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

Subject to the provisions of law no. 95 for year 1992
and its executive regulations
Consolidated Financial Statements For the
Financial Year Ended on December 31, 2016
Together with the Auditor's Report

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

Consolidated financial statements and auditor's report

December 31, 2016
EGP

Deloitte.

Saleh, Barsoum & Abdel Aziz
Nile City South Tower, 6th floor
2005A Cornish El Nil,
Ramlet Boulaq, Cairo, 11221
Egypt

Tel : +20 (0) 2 246 199 09
www.deloitte.com

Translation of Independent Auditor's Report Originally Issued in Arabic

INDEPENDENT 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 of December 31, 2016 and the related consolidated statements of income, comprehensive income ,changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Except for the matters explained in the basis for qualified opinion paragraph below, we conducted our audit in accordance with the Egyptian Standards on Auditing and the prevailing Egyptian laws. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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.

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Basis for Qualified Opinion

As disclosed in more details in note (15), of the accompanying notes to consolidated financial statements, the Group has modified the accounting treatment of the investment in CHEO Technology JV (Koryolink) in the period ended September 30, 2015 to be investment in associate instead of in subsidiaries.
We were unable to verify the recoverable amount of the investment at the date of the consolidated financial statements and we were not able to perform other alternative procedures with this respect.

Qualified Opinion

In our opinion, except for the effect of possible adjustments as might have been determined to be necessary for the matter described in the basis for qualified opinion paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Orascom Telecom, Media and Technology Holding - S.A.E. as of December 31, 2016, 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 related applicable Egyptian laws and regulations.

Cairo, May 4, 2017

K. Saleh

KAMEL MAGDY SALEH, FCA
F.E.S.A.A. (R.A.A. 8510)
EFSA Registration No "69"

Saleh, Barsoum & Abdel Aziz
Accountants

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

(In Thousand EGP)	Note	31 December 2016	31 December 2015 Restated
Assets			
Non-Current Assets			
Property and equipment (net)	16	2,405,047	881,727
Intangible assets (net)	17	641,235	508 957
Investments in associates (net)	15	614,922	614,281
Other non-current financial assets	19	25,741	62,867
Other non-current non-financial assets (net)	22	606,677	72,873
Investment property (net)	18	1,446,831	536,427
Total non-current assets		5,740,453	2,677,132
Current Assets			
Inventories (net)		2,468	1,226
Trade receivables (net)	21	407,981	136,270
Other current financial assets	19	143,855	84,703
Other assets (net)	22	268,080	116,449
Cash and cash equivalents	23	2,931,528	1,585,219
Total current assets		3,753,912	1,923,867
Total assets		9,494365	4,600,999
Equity and Liabilities			
Issued and paid-up capital	24	2,203,190	2,203,190
Reserves		2,425377	843,008
Retained earnings / accumulated (losses)		382 624	(477,339)
Equity attributable to shareholders of the parent company		5,011,191	2,568,859
Non-controlling interest		351,657	144,976
Total equity		5,362,848	2,713,835
Liabilities			
Non-Current Liabilities			
Non-current borrowings	25	882,588	603,111
Non-current creditors and other credit balances	26	243,214	79,641
Deferred tax liabilities	20	505 154	120 025
Total non-current liabilities		1,630,956	802,777
Current Liabilities			
Borrowings	25	736,474	82,440
Payables and other current liabilities	26	935,168	261,580
Tax liabilities – income tax		106,807	102,105
Provisions	27	722,112	638,262
Total current liabilities		2,500,561	1,084,387
Total liabilities		4,131,517	1,887,164
Total equity and liabilities		9,494,365	4,600,999

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

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

Auditor's report 'attached'.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2016

(In Thousand EGP)	Note	For the Year ended 31 December 2016	For the Year ended 31 December 2015
Continuing Operations			
Operating revenues	7	538,367	291,420
Other revenues		17,787	6,821
Purchases and services costs	8	(309,703)	(199,692)
Other expenses and provisions	9	(103,487)	(106,607)
Personnel cost	10	(280,224)	(134,220)
Depreciation and amortization	11	(115,681)	(94,639)
Impairment in non-current assets	12	51,503	(314,060)
Capital gains		10,512	1,225,964
Finance revenues (costs)	14	32,086	(1,045,015)
Finance expenses	14	(75,356)	(14,282)
Foreign currency exchange gains	14	1,442,118	42,352
Group's Share in gains from investments in associates	15	1,360,892	233,900
Impairment in associates	15-1	(1,360,838)	(238,598)
Profits (losses) for the year from continuing operations before income tax		**1,207,976**	**(346,656)**
Income taxes	20	(310,435)	(111,021)
Profits (losses) for the year from continuing operations after income tax		**897,541**	**(457,677)**
Discontinued Operations			
Discontinued operations results	6	-	(3,150,701)
Net profits (losses) for the year		**897,541**	**(3,608,378)**
Attributable to:			
Equity holders' of the Parent Company		859,963	(3,857,776)
Non-controlling interest		37,578	249,398
		897,541	**(3,608,378)**
Earnings (losses) per share (basic) – (in EGP)	29	**0.164**	**(0.735)**

