

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

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

**Separate Financial Statements**

**For the year ended December 31, 2014**

**together with Auditor's Report**

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, 2014 and the related separate statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

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

Auditor's Responsibility

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

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

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

## Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of the entity as of December 31, 2014, and of its separate financial performance and its separate cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

## Other matters

We draw attention to note no. (15) of the accompanying separate financial statements, which describes in more details that the investments in subsidiaries include an investment in Koryolink Company in North Korea, whereas North Korea is subject to international sanctions imposed by the international community, the management of the Holding Company is currently discussing with the Korean party regarding the transfer of realized profits of the subsidiary Company in North Korea and the exchange rates to be used to translate cash balances into foreign currencies and dividends distribution in light of the current circumstances mentioned in more details in the aforementioned note and restrictions imposed on cash transfers from the local currency into foreign currencies, and the exchange rates in North Korea. The management of the Holding Company believes that the results of these negotiations are positive and indicates that the same rate announced by the Central Bank in North Korea will be used.

We draw attention to note no. (25-a) of the accompanying separate financial statements, which describes in more details that, the Board of Directors of the Company agreed on February 22, 2015 on the sale of all the Company's shares in the Egyptian Company for Mobile Services (ECMS), in addition to the potential voting rights in MT Telecom SCRL, according to the call option notice received from Orange SA Company (previously; France Telecom).

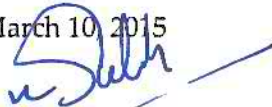
Our opinion on the accompanying separate financial statements as at December 31, 2014 is not qualified in respect to these matters.

## Report on Legal and other Regulatory Requirements

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

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

Cairo, March 10, 2015



KAMEL MAGDY SALEH, FCA

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

CMA Registration No "69"

**Orascom Telecom, Media and Technology Holding "S.A.E"**  
**Subject to the provisions of law no. 95 for year 1992 and its executive regulations**  
**Separate statement of financial position as of December 31, 2014**

(In thousand EGP)	Note No.	December 31, 2014	December 31, 2013
<b><u>Current assets</u></b>			
Cash and balances at banks	(7)	73 075	232 360
Due from related parties - current (net)	(8, 22)	197 554	253 399
Current portion of financial assets at fair value through profit or loss	(10)	244 227	-
Other debit balances	(9)	3 416	3 110
<b>Total current assets</b>		<b>518 272</b>	<b>488 869</b>
<b><u>Current liabilities</u></b>			
Provisions	(19)	460 950	402 669
Accounts payable		2 236	1 953
Other credit balances	(11)	10 693	8 605
Current income tax	(6)	15 366	34 058
Due to related parties	(12, 22)	333 538	287 996
<b>Total current liabilities</b>		<b>822 783</b>	<b>735 281</b>
<b>Excess of current liabilities over current assets</b>		<b>( 304 511)</b>	<b>( 246 412)</b>
<b><u>Non-current assets</u></b>			
Property and equipment (net)	(13)	42 463	43 547
Intangible assets (net)	(14)	1 466	1 135
Investments in subsidiaries (net)	(15)	1 778 421	1 883 388
Available for sale investments	(16)	160	160
Investments in associates	(17, 25)	272 560	272 560
Due from related parties - non current	(8, 22)	16 112	19 575
Financial assets at fair value through profit or loss - financial derivatives	(10)	805 207	1 394 734
<b>Total non-current assets</b>		<b>2 916 389</b>	<b>3 615 099</b>
<b>Total investment</b>		<b>2 611 878</b>	<b>3 368 687</b>
Financed as follows:			
<b><u>Shareholders' equity</u></b>			
Issued and paid-up capital	(18)	2 203 190	2 203 190
Legal reserve		502 073	502 073
Retained earnings		663 314	853 805
Net loss for the year		( 757 069)	( 190 491)
<b>Total shareholders' equity</b>		<b>2 611 508</b>	<b>3 368 577</b>
<b><u>Non-current liabilities</u></b>			
Deferred tax liability	(6)	370	110
<b>Total non-current liabilities</b>		<b>370</b>	<b>110</b>
<b>Total finance of working capital and non-current assets</b>		<b>2 611 878</b>	<b>3 368 687</b>

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

Chief Financial Officer

Chairman and Chief Executive Officer

- Auditor's report attached.

