

Translation of interim condensed separate financial statements
originally issued in Arabic and limited review report

**Orascom Telecom, Media
and Technology Holding (S.A.E)**

**Subject to the provisions of law no. 95
for year 1992 and its executive regulations**

**Interim Condensed Separate Financial Statements for the three-month
Period ended March 31, 2017**

Together with Limited, review Report



Hazem Hassan
Public Accountants & Consultants

Pyramids Heights Office Park
Km 22 Cairo/Alex Road
P.O. Box 48 Al Ahram
Giza - Cairo - Egypt

Telephone : (202) 35 36 22 00 - 35 36 22 11
Telefax : (202) 35 36 23 01 - 35 36 23 05
E-mail : egypt@kpmg.com.eg
Postal Code : 12556 Al Ahram

Report on Limited Review of Interim Condensed Separate Financial Statements

To: The Board of Directors of Orascom Telecom, Media and Technology Holding (S.A.E)

Introduction

We have performed a limited review for the accompanying interim condensed separate statement of financial position of Orascom Telecom,Media and Technology Holding (S.A.E) as of March 31, 2017 and the related interim condensed separate statements of income, comprehensive income, changes in equity, and cash flows for the three-month 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 condensed separate financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed separate financial statements based on our limited review.

Scope of Limited Review

Except for the matters explained in the Basis for Qualified Conclusion paragraph, we conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, and applying analytical and other limited review procedures. A limited 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 on these interim condensed separate financial statements.

Basis for Qualified Conclusion

As disclosed in more details in note (14) of the interim condensed separate financial statements, the company has modified the accounting treatment of the investment in CHEO Technology JV (Koryolink) in the period ended September 30, 2015 to be investment in associate instead of investment in subsidiaries. In the group management's view the control over the subsidiary's activities was lost, due to the increase of the severity of financial and operational obstacles and the futility of the negotiation conducted by the management of the group and the Korean side to the expected results that would remove some of such obstacles according to the management estimates. Thus the investment in CHEO Technology JV (Koryolink) was measured at cost which represents the value that expected to be recovered by the company from its investments in the future.

In light of the aforementioned we were not able to verify the recoverable amount at the date of the interim condensed separate financial position and were not able to perform other alternative procedures with this respect.



Hazem Hassan

Translation of limited review report
originally issued in Arabic

Qualified Conclusion

Except for the effect of the matter that might be adjusted as mentioned in the basis for qualified conclusion paragraph, based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim condensed separate financial statements do not present fairly, in all material respects, the unconsolidated financial position of the Company as at March 31, 2017 and of its unconsolidated financial performance and its unconsolidated cash flows for the three-month then ended in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Reporting".

KPMG Hazem Hassan

Cairo July 8, 2017

KPMG Hazem Hassan
Public Accountants and Consultants
②

Orascom Telecom, Media and Technology Holding "S.A.E"

Subject to the provisions of law no. 95 for year 1992 and its executive regulations

Condensed separate financial position as of

(In thousand EGP)	<u>Note No.</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
<u>Non-current assets</u>			
Property and Equipment	(11)	49 093	49 864
Intangible assets	(12)	110	156
Investments in subsidiaries	(13)	1 879 236	1 879 236
Investments in associates	(14)	613 632	613 632
Due from related parties - non current	(7 + 20)	30 462	30 317
Time deposits - non current		10 850	10 850
Total non-current assets		2 583 383	2 584 055
<u>Current assets</u>			
Cash and cash equivalents	(6)	1 873 069	2 120 690
Due from related parties - current	(7 + 20)	1 506 617	1 153 532
Other debit balances	(8)	26 513	6 550
Total current assets		3 406 199	3 280 772
Total Assets		5 989 582	5 864 827
<u>Shareholders' equity</u>			
Issued and paid-up capital	(16)	2 203 190	2 203 190
Legal reserve		556 308	502 073
Retained earnings/Accumulated (losses)		689 356	(341 103)
Net profit for the period / year		413 612	1 084 694
Total shareholders' equity		3 862 466	3 448 854
<u>Non-current liabilities</u>			
loans	(15)	206 318	205 467
Deferred tax liability	(5)	274 420	275 817
Total non-current liabilities		480 738	481 284
<u>Current liabilities</u>			
Provisions	(17)	585 405	573 621
Banks credit balances		11 294	-
Current portion of non-current loans	(15)	405 401	558 162
Trade payables		607	265
Other Credit balances	(9)	29 434	43 890
Current income tax	(5)	140 473	25 161
Due to related parties	(10 + 20)	473 764	733 590
Total current liabilities		1 646 378	1 934 689
Total Liabilities and Shareholders' equity		5 989 582	5 864 827

- The accompanying notes form an integral part of these interim condensed separate financial statements and should be read therewith.

Chief Financial Officer



Chief Executive Officer



* Limited review report attached.