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

Chief Financial Officer	Chairman	Chief executive officer

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

(In Thousand EGP)	Note	For the Year ended 31 December 2016	For the Year ended 31 December 2015
Net profit (loss) for the year after taxes		897,541	(3,608,378)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Disposal of discontinued activities in associates		-	(1,438)
Group's share from revaluation of investments available for sale		1,689	-
Financial statements translation differences		1,668,043	(6,677)
Total other comprehensive income for the year		2,567,273	(3,616,493)
Attributable to:			
Equity holders' of the Parent Company		2,379,283	(3,954,456)
Non-controlling interest		187,990	337,963
		2,567,273	(3,616,493)

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

Chief Financial Officer	Chairman	Chief executive officer

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

(In Thousand EGP)	Paid-up capital	Legal reserve	Translation reserve for foreign subsidiaries	Other reserves	Retained earnings (Accumulated losses)	Equity attributable to shareholders of the parent company	Non-controlling interest	Total equity
As at January 1, 2015	2,203,190	502,073	436,177	1,438	3,380,437	6,523,315	1,353,676	7,876,991
Comprehensive income for the year						-	-	-
Financial statements translation differences of subsidiaries presented in foreign currency	-	-	311,468	-	-	311,468	88,565	400,033
Translation differences of the financial statements for disposed subsidiaries	-	-	(406,710)	-	-	(406,710)	-	(406,710)
Net loss for the year	-	-	-	-	(3,857,776)	(3,857,776)	249,398	(3,608,378)
Disposal of associates equity	-	-	-	(1,438)	-	(1,438)	-	(1,438)
Total comprehensive income for the year	-	-	(95,242)	(1,438)	(3,857,776)	(3,954,456)	337,963	(3,616,493)
Non-controlling interest resulting from disposal of investments in subsidiaries	-	-	-	-	-	-	(1,604,030)	(1,604,030)
Changes resulting from acquisition by subsidiaries for non-controlling interest	-	-	-	-	-	-	57,367	57,367
As at 31 December 2015	2,203,190	502,073	340,935	-	(477,339)	2,568,859	144,976	2,713,835

(In Thousand EGP)	Paid-up capital	Legal reserve	Translation reserve for foreign subsidiaries	Other reserves	Retained earnings (Accumulated losses)	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
Comprehensive income for the year								
Group's share from revaluation of investments available for sale	-	-	-	1,689	-	1,689	-	1,689
Financial statements translation differences of subsidiaries presented in foreign currency	-	-	1,517,631	-	-	1,517,631	150,412	1,668,043
Net income for the year	-	-	-	-	859,963	859,963	37,578	897,541
Total comprehensive income for the year	-	-	1,517,631	1,689	859,963	2,379,283	187,990	2,567,273
Changes resulting in subsidiaries on non-controlling interest - disposal	-	-	-	63,049	-	63,049	18,691	81,740
As at December 31, 2016	2,203,190	502,073	1,858,566	64,738	382,624	5,011,191	351,657	5,362,848

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

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

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

(In Thousand EGP)	For the year ended 31 December 2016	For the year ended 31 December 2015
Cash Flows from Operating Activities		
Profit for the year from continuing operations before taxes	1,207,976	(346,656)
Adjusted by:		
Depreciation, amortization and impairment of non-current assets	64,178	408,699
Loss from revaluation of financial derivatives at fair value	-	1,049,434
Finance expenses	75,356	14,282
Finance income	(32,086)	(2,732)
Foreign currency translation differences	(1,442,118)	(42,352)
(Gain)/Loss from disposal of assets	(10,512)	2,302
Gains from disposal of associates	-	(1,228,266)
Group's share in gains of investments in associates	(1,361,533)	(233,900)
Impairment loss of investment in associates	1,360,892	238,598
Change in provisions, and impairment of trade receivables	88,100	100,952
Changes in current assets reported in working capital	(73,556)	(47,291)
Changes in current liabilities reported in working capital	221,117	86,286
Cash flows generated from (used in) operating activities	97,814	(644)
Income taxes paid	(83,461)	(37,521)
Collected interests	32,086	2,732
Net Cash flows generated from (used in) operating activities	46,439	(35,433)
Cash Flows from Investing Activities		
Net cash outflows for investment in:		
- Property, and equipment	(287,948)	(164,045)
- Intangible assets	(670)	(10,984)
Non-current financial asset	(47,034)	(10,448)
Acquisition of investments	(398,860)	(792,832)
Investments at fair value	(81,607)	(38,174)
Net proceeds from disposal of:		
- Property,and equipment	13,619	941
- Intangible assets	65	-
Disposal of investments at fair value	54,751	100,000
Disposal of investments in associates	-	1,813,802
Disposal of investments for trading	36,187	-
Proceeds from dividends in advance – Cheo Technology JV (Koryolink)	260,000	-
Net cash flows (used in) generated from investing activities	(451,497)	898,260
Cash Flows from Financing Activities		
Paid Interests	(59,980)	(6,670)
Net proceeds from non-current borrowings	253,970	632,242
Net payments for non-current borrowings	(58,467)	(105,163)
Proceeds from sale of portion of investment in Beltone Financial	96,919	-
Net cash flows generated from financing activities	232,442	520,409
Net change in cash and cash equivalent during the year from continuing operations	(172,616)	1,383,236
Discontinued operations		
Net Cash flows generated from operating activities	-	1,272,589
Net Cash flows used in investing activities	-	(963,440)
Net change in cash and cash equivalent for the discontinued operations during end of the year	-	309,149
Net change in cash and cash equivalent during the year	(172,616)	1,692,385
Cash and cash equivalent at the beginning of the year	1,585,219	931,618
Effect of change in foreign exchange on cash and cash equivalent	1,518,925	58,940
Cash and cash equivalent balances for disposed assets	-	(1,097,724)
Cash and cash equivalents at the end of the year	2,931,528	1,585,219

