
	20,687,915	19,891,821

10 CASH AT BANKS

	31/12/2014 LE	31/12/2013 LE
Current account- Egyptian Pound	276,385	75,107
Current account -USD	2,453,716	603,715
Checks under collection	2,006,767	4,396,923
	4,736,868	5,075,745

11 CREDIT FACILITIES

	31/12/2014 LE	31/12/2013 LE
Egyptian pound	47,688,551	92,827,889
Foreign currency	10,989,769	533,306
	58,678,320	93,361,195

- All credit facilities obtained by the company are guaranteed by Raya Holding for Technology and Communication Company .

12 ACCOUNTS AND NOTES PAYABLE

	31/12/2014 LE	31/12/2013 LE
Accounts payable	101,289,337	89,095,251
Accounts payable - related parties (note 13-2)	871,958	434,691
Notes payable	3,638,888	2,600,977
	105,800,183	92,130,919

13 RELATED PARTIES TRANSACTIONS

Represented in the transactions between the company and related companies, shareholders in such companies are the same shareholders in Raya Integration. Below are the main transactions included in the income statement including its nature, volume during the year and the balance of the related accounts at the date of balance sheet:

Company	Relation	Nature of transaction	Amount 31/12/2014 LE	Amount 31/12/2013 LE
Raya Holding for Technology and Communication	Holding Company	Sales	1,831,058	2,642,336
Raya Distribution	Subsidiary of the Holding company	Purchases	4,908,951	1,011,869
Raya for Information Technology and Management	Subsidiary of the Holding company	Purchases	-	365,889
		Sales	407,000	-
Call Centre - C3	Subsidiary of the Holding company	Purchases	299,868	269,336

Raya Contact Center	Subsidiary of the Holding company	Sales	**2,356,447**	3,091,650
		Purchases	**271,350**	488,432
Raya Data Center	Subsidiary of the Holding company	Purchases	**1,647,649**	1,396,101
Raya Network	Subsidiary of the Holding company	Purchases	**24,651,996**	1,831,045
		Sales	**144,375**	-
Raya Electronics	Subsidiary of the Holding company	Purchases	**14,846**	59,455
Leeds for energy and electromechanical solutions and services	Subsidiary of the Holding company	Sales	**-**	399,400
Raya for Financing Lease	Subsidiary of the Holding company	Sales	**-**	4,805,915
Raya International Services	Subsidiary of the Holding company	Purchases	**246,469**	655,191
		Sales	**200,164**	-
Raya for smart buildings	Subsidiary of the Holding company	Sales	**508,302**	-

These transactions resulted in the following balances:

13-1 Accounts and Notes receivable (note 7)

	31/12/2014	31/12/2013
	LE	LE
Leeds Company for energy and electromechanical solutions and services	**-**	969,576
Raya Contact Center Company	**573,065**	1,256,250
Raya Holding Company for Technology and Communication Company	**963,536**	1,572,932
	1,536,601	3,798,758

13-2 Accounts and notes payable (note 12)

	31/12/2014	31/12/2013
	LE	LE
Raya Distribution Company	**180,846**	73,390
Raya Contact Centre Company	**70,380**	92,880
Raya for International Services	**51,281**	-
Call Center Company - C3	**128,561**	93,215
Raya Data Center Company	**440,890**	175,206
	871,958	434,691

13-3 Due from / to related parties

	31/12/2014		31/12/2013	
	Debit	**Credit**	Debit	Credit
	LE	**LE**	LE	LE
Raya Distribution Company	**8,654,755**	-	-	568,763
Raya Network Company	**13,745,338**	-	9,161,563	-
Raya International Services Company	-	**12,174**	3,332,233	-
Ostool for Land Transport Company	-	-	6,902	-
Innovo for Furniture Company			550,739	-
Raya For Social Media Company	-	-	285	-
Raya Holding for Technology and Communication	**11,500,000**	-	1,000	
Raya Restaurants	-	**12,000**	-	-
Call Center Company - C3	**4,931**	-	-	-
Raya Contact Center Company	**567**	-	-	3,602,189
	33,905,591	**24,174**	13,052,722	4,170,952

13-4 Due to Holding Company

	31/12/2014	31/12/2013
	LE	LE
Balance as of 1 January	**30,821,240**	**38,479,276**
Net transactions during the year	**(18,150,105)**	**(7,658,036)**
	12,671,135	**30,821,240**

14 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31/12/2014	31/12/2013
	LE	LE
Customer advance payments*	**34,903,328**	18,005,490
Unearned revenues	**13,085,105**	9,184,289
Accrued expenses	**9,166,194**	11,329,054
Tax authority – payroll tax	**146,272**	113,516
Tax authority – sales tax	**3,167,250**	1,403,671
Other credit balances	**5,493,853**	3,706,463
	65,962,002	43,742,483

*Customer advance payments balance represents the collection from clients upon signing the contract based on a percentage agreed in the contract, against a letter of guarantee issued by the company in favour of the client with the exact amount received.

15 PROVISIONS

	Balance as of 1/1/2014	Charged during the year	Provisions no longer required	Used during the year	**Balances as of 31/12/2014**
	LE	LE	LE	LE	**LE**
Warranty provision	1,519,374	711,958	(1,094,844)	(7,814)	**1,128,674**
Letter of Guarantees Provision	2,351,158	1,140,030	-	(12,850)	**3,478,338**
Tax Provision	545,032	600,000	-	(1,101,092)	**43,940**
Other provisions	1,310,560	909,055	(111,964)	-	**2,107,651**
	5,726,124	3,361,043	(1,206,808)	(1,121,756)	**6,758,603**

PROVISIONS (CONTINUED)

- Warranty provision amounted to LE 711,958 and Warranty provision no longer required amounted to LE 1,094,844 were charged to operating cost.
- The other provisions amounted to LE 909,055 and other provision no longer required amounted to LE 111,964 were also charged to the operating cost.