Chairman



Orascom Telecom, Media and Technology Holding "S.A.E"
Subject to the provisions of law no. 95 for year 1992 and its executive regulations
Condensed separate income statement for the three months ended March 31,

(In thousand EGP)	<u>Note No.</u>	<u>2017</u>	<u>2016</u>
Dividends income		620 125	-
Other revenue		449	355
Total income		620 574	355
Employees cost & board of directors' remuneration	(4)	(18 774)	(18 665)
Consulting and professional services fees		(9 988)	(8 198)
Subscription and membership		(1 636)	(2 254)
Depreciation & amortization	(11 + 12)	(866)	(671)
Provisions formed	(17)	(11 784)	(11 784)
Impairment losses in due from related parties	(7)	(6 623)	(3 193)
Other expenses		(2 936)	(18 462)
Total Expenses		(52 607)	(63 227)
Interest income		4 205	287
Foreign currency exchange differences		(6 986)	110 031
Finance cost		(12 498)	(11 438)
Total finance (cost)/ income		(15 279)	98 880
Net profit for the period before tax		552 688	36 008
Income taxes	(5)	(139 076)	(19 871)
Net profit for the period after tax		413 612	16 137
Earnings per share (EGP/Share)			
- Basic	(18)	0.08	0.003
- Diluted	(18)	0.08	0.003

- The accompanying notes form an integral part of these interim condensed separate financial statements and should be read therewith.

Chief Financial Officer



Chief Executive Officer



Chairman



Orascom Telecom, Media and Technology Holding "S.A.E"
Subject to the provisions of law no. 95 for year 1992 and its executive regulations
Condensed separate comprehensive income statement for the three months ended March 31,

(In thousand EGP)

	<u>2017</u>	<u>2016</u>
Net profit for the period	413 612	16 137
Other comprehensive income	-	-
Total other comprehensive income	-	-
Total comprehensive income for the period	<u>413 612</u>	<u>16 137</u>

- The accompanying notes form an integral part of these interim condensed separate financial statements and should be read therewith.

Chief Financial Officer



Chief Executive Officer



Chairman



Translation of interim condensed separate

Financial Statements Originally Issued in Arabic.

Orascom Telecom, Media and Technology Holding "S.A.E"

Subject to the provisions of law no. 95 for year 1992 and its executive regulations

Condensed separate statement of changes in equity for the three months ended March 31, 2017

(In thousand EGP)	<u>Issued and Paid-up capital</u>	<u>Legal reserve</u>	<u>Accumulated (losses)/ Retained Earnings.</u>	<u>Net profit for the period</u>	<u>Total</u>
Balance as of January 1, 2016	2 203 190	502 073	(93 755)	(247 348)	2 364 160
Transferred to Accumulated loss	-	-	(247 348)	247 348	-
Total comprehensive income for the period	-	-	-	16 137	16 137
Balance as of March 31, 2016	<u>2 203 190</u>	<u>502 073</u>	<u>(341 103)</u>	<u>16 137</u>	<u>2 380 297</u>
Balance as of January 1, 2017	2 203 190	502 073	(341 103)	1 084 694	3 448 854
Transferred to legal reserve	-	54 235	-	(54 235)	-
Transferred to Accumulated losses	-	-	1 030 459	(1 030 459)	-
Total comprehensive income for the period	-	-	-	413 612	413 612
Balance as of March 31, 2017	<u>2 203 190</u>	<u>556 308</u>	<u>689 356</u>	<u>413 612</u>	<u>3 862 466</u>

- The accompanying notes form an integral part of these interim condensed separate financial statements and should be read therewith.

Chief Financial Officer



Chief Executive Officer



Chairman



Orascom Telecom, Media and Technology Holding "S.A.E"
Subject to the provisions of law no. 95 for year 1992 and its executive regulations
Condensed separate statement of cash flows for the three months ended March 31,

(In thousand EGP)	<u>Note</u> <u>No.</u>	<u>2017</u>	<u>2016</u>
Net profit of the period before tax		552 688	36 008
Adjusted by:			
Dividends income		(620 125)	-
Depreciation & amortization	(11 + 12)	866	671
Impairment losses in due from related parties	(7)	6 623	3 193
Foreign currency exchange differences - unrealized		(12 604)	(106 261)
Interest income		(4 205)	(287)
Finance cost		12 498	11 438
Provisions formed	(17)	11 784	11 784
		(52 475)	(43 454)
Changes in:			
Due from related parties - current		12 082	(18 517)
Other debit balances		(19 962)	8 499
Trade payables		341	1 031
Bank credit balances		11 294	-
Other credit balances		(2 380)	18 632
Due to related parties		(35)	(21 180)
Due from related parties - non current		(3 859)	-
Cash flows (used in) operating activities		(54 994)	(54 989)
Taxes paid		(25 161)	(10 000)
Net cash flows (used in) operating activities		(80 155)	(64 989)
<u>Cash flows from investing activities</u>			
Dividends income received		10	-
Payments for purchase of Property and Equipment	(11)	(49)	(1 000)
Interest received		4 205	287
Increase in time deposit - non current		-	(2 100)
Net cash flows provided from/ (used in) investing activities		4 166	(2 813)
<u>Cash flows from financing activities</u>			
Interest paid		(24 574)	(11 438)
Repayments of loans		(155 260)	(230)
Proceeds from term loans		-	400
Net cash flows (used in) financing activities		(179 834)	(11 268)
Net change in cash and cash equivalents during the period		(255 823)	(79 070)
The effect of change in foreign exchange on cash and cash equivalents		8 202	145 712
Cash and cash equivalents at the beginning of the period		2 120 690	1 200 475
Cash and cash equivalents at the end of the period	(6)	1 873 069	1 267 117

- The accompanying notes form an integral part of these interim condensed separate financial statements and should be read therewith.

