

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

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

Separate Financial Statements

For the year ended December 31, 2015

together with Auditor's Report

Auditor's Report

To: The Shareholders' of Orascom Telecom, Media and Technology Holding – S.A.E

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Orascom Telecom, Media and Technology Holding – S.A.E which comprise the separate statement of financial position as of December 31, 2015 and the related separate 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 Separate Financial Statements

These separate financial statements are the responsibility of the company's management. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the Egyptian Accounting Standards and the prevailing Egyptian laws and regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the separate financial statements that are free from material misstatement, whether due to fraud or error, 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 separate financial statements based on our audit. Except for the matters explained in the basis for qualified opinion paragraph below we conducted our audit in accordance with the Egyptian Standards on Auditing and the prevailing Egyptian laws and regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 separate financial statements.

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

Basis for Qualified Opinion

As disclosed in more details in note (17) to the separate financial statements, the Company has modified the accounting treatment of the investment in CHEO Technology JV (Koryolink) 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 were anticipated remove some of such obstacles according to management estimates. Thus the investment in CHEO Technology JV (Koryolink) was measured at cost which represented 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 balance sheet date and we were not able to perform other alternative procedures with this respect.

Qualified Opinion

In our opinion, except for the effect of the matter described in the basis of qualified opinion paragraph, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of the entity as of December 31, 2015, and of its separate financial performance and its separate cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Report on Legal and other Regulatory Requirements

The Company maintains proper books of accounts which include all that is required by the law and the company's statutes and the separate financial statements are in agreement thereto.

The financial information included in the board of directors' report is prepared in compliance with the Law No. 159 of 1981 and its executive regulations insofar such information is normally recorded therein is in agreement with the books of accounts of the company.

Cairo, April 27, 2016


KAMEL MAGDY SALEH, FCA

F.E.S.A.A. (R.A.A. 8510)

EFSA Registration No "69"

Orascom Telecom, Media and Technology Holding "S.A.E"
Subject to the provisions of law no. 95 for year 1992 and its executive regulations
Separate statement of financial position as of December 31, 2015

(In thousand EGP)	<u>Note</u> <u>No.</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<u>Current assets</u>			
Cash and balances at banks	(8)	1 200 475	73 075
Due from related parties - current (net)	(9, 23)	51 073	197 338
Current portion of financial assets at fair value through profit or loss - financial derivatives	(11)	-	244 227
Other debit balances	(10)	9 869	3 632
Total current assets		1 261 417	518 272
<u>Current liabilities</u>			
Provisions	(20)	515 336	460 950
Current borrowing	(18)	23 011	-
Accounts payable		153	2 236
Other credit balances	(12)	18 739	10 693
Current income tax	(7)	73 542	15 366
Due to related parties	(13, 23)	446 957	333 538
Total current liabilities		1 077 738	822 783
Total working capital (increase in current liabilities over current assets)		183 679	(304 511)
<u>Non-current assets</u>			
Fixed assets (net)	(14)	45 766	42 463
Intangible assets (net)	(15)	595	1 466
Investments in subsidiaries (net)	(16)	1 972 216	1 778 421
Available for sale investments		-	160
Investments in associates	(17)	613 632	272 560
Due from related parties - non current	(9, 23)	13 178	16 112
Financial assets at fair value through profit or loss - financial derivatives	(11)	-	805 207
Time deposits - non current		5 600	-
Total non-current assets		2 650 987	2 916 389
Total investment		2 834 666	2 611 878
Financed as follows:			
<u>Shareholders' equity</u>			
Issued and paid-up capital	(19)	2 203 190	2 203 190
Legal reserve		502 073	502 073
(Accumulated losses) / retained earnings		(93 755)	663 314
Net loss for the year		(247 348)	(757 069)
Total shareholders' equity		2 364 160	2 611 508
<u>Non-current liabilities</u>			
Non current borrowing	(18)	461 185	-
Deferred tax liability	(7)	9 321	370
Total non-current liabilities		470 506	370
Total finance of working capital and non-current assets		2 834 666	2 611 878

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

Chief Financial Officer

Chairman and Chief Executive Officer

- Auditor's report attached.

Orascom Telecom, Media and Technology Holding "S.A.E"
Subject to the provisions of law no. 95 for year 1992 and its executive regulations
Separate income statement for the year ended December 31, 2015

(In thousand EGP)	Note No.	For the year ended December 31, 2015	For the year ended December 31, 2014
Technical support service revenue	(5)	2 937	110 663
Gain on sale of investments in associates	(4)	1 541 242	-
Other income		3 304	3 064
Total income		1 547 483	113 727
General and administrative expenses		(54 606)	(40 799)
Employees cost & board of directors' remuneration	(6)	(43 206)	(24 096)
Depreciation & amortization	(14,15)	(2 295)	(1 581)
Provisions formed	(20)	(54 386)	(62 647)
Impairment losses in due from related parties	(9)	(237 071)	(258 685)
Impairment losses in other debit balances	(10)	(216)	-
Impairment losses of investments in subsidiaries	(16)	(267 597)	(104 967)
Loss on sale of fixed assets		(61)	-
Loss on revaluation of financial assets at fair value through profit or loss - held for trading		(710)	-
Bad debts		-	(338)
Loss on disposal of available for sale investments		(160)	-
Provisions no longer required	(20)	-	4 366
Total expenses		(660 308)	(488 747)
Interest income		289	495
Foreign exchange revaluation differences		11 599	(21 618)
Finance cost		(7 401)	-
Loss on revaluation of financial derivatives at fair value	(11)	(1 049 434)	(345 300)
Total finance cost		(1 044 947)	(366 423)
Net loss for the year before tax		(157 772)	(741 443)
Income taxes	(7)	(89 576)	(15 626)
Net loss for the year after tax		(247 348)	(757 069)
Earnings per share (EGP/share)			
Basic	(21)	(0.740)	0.01-
Diluted	(21)	(0.740)	0.01-

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

Chief Financial Officer



Chairman and Chief Executive Officer



Translation of 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
Separate statement of changes in equity for the year ended December 31, 2015