**Orascom Telecom, Media and Technology Holding "S.A.E"**  
**Subject to the provisions of law no. 95 for year 1992 and its executive regulations**  
**Separate income statement for the year ended December 31, 2014**

(In thousand EGP)	<u>Note</u> <u>No.</u>	<u>For the year ended</u> <u>December 31, 2014</u>	<u>For the year ended</u> <u>December 31, 2013</u>
Technical support service revenue	(4)	110 663	97 728
Other income		3 064	23 333
<b>Total income</b>		<b>113 727</b>	<b>121 061</b>
General and administrative expenses		( 40 799)	( 45 684)
Employees cost & board of directors' remuneration	(5)	( 24 096)	( 18 774)
Depreciation & amortization	(13, 14)	( 1 581)	( 1 350)
Provisions formed	(19)	( 62 647)	( 109 948)
Provisions no longer required	(19)	4 366	-
Bad debts		( 338)	-
Impairment losses in due from related parties	(8)	( 258 685)	( 34 926)
Impairment losses of investments in subsidiaries	(15)	( 104 967)	( 445 210)
<b>Total expenses</b>		<b>( 488 747)</b>	<b>( 655 892)</b>
Interest income		495	2 363
Foreign exchange revaluation differences		( 21 618)	54 696
(Loss) gain on revaluation of financial derivatives at fair value	(10)	( 345 300)	333 576
<b>Total finance (cost) income</b>		<b>( 366 423)</b>	<b>390 635</b>
<b>Net loss for the year before tax</b>		<b>( 741 443)</b>	<b>( 144 196)</b>
Income taxes	(6)	( 15 626)	( 46 295)
<b>Net loss for the year after tax</b>		<b>( 757 069)</b>	<b>( 190 491)</b>
<b>Earnings per share (EGP/share)</b>			
Basic	(20)	(0.01)	0.14
Diluted	(20)	(0.01)	0.14

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

Chief Financial Officer



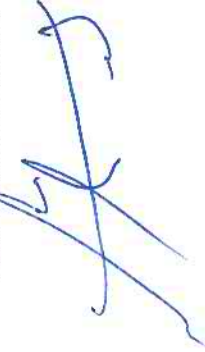
Chairman and Chief Executive Officer

Orascom Telecom, Media and Technology Holding "S.A.E"  
Subject to the provisions of law no. 95 for year 1992 and its executive regulations  
Separate statement of changes in equity for the year ended December 31, 2014

(In thousand EGP)	Issued and Paid-up capital	Legal reserve	Retained earnings	Net Loss for the year	Total
Balance as of January 1, 2013	2 203 190	414 501	( 4 013 869)	6 307 246	4 911 068
Transferred to legal reserve	-	87 572	( 87 572)	-	-
Transferred to retained earnings	-	-	6 307 246	( 6 307 246)	-
Dividends distribution	-	-	( 1 352 000)	-	( 1 352 000)
Net losses for the year	-	-	-	( 190 491)	( 190 491)
Balance as of December 31, 2013	<u>2 203 190</u>	<u>502 073</u>	<u>853 805</u>	<u>( 190 491)</u>	<u>3 368 577</u>
Balance as of January 1, 2014	2 203 190	502 073	853 805	( 190 491)	3 368 577
Transferred to retained earnings	-	-	( 190 491)	190 491	-
Net loss for the year	-	-	-	( 757 069)	( 757 069)
Balance as of December 31, 2014	<u>2 203 190</u>	<u>502 073</u>	<u>663 314</u>	<u>( 757 069)</u>	<u>2 611 508</u>

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

Chief Financial Officer



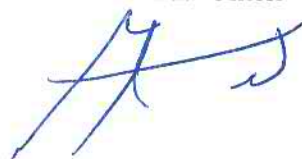
Chairman and Chief Executive Officer

**Orascom Telecom, Media and Technology Holding "S.A.E"**  
**Subject to the provisions of law no. 95 for year 1992 and its executive regulations**  
**Separate statement of cash flows for the year ended December 31, 2014**

