

Translation of Auditor's Report
Originally Issued in Arabic

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, 2016 and the related separate statements of income, comprehensive 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 comply with ethical requirements, plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

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, 2016

(In thousand EGP)	Note No.	December 31, 2016	December 31, 2015
Assets			
<u>Non-current assets</u>			
Property and Equipment (net)	(13)	49,864	45,766
Intangible assets (net)	(14)	156	595
Investments in subsidiaries (net)	(15)	1,879,236	1,972,216
Investments in associates	(16)	613,632	613,632
Due from related parties - non current	(9, 22)	30,317	13,454
Time deposits - non current		10,850	5,600
Total non-current assets		2,584,055	2,651,263
<u>Current assets</u>			
Cash and Cash equivalent	(8)	2,120,690	1,200,475
Due from related parties - current (Net)	(9, 22)	1,153,532	50,797
Other debit balances (Net)	(10)	6,550	9,869
Total current assets		3,280,772	1,261,141
Total Assets		5,864,827	3,912,404
Equity and liabilities			
<u>Equity</u>			
Issued and paid-up capital	(18)	2,203,190	2,203,190
Legal reserve		502,073	502,073
Accumulated losses		(341,103)	(93,755)
Net Profit/(loss) for the year		1,084,694	(247,348)
Total equity		3,448,854	2,364,160
<u>Non-current liabilities</u>			
Non current borrowings	(17)	205,467	461,185
Deferred tax liabilities	(7)	275,817	9,321
Total non-current liabilities		481,284	470,506
<u>Current liabilities</u>			
Provisions	(19)	573,621	515,336
Borrowings	(17)	558,162	23,011
Accounts payable		265	153
Other credit balances	(11)	43,890	18,739
Current income tax	(7)	25,161	73,542
Due to related parties	(12, 22)	733,590	446,957
Total current liabilities		1,934,689	1,077,738
Total Liabilities and equity		5,864,827	3,912,404

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

Chief Financial Officer



Chairman



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, 2016

(In thousand EGP)	Note No.	For the year ended December 31, 2016	For the year ended December 31, 2015
Technical support service revenue	(4)	-	2,937
Gain on sale of investments in Subsidiaries	(5)	65,693	-
Gain on sale of investments in Associates		-	1,541,242
Other income		2,428	3,304
General and administrative expenses		(80,548)	(54 606)
Personnel cost and board of directors' remuneration	(6)	(64,459)	(43 206)
Depreciation and amortization	(13,14)	(2,885)	(2 295)
Provisions formed	(19)	(58,285)	(54 386)
Impairment losses in due from related parties	(9)	(1,988)	(237 071)
Reversal of Impairment losses in due from related parties	(9)	685,963	-
Impairment losses in other debit balances	(10)	-	(216)
Impairment losses in investments in subsidiaries	(15)	(62,397)	(267 597)
Loss on sale of property, and equipment		-	(61)
Loss on revaluation of financial assets at fair value through profit or loss -held for trading		-	(710)
Loss on disposal of available for sale investments		-	(160)
Interest income		4,123	289
Foreign exchange differences	(26.C)	920,958	11 599
Finance cost		(57,413)	(7 401)
Loss on revaluation of financial derivatives at fair value		-	(1 049 434)
Net Income (loss) for the year before tax		1,351,190	(157,772)
Income taxes	(7)	(266,496)	(89 576)
Net Income (loss) for the year after tax		1,084,694	(247 348)
Earnings per share (EGP/Share)			
Basic	(20)	0.21	(0.047)
Diluted	(20)	0.21	(0.047)

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Chief Financial Officer



Chairman



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 Other Comprehensive Income for the year ended December 31, 2016

(In thousand EGP)	<u>For the Year ended</u>	<u>For the Year ended</u>
	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Net profit (loss) for the year after tax	1 084 694	(247 348)
Other comprehensive income	-	-
Total other comprehensive income	-	-
Total comprehensive income/(Loss) for the year	<u>1 084 694</u>	<u>(247 348)</u>

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Chief Financial Officer



Chairman



Chief Executive Officer



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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, 2016

(In thousand EGP)	<u>Issued and Paid-up capital</u>	<u>Legal reserve</u>	<u>Retained earnings (Accumulated losses)</u>	<u>Net (losses)/Profits for the year</u>	<u>Total</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	-
Other comprehensive (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>
Balance as of January 1, 2016	2 203 190	502 073	(93 755)	(247 348)	2 364 160
Transferred to retained earnings	-	-	(247 348)	247 348	-
Other comprehensive income for the year	-	-	-	1 084 694	1 084 694
Balance as of December 31, 2016	<u>2 203 190</u>	<u>502 073</u>	<u>(341 103)</u>	<u>1 084 694</u>	<u>3 448 854</u>