(In thousand EGP)	<u>Issued and Paid-up capital</u>	<u>Legal reserve</u>	<u>Retained earnings (Accumulated losses)</u>	<u>Net losses for the year</u>	<u>Total</u>
Balance as of January 1, 2014	2 203 190	502 073	853 805	(190 491)	3 368 577
Transferred to retained earnings	-	-	(190 491)	190 491	-
Net losses for the year	-	-	-	(757 069)	(757 069)
Balance as of December 31, 2014	<u>2 203 190</u>	<u>502 073</u>	<u>663 314</u>	<u>(757 069)</u>	<u>2 611 508</u>
Balance as of January 1, 2015	2 203 190	502 073	663 314	(757 069)	2 611 508
Transferred to retained earnings	-	-	(757 069)	757 069	-
Net losses for the year	-	-	-	(247 348)	(247 348)
Balance as of December 31, 2015	<u>2 203 190</u>	<u>502 073</u>	<u>(93 755)</u>	<u>(247 348)</u>	<u>2 364 160</u>

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

Chief Financial Officer



Chairman and Chief Executive Officer



Orascom Telecom Media and Technology Holding "S.A.E"
Subject to the provisions of law no. 95 for year 1992 and its executive regulations
Separate statement of cash flows for the year ended December 31, 2015

(In thousand EGP)	Note No.	For the year ended December 31, 2015	For the year ended December 31, 2014
Net loss for the year before tax		(157 772)	(741 443)
Adjusted by :			
Depreciation & amortization	(15 + 14)	2 295	1 581
Impairment losses in due from related parties	(9)	237 071	258 685
Loss on revaluation of financial derivatives at fair value	(11)	1 049 434	345 300
Impairment losses in other debit balances	(10)	216	-
Loss on sale of property and equipment		61	-
Loss on disposal of available for sale investments		160	-
Loss on sale of financial assets at fair value through profit and loss - held for trading		710	-
Foreign exchange differences - unrealized		30 166	24 064
Interest income		(289)	(495)
Finance cost		7 401	-
Impairment losses of investment in subsidiaries	(16)	267 597	104 967
Provisions - formed	(20)	54 386	62 647
Provisions - no longer required	(20)	-	(4 366)
Gain on sale of investment in associates	(4)	(1 541 242)	-
Operating income before changes in working capital		(49 806)	50 940
Increase in due from related parties - current		(120 972)	(226 904)
Increase in other debit balances		(203)	(306)
(Decrease) increase in accounts payable		(2 083)	283
Increase in other credit balances		4 774	2 088
Increase in due to related parties		113 419	45 542
Decrease in due from related parties - non current		2 934	3 463
Cash flows used in operating activities		(51 937)	(124 894)
Taxes paid		(22 449)	(34 058)
Interest received		289	495
Net cash flows used in operating activities		(74 097)	(158 457)
Cash flows from investing activities			
Payments for purchase of property and equipment	(14)	(4 788)	(126)
Payments for purchase of intangible assets	(15)	-	(702)
Payments for investments in subsidiaries		(1 075 024)	-
Net proceeds from sale of investment in associate		1 813 802	-
Increase in time deposit		(5 600)	-
Payment for financial asset at fair value through profit and loss - held for trading		(6 960)	-
Net cash flows generated from (used in) investing activities		721 430	(828)
Cash flows from financing activities			
Interest paid		(4 129)	-
Proceeds from term loans		484 196	-
Net cash flows generated from financing activities		480 067	-
Net change in cash and cash equivalent during the year		1 127 400	(159 285)
Cash and cash equivalent the beginning of the year		73 075	232 360
Cash and cash equivalent at the end of the year	(8)	1 200 475	73 075

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

Chief Financial Officer



Chairman and Chief Executive Officer



Orascom Telecom, Media and Technology Holding
Notes to the Separate Financial Statements
For the year ended December 31, 2015

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- Brief over the incorporation of the Company

The Company was established by way of legal demerger from Orascom Telecom Holding S.A.E as part of the VimpelCom transaction. In October 2010, VimpelCom Ltd and Wind Telecom announced that both groups had signed a merger agreement, and where Wind Telecom (previously Wind Investment) owns 51.7% of shares of Orascom Telecom Holding SAE – OTH. On April 14, 2011 the demerger plan was concluded, in order to transfer certain assets to the demerged Company that are not intended to form part of the VimpelCom – Wind Telecom group going forward. Those assets represent mainly OTH investments in the Egyptian Company for Mobile Services, CHEO Technology in North Korea, Orascom Telecom Ventures SAE, as well as other investments in the media and technology sectors, including undersea cable assets. Accordingly, the demerger plan provided that the split of OTH will be executed by way of legal demerger, and the incorporation of Orascom Telecom, Media and Technology Holding S.A.E - OTMT (demerged Company), which will acquire the investments excluded from the transaction. The demerger resulted in existing shareholders of OTH holding the same percentage interest in OTMT as they hold in OTH as of the execution date of the demerger.

2- Basis of preparation of separate financial statements

a- Statement of compliance with the Egyptian Accounting Standards

The separate financial statements have been prepared in accordance with the Egyptian Accounting Standards issued by the Minister of Investment's decree No. 243 of 2006 and the applicable Egyptian laws and regulations. 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 separate financial statements are prepared on the historical cost convention, except for financial derivatives that are measured at fair value, and financial instruments at fair value through profit or loss.

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- Functional and 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 separate 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. Actual results may differ from these estimates. 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.

The following are the critical judgments and estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the separate financial statements:

- **Valuation of financial assets**

Certain financial instruments that are not traded in an active market and included in the financial statements such as financial derivatives, Management estimate its fair value using valuation techniques based on inputs and assumptions, some linked to quoted market prices and other non-linked to market prices but depend on management's estimates. Management used acceptable option valuation models during the period in estimating the fair value of these financial instruments.