Chief Financial Officer



Chief Executive Officer

Chairman



Orascom Telecom, Media and Technology Holding Notes
to the Interim Condensed Separate Financial Statements
For the financial period ended March 31, 2017

1. General information

a- Legal Status and activity

Orascom Telecom, Media and Technology Holding S.A.E "the Company" is an Egyptian Joint Stock Company pursuant to the provisions of the capital market law No. 95 of 1992 and its executive regulations. The Company was registered at Cairo Commercial Register on November 29, 2011 under No 394061. The Company's head office located at Nile City Towers, Ramlet Boulak – Cairo, Egypt. The Company's duration is 25 years starting from November 29, 2011.

b- Purpose of the Company

The Company's purpose is to participate in establishing the joint stock and limited liability companies that issue securities or to increase its share capital of these companies, and considering the provisions of Article 127 of the executive regulations and the regulations of the Capital Market Law. The Company may have interest or participate, by any mean, in companies and other enterprises that have activities similar to those of the Company or those that may assist the Company to achieve its objectives in Egypt or abroad. It may also merge into those companies and enterprises purchase them or affiliate them pursuant to the provisions of the law and its executive regulations.

c- Financial Year:

The financial year of the company starts at January 1 each year and ends at December 31.

d- Approval of the interim condensed separate financial Statements

The interim condensed separate financial statements of the Company for the period ended March 31, 2017 were approved by the Board of Directors on July 8, 2017.

2. Basis of preparation of interim condensed separate financial statements

a- Statement of compliance with the Egyptian Accounting Standards

These interim condensed separate financial statements as at March 31, 2017 have been prepared in accordance with EAS 30 "Interim Financial Reporting". As permitted by EAS 30, the company has opted to prepare a condensed version as compared to the year-end separate financial statements as of December 31, 2016. These interim condensed separate financial statements don't include all of the information required for full annual financial statements, and should be read in conjunction with the separate financial statements as of and for the year ended.

The Egyptian Accounting Standards require referral to International Financial Reporting Standards "IFRS" for certain types of transactions or events when no Egyptian Accounting Standard or legal requirement exists to address treatment for these transactions or events.

b- Basis of measurement

These interim condensed separate financial statements are prepared on the historical cost convention, except financial instruments that are measured in fair value or amortized cost as the case maybe.

Investments in subsidiaries and associates are accounted for in the accompanying separate financial statements at cost, which represents the Company's direct ownership interest in equity and, not on the results of operations and net assets of the subsidiaries. The consolidated financial statements provide more understanding of the consolidated financial position, results of operations and the consolidated cash flows of the Company and its subsidiaries (The Group).

c- Presentation currency

The Company's functional and reporting currency is the Egyptian Pound. All the financial information presented in Egyptian pound has been rounded to thousands, except for earnings per share, and unless otherwise is stated in the financial statements or notes.

d- Use of estimates and judgments

According to Egyptian Accounting Standards, in the application of the Company's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant where book values are calculated based on such estimates. Actual results may significantly differ from these estimates if there was a change in the surrounding factors and circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. Significant accounting policies applied

a. Foreign currencies translation

The Company's functional and reporting currency is the Egyptian Pound, the currency in which most of the Company's cash flows are usually generated or retained. Transactions in currencies other than the Egyptian Pound are recorded at the exchange rates prevailing at the transactions dates. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated to the Egyptian Pound at the rates ruling at the statement of financial position date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated to Egyptian Pound at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in income statement in the period in which they arise in a separate item, except for exchange differences arising on non-monetary asset and liabilities carried at fair value, where translation differences are recognized as part of changes in fair value.

b. Property, and Equipment

Property and equipment held for use for administrative purposes are stated in the statement of financial position at cost less any accumulated depreciation and accumulated impairment losses.

Cost includes all directly related acquisition cost. Subsequent costs are included in the assets carrying amount or recognized separately, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

Any gains or losses arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Depreciation is charged to the income statement over the estimated useful-life of each asset using the straight-line method.

The following are the estimated useful lives, for each class of assets, for depreciation calculation purposes:

<u>Asset</u>	<u>Years</u>
Buildings	50 Years
Buildings Improvements	5 Years
Furniture & fixtures	3 Years
Computers	3 Years
Vehicles	5 Years

c. Investments in subsidiaries

Investments in subsidiaries are accounted for using the cost method in the company's separate financial statements as investments in subsidiaries at the acquisition cost less impairment. Impairment is estimated for each investment separately and recognized in the income statement. Subsidiaries are companies controlled by the company when all of the following is met for the investor:

- Power over the investee.
- Exposure, or rights, to variable returns from involvement with the investee.
- The ability to use power over the investee to affect the amount of investor return.

The company should re-assess whether it controls an investee if facts and circumstances indicates that there are changes to one or more of the three elements of control above mentioned.

Regarding subsidiaries "structured entities", no cost shall be recognized in the company's interim condensed separate financial statements. Therefore the nature and risks to those subsidiaries "structured entities" are disclosed in the interim condensed separate financial statements as related party companies.

d. Investments in associates

An associate is an entity over which the Company has a significant influence to participate in the financial and operating policy decisions of this entity but is not control or joint control over these policies.