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Chief Financial Officer



Chairman



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, 2016

(In thousand EGP)	Note No.	For the year ended December 31, 2016	For the year ended December 31, 2015
Net profit/(loss) for the year before tax		1,351,190	(157,772)
Adjusted by :			
Depreciation and amortization	(13 + 14)	2,885	2,295
Impairment losses in due from related parties	(9)	1,988	237,071
Loss on revaluation of financial derivatives at fair value		-	1,049,434
Impairment losses in other debit balances	(10)	-	216
Loss on sale of property and equipment		-	61
Loss on sale of financial assets at fair value through profit and loss - held for trading		-	710
Loss on disposal of available for sale investments		-	160
Foreign currency exchange differences - unrealized		(896,697)	(30,166)
Interest income		(4,123)	(289)
Finance cost		57,413	7,401
Impairment losses of investment in subsidiaries	(15)	62,397	267,597
Provisions formed	(19)	58,285	54,386
Reversal of impairment on balances due from related parties	(9)	(685,963)	-
Gain on sale of investment in Subsidiaries	(5)	(65,693)	-
Gain on sale of investment in associates		-	(1,541,242)
Operating Loss before changes in working capital		(118,318)	(110,138)
Decrease/(Increase) in due from related parties - current		20,867	(97,418)
Decrease (Increase) in other debit balances		3,319	(203)
Increase (Decrease) in accounts payable		113	(2,083)
Increase in other credit balances		13,075	4,774
(Decrease) Increase in due to related parties		(20,975)	113,419
Increase in due from related parties - non current		-	2,934
Cash flows used in operating activities		(101,919)	(88,715)
Taxes paid		(48,381)	(22,449)
Interest collected		4,123	289
Net cash flows (Used in) operating activities		(146,177)	(110,875)
Cash flows from investing activities			
Payment to Beltone-financing for buying of investments		(195,360)	-
Payments for purchase of property and equipment	(13)	(7,474)	(4,788)
Cash from selling fixed assets		930	-
Payments/(proceeds) for investments in subsidiaries		96,276	(1,075,024)
Net proceeds from sale of investment in associate		-	1,813,802
Increase in time deposit		(5,250)	(5,600)
Payment for financial asset at fair value through profit or loss - held for trading		-	(6,960)
Dividends received in advance		260,000	-
Net cash flows generated from investing activities		149,122	721,430
Cash flows from financing activities			
Interest paid		(45,337)	(4,129)
Payments for long term loans		(65,586)	-
Proceeds from term loans		5,110	484,196
Net cash flows (Used in)/generated from financing activities		(105,813)	480,067
Net change in cash and cash equivalent during the year		(102,868)	1,090,622
The impact of change in Exchange rate on cash and bank balances with foreign currencies		1,023,083	36,778
Cash and cash equivalent the beginning of the year		1,200,475	73,075
Cash and cash equivalent at the end of the year	(8)	2,120,690	1,200,475

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

Chief Financial Officer



Chairman



Chief Executive Officer



Orascom Telecom, Media and Technology Holding
Notes to the Separate Financial Statements
For the year ended December 31, 2016

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 decision no. 110 for the year 2015, applied from January 1, 2016. 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 the financial instruments that are measured at fair value or amortized cost. 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 where book values are calculated based on such estimates. Actual results may significantly differ from these estimates if there was a change in the surrounding factors and circumstances.

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

The following are the significant accounts where critical judgments and estimates that have been used:

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

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 tax treatment of these 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 recognition of 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, carrying amount of all financial assets are reduced directly by the impairment losses except for impairment related to amounts expected to be collected from related party balances and some debit balances for which an impairment loss is accounted for this value.

- **Estimating the useful lives/salvage value for property, plant and equipment and intangible assets and depreciation and amortization methods and recoverable value for those assets**

Management reviews the estimated useful lives of property, plant and equipment 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 of depreciation and amortization are adjusted accordingly.

3- Significant accounting policies applied

New issues of amendments to the EAE effective as of January 1, 2016:

On July 9, 2015 the investment minister's decree no. (110) of 2015 was issued for the replacement of the previous EAS with the newly issued EAS for the preparation and presentation of financial statements, the application of the previous EAS issued by ministerial decree no. 243 of 2006 from the day of working by this decree. This decree was published in the official newspaper to be effective from January 1, 2016 and to be applied by entities that start their financial year on or after that date.

On May 15, 2016 the Investment Minister's decree no. 53 of 2016 was issued to add to the amended EAS no. 40 the translation provisions for some amended accounting standards. This decree was published in the official newspaper, to be effective from the day following it's publish. For those standards for which no transitional provisions have been issued, management has determined to apply the requirements of accounting standard no. 5 "revised", accounting policies, changes in accounts estimates and error.

Subsequently, the Investment Minister issued decree no. 16 for 2017 dated February 7, 2017 that includes addition of accounting treatment related to the floating of foreign currency exchange rates. Management has determined not to apply this appendix.

The most significant amendments and their effect on the financial statements at the launch of the application of new issue are presented in the table below:

New & amended Standards	Summary of the most significant amendments	The Most Significant Transitional Provisions Guidelines According to the EAS No. 46	Impact on the financial statements
<p>EAS (1) Presentation of Financial Statements</p>	<p><u>Financial Position statement</u></p> <ul style="list-style-type: none"> - The standard doesn't require to present the working Capital Presentation. The reference financial statements that was included in 2006 standards was excluded; which presented the working capital presentation. - A statement shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity. <p><u>Income statement (profit or Loss) / statement of comprehensive income</u></p> <ul style="list-style-type: none"> - The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (Income statement) and the other one starts with the profit or loss and presents the other comprehensive income items (Statement of Comprehensive Income). 	<p>Was not issued.</p>	<ul style="list-style-type: none"> -The amendments and re-presentations have been applied to be in line with the required amendments. -Added a new statement, statement of comprehensive income, for the current and comparative period. -The disclosure requirements have been applied on the most significant financial instrument disclosures. -The application of these amendments have no significant impact on the disclosures or on the amounts recognised in the Company's separate financial statements.
<p>EAS(10) Property, Plant & Equipment (PPE)</p>	<ul style="list-style-type: none"> -The option of using the revaluation model in the subsequent measurement of PPE has been cancelled. -The movement of the fixed assets and its depreciation should be disclosed in the notes to the financial statements for the two financial periods (current and comparative period). 	<p>An entity that has revaluated the fixed assets in the light of the Egyptian Accounting Standards No. (10) Prior to the amendment, should transfer to the cost model. In this case, the entity should not apply this change retroactively, which means it should not amend the carrying values of fixed assets and their related accumulated depreciation, and therefore, these carrying amounts at the transition date, are considered the cost and accumulated depreciation at the beginning of applying this amended standard. (Refer to the full text of the transitional provisions in accordance with Egyptian Accounting Standard No. 46).</p>	<ul style="list-style-type: none"> -The application of these amendments have no impact on the disclosures or on the amounts recognised in the Company's separate financial statements.

