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

Consolidated financial statements and auditor's report for the year ended December 31, 2017

The financial year ended December 31, 2017

KPMG

Translation of audit report originally issued in Arabic

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Auditor's report to the shareholders of Orascom Telecom Media and Technology Holding S.A.E.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Orascom Telecom Media and Technology Holding S.A.E, which comprise the consolidated statement of financial position as at December 31, 2017, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

These Consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these Consolidated financial statements in accordance with the Egyptian Accounting Standards and applicable Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Consolidated financial statements that are free from material misstatement, whether due to fraud or error, management responsibility also includes 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

For the consolidated financial statements of the Company for the financial year ended 31 December 2016, it was audited by another auditor who issued his report dated May 04, 2017 with a qualified opinion on the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Orascom Telecom Media and Technology Holding S.A.E as at December 31, 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

Emphasis of matter

With reference to, what was indicated in detail in Note No. (14) of the notes to the financial statements, the United Nations Security Council issued a resolution on September 11, 2017 obliging member states of the United Nations to pass laws prohibiting joint ventures and existing partnerships with the North Korean Republic unless approval is obtained to continue such joint ventures. The management of the Company believes that its investments in North Korea's network for mobile services is a utility and that is similar to the type of project likely to be approved to continue. At the present, the company's management submitted an official request through the Government of the Arab Republic of Egypt in order to be excluded from adhering to the said resolution. In Addition, the company's management also believes that, in the absence of a clear mechanism for implementing the resolution, it is difficult to measure its impact on the recoverable value of the investment.

KPMG Hazem Hassan
Public accountants and consultants

Cairo April 29, 2018

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of EGP)	Note No.	As of 31 December, 2017	As of 31 December, 2016
Assets			
Property and equipment	15	2,467,478	2,405,047
Intangible assets	16	874,479	641,235
Investment Property	17	1,367,553	1,446,831
Investments in associates	14	614,712	614,922
Other financial assets	18	168,457	25,741
Other non-financial assets	21	290,839	606,677
Total non-current assets		**5,783,518**	**5,740,453**
Inventories		5,979	2,468
Trade receivables	20	641,750	407,981
Other financial assets	18	630,386	143,855
Other non-financial assets	21	223,069	268,080
Cash and cash equivalent	22	2,373,000	2,931,528
Total current assets		**3,874,184**	**3,753,912**
Total Assets		**9,657,702**	**9,494,365**
Equity and Liabilities			
Share capital	23	2,203,190	2,203,190
Other reserves		2,473,609	2,425,377
Retained earnings		205,495	382,624
Equity attributable to equity holders of the Company		**4,882,294**	**5,011,191**
Non-controlling interest		493,971	351,657
Total equity		**5,376,265**	**5,362,848**
Liabilities			
Non-current borrowings	25	1,140,913	882,588
Other non-current liabilities	26	261,485	243,214
Deferred tax liabilities	19	413,655	505,154
Total non-current liabilities		**1,816,053**	**1,630,956**
Current borrowings	25	266,847	736,474
Creditor and other credit balance	26	1,552,588	935,168
Current income tax liabilities		279,047	106,807
Current provisions	27	366,902	722,112
Total current liabilities		**2,465,384**	**2,500,561**
Total Liabilities		**4,281,437**	**4,131,517**
Total Equity and Liabilities		**9,657,702**	**9,494,365**

- The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements and should be read therewith.

Chief Financial Officer	Chief Executive Officer	Chairman

Auditor's report "attached"

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED

(In thousands of EGP)	Note	31 December 2017	31 December 2016
Operating revenues	8	1,561,506	538,367
Other income		75,552	17,787
Purchases and services	9	(875,364)	(309,703)
Other expenses	10	(175,148)	(103,487)
Provision no longer required	27	357,352	-
Personnel cost	11	(562,232)	(280,224)
Depreciation and amortization	12	(243,977)	(115,681)
Impairment of non-current assets		-	51,503
Capital gain		3,015	10,512
Operating income/(loss)		**140,704**	**(190,926)**
Finance income	13	62,913	32,086
Finance cost	13	(130,430)	(75,356)
Foreign exchange differences	13	(24,730)	1,442,118
Share of profit of investment in associates	14	2,582,168	1,360,892
Net impairment in associate	14	(1,962,123)	(1,360,838)
Profit before income tax		**668,502**	**1,207,976**
Income tax expense	19	(203,591)	(310,435)
Profit for the year		**464,911**	**897,541**
Attributable to:			
Owners of the company		446,167	859,963
Non-controlling interests		18,744	37,578
		464,911	**897,541**
Earnings per share (basic and diluted) – (in EGP)	28	**0.085**	**0.164**

- The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements and should be read therewith.

Chief Financial Officer	Chief Executive Officer	Chairman

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED

	31 December 2017	31 December 2016
Profit for the year	**464,911**	**897,541**
Items that may be subsequently reclassified to profit or loss:		
Share of profit recognized directly in equity of associates	1,406	2,282
Currency translation differences	(150,075)	1,667,450
Total comprehensive income for the year	**316,242**	**2,567,273**
Attributable to:		
Owners of the parent	**320,132**	2,379,283
Non-controlling interest	**(3,890)**	187,990
Total comprehensive income for the year	**316,242**	2,567,273

- The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements and should be read therewith.

Chief Financial Officer	Chief Executive Officer	Chairman

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

(In thousands of EGP)	Share Capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling Interest	Total equity
As at January 1, 2016	2,203,190	502,073	340,935	-	(477,339)	2,568,859	144,976	2,713,835
Profit for the year	-	-	-	-	859,963	859,963	37,578	897,541
Other comprehensive income	-	-	1,517,631	1,689	-	1,519,320	150,412	1,669,732
Total comprehensive income	-	-	1,517,631	1,689	859,963	2,379,283	187,990	2,567,273
Share of non-controlling interests -Disposal of subsidiaries	-	-	-	63,049	-	63,049	18,691	81,740
As of 31 December 2016	2,203,190	502,073	1,858,566	64,738	382,624	5,011,191	351,657	5,362,848

(In thousands of EGP)	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non-Controlling Interest	Total equity
As at January 1, 2017	2,203,190	502,073	1,858,566	64,738	382,624	5,011,191	351,657	5,362,848
Profit for the year	-	-	-	-	446,167	446,167	18,744	464,911
Other comprehensive income	-	-	(127,122)	1,087	-	(126,035)	(22,634)	(148,669)
Total comprehensive income	-	-	(127,122)	1,087	446,167	320,132	(3,890)	316,242
Transfer to legal reserves	-	54,235	-	-	(54,235)	-	-	-
Dividends	-	-	-	-	(569,061)	(569,061)	-	(569,061)
Share of non-controlling interests -Disposal of subsidiaries	-	-	-	120,032	-	120,032	27,090	147,122
Share of non-controlling interests -Acquisition of subsidiaries	-	-	-	-	-	-	119,114	119,114
	-	54,235	-	120,032	(623,296)	(449,029)	146,204	(302,825)
As of 31 December, 2017	2,203,190	556,308	1,731,444	185,857	205,495	4,882,294	493,971	5,376,265

- The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements and should be read therewith.

Chief Financial Officer **Chief Executive Officer** **Chairman**

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED

(in thousands of EGP)	31 December 2017	31 December 2016
Cash flows from operating activities		
Profit for the year before tax	668,502	1,207,976
Adjustments for:		
Depreciation, amortization and impairment charges	243,977	64,178
Finance cost	130,430	75,356
Finance income	(62,913)	(32,086)
Foreign exchange differences	24,730	(1,442,118)
Gain/(loss) from disposal of assets	(3,015)	(10,512)
Share of profit of associate	(2,582,168)	(1,361,533)
Impairment of associates	1,962,123	1,360,892
Changes in provisions	(217,087)	88,100
Changes in other assets	(328,502)	(73,556)
Changes in other liabilities	793,985	221,117
Cash flows generated by operating activities	630,062	97,814
Income taxes paid	(99,608)	(83,461)
Interest collected	62,913	32,086
Dividends for employees	(14,694)	-
Net Cash flows generated by operating activities	578,673	46,439
Cash flows from investing activities		
Cash out flow for investments in :		
Property and equipment	(302,230)	(287,948)
Intangible assets	(37,420)	(670)
Payment for investment in New acquisitions - Riza	(141,794)	(398,860)
Other financial assets - time deposits	(130,253)	(128,641)
Proceeds from disposal of :		
Property and equipment	826	13,684
Other financial assets	75,721	54,751
Disposal of available for sale investments	-	36,187
Net cash received from acquisition of (Aurbech Grayson)	404,754	-
Dividends from associates - Koryolink	330,062	260,000
Net cash flows generated by /(used in) investing activities	199,666	(451,497)
Cash flows from financing activities		
Interest paid	(152,084)	(59,980)
Proceeds from loan and bank facilities	75,995	253,970
Net (payments) from financial liabilities	(211,475)	(58,467)
Cash received form disposal of Beltone stake	149,325	96,919
Proceeds from dividends distribution to shareholders	(524,586)	-
Change in restricted deposits	(601,991)	
Net cash flows (used in) / generated by financing activities	(1,264,816)	232,442
Net increase in cash and cash equivalents	(486,477)	(172,616)
Cash and cash equivalents at the beginning of the year	2,931,528	1,585,219
Effect of exchange rates on cash and cash equivalents	(72,051)	1,518,925
Cash and cash equivalents at the end of the year	2,373,000	2,931,528

- The accompanying notes from (1) to (35) form an integral part of these consolidated financial statements and should be read therewith.

Chief Financial Officer	Chief Executive Officer	Chairman

1- General information about Parent of the group

a- Legal Status

Orascom Telecom Media and Technology Holding S.A.E "the Company" is an Egyptian Joint Stock Company pursuant to the provisions of the Capital Market Law No. 95 of 1992 and its executive regulations. The Company was registered at Cairo Commercial Register on November 29, 2011 under No 394061. The Company's Head Office located at Nile City Towers, Ramlet Boulak – Cairo –Egypt. The Company's duration is 25 years starting from November 29, 2011 and the extended period from that date till December 31, 2012 is considered the first financial year.

b- Purpose of the Company

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

c- Brief over the incorporation of the Company

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

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

2- Statement of compliance

The consolidated 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 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.