- **Recognition of current and deferred tax assets and liabilities**

The Company's profit is subject to income tax, which require using of significant estimates to determine the total income tax liability. As determining the final tax liability for some transactions could be difficult during the period, the Company record current tax liability according to its' best estimate about the taxable treatment of that transactions and the possibility of incurring of additional tax charges that may result from the tax inspection. And when a difference arising between the final tax liability and what is being recorded, such difference is recorded as income tax expense and current tax liability in the current period and to be considered as change in accounting estimates.

For recording deferred tax assets, Management use assumptions about the availability of sufficient taxable profits allowing use of recognized tax assets in the future.

Management also uses assumptions related to the determination of the applicable tax rate at the financial statements date, at which deferred tax assets and liabilities are expected to be settled in the future.

- **Provisions and contingent liabilities**

Management assess events and circumstances that might led to a commitment on the Company's side from performing its normal economic activities, management uses in this primary estimates and assumptions to judge the extend on which the provision's recognition conditions have been met at the financial statement date, and analyze information to assess whether past events lead to current liability against the Company and estimate the future cash outflows and timing to settle this obligation in addition to selecting the method which enable the management to measure the value of the commitment reliably.

- **Impairment of financial assets**

At each balance sheet date, the management reviews the carrying amounts of its financial assets to determine whether there is any indication that those assets have suffered an impairment loss.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

- **Estimating the useful lives for fixed and intangible assets and depreciation and amortization methods**

Management reviews the estimated useful lives of fixed and intangible assets at the end of each year, the review process involve assessment of the surrounding circumstances and factors affecting fixed assets' useful lives e.g. developments in technology and change in the pattern those assets are used, if the rates used are determined to be inappropriate, rates are adjusted accordingly.

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 balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated to the Egyptian Pound at the rates ruling at the balance sheet 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 profit or loss in the period in which they arise in a separate item, except for exchange differences arising on non-monetary assets and liabilities carried at fair value, where translation differences are recognized as part of changes in fair value.

b. Fixed assets

All items of fixed assets are reported in the balance sheet at historical cost, less any accumulated depreciation and impairment losses. Cost of an item of fixed assets includes expenditures that are directly attributable to the acquisition of the item.

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 profit or loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with relevant carrying amount, and are included 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
Furniture & fixtures	3 Years
Computers	3 Years
Vehicles	3 Years

c. Investments in subsidiaries

A subsidiary company is an entity controlled by another entity (known as the Parent Company). Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Control is presumed to exist if the Parent Company owns directly or indirectly through subsidiaries, more than half of the voting power of the entity invested in, unless in exceptional circumstances, it can be clearly determined that such ownership does not constitute control.

Control is also considered to exist when the Parent Company does not own a majority of the voting rights while there is:

- a. Power over more than half of the voting rights by virtue of an agreement with other investors. or
- b. Power to govern the financial and operating policies of the entities under a statute or agreement. or
- c. Power to appoint or remove the majority of the Board of Directors members, and the control of entity is by that Board. or
- d. Power to direct the majority of votes at the Board of Directors meetings and the control of the entity is by that Board.

Potential voting rights

The Parent Company shall consider the existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity when assessing whether an entity has the power to govern the financial and operating policies of another entity. Potential voting rights are not currently exercisable or convertible when they cannot be exercised or converted until a future date or until the occurrence of a future event.

Investments in subsidiaries 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. In case of an objective evidence that an impairment loss has been incurred on investments in subsidiaries 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.

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 separate financial statements according to paragraph (13) 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. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition without any conditions other than the sales conditions.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Unless the delay is due to events beyond the control of the Company and if there is sufficient evidence that confirms the continuation of the Company in its commitment to sell the asset .

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less cost to sell.

f. Taxation

A provision for potential tax claims is generally recognized based on management comprehensive study in light of current tax assessments and disputes.

An estimated income tax expense is recognized in income statement in each reporting period, while actual income tax expense is recognized in profit or loss at year-end. Income tax expense represents the sum of the tax currently payable and deferred tax.

Deferred tax assets and liabilities are recognized on the temporary differences between the assets and liabilities tax basis set by the Egyptian Tax Law and its executive regulations, and their reported amounts per the accounting principles used in the preparation of the financial statements.

Current tax payable is calculated based upon taxable profit of the year as determined in accordance with applicable local laws and regulations using tax rates enacted on the balance sheet date. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws prevailing at the balance sheet date. Deferred tax is charged or credited to income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax liabilities are generally recognized for all taxable temporary differences while deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax assets and liabilities are accounted for using the balance sheet method and are reported in the balance sheet as non-current assets and liabilities.

g. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive), arising from past event, the settlement of which is expected to result in an outflow of the enterprise resources embodying economic benefits, the cost to settle related obligations are probable and a reliable estimate is made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as finance cost in income statement.

h. Cash and cash equivalents

The Company considers all cash on hand, bank current accounts, and other short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value with original maturities of three months or less as cash and cash equivalents.

i. Revenue measurement and recognition

- Revenue is measured at the fair value of consideration received or receivable to the Company net of discounts and sales tax.
- Dividends income from its equity investments is recognized when the Company's rights to receive payment have been established; the cost of the investment is reduced by the dividends related to the pre-acquisition period which represents recovery of the acquisition cost.
- 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.

j. **Financial instruments**

Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) - financial derivatives, available for sale investments, cash and balances at banks, due from related parties, and other debit balances.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Derivative financial instruments

When needed, the Company enter in some financial derivatives' Contracts to hedge the risks of fluctuation in exchange rates, in addition to embedded derivatives resulting from contractual terms contained in agreements in which the Company may enter as a party with respect of both financial or non-financial instruments. Embedded derivatives that meet recognition criteria are recognized separately from the host contract and are measured at fair value through profit or loss in accordance with the accounting requirements.

Derivatives are initially recognized at fair value, while attributable transaction costs are recognized in profit or loss when incurred.

Changes in fair value of derivatives during each financial period are charged to the income statement. For the financial derivatives designated as hedging instruments at initial recognition in a documented and effective relationship, the time of recognition of fair value change in the income statement depends on the coverage relationship type and the nature of hedged item.