(In thousand EGP)	<u>Note</u> <u>No.</u>	<u>For the year ended</u> <u>December 31, 2014</u>	<u>For the year ended</u> <u>December 31, 2013</u>
Net loss for the year before tax		( 741 443)	( 144 196)
Adjusted by :			
Depreciation & amortization	(13, 14)	1 581	1 350
Impairment losses in due from related parties	(8)	258 685	34 926
Losses (gains) on revaluation of financial derivatives at fair value	(10)	345 300	( 333 576)
Foreign exchange differences - unrealized		24 064	( 42 176)
Interest income		( 495)	( 2 363)
Impairment losses of investment in subsidiaries		104 967	445 210
Provisions - formed	(19)	62 647	109 948
Provisions - no longer required	(19)	( 4 366)	-
<b>Operating income before changes in working capital</b>		<b>50 940</b>	<b>69 123</b>
Increase in due from related parties - current		( 226 904)	( 126 410)
Increase in other debit balances		( 306)	( 1 886)
Increase in accounts payable		283	1 690
Increase (decrease) in other credit balances		2 088	( 1 824)
Increase in due to related parties		45 542	277 383
Decrease in due from related parties - non current		3 463	17 781
<b>Cash flows (used in) generated from operating activities</b>		<b>( 124 894)</b>	<b>235 857</b>
Taxes paid		( 34 058)	( 100 981)
<b>Net cash flows (used in) generated from operating activities</b>		<b>( 158 952)</b>	<b>134 876</b>
<b><u>Cash flows from investing activities</u></b>			
Payments for purchase of property and equipment	(13)	( 126)	( 101)
Payments for purchase of intangible assets	(14)	( 702)	( 1 292)
Payments for investments in subsidiaries		-	( 36)
Interest received		495	1 817
<b>Net cash flows (used in) generated from investing activities</b>		<b>( 333)</b>	<b>388</b>
<b><u>Cash flows from financing activities</u></b>			
Dividends distribution		-	(1 357 996)
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>( 1 357 996)</b>
Net change in cash and cash equivalent during the year		( 159 285)	(1 222 732)
Cash and cash equivalent the beginning of the year		232 360	1 455 092
Cash and cash equivalent at the end of the year	(7)	73 075	232 360

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

Chief Financial Officer



Chairman and Chief Executive Officer

**Orascom Telecom, Media and Technology Holding**  
**Notes to the Separate Financial Statements**  
**For the year ended December 31, 2014**

**1- General information**

**a- Legal Status and activity**

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

**b- Purpose of the Company**

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

**c- Brief over the incorporation of the Company**

The Company was established by way of legal demerger from Orascom Telecom Holding S.A.E as part of the VimpelCom transaction. In October 2010, VimpelCom Ltd and Wind Telecom announced that both groups had signed a merger agreement, and where Wind Telecom (previously Wind Investment) owns 51.7% of shares of Orascom Telecom Holding SAE - OTH. On April 14, 2011 the demerger plan was concluded, in order to transfer certain assets to the demerged Company that are not intended to form part of the VimpelCom - Wind Telecom group going forward. Those assets represent mainly OTH investments in the Egyptian Company for Mobile Services, CHEO Technology in North Korea, Orascom Telecom Ventures SAE, as well as other investments in the media and technology sectors, including undersea cable assets.

Accordingly, the demerger plan provided that the split of OTH will be executed by way of legal demerger, and the incorporation of Orascom Telecom, Media and Technology Holding S.A.E - OTMT (demerged Company), which will acquire the investments excluded from the transaction. The demerger resulted in existing shareholders of OTH holding the same percentage interest in OTMT as they hold in OTH as of the execution date of the demerger.



2- Basis of preparation of separate financial statements

a- Statement of compliance with the Egyptian Accounting Standards

The separate financial statements have been prepared in accordance with the Egyptian Accounting Standards issued by the Minister of Investment's decree No. 243 of 2006 and the applicable Egyptian laws and regulations. The Egyptian Accounting Standards require referral to International Financial Reporting Standards "IFRS" for certain types of transactions or events when no Egyptian Accounting Standard or legal requirement exists to address treatment for these transactions or events.

b- Basis of measurement

These separate financial statements are prepared on the historical cost convention, except for financial derivatives that are measured at fair value, and financial instruments at fair value through profit or loss.

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

c- Functional and presentation currency

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

d- Use of estimates and judgments

According to Egyptian Accounting Standards, in the application of the Company's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

• Valuation of financial assets

Certain financial instruments that are not traded in an active market and included in the financial statements such as financial derivatives, Management estimate its fair value using valuation techniques based on inputs and assumptions, some linked to quoted market prices and other non-linked to market prices but depend

on management's estimates. Management used acceptable option valuation models during the period in estimating the fair value of these financial instruments.

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

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

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

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

- **Provisions and contingent liabilities**

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

- **Impairment of financial assets**

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

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

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

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

### 3- Significant accounting policies applied

#### a. Foreign currencies' translation

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

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

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

#### b. Fixed assets

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

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

Gains and losses on disposals are determined by comparing proceeds with relevant carrying amount, and are included in the income statement.

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

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

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

#### c. Investments in subsidiaries

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

Control is presumed to exist if the Parent Company owns directly or indirectly through subsidiaries, more than half of the voting power of the entity invested in, unless in

exceptional circumstances, it can be clearly determined that such ownership does not constitute control.