3- Basis for preparation of consolidated financial statements

As disclosed in Note 1-c, the Company was established as a result of demerger from OTH, the new legal status represents continued economic body starting from the date on which the demerging company acquired or established the subsidiaries and associates and then ownership was transferred to the resulting demerged company.

The management of the Company considers that the substance of the demerger and establishment of the company with the objective of transferring ownership subsidiaries and associates and continuation of its activities under the umbrella of a new legal entity, is considered a common control transaction. The transferred entities pursuant to the demerger plan were under the control of same main shareholders both before and after the demerger and control is not considered temporary, and so transactions under common control is out of scope of the Egyptian Accounting Standard (29) and International Accounting Standard (IFRS 3).

In the absence of a specific guidance in Egyptian Accounting Standards, EAS 5 requires management to select and apply an appropriate accounting policy. Management used its judgement in developing and applying an accounting policy to account for its investments in subsidiaries and associates transferred as part of the demerger as follow:

Although the legal acquisition of subsidiaries was through transfer of shares of equity ownership certificates in application of the demerge decision which was taken in December 2011, the net assets of the company were consolidated through the spin off process as a continuing economic entity under the company's control from the actual date on which the demerger company has acquired the subsidiaries or incorporated them and so the statement of changes in equity includes the retained earnings of these entities during the period from controlling or incorporating these companies by the demerger company.

A) Basis of measurement

The consolidated financial statements are prepared on the historical cost convention, except for financial derivatives that are measured at fair value, and financial instruments at fair value through profit or loss. The historical cost depends mainly on the fair value of the consideration transferred to obtain assets.

B) Presentation currency

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

4- Significant accounting policies

4-1 Basis of preparing the consolidated financial statements

The consolidated financial statements of the Group incorporate the financial statements of the Company (Parent) and entities controlled by the company (its Subsidiaries) as of the balance sheet date. Control is achieved where the Group has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

When the Group lose control, or joint control over a subsidiary or a project jointly controlled, while retains a significant influence over it. Then the remaining investment should be recognized as investment in associate and measured at fair value on the date of losing control or joint control. The remaining investment fair value on the date of losing control or joint control represents the cost of investment in associate at initial recognition.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination. Losses applicable to owners of the non-controlling interests in excess of their interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that owners of the non-controlling interests have a binding obligation and are able to make an additional investment to cover the losses.

4-2 Business combination

Acquisitions of subsidiaries and businesses are accounted for using the purchase method unless the transaction does not constitute an acquisition in form or substance. Application of the purchase method involves the following steps:

- Identifying an acquirer,
- Measuring the cost of the business combination; and
- Allocating, at the acquisition date, the cost of the combination to the assets acquired and liabilities and contingent liabilities assumed.

The cost of the business combination is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquirer recognizes the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under EAS 29 "Business Combination" at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with EAS 32 "Non-current Assets Held for Sale and Discontinued Operations", that are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition date is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

For common control transactions in step acquisitions in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination, and that control is not transitory, the Group recognizes the difference between purchase consideration and the fair value of the acquired entities or businesses net assets as an adjustment to the reserve for transactions under common control in equity. This policy is also applied in case of the groups' full or partial acquisition of shares held by the non-controlling interests in a subsidiary or the partial disposition of the Group's interest in a subsidiary while retaining control over that subsidiary.

In this case, fair value for those transactions is determined based on the fair value of net assets, liabilities and contingent liabilities previously recognized by the acquirer at the date on which initial control was obtained, taking into consideration changes in equity components that have occurred during the period from the date of initial control till the date on which the controlling stake has increased.

Since entities or businesses under common control are scoped out of EAS (29) and IFRS (3) Business management applied the requirements of EAS (5) and IAS (8), which allows it to set and implement an appropriate accounting policy that results in relevant information to the needs of the financial statements users and reliable to the economic decisions making, when no standard or interpretation is available to specifically address certain transaction, event or other circumstances.

The non-controlling interest in an acquire is initially measured at the non-controlling interest proportionate share in the fair value of the assets, liabilities and contingent liabilities recognized acquisition date.

A business combination agreement may provide for an adjustment to the cost of the combination contingent on future events, the Group includes the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

When a business combination agreement allows for adjustments to the cost of the combination that are contingent on one or more future events. The Group usually estimates the amount of any such adjustment at the time of initially accounting for the combination, even though some uncertainty exists. If the future events do not occur or the estimate needs to be revised, the cost of the business combination is adjusted accordingly.

However, when a business combination agreement provides for such an adjustment, that adjustment is not included in the cost of the combination at the time of initially accounting for the combination if it either is not probable or cannot be measured reliably. If that adjustment subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination.

Orascom Telecom Media and Technology Holding currently holds the following direct and indirect interests in its subsidiaries:

Entity name	Segment	Country	Direct and indirect interest in entity
Orabank NK	Media and Technology	North Korea	% 95
Trans World Associates (Pvt) Ltd	Media and Technology	Pakistan	% 51
Oracap Holding Co. (Free zone)	Media and Technology	Egypt	% 99,96
Oracap Far East Ltd	Media and Technology	Malta	%100
Orascom Telecom Lebanon	Management services	Lebanon	% 99,8
Beltone Financial Holding "S.A.E"	Financial services	Egypt	% 70
Beltone Investment Funds "S.A.E"	Financial services	Egypt	%70
Beltone Promotion and Underwriting"S.A.E"	Financial services	Egypt	%70
Beltone Investments Holding- free zone "S.A.E"	Financial services	Egypt	%70
Auerbach Grayson for Securities Brokerage	Financial services	USA	43,4%
Beltone Information Technology "S.A.E"	Financial services	Egypt	%70
Beltone Securities Holding "S.A.E"	Financial services	Egypt	%70
Beltone Securities Brokerage "S.A.E"	Financial services	Egypt	%70
Beltone Financial – Emirates	Financial services	UAE	%70
Beltone Securities Brokerage "S.A.E"	Financial services	Egypt	%70
International For Securities Company – Libya	Financial services	Libya	%34,3
Beltone Market Maker "S.A.E"	Financial services	Egypt	%100
Beltone Financial – USA	Financial services	USA	%100
Beltone Financial – UK	Financial services	UK	%100
OTMT – Brazil	Other	luxembourg	%100
Victoire coop Investment Holding	Investment Property	Netherlands	%100
Victoire BV	Investment Property	Netherlands	%100
Victorie 2 (Brazil)	Investment Property	Brazil	%100
Victorie 9 (Brazil)	Investment Property	Brazil	%100
Victorie 11 (Brazil)	Investment Property	Brazil	%100
Victorie 13 (Brazil)	Investment Property	Brazil	%100
Victorie 17 (Brazil)	Investment Property	Brazil	%100
Victorie 18 (Brazil)	Investment Property	Brazil	%100
Victorie 19 (Brazil)	Investment Property	Brazil	%100
O Capital for energy	Energy	Egypt	%99.2
O Capital for services and construction	Energy	Egypt	%99.2
Middle East & North Africa for Marines cables	Marines Cable	Egypt	%99,96
Orascom Telecom Venture co. "S.A.E"	Media and Technology	Egypt	% 99,99
Orascom prisme pyramids Entertainment "S.A.E"	Other	Egypt	% 70

4-3 Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Investments classified as held for sale, are accounted for in accordance with EAS 32 Non-current Assets Held for Sale and Discontinued Operations, where they are stated at the lower of their carrying amount or fair value less costs to sell.

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

On acquisition of the investment, any difference between the cost of the investment and the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is accounted for in accordance with EAS 29 Business Combination, Therefore:

1. Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.
2. Any excess of the group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is excluded from the carrying amount of the investment and is instead recognized immediately in profit or loss in the determination of the group's share of the associate's profit or loss in the period in which the investment was acquired.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred, in which case appropriate provision is made for impairment for that asset.

The following table provides a list of the Group's associates:

	Segment	Country	Direct and indirect interest in entity
CHEO Technology JV (Koryolink)	GSM	North Korea	%75
Axes Holding	Information system for financial services	USA	%23.7
Electronic Fund Administration Services	Mutual funds management services	Egypt	%14
International Fund Administration Services	Mutual funds management services	Egypt	%14

4-4 Interests in joint operations

A joint operation is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities of the joint operation require the unanimous consent of the parties sharing control.

Joint operation arrangements that involve the establishment of a separate entity in which each venture has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the entities are in the incorporation phase or have not started significant operations till the date of the consolidated financial statements. Investments classified as held for sale, are accounted for in accordance with EAS 32 Non-current Assets Held for Sale and Discontinued Operations, where they are stated at the lower of their carrying amount or fair value less costs to sell.

Under the proportionate consolidation method, the Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the corresponding items in the consolidated financial statements on a line-by-line basis.

Where the Group transacts with its jointly controlled entities, unrealized profits and losses are eliminated to the extent of the Group's interest in the joint operation.

The following table provides a list of the jointly controlled entities, in which Beltone Financial Holding holds direct and indirect interests:

	Country	Segment	Direct and indirect interest in entity
Misr Beltone Asset Management	Egypt	Mutual funds management	50%

4-5 Foreign currencies translation

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

For the purpose of preparing the consolidated financial statements, the results and financial position of each group entity are expressed in Egyptian pound; which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

In preparing the separate financial statements of the individual entities, transactions in currencies other than Egyptian pounds are recorded at the rates of exchange prevailing at the dates of the transactions.

At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated to the Egyptian pound at the rates prevailing at the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated 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, 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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign and local subsidiaries whose reporting currencies are different from the presentation currency of the Group (EGP), are expressed in Egyptian Pound using exchange rates prevailing at the balance sheet date, equity items are expressed in Egyptian Pound using the historical exchange rates at the date of acquisition or incorporation. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and recognized in the Group's foreign currency translation reserve.

The exchange rates applied in relation to the EGP are as follows:

	Average for the year ended 31-Dec-17	Closing rate as of 31-Dec-17	Average for the year ended 31-Dec-16	Closing rate as of 31-Dec-16
American Dollar (EGP)	17.792	17.690	10.04	18.00
Pakistan Rupee (PKR)	0.169	0.160	0.096	0.17
Brazilian Real (BRL)	5.57	5.34	2.87	5.53
Euro (EUR)	20.097	21.221	11.11	18.93

4-6 Fixed assets and depreciation

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 entity 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 have been incurred.