Available for sale investments

Available for sale investments are initially recognized, at acquisition, at fair value plus transaction costs which include fees and commissions paid to agents, advisors, brokers and dealers, taxes levied by regulatory agencies and securities exchanges, and transfer taxes and duties. After initial recognition, AFS investments are subsequently measured at fair value with gains or losses resulting from fair value measurement recognized directly in equity, until the investment is derecognized, at which time the cumulative gain or loss previously recognized in equity are then recognized in profit or loss. In case there is objective evidence that an impairment loss has been incurred on AFS investments at the reporting date, the cumulative loss that had been previously recognized and accumulated in equity are removed from equity and recognized in profit or loss even though the investments have not been derecognized.

Unlisted equity securities classified as AFS, for which no quoted market price is available in an active market and whose fair value cannot be measured reliably are stated at cost.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL where the interest enters within the net change in fair value.

Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received or net value of the transferred assets, net of direct issue costs.

Financial liabilities

The Company has stated all its liabilities as other financial liabilities including accounts payable, due to related parties and other credit balances and they are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

k. Impairment of assets

Non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the

Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount of the cash-generating unit is the fair value less costs to sell or value in use whichever is higher.

In assessing value in use, the estimated future cash flows from use of assets or cash-generating unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in income statement.

Financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been if the impairment had not been recognized.

1. Short term employees benefits

Salaries, wages, paid vacations, sick leaves; bonus and other non-cash benefits in favor of employees' services for the Company are recognized according to the accrual basis in the same period these services were rendered.

m. Dividends

Dividends declared to the shareholders, Board of Directors and employees are recognized as a liability in the financial statements in the period in which these dividends have been approved by the Company's shareholders.

n. Borrowing costs

Borrowing costs are charged in the income statement as expenses during the period in which they incurred.

o. Earnings per share

Basic and diluted earnings per share is calculated based on dividing the profit or loss, according to the consolidated financial statements, attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

p. 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.

q. Legal reserves

In accordance with the articles of association, 5% of the annual net income is required to be transferred to a legal reserve until its balance reaches 50% of issued capital. The Company is required to resume transfer of net profit to the legal reserve once its balance falls below this percentage. This reserve can be used for covering the incurred losses and for the increase of the Company capital subject to the approval of the shareholders in general assembly.

r. Employees' profit share

The Company pays 10% of its cash dividends as profit sharing to its employees to the sum of their annual salaries. Profit sharing is recognized as a dividend distribution through equity and as a liability in the provision which distribution has been approved by shareholders. And since dividends' distribution is the right of the Company's shareholders so the liability is not recognized for the employees' dividends related to profits that are not declared for distribution till the financial statements date (retained earnings).

s. Cash flows statement

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

4- Gain on sale of investments in associates

On February 22, 2015 the Board of Directors of the Company agreed on the sale of all the Company's share in the Egyptian Company for Mobile Service (ECMS), in addition to potential voting rights in MT Telecom SCRL, according to the call option notice received from Orange S.A Company (previously; France Telecom) – note (17), and on March 12, 2015 the Company collected the sale price which amounted to Euro 209 632 133.

Gain from sale of investments in associates resulting from the exercise of call option is analyzed as follows:

<u>(In thousand EGP)</u>	<u>December 31, 2015</u>
Sale price of investments in associates	1 820 094
Deduct:	
Sale transaction costs and commissions	(6 292)
Investment in Egyptian Company for Mobile Services at cost – note (17)	(216 487)
Investment in MT Telecom SCRL at cost – note (17)	(56 073)
Gain from sale of investments in associates	<u>1 541 242</u>

5- Technical support service revenue

<u>(In thousand EGP)</u>	<u>For the year ended</u> <u>December 31, 2015</u>	<u>For the year ended</u> <u>December 31, 2014</u>
Egyptian Company for Mobile services (Mobinil)	2 937	11 804
CHEO Technology JV (Koryolink)	-	98 859
	<u>2 937</u>	<u>110 663</u>

6- Employees cost & board of directors' remuneration

<u>(In thousand EGP)</u>	<u>For the year ended</u> <u>December 31, 2015</u>	<u>For the year ended</u> <u>December 31, 2014</u>
Employees' cost	40 828	22 646
Board of directors' remuneration and allowances	2 378	1 450
	<u>43 206</u>	<u>24 096</u>

7- Income taxes

<u>(In thousand EGP)</u>	<u>For the year ended</u> <u>December 31, 2015</u>	<u>For the year ended</u> <u>December 31, 2014</u>
Current income tax	80 625	15 366
Deferred income tax	8 951	260
	<u>89 576</u>	<u>15 626</u>

Adjustments to calculate the effective tax rate

<u>(In thousand EGP)</u>	<u>For the year ended December 31, 2015</u>	<u>For the year ended December 31, 2014</u>
Net losses before tax	(157 772)	(741 443)
Losses (profits) of financial derivatives at fair value	1 049 434	345 300
Provisions formed and impairment	559 055	426 299
Additions to accounting profit	56 858	25 598
Provisions - no longer required	-	(4 366)
Exemptions (Gains from sale of investments in associates)	(1 180 721)	-
Net taxable profit	326 854	51 388
Income tax according to Income Tax Law	73 542	12 847
Additional temporary tax (5%) applied on tax base exceeding EGP 1 Million	-	2 519
Total income tax	73 542	15 366
Effect of deferred tax *	8 951	260
Adjustments of income tax for the year ended December 31, 2014 settled during the year	7 083	-
Income Tax	89 576	15 626
Effective tax rate	46.6 %	2.07 %

*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 separate financial statements. The movement of deferred tax liabilities is shown in the below table:

<u>(In thousand EGP)</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Balance at the beginning of the year	370	110
Charged to income statement during the year	8 951	260
Balance at the end of the year	9 321	370

8- Cash and balances at banks

<u>(In thousand EGP)</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Cash on hand	778	407
Banks - local currency	29 866	635
Banks - foreign currencies	1 163 645	72 033
Foreign currency deposits *	6 186	-
	1 200 475	73 075

- The current account in banks pledged amounts under debit service account amounted to EGP 24 325 thousand.

