

**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 Consolidated Interim Financial Statements**  
**For the nine months Ended September 30, 2016**  
**Together with Limited Review Report**



# **Orascom Telecom Media and Technology Holding S.A.E.**

**Condensed Consolidated Interim  
Financial Statements and Limited  
Review Report**

**Nine month ended  
September 30, 2016**

Translation of Review Report

Originally Issued in Arabic

Limited Review Report

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Orascom Telecom, Media and Technology Holding – S.A.E which comprise the condensed consolidated interim statement of financial position as of September 30, 2016 and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the nine months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of the condensed consolidated interim financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

Except for the matters explained in the basis for qualified conclusion paragraph, we conducted our review in accordance with Egyptian Standard on Review Engagements (2410) "Review of Interim Financial Statement Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Basis for Qualified Conclusion

As disclosed in more details in note (11), of the accompanying notes to condensed consolidated interim 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 management 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 management estimates.

Thus the investment in CHEO Technology JV (Koryolink) is measured at cost that represents the fair value on the date of loss control, that is expected to be recovered by the Company from its investments in the future. The losses resulted from the modification of the accounting treatment amounted to EGP 3,150,701 thousand reported as losses from discontinued operations in the consolidated income statement for year ended December 31, 2015.

In light of the aforementioned, we were not able to verify the value that will be recovered at the date of financial position and we were not able to perform other alternative procedures with this respect.

## Qualified Conclusion

Except for the effect of the matter described in the basis of qualified conclusion paragraph, and based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly, in all material respects, the condensed consolidated interim financial position of the Group as at September 30, 2016, and of its condensed consolidated interim financial performance and its condensed consolidated interim cash flows for the nine months then ended in accordance with Egyptian Accounting Standard no. (30) "Interim Financial Reporting".

Cairo, November 15, 2016

  
Kamel Magdy Saleh, FCA

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

CMA Registration No "69"



**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2016**

(In thousands of EGP)	Note	September 30, 2016	December 31, 2015
<b><u>Non-current assets</u></b>			
Property and equipment (net)	12	1,180,152	881,727
Intangible assets (net)	12	467,389	454,700
Investment property (net)	13	564,054	502,569
Investments in associates (net)	11	614,341	614,281
Other non-current financial assets	14	19,388	62,867
Other non-current assets (net)	16	101,211	72,873
<b>Total non-current assets</b>		<b>2,946,535</b>	<b>2,589,017</b>
<b><u>Current assets</u></b>			
Inventories (net)		2,039	1,226
Trade receivables (net)		218,315	136,270
Other current financial assets	14	135,580	84,703
Other current assets (net)	16	228,297	116,449
Cash and cash at banks	15	1,682,517	1,585,219
<b>Total current assets</b>		<b>2,266,748</b>	<b>1,923,867</b>
<b>Total assets</b>		<b>5,213,283</b>	<b>4,512,884</b>
<b><u>Equity</u></b>			
Issued and paid-up capital	17	2,203,190	2,203,190
Reserves		950,749	843,008
Accumulated losses		(535,200)	(477,339)
<b>Equity attributable to shareholders' of the Parent Company</b>		<b>2,618,739</b>	<b>2,568,859</b>
Non-controlling interests		165,915	132,985
<b>Total equity</b>		<b>2,784,654</b>	<b>2,701,844</b>
<b><u>Liabilities</u></b>			
<b><u>Non-current liabilities</u></b>			
Non-current borrowings	18	803,066	603,111
Other non-current liabilities	19	122,183	79,641
Deferred tax liabilities		85,729	62,970
<b>Total non-current liabilities</b>		<b>1,010,978</b>	<b>745,722</b>
<b><u>Current liabilities</u></b>			
Current borrowings	18	114,067	82,440
Payables and other current liabilities	19	565,058	261,580
Tax liabilities – income tax		75,026	102,105
Provisions	21	663,500	619,193
<b>Total current liabilities</b>		<b>1,417,651</b>	<b>1,065,318</b>
<b>Total Equity and Liabilities</b>		<b>5,213,283</b>	<b>4,512,884</b>

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

Chief Financial Officer

Executive Chairman and Managing Director

Review report 'attached'.




**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**

(In thousands of EGP)	Note	Nine months ended September 30, 2016	Nine months ended September 30, 2015	Three months ended September 30, 2016	Three months ended September 30, 2015
<b>Continued operations</b>					
Operating revenues	6	335,883	198,557	122,597	69,241
Other income		12,380	4,791	5,416	1,506
Purchases and services costs	7	(183,426)	(142,522)	(54,373)	(47,669)
Other expenses and provisions		(58,434)	(5,374)	(2,473)	(2,719)
Personnel costs		(200,650)	(99,744)	(71,373)	(26,250)
Depreciation and amortization		(68,221)	(69,016)	(23,739)	(24,012)
Provision no longer required		--	182,578	--	--
Capital gains		10,383	1,226,244	125	(1,382)
Finance income (cost)	8	19,601	(1,047,404)	7,502	239
Finance expense	8	(42,647)	(6,027)	(13,590)	(2,061)
Foreign exchange differences	8	188,201	42,738	(3,015)	56,955
Group's share of losses of investments in associates		871,899	(4,821)	300,765	--
Impairment in associates		(871,839)	--	(300,749)	--
<b>Profit for the period from continuing operations before income tax</b>		<b>13,130</b>	<b>280,000</b>	<b>(32,907)</b>	<b>23,848</b>
Income taxes	9	(51,866)	(187,567)	(13,871)	10,154
<b>(Loss) Profit for the period from continuing operating</b>		<b>(38,736)</b>	<b>92,433</b>	<b>(46,778)</b>	<b>34,002</b>
<b>Discontinued operation</b>					
Discontinued operations results	10	--	(3,118,965)	--	(3,788,338)
<b>Net loss for the period</b>		<b>(38,736)</b>	<b>(3,026,532)</b>	<b>(46,778)</b>	<b>(3,754,336)</b>
<b>Attributable to:</b>					
Shareholders' of the Parent Company		(57,861)	(3,280,838)	(54,225)	(3,849,802)
Non-controlling interests		19,125	254,306	7,447	95,466
		<b>(38,736)</b>	<b>(3,026,532)</b>	<b>(46,778)</b>	<b>(3,754,336)</b>
<b>Basic and diluted earnings per share (loss) - in EGP</b>	20	<b>(0.011)</b>	<b>(0.625)</b>	<b>(0.010)</b>	<b>(0.734)</b>