Investments in Associates are carried at cost, unless classified as non-current investments held-for-sale in which case, they are measured at the lower of the carrying amount or fair value less cost to sell. The Company does not measure the investment in Associates using the equity method in these interim condensed separate financial statements according to paragraph (44) in the Egyptian Accounting Standard no (18).

In case of an objective evidence that an impairment loss has been incurred on investments in associates at the date of the financial statements, the carrying amount of the investment is reduced to the recoverable amount with impairment losses recognized immediately in income statement

e. Revenue measurement and recognition

- Revenue is measured at the fair value of consideration received or receivable to the Company net of discounts and value added tax.
- Dividends income from its equity investments is recognized when the Company's rights to receive payment have been established.
- Technical support fees are recognized in the profit or loss over the term of the contracts with subsidiaries and associates according to the accrual basis, when the services have been rendered according to contracts, and that revenue can be estimated reliably, probable economic benefits associated with the transaction will flow to the entity, and revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction and can be measured reliably.
- Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable until maturity.
- Revenues from sale of financial investment are recognized according to accrual basis at fair value of the consideration received or payable to company after deduction of any discounts, expenses, transaction cost, or investment cost.

f. Borrowing and borrowing costs

All other borrowing costs are recognized in income statement in the period in which they are incurred as they are not related to qualified assets.

g. Estimation of fair value

Applying the accounting policies stated in note no. (3) requires from management to use estimates and assumptions for determining the carrying amount for assets and liabilities that cannot be measured reliably from other sources.

The fair value of current financial instruments in the active market depends on the market prices declared as of the financial statements date, while the fair value of non-current financial instruments is determined using valuation methods, which use appropriate inputs and assumptions depending on the market conditions as of the financial statements date, while it could be adjusted as necessary in accordance with the events and circumstances surrounding the Company and its dealings with others.

Orascom Telecom,Media and Technology Holding "S.A.E."

Notes to the interim condensed separate financial statements for the financial period ended March 31, 2017

4. Employees cost & board of directors' remuneration

<u>(In thousand EGP)</u>	<u>For the period ended March 31,2017</u>	<u>For the period ended March 31,2016</u>
Employees' cost	17 274	17 892
Board of directors' remuneration and allowances	1500	773
	<u>18 774</u>	<u>18 665</u>

5. Income taxes

Income Tax (Condensed Separate Income Statement)

<u>(In thousand EGP)</u>	<u>For the period ended March 31,2017</u>	<u>For the period ended March 31,2016</u>
Current income tax	140 473	-
Deferred income tax	(1 397)	19 871
	<u>139 076</u>	<u>19 871</u>

Current Income Tax (Condensed Separate Statement Of Financial Position)

<u>(In thousand EGP)</u>	<u>For the period ended March 31,2017</u>	<u>For the year ended December 31,2016</u>
Current income tax	140 473	-
Income tax of prior year	-	25 161
	<u>140 473</u>	<u>25 161</u>

Deferred Income Tax Movement (Condensed Separate Statement Of Financial Position)

<u>(In thousand EGP)</u>	<u>For the period ended March 31,2017</u>	<u>For the year ended December 31,2016</u>
Balance at the beginning of the period / year	275 817	9 321
Charged to income statement during the period / year	(1 397)	266 496
Balance at the end of the period/ year	<u>274 420</u>	<u>275 817</u>

The effect of deferred tax is recognized based on the temporary differences between the assets tax basis set by the Egyptian Income Tax Law and its executive regulations, and their reported amounts per the accounting principles used in the preparation of the interim condensed separate financial statements.

Orascom Telecom, Media and Technology Holding "S.A.E."

Notes to the interim condensed separate financial statements for the financial period ended March 31, 2017

Income Tax Reconciliation to Calculate Effective Tax Rate

(In thousand EGP)

	Tax rate %	The financial period From 1/1/2017 To 31/3/2017	Tax rate %	The financial period From 1/1/2016 To 31/3/2016
Net profit for the period before tax		552 688		36 008
Income tax according to applied tax law	22.5	124 355	22.5	8 102
Non-deductible expenses	2.68	14 854	4.19	1 509
Foreign currency exchange differences	(0.77)	(4 317)	(11.38)	(4 097)
Carried forward losses	-	-	30.51	10 987
Provisions and impairments	0.75	4 184	9.36	3 370
Income taxes	%25.16	139 076	%55.18	19 871

6. Cash and Cash equivalent

(In thousand EGP)

	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Cash on hand	1 122	1 901
Banks - local currency	5 678	315 361
Banks - foreign currencies	1 626 553	1 617 942
Local currency deposits	174 963	19 400
Foreign currency deposits *	64 753	100 255
Investments in Treasury bills	-	65 831
	<u>1 873 069</u>	<u>2 120 690</u>

* Time deposits amounted to EGP 64.753 Million, equivalent to USD 3.573 Million, held at banks and renewed on monthly basis.