(*) Time deposits amounted to EGP 6 186 thousand, equivalent to USD 790 thousand, held at banks and renewed on monthly basis. The deposit is pledged against a letter of guarantee issued from O Capital for energy in favor of a governmental authority, which amounted to USD 750 thousand

9- Due from related parties

<u>a- Current (net)</u> <u>(In thousand EGP)</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
CHEO Technology JV (Koryolink)	176 997	172 735
Egyptian Company for Mobile Services (Mobinil)	-	9 108
Orascom Telecom Lebanon	1 313	1 302
Arpu Communication Services	-	4 498
Trans World Associate (Pvt.) Ltd – Pakistan	10 657	9 295
Oracap Holding	378 978	370 402
Orascom Telecom Holding (Demerging Company)	3 848	3 848
Middle East and North Africa Submarine Cables - MENA Cables	298 347	246 575
Orascom TMT investments (previously, Weather investments)	868	918
Orascom Telecom mobile infrastructure services Mobile	996	996
O Capital for energy	38 465	-
O Capital for services	14	-
<u>Impairment</u>		
Impairment in due from related parties *	<u>(859 410)</u>	<u>(622 339)</u>
	<u>51 073</u>	<u>197 338</u>

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

<u>Impairment in due from related parties</u> <u>(in Thousands)</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
CHEO Technology JV (Koryolink)	(176 997)	-
Orascom Telecom Lebanon	(519)	(519)
Orascom Telecom mobile infrastructure services Mobile	(996)	(996)
Oracap Holding	(378 702)	(370 401)
Orascom Telecom Holding (Demerging Company)	(3 848)	(3 848)
Middle East and North Africa Submarine Cables - MENA Cables	(298 348)	(246 575)
	<u>(859 410)</u>	<u>(622 339)</u>

b- Non-current	<u>December 31, 2015</u>	<u>December 31, 2014</u>
(In thousand EGP)		
Trans World Associate (Pvt.) Ltd – Pakistan	13 178	16 112
	<u>13 178</u>	<u>16 112</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.

10- Other debit balances

(In thousand EGP)	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Prepaid expenses	177	214
Employees' custodies	880	1 147
Accrued Revenue	1 157	-
Others	7 871	2 271
Impairment		
Impairment in other debit balance	(216)	-
	<u>9 869</u>	<u>3 632</u>

11- Financial assets at fair value through profit or loss – financial derivatives

Financial derivatives recorded at fair value as of December 31, 2015 are represented in:

(In thousand EGP)	<u>December 31, 2015</u>			<u>December 31, 2014</u>		
	<u>Current</u>	<u>Non-</u>	<u>Total</u>	<u>Current</u>	<u>Non-</u>	<u>Total</u>
	<u>portion</u>	<u>current</u>		<u>portion</u>	<u>current</u>	
		<u>portion</u>			<u>portion</u>	
Fair value of put option, if exercised (*)	-	-	-	244 227	805 207	1 049 434
Charged to income statement during the year			(1 049 434)			(345 300)

(*) Represented in the fair value of the put option, which entitled the Company to sell its direct stake in the Egyptian Company for Mobile Services (ECMS), Previously an associate company, in addition to its indirect voting rights, to Orange S.A (previously; France Telecom), in accordance with the amended shareholders' agreement dated April 11, 2012. The agreement provided for the Company's option to put 1.67% per annum of the shares of the associate company during January and February of each year starting 2015 till 2017 based on each year accreting prices ranging from EGP 268.5 in 2015 to EGP 296 in 2017 per each share of the shares of ECMS.

The agreement also provided that Orange S.A has the option to call all (but not less than all) of the Company's direct stake in Egyptian Company for Mobile Services (ECMS) which is reported in the balance sheet as investments in associates with a percentage of 5% in

addition to related voting rights with a percentage of 28.75% on execution of the deal. This option is exercisable by Orange S.A during January and February of each year starting from the year ended 2013 till 2017, at an accreting price ranging from EGP 243.5 to EGP 296 per each share of the shares of ECMS.

An amount of EGP 1 049 434 thousand was charged to the income statement during the year which represents the reversal of the Company's valuation gains of its put option related to the direct and indirect stakes of investments in associates, whereas on February 22, 2015 the Board of Directors of the Company agreed on the sale of all the Company's shares in the Egyptian Company for Mobile Services (ECMS), in addition to potential voting rights in MT Telecom SCRL, according to the call option notice received from Orange S.A Company, note (17), which resulted in the cancelation of the Company's right to exercise its put option, and led to reversal of previously recognized gains resulting from the valuation of the put option to be charged to income statement during the year.

12- Other credit balances

<u>(In thousand EGP)</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Withholding tax	84	39
Social insurance authority	46	138
Payroll tax	509	1 116
Accrued expenses	18 038	9 135
Employees dividends payable	62	265
	<u>18 739</u>	<u>10 693</u>

13- Due to related parties

<u>(In thousand EGP)</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Orascom Telecom Ventures	446 957	333 538
	<u>446 957</u>	<u>333 538</u>

14- Property and equipment (net)

<u>(In thousand EGP)</u>	<u>Buildings</u>	<u>Computers</u>	<u>Furniture</u>	<u>Vehicles</u>	<u>Total</u>
<u>Cost</u>					
As of December 31, 2014	44 743	353	147	553	45 796
Additions during the year	-	335	43	4 410	4 788
Disposals during the year				(553)	(553)
As of December 31, 2015	<u>44 743</u>	<u>688</u>	<u>190</u>	<u>4 410</u>	<u>50 031</u>
<u>Accumulated depreciation</u>					
As of December 31, 2014	2 686	184	95	368	3 333
Depreciation for the year	893	149	54	328	1 424
Disposals during the year	-	-	-	(492)	(492)
As of December 31, 2015	<u>3 579</u>	<u>333</u>	<u>149</u>	<u>204</u>	<u>4 265</u>
Net book value as of Dec. 31, 2015	<u>41 164</u>	<u>355</u>	<u>41</u>	<u>4 206</u>	<u>45 766</u>
Net book value as of Dec. 31, 2014	<u>42 057</u>	<u>169</u>	<u>52</u>	<u>185</u>	<u>42 463</u>