16 CAPITAL

The authorized capital amounted to LE 150,000,000 (Hundred and Fifty Million Egyptian Pounds) and the paid up amounted to LE 63,182,600 (Sixty three Million hundred eighty two six hundred Egyptian pound) distributed among 631826 shares (Six hundred thirty one eight hundred twenty six shares); the par value per share is LE 100 as follows:

	Ownership	No. of Shares	Par value
	%		LE
Raya Holding Company for Technology and Communication (S.A.E)	99.90	631169	63,116,900
Raya Distribution Company (S.A.E)	0.03	201	20,100
Raya Contact Center Company (S.A.E)	0.01	50	5,000
Other shareholders	0.06	406	40,600
	100	631826	63,182,600

17 INCOME TAXES

17 -1 INCOME TAXES

	31/12/2014 LE	31/12/2013 LE
Current income tax	**4,913,514**	2,573,861
Deferred income tax	**(900,580)**	(461,317)
Income tax expense	**4,012,934**	2,112,544

17-2 DEFERRED INCOME TAX

	Balance sheet		Income statement	
	31/12/2014 LE	31/12/2013 LE	**31/12/2014 LE**	31/12/2013 LE
Depreciation of fixed assets	**(8,328,350)**	(8,801,626)	**(473,276)**	(1,547,595)
Provisions	**5,443,586**	5,016,391	**(427,304)**	2,008,912
Net deferred income tax	**(2,884,764)**	(3,785,235)	**(900,580)**	461,317

18 OPERATING REVENUES

	31/12/2014 LE	31/12/2013 LE
Revenue of installation and equipment supplies	**364,124,196**	322,420,687
Revenue of maintenance	**67,664,505**	63,297,111
	431,788,701	385,717,798

19 OPERATING COST

	31/12/2014 LE	31/12/2013 LE
Cost of installation and equipment supplies	**(335,358,806)**	(303,264,359)
Cost of maintenance	**(38,030,517)**	(32,169,004)
	(373,389,323)	(335,433,363)

20 CONTINGENT LIABILITIES

Letters of guarantee issued by company's banks in favour of third parties amounted to LE 309,300,306 (LE 244,181,265 as of 31 December 2013), the letters of guarantee margin amounted to 4,721,419 LE (LE 3,093,648 as of 31 December 2013) which is included in the balance sheet in prepayments and other debit balances (note 8) while the value of the uncovered parts amounted to 304,578,887 LE (LE 241,087,617 as of 31 December 2013).

21 TAX SITUATION

1- Sales taxes

- The company's records were inspected since starting the activity till year 2010
- Inspecting the company's records for the years 2011 till 2013 is in process
- The company is committed to provide the monthly sales tax return.

2- Corporate taxes

- The company's records were inspected since starting the activity in year 1997 till 2004 and the tax differences were settled.
- The company's records for years 2005 till 2009 were inspected.
- The company's records until 2011 were inspected

3- Salary taxes

- The company's records were inspected till year 2009 and the difference will be paid from the credit balance of withholding tax.
- Inspecting the company's records for the years 2010 till 2012 is in process.

4- Stamp duty taxes

- The company's records were inspected till 2011 and all tax differences will be deducted from the credit balance of withholding tax .

22 FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

The financial instruments of the company are represented in the financial assets and liabilities, financial assets includes cash at banks, accounts and notes receivable, due from related parties and other debit balances, and the financial liabilities includes credit facilities, accounts and notes payable, due to related parties - due to holding company, dividends payable and accrued expense and other credit balances.

The significant accounting policies applied for the recognition and measurement of the above mentioned financial assets and liabilities and the related income and expenses are included in note (2) of the notes to the financial statements.

The fair value of the financial assets and liabilities are not materially different from their carrying amounts.

RISK MANAGEMENT

A- 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 is exposed to interest rate risk on its interest bearing assets and liabilities; bank deposits and credit facilities.

The Company monitors the maturity structure of the assets and liabilities with the related interest rates.

B- Foreign Currency Risk
The foreign currency risk is the risk that the value of the financial assets and liabilities and the related cash inflows and outflows in foreign currencies will fluctuate due to changes in foreign currency exchange rates.

The total financial assets denominated in foreign currencies amount to LE 69,059,025 whereas, the total financial liabilities denominated in foreign currencies amount to LE 62,542,545.

Foreign Currency Risk is being managed through determining limits by management and continuance evaluation in the frame of the current and future changes which is predicted for movements in prices.

C- Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company is exposed to credit risks on its receivables balances and as well as due from related parties and cash at banks as follows:

	31/12/2014	31/12/2013
	LE	LE
Cash on bank	**4,736,868**	5,075,745
Receivables	**108,463,286**	147,467,000
Due from related parties	**33,905,591**	13,051,722
	147,105,745	165,594,467

Credit risks related to bank accounts :
The company limits its credit risk by dealing with banks with good reputation.

Credit risks related to receivables :
The company limits its credit risk through the following :
- Monitoring outstanding customer receivables balances .
- Ensuring that any shipments to major customers are generally covered by letters of credit or any other form of credit assurance .

Credit risks related to due from related parties :
Due from related parties is with minimal risk , also Raya Holding for Technology and Communication guarantee the transactions which occur between related parties .