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

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

**Potential voting rights**

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

Investments in subsidiaries are carried at cost, unless classified as non-current investments held-for-sale in which case, they are measured at the lower of the carrying amount or fair value less cost to sell. In case of an objective evidence that an impairment loss has been incurred on investments in subsidiaries at the date of the financial statements, the carrying amount of the investment is reduced to the recoverable amount with impairment losses recognized immediately in income statement.

**d. Investments in associates**

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

Investments in Associates are carried at cost, unless classified as non-current investments held-for-sale in which case, they are measured at the lower of the carrying amount or fair value less cost to sell. The Company does not measure the investment in Associates using the equity method in these separate financial statements according to paragraph (13) in the Egyptian Accounting Standard no (18).

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

**e. Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable

and the non-current asset (or disposal group) is available for immediate sale in its present condition without any conditions other than the sales conditions.

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

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

The carrying amounts of the financial assets are reduced directly by impairment losses, except for those related to the decrease in the recoverable amounts of due from related parties balances and some other debit balances where an impairment is formed for their amounts.

**f. Taxation**

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

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

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

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

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

Deferred tax assets and liabilities are accounted for using the balance sheet method and are reported in the balance sheet as non-current assets and liabilities.

**g. Provisions**

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

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

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

**h. Cash and cash equivalents**

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

**i. Revenue measurement and recognition**

- Revenue is measured at the fair value of consideration received or receivable to the Company net of discounts and sales tax.

- Dividends income from its equity investments is recognized when the Company's rights to receive payment have been established; the cost of the investment is reduced by the dividends related to the pre-acquisition period which represents recovery of the acquisition cost.

- Technical support fees are recognized in the profit or loss over the term of the contracts with subsidiaries and associates according to the accrual basis, when the services have been rendered according to contracts, and that revenue can be estimated reliably, probable economic benefits associated with the transaction will flow to the entity, and revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction and can be measured reliably.

- Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable until maturity.

**j. Financial instruments**

**Financial assets**

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

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

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

**Derivative financial instruments**

When needed, the Company enter in some financial derivatives' Contracts to hedge the risks of fluctuation in exchange rates, in addition to embedded derivatives resulting from contractual terms contained in agreements in which the Company may enter as a party with respect of both financial or non-financial instruments. Embedded derivatives

that meet recognition criteria are recognized separately from the host contract and are measured at fair value through profit or loss in accordance with the accounting requirements.

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

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

#### Available for sale investments

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

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

#### Effective interest method

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

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

#### Financial liabilities and equity instruments issued by the Company

##### Classification as debt or equity

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

##### Equity instruments

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

### Financial liabilities

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

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

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

### **k. Impairment of assets**

#### Non-financial assets

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

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

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

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

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

#### Financial assets

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

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



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

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

**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 costs**

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

**o. Earnings per share**

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

**p. Estimation of fair value**

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

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

**q. Legal reserves**

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

**r. Employees' profit share**

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

**s. Cash flows statement**

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

**4- Technical support service revenue**

<u>(In thousand EGP)</u>	<u>For the year ended</u> <u>December 31, 2014</u>	<u>For the year ended</u> <u>December 31, 2013</u>
Egyptian Company for Mobile services (Mobinil)	11 804	9 809
CHEO Technology JV (Koryolink)	98 859	87 919
	<u>110 663</u>	<u>97 728</u>

**5- Employees cost & board of directors' remuneration**

<u>(In thousand EGP)</u>	<u>For the year ended</u> <u>December 31, 2014</u>	<u>For the year ended</u> <u>December 31, 2013</u>
Employees' cost	22 646	17 643
Board of directors' remuneration and allowances	1 450	1 131
	<u>24 096</u>	<u>18 774</u>

**6- Income taxes**

<u>(In thousand EGP)</u>	<u>For the year ended</u> <u>December 31, 2014</u>	<u>For the year ended</u> <u>December 31, 2013</u>
Current income tax	15 366	46 538
Deferred income tax	260	(243)
	<u>15 626</u>	<u>46 295</u>

**Adjustments to calculate the effective tax rate**

<u>(In thousand EGP)</u>	<u>For the year ended December 31, 2014</u>	<u>For the year ended December 31, 2013</u>
Net losses before tax	(741 443)	(144 196)
Losses (profits) of financial derivatives at fair value	345 300	(333 576)
Provisions formed and impairment	426 299	590 084
Additions to accounting profit	25 598	23 920
Provisions - no longer required	(4 366)	--
<b>Net taxable profit</b>	<b>51 388</b>	<b>136 232</b>
Income tax according to Income Tax Law *	12 847	34 058
Additional temporary tax (5%) applied on tax base exceeding EGP 1 Million	2 519	--
<b>Total income tax</b>	<b>15 366</b>	<b>34 058</b>
Effect of deferred tax **	260	(243)
Adjustments of income tax for the year ended December 31 , 2012 settled during prior year	--	12 480
<b>Income Tax</b>	<b>15 626</b>	<b>46 295</b>
<b>Effective tax rate</b>	<b>4 %</b>	<b>23.69 %</b>

\* The income tax for the prior year was calculated based on a flat rate of 25 % from the annual net taxable profit. Some rulings of the Income Tax Law have been amended during the year, whereas the effect of increasing tax rate has led to an increase in current income tax for the year by EGP 2 519 thousand (Note no. 21).