15- Intangible assets (net)

(In thousand EGP)

Cost

As of December 31, 2014	1 994
Additions during the year	-
As of December 31, 2015	1 994

Accumulated amortization

As of December 31, 2014	528
Amortization for the year	871
As of December 31, 2015	1 399
Net book value as of December 31, 2015	595
Net book value as of December 31, 2014	1 466

**Computer's
Software**

16- Investments in subsidiaries (net)

(In thousand EGP)

	<u>Country</u>	<u>%</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
CHEO Technology JV (Koryolink)*	North Korea	75	-	613 632
Middle East and North Africa Submarine Cables – MENA Cables	Egypt	99.82	1 688 189	1 688 206
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
Beltone Financial Holding***	Egypt	81.3	544 586	-
Victoire investment holding****	Netherlands	99.99	526 017	-
O Capital for energy *****	Egypt	99.2	4 375	-
O Capital for services and construction *****	Egypt	99.2	63	-
<u>Impairment</u>				
Middle East and North Africa Submarine Cables - MENA Cables			(1 074 678)	(807 081)
Orascom Telecom Mobile Infrastructure Services ***			(63)	(63)
			1 972 216	1 778 421

(*) As mentioned in note (17), which resulted in that the holding company has lost control over the subsidiary's activities in North Korea, which led to modification in the accounting treatment through recognition of the investment as an associate instead of investment in subsidiaries.

(**) 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.

(***) 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 in - note (18).

(****) 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 real estate 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 35 Million - note (18)

(*****) 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 signaling in the commercial register of the company O-capital for energy and O-capital for services on November 24, 2015 and December 31, 2015 respectively.

17- Investment in associates

<u>(In thousand EGP)</u>	<u>Country</u>	<u>%</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Egyptian Company For Mobile Services S.A.E (**)	Egypt	5	-	216 487
MT Telecom SCRL	Belgium	28.75	-	56 073
CHEO Technology JV (Koryolink) (**)	North Korea	75	613 632	-
			<u>613 632</u>	<u>272 560</u>

(*) On February 22, 2015 the Board of Directors of the Company agreed on the sale of all the Company's shares in the Egyptian Company for Mobile Services (ECMS) amounting to 5 000 000 shares representing 5% of the capital of the Egyptian Company for Mobile Services (ECMS), in addition to 28 750 000 shares of potential voting rights in MT Telecom SCRL, according to the call option notice received from Orange S.A Company (previously; France Telecom) for a total price of Euro 209 632 133, which represents the present value for this option during the announced and agreed upon exercise windows for the years 2016 and 2017. The Company's selling price of its investment in the Egyptian Company for Mobile Services (ECMS), according to the deal, equal an amount of Euro 163 785 940 (with an approximate value amounting to Euro 32.76 per share), whereas the Company's selling

price of its investment in MT Telecom SCRL, according to the deal, equal an amount of Euro 45 846 193 (with an approximate value amounting to Euro 1.59 per share). This deal is considered a finalization for the call option according to the amended and restated agreement dated April 11, 2012.

The price of the share of the Egyptian Company for Mobile Services (ECMS), according to the deal, is equivalent to EGP 280.7 per share, with a total value amounted to EGP 1 403 500 000. Whereas the price of the potential voting right in MT Telecom SCRL is equivalent to EGP 13.62 per potential voting right, with a total amount of EGP 391 575 000.

(**) The Company's investments in North Korea related primarily to the 75% holding in the local telecom operator Koryolink. The accounting treatment has been modified during this period through recognizing it as an investment in associates instead of investment in subsidiaries. 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 increase of long term restrictions which affect the ability to transfer the subsidiary's profits to the Holding Company, 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 and effect 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 during the current period 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 current period, 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. (17), which led to modify the accounting treatment to be investment in associates instead of investment in subsidiaries. The investment in CHEO Technology JV (Koryolink) was measured at cost based on independent valuator report.

18- Borrowings

Banks	Current portion	Non-Current portion	Total	Denomination Currency	Currency	Maturity	Interest	Secured/Unsecured
<u>Syndicated loan (Facility Agent) Local bank</u>	22 143	196 944	219 087	221 145	EGP	June 2021	Corridor rate +2.25%	Secured
<u>Loan of Foreign bank</u>	--	260 980	260 980	33 423	USD	October 2018	Bank interest rate - 1.25%	Secured
<u>Loan of Local Bank</u>	868	3 261	4 129	4 338	EGP	December 2020	The interest of certificates + 2% at least 12% annually	Secured
Total	23 011	461 185	484 196					

A. Long-term loans – syndicated loan –

- On November 12, 2015 the company obtained the syndicated loan from a group of financial institutions represented in a long-term loan of a maximum of 250 million EGP in the purpose of finance part of the cost of acquisition part within the limits of 87% of the shares of the company.

Interest and interest period

- The interest shall be set at corridor rate for lending of one night and announced by the Central Bank of Egypt in the pricing date plus margin 2.25% p.a.
- The interest shall be calculated on the basis of a year of Three hundred Sixty (360) days and the actual number of days elapsed.

Financial covenants:

Under the terms of the loan contracts signed on November 12, 2015 it was agreed on the following financial commitments:

The borrower undertakes to pledge final unconditional pledge regarding the following:

- (a) Debt service rate is not less than (5.2) times per year.
- (b) The ratio of debt of own resources should not exceed 44.1%: 55.9%.

-The borrower undertakes to pledge unconditional definitively to direct and is file, or include deposit, dividends distributed on the target company's shares at the revenue account, and this from the date of financial closure and the length of the funding period.

-The borrower undertakes to pledge to deposit in the debt service account not later than the date of financial closure amount to less than 10% of the amount of funding ("compulsory Balance") and keep it in a debt service account throughout the financing period.