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<p>EAS(14) Borrowing Costs</p>	<p>- Elimination of the previous benchmark treatment that recognized the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in the income statement without being capitalized on asset.</p>	<p>(Refer to the full text of the transitional provisions included in the Egyptian Accounting Standard No. 14).</p>	<p>-The application of these amendments have no impact on the disclosures or on the amounts recognised in the Company's separate financial statements.</p>
<p>EAS(18) Investments in associates</p>	<p>-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.</p>	<p>At the date of applying this amended standard, an entity should not apply the following amendments retrospectively: - -With respect to the cease of using the equity method, in this case, an entity should not amend the carrying value of its investment in the associate company or the joint venture and any amounts related to these investments previously recognized in equity, if the date of ceasing the use of the equity method occurred in a period prior to the application of this amended standard. -With respect to changes in the entity's equity share in the associate company or the joint venture while continuing to use the equity method.</p>	<p>-The application of these amendments have no impact on the disclosures or on the amounts recognised in the Company's separate financial statements.</p>
<p>EAS(20) Finance Lease</p>	<p>-The passenger automobiles treatment was superseded from the title of types of contracts that are not covered by the standard. And scoped in the EAS20.</p>	<p>Was not issued.</p>	<p>-The application of these amendments have no impact on the disclosures or on the amounts recognised in the Company's separate financial statements</p>

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<p>EAS(23) Intangible Assets</p>	<p>-The option of using the revaluation model in the subsequent measurement of intangible assets has been cancelled.</p>	<p>An entity applying the revaluation model of intangible assets, should transfer to the cost model. In this case, the entity should not apply this change retroactively, which means it should not amend the carrying values of the intangible assets and their related accumulated depreciation, and therefore, these carrying amounts at the transition date to the cost model, are considered the cost and accumulated depreciation at the beginning of applying this amended standard. (Refer to the full text of the transitional provisions in accordance with Egyptian Accounting Standard No. 46).</p>	<p>-The application of these amendments have no impact on the disclosures or on the amounts recognised in the Company's separate financial statements.</p>
<p>EAS(25) Financial Instruments: Presentation</p>	<p>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 paragraph</p>	<p>Was not issued.</p>	<p>-The application of these amendments have no impact on the disclosures or on the amounts recognised in the Company's separate financial statements.</p>
<p>EAS(29) Business Combination</p>	<p>-The purchase method was cancelled and replaced by the acquisition method; as results:</p> <ol style="list-style-type: none"> 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. <p>-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.</p>	<p>-This amended standard should be applied prospectively on the transactions of business combination, in which the acquisition date is on or after the first of January 2016. -The assets and liabilities, arising from the transactions of business combination in which the acquisition date is prior to the first of January 2016, are not amended. (Refer to the full text of the transitional provisions in accordance with Egyptian Accounting Standard No. 46).</p>	<p>-The application of these amendments have no impact on the disclosures or on the amounts recognised in the Company's separate financial statements.</p>

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<p>EAS(34) Investment Properties</p>	<p>-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.</p>	<p>(Refer to the full text of the transitional provisions included in the Egyptian Accounting Standard No. 34, and the Egyptian Accounting Standards No. 46).</p>	<p>-The application of these amendments have no impact on the disclosures or on the amounts recognised in the Company's separate financial statements.</p>
<p>EAS(36) Exploration and Evaluation of Mineral Resources</p>	<p>The option of using the revaluation model in the subsequent measurement of the exploration and evaluation of mineral resources assets, was cancelled.</p>	<p>An entity applying the revaluation model on the exploration and evaluation assets, should transfer to the cost model. In this case, the entity should not apply this change retroactively, which means it should not amend the carrying values of the exploration and evaluation assets and their related accumulated depreciation or amortization, depending on the circumstances, and therefore, these carrying amounts at the transition date to the cost model, are considered the cost and accumulated depreciation or amortization at the beginning of applying this amended standard. (Refer to the full text of the transitional provisions in accordance with Egyptian Accounting Standard No. 46).</p>	<p>-The application of these amendments have no impact on the disclosures or on the amounts recognised in the Company's separate financial statements.</p>
<p>EAS(38) Employee Benefits</p>	<p>- 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.</p> <p>- The cost of the past service An entity shall recognize past service cost as an expense at the earlier of the following dates:</p> <ol style="list-style-type: none"> 1. When the plan amendment or curtailment occurs; <p>And</p> <ol style="list-style-type: none"> 2. When the entity execute a significant restructuring plan; it should recognize the related restructuring costs that include paying the termination benefits (Provision standard). 	<p>Was not issued.</p>	<p>-The application of these amendments have no impact on the disclosures or on the amounts recognised in the Company's separate financial statements.</p>

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<p><u>EAS(40)</u> Financial instrument disclosures</p>	<ul style="list-style-type: none"> - A new Egyptian accounting standard No. (40) "Financial Instruments Disclosures" was issued including all the disclosures required for the financial instruments. - Accordingly, EAS (25) was amended by separating the disclosures from it. The name of the standard became "Financial Instrument Presentation" instead of "Financial Instruments presentation and disclosure". 	<p>Was not issued.</p>	<p>-Presentation of the financial instruments is considered.</p>
<p><u>EAS(41)</u> Operating Segments</p>	<ul style="list-style-type: none"> - EAS 33 "Segments Reports" has been replaced with EAS 41 "Operating Segments" <p>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.</p>	<p>Was not issued.</p>	<p>-The application of these amendments have no impact on the disclosures or on the amounts recognised in the Company's separate financial statements.</p>
<p><u>EAS(42)</u> The consolidated Financial Statements</p>	<ul style="list-style-type: none"> - 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 	<p>At the date of applying this standard, an entity should not apply the following amendments retrospectively: -</p> <ul style="list-style-type: none"> - With respect to the allocation of the total comprehensive income to the owners of the parent entity and the non-controlling interests, even if it led to a deficit in the balance of non-controlling interests, and therefore, the parent entity should not amend any profits or losses for periods prior to the application of this standard. - With respect to changes in the parent entity's equity share in the subsidiary entity, which does not lead to loss of control. - With respect to the loss of the parent entity's control over the subsidiary entity, in this case the parent entity should not amend the carrying value of its investments in the former subsidiary entity, if the date of loss of control occurred in a period prior to the application of this standard. 	<p>-The application of these amendments have no impact on the disclosures or on the amounts recognised in the Company's separate financial statements.</p>