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

Chief Financial Officer



Executive Chairman and Managing Director



(In thousands of EGP)	<b>Nine months ended September 30, 2016</b>	Nine months ended September 30, 2015	<b>Three months ended September 30, 2016</b>	Three months ended September 30, 2015
Net loss of the period	(38,736)	(3,026,532)	(46,778)	(3,754,336)
Other comprehensive income: Items that may be subsequently reclassified to profit or loss, net of tax				
Revaluation of available for sale investments	299	(1,438)	299	-
Currency translation differences	121,247	(16,431)	49,050	(12,941)
<b>Total comprehensive income for the year</b>	<b>82,810</b>	<b>(3,044,401)</b>	<b>2,571</b>	<b>(3,767,277)</b>
Attributable to:				
Owners of the parent	49,880	(3,383,654)	(18,683)	(4,095,711)
Non-controlling interest	32,930	339,253	21,254	328,434

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Chief Financial Officer

Executive Chairman and Managing Director

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

(In thousands of EGP)	Issued and paid up capital	Legal reserve	Translation reserve for foreign subsidiaries	Other reserves	Retained earnings	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
As at January 1, 2015	2,203,190	502,073	436,177	1,438	3,380,437	6,523,315	1,353,676	7,876,991
Disposal of Non-Controlling interests from disposal of investments in subsidiary	--	--	--	--	--	--	(1,604,044)	(1,604,044)
Comprehensive income:								
Translation differences of the financial statements of foreign subsidiaries	--	--	305,332	--	--	305,332	84,947	390,279
Translation differences of the financial statements of disposal Company	--	--	(406,710)	--	--	(406,710)	--	(406,710)
Net profit for the period	--	--	--	--	(3,280,838)	(3,280,838)	254,306	(8,026,532)
Disposal of Group's share in change in equity statement of associate	--	--	--	(1,438)	--	(1,438)	--	(1,438)
Total comprehensive income for the period	--	--	(101,378)	--	(3,280,838)	(3,383,654)	339,253	(3,044,401)
As at September 30, 2015	2,203,190	502,073	334,799	--	99,599	3,189,661	88,885	3,228,546

(In thousands of EGP)	Issued and paid up capital	Legal reserve	Translation reserve for foreign subsidiaries	Other reserves	Accumulated losses	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
As at January 1, 2016	2,203,190	502,073	340,935	--	(477,339)	2,568,859	132,985	2,701,844
Comprehensive income:								
Translation differences of the financial statements of foreign subsidiaries	--	--	107,442	--	--	107,442	13,805	121,247
Revaluation of investment available for sale	--	--	--	299	--	299	--	299
Net (Loss) profit for the period	--	--	--	--	(57,861)	(57,861)	19,125	(38,736)
Total comprehensive income	--	--	107,442	299	(57,861)	49,880	32,930	82,810
As at September 30, 2016	2,203,190	502,073	448,377	299	(535,200)	2,618,739	165,915	2,784,654

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

Chief Financial Officer

Executive Chairman and Managing Director






**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**

(In thousands of EGP)