-The borrower undertakes to pledge unconditional definitively to direct and is file, or to guarantee the deposit, proceeds from the sale or disposal of any of the target's shares made during the financing period in the account that come from the sale of the shares immediately after the disposition of the stock concerned.

Collaterals:

- To ensure the fulfillment of the company toward to funders and donors for the facilities mentioned, the Company entered into the following guarantees:

(a) Mortgaging the revenue account: the borrower undertakes to pledge a final unconditional to mortgage balance of dividends account for the guarantee mandatary for itself and on behalf of the banks throughout the financing period, and conclude with the guarantee mandatary and account bank mortgage contract in accordance with the provisions accepted by the banks and that the and perform all procedures and sign on any required documents by guarantee mandatary from time to time to keep the mortgage and it's running out.

(b) Pledge of shares of the targeted company and the outstanding profits: the borrower undertakes to pledge unconditional final that he mortgage in favor of the guarantee mandatary for itself and on behalf of the banks, shares of the target company and all the profits owed to them throughout the financing period.

(c) Mortgage debt service account: the borrower undertakes to pledge a final unconditional to mortgage balance of dividends account for the guarantee mandatary for itself and on behalf of the banks throughout the financing period, and conclude with the guarantee representative a mortgage contract in accordance with the provisions accepted by the banks and that is taking all measures and sign any documents required by the guarantee representative from time to time to keep the mortgage and thus force.

B. Long-term loan - Foreign banks

On September 28, 2015 the company lended long-term loan from the subjected bank by a maximum amount USD 35 Million for the sole purpose of financing 50% of the purchase price of seven floors in the "Patio Malzoni Faria Lima Tower A" in Sao Paolo, Brazil through the direct or indirect acquisition of the shares of the following companies incorporated in Brazil: Victoire 2, Victoire 9, Victoire 11, Victoire 13, Victoire 17, Victoire 18, and Victoire 19.

- Finance cost USD 100 Thousand, worth on the date of signing the contract.

Interest and interest period

- Interest shall be set at a variable rate of US Dollar the subjected bank prime rate minus 1.25%. For indicative purpose only, interest rate currently set at 7% per annum.

- The interest shall be calculated on the basis of a year of three hundred sixty (360) days and the actual number of days elapsed.

Financial covenants

- The loan shall be covered at 200% by the real estate value of the floors during the financing period, and valuation of the floors should occur every 6 months at the borrower's expenses. In the event the coverage falls at or below 175%, and at the option of the borrower, the loan will either be reduced to maintain the ratio of 200%, or the borrower must grant an additional security acceptable to the lender in order to maintain the coverage ratio at 200%.

Collaterals

- A pledge by the borrower in favor of the lender of the total acquired shares in the capital of the companies owning the floors, and the borrower shall deliver the certificates of the shares pledged.
- A chattel mortgage on all floors duly registered at the relevant real estate register in Sao Paulo Brazil.
- The borrower pledges to assign in favor of the lender of rental proceeds of the floors. The proceeds will be transferred to the borrower's account with the lender to cover interest and constitute a reserve account covering one interest payment.
- An irrevocable undertaking by the borrower to cover by the second anniversary of the first drawdown, the balance of the loan in principal and interest by a pledge account opened in his name.

C. Long-term loan – Local Bank

The Company has signed a credit facility as a Medium Term Loan agreement to finance the purchase of assets related to the Company from an Egyptian bank on July 27, 2015 amounted to EGP 5 million. Available duration is sixty-seven months ending on February 27, 2021.

Withdrawal period: Six months from the date of signing the agreement and end on January 23, 2016.

Payment period:

The Company committed to make payment to the bank the value of each sub-loan used by the Company according to the facility limit on equal sixty monthly installments.

Interest and installation period:

Interest calculated 2% above interest rate on certificates in the bank paid on monthly installments and otherwise the interest will not be less than 12% of principle, commissions and expenses during the agreement period.

19- Capital

The Company's authorized capital amounted to EGP 22 Billion, the issued and paid up capital 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).

20- Provisions

<u>(In thousand EGP)</u>	<u>December 31,</u> <u>2014</u>	<u>Formed</u>	<u>No Longer</u> <u>Required</u>	<u>December 31,</u> <u>2015</u>
Provisions for claim	460 950	54 386	-	515 336
Total	460 950	54 386	-	515 336

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.

21- Earnings per share of the net profit for the year

Earnings per share calculated based on the consolidated results of the Company, according to the Egyptian Accounting Standard (22) and Earning per share presented in the consolidated financial statements of the Company.

22- 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, 2015.

The Company received Form [32] from the tax authority by the date of January 19, 2016 for inspecting [2011, 2012], the company is preparing the inspection, and organizing the date of the inspection with the tax authority.

The Company received Form [32] from the tax authority by the date of March 9, 2016 for inspecting [2011, 2014], the company is preparing the inspection, and organizing the date of the inspection with the tax authority.

Payroll tax

The Company pays payroll tax to the tax authority on due dates, the company received a form for the inspection of 2012, 2013. The Company's books were not inspected yet by the tax authority.

Withholding tax

The Company's books were not inspected yet by the tax authority, The Company pays withholding tax to the tax authority on due dates.

Stamp tax

-The stamp duty tax inspection was performed from the beginning of the company till December 31, 2013 and the company paid tax due.

- The stamp duty tax inspection was performed from 1 January, 2014 of the company till December 31, 2015 and No payment is required from the company for this period.