7. Due from related parties

a- Current

(In thousand EGP)

	<u>March 31, 2017</u>	<u>December 31, 2016</u>
CHEO Technology JV (Koryolink)**	509 577	176 884
Orascom Telecom Lebanon	6 414	13 904
Trans World Associate (Pvt.) Ltd – Pakistan	26 016	25 543
Orascom Telecom Holding (Demerging Company)	3 848	3 848
Middle East and North Africa Submarine Cables - MENA Cables	739 982	712 246
Orascom TMT investments (previously, Weather Investment)	603	1 558
Orascom Telecom mobile infrastructure services	996	996
O Capital for services and contracting	3 211	3 210
Beltone financial holdings	398 849	396 000
Victoire investment holding	1 405	1 107
Victoire BV investments	1 427	1 147
<u>Impairment</u>		
Impairment in due from related parties *	<u>(185 711)</u>	<u>(182 911)</u>
	<u>1 506 617</u>	<u>1 153 532</u>

* The impairment balance in Due from related parties are as follows:

Orascom Telecom, Media and Technology Holding "S.A.E."

Notes to the interim condensed separate financial statements for the financial period ended March 31, 2017

Impairment in due from related parties

<u>(In thousand EGP)</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
CHEO Technology JV (Koryolink) **	(179 684)	(176 884)
Orascom Telecom Lebanon	(1 183)	(1 183)
Orascom Telecom mobile infrastructure services	(996)	(996)
Orascom Telecom Holding (Demerging Company)	(3 848)	(3 848)
	<u>(185 711)</u>	<u>(182 911)</u>

** An amount of EGP 179 684 thousand included in the total balance of CHEO Technology JV (Koryolink) amounted to EGP 509 577 thousand as of March 31, 2017 is not retranslated as it is considered as bad debt and the Company in process of completing administrative procedures for writing-off from the company's books, while the remaining balance represent the unreceived dividends as March 31, 2017.

b- Non-current

<u>(In thousand EGP)</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Oracap Holding ***	384 515	380 715
Trans World Associate (Pvt.) Ltd – Pakistan	30 462	30 294
<u>Impairment</u>		
Impairment in Oracap Holding ***	(384 515)	(380 692)
	<u>30 462</u>	<u>30 317</u>

- The due from related parties (non-current) balance is represented in the outstanding balance of the loan granted to Trans World Associate (Pvt.) (a subsidiary company), whereas the Company agreed to grant a long-term loan to the subsidiary company amounted to USD 1 683 thousand.

*** These Balances are not retranslated as they are considered as bad debts and the Company in process of completing administrative procedures for writing-off from the company's books.

8. Other debit balances

<u>(In thousand EGP)</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Prepaid expenses	206	379
Employees' custodies	2 774	2 079
Accrued Revenue	-	257
Others	23 749	4 051
<u>Impairment</u>		
Impairment in other debit balance	(216)	(216)
	<u>26 513</u>	<u>6 550</u>

Orascom Telecom,Media and Technology Holding "S.A.E."

Notes to the interim condensed separate financial statements for the financial period ended March 31, 2017

9. Other credit balances

<u>(In thousand EGP)</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Accrued expenses	26 077	42 898
Withholding tax	58	82
Social insurance authority	56	51
Payroll tax	3 181	797
Employees dividends payable	62	62
	<u>29 434</u>	<u>43 890</u>

10. Due to related parties

<u>(In thousand EGP)</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Orascom Telecom Ventures	470 764	470 583
O Capital for energy	3 000	3 007
Cheo technology joint venture (Koryolink)*	-	260 000
	<u>473 764</u>	<u>733 590</u>

* During 2016 the company reached an agreement with Korean side regarding the dividends distribution to Koryolink shareholders and as a result of that OTMT received an amount of 260 Million EGP as advance payment under its portion from dividends distribution regarding its investment in Koryolink.

At January 17,2017 Koryolink board approved to distribute part of the dividends amounted to 32 Million Euro for OTMT and the company received EGP 10 million from the approved dividends during February 2017, this dividends were classified as dividends income in the first quarter of 2017 , and the remaining amount was received in the subsequent period of the date of preparing the interim condensed separate financial statements.

Orascom Telecom Media and Technology Holding "S.A.E."
Notes to the interim condensed separate financial statements for the financial period ended March 31, 2017

11- Fixed Assets

(In thousand EGP)

	Buildings	Furniture	Computers	Vehicles	Total
	Improvements	& Fixtures			
<u>Cost</u>					
Balance as at 1/1/2016	44 743	190	687	4 410	50 030
Additions during the period	-	-	219	781	1 000
Balance as at 31/3/2016	44 743	190	906	5 191	51 030
Balance as at 1/1/2017	44 743	241	1 084	8 552	56 353
Additions during the period	-	-	49	-	49
Balance as at 31/3/2017	44 743	241	1 133	8 552	56 402
<u>Accumulated depreciation</u>					
Balance as at 1/1/2016	3 579	149	333	204	4 265
Depreciation charge for the period	224	5	54	240	523
Balance as at 31/3/2016	3 803	154	387	444	4 788
Balance as at 1/1/2017	4 474	169	556	1 287	6 489
Depreciation charge for the period	224	9	72	428	820
Balance as at 31/3/2017	4 698	178	628	1 715	7 309
<u>Carrying amounts</u>					
At 1/1/2016	41 164	41	354	4 206	45 765
At 31/3/2016	40 940	36	519	4 747	46 242
At 1/1/2017	40 269	72	528	7 265	49 864
At 31/3/2017	40 045	63	505	6 837	49 093

Orascom Telecom, Media and Technology Holding "S.A.E."