The gain or loss arising on the disposal or retirement of an item of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation of the depreciable assets is based on the straight line method and is charged to income statement over the useful life of each group of assets.

The following are estimated useful lives for fixed assets that are used to calculate depreciation:

Asset	Years
Buildings	50 Years
Cellular equipment	8 – 15 Years
Machines	5 – 10 Years
Computer equipment	3 – 5 Years
Furniture and fixtures	5 – 10 Years
Vehicles	3 – 6 Years
Leasehold improvements	3 – 8 Years

4-7 Projects under Construction

Projects under construction are carried at cost, less accumulated impairment, if any. Costs include all costs associated with the acquisition of the asset and bringing it to be ready for its intended use. Projects under construction are transferred to fixed assets when they become ready for their intended use.

There in start its depreciation using the assumptions that is used in depreciate the same types of the assets.

4-8 Intangible assets

Non-monetary assets that don't have physical substance, but can be identified separately, acquired for operating purpose, and expected to generate future economic benefits is treated as intangible assets. Intangible assets (excluding goodwill) include; computer systems, telecom network licenses, right of use, and trademarks. Intangible assets are measured at cost, which represents the cash price at the initial recognition. In case of deferral of payments for periods exceed the normal credit terms, difference between cash price and total amount is recognized as interest. Intangible assets are carried at cost net of amortization and impairment losses, subsequent expenditures on intangible assets are capitalized over the carrying amount of the asset, when and only when, these expenditures increase the future economic benefits of the asset or assets, while other expenditures are charged to income statement.

Intangible assets are amortized on a straight line basis over their useful lives, unless the useful lives of intangible assets are not identified, an impairment test is performed annually.

4-9 Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. This applies as well on investments in associates, where goodwill is included within the carrying amount of the investment.

The Group's policy for goodwill arising on the acquisition of an associate is described above at "Investments in associates.

4-10 Impairment of tangible and intangible assets excluding goodwill

On annual basis, the Group reviews the carrying amounts of its tangible and intangible 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. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and those not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows 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 (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognized immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4-11 Investment property

a) Recognition and initial measurement

This item includes buildings leased to lessee under operating leases. Investments property are carried at cost including transaction costs less the accumulated depreciation and impairment, the carrying amount of investment property, useful life and depreciation method is reviewed on annual basis. The fair value of these investments are disclosed at the balance sheet date unless it is not practical to be determined in a reliable manner. In this case such fact shall be disclosed.

b) Depreciation

Is charged to the income statement on a straight-line basis over the estimated useful lives of each component of the investment properties. The estimated useful lives are as follows:

Investments assets	Years
Leased units	50

4-12 **Financial instruments**

Financial assets

Investments are recognized and derecognized on the "trade date" where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for 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- financial derivatives, cash at banks, due from related parties, available for sale investments, accounts receivable, 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.

Effective interest method

The effective interest method is a method of calculating the amortized 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 or 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 to the carrying amount of the asset on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than financial assets designated as at FVTPL where income is included in net change in its fair value.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held for trading or designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement mismatch for assets and liabilities or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Group is provided internally on that basis. Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss.

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 the profit or loss. In case there is objective evidence that an impairment loss has been incurred on AFS investments at the date of the financial statements, the cumulative loss that had been previously recognized 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.

Financial derivatives

When needed, the Group companies 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.

Receivables, debtors and due from related parties

Receivables, debtors and due from related parties are initially recognized at fair values and subsequently presented net of any impairment formed for these balances. An impairment is recognized when there are objective evidences that the Company will not collect part or all of the receivable balances according to the original conditions of contract with the client. The impairment represents the difference between the carrying and the recoverable amounts expressed by expected discounted cash flows.

Cash and cash equivalent

Cash and cash equivalent is represented in cash on hand, balances at banks, short-term demand deposits that are readily convertible to known amounts of cash.

4-13 Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Financial instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangement at the date of issuance of these instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the net assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of transaction costs.

Financial liabilities

The group has classified its financial liabilities as trade payables, due to related parties borrowings and other credit balances, which are initially measured at fair value (proceeds received), net of transaction costs and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

4-14 De-recognition of financial instruments

The Group derecognizes 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.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

4-15 Impairment of financial assets

The group determines at the end of each reporting period whether its financial assets, other than those at FVTPL, are subject to indicators of impairment.

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.

As for the shares listed and unlisted in the stock exchange and which are classified as available for sale investments, the permanent decrease in the fair value of the share represents an objective evidence on impairment in its value.

For financial assets carried at amortized 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. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. If impairment losses have been recognized for financial assets carried at amortized cost, and 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 asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

4-16 <u>Inventories</u>

Inventories are stated at the lower of cost and net realizable value. Costs are being determined using the weighted average method to price goods sold. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4-17 <u>Cash and cash equivalents</u>

Cash and cash equivalents comprise cash on hand, cash at banks, demand deposits and short-term, highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value of and with a maturity date of three months or less from the acquisition date

4-18 <u>Taxation</u>

A provision for probable tax claims is generally recognized based on management comprehensive study of prior years' tax assessments and disputes.

An estimated income tax expense is recognized in profit or loss in each reporting period, while actual income tax expense is recognized in profit or loss at year-end.

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 consolidated 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 profit or loss, 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.

4-19 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events and that it is probable that an outflow of economic resources will be required to settle the obligation, the costs 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 in the profit or loss as finance costs.

4-20 Non-current assets held for sale (or disposal groups)

A non-current asset Classified (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use .For this to be the case the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. Management must be committed to a plan to sell the asset (or disposal group) In addition; the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, unless delay results from external events beyond control of the group and that sufficient evidences exist that the group is committed to a sale plan.

Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

4-21 Revenue recognition & measurement

Revenues are measured at fair value of the consideration received or due to the Group till the end of the financial period. Revenue is shown net of value added tax, rebates and discounts.

Revenue is recognized when the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

a) The amount of revenue can be measured reliably; and
b) It is probable that the economic benefits associated with the transaction will flow to the entity; and
c) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

- The following represents the types of services provided, and policies used by the group for recognition of generated revenue and other revenue resulted from the use of the group assets.

1- **Technical support revenue**

Technical support fees are recognized in the profit or loss over the term on which the services are rendered and based on the contracts with subsidiaries and associates according to the accrual basis.

2- **Revenues from operating mobile telecommunication networks (GSM)**

Revenue is recognized when service is rendered to clients based on the actual usage of the network from the following activities:

- Revenue related to prepaid cards is recognized based on actual minute's usage. The unused portion of balance is recognized as deferred income and reported in liabilities at financial statements date.
- Monthly subscriptions are recognized using the straight line method over the contract period and conditions.
- Revenue from services related to mobile networks connections are recognized when service is rendered.

Revenues from telecom services

Revenues of telecom services comprise of:

- Revenues from selling goods

  Revenue is recognized when all risks and rewards related to ownership are transferred to the client.

- Value added services

  Revenue is recognized when service is rendered or utilized by the client.

Revenue from the financial service section

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

a) The amount of revenue can be measured reliably; and

b) It is probable that the economic benefits associated with the transaction will flow to the entity; and

c) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and

d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Operating revenues represent the following types:

Investment banking revenue

The activities revenue is recognized that represented in security and investment banking fees for the companies when complete the implementation of the service.

Management fees of funds and portfolios

Management fees are recognized as revenue on an accrual basis, as the services are rendered, in accordance with the contractual terms of each fund and portfolio.

Incentive fees are recognized as revenue based on predetermined percentages agreed with clients, calculated by reference to the annual return on each fund or portfolio, but only to the extent that the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Group.

Brokerage commissions

Sale commissions: represents commission on sale of securities for local or global clients in stock exchanges, represented in percentage of selling transaction by agreement with the client.

Purchase commissions: represent commissions on purchase of securities for local or global clients in stock exchanges, represented in percentage of purchasing transaction by agreement with the client.

Custodian fees

Recognized at the difference between fees collected from clients and those incurred or paid to custodians.

Recognized by irrevocable contracts with clients on accrual basis.

Recognized the commissions for collecting of the coupons for customers, the collection of this coupons are on behalf of the customers.

Interest revenue

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

Dividends income

Dividends income from equity investments other than associates is recognized in the profit and loss when the Group'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.

Investment property revenue

Investment property revenue recognized on accrual basis (on net amount less any deductions) accrued to income statement, based on the straight line method through rental contract duration.

4-22 Employees' benefits

Short-term employees' benefits

Salaries, wages, paid vacations, sick leave, bonus and other non-cash benefits in favor of employees' services for the Group, are recognized on an accrual basis in the same period these services have been rendered.

Defined benefits obligations

Defined benefits obligations are presented in the consolidated balance sheet as non-current liabilities "employees' benefits obligations" to cover all such liabilities. The defined benefits obligation is assessed regularly by independent actuary using the projected credit unit method. This valuation technique incorporates assumptions about demographics variables, staff turnover, salary growth rate and discount and inflation rates. When these plans are financed from external funds classified as plan assets, the fair value of these funds is deducted from the defined benefit obligations.

Past service cost is recognized immediately to the extent that the benefits have already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. Annual cost of employees' defined benefits is reported in personnel costs.

4-23 Dividends distribution

Dividends declared to the shareholders of the Parent company, non-controlling interests in subsidiaries, board of directors' remunerations, and employees' share of profits are recognized as a liability in the financial statements in the period in which these dividends have been approved by each Group company's shareholders.

4-24 Borrowing costs

Borrowing costs are recognized immediately in the profit and loss, except for borrowing costs directly attributable to the acquisition, or construction of qualifying assets, which are added to the cost of those assets until such assets are substantially ready for their intended use.

4-25 Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

4-26 Segment reporting

Operating segments are reported in a manner which is consistent with the internal reporting information provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the Company.

4-27 Estimation of fair value

Applying the accounting policies stated in Note (4) requires from management to use estimates and assumptions in determining the carrying amount of assets and liabilities that are not readily apparent from other sources.

The fair value of financial instruments quoted in an active market depends on observable market prices at the date of the financial statements, while the fair value of non-quoted financial instruments is determined using valuation techniques based on market conditions available at the financial statements date.

4-28 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.

4-29 Employees' profit share

Each company of the Group which operates in Egypt is obliged to 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).

4-30 Statement of cash flows

The statement of cash flows has been prepared using the indirect method.