\*\* The effect of deferred tax is recognized based on the temporary differences between the assets tax basis set by the Egyptian Income Tax Law and its executive regulations, and their reported amounts per the accounting principles used in the preparation of the separate financial statements. The movement of deferred tax liabilities is shown in the below table:

<u>(In thousand EGP)</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Balance at the beginning of the year	110	353
Charged to income statement during the year	260	(343)
<b>Balance at the end of the year</b>	<b>370</b>	<b>110</b>

**7- Cash and balances at banks**

<u>(In thousand EGP)</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Cash on hand	407	35
Banks - local currency	635	795
Banks - foreign currencies	72 033	91 958
Foreign currency deposits - less than 3 months	--	139 572
<b>Total</b>	<b>73 075</b>	<b>232 360</b>

**8- Due from related parties**

<b>a- Current (net)</b>	<b><u>December 31, 2014</u></b>	<b><u>December 31, 2013</u></b>
<b>(In thousand EGP)</b>		
CHEO Technology JV (Karyolink)*	172 735	137 825
Link Egypt	216	216
Egyptian Company for Mobile Services (Mobinil)**	9 108	11 829
Orascom Telecom Lebanon	1 302	8 955
Arpu Communication Services	4 498	4 045
Trans World Associate (Pvt.) Ltd – Pakistan	9 295	23 905
Oracap Holding	370 402	363 654
Orascom Telecom Holding (Demerging Company)	3 848	3 549
Middle East and North Africa Submarine Cables - MENA Cables	246 575	62 385
Orascom TMT investments (previously, Weather investments)	918	690
Orascom Telecom mobile infrastructure services	996	—
<b><u>Impairment</u></b>		
Impairment in due from related parties ***	(622 339)	(363 654)
	<b><u>197 554</u></b>	<b><u>253 399</u></b>

\* The most significant transaction with CHEO Technology IV is represented in the accrued management fees related to the year ended December 31, 2014 amounting to EGP 98 859 compared to an amount of EGP 87 919 for the year ended December 31, 2013.

\*\* According to the call option agreement referred to in note no. (2S-a), the Egyptian Company for Mobile Services (Mobinil) should pay the due balance resulting from consulting services agreement, once the call option is executed.

\*\*\* During the year, the Company recognized impairment losses amounting to EGP 258 685 thousand based on the current estimates of the expected recoverable amounts from the due from related parties balances according to the surrounding circumstances of these balances till financial statements date.

<b>b- Non-current</b>	<b><u>December 31, 2014</u></b>	<b><u>December 31, 2013</u></b>
<b>(In thousand EGP)</b>		
Trans World Associate (Pvt.) Ltd – Pakistan	16 112	19 575
	<b><u>16 112</u></b>	<b><u>19 575</u></b>

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 2 805 thousand for a period of five years.

**9- Other debit balances**

<u>(In thousand EGP)</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Prepaid expenses	214	76
Employees' custodies	1 147	560
Others	2 055	2 474
	<u>3 416</u>	<u>3 110</u>

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

Financial derivatives recorded at fair value as of December 31, 2014 are represented in:

<u>(In thousand EGP)</u>	<u>December 31, 2014</u>			<u>December 31, 2013</u>		
	<u>Current portion</u>	<u>Non- current portion</u>	<u>Total</u>	<u>Current portion</u>	<u>Non- current portion</u>	<u>Total</u>
Fair value of put option, if exercised	244 227	805 207	1 049 434	—	1 394 734	1 394 734
Charged to income statement during the year			(345 300)			333 576

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

The amended and restated agreement also provides that Orange SA Company (previously; France Telecom) has the option to call all, but not less than all, of the Company's direct stake in Egyptian Company for Mobile Services (ECMS) which is reported in the balance sheet as investments in associates with a percentage of 5% in addition to related voting rights with a percentage of 28.75% on execution of the deal. This option is exercisable by Orange SA Company (previously; France Telecom) during January and February of each year starting 2013 till 2017, at an accreting price ranging from EGP 243.5 to EGP 296 per each share of the shares of ECMS.