Notes to the interim condensed separate financial statements for the financial period ended March 31, 2017

12. <u>Intangible assets</u>	<u>Computer's Softwares</u>
<u>(In thousand EGP)</u>	
<u>Cost</u>	
Cost as of January 1, 2016	1 994
Cost as of March 31, 2016	1 994
Cost as of January 1, 2017	1 994
Cost as of March 31, 2017	1 994
<u>Accumulated amortization</u>	
Balance as of January 1, 2016	1 399
Amortization for the period	148
Balance as of March 31, 2016	1 547
Balance as of January 1, 2017	1 838
Amortization for the period	46
Balance as of March 31, 2017	1 884
<u>Net book value</u>	
At January 1, 2016	595
At March 31, 2016	447
At January 1, 2017	156
At March 31, 2017	110

13. Investments in subsidiaries

<u>(In thousand EGP)</u>	<u>Country</u>	<u>%</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Middle East and North Africa Submarine Cables – MENA Cables*****	Egypt	99.82	1 688 189	1 688 189
Beltone Financial Holding**	Egypt	76.73	514 003	514 003
Victoire investment holding***	Netherlands	99.99	526 017	526 017
Trans World Associate (Pvt.) Ltd	Pakistan	51	60 862	60 862
Orascom Telecom Ventures S.A.E	Egypt	99.99	222 802	222 802
Orascom Telecom Mobile Infrastructure Services*	Egypt	99.2	63	63
O Capital for energy ****	Egypt	99.2	4 375	4 375
O Capital for services and construction ****	Egypt	99.2	63	63
<u>Impairment</u>				
Middle East and North Africa Submarine Cables - MENA Cables*****			(1 137 075)	(1 137 075)
Orascom Telecom Mobile Infrastructure Services *			(63)	(63)
			1 879 236	1 879 236

* The Company was put under liquidation according to the extraordinary general assembly meeting's decision, which was held on September 1, 2014. The commercial register was amended to notify this change on January 27, 2015.

Orascom Telecom,Media and Technology Holding "S.A.E."

Notes to the interim condensed separate financial statements for the financial period ended March 31, 2017

** During the fourth quarter of year 2015, the company acquired 132 303 765 shares of Beltone Financial Holding shares with contribution portion 81.3% and this is the result of the submitted request on October 7, 2015 to the Financial Supervision Authority for the acquisition on 100% of Beltone Financial Holding and worth to mention that the transaction have been financed 58.2% of its value through self-financed and the remaining were financed through syndicated loan, the loan contract was signed with a group of local banks for a total price of EGP 250 Million , the balance of the loan was expedited repaid - note (15).

- During 2016 Beltone Financial Holding –subsidiary- distributed 5 100 704 free shares to Orascom Telecom, Media and Technology Holding. During the fourth quarter of 2016 OTMT sold 7 716 518 shares of Beltone Financial holding were sold at a price of 12.56 EGP per share for the company’s contribution portion to become 76.73 percent with net 129 687 951 shares.

The price share of Beltone Financial Holding amounted to EGP 10.83 per share as of March 31, 2017.

*** On October 22, 2015 the company has signed a contract for the purchase of shares of the company that owns the seven floors in one of the buildings located in Brazil through Victoire Brazilian companies for a total cost 263 Million Brazilian Real equivalent to USD 66.8 Million and the worth to mention that the transaction have been financed 50% of its value through self-financed and the remaining were financed through borrowing, the loan contract was signed with one of foreign banks for a total USD 33 Million - note (15).

**** This balance represents the amounts paid under completion of the issued capital of the two companies with a percentage of 25% according to subject no. (32) of the Law No. 159 of 1981, and this has been registered in the commercial register of the company O-capital for energy and O-capital for services and construction on November 24, 2015 and December 31, 2015 respectively.

***** On December 20, 2016 the company’s board of directors decided to sell the entire owned share of Middle East and North Africa (MENA Cables): Direct (99.82%), Indirect (0.18%) which represented in (0.14%) through O Capital For Services and Construction and (0.04%) through Orascom Telecom Ventures and the company is in the process of all the fulfillment mandatory procedures for the completion of this deal from all regulatory bodies.

14. Investment in associates

<u>(In thousand EGP)</u>	<u>Country</u>	<u>%</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
CHEO Technology JV (Koryolink) (*)	North Korea	75	613 632	613 632
			613 632	613 632

Orascom Telecom, Media and Technology Holding "S.A.E."

Notes to the interim condensed separate financial statements for the financial period ended March 31, 2017

- * The Company's investments in North Korea related primarily to the 75% voting rights in the local telecom operator Koryolink. The accounting treatment has been modified during the period ended September 30, 2015. Therefore, recognizing it as an investment in associates instead of investment in subsidiaries, as the group management believes that the existence of significant influence instead of control. Thus in light of the increase of the restrictions, financial and operating difficulties facing Koryolink due to the international sanction imposed by the international community including the United States, the European Union and the United Nations. These sanctions have the effect of restricting financial transactions and the import and export of goods and services, including goods and services required to operate, maintain and develop mobile networks and the absence of a free-floating currency exchange market in North Korea, whereas the Group's management has no exchange rate available other than the official exchange rate announced by the Central Bank of North Korea, other than launching a competing local telecom operator wholly owned by the North Korean Government.