4-31 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- The fair value of a financial instrument traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active, if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.
- The fair value of instruments that are not traded in an active market (for example privately negotiated derivatives between two parties) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include quoted market prices or dealer and broker quotes for similar instruments and other techniques such as option valuation models and discounted cash flows.

The following table sets forth the Group's financial assets and liabilities that are measured at fair value as of 31 December 2017 and 2016.

	As of 31 December	
	2017	2016
(in thousands of US$)	Level 1	Level 1
Investments available for trading	1,071	77,528
Financial assets available for sale at fair value (14-2)	8,636	7,259
Total	9,707	84,787

The Group did not measure any financial assets or liabilities as level 3 fair value estimates and there were no transfers between level 1 and 2 during the years ended 31 December 2017 or 2016.

Particularly investment in financial assets available for sale, and mainly Smart Village Company, is stated at cost, as it relates to unlisted equity securities that do not have a quoted market price in an active market for an identical instrument and for which fair value cannot be measured reliably. For further details, refer to Note (14) 'Other financial assets'.

The carrying amount of short-term trade and other receivables and payables reasonably approximates fair value as of 31 December 2017.

4-32 Critical accounting judgments and key sources of uncertainty estimates

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the significant items on which estimates and personal judgements are used:

4-32-1 Review the main conditions of contractual agreements

The management reviews its assumptions and judgements including those used to conclude on the extent of the Group's ability to control, jointly control, or exercise significant influence on its investees whenever a significant event or amendment to the conditions prevailing in its contractual agreements.

4-32-2 Valuation of financial assets

For some financial instruments that are not traded in an active market and included in the financial statements such as financial derivatives, Management estimated 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.

4-32-3 Impairment of non-current assets excluding goodwill

Non-current assets are reviewed to determine whether there are any indications that the net carrying amount of these assets may not be recoverable and that they have suffered an impairment loss that needs to be recognized. In order to determine whether any such elements exist it is necessary to make subjective measurements, based on information obtained within the Group and in the market considering the past experience.

When indicators exist that an asset may have become impaired, the Group estimates the impairment loss using suitable valuation techniques. The identification of elements indicating that a potential impairment exists and estimates of the amount of the impairment, depend on factors that may vary in time, affecting management's assessments and estimates.

4-32-4 Estimating the useful lives for fixed assets and depreciation method and the salvage value

Management reviews the estimated useful lives of fixed 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.

4-32-5 Recognition and measurement of current and deferred tax assets and liabilities

Current and deferred income taxes are determined by each group entities' in accordance with the applicable tax laws to each country in which the Group entities domiciled.

The income tax whether current or deferred is determined by each company of the Group as required by tax law of each country the Group's companies work in.

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 tax inspections. And when a difference arising between the final tax assessment and what have been recorded, such difference is recorded as income tax expense and current tax liability in the current period and is considered as a change in accounting estimates.

For recording deferred tax assets, Management uses 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 rates at the financial statements date, at which deferred tax assets and liabilities are expected to be settled in the future.

4-32-6 Goodwill

The impairment test on goodwill is carried out by comparing the recoverable amount of cash-generating units and their carrying amounts. The recoverable amount of a cash-generating unit is the higher of "fair value less costs to sell" or its value in use. This complex valuation process entails the use of methods such as the discounted cash flow method, which uses assumptions to estimate future cash flows. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model as well as the expected future cash flows and the growth rate used for the extrapolation.

4-32-7 Provisions and contingent liabilities

Management assess events and circumstances that might led to a commitment on the company's side resulting from performing its normal economic activities, management uses estimates and assumptions to assess whether the provision's recognition conditions have been met at the financial statement date, and analyze information to assess whether past events led to current liability against the company and estimates 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.

5- Financial instruments risk management

The Group's financial instruments comprise of financial assets and liabilities. Financial assets comprise of financial assets at fair value through profit or loss – financial derivatives, debt instruments represented in treasury bills, cash at banks, due from related parties, available for sale investments, accounts receivable and other debit balances. The financial liabilities comprise of borrowings, credit facilities, credit to customers, due to related parties and payables. Following are the most significant risks, the Group companies are exposed to when conducting their business activities, financial instruments used and strategies that the Group follows to manage those risks.

The Group is exposed to various financial risks resulted from its ordinary course of business. These risks include market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group is especially exposed to currency risk, interest rate risk, and price risk. The Group's financial risk management function seeks to minimize the effects of these risks mainly through operational and finance continuing activities. The management of the Group is responsible for designing, and monitoring the framework of the risk management function.

Market risk

Foreign currency risk management related to operations

Each of the Group companies is conducting its operating activities using its functional currency. Hence, Some of companies of the Group are exposed to exchange rate fluctuations risk related to payments, collections, or equity instruments using currencies other than functional currency. These liabilities and equity instruments are usually related to capital expenditures with external suppliers and revenues resulted from services rendered to external customers. The Group monitors the risk of foreign currencies fluctuation risk resulted from its operating activities.

At yearend, major net assets / (net liabilities) foreign currencies positions presented in Egyptian pound (EGP), were as follows:

(In thousands of EGP)	2017	2016
USD	1,452,405	1,327,328
Euro	(85,509)	15,133
PKR	(526,891)	(766,717)
GBP	8,358	3,125
Other	185,999	418,617

Management estimates that if any changes occurs either upward or downward in the exchange rate of the Egyptian pound (functional currency) in the range of 10% against the US Dollar, Euro, or the Pakistani rupee with the stability of all other variables, the receivables and payables denominated in foreign currencies will be affected by increase or decrease equivalent to EGP 84 Million (**2016**: EGP 134 Million) which affecting the net profit for the year by the same amount.

Price risks

The equity price risk is considered limited as invested equity instruments exposed to this risk are not material from management's point of view.

Interest rate risk

Risk associated with interest rates for the Group is related to borrowings, where Group is exposed to the risk of fluctuations in cash flows resulting from the change in market interest rates for loans with variable interest rates, as the Group is exposed to the risk of change in fair value of loans with fixed interest rates. The Group did not enter into any derivative contracts to hedge the risks associated with possible fluctuations in interest rates, whether to hedge the cash flows or fair value.

The Group monitors and analyses the interest rate risks on an on-going basis and calculates the impact of movements in market interest rates on the income statement for each currency.

The following table shows the total outstanding loans of the Group on December 31, 2017 and the proportion of each of the loans with fixed or variable interest rates, as well as those that were obtained without interest to total outstanding loans:

(In thousands of EGP)	December 31, 2017	December 31, 2016
Total borrowings	1,407,760	1,619,062
of which % is at a fixed interest rate	%0	%0
of which % is at a variable interest rate	%100	%100
of which % is interest rate free	%0	%0

Management estimates the impact resulting from the change in the interest rate by 1%, leading to an increase or decrease in the finance cost for the current period in the amount of EGP 13.5 Million (**2016**: EGP 9 Million).

Credit risk

Credit risk of the Group represents the inability of contractual parties to pay their debts, especially; receivables, financial instruments, cash at banks and equivalent.
The credit risks which the Group is exposed to can be analyzed for each segment, as follows:

Submarine cable segment

In general, cable customers are offered maximum payment terms of 30 days. Customers are checked for credit worthiness before offering credit terms.

Cash balances at banks

The credit risk associated with the balances of cash and cash equivalents risk is very limited as the Group deals with banks with good reputation in the market.

In general the receivables and financial receivables included in financial assets relate to a variety of small amounts due from a wide range of counterparties, therefore, the Group does not consider that it has a significant concentration of credit risk.

Liquidity risk

Liquidity risk represents the factors which may affect the Group'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.

The Group monitors and mitigates liquidity risk arising from the uncertainty of cash inflows and outflows by maintaining sufficient liquidity of cash balances. In general, liquidity risk is monitored at entity level whereby each subsidiary is responsible for managing and monitoring its cash flows and rolling liquidity reserve forecast in order to ensure that it has sufficient committed facilities to meet its liquidity needs and a coordination with the management of the Group exist to manage surplus cash balances, where the Group directs these surpluses to companies that have deficit in their liquidity, so the Group depends mainly on internal transfers between Companies of the Group and on dividends from subsidiaries.

Laws and regulations in certain countries, such as for example North Korea, in which the Group operates limit the conversion of current cash balances into foreign currency. Given the nature of the business, Group companies may have to make payments in foreign currencies (for example capital expenditures), the lack of individual entity foreign currency reserves means that these companies are largely dependent on the Company to make these payments on its behalf.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the payment remaining period at the date of the consolidated financial statements:

(In thousands of EGP)

As Of 31 December 2017	Carrying amount	Expected cash flows (*)	Less than 1 year	Between 1 and 5 years	More than 5 years
Liabilities					
Liabilities to banks	1,351,877	1,493,596	235,830	1,255,387	-
Other borrowings	55,883	55,883	31,017	24,866	-
Trade payables	1,337,248	1,337,248	1,337,248	-	-
	2,745,008	**2,886,727**	**1,604,095**	**1,280,253**	**-**

(In thousands of EGP)

As Of 31 December 2016	Carrying amount	Expected cash flows (*)	Less than 1 year	Between 1 and 5 years	More than 5 years
Liabilities					
Liabilities to banks	1,565,310	1,762,235	684,263	1,035,158	69,570
Other borrowings	53,750	53,750	52,212	1,538	-
Trade payables	759,297	759,297	759,297	-	-
	2,378,357	**2,575,282**	**1,495,772**	**1,036,696**	**69,570**

* Expected cash flows are the gross contractual undiscounted cash flows including interest, charges and other fees.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. Management currently depends mainly on various internal resources to finance its activities and capital expenditures.

Other Risks

Governmental authorizations

Certain future Group activities, including the GSM operations in Lebanon or the cable segment, are dependent on obtaining appropriate government authorisations. Should these authorisations not be obtained or delayed, there could be an adverse impact on the future operations of the Group, such as a decrease in revenues or penalty payments due to contractual counterparties.

Political and economic risk in emerging countries

A significant amount of the Group's operations are conducted in Egypt, North Korea and Pakistan. The operations of the Group depend on the market economies of the countries in which the subsidiaries operate. In particular, these markets are characterised by economies that are in various stages of development or are undergoing restructuring. Therefore the operating results of the Group are affected by the current and future economic and political developments in these countries. In particular, the results of operations could be unfavourably affected by changes in the political or governmental structures or weaknesses in the local economies in the countries where it operates. These changes could also have an unfavourable impact on financial position, performance and future business prospects.