The Company appointed an independent valuator to estimate the fair value of both call and put options, referred to above, and which resulted in a financial asset to the Company amounted to EGP 1 049 Million (December 31, 2013; EGP 1 395 Million) where the fair value was estimated using one of the acceptable options' valuation methodologies.

During the current period, a portion of the Company's right in exercising the put option referred to above in each of January and February 2015 was classified as a current asset with an amount of EGP 244 million based on the evaluation performed by the independent valuator.

*Translation of Financial Statements*  
*Originally Issued in Arabic*

During the subsequent period Orange SA Company (previously; France Telecom) has exercised its call option according to the amended and restated shareholders' agreement (Note no. 25-a).

**11- Other credit balances**

<u>(In thousand EGP)</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Withholding tax	39	8
Social insurance authority	138	164
Payroll tax	1 116	835
Accrued expenses	9 135	4 640
Employees dividends payable	265	2 958
	<u>10 693</u>	<u>8 605</u>

**12- Due to related parties**

<u>(In thousand EGP)</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Orascom Telecom Ventures	333 538	287 996
	<u>333 538</u>	<u>287 996</u>

**13- Property and equipment (net)**

<u>(In thousand EGP)</u>	<u>Buildings</u>	<u>Computers</u>	<u>Furniture</u>	<u>Vehicles</u>	<u>Total</u>
<u>Cost</u>					
As of December 31, 2013	44 743	237	137	553	45 670
Additions during the year	--	116	10	--	126
As of December 31, 2014	<u>44 743</u>	<u>353</u>	<u>147</u>	<u>553</u>	<u>45 796</u>
<u>Accumulated depreciation</u>					
As of December 31, 2013	1 790	100	49	184	2 123
Depreciation for the year	896	84	46	184	1 210
As of December 31, 2014	<u>2 686</u>	<u>184</u>	<u>95</u>	<u>368</u>	<u>3 333</u>
Net book value as of Dec. 31, 2014	<u>42 057</u>	<u>169</u>	<u>52</u>	<u>185</u>	<u>42 463</u>
Net book value as of Dec. 31, 2013	<u>42 953</u>	<u>137</u>	<u>88</u>	<u>369</u>	<u>43 547</u>

**14- Intangible assets (net)**

<u>(In thousand EGP)</u>	<u>Computer's Software</u>
<u>Cost</u>	
As of December 31, 2013	1 292
Additions during the year	702
As of December 31, 2014	<u>1 994</u>
<u>Accumulated amortization</u>	
As of December 31, 2013	157
Amortization for the year	371
As of December 31, 2014	<u>528</u>
Net book value as of December 31, 2014	<u>1466</u>
Net book value as of December 31, 2013	<u>1 135</u>

**15- Investments in subsidiaries (net)**

<u>(In thousand EGP)</u>	<u>Country</u>	<u>%</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
CHEO Technology JV (Koryolink)*	North Korea	75	613 632	613 632
Middle East and North Africa Submarine Cables – MENA Cables	Egypt	99.82	1 688 206	1 688 206
Trans World Associate (Pvt.) Ltd	Pakistan	51	60 862	60 862
Orascom Telecom Ventures S.A.E	Egypt	99.99	222 802	222 802
Orascom Telecom Mobile Infrastructure Services	Egypt	99.2	63	63
<u>Impairment</u>				
Middle East and North Africa Submarine Cables - MENA Cables **			(807 081)	(702 177)
Orascom Telecom Mobile Infrastructure Services ***			(63)	--
			<u>1 778 421</u>	<u>1 883 388</u>

\* The Company's operations in North Korea relate primarily to the 75% holding in the local telecom operator Koryolink. North Korea is subject to international sanctions imposed by 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.

Although these sanctions do not currently have a significant impact on the operations of Koryolink, being a domestic mobile operator with minimal foreign transactions, there is no assurance that the Company's operating subsidiary in North Korea will be able to finance its

operations, transfer funds to and from the Company or operate its mobile network in North Korea, if the international sanctions are changed or subjected to enhanced enforcement. If the parent company becomes unable to operate its business in North Korea, this could negatively affect the investments of the Company.

North Korea has implemented currency control restrictions and, in particular, rules surrounding the repatriation of dividends from local currency to foreign currencies, additionally the local currency of North Korea is not tradable outside the country. Such restrictions restrict Koryolink's ability to pay dividends to the Company or to convert its existing cash balances in KPW into Euro. The Holding Company's management is currently negotiating with the Korean party the exchange of Koryolink's realized profits and the exchange rates to be used to translate cash balances into foreign currencies and dividends distribution in light of the current circumstances referred to above and the restrictions currently imposed on the cash transfers from local Korean currency to foreign currencies and the restrictions on exchange rates in North Korea.