	<b>Nine months ended September 30, 2016</b>	<b>Nine months ended September 30, 2015</b>
<b>Continued operations</b>		
<b>Cash flows from operating activities</b>		
Net profit for the period before income tax	13,130	280,000
<i>Adjustments by:</i>		
Depreciation, amortization, and impairment in non-current assets	68,221	69,016
Losses in revaluation of financial derivatives at fair value	—	1,049,434
Finance expense	42,647	6,027
Finance income	(19,601)	(2,030)
Foreign exchange differences	(188,201)	(42,738)
(Gains) losses on disposal of assets	(10,383)	2,022
Gains on sale of investments in associates	—	(1,228,266)
Group's share of (gains) losses of investments in associates	(60)	4,821
Change in provisions	44,722	(178,864)
Changes in current assets reported in working capital	(49,220)	(25,737)
Changes in current liabilities reported in working capital	233,433	22,253
<b>Cash flows generated by (used in) operating activities</b>	<b>134,688</b>	<b>(44,062)</b>
Income taxes paid	(80,193)	(43,310)
Credit interest paid	(25,529)	(6,027)
Credit interest collected	19,601	2,030
<b>Net Cash flows generated by (used in) operating activities</b>	<b>48,567</b>	<b>(91,369)</b>
<b>Cash flows from investing activities</b>		
<b>Cash outflows for investments in:</b>		
Property and equipment	(226,562)	(154,221)
Intangible assets	(348)	(11,114)
Non-current financial assets	(43,532)	(18,057)
Investment in new acquisition	(60,924)	—
Investment available for sale	(62,160)	—
<b>Net proceeds from disposal of:</b>		
Property and equipment	10,460	2,560
Investments in subsidiaries	55,663	100,000
Investments in associates	—	1,811,780
Disposal of available for trading Investments	37,446	—
<b>Net cash flows (used in) generated by investing activities</b>	<b>(289,957)</b>	<b>1,730,948</b>
<b>Cash flows from financing activities</b>		
Net proceeds from non-current borrowings	177,623	119,981
Net payment to financial liabilities	(27,836)	(12,125)
<b>Net cash flows generated by financing activities</b>	<b>149,787</b>	<b>107,856</b>
<b>Net change in cash and cash equivalents during the period from continued operations</b>	<b>(91,603)</b>	<b>1,747,435</b>
<b>Discontinued operations</b>		
Net cash flow generated from operating activities	—	1,104,830
Net cash flow used in investing activities	—	(798,679)
<b>Net changes in cash and cash equivalent during the period from discontinued operations</b>	<b>—</b>	<b>306,151</b>
<b>Net changes in cash and cash equivalent during the period</b>	<b>(91,603)</b>	<b>2,053,586</b>
Cash and cash equivalents for the disposed subsidiary	—	(1,097,717)
Effect of foreign exchange on cash and cash equivalents in foreign currencies	188,901	72,294
Cash and cash equivalents at the beginning of the period	1,585,219	931,618
<b>Cash and cash equivalents at the end of the period</b>	<b>1,682,517</b>	<b>1,959,781</b>

(15)

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

Chief Financial Officer

Executive Chairman and Managing Director

**1- General information about Holding of the Group**

**a- Legal Status**

- 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 as a result 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- Statement of compliance**

The condensed consolidated interim financial statements have been prepared in accordance with the Egyptian Accounting Standard No. (30) "Interim Financial Reporting" and the Egyptian laws, and Regulations, and should read these condensed consolidated interim financial statements in conjunction with the annual consolidated financial statements for the year ended December 31, 2015.

The Minister of Investment's decree No. (110) of 2015 was issued on July 9, 2015. 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. And 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 May 15, 2016, the Minister of Investment issued Decree No. (53) of 2016, whereby the amended Egyptian Accounting Standards includes the addition of the Egyptian Accounting Standard (46) in the provisions of the transitional period for some amended accounting standards. This Decree was published in the Official Gazette, and shall be effective on the day following its publication date. With respect to the standards for whom no transitional provisions were issued, management has decided to apply the requirements of amended Egyptian Accounting Standard No. (5) "The Accounting Policies, Changes in the Accounting Estimates and Errors".

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.

**3- Basis for preparation of condensed consolidated interim financial statements**

**a- Basis of measurement**

The consolidated 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. The historical cost depends mainly on the fair value of the consideration transferred to obtain assets.

**b- Presentation currency**

These consolidated financial statements are presented in Egyptian pounds, which is the Company's functional currency. All financial information presented in Egyptian pounds has been rounded to the nearest thousand except for earnings per share for the year / period, unless otherwise stated in the consolidated financial statements or notes.

**c- Critical accounting judgments and key sources of uncertainty estimates**

Preparation of the condensed consolidated interim financial statements and application of the Group's accounting policies referred to in note (4) below, according to the Egyptian accounting standards, requires management to make judgments, estimates and assumptions about the presentation of these statements and about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Those estimates and associated assumptions are based on management historical experience and other factors that are considered relevant under current circumstances and conditions in which carrying amounts of assets and liabilities are determined. Actual results may differ from these estimates significantly if surrounding conditions and factors changed. 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.

**4- Significant accounting policies**

The accounting policies adopted this period are consistent with those of the previous year except for the amendments required by the New Accounting Standards which issued during the year 2015, and shall be effective as of the first day of January 2016, disclosed below the significant amendments which are applicable to the company and the effects of these amendments on financial statements, if any.

**Revised EAS (1) Presentation of Financial Statements**

***Income statement (Profit or Loss) / Statement of Comprehensive Income***

- The amendments to EAS (1) require the company to disclose all items of income and expenses that were recognized in the period in two separate statements, statement of profit or loss (Statement of Income) which discloses all items of income and expenses and Statement of Comprehensive Income which starts with profit or loss and presents items of other comprehensive income (Statement of Comprehensive Income). The company has prepared the Statement of Comprehensive Income and presentation of financial statements according to the revised standard.

**Revised EAS (10) Property, Plant and Equipment**

- The amendments to EAS (10) eliminated the option of using the revaluation model in the subsequent measurement of property, plant and equipment. There is no impact for these amendments on the company's financial statements. There is no impact for these amendments on the company's condensed consolidation interim financial statements.

**Revised EAS (14) Borrowing Costs**

- The amendments to EAS (14) eliminated the previous benchmark treatment that recognized the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in the Statement of Income. The revised standard requires capitalization of this cost on qualifying assets. There is no impact for these amendments on the company's condensed consolidation interim financial statements.