Regulatory risk in emerging countries

Due to the nature of the legal and tax jurisdictions in the emerging countries where the Group operates, it is possible that laws and regulations could be amended. This could include factors such as the current tendency to withholding tax on the dividends of these subsidiaries, receiving excessive tax assessments, granting of relief to certain operations and practices relating to foreign currency exchange. These factors could have an unfavourable effect on the financial activities of the Group and on the ability to receive funds from the subsidiaries.

Revenue generated by the majority of the Group subsidiaries is expressed in local currency. The Group expects to receive most of this revenue from its subsidiaries and therefore it relies on their ability to be able to transfer funds.

The regulations in the various countries, such as for example North Korea, where the subsidiaries operate could reduce the ability to pay interest and dividends and to repay loans, credit instruments and securities expressed in foreign currency through the transfer of currency. In addition, in some countries it could be difficult to convert large amounts of foreign currency due to central bank regulations. The central banks may amend regulations in the future and therefore the ability of the Company to receive funds from its subsidiaries may be changed.

Classes of financial instrument

(In thousands of EGP)	As of 31 December 2017			As of 31 December 2016		
	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total
Assets per statement of financial position						
Other financial assets	775,073	23,770	798,843	70,864	98,732	169,596
Trade receivables	641,750	-	641,750	407,981	-	407,981
Other current assets	25,573	-	25,573	47,227	-	47,227
Cash and cash equivalents	2,373,000	-	2,373,000	2,931,528	-	2,931,528
Total	**3,815,396**	**23,770**	**3,839,166**	**3,457,600**	**98,732**	**3,556,332**

(In thousands of EGP)	As of 31 December 2017		As of 31 December 2016	
	Other financial liabilities at amortized cost	Total	Other financial liabilities at amortized cost	Total
Liabilities as per statement of financial position				
Borrowings	1,407,760	1,407,760	1,619,062	1,619,062
Other non-current liabilities	23,902	23,902	29,011	29,011
Trade payables and other current liabilities[1]	1,337,248	1,337,248	759,297	759,297
Total	**2,768,910**	**2,768,910**	**2,407,370**	**2,407,370**

6- Segment reporting

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors reviews the Group's internal reporting in order to assess its performance and allocate resources, mainly from a geographical perspective, of the mobile telecommunication business.

Pursuant to the decision to dispose of entities previously included in the Media and Technology segment, OTMT management has changed its internal reporting as analysed by the chief operating decision-maker and revised the reportable operating segments as follows:

- Financial Service: relating to the financial services of Beltone financial group represented in the group of different financial segment of Investment Banking, Asset Management, Brokerage and Other financial Services.
- Investment property: investment properties relate to real estate property the Group owns in Sao Paolo, Brazil
- GSM – Lebanon: relating to the management contract of the Lebanese mobile telecommunications operator Alfa, which is owned by the Republic of Lebanon.
- Cable: relating to the provision of direct broadband and high-speed connectivity to telecom operators, internet service providers and major corporations through submarine fibre optic cables.
- Other: includes Media & Technology (relating mainly to the provision of online advertising and content to corporate customer, mobile value added services and software development and hosting of corporate clients) and the Group's equity investments and income and expenses related to OTMT. In 2015, Media & Technology entities have been classified as assets held for sale and discontinued operations.

The Group reports on operating segments, which are independently managed. The chief operating decision-maker assesses the performance of such operating segments based on:

- Total revenue.
- EBITDA, defined as profit for the period before income tax expense /(benefit), impairment of associate, share of profit/(loss) of investment in associates, foreign exchange gains /(loss), financial expense, financial income, disposal of non-current assets, impairment charges and depreciation and amortisation; and
- Segment capital expenditure is the total cost incurred during the period to acquire property and equipment and intangible assets other than goodwill.

Revenue and EBITDA disclosure per segment

The following information is regularly provided to the chief operating decision maker and is measured consistently with that of the financial statements.

	For the year ended 31 December 2017				For the year ended 31 December 2016			
(In thousands of EGP)	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA
Investment Property	69,636	-	69,636	41,491	33,347	-	33,347	21,638
GSM Lebanon	128,189	-	128,189	71,802	78,071	-	78,071	40,267
Financial Services	663,334	(22,484)	640,850	38,333	136,095	(17,737)	118,358	(266,229)
Cables	722,831	-	722,831	230,040	308,591	-	308,591	67,064
Total	**1,583,990**	**(22,484)**	**1,561,506**	**381,666**	**556,104**	**(17,737)**	**538,367**	**(137,260)**

Assets per segment

The following table illustrates assets for each reportable segment as they are regularly provided to the board of directors.

	As of 31 December 2017					As of 31 December 2016				
(In thousands of EGP)	Property and equipment	Intangible assets	Investment Property	Equity investments	Total	Property and equipment	Intangible assets	Investment Property	Equity investments	Total
Financial Services	138,482	622,387	-	-	760,869	13,310	396,816	-	-	410,126
Investment Property	-	-	1,367,553	-	1,367,553	-	-	1,446,831	-	1,446,831
Cable	2,275,257	232,599	-	-	2,507,856	2,328,063	244,198	-	-	2,572,261
Other	53,739	19,493	-	614,712	687,944	63,674	221	-	614,922	678,817
Total	**2,467,478**	**874,479**	**1,367,553**	**614,712**	**5,324,222**	**2,405,047**	**641,235**	**1,446,831**	**614,922**	**5,108,035**

Capital expenditure

The table below illustrates the capital expenditure incurred by each segment for the year ended 31 December 2017 and the year ended 31 December 2016:

(In thousands of EGP)	For the year ended 31 December 2017	For the year ended 31 December 2016
Financial Services	135,726	2,384
Cable	249,671	291,106
Other	3,480	16,442
Total	**388,877**	**309,932**

7- Business combination

Auerbach Grayson Company (AGCO):

On September 25, 2016, the Board of Directors of Beltone Financial Holding has approved the acquisition of 60% of Auerbach Grayson Company (AGCO) through one of its subsidiaries (New Frontier Securities - USA) for USD 24 million. The acquisition contract includes three option rights as follows:

First option: The seller is entitled to purchase 9% of (AGCO) shares, which is owned by New Frontier Securities, within one year starting from the contract date, at a specified price and terms stated in the contract.

Second option: New Frontier is entitled to buy all or part of the seller's share in (AGCO) starting from the third year of the contract date and at a specified price and terms stated in the contract.

Third option: The seller is entitled to sell the rest of his interest (40%) in (AGCO), which is owned by New Frontier Securities starting from the fifth year of the contract date and at a specific price and terms stated in the contract.

On January 30, 2017, regulatory approval was obtained upon securities brokerage activity in the United States of America to acquire a stake in (AGCO). The acquisition procedures were completed on February 1, 2017, so this date to be considered as the date of acquisition.

The provisional value of the identifiable net assets acquired amounting to USD 18,299 thousand at the acquisition date, resulting in a temporary calculated goodwill of USD 13,021 thousand equivalent to EGP 230,725 thousand.

The Company has determined the initial accounting of the business combination concerning the acquisition of (AGCO) in February 1, 2017 in a temporary manner until the completion of fair value study for assets and liabilities acquired including any acquired intangible assets (If any), provided that the adjustments relating to the provisional value of the assets and liabilities are recognized within 12 months from the date of the acquisition in accordance with Egyptian Accounting Standard no. 29 (Business Combinations).

Goodwill

The Goodwill arise from the business combination is calculated as follows:

(in thousand USD)	January 31, 2017
Consideration	22,000
Liabilities assumed	2,000
Non-controlling interest	7,320
Net assets acquired	(18,299)
Goodwill	**13,021**

In accordance with the Investment Agreement, an amount of USD 2 million has been set aside and the Company is entitled to deduct any unrecognized obligations from this amount that may arise (including but not limited to judicial claims or any other events causing financial damage, customer issues, suppliers etc.).

8- Operating revenues

(In thousands of EGP)	For the year ended 31 December 2017	For the year ended 31 December 2016
Revenue form Financial services	640,850	118,358
Interconnection traffic	722,831	308,591
Management contract -Fees	128,189	78,071
Investment Property Revenue	69,636	33,347
Total	1,561,506	538,367

9- Purchases and services

(In thousands of EGP)	For the year ended 31 December 2017	For the year ended 31 December 2016
Rental of local network, technical sites and other leases	175,386	60,229
Band width cost	84,338	41,180
Maintenance costs	134,860	71,251
Brokerage commission	171,964	-
Advertising and promotional services	30,915	8,865
Consulting and professional services	138,537	48,557
Airfare	49,807	13,604
Utilities	38,631	22,689
Customer acquisition costs	3,831	780
Purchases of goods and changes in inventories	9,850	4,368
Other service expenses	37,245	38,180
Total	**875,364**	**309,703**

10- Other expenses

(In thousands of EGP)	(Note No.)	For the year ended 31 December 2017	For the year ended 31 December 2016
Allowance for doubtful receivables	(20)	137,197	10,518
Provisions for risks	(27)	3,019	77,584
Promotion and gifts		523	643
Other operating expenses		34,409	14,742
Other Expenses		**175,148**	**103,487**

11- Personnel costs

(In thousands of EGP)	For the year ended 31 December 2017	For the year ended 31 December 2016
Wages and salaries	501,639	237,980
Social security	7,062	4,526
Pension costs	9,818	2,772
Other benefits	9,364	5,621
Subscription & Membership Dues	3,146	4,656
Contractual bonuses	23,660	21,669
Other personnel costs	7,543	3,000
Total	**562,232**	**280,224**

12- Depreciation and amortization

(In thousands of EGP)	For the year ended 31 December 2017	For the year ended 31 December 2016
Depreciation of tangible assets		
Buildings	5,496	2,839
Cable system and equipment	171,711	74,337
Commercial and other tangible assets	15,734	8,057
Depreciation of Investment property		
Buildings	30,184	16,279
Amortization of intangible assets		
License	981	891
Right of use	14,685	8,105
Other	5,186	5,173
Total	**243,977**	**115,681**