\*\* Impairment losses were recognized in the income statement during the year amounted to EGP 104 904 thousand based on estimates of the expected recoverable amount of the Company's investment in the MENA Cables as at date of financial statements.

\*\*\* Impairment losses were recognized in the income statement during the year amounted to EGP 63 thousand based on estimates of the expected recoverable amount of the Company's investment in the Orascom Telecom Mobile Infrastructure Services as at date of financial statements, where the Company was liquidated based on the extraordinary general assembly decision which took place on the first of September 2014. The commercial register was amended to reflect this change on January 27, 2015.

#### 16- Available for sale investments

<u>(In thousand EGP)</u>	<u>Country</u>	<u>%</u>	<u>December 31,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
ARPU for Telecommunications	Egypt	1	160	160
			<u>160</u>	<u>160</u>

On December 23, 2014 the extraordinary general assembly meeting of Orascom Telecom Ventures (a subsidiary company) decided to sell some of its subsidiaries to Accelero Capital Management Ltd. Company, the sale transaction comprises the subsidiary's investments in ARPU for telecommunication company. This has led to the classification of the Company's investment in ARPU for telecommunications company, as an available for sale investment, as the Company has lost its control over that subsidiary as a result of the sale of its indirect share (99%) through Orascom Telecom Ventures (a subsidiary company). Consequently, the Company owns a direct investment of (1%) of ARPU for telecommunications Company, which was recorded at cost as this investment is not quoted in an active market and whose fair value cannot be measured reliably.



### 17- Investment in associates

<u>(In thousand EGP)</u>	<u>Country</u>	<u>%</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Egyptian Company For Mobile Services S.A.E	Egypt	5	216 487	216 487
MT Telecom SCRL	Belgium	28.75	56 073	56 073
			<u>272 560</u>	<u>272 560</u>

During the subsequent period Orange SA Company (previously; France Telecom) has exercised its call option related to the Company's investments in the Egyptian Company For Mobile Services (ECMS) and MT Telecom SCRL, according to the amended and restated shareholders' agreement (Note no. 25-a).

### 18- Capital

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

### 19- Provisions

<u>(In thousand EGP)</u>	<u>December 31, 2013</u>	<u>Formed</u>	<u>No Longer Required</u>	<u>December 31, 2014</u>
Provisions	402 669	62 647	(4 366)	460 950
<b>Total</b>	<u>402 669</u>	<u>62 647</u>	<u>(4 366)</u>	<u>460 950</u>

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

### 21- Tax position

On June 4, 2014, Law No. 44 for the year 2014 was issued, whereas a temporary additional annual tax on income has been imposed, for a period of three years from the current tax period, by 5% on taxable profits exceeding one million Egyptian pound from the income of natural or legal personalities according to the provisions of the Income Tax Law referred to.

On June 30, 2014, Law No. 53 for the year 2014 was issued to amend some rulings of the Income Tax Law No. 91 for the year 2005 and Stamp Duties Law No. 111 of the year 1980, whereas the law replaced some rulings of Income Tax Law No. 91 for the year 2005 and amended some other rulings, while the provision no. 83 of the Stamp Duties Law No. 111 for the year 1980 was revoked.

**Corporate income tax**

The profits of the Company is subject to the provisions of the Income Tax Law No. 91 of 2005 and its executive regulations. The Company submits its tax return to the tax authority on due dates. The Company's books were not inspected yet by the tax authority.

**Payroll tax**

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

**Withholding tax**

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

**Stamp tax**

The Company was subject to an inspection of stamp tax for the period since the date of incorporation till December 31, 2013. This inspection resulted in tax differences which the Company has agreed on settlement. These differences were settled in the subsequent period.