**Revised EAS (18) Investments in associates**

- The accounting treatment of the joint venture shall be added to this standard accordingly, the Investments in associated and joint venture shall be accounted for the investments using the equity method in the consolidated and individual financial statements.
- The entity shall discontinue to use the equity method from the date when the investment ceases to be an associate or a joint venture provided that the retained interest shall be re-measured using the fair value and difference shall be recognized in the income statement.
- If the entity's equity share in an associate company or a joint venture has declined however, the entity continued to use the equity method, then the entity, which has previously recognized a gain or loss within other comprehensive income, should reclassify this portion of gain or loss related to the decline of equity share, to the profits or losses (income statement) on the basis of the decline percentage, if such gain or loss is required to be reclassified to profits or losses on the disposal of the related assets or liabilities.

With respect to the discontinued of using the equity method. In this case, an enterprise should not modify the carrying value of its investment in the associate entity or the joint venture and any amounts pertaining to these investments previously recognized in equity, and so if the date of discontinued of using the equity method occurs in prior periods on the application of this revised standard . With respect to changes in the entities own equity in the associate entities or the joint venture are continuing to use the equity method. There is no impact for these amendments on the company's condensed consolidation interim financial statements.

**Revised EAS (20) Finance Lease**

- The leased passenger automobiles have become under the scope of the amendments to EAS (20). There is no impact for these amendments on the company's condensed consolidation interim financial statements.

**Revised EAS (23) Intangible Assets**

- The amendments to EAS (23) eliminated the option of using the revaluation model in the subsequent measurement of intangible assets. There is no impact for these amendments on the company's condensed consolidation interim financial statements.

**Revised EAS (25) Financial Instruments: Presentation**

- Any Puttable instrument is classified as an equity instrument rather than a financial liability if it has all the features and meets the conditions in paragraphs 16A and 16B or paragraphs 16C and 16D of the same standard, from the date the instrument possessed these features and met the conditions stated in these paragraphs.
- An entity should reclassify the financial instrument from the date the instrument has ceased possessing these features, or meeting the conditions stated in these paragraphs. There is no impact for these amendments on the company's condensed consolidation interim financial statements.

**Revised EAS (29) Business Combination**

The purchase method was cancelled and replaced by the acquisition method; as results:

1. Changing the acquisition cost to become cash consideration transferred; and to be measured at the fair value acquisition date.
2. Contingent consideration: the fair value of the consideration shall be recognized at the acquisition date as part of consideration transferred.
3. Changing the method of measuring goodwill in case of step acquisition made.

The transaction cost (the cost related to the acquisition): shall be charged to the income statement as an expense in which the costs incurred it shall not be added to the cash consideration transferred; except for the costs of issuing equity as debt instruments directly related to acquisition process. There is no impact for these amendments on the company's condensed consolidation interim financial statements.

**Revised EAS (34) Investment Properties**

- The option of using the fair value model in the subsequent measurement of investment properties has been cancelled. An entity applying the fair value model on its investment properties, should transfer to the cost model. There is no impact for these amendments on the company's condensed consolidation interim financial statements.

**Revised EAS (36) Exploration and Evaluation of Mineral Resources**

- The option of using the revaluation model in the subsequent measurement of the exploration and evaluation of mineral resources assets, was cancelled. There is no impact for these amendments on the company's condensed consolidation interim financial statements.

**Revised EAS (38) Employee Benefits**

- Actuarial Gains and losses

Shall all the accumulated actuarial gains and losses be immediately recognized as part of the defined benefit liabilities and charged to the other comprehensive Income items.

- The cost of the past service

An entity shall recognize past service cost as an expense at the earlier of the following dates:

1. When the plan amendment or curtailment occurs; or
2. When the entity execute a significant restructuring plan; it should recognize the related restructuring costs that include paying the termination benefits (Provision standard). There is no impact for these amendments on the company's condensed consolidation interim financial statements.

#### **New EAS (40) Financial Instrument - Disclosures**

- A new EAS (40) Financial Instrument – Disclosures has been issued to include all required disclosures for financial instruments. The company has disclosed required disclosures in the financial statements. There is no impact for these amendments on the company's condensed consolidation interim financial statements according to standard (30).

#### **New EAS (41) Operating Segments**

- EAS 33 "Segments Reports" has been replaced with EAS 41 "Operating Segments"
- Accordingly, the disclosures and the volume of the required disclosures that the Segment Reports must disclose on: mainly depends on the segments information presents to Chief Operating Decision Maker "CODM" of the entity to make decisions on the resources that must be allocated to the segments and assess its performance.

#### **New EAS (42) the consolidated Financial Statements**

- The new Egyptian Accounting Standard No. (42) "The consolidated Financial Statements" was issued accordingly Egyptian Accounting Standard No. (17) "The consolidated and separate Financial Statements" has changed to become "The separate Financial Instruments" pursuant to the new Egyptian Accounting Standards No. (42) "The consolidated Financial Statements"
- The Control Model has changed to determine the investee entity that must be consolidated.
- Accounting for the changes in the equity of the parent company in a subsidiary are accounted for as transactions with equity holders in their capacity as equity holders.
- Any investment retained in a former subsidiary re-measured at fair value at the date when control is lost and recognize any resulting difference in the income statement.
- Loses applicable to the non- controlling interest "NCI" in a subsidiary including component of other comprehensive Income are allocated to the owners of the holding entity and the NCI even if this causes the NCI to have a deficit balances.
- EAS 42 does not apply to
  1. Post-employment benefit plans or other long-term employee benefit plans Egyptian Accounting Standard No. (38),
  2. Investment funds excluded by regulators.