	<p>the NCI even if this causes the NCI to have a deficit balances.</p> <p>- EAS 42 does not apply to</p> <ol style="list-style-type: none"> 1. Post-employment benefit plans or other long-term employee benefit plans, 2. Investment funds excluded by regulators. 	<p>In addition, the parent entity should not recalculate any profits or losses, arising from the loss of control over the subsidiary entity, if its occurrence date was prior to the application of this standard. (Refer to the full text of the transitional provisions in accordance with Egyptian Accounting Standard No. 46).</p>	
<p>EAS(43) Joint Arrangements</p>	<p>-The new Egyptian Accounting Standard No. (43) "Joint Arrangements" establishes principles for financial reporting by parties to a joint arrangement.</p> <p>-The EAS 43 supersedes EAS 27 Interests in Joint Ventures.</p> <p>-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 (ie 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 (ie joint ventures) have rights to the net assets of the arrangement.</p>	<p>(Refer to the full text of the transitional provisions included in the Egyptian Accounting Standard No. 43).</p>	<p>-The application of these amendments have no impact on the disclosures or on the amounts recognised in the Company's separate financial statements.</p>
<p>EAS(44) Disclosure of interests in other entities</p>	<p>-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.</p> <p>-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.</p>	<p>- Was not issued.</p>	<p>-The application of these amendments have no impact on the disclosures or on the amounts recognised in the Company's separate financial statements.</p>

<p><u>EAS(45)</u></p> <p>Fair Value Measurement</p>	<p>-The new Egyptian Accounting Standard No. (45) "Fair Value Measurement" was issued and shall be applied when another standard requires or allows measurement or disclosure to be made at fair value.</p> <p>This standard aims the following:</p> <ol style="list-style-type: none"> 1. Defining the fair value. 2. Laying down a framework to measure the fair value in one standard and 3. Identifying the disclosure required for the fair value measurement. 	<p>-An entity should apply the Egyptian Accounting Standard No. 45 "Fair Value Measurement" prospectively when preparing the financial statements for periods beginning on or after the first of January 2016.</p> <p>-An entity should not apply the requirements of the disclosure included in this standard, in the comparative information presented for the periods before the initial application of this standard.</p>	<p>-The application of these amendments have no impact on the disclosures or on the amounts recognised in the Company's separate financial statements.</p>
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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. Property, and Equipment

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

Properties in the course of construction for administrative purposes or for a currently undetermined future use are carried at cost less any recognised impairment loss. Cost includes professional fees, labour cost and "for qualifying assets" borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Depreciation of buildings and equipment as well as furniture and fixtures commences when the assets are ready for their intended use.

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.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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
Leasehold Improvements	5 Years
Furniture & fixtures	3 Years
Computers	3 Years
Vehicles	5 Years

c. Investments in subsidiaries

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

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

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

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

d. Investments in associates

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

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

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

e. **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**

Income tax expense represents the sum of the tax currently payable and deferred tax.

-Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

-Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the Balance Sheet Liability Method.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax assets or liabilities are not recognised for temporary differences resulting from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

-Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised directly in equity, in which case, the current and deferred tax are also recognised directly in equity.

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, Treasury bills due in less than 3 months 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 value added 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.
- Revenues from sale of financial investment are recognized according to accrual basis at fair value of the consideration received or payable to company after deduction of any discounts, expenses, transaction cost, or investment cost.

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: 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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including due from related parties, other debit balances, and others) are measured at amortised cost using the effective interest method, less any impairment.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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 and 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 available for sale, 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.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the "finance costs" line item.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

k. Impairment of assets

Non-financial assets

At each financial position date or whenever needed, the Company reviews the carrying amounts of its tangible and non-financial assets (Like investment in subsidiaries or associates) 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 or 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 financial position 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.

l. 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 and borrowing costs

Borrowings are recognised initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs includes the foreign exchange differences relating to borrowings to the extent that they are regarded as an adjustment to interest costs. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency and borrowings costs actually incurred on foreign currency borrowings.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Earnings per share

Basic and diluted earnings per share is calculated based on dividing the profit or loss, according to the separate 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- **Technical support service revenue**

(In thousand EGP)

	<u>For the year ended</u>	<u>For the year ended</u>
	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Egyptian Company for Mobile services (Mobinil)	-	2 937
	-	2 937

5- Gain on sale investments in subsidiaries

On November 29, 2016 the Board of Directors of Orascom Telecom, Media and Technology Holding agreed to the sale portion of the Company's shares in Beltone Financial holding (Note 15), and on November 30, 2016 the Company collected the full sales value amounted to EGP 96 919 thousands, and gain from sale investments in subsidiaries analyzed as follows:

<u>(In thousand EGP)</u>	<u>December 31, 2016</u>
Sale price of investments in subsidiaries	96 919
Deduct:	
Sale transaction costs and commissions	(643)
Cost of Investment in Beltone Financial Holding- (Note 15)	<u>(30 583)</u>
Gain from sale of investments in subsidiaries	<u>65 693</u>

6- Employees cost & board of directors' remuneration

<u>(In thousand EGP)</u>	<u>For the year ended</u> <u>December 31, 2016</u>	<u>For the year ended</u> <u>December 31, 2015</u>
Employees' cost	57 735	40 828
Board of directors' remuneration and allowances	<u>6 724</u>	<u>2 378</u>
	<u>64 459</u>	<u>43 206</u>

7- Income taxes

Income Tax (Separate Income Statement)

<u>(In thousand EGP)</u>	<u>For the year ended</u> <u>December 31, 2016</u>	<u>For the year ended</u> <u>December 31, 2015</u>
Current income tax	--	80 625
Income tax – Prior years	<u>266 496</u>	<u>8 951</u>
	<u>266 496</u>	<u>89 576</u>

Current Income Tax (Separate statement of Financial Position)

<u>(In thousand EGP)</u>	<u>For the year ended</u> <u>December 31, 2016</u>	<u>For the year ended</u> <u>December 31, 2015</u>
Balance at the beginning of the year	73 542	15 366
Current income tax	--	73 542
Settlement of income tax for the financial year ended December 31,2014 settled during the year	--	7 083
Payment during the year	<u>(48 381)</u>	<u>(22 449)</u>
Balance at the end of the year	<u>25 161</u>	<u>73 542</u>