**22- Significant transactions with related parties**

<u>(In thousand EGP)</u>	<u>Nature of the relationship</u>	<u>Nature of the transactions</u>	<u>Volume of Transactions</u>	<u>Balance Debit (Credit)</u>
<u>Company Name</u>				
CHEO Technology JV (KoryoLink)	Subsidiary	Payments of expenses on behalf of related party	5 264	172 735
		Cash transfer from related party	(41 133)	
		Technical support revenue	98 859	
The Egyptian company for Mobile Services (Mobinil)	Associate	Technical support revenue	11 804	9 108
		Cash transfer from related party	(14 193)	
Orascom Telecom Lebanon	Subsidiary of Orascom Telecom Ventures	Payments of expenses on behalf of related party	7 147	1 302
		Cash transfer from related party	(79 184)	
Middle East and North Africa Submarine Cable – MENA Cable	Subsidiary	Cash transfer for related party	186 010	246 575
Trans World Associate (Pvt.) Ltd	Subsidiary	Collections from Loan	(4360)	25 407
		Cash transfer from related party	(11 089)	
Orascom Telecom Ventures	Subsidiary	Cash transfer from related party.	50 843	(333 538)
		Closing Orascom Telecom Lebanon transfers in Orascom Telecom Ventures	(79 184)	
Oracap Holding	Subsidiary of Orascom Telecom Ventures	Payments of expenses on behalf of related party	6 748	370 402

**23- Financial instruments and management of associated risks**

The Company's financial instruments comprise financial assets and liabilities. The financial assets comprise; cash and balances at banks, financial assets at fair value through profit or loss, due from related parties and certain other debit balances. The financial liabilities comprise; due to related parties, accounts payable and certain other credit balances.

**a- Liquidity risk**

Liquidity risk represents the factors which may affect the Company's ability to pay part or all of its liabilities, management monitors these liabilities and in case these liabilities have been increased, management depends on obtaining dividends from its subsidiaries or through management of excess cash at subsidiaries to mitigate any increase in these liabilities above acceptable levels.

**b- Interest rate risk**

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

**c- Foreign currencies' risk**

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

**d- Credit risk**

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

**24- Contingent liabilities**

<u>Company Name</u>	<u>Guarantee</u>	<u>Maximum level for liability</u>	<u>Outstanding Liability till December 31, 2014</u>	<u>Expiry date of the guarantee *</u>
			<u>(In Thousand EGP)</u>	
Orascom Telecom Lebanon *	Guarantee of the Company to pay any due amount to participators.	USD 10 Million	71 801	December 2014

	Guarantee of the	USD 30	215 403	December 2014
Orascom Telecom Lebanon *	Company to pay any due amount to participators.	Million		

\* Based on the Lebanese Council of Minister's decision No. 4/1 dated March 31, 2014, whereby they amended the validity date of the guarantee provided for Orascom telecom Lebanon, a subsidiary company to Orascom telecom ventures, starting from March 31, 2014 till September 30, 2014, with a possibility to extend the validity of the guarantee 90 days after expiry date. The validity of the guarantee has been extended to December 31, 2014, while these letters of guarantee were not renewed during the subsequent period after the above mentioned date.

#### **25- Non-adjusting events after the reporting**

(a) On February 22, 2015 the Board of Directors of the Company agreed on the sale of all the Company's shares in the Egyptian Company for Mobile Services (ECMS) amounting to 5,000,000 shares representing 5% of the capital of the Egyptian Company for Mobile Services (ECMS), in addition to 28,750,000 shares of potential voting rights in MT Telecom SCRL, according to the call option notice received from Orange SA Company (previously; France Telecom) for a total price of Euro 209,632,133, which represents the present value for this option during the announced and agreed upon exercise windows for the years 2016 and 2017. The Company's selling price of its investment in the Egyptian Company for Mobile Services (ECMS), according to the deal, equal an amount of Euro 163,785,940 (with an approximate value amounting to Euro 32.76 per share), whereas the Company's selling price of its investment in MT Telecom SCRL, according to the deal, equal an amount of Euro 45,846,193 (with an approximate value amounting to Euro 1.59 per share). This deal is considered a finalization for the call option according to the amended and restated agreement dated April 11, 2012.

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

(b) During the subsequent period, the exchange rate of the Egyptian pound has witnessed a significant change against foreign currencies, whereas the exchange rate of EGP against USD has declined from 7.18, at the date of the financial statements, to reach 7.63, while the exchange rate of Euro against EGP has declined from EGP 8.74 to reach EGP 8.49.

The monetary assets and liabilities of the Company denominated in USD, at the date of the financial statements, amounted to USD 53 334 thousand and USD 49 247 thousand respectively, while the monetary assets of the Company denominated in EURO, at the date of the financial statements, amounted to EURO 27 675 thousand. If the current exchange rates were applied to the outstanding monetary assets and liabilities of the Company denominated in foreign currencies, at the date of the financial statements, this will lead to translation difference losses amounting to EGP 4 046 thousand.

**26- Fiscal year**

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

**27- Approval of the Separate financial Statements**

The separate financial statements of the Company for the year ended December 31, 2014 were approved by the Board of Directors on March 10, 2015.

**Chief Financial Officer**



**Chairman and Chief Executive Officer**