An entity in the date of applied the standard should not apply for the following amendments retrospectively:

Regarding the placement of total comprehensive income to the owners of the parent company and non-controlling interests even if it led to a deficit in the balance of non-controlling interests, and thus the entity shall not modify any gains or losses from prior periods on the application of this standard. Regarding changes in the ownership of the parent company in the subsidiaries, which does not lead to loss of control. With respect to parent company loss of control in subsidiaries, in this case the parent company shall not to modify the carrying value of its investment in the previously subsidiaries which occurs in date after the date of applying this standard. In addition, the parent company shall not record any profit or loss arising from loss of control of subsidiaries occurs in date after the date of applying this standard. There is no impact for these amendments on the company's condensed consolidation interim financial statements.

#### **New EAS (43) Joint Arrangements**

- The new Egyptian Accounting Standard No. (43) "Joint Arrangements" establishes principles for financial reporting by parties to a joint arrangement.
- The EAS 43 supersedes EAS 27 Interests in Joint Ventures.
- The EAS 43 classifies joint arrangements into two types—joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement. There is no impact for these amendments on the company's condensed consolidation interim financial statements.

#### **New EAS (44) Disclosure of interests in other entities**

- A new Egyptian accounting standard No. (44) "Disclosure of interests in other entities" was issued in order to comprise all the required disclosures pertaining to all the investments in subsidiaries, associates, joint arrangements, and the unconsolidated structured entities.

The objective of this standard is to comply the entity to disclose the information that enables the users of the financial statements to evaluate the nature and risks associated with its interests in other entities and the effect of those interests on its financial position, financial performance and cash flow. There is no impact for these amendments on the company's condensed consolidation interim financial statements.

#### **New EAS (45) Fair Value Measurement**

The new EAS (45) Fair Value Measurement has been issued and it is applied when other standard requires or permits to measure or disclose the fair value. This standard defines fair value, establishes the frame to measure fair value in on standard and determines the required disclosures for measurement of fair value. There is no impact for these amendments on the company's condensed consolidation interim financial statements.







**6- Operating revenues**

(In thousand EGP)	For the period ended September 30, 2016	For the period ended September 30, 2015
Financial segment revenue	78,987	--
Interconnection traffic tariff	189,500	154,082
Management Fees	46,692	44,475
Revenue from investment property	20,704	--
<b>Total</b>	<b>335,883</b>	<b>198,557</b>

**7- Purchases and services costs**

(In thousand EGP)	For the period ended September 30, 2016	For the period ended September 30, 2015
Customer and subscribers acquisition costs	379	--
Rental of local network, technical sites and other leases	38,590	56,059
Purchases of goods, materials cost and consumables	2,796	3,361
International telecommunication cost	23,467	21,598
Maintenance costs	51,118	7,031
Telecommunications cost	7,506	--
Utilities and energy costs	7,223	2,646
Advertising and promotional services	4,531	2,538
Consulting and professional services	30,059	12,896
Bank charges	4,682	1,538
Insurance expenses	1,012	1,670
Travel, accommodation, and flight expense	2,709	10,679
IT, supplies and expenses	1,391	654
Sites expense	3,479	2,780
Security expenses	1,010	825
Other services cost	3,474	18,247
<b>Total</b>	<b>183,426</b>	<b>142,522</b>

**8- Net investment income (finance cost)**

(In thousand EGP)	For the period ended September 30, 2016	For the period ended September 30, 2015
<b>Finance income from:</b>		
Credit interest	19,601	2,030
Change in fair value of financial derivatives	--	(1,049,434)
<b>Total finance income / (cost)</b>	<b>19,601</b>	<b>(1,047,404)</b>
<b>Finance cost from:</b>		
Debit interest	(38,627)	(1,670)
Other finance expenses	(4,020)	(4,357)
<b>Total finance expense</b>	<b>(42,647)</b>	<b>(6,027)</b>
Foreign exchange gains	188,201	42,738
<b>Total gains on foreign exchange</b>	<b>188,201</b>	<b>42,738</b>
<b>Net investment income (finance cost)</b>	<b>165,155</b>	<b>(1,010,693)</b>

9- **Income tax**

(In thousand EGP)	For the period ended September 30, 2016	For the period ended September 30, 2015
Income tax for the period	34,792	167,797
Deferred tax	17,074	19,770
<b>Total income tax</b>	<b>51,866</b>	<b>187,567</b>

10- **Discontinued operation results**

The change in the results of the discontinued operations during the prior period in the value of the deconsolidation of the group operations in Koryolink co - note (11).

11- **Investment in associates**

(In thousand EGP)	Country	%	September 30, 2016	December 31, 2015
Cheo JV Technology- Koryolink (*)	North Korea	75.00%	1,719,327	847,488
Electronic Fund Administration Services	Egypt	20.00%	709	649
Axes Holding company Impairment	Egypt	33.90%	5,556 (1,111,251)	4,742 (238,598)
<b>Total</b>			<b>614,341</b>	<b>614,281</b>

(\*) **Koryolink Company**

(In thousand EGP)	September 30, 2016	December 31, 2015
Assets	10,733,849	8,108,272
Liabilities	(1,850,795)	(1,404,909)
<b>Net assets</b>	<b>8,883,054</b>	<b>6,703,363</b>

(In thousand EGP)	For the period ended September 30, 2016	For the period ended September 30, 2015
Revenues	2,206,087	--
Total expense	(1,043,635)	--
<b>Post tax profit from continuing operations</b>	<b>1,162,452</b>	--
Group's share in profits of associates	871,839	--

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 the period ended September 30, 2015. 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 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 investment in associates instead of investment in subsidiaries. The investment in CHEO Technology JV (Koryolink) was measured at cost based on independent valuator report.