13- Net (finance cost) investment income

(In thousands of EGP)	For the year ended 31 December 2017	For the year ended 31 December 2016
Interest income on deposits	62,913	32,086
Financial income	**62,913**	**32,086**
Interest expense on borrowings	(120,918)	(62,843)
Other interest expense and financial charges	(9,512)	(12,513)
Financial expense	**(130,430)**	**(75,356)**
Foreign exchange (loss) /gain	(24,730)	1,442,118
Foreign exchange (loss) /gain	**(24,730)**	**1,442,118**
Net finance cost	**(92,247)**	**1,398,848**

14- Investment in associates

(In thousands of EGP)	Country	%	December 31, 2017	December 31, 2016
Cheo Technology-Koryolink (*)	DPRK	75.00%	4,170,449	2,208,326
Electronic Fund Administration Services	Egypt	14.00%	332	547
International Fund Administration Services	Egypt	14.00%	748	743
Axes Holding company	Egypt	23.7 %	11,342	11,342
Less : Impairment			(3,568,159)	(1,606,036)
			614,712	**614,922**

14-1 Koryolink Company

	December 31, 2017	December 31, 2016
Total assets	26,431,520	22,130,689
Total liabilities	(4,818,552)	(3,850,471)
Net assets	**21,612,968**	**18,280,218**

	December 31, 2017	December 31, 2016
Total revenues	6,422,195	3,435,598
Total expense	(2,979,305)	(1,621,148)
Net profit after tax	**3,442,890**	**1,814,450**
Share of profit of associates	**2,582,168**	**1,360,838**

(*) 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 year ended December 31, 2015. Through, 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. This reflects 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, 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 EAS (42), which led to modify the accounting treatment to be accounted for as investment in associates instead of investment in subsidiaries starting from the date that management considered it has lost the control at September 30, 2015, Management believes that through losing of control, it has a significant influence over Koryolink. The investment in CHEO Technology JV (Koryolink) was measured at cost that represents the fair value on the date of 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 September 11, 2017, the United Nations Security Council issued a resolution on September 11, 2017 obliging member states of the United Nations to pass laws prohibiting joint ventures and existing partnerships with the North Korean Republic unless approval is obtained to continue such joint ventures. The management of the Company believes that its investments in North Korea's network for mobile services is a utility and that is similar to the type of project likely to be approved to continue. At the present, the company's management submitted an official request through the Government of the Arab Republic of Egypt in order to be excluded from adhering to the said resolution. In Addition, the company's management also believes that, in the absence of a clear mechanism for implementing the resolution, it is difficult to measure its impact on the recoverable value of the investment.

The following table presents the movement on the investment during the year:

	December 31, 2017	December 31, 2016
Opening balance	2,208,326	847,488
Group share of profit of associates	2,582,168	1,360,838
Dividends	(620,045)	-
Ending balance	4,170,449	2,208,326
Opening impairment	(1,594,694)	(233,856)
Reversal of dividends impairment	620,045	-
Impairment of group share of profit	(2,582,168)	(1,360,838)
Ending impairment	(3,556,817)	(1,594,694)
	613,632	613,632

15- Fixed assets

(In thousands of EGP)	Land and Buildings	Cable system and equipment	Commercial and other tangible assets	Assets under Construction	Total
Cost	132,642	5,293,481	118,288	887,343	6,431,754
Accumulated depreciation and impairment	(25,230)	(3,894,907)	(73,194)	(33,376)	(4,026,707)
Additions	120,744	192,731	55,605	10,539	379,619
Disposals	(9,865)	-	(10,212)	-	(20,077)
Change in scope of consolidation	-	-	3,042	260	3,302
Depreciation	(5,496)	(171,711)	(15,734)	-	(192,941)
Currency translation differences	(903)	(85,720)	(3,935)	(16,914)	(107,474)
Reclassifications	-	798,942	15,791	(814,733)	-
As of 31 December 2017	**211,892**	**2,132,816**	**89,651**	**33,119**	**2,467,478**
Cost	241,868	6,121,472	171,452	65,925	6,600,717
Accumulated depreciation and impairment	(29,976)	(3,988,656)	(81,801)	(32,806)	(4,133,239)

(In thousands of EGP)	Land and Buildings	Cable system and equipment	Commercial and other tangible assets	Assets under Construction	Total
Cost	82,532	2,278,349	61,488	202,217	2,624,586
Accumulated depreciation and impairment	(11,876)	(1,685,881)	(38,445)	(6,657)	(1,742,859)
Additions	2,290	35,694	14,498	251,550	304,032
Disposals	-	(638)	(2,788)	(10,193)	(13,619)
Depreciation	(2,839)	(74,337)	(8,057)	-	(85,233)
Impairment	-	49,577	-	-	49,577
Currency translation differences	36,939	787,835	18,110	425,679	1,268,563
Reclassifications	367	7,975	291	(8,633)	-
As of 31 December 2016	**107,413**	**1,398,574**	**45,097**	**853,963**	**2,405,047**
Cost	132,642	5,293,481	118,288	887,342	6,431,753
Accumulated depreciation and impairment	(25,229)	(3,894,907)	(73,194)	(33,376)	(4,026,706)

The assets include pledged assets of amount of EGP 1,129 Million for Trans World Associates against credit facilities obtained for the expansion in marine cables SMW (5).

16- Intangible assets

(In thousands of EGP)	License	Goodwill	Right of use	Customer Base	Trade Mark	Other	Total
Cost	20,024	311,441	167,195	78,200	24,900	1,167	837,856
Accumulated amortization and impairment	(12,510)	(8,098)	(69,011)	(3,910)	(1,245)	(1,138)	(196,621)
	7,514	**303,343**	**98,184**	**74,290**	**23,655**	**29**	**641,235**
Additions	6,115	-	5,629	-	-	2,388	9,258
Amortization	(981)	-	(8,105)	(3,910)	(1,245)	(31)	(20,852)
Change in scope of consolidation	19,448	-	-	-	-	-	250,174
Currency translation differences	(556)	-	1,926	-	-	(124)	(5,336)
As of 31 December 2017	**31,540**	**311,022**	**224,725**	**70,380**	**22,410**	**2,262**	**874,479**
Cost	44,270	319,120	394,445	78,200	24,900	3,421	1,088,176
Accumulated amortization and impairment	(12,730)	(8,098)	(169,720)	(7,820)	(2,490)	(1,159)	(213,697)

(In thousands of EGP)	License	Goodwill	Right of use	Customer Base	Trade Mark	Other	Total
Cost	9,710	311,575	167,195	78,200	24,900	560	592,140
Accumulated amortization and impairment	(5,592)	(8,098)	(69,011)	-	-	(482)	(83,183)
	4,118	**303,477**	**98,184**	**78,200**	**24,900**	**78**	**508,957**
Additions	271	-	5,629	-	-	-	5,900
Amortization	(891)	-	(8,105)	(3,910)	(1,245)	(18)	(14,169)
Impairment loss	-	-	1,926	-	-	-	1,926
Disposals	-	-	-	-	-	(65)	(65)
Currency translation differences	4,016	7,545	127,091	-	-	34	138,686
As of 31 December 2016	**7,514**	**311,022**	**224,725**	**74,290**	**23,655**	**29**	**641,235**
Cost	20,024	319,120	394,445	78,200	24,900	1,167	837,856
Accumulated amortization and impairment	(12,510)	(8,098)	(169,720)	(3,910)	(1,245)	(1,138)	(196,621)

* The balance of intangible assets includes goodwill resulted from the Group acquisitions during the year and prior years as the following:

	31 December 2017				31 December 2016			
(In thousands of EGP)	Financial Service	Cable	Others	Total	Financial Service	Cable	Others	Total
Cost	298,466	12,556	8,098	319,120	298,466	5,011	8,098	311,575
Accumulated amortization and impairment	-	-	(8,098)	(8,098)	-	-	(8,098)	(8,098)
Change in scope	230,726	-	-	230,726	-	-	-	-
Currency translation differences	-	(863)	-	(863)	-	7,545	-	7,545
	529,192	**11,693**	**-**	**540,885**	**298,466**	**12,556**	**-**	**311,022**
Cost	529,192	11,693	8,098	548,983	298,466	12,556	8,098	319,120
Accumulated amortization and impairment	-	-	(8,098)	(8,098)	-	-	(8,098)	(8,098)

17- Investment property

(In thousands of EGP)	Year ended December 31, 2017	Year ended December 31, 2016
Cost	1,510,081	551,936
Accumulated amortization and impairment	(63,250)	(15,509)
	1,446,831	536,427
Depreciation	(30,184)	(16,279)
Currency translation differences	(49,094)	926,683
As of December 31,	1,367,553	1,446,831
Cost	1,457,655	1,510,081
Accumulated amortization and impairment	(90,102)	(63,250)

The investment property balance comprise of the value of seven floors which owned by Victoire company in Brazil. The investment property is carried at its historical cost with fair value at December 31, 2017 with amount USD 82 Million (Equivalent EGP 1,450 Million).

(In thousands of EGP)	Year ended December 31, 2017	Year ended December 31, 2016
Rental income	69,636	33,347
Direct operating expenses from property that generated rental income	25,976	11,146
Direct operating expenses from property that did not generate rental income	32,354	16,835

A substantial part of the investment properties are leased to tenants under long-term operating leases with rentals payable (monthly – in advance or in arrears). Minimum lease payments receivable on leases of investment properties are as follows:

(In thousands of EGP)	As of December 31, 2017	As of December 31, 2016
Within one year	71,791	41,497
Later than one year but not later than 5 years	180,740	146,252

18- Other financial assets

(In thousands of EGP)	As Of 31 December 2017			As Of 31 December 2016		
	Non-current	Current	Total	Non-current	Current	Total
Financial receivables	3,653	3,451	7,104	3,559	6,417	9,976
Deposits	1,002	34,603	35,605	978	59,910	60,888
Restricted cash (18-1)	141,103	591,261	732,364	-	-	-
Financial assets available for sale -At Cost (18-2)	14,063	-	14,063	13,945	-	13,945
Financial assets available for sale -At Fair value (18-3)	8,636	-	8,636	7,259	-	7,259
Financial assets at fair value through profit or loss (18-4)	-	1,071	1,071	-	77,528	77,528
	38,204	760,639	798,843	25,741	143,855	169,596

18-1 Restricted cash

(In thousands of EGP)	As Of 31 December 2017			As Of 31 December 2016		
	Non-current	Current	Total	Non-current	Current	Total
Pledged deposit	10,850	591,261	602,111	-	-	-
Cash at bank in North Korea	130,253	-	130,253	-	-	-
	141,103	591,261	732,364	-	-	-

18-2 Financial assets available for sale – at cost

Company name	December 31, 2017	December 31, 2016
Misr for Central Clearing Depository and Registry	7,718	7,718
Guarantee Settlement Fund	6,051	5,933
El Arabi for Investment	194	194
MENA Capital	2,934	3,014
BMG	100	100
(Less): Impairment loss of available for sale investments	(2,934)	(3,014)
	14,063	**13,945**

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

18-3 Financial assets available for sale – at fair value

Company name	December 31, 2017	December 31, 2016
EGX 30	8,636	7,259
	8,636	**7,259**

18-3 Financial assets at fair value through profit or loss

	December 31, 2017	December 31, 2016
Investment in cash investment in funds	757	2,077
Investment in investment funds	314	-
Treasury Bills	-	75,451
	1,071	**77,528**

19- Income tax

	December 31, 2017	December 31, 2016
Current tax expense	282,008	30,680
Deferred tax liabilities	(78,417)	279,755
Total Income Tax	**203,591**	310,435

Deferred tax assets and liabilities are offset when there is a legally enforceable right to the group to offset current tax assets and liabilities, and when the deferred tax assets and liabilities are settled with the same tax authority in the country, and when the group has the intention to settle the net of these balances or to redeem these tax assets and settle these tax liabilities at the same time.