The group's management seek to find solutions for this situation through negotiations with the Korean side including merging Koryolink with the second local telecom operator, wholly owned by the North Korean Government. According to the Group's management estimates, there is an initial consent from the Korean side regarding merger. This may lead to the presence of possible future solutions that would remove some of the obstacles.

In light of the change in the results of those negotiations which indicates a disagreement from the Korean side to grant the management the rights to control in case of the merger and due to the increase in aforementioned restrictions during the period ended September 30, 2015, in the group's management view, the control over the Koryolink's activities was lost according to the requirements of the Egyptian Accounting Standard No. (42), which led to modify the accounting treatment to be accounted for as investment in associates instead of investment in subsidiaries starting from the date that management considered it has lost the control at September 30, 2015, management believes that through losing of control, it has a significant influence over Koryolink. The investment in CHEO Technology JV (Koryolink) was measured at cost that represents the fair value on the date of control loss based on independent valuator report.

During the current period and in the light of new international sanctions that the United States administration has decided to impose on the North Korean government and its various departments, the Group's management to follow up ongoing activities to make sure that the sanctions are not violated, and the two sides reached some understandings of the organizational and commercial frameworks which works on organizing the work of telecommunications market in North Korea.

These arrangements will guarantee the fair allocation of subscribers between Koryolink and the Government telecom operator "Kang Song NET" and initially handling some other issues faced by Koryolink, such as; the transfer of the cash balances in local currency to Euro using the parallel market rate (parallel market rate: 1 Euro is equivalent to 8650 of the local currency, official rate : 1 Euro is Equivalent to 118 of the local currency). This is conditional that the Korean party will fulfill its obligations. In addition the arrangements setting rules allows the transfer of profits "repatriate funds", in case of the availability of retained earnings and foreign currency balances, needed for the profit distribution process.

The management of the Group is currently monitoring the execution of the arrangements, and following up on the remaining issues faced by the Company to reach a solution, in light of the new international sanctions.

Orascom Telecom, Media and Technology Holding "S.A.E."

Notes to the interim condensed separate financial statements for the financial period ended March 31, 2017

15. Borrowings

Banks	Current portion	Non-Current portion	Total Loan	Value in issued currency	Currency	Maturity	Interest	Secured/Unsecured
	(EGP 000)	(EGP 000)	(EGP 000)	(000)				
Syndicated loan (Facility Agent Local bank)	-	-	-	154 990	EGP	June,2021	Corridor rate + 2.25%	Secured (*)
Loan of Foreign bank	403 511	200 515	604 026	33 372	USD	Oct,2018	Bank interest - 1.25%	Secured
Loan of Local Bank	948	2 482	3 430	3 430	EGP	Dec,2020	The interest of certificates + 2% at least 12% annually	Secured
Loan of Local Bank	942	3 321	4 263	4 263	EGP	Dec,2021	The interest of certificates + 1.5% at least 11% annually	Secured
Total	405 401	206 318	611 719					

* The major changes in loan balance are represented in the early settlement of the full loan amount in addition to the loan interest at 2 January 2017 by an amount of 169 Million EGP.

16. Capital

The Company's authorized capital amounted to EGP 22 Billion, the issued and paid up capital amounted to EGP 2 203 190 060 distributed among 5 245 690 620 shares of EGP 0.42 par value each, according to the approvals of the General Authority for Investment and the Extraordinary General Assembly of Orascom Telecom Holding (Demerging Company).

17. Provisions

(In thousand EGP)	December 31, 2016	Formed	No Longer Required	March 31, 2017
Provisions for claim	573 621	11 784	-	585 405
Total	573 621	11 784	-	585 405

Balances of provisions related to expected claims resulted from the Company's ordinary course of business. The required information about these provisions were not disclosed, according to the Egyptian Accounting Standards, because the management of the Company believes that doing so, will strongly affect the final settlement of these provisions for claims.

18. Earnings per share of the net profit

Earnings per share from net income for the period calculated according to the Egyptian Accounting Modified Standard (22) presented as follows:

	<u>March 31,2017</u>	<u>March 31,2016</u>
Net profit for the period (in thousands of EGP)	413 612	16 137
Weighted average number of shares outstanding (in thousands of shares)	5 245 691	5 245 691
Earning per share of Net profit for the period(EGP)	<u>0.08</u>	<u>0.003</u>

Diluted: Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all convertible financial instruments and share options. The net profit is adjusted by omission of the cost of convertible debt instruments taking tax effect into consideration. As for share option the average potential shares to be issued by options is added to the average ordinary shares and deducting from that the average potential shares weighted by the relation between the exercise price and average fair value of the share during period. As there are no debt instruments that are convertible to bonds, so diluted and basic earnings per share are equal.

19. Tax position Corporate income tax

-The Company submits its tax return to the tax authority on due dates according to Income Tax Law No. 91 of 2005 and its executive regulations, there is no claims for the company till December 31, 2016.
-The company submitted the tax forms for 2016 on due dates according to the tax law, and the company was not informed of any date related to the inspection till the date of the issuance of the interim condensed separate financial statements.