This and the translation of net assets of the subsidiary in September 30, 2015 was done using the exchange rate of the Central Bank of North Korea, The losses resulted from the change in the accounting treatment was EGP 3,150 million was recorded as the discontinued operations results in the income statement for the year ended December 31, 2015.

In addition to the Group's management formed impairment in associates in the Group's share in gains on investment during the period ended September 30, 2016 of EGP 871,839 thousand.

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 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.

The following table presents the movement on the investment of Koryolink during the period:

(In thousand EGP)	For the period ended September 30, 2016	For the period ended September 30, 2015
Beginning balance	847,488	--
Group's share in profits of associates	871,839	--
Impairment	(1,105,695)	--
Ending balance	613,632	--

**12- Property & Equipment and intangible assets (net)**

(In thousand EGP)	Property and Equipment	Intangible assets
Balance as of 1 January 2016	881,727	454,700
Additions	244,212	5,090
Disposals	(10,460)	--
Depreciation and amortization	(53,961)	(5,837)
Currency translation differences	118,634	13,436
<b>NBV as of 30 September 2016</b>	<b>1,180,152</b>	<b>467,389</b>
Balance as of 1 January 2015	2,093,198	517,811
Additions	207,194	11,114
Disposals	(2,560)	(1,893)
Depreciation and amortization	(237,130)	(23,455)
Currency translation differences	152,721	24,056
Disposal of subsidiary company net assets resulted from loss of control	(1,106,802)	(358,103)
<b>NBV as of 30 September, 2015</b>	<b>1,106,621</b>	<b>169,530</b>

There is a pledged assets for Transworld equivalent to EGP 576 million, and this in exchange for facilities for the company in marine cables SMW5

**13- Investment property (net)**

The investment property balance comprise of the value of seven floors which owned by Victoire company in Brazil. The investment property is carried at its historical cost (with fair value USD 64,021 thousand) on the date of acquisition.

(In thousand EGP)	Leased units	
	As of September 30, 2016	As of September 30, 2015
Balance at the beginning of the period	505,011	--
Currency translation differences	72,679	--
Balance at the end of the period	577,690	--
<b>Accumulated Depreciation and Amortization</b>		
As at the beginning of the period	2,442	--
Depreciation	8,424	--
Currency translation differences	2,770	--
As at the end of the period	13,636	--
<b>NBV at the end of the period</b>	<b>564,054</b>	<b>--</b>

**14- Other financial assets**

(In thousand EGP)	September 30, 2016			December 31, 2015		
	Non-current	Current	Total	Non-current	Current	Total
Financial assets	2,090	2,615	4,705	1,506	2,304	3,810
Deposits	--	67,897	67,897	--	42,057	42,057
Financial assets at fair value through profit or loss (14-1)	--	4,144	4,144	--	2,896	2,896
Treasury bills *	--	60,924	60,924	--	37,446	37,446
Financial assets available for sale-at cost (14-2)	12,517	--	12,517	57,127	--	57,127
Financial assets available for sale-at fair value(14-3)	4,781	--	4,781	4,234	--	4,234
<b>Total</b>	<b>19,388</b>	<b>135,580</b>	<b>154,968</b>	<b>62,867</b>	<b>84,703</b>	<b>147,570</b>

(\*) The increase in treasury bills is due to one of the subsidiaries purchased treasury bills during the period amounted to EGP 60.9 million during the first nine months of 2016 in addition to all treasury bills due to prior year 2015 amounted to EGP 37.5 million were full settled.

**14-1 Financial assets at fair value through profit or loss.**

Investments at fair value through profit and loss:

Company name	As of September 30, 2016	As of December 31, 2015
Mutual fund	4,144	2,896
<b>Total</b>	<b>4,144</b>	<b>2,896</b>

**14-2 Financial assets available for sale – at cost\***

Company name	As of September 30, 2016	As of December 31, 2015
Smart Village	--	44,202
Misr for Central Clearing Depository and Registry	7,718	7,718
Guarantee Settlement Fund	4,799	5,073
El Arabi for Investment	194	194
MENA Capital	1,476	1,435
NRG for trade & distribution	1,196	1,196
(Less): Impairment loss of available for sale investments	(2,866)	(2,691)
<b>Total</b>	<b>12,517</b>	<b>57,127</b>

-The above investments are measured at cost as they represent non-listed securities that do not have quoted market prices and their fair value cannot be reliably measured.

**14-3 financial assets available for sale – at fair value**

Company name	As of September 30, 2016	As of December, 31 2015
EGX 30	4,781	4,234
<b>Total</b>	<b>4,781</b>	<b>4,234</b>

**15- Cash and cash at banks**

(In thousand EGP)

	<b>As of September 30, 2016</b>	<b>As of December 31, 2015</b>
Banks – Current accounts	1,616,852	1,578,882
Cash on hand	15,599	3,441
Treasury bills	50,066	2,896
<b>Total</b>	<b>1,682,517</b>	<b>1,585,219</b>

The current account at banks include an amount equivalent to EGP 18 Million pledged as a guarantee for the credit facilities granted to TransWorld Associates.

\*This amount is represented Treasury bills that were acquired on September 25, 2016, and it will matured during three months.