*The effect of deferred tax is recognized based on the temporary differences resulted from unrealized foreign exchange differences and the 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, 2016</u>	<u>December 31, 2015</u>
Balance at the beginning of the year	9 321	370
Charged to income statement during the year	266 496	8 951
Balance at the end of the year	<u>275 817</u>	<u>9 321</u>

8- Cash and Cash equivalent

<u>(In thousand EGP)</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Cash on hand	1 901	778
Banks - local currency	315 361	29 866
Banks - foreign currencies	1 617 942	1 163 645
Local currency deposits	19 400	--
Foreign currency deposits *	100 255	6 186
Investments in Treasury bills(**)	65 831	--
	<u>2 120 690</u>	<u>1 200 475</u>

- The current account in banks pledged amounts under debit service account amounted to EGP 24 345 thousand.

(*) Time deposits amounted to EGP 100.255 Million, equivalent to USD 5.569 Million, held at banks and renewed on monthly basis.

(**) Maturity within less than 3 months.

9- Due from related parties

a- Current (net)

(In thousand EGP)

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
CHEO Technology JV (Koryolink)**	176 884	176 997
Orascom Telecom Lebanon	13 904	1 313
Trans World Associate (Pvt.) Ltd – Pakistan	25 543	10 657
Orascom Telecom Holding (Demerging Company)	3 848	3 848
Middle East and North Africa Submarine Cables - MENA Cables	712 246	298 347
Orascom TMT investments (previously, Weather investments)	1 558	868
Orascom Telecom mobile infrastructure services Mobile	996	996
O Capital for energy	-	38 465
O Capital for services	3 210	14
Belton financial holdings	396 000	-
Victoire investment holding	1 107	-
Victoire BV investments	1 147	-
<u>Impairment</u>		
Impairment in due from related parties *	<u>(182 911)</u>	<u>(480 708)</u>
	<u>1 153 532</u>	<u>50 797</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, 2016</u>	<u>December 31, 2015</u>
CHEO Technology JV (Koryolink) **	(176 884)	(176 997)
Orascom Telecom Lebanon***	(1 183)	(519)
Orascom Telecom mobile infrastructure services Mobile	(996)	(996)
Orascom Telecom Holding (Demerging Company)	(3 848)	(3 848)
Middle East and North Africa Submarine Cables - MENA Cables***	-	(298 348)
	<u>(182 911)</u>	<u>(480 708)</u>

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

*** The movement on these balances represented in the revaluation of the impairment balance of Orascom Telecom Lebanon and Middle East and North Africa Submarine Cables - MENA Cables with amounts of EGP 644 thousand and EGP 387 501 thousand respectively and those amounts were reflected in the "Foreign exchange currency translation differences" in the income statement. Also a reversed full amount of Middle East And North Africa For Submarine Cables – MENA Cables impairment balance amounted to 685 849 EGP.

<u>b- Non-current</u> <u>(In thousand EGP)</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Oracap Holding ****	380 715	378 978
Trans World Associate (Pvt.) Ltd – Pakistan	30 294	13 178
Impairment on Oracap Holding ****	(380 692)	(378 702)
	<u>30 317</u>	<u>13 454</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 with interest rate Libor +1%.

** These Balances are not revaluated as they are considered as bad debts and the Company is in process of completing administrative procedures for their writing-off.

**** The company do not need to restate its financial statements as a result for the reclassification of the balances of Oracap Holding and that is because the net effect of this reclassification is nothing. These balances are not revaluated as they are considered as bad debts and the company is in process of completing administrative procedures for writing-off these balances from the company's books.

10- Other debit balances (Net)

<u>(In thousand EGP)</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Prepaid expenses	379	177
Employees' custodies	2 079	847
Accrued Revenue	257	1 157
Others	4 051	7 904
<u>Impairment</u>		
Impairment in other debit balance	(216)	(216)
	<u>6 550</u>	<u>9 869</u>

11- Other credit balances

(In thousand EGP)

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Withholding tax	82	84
Social insurance authority	51	46
Payroll tax	797	509
Accrued expenses	42 898	18 038
Employees dividends payable	62	62
	<u>43 890</u>	<u>18 739</u>

12- Due to related parties

(In thousand EGP)

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Orascom Telecom Ventures	470 583	446 957
O Capital energy	3 007	--
Cheo technology joint venture (Koryolink)-Note (16)	260 000	
	<u>733 590</u>	<u>446 957</u>

13- Property and equipment (net)

<u>(In thousand EGP)</u>	<u>Buildings</u>	<u>Buildings improvements</u>	<u>Computers</u>	<u>Furniture</u>	<u>Vehicles</u>	<u>Total</u>
<u>Cost</u>						
Cost as of January 1, 2015	44 743	-	353	147	553	45 796
Additions during the year	-	-	335	43	4 410	4 788
Disposals during the year	-	-	-	-	(553)	(553)
Cost as of December 31, 2015	44 743	-	688	190	4 410	50 031
Accumulated depreciation as of January 1, 2015	2 686	-	184	95	368	3 333
Depreciation for the year	893	-	149	54	328	1 424
Disposals during the year	-	-	-	-	(492)	(492)
Accumulated depreciation as of December 31, 2015	3 579	-	333	149	204	4 265
Net book value as of Dec. 31, 2015	41 164	-	355	41	4 206	45 766
Cost as of January 1, 2016	44 743	-	688	190	4 410	50 031
Additions during the year	-	1 733	433	51	5 257	7 474
Disposals during the year	-	-	(37)	-	(1 115)	(1 152)
Cost as of December 31, 2016	44 743	1 733	1 084	241	8 552	56 353
Accumulated depreciation as of January 1, 2016	3 579	-	333	149	204	4 265
Depreciation for the year	895	3	241	20	1 287	2 446
Disposals during the year	-	-	(18)	-	(204)	(222)
Accumulated depreciation as of December 31, 2016	4 474	3	556	169	1 287	6 489
Net book value as of Dec. 31, 2016	40 269	1 730	528	72	7 265	49 864