The following table shows the most important deferred tax liabilities as presented in the consolidated financial statements of the group:

(In thousands of EGP)	December 31, 2017	December 31, 2016
As of January 1,	(505,154)	(120,025)
Currency translation differences	13,082	(105,374)
Income statement charge	78,417	(279,755)
As of December 31,	**(413,655)**	**(505,154)**

The following table includes the nature of items comprising the deferred tax liabilities;

	December 31, 2017					December 31, 2016			
Deferred tax liabilities	**Depreciation and amortization**	**Unremitted earnings**	**Forex**	**Accumulated losses**	**Total**	**Depreciation and amortization**	**Unremitted earnings**	**Forex**	**Total**
(In thousands of EGP)									
As of December 31	199,092	16,967	289,095	-	**505,154**	92,334	16,967	10,724	120,025
Charged to the income statement	25,835	-	(99,671)	(4,581)	(78,417)	1,165	-	278,590	279,755
Currency translation differences	(10,106)	-	(2,976)	-	(13,082)	105,593	-	(219)	105,374
As of December 31	**214,821**	**16,967**	**186,449**	**(4,581)**	**413,655**	**199,092**	**16,967**	**289,095**	**505,154**

20- Trade receivables

(In thousands of EGP)	December 31, 2017	December 31, 2016
Receivables due from customers	767,596	471,323
Receivables due from telephone operators	358,775	268,185
Receivables from investment property	19,194	26,700
Allowance for doubtful receivables	(503,815)	(358,227)
Total	**641,750**	**407,981**

Movement of the impairment is represented as follows:

(In thousands of EGP)	As of 31 December 2017	As of 31 December 2016
At January 1,	358,227	327,551
Currency translation differences	10,091	25,394
Additions (allowances recognized as an expense)	137,197	10,518
Used	(630)	(6,309)
Reclassifications	(1,070)	1,073
At December 31,	**503,815**	**358,227**

The following table shows the ageing analysis of trade receivables as of 31 December 2017 and 2016, net of the relevant allowance for doubtful receivables:

(In thousands of EGP)	As of 31 December 2017	As of 31 December 2016
Not past due	253,190	156,654
Past due 0-30 days	12,531	7,479
Past due 31-120 days	48,024	32,408
Past due 121 - 150 days	12,738	435
Past due more than 150 days	315,267	211,005
Total	**641,750**	**407,981**

21- Other non-financial assets

(In thousands of EGP)	As Of 31 December 2017			As Of 31 December 2016		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	290,839	56,881	347,720	207,817	68,070	275,887
Advances to suppliers	-	38,738	38,738	-	43,321	43,321
Receivables due from tax authority	-	6,041	6,041	-	3,635	3,635
Employee loans	-	8,103	8,103	-	2,277	2,277
Assets from current tax	-	94,376	94,376	-	110,414	110,414
Advance payment for purchase of investment	-	-	-	398,860	-	398,860
Other non-trade receivables	-	25,573	25,573	-	47,227	47,227
Allowance for doubtful current assets	-	(6,643)	(6,643)	-	(6,864)	(6,864)
Total	**290,839**	**223,069**	**513,908**	**606,677**	**268,080**	**874,757**

22- Cash and cash equivalents

(In thousands of EGP)	As Of 31 December 2017	As Of 31 December 2016
Bank accounts and Deposits	2,371,504	2,860,736
Cash on hand	1,496	4,961
Treasury bills – "within 3 Month "	-	65,831
Total	**2,373,000**	**2,931,528**

23- Issued and paid up capital

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

24- Non-distributable earnings

Retained earnings include an amount of EGP 25 Million as of December 2017 (comparing to EGP 9 Million as of December 2016), which is not available for distribution representing a legal and special reserves at the subsidiaries level.

25- Borrowings

(In thousands of EGP)	As of 31 December 2017			As of 31 December 2016		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities to banks	235,830	1,116,047	1,351,877	684,263	880,980	1,565,243
Finance lease liability	5,740	634	6,374	1,084	1,608	2,692
Other borrowings	25,277	24,232	49,509	51,127	-	51,127
Total	**266,847**	**1,140,913**	**1,407,760**	**736,474**	**882,588**	**1,619,062**

The following table shows the ageing analysis of borrowings:

(In thousands of EGP)

	within one year	1-2 years	2-3 years	3-4 years	4-5 years	after 5 years	Total
As Of 31 December 2017	235,830	150,920	202,283	706,164	56,680	-	1,351,877
As Of 31 December 2016	684,263	151,989	357,456	151,989	151,989	67,557	1,565,243
Liabilities to banks	31,017	4,906	4,339	6,942	8,679	-	55,883
Other borrowings	52,211	859	749	-	-	-	53,819
As Of 31 December 2017	**266,847**	**155,826**	**206,622**	**713,106**	**65,359**	**-**	**1,407,760**
As Of 31 December 2016	736,474	152,848	358,205	151,989	151,989	67,557	1,619,062

(In thousands of EGP)	US$	Egyptian Pound	Pakistan Rupee	Total
As Of 31 December 2017	**639,146**	**62,295**	**706,319**	**1,407,760**
As Of 31 December 2016	**651,624**	**262,729**	**704,709**	**1,619,062**

Loans for Trans World associate

Borrowings include loans obtained from the shareholders of Trans World associate private by an amount of EGP 49 Million of which EGP 25 Million due within one year and EGP 24 Million due after more than one year with an interest rate of 1.335% per annum.

Borrowings also include loans obtained from banks amounted to EGP 704 Million from which EGP 182 Million due within one year and EGP 522 Million due after more than one year these borrowings were obtained by Trans World Associate Private with interest rates ranges between 8% to 9%.

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

On November 12, 2015, the Company obtained a syndicated loan from a group of financial institutions represented in a non-current loan with a maximum limit of EGP 250 Million for financing part of acquisition cost within the limits of 87% from the shares of Beltone Financial Holding. The loan has been settled during January 2017.

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

On September 28, 2015 the company borrowed non-current loan from a foreign bank by a maximum amount of 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 with a balance of EGP 589 million as at December 31, 2017.

- 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 reference rate +1%, currently set at 7.82% 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%.

Securities

- 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 Paolo 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.
- On October 18, 2017 Orascom Telecom, Media and Technology Holding Company performed a reschedule agreement with bank Libano Francaise through which the loan amounted USD 33 million will be long-term loan due on three installments starts from October 2019 and ends October 2021, Provided that the total amount of the loan is mortgaged (note 14) until the Company fulfills the above mentioned guarantees.

Other credit facilities (Beltone Financial Holding Company):

The credit bank facilities granted to one of Group components for financing the settlement of guarantee against payment concerning brokerage sector and these facilities are unsecured and bearing average interest market rate. In addition to the financing granted to the Holding Company during the period.

The following table shows the ageing analysis of borrowings:

(In thousands of EGP)	December 31, 2017	December 31, 2016
Opening balance	1,619,062	685,551
Current borrowing	736,474	82,440
Non-Current borrowing	882,588	603,111
Repayment of borrowings	(211,475)	(58,467)
Proceeds from borrowings	75,995	253,970
Interest accrued	-	75,356
Interest paid	-	(59,980)
Currency translation differences	(75,822)	722,632
Ending balance	1,407,760	1,619,062
Current borrowings	266,847	736,474
Non-current borrowings	1,140,913	882,588

26- Creditors and other credit balances

(In thousands of EGP)	As of 31 December 2017			As of 31 December 2016		
	Non-current	Current	Total	Non-current	Current	Total
Capital expenditure payables	-	104,723	104,723	-	48,072	48,072
Trade payables due to suppliers	-	185,482	185,482	-	171,716	171,716
Customers credit balance-financial services	-	913,296	913,296	-	203,397	203,397
Telecom operator	-	14,449	14,449	-	-	-
Trade payables (*)	-	-	-	-	281,406	281,406
Other trade payables	-	119,298	119,298	-	54,706	54,706
	-	1,337,248	1,337,248	-	759,297	759,297
Prepaid traffic and deferred income	237,583	23,838	261,421	214,203	20,383	234,586
Due to local authorities	-	78,819	78,819	-	67,274	67,274
Personnel payables	-	49,360	49,360	-	11,315	11,315
Subscriber deposits	-	749	749	-	12,740	12,740
Other credit balances (*)	23,902	62,574	86,476	29,011	64,159	93,170
	261,485	215,340	476,825	243,214	175,871	419,085
Total	261,485	1,552,588	1,814,073	243,214	935,168	1,178,382

(*) This balance includes balances of related parties.

27- Provisions

(In thousands of EGP)	January 01, 2017	No longer required	Formed	Used	Currency translation differences	December 31, 2017
Provision for Claims	722,112	(357,352)	3,019	-	(877)	366,902
Total provision	722,112	(357,352)	3,019	-	(877)	366,902

(In thousands of EGP)	January 01, 2016	No longer required	Formed	Used	Currency translation differences	December 31, 2016
Provision for Claims	638,262	-	77,583	-	6,267	722,112
Total provision	638,262	-	77,583	-	6,267	722,112

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

28- Earnings per share

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

	For the year ended 31 December 2017	For the year ended 31 December 2016
Profit attributable to equity holders of the Parent Company (In thousands of EGP)	446,167	859,963
Weighted average number of shares (in thousands of shares)	5,245,690	5,245,690
Earnings per share (in EGP)	0.085	0.164

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.