**16- Other assets (net)**

(In thousand EGP)

	<b>As of 30 September 2016</b>			<b>As of December 31, 2015</b>		
	<b>Non- current</b>	<b>Current</b>	<b>Total</b>	<b>Non- current</b>	<b>Current</b>	<b>Total</b>
Prepaid expenses	101,211	57,467	158,678	72,873	37,751	110,624
Advance to suppliers	--	12,490	12,490	--	11,188	11,188
Amounts due from tax authority	--	1,808	1,808	--	1,001	1,001
Employees' loans	--	2,535	2,535	--	--	--
Income tax	--	71,418	71,418	--	50,060	50,060
Other receivables*	--	87,297	87,297	--	16,449	16,449
Allowance for doubtful accounts	--	(4,718)	(4,718)	--	--	--
<b>Total</b>	<b>101,211</b>	<b>228,297</b>	<b>329,508</b>	<b>72,873</b>	<b>116,449</b>	<b>189,322</b>

\*This balance includes the down payment paid from Beltone Financial Holding (subsidiary) under the acquisition of the share at Auerbach Grayson & Company "USA", after obtaining regulatory approval on brokerage activity in the securities of the United States of America, and in case failure to obtain approval of the entire amount paid will be refunded to the company. Till the date of condensed consolidated interim financial statements have not been obtaining this approval.

**17- Issued and paid up 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 approval of the General Authority for Investment and the Extraordinary General Assembly of Orascom Telecom Holding (Demerging company) as explained in Note (1-C).

**18- Borrowings**

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

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Notes to the condensed consolidated interim financial statements

For the period ended September 30, 2016



(In thousand EGP)	For the period ended September 30, 2016	For the period ended September 30, 2015
Balance at beginning of the Period	685,551	44,362
Current portion	82,440	29,345
Non-current portion	603,111	15,017
Payments for borrowings (includes paid interests)	(63,334)	(15,370)
Proceeds from borrowings (includes accrued interests)	230,239	123,226
Foreign exchange differences	64,677	2,944
<b>Balance at the end of the Period</b>	<b>917,133</b>	<b>155,162</b>
current portion	114,067	26,677
non-current portion	803,066	128,485

**Loans for Trans World associate**

Borrowings include loans obtained from the shareholders of Trans World associate private to Trans World associate private (limited) Pakistan by an amount equivalent to EGP 22 Million of which EGP 17 Million due within one year and EGP 5 Million due after more than one year with an interest rate of 1.63% per annum.

Borrowings also include loans obtained from banks by an amount equivalent to EGP 355 Million from which EGP 20 Million due within one year and EGP 335 Million due after more than one year these borrowings were obtained by Trans World Associate Private (limited) with interest rates ranges between 8% to 9%.

**Syndicated loan for the purpose of financing the acquisition of Beltone Financial Holding Company:**

On November 12, 2015 the Company obtained the syndicated loan from a group of financial institutions represented in a long-term loan with a maximum limit of EGP 250 Million for the purpose of partial financing of acquisition of a portion within the limits of 87% of the shares of Beltone Financial Holding and the balance is EGP 195 million as of September 30, 2016.

**Loan for the purpose of financing the acquisition of Victoire Group:**

On September 28, 2015 the company borrowed 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 "Patío 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 and the balance is EGP 296 million is of September 30, 2016.

**Other credit facilities:**

The Company has signed two credit facilities as a Medium Term Loan agreement to finance the purchase of assets related to the Company from one of the Egyptian banks, It provides the Company with credit facility amounts up to EGP 5 million, EGP 2 million respectively with available duration sixty-seven months, and the balance as of September 30, 2016 is EGP 6.7 Million.

**19- Payables and other liabilities**

(In thousand EGP)	30 September, 2016			December 31, 2015		
	Non-current	Current	Total	Non-current	Current	Total
Property and equipment suppliers	--	27,966	27,966	--	2,514	2,514
Trade payables	--	105,465	105,465	--	60,250	60,250
Customers' credit balance	--	227,904	227,904	--	85,404	85,404
Other payables	--	44,655	44,655	--	22,532	22,532
Prepaid traffic and deferred revenue	108,210	10,772	118,982	66,509	5,828	72,337
Due to governmental authorities	--	37,475	37,475	--	39,768	39,768
Personnel accrued expenses	--	9,171	9,171	--	8,437	8,437
Customer deposits	--	6,496	6,496	--	929	929
Other credit balances	13,973	95,154	109,127	13,132	35,918	49,050
<b>Total</b>	<b>122,183</b>	<b>565,058</b>	<b>687,241</b>	<b>79,641</b>	<b>261,580</b>	<b>341,221</b>

**20- Earnings per share**

**Basic:** Basic earnings per share is calculated by dividing the net profit attributable to shareholders' of the Parent company by the weighted average number of ordinary shares outstanding during the period.