Payroll tax

-The company was inspected for the period from the start of its activities to 2013 and the company was informed by form (38) that the company appealed in the due date appointed by the law then the file were transferred to the internal committee and its currently being debated with the committee.

The company was informed by form (32) for the inspection for the years from when the company started its activities till the year 2015 and the company is currently preparing the analysis and adjustments required by the tax authority to be delivered to it.

-the Company submits the payroll taxes deducted from its employees' salaries in a regular basis.

Withholding tax

The tax authority did not inspect the Company's books yet, the company implement the regulations of the Tax Law No. 91 of 2005 and its executive regulations regarding the withholding tax deduction and collection. The company pays the withholding tax in the due dates appointed by the law from the company's inception till 31/1/2017.

Stamp tax

-Regarding the period from the company's start of operations till December 31, 2013:

The company's books were inspected regarding this period and any unsettlements regarding this period were settled.

Orascom Telecom, Media and Technology Holding "S.A.E."

Notes to the interim condensed separate financial statements for the financial period ended March 31, 2017

-Regarding the period from January 1, 2014 till March 31, 2017:

There is no claims from the tax authority regarding stamp tax for this period.

Property tax

The company was informed by the estimation module for property tax on the property number 2005, dated September 25, 2014, and it was appeal by the company in the due date, the dispute were settled with the claiming committee and any due differences were Paid, and there is no correspondence from the tax before mentioned period.

20. Significant transactions with related parties

(In thousand EGP)

<u>Company Name</u>	<u>Nature of the relationship</u>	<u>Nature of the transactions</u>	<u>Volume of Transactions</u> <u>31/3/2017</u>	<u>Net Balance</u> <u>31/3/2017</u>
CHEO Technology JV (KoryoLink)	Associate	Payments of expenses on behalf of related party	2 500	509 577
Orascom Telecom Lebanon	Subsidiary of Orascom Telecom Ventures	Payments of expenses on behalf of related party	5 188	6 414
Middle East and North Africa Submarine Cable – MENA Cable	Subsidiary	Payments of expenses on behalf of related party	197	739 982
		Cash Transfer	22 300	-
Trans World Associate (Pvt.) LTD	Subsidiary	Interest on Loans during the period	231	26 016
Orascom Telecom Ventures	Subsidiary	Payments of an amount on behalf of a related party to finance the buying of Arab Finance	26	(470 764)
Oracap Holding	Subsidiary of Orascom Telecom Ventures	Payments of expenses on behalf of related party	3 800	384 515
Beltone financial Holding	Subsidiary	Payments of expenses on behalf of related party	649	398 894

21. Financial instruments and management of associated risks

The Company's financial instruments are represented in financial assets and liabilities. The financial assets comprise; cash at banks, deposits, due from related parties and certain other debit balances. The financial liabilities comprise; due to related parties, accounts payable and certain other credit balances.

Liquidity risk

Liquidity risk represents factors which may affect the company's ability to pay part or all of its liabilities, management pursuit these liabilities and if the company's liabilities increased, the company monitors it through manage the excess of cash at the subsidiaries level and through dividends distributions from the subsidiaries.

Interest Rate Risks:

Interest rate risk represents fluctuations in interest rates which may affect the company's results of operations and cash flows as the company depend on its own resources and finance from subsidiaries. This risk is considered limited as management depends on equity finance.

Foreign Exchange rate risk

Interest rate risk represents fluctuations in exchange rate of foreign currencies, which affect receipts and disbursements in foreign currencies. Management monitors the foreign currencies positions and banks exchange rates on an ongoing basis and seeks to reduce uncovered positions of foreign currencies, the matter that may reduce this risk to an acceptable level.

22. Contingent liabilities

<u>Company Name</u>	<u>Guarantee</u>	<u>Maximum level for liability</u>	<u>Outstanding Liability till March 31, 2017 (In Thousand EGP)</u>	<u>Expiry date of the guarantee *</u>
Orascom Telecom Lebanon *	Guarantee of the Company to pay any due amount to participators	USD 10 Million	181 000	July 2017
Orascom Telecom Lebanon *	Guarantee of the Company to pay any due amount to participators	USD 30 Million	543 000	July 2017

* The validity date of the guarantee provided for Orascom telecom Lebanon, a subsidiary company to Orascom Telecom Ventures, was extended to July 31, 2017.

- Middle East and North Africa for cables (MENA for cables) –subsidiary

There is a guarantee issued to one of the subsidiary company's customers with an amount of 82 million USD as an insurance to the company's liability to that customer to provide the customer with contracted service.

Orascom Telecom, Media and Technology Holding "S.A.E."

Notes to the interim condensed separate financial statements for the financial period ended March 31, 2017

23. Capital Commitment:

There are capital commitments represented in the remaining amounts of the capital of both O Capital for Energy and O Capital for construction services amounted EGP 13.125 million and EGP 189 thousand respectively. To complete the percentage from 25% to 100%.

24. Subsequent events after the date of interim condensed separate financial statements preparation:

The company's ordinary general assembly meeting, dated 28 May 2017 approved the distribution of shareholders' dividends amounting to ten piasters per share with total value of EGP 524.6 million based on the companies' law and the company's article of incorporation.

Chief Financial Officer



Chief Executive Officer



Chairman