14- Intangible assets (net)

<u>(In thousand EGP)</u>	<u>Computer's Software 2016</u>	<u>Computer's Software 2015</u>
<u>Cost</u>		
Cost at the beginning of the Year	1 994	1994
Additions during the year	-	-
Cost at the end of the Year	<u>1 994</u>	<u>1994</u>
<u>Accumulated amortization</u>		
As of the beginning of the Year	1 399	528
Amortization for the year	439	871
As of the end of the Year	<u>1 838</u>	<u>1 399</u>
NBV at the end of the year	<u>156</u>	<u>595</u>

15- Investments in subsidiaries (net)

<u>(In thousand EGP)</u>	<u>Country</u>	<u>%</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Middle East and North Africa Submarine Cables – MENA Cables*****	Egypt	99.82	1 688 189	1 688 189
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	76.73	514 003	544 586
Victoire investment holding***	Netherlands	99.99	526 017	526 017
O Capital for energy ****	Egypt	99.2	4 375	4 375
O Capital for services and construction ****	Egypt	99.2	63	63
<u>Impairment</u>				
Middle East and North Africa Submarine Cables - MENA Cables*****			(1 137 075)	(1 074 678)
Orascom Telecom Mobile Infrastructure Services *			(63)	(63)
			<u>1 879 236</u>	<u>1 972 216</u>

(*) 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 (17).

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

The price share of Beltone Financial Holding amounted to EGP 11.58 per share as of December 31, 2016.

(***) 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 33 Million - note (17).

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

(*****) On December 20, 2016 the company's board of directors decided to sell the entire owned share of Middle East and North Africa (MENA Cables): Direct (99.82%), Indirect (0.18%) which represented in (0.14%) through O Capital For Services and Construction and (0.04%) through Orascom Telecom Ventures and this investment were not classified held for sale because all mandatory procedures for the completion of this deal from all regulatory bodies must be completed, and the company didn't classify this investment as non-current investment held for sale because the completion of the mandatory procedures for the completion of this deal from all regulators bodies must be completed first as a mandatory condition for the completion of this deal.

16- Investment in associates

<u>(In thousand EGP)</u>	<u>Country</u>	<u>%</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
CHEO Technology JV	North	75	613 632	613 632
(Koryolink) (*)	Korea			
			613 632	613 632

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

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

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

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

These arrangements will guarantee the fair allocation of subscribers between Koryolink and the Government telecom operator "Kang Song NET" and initially handling some other issues faced by Koryolink, such as; the transfer of the cash balances in local currency to Euro using the parallel market rate (parallel market rate: 1 Euro is equivalent to 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 "repatriate funds", in case of the availability of retained earnings and foreign currency balances, needed for the profit distribution process.

On December 2016, the Group management has received an amount of EGP 260 million as a down payment of profit distribution process before Koryolink. Subsequent to the consolidated financial statements date, On January 17, 2017, Koryolink's BOD formally has been declared net of profit distribution with an amount of Euro 32,000 thousand. The Company's management decided to recognize the received amount in the creditors as of December 31, 2016, depending on the distributions received criteria from an associate has not been met yet, and the subsequent event of Koryolink's BOD is non-adjusting event. The company has received subsequently on February 2017 amount of EGP 10 Million from agreed dividends.

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 recorded accounting treatment have been adequately accounted for reflecting the Group's management best estimate.

17- Borrowings

Banks	Current portion	Non-Current portion	In December 31, 2016		Currency	Maturity	Interest	Secured/ Unsecured
			Total	Denomination Currency				
<u>Syndicated loan (Facility Agent)</u>	154 990	-	154 990	154 990	EGP	June 2021	Corridor rate +2.25%	Secured
<u>Local bank Loan of Foreign bank</u>	401 282	199 215	600 497	33 423	USD	October 2018	Bank interest rate - 1.25%	Secured
<u>Loan of Local Bank</u>	948	2 719	3 667	3 667	EGP	December 2020	The interest of certificates + 2% at least 12% annually	Secured
<u>Loan of Local Bank</u>	942	3 533	4 475	4 475	EGP	December 2021	The interest of certificates + 1.5% at least 11% annually	Secured
Total	558 162	205 467	763 629					

In December 31, 2015

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% The interest of certificates + 2% at least 12% annually	Secured
<u>Loan of Local Bank</u>	868	3 261	4 129	4 338	EGP	December 2020		Secured
Total	<u>23 011</u>	<u>461 185</u>	<u>484 196</u>					

A. Non-current 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 for the purpose of financing 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 annually.
- 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.

-The loan was settled before maturity date with its full amount on January 2, 2017 at an amount of EGP 169 million and based on this settlement, the company is processing on cancelling the hold on Beltone Financial Holding's shares pledge.

B. - A pledge by the borrower Non-current loan - Foreign banks

On September 28, 2015 the company got a 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

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. Non-current 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.

On August 9, 2015, the company signed an annex to the loan agreement with an increase of EGP 600 000 thousand.

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.

D. Non-current 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 January 27, 2016 amounted to EGP 2 million. Available duration is sixty-seven months ending on August 26, 2021.

Withdrawal period: Six months from the date of signing the agreement and end on July 27, 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.

On July 21, 2016, the company signed an annex to the loan agreement with an increase of EGP 3 million.

The withdrawal period was extended by additional six months to be end on January 26, 2017 instead of July 27, 2016.

Interest and installation period:

Interest calculated 1.5% above interest rate on certificates in the bank paid on monthly installments and otherwise the interest will not be less than 11% of principle, commissions and expenses during the agreement period.

18- 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).

19- Provisions

<u>(In thousand EGP)</u>	<u>December 31,</u> <u>2015</u>	<u>Formed</u>	<u>No Longer</u> <u>Required</u>	<u>December 31, 2016</u>
Provisions for claim	515 336	58 285	-	573 621
Total	515 336	58 285	-	573 621

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.

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

Earnings per share from net income/(loss) for the year calculated according to the Egyptian Accounting Modified Standard (22) and Earning per share presented as follows.