**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.

	Nine months ended September 30, 2016	Nine months ended September 30, 2015	Three months ended September 30, 2016	Three months ended September 30, 2015
<b>Profit attributable to equity holders of the parent company (In Thousand EGP)</b>	(57,861)	(3,280,838)	(54,225)	(3,849,802)
Weighted average number of shares for the period (in thousands of shares)	5,245,690	5,245,690	5,245,690	5,245,690
<b>Earnings per share – basic and diluted (in EGP)</b>	<b>(0.011)</b>	<b>(0.625)</b>	<b>(0.010)</b>	<b>(0.734)</b>
From continued operation (in EGP)	(0.011)	(0.180)	(0.010)	(0.192)
From discontinued operation (in EGP)	--	(0.445)	--	(0.542)

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Notes to the condensed consolidated interim financial statements  
For the period ended September 30, 2016

**21- Provisions**

(In Thousand EGP)	<b>September 30, 2016</b>	<b>September 30, 2015</b>
As at the beginning of the period	619,193	546,891
Provision is no longer required	--	(182,578)
Formed	41,614	7,563
Reclassification	2,244	(967)
Foreign exchange differences	449	1,094
The change in the scope of consolidation	--	(9,050)
<b>Balance as at the end of the Period</b>	<b>663,500</b>	<b>362,953</b>

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

**22- Capital Commitments**

The capital commitments as of September 30, 2016 are as follows:

(In thousand EGP)	<b>September 30, 2016</b>	<b>December 31, 2015</b>
Commitments related to property and equipment	127,421	243,262
Other commitments	162,759	180,941
<b>Total</b>	<b>290,180</b>	<b>424,203</b>

Commitments related to property and equipment arising from the Group commitments of the installation of property and equipment related to the supply of marine communication cable, equipment, and technical equipment related to the contract of Middle East, North Africa for Sea Cables Company (subsidiary) and Trans World associates. The increase in capital commitments is represented mainly in property and equipment related to the supply of marine communication cable, and the changes in other commitments is mainly due to the foreign currencies translation from the foreign currencies to the EGP (presentation currency).

**23- Contingent liabilities**

The contingent liabilities, are represented in guarantees issued by the holding company and related to the activities of its subsidiaries, as follows:

**Orascom Telecom, Media and Technology Holding**

- A Letter of guarantee in favor of Lebanon Ministry of Telecommunication to guarantee Orascom Telecom Lebanon in the payment of any amount due by the selected participants amounting to USD 40 Million.
- A guarantee issued to one of Middle East and North Africa for Sea Cables – MENA cables subsidiary's clients amounting to USD 82 Million to guarantee the subsidiary to fulfill its contractual obligations represented in performing the contracted services.

**Trans World Associates (Subsidiary)**

- An amount of USD 477 Thousand equivalent to EGP 4 Million is under lien in favor of LinkdotNet Telecom limited due with NIB Bank.
- A bank guarantee was issued in favor of DIB Bank amounting to Rupees 25 Million equivalent to EGP 2 Million and the guarantee against submarine cable project costs SMW5.
- A bank guarantee was issued in favor of NIB Bank equivalent to EGP 10 Million for the agreed credit facility valid till September 17, 2017.
- An amount of Rs 2 200 Thousand equivalent to EGP 187 Thousand is under lien with Habib Bank in favor of Higher Education Commission to December 13, 2016.

**24- Non-adjusting events**

- 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. Moreover, the company extend the validity of completion of the transaction in the subsequent period and paid EGP 50 million as down payment to prove its seriousness in executing the acquisition transaction, On June 9, 2016 the Company announced the non-extension of the validity of the sale between the CIB and Beltone Financial Holding and the refund of the down payment to the company. The deferral of completion is driven by the prolonged period to obtain the "no objection" certificate from the Egyptian Financial Supervisory Authority ("EFSA").
- The Ministry of Finance announced the start of the application of the VAT law after the law was published in the Official Gazette on September 7, 2016 and after the issuance of the President to the Law No. 67 of 2016 for issuing the VAT law. The law includes the grant three months as a transition period in order to allow companies and those were registered tax to adjust the conditions and this without imposing any fines for delay in payment of the tax due. Also the articles of the VAT law cancel General Sales Tax Law issued under Law No 11 of 1991.

**Beltone Financial Holding "Subsidiary":**

- On May 16, 2016 Board of Directors of Beltone Financial Holding "Subsidiary" proposal to increase the authorized capital from EGP 1 billion to EGP 3 billion, and to increase the issued & paid-up capital from EGP 338,031,958 to EGP 1,338,031,958 an increase of one billion of Egyptian pounds distributed over 500 Million shares with par value EGP 2 per share by inviting the former shareholders to underwrite in the capital increase, and the proposal will be introduced to Extraordinary General Assembly Meeting of the company, which will be held after obtaining the consent of the Egyptian Financial Supervisory Authority and Egyptian stock exchange.

- On May 29, 2016 the Board of Directors of Beltone Financial Holding "Subsidiary" accept to assign the Committee of motivation and compensation, for researching, evaluating and suggesting compensation and motivation system to present it for the Board of Directors of the Company, introducing to begin in executing it in accordance with the Egyptian law after obtaining the necessary approvals
- On June 1, 2016 Board of Directors of Beltone Financial Holding "Subsidiary" accept the acquisition of 51% of Auerbach Grayson Company with recommendation of BOD for approval, and to assign an independent financial consultant for the Company valuation.
- On June 27, 2016 the board of directors of Beltone Financial Holding Company have been accepted the acquisition offer to acquire 100% of Arab Finance company's shares which amounted to EGP 23 Million, Also the board of directors of Beltone Financial Holding Company have been accepted the acquisition offer to acquire 70% of Service of the small infinite projects Company "Reefy", which valued to EGP 105 Million by independent financial consultant.

**25- Significant events during the subsequent period of the interim period**

- On November 3, 2016 the central bank of Egypt decided to float the national currency against the foreign currencies to reach an average exchange rate of USD in November 6, 2016, 16 EGP. Also the central bank of Egypt decided to increase the discount rate by 300 points.

Chief financial officer



Chairman & Chief executive officer