29- Subsidiaries

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Company do not differ from the proportion of ordinary shares held. The Company does not have any shareholdings in preference share of subsidiaries included in the Group.

Summarised financial information of non-wholly owned subsidiaries with material non-controlling interests.

	Trans World Associates (Pvt) Ltd		Beltone financial management	
	As of 31 December		As of 31 December	
	2017	2016	2017	2016
Current assets	338,946	287,824	1,493,346	677,154
Current liabilities	(583,778)	(340,643)	(1,456,605)	(769,484)
Total current net assets	**(244,832)**	**(52,819)**	**36,741**	**(92,330)**
Non-current assets	1,520,791	1,417,353	212,494	469,090
Non-current liabilities	(713,763)	(837,725)	(5,588)	(15,554)
Total non-current net assets	**807,028**	**579,628**	**206,906**	**453,536**
Net assets	**562,196**	**526,809**	**243,647**	**361,206**

	Trans World Associates (Pvt) Ltd		Beltone financial management	
	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2017	Year ended 31 December 2016
Revenue	647,040	269,510	636,925	114,125
Profit (loss) before income tax	142,312	84,277	(4,777)	67,460
Income tax expense	(65,439)	(23,466)	(9,474)	(23,182)
Post tax profit (loss) from continuing operations	**76,873**	**60,811**	**(14,251)**	**44,278**
Other comprehensive income	(42,349)	292,113	(5,831)	63,265
Total comprehensive income	**34,524**	**352,924**	**(20,082)**	**107,543**
Total comprehensive income allocated to non-controlling interests	16,917	172,933	(6,025)	25,058

	Trans World Associates (Pvt) Ltd		Beltone financial management	
	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2017	Year ended 31 December 2016
Net profit / (loss) for the year	97,710	94,842	(119,363)	(11,626)
Interest paid	-	(22,826)	-	(22,826)
Income tax paid	-	(27,257)	-	(27,257)
Net cash generated from / (used in) operating activities	97,710	44,759	(119,363)	(61,709)
Net cash (used in) investing activities	(124,143)	(168,471)	(322,977)	(473,484)
Net cash generated from / (used in) financing activities	51,960	115,971	(29,939)	457,374
Net increase /(decrease) in cash and cash equivalents	**25,527**	**(7,741)**	**(472,279)**	**(77,819)**
Exchange gains on cash and cash equivalents	69,319	33,872	621,856	228,942
Cash and cash equivalents at the beginning of the year	(5,034)	2,225	697,796	176,405
Cash and cash equivalents at the end of the year	**89,812**	**28,356**	**847,373**	**327,528**

30- Capital Commitments

The capital commitments as of December 31, 2017 are as follows:

(In thousand EGP)	December 31, 2017	December 31, 2016
Commitments related to fixed assets	228,015	243,569
Other commitments	304,818	229,339
Total	**532,833**	**472,908**

Other capital commitments arise from the commitment to acquire items of fixed assets related to the marine cables under construction by Middle East and North Africa for Sea Cables Company (subsidiary).

31- Related party transactions

(In thousands of EGP)	31 December 2017			31 December 2016		
	Purchase of services and goods	Revenue	Investment expenses	Purchase of services and goods	Revenue	Investment expenses
Associate						
CHEO	-	14,282	-	(4,446)	4,333	-
OTMTI						
WIND	-	-	-	(626)	4,953	-
Other related parties						
Facility management Contrack	(84)	-	-	(70)	1,041	-
LTD Orastar	-	-	(797)	-	-	(364)
Dr. Omar Zawawy (shareholder of a subsidiary)	-	-	(204)	-	-	(93)
Main shareholder – purchasing head quarter building	-	-	(118)	-	-	-

	31 December 2017		31 December 2016	
(In thousands of EGP)	Receivables	Payables	Receivables	Payables
OTMTI				
WIND	-	-	198	266
Other related parties				
CHEO	-	-	-	260,000
Orascom Solutions	205	-	-	-
Facility management Contrack	7	-	-	-
Orastar LTD	-	39,459	-	40,692
Dr.Omar Zawawy (shareholder of a subsidiary)	-	10,117	-	10,433
Belton Mena Equity Fund	436	-	436	-
EGX funds company	9	-	27	-
Electronic Fund Management Service Co.	671	-	-	-
Misr Beltone	-	5,962	-	4,307
International Fund Management Services	-	2,357	-	2,405
Electronic Fund Management Service Co.	-	-	-	404

Key management compensation

(In thousand EGP)	For the Year ended December 31, 2017	For the Year ended December 31, 2016
Board of directors' allowances and transportation	24,096	15,119
	24,096	**15,119**

32- Contingent liabilities

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

Orascom Telecom, Media and Technology Holding

- A Letter of guarantee in favour of Lebanon Ministry of Telecommunication to guarantee Orascom Telecom Lebanon in the payment of any amount due by the selected participants amounting to US$ 40 Million.
- A guarantee issued to one of the customers of Middle East and North Africa for Sea Cables – MENA cables (subsidiary) amounting to US$ 82 Million to guarantee the subsidiary to fulfil its contractual obligations represented in performing the contracted services.

Trans World Associates (Subsidiary)

- A bank guarantee issued in favour of Higher Education Commission amounting to Rupee 2.2 million, which is equivalent to EGP 448 thousand and valid until December 31, 2018.
- There is a restricted balance, which is equivalent to EGP 80 thousand in favour of Shell Pakistan valid until September 25, 2018.
- There is a letter of credit amounting to USD 285 thousand, which is equivalent to EGP 5 Million in favour of Premier Systems valid until March 31, 2018.
- There is a letter of credit amounting to USD 177 thousand, which is equivalent to EGP 3 Million in favour of C-COR Broadband Australia PTY Ltd valid until May 31, 2018.

Middle East and North Africa for Sea Cables – MENA cables (Subsidiary)

- A bank guarantee issued amounts, which is equivalent to EGP 1,700 thousand in favour of General Authority for Investment and Free Zones and valid until December 31, 2017.
- A bank guarantee issued amounts, which is equivalent to EGP (1) Million in favour of NTRA .

33- Legal Case

Beltone Financial Holdings (SAE) and its subsidiary Auerbach Grayson & Co LLC (AGCO) were sued for securities trading in the State of New York in the United States of America. Beltone Financial Holding is primarily exposed as the main shareholder of (AGCO), the dispute is related to contracted service fees which could end up with an amount of USD 2.1 million in case they loss the case. The dispute is still in preliminary stage; however, the management believes that the Company has strong position to gain the case.

Taking into consideration, under the investment agreement which accordingly Beltone Financial Holdings (SAE) acquired 60% from the shares of Auerbach Grayson Company (AGCO), an amount of USD 2 million has been set aside and the Company is entitled to deduct any unrecognized obligations from this amount that may arise (including but not limited to: judicial claims or any other events causing financial damage, customer issues, suppliers etc.).

34- Non-adjusting events after the reporting period (Subsequent events)

In January 2018, the company acquired 57% of Riza Capital based in Brazil, a financial services company. The acquisition was acquired through the wholly-owned Luxembourg-based OTMT Brazil subsidiary of Luxembourg, with a cash consideration of USD 8 million.

35- Financial Year

The company's financial year begins on January 1, of each year and ends on December 31.

Financial Officer	Chief Executive Officer	Chairman

Appendix (1) – Liabilities to banks and Other Borrowings as of December 31, 2017

Description	Currency	Current	Non-Current	Total	Nominal	Secured / Unsecured	Transaction cost	Interest Rate	Maturity	Assets secured
OTMT Loans										
Foreign Bank loan	USD	-	589,570	589,570	33,423	Secured	LIBOR+1%		31-Oct-21	Time Depoits
Local bank loan	EGP	948	1,693	2,640	3,430	Secured	Bank certificate rate of return + 2% max 12%		31-Dec-20	Time Depoits
Local bank loan	EGP	942	2,536	3,478	4,263	Secured	Bank certificate rate of return + 1.5% max 11%		31-Dec-21	Time Depoits
		1,890	593,799	595,688						
TWA Loans										
Long term loan from sponsor's (Orastar)	USD	2,262	18,997	21,259	135,014	Unsecured	3M LIBOR+1%	%1.34	31-Dec-22	
Long term loan from sponsor's (Dr. Omar Zawawi)	USD	938	5,236	6,174	34,619	Unsecured	3M LIBOR+1%	%1.34	31-Dec-17	
Short term loan-2 from sponsor's (Orastar)	USD	17,566	-	17,566	86,872	Unsecured	3M LIBOR+1%	%1.34	23-Dec-18	
Short term loan-2 from sponsor's (Dr. Omar Zawawi)	USD	4,511	-	4,511	22,272	Unsecured	3M LIBOR+1%	%1.34	23-Dec-18	
Finance lease liabilities	PKR	860	634	1,494	15,604	Secured	6M KIBOR+2.50%	%9 - %8	24-Aug-19	Future Current Liabilities and Fixed Assets (Except Land and Buildings)
Long term syndicated finance facility-NIB Bank Ltd	PKR	119,919	387,485	507,404	3,164,472	Secured	6M KIBOR + 2.50%	%8.67	17-Apr-22	
Long term syndicated finance facility-Pak Oman Investment Company	PKR	32,355	104,742	137,097	837,016	Secured	6M KIBOR + 2.50%	%8.67	3-May-22	
Long term loan finance facility-Habib Bank Limited	PKR	4,776	30,020	34,796	203,000	Secured	6M KIBOR + 1.50%	%7.67	26-Apr-22	
Running Finance Facility-Meezan Bank Limited	PKR	25,527	-	25,527	150,001	Secured	6M KIBOR + 1.45%	%7.61	31-Dec-18	
		208,714	547,114	755,829						
Beltone Holding										
Credit Facilities	EGP	51,363	-	51,363	51,363	Unsecured	Market Price	19.25%	Current	
Finance lease liabilities		4,880	-	4,880	-			-	-	
		266,847	1,140,913	1,407,760						