Property tax

The company was informed by the estimation module for property tax on the property number 2005, for the date of September 25, 2014, and it was appeal by the company in the due date, and the company is communicating with the appeal committee, and the appeal is not judged till present

23- Significant transactions with related parties

<u>(In thousand EGP)</u> <u>Company Name</u>	<u>Nature of the relationship</u>	<u>Nature of the transactions</u>	<u>Volume of Transactions</u>	<u>Balance Debit (Credit)</u>
CHEO Technology JV (KoryoLink)	Subsidiary	Payments of expenses on behalf of related party	4 262	176 997
Orascom Telecom Lebanon	Subsidiary of Orascom Telecom Ventures	Payments of expenses on behalf of related party	5 273	1 313
Middle East and North Africa Submarine Cable – MENA Cable	Subsidiary	Payments of expenses on behalf of related party	1 927	298 347
Trans World Associate (Pvt.) Ltd	Subsidiary	Payments of expenses on behalf of related party Interest on Loans during the year	518 262	10 657
Orascom Telecom Ventures	Subsidiary	Payments of expenses on behalf of related party Receiving Cash on Behalf of Orscom Telecom Ventures	9 119 (100 163)	(446 957)
Oracap Holding	Subsidiary of Orascom Telecom Ventures	Payments of expenses on behalf of related party	8 577	378 978

24- Financial instruments and management of associated risks

The Company's financial instruments comprise financial assets and liabilities. The financial assets comprise; cash and balances at banks, financial assets at fair value through profit or loss, 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 the factors which may affect the Company's ability to pay part or all of its liabilities, management monitors these liabilities and in case these liabilities have been increased, management depends on obtaining dividends from its subsidiaries or through management of excess cash at subsidiaries to mitigate any increase in these liabilities above acceptable levels.

Interest rate risk

Interest rate risk represents fluctuations in market interest rates which may affect the Company's results of operations and cash flows as the Company depends on its own resources and revenues from subsidiaries in financing the activities of the holding Company, therefore this risk is considered limited.

Foreign currencies' risk

Foreign currencies' risk represents fluctuations in exchange rates of foreign currencies, which affect disbursements and receipts in foreign currencies, as well as the value of assets and liabilities denominated 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 in addition to study the possibilities of engagement in currency forward deals when needed for covering economic risks without the aim of speculation, the matter which may reduce this risk to an acceptable level.

Credit risk

The credit risk is represented in the debtors' inability to pay their debts to the Company. The debtors are majorly represented in the balances due from subsidiaries and related parties balances, which may reduce this risk to an acceptable level at the date of the separate financial statements.

25- Contingent liabilities

<u>Company Name</u>	<u>Guarantee</u>	<u>Maximum level for liability</u>	<u>Outstanding Liability till December 31, 2015 (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	78 301	March 2016
Orascom Telecom Lebanon *	Guarantee of the Company to pay any due amount to participators.	USD 30 Million	234 903	March 2016

* There was amended the validity date of the guarantee provided for Orascom telecom Lebanon, a subsidiary company to Orascom telecom ventures, from December 31, 2015 to March 30, 2016.

26- Significant events during the period

- On July 9, 2015, the Minister of Investment's decree No. (110) of 2015 was issued. It has been decided to replace and supersede the former Egyptian Accounting Standards for the preparation and presentation of financial statements with new version of Egyptian Accounting Standards. The application of the former Egyptian Accounting Standards issued by Ministerial Decree No. 243 of 2006 was cancelled, effective as of the date of

applying this Decree. This Decree was published in the Official Gazette, and shall be effective as of the first day of January 2016, and will be applied on the entities whose fiscal year starts on or after this date.

- On August 20, 2015, a Presidential Decree was issued promulgating Law No. (96) of 2015 amending certain provisions of the Income Tax Law No. 91 of 2005 and amendment by Law No. (44) of 2014. According to this amendment the tax rate became 22.5% instead of 25, and will be applied on the entities whose fiscal year starts on or after this date. These amendments reflected in deferred tax calculation on the financial year ended December 31, 2015.

27- Non-adjusting events after the reporting Period

- On February 14, 2016 the group submitted a non-Bidding offer to acquire CI Capital Holding from CIB Bank, Orascom Telecom Media and Technology Holding S.A.E ("OTMT") announced that it has submitted a Binding offer to the Commercial International Bank ("CIB") to acquire 100% of its fully owned subsidiary CI Capital, the value of the offer is EGP 924 Million to be executed through Beltone financial Holding (Subsidiary company). OTMT has received the acceptance from CIB on the Binding offer subject to reaching an agreement on the final terms and conditions, and will move forward with the necessary process to complete the transaction, however the transaction has not been executed and approved by the regulatory authorities at the date of issuing the separate financial statements.

- During the subsequent period, the exchange rate of the Egyptian pound has witnessed a significant change against foreign currencies, whereas the exchange rate of EGP against USD has declined from 7.8301, at the date of the financial statements, to reach 8.85, while the exchange rate of Euro against EGP has declined from EGP 8.33 to reach EGP 10.01. The monetary assets and liabilities of the Company denominated in USD, at the date of the financial statements, amounted to USD 154 942 thousand and USD 81 440 thousand respectively, while the monetary assets of the Company denominated in EURO, at the date of the financial statements, amounted to EURO 3 100 thousand. If the current exchange rates were applied to the outstanding monetary assets and liabilities of the Company denominated in foreign currencies, at the date of the financial statements, this will lead to net translation difference gains amounting to EGP 81 710 thousand.

- During the subsequent 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 not violated, and the two sides reached some understandings, regulatory framework and initial commercial that works on organizing the work of telecommunications market in North Korea.

This 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 8,650 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, 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.

28- Comparative figure

Certain comparative figures presented in the accompanying statement of financial position are reclassified, as necessary, to conform to the current year's presentation as follow:

	<u>31 December 2014</u> <u>Balance after</u> <u>reclassification</u> <u>EGP</u>	<u>31 December 2014</u> <u>Balance before</u> <u>reclassification</u> <u>EGP</u>
<u>Reclassification items</u>		
<u>Balance sheet items</u>		
Due from related parties	197 338	197 554
Other debit balances	3 632	3 416

29- Fiscal year

The fiscal year of the Company starts on January 1 each year and ends on December 31.

30- Approval of the Separate financial Statements

The separate financial statements of the Company for the year ended December 31, 2015 were approved by the Board of Directors on 27 April 2016.

Chief Financial Officer



Chairman and Chief Executive Officer