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Net income (loss) for the year (in thousand EGP)	1 084 694	(247 348)
Weighted average number of shares(in thousands of shares)	5 245 691	5 245 691
Earnings per share of net profit(loss) for the year (EGP)	0.21	(0.047)

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.

21- 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 are no tax claims provided by the tax authority till December 31, 2016.

-The company's books were inspected for the years from the date of inception in 2011 till 2014 and form (19) is currently in process to be issued.

-The company submitted the tax forms for 2015 on due dates according to the tax law, and the company was not informed of any date related to the inspection till the date of the issuance of the separate financial statements.

Payroll tax

-The company was inspected for the period from the date of inception till 2013 and the company was informed by form (38) that the company appealed in the due date, then the file was transferred to the internal committee and the dispute is currently discussed with the committee.

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

-In 2016 payroll tax to be submitted to the tax authority equivalent to the amount that has been deducted from the employees' payroll.

Withholding tax

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

Stamp tax

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

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

-Regarding the period from January 1, 2014 till December 31, 2016:

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

Property tax

The company was informed by the estimation module for property tax on the property number 2005, dated September 25, 2014, and it was appealed by the company on the due date, the dispute were settled with the appeal committee and differences were paid, and there are no correspondances from the tax authority for the subsequent years after the before mentioned period.

22- Significant transactions with related parties

(In thousand EGP) Company Name	Nature of the relationship	Nature of the transactions	Volume of Transactions 2016	Volume of Transactions 2015	Balance Debit (Credit) 2016	Balance Debit (Credit) 2015
CHEO Technology JV (KoryoLink)	Subsidiary	Payments of expenses on behalf of related party	4 333	4 262	176 884	176 997
		Payment of expenses on behalf of OTMT	(4 446)			
Orascom Telecom Lebanon	Subsidiary of Orascom Telecom Ventures	Payments of expenses on behalf of related party	4 291	5 273	13 904	1 313
Middle East and North Africa Submarine Cable – MENA Cable	Subsidiary	Payments of expenses on behalf of related party	352	1 927	712 246	298 347
		Cash Transfer	21 871			
Trans World Associate (Pvt.) Ltd	Subsidiary	Payments of expenses on behalf of related party		518		
		Interest on Loans during the year	420	262	55 837	10 657
Orascom Telecom Ventures	Subsidiary	Payments of an amount on behalf of a related party to finance the buying of Arp Finance		9 119		
			20 918	(100 163)	(470 583)	(446 957)
Oracap Holding	Subsidiary of Orascom Telecom Ventures	Payments of expenses on behalf of related party	1 736	8 577	380 715	378 978
Beltone financial Holding	Subsidiary	Loan given to Beltone financial holdings by OTMT(*)	396 000	-	396 000	-

(*) on November 22, 2016 OTMT signed a shareholders' loan contract with Beltone Financial holding company – Subsidiary- with a total amount of 22 million Dollars for one year starting from the date of the signing and for the purpose of financing the acquisition of a percentage of 60% from the shares of "Auerbach Grayson" in the United States Of America. And the two parties didn't agree on the interest rate if any till the date of the issuance of the financial statements until submitting it on General Assembly Meeting for both companies for approving that .

23- Financial instruments and management of associated risks

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

23,1 Financial Risk Management

Financial Risk Factors

The company is exposed to a several financial risks (including foreign exchange risk, cash flows, fair market value risk) market risk, liquidity risk and credit risk. Specially that the company is exposed to risks from the fluctuation in foreign exchange rates and interest rates and market prices, as well as, the company's comprehensive risk management program focuses on the unpredictability of the financial markets and seeks to minimize the potential negative impact on the performance of the company.

Market Risk:

1- Foregin Exchange rate risk

The Company may be exposed to foreign exchange risk arising when its trading transactions are in currencies other than the Parent Company's main currency (the Egyptian pound) by repaying such transactions in the major currencies such as the USD, Euro and GBP.

<u>(In Thousand EGP)</u>	<u>December 31,2016</u>	<u>December 31,2015</u>
USD	2 290 142	1 225 229
Euro	4 575	21 033

An increase or decrease of 10% of the foreign exchange rate against the Egyptian pound on December 31, 2016 may lead to an increase (decrease) the profits by 229 472 thousand EGP (124 626 EGP at December 31, 2015), in light of the stability of all other variable interest.

2- Cash Flow and Interest Rate Risks:

Interest rate risk arises on the Company through loans granted by banks at variable interest rates. The Company may be exposed to the risk of changes in interest rates which may affect the Company's ability to repay these obligations.

As shown in note 17, the balance of loans as at December 31, 2016 amounted to EGP 763,629 thousand (EGP 484,196 thousand in 2015), which are loans with variable interest rates.

An increase of 1% of interest rates may result in an increase (decrease) of profits of EGP 7 636 thousand (EGP 4,870 thousand as at December 31, 2015).

3- Credit risk

The credit risk is represented in the debtors' inability to pay their debts to the Company. Since the company is a holding company, most of the balances are due from related parties and therefore there is no possibility of the company being exposed to credit risk with respect to trade receivables.

4- Liquidity risk

Liquidity risk represents that the company's cash in and out flows can't maintain the proper liquidity ratio for the monetary balances, but because the company have significant balance of foreign currency which give it the ability to pay all the liabilities including the interest and any other charges, and the following table analyzes the financial liabilities that are expected to be paid according to their due dates:

In Thousand EGP	Book Value	Expected Cash Flow	One year or less	From 1 to 5 Years
Accounts payable-Non interest bearing	265	265	265	-
Current borrowing-Variable interest rate instruments	558 162	558 162	558 162	-
Other Credit Balances-Non interest bearing	43 890	43 890	43 890	-
Non-current borrowing-Variable interest rate instruments	205 467	205 467	-	205 467
Due to related parties-Non interest bearing	733 590	733 590	733 590	-
Balance as of December 31, 2016	1 541 374	1 541 374	1 335 907	205 467

In Thousand EGP	Book Value	Expected Cash Flow	One year or less	From 1 to 5 Years
Accounts payable-Non interest bearing	153	153	153	-
Current borrowing-Variable interest rate instruments	23 011	23 011	23 011	-
Other Credit Balances-Non interest bearing	18 739	18 739	18 739	-
Non-current borrowing-Variable interest rate instruments	461 185	461 185	-	461 185
Due to related parties-Non interest bearing	446 957	446 957	446 957	-
Balance as of December 31, 2015	950 045	950 045	488 860	461 185

5- Other Risks:

Political and economic risks in the developing countries:

The company has investments in different countries, it depends on the market economies of the countries in which the subsidiaries operate. These markets are characterized by economies at different stages of development or undergoing restructuring. The operational results of the Group are therefore affected by current and future economic and political developments in these countries. The results of operations can be adversely affected by changes in political or governmental structures or weaknesses in the local economies of the countries in which they operate. These changes can also have an unfavorable impact on financial performance, performance and business opportunities.

Organizational risks in the developing countries:

According to the legal nature and tax authorities of the developing countries in which the group operates, it is possible that laws and regulations can be amended. Factors such as the current tendency to refrain from taxing the profits of these subsidiaries may include obtaining excessive tax assessments and granting subsidies to certain foreign currency transactions and practices. These factors can have an unfavorable impact on the financial activities of the group and on the ability to receive funds from subsidiaries.

The revenue generated by the majority of the company is disclosed in the local currency of the companies. the company expects to receive most of the revenue from its subsidiaries and it depends on their ability to be able to transfer funds in various countries, such as North Korea (one of the subsidiaries), where there are many restrictions in the payment of interest, dividends and loan repayments credit instruments and bonds denominated in foreign currencies through currency conversion. In addition, in some countries there might be some restrictions imposed on the company that affects its ability to transfer large amounts of foreign exchange due to the regulations of the Central Bank and the central banks, which are likely to modify systems in the future and therefore may change the ability of Company to receive funds from its subsidiaries.

Company's activities in North Korea:

Due to the presence of investments of the company in North Korea, which relate to a percentage of investments 75% in the local telecommunications company (Koryolink) and where North Korea is subject to international sanctions imposed by the European Union and the United States as well as the United Nations. These sanctions entail restricting financial transactions, import and export of goods and services, including goods and services needed to operate and maintain and develop mobile phone networks. However, there is no material impact on Koryolink's operations so far. There is no guarantee that if the international sanctions imposed on North Korea are changed, it will be able to finance its operations and activities as well as its ability to transfer funds to and from the company or operate a network North Korea's mobile phone and a review of what is said, it could adversely affect investments in Korea and the company is unable to continue operating its facilities in North Korea.

In addition, North Korea's cash transfers from local currency to foreign currencies are subject to censorship by government authorities, along with North Korea's local currency is un-exchangeable abroad and accordingly limits the level of profits that can be paid from the subsidiary of the parent company from its operations in North Korea. (refer to note 16).

23.2 Financial Instruments Categories:

The tables below show the classification of financial assets and liabilities by category:

1- Financial assets, according to the reported statement of financial position:

In Thousand EGP	2016	2015
Cash and cash equivalent	2 120 690	1 200 475
<u>Borrowings and liabilities</u>		
Due from related parties	1 183 849	64 251
Time deposits	10 850	5 600
Other debit balances	6 171	9 692
Total	3 321 560	1 280 018

2- Financial liabilities, according to the reported statement of financial position:

In Thousand EGP	Amortized	Amortized
	Cost 2016	Cost 2015
Accounts payable	265	153
Current borrowing	558 162	23 011
Non-current borrowing	205 467	461 185
Other Credit Balances	43 890	18 739
Related parties	733 590	446 957
Total	1 541 374	446 957

24- Contingent liabilities

<u>Company Name</u>	<u>Guarantee</u>	<u>Maximum level for liability</u>	<u>Outstanding Liability till December 31, 2016 (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	180 000	July 2017
Orascom Telecom Lebanon *	Guarantee of the Company to pay any due amount to participators.	USD 30 Million	540 000	July 2017

* There was amended the validity date of the guarantee provided for Orascom telecom Lebanon, a subsidiary company to Orascom Telecom Ventures, from March 30, 2016 to July 31, 2017.

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

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

25- Capital Commitment:

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

26- Significant events during the period

A- Amendments on the executive regulations of the current Income Tax Law:

The Egyptian Tax Authority issued new instructions No. (3) for the year 2016 considering the additional taxes of 5% which was applied and paid in 2014, as a deductible tax in the calculation of the current income tax. The income tax was amended for the current year due to these instruction.

B- The Value Added Tax Law:

On August 29, 2016, The Egyptian Parliament approved the Value Added Tax law to replace the sales tax law, which is a consumed indirect tax. The implementation of the law is on the day following its publication in the official newspaper dated September 7, 2016 at a basic ratio of 13% in addition to the tax rate for the year 2016/2017 and reach a ratio of 14% for the year 2017/2018 and there were no significant impact on the financial statements.

The Value Added Tax is imposed on all goods and services (whether local or imported), except those exempted. The tax rate for each group of goods and services is attached to the law.

C- Free-floating Foreign Exchange Rates:

On November 3, 2016, the Central Bank of Egypt allowed the operating banks in Egypt to determine the foreign exchange rates in EGP based on the supply and demand. In order to support and ensure the continuity of the free-floating policy, the Central Bank of Egypt raised the price of the main transactions of the Central Bank by 300 point. And based on that the exchange rate of USD to EGP were increased from 7.83 in December 31,2015 to reach a rate of 18 in December 31,2016 and the exchange rates differences were accounted for an amount around EGP920 million including an amount of EGP896 million as unrealized foreign exchange differences resulted from the revaluation of the monetary balances .

Tax authority didn't recognize unrealized foreign exchange differences as a taxable revenue so the company recognized deferred tax liabilities.

27- Approval of the Separate financial Statements

The separate financial statements of the Company for the year ended December 31, 2016 were approved by the Board of Directors on 4 May 2017.

Chief Financial Officer



Chairman



Chief Executive Officer