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

Chief financial officer	Chairman	Chief Executive Officer

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 set out below:

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.

New issues and amendments on the Egyptian Accounting Standards effective as of January 1, 2016

On July 9, 2015, the Minister of Investment's Decree No. (110) of 2015 was issued. It has been decided to replace and supersede the former Egyptian Accounting Standards for the preparation and presentation of financial statements with the new version of the Egyptian Accounting Standards, and the former Egyptian Accounting Standards issued by Ministerial Decree No. (243) of 2006 were cancelled. This Decree shall be effective as of the first day of January 2016, and will be applied by the entities whose financial year starts on that date or on a subsequent date.

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

Subsequently, the Minister of Investment issued the Ministerial Decree No. (16) for the year 2017 on February 7, 2017 to amend the Egyptian Accounting Standard No. 13 related to the implications of the foreign currencies exchange differences which aims to setting a special accounting treatment for the implications resulted from the Exceptional Economic Decision pertaining to the releasing of the Foreign Currencies Exchange rates to be applied only once, the company's management has elected not to apply the amendments stated in the annex referred to above.

New & amended Standards	Summary of the most significant amendments	The Most Significant Transitional Provisions Guidelines According to the EAS No. 46	Impact on the financial statements
EAS (1) Presentation of Financial Statements	**Financial Position statement** - The standard doesn't require to present the working capital. The reference financial statements that was included in 2006 standards was excluded; which presented the working capital presentation. - A statement shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity. **Income statement (profit or Loss) / statement of comprehensive income** - The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (Income statement) and the other one starts with the profit or loss and presents the other comprehensive income items (Statement of Comprehensive Income).	Was not issued.	-The presentation of financial statements and accompanying notes including comparative figures have been prepared to be in line with the required amendments. -A new statement of comprehensive income, for the current and comparative period shall be added.

EAS(10) Property, Plant & Equipment (PPE)	- The option of using the revaluation model in the subsequent measurement of PPE has been cancelled. - The movement of the fixed assets and its depreciation should be disclosed in the notes to the financial statements for the two financial periods (current and comparative period).	An entity that has revaluated the fixed assets in the light of the Egyptian Accounting Standards No. (10) Prior to the amendment, should transfer to the cost model. In this case, the entity should not apply this change retroactively, which means it should not amend the carrying values of fixed assets and their related accumulated depreciation, and therefore, these carrying amounts at the transition date, are considered the cost and accumulated depreciation at the beginning of applying this amended standard. (Refer to the full text of the transitional provisions in accordance with Egyptian Accounting Standard No. 46).	-The application of these amendments have no impact on the figures of the presented consolidated financial statements. - The current and comparative year have been presented.
EAS(14) Borrowing Costs	- Elimination of the previous benchmark treatment that recognized the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in the income statement without being capitalized on asset.	(Refer to the full text of the transitional provisions included in the Egyptian Accounting Standard No. 14).	-The application of these amendments have no impact on the figures of the presented consolidated financial statements.
EAS(18) Investments in associates	- The accounting treatment of the joint venture shall be added to this standard accordingly, the Investments in associated and joint venture shall be accounted for the investments using the equity method in the consolidated and Individual Financial Statements. - The entity shall discontinue to use the equity method from the date when the investment ceases to be an associate or a joint venture provided that the retained interest shall be re-measured using the fair value and difference shall be recognized in the income statement.	At the date of applying this amended standard, an entity should not apply the following amendments retrospectively: - - With respect to the cease of using the equity method, in this case, an entity should not amend the carrying value of its investment in the associate company or the joint venture and any amounts related to these investments previously recognized in equity, if the date of ceasing the use of the equity method occurred in a period prior to the application of this amended standard.	-The application of these amendments have no impact on the figures of the presented consolidated financial statements.

	- If the entity's equity share in an associate company or a joint venture has declined however, the entity continued to use the equity method, then the entity, which has previously recognized a gain or loss within other comprehensive income, should reclassify this portion of gain or loss related to the decline of equity share, to the profits or losses (income statement) on the basis of the decline percentage, if such gain or loss is required to be reclassified to profits or losses on the disposal of the related assets or liabilities.	- With respect to changes in the entity's equity share in the associate company or the joint venture while continuing to use the equity method.	
EAS(20) Finance Lease	- The passenger automobiles treatment was superseded from the title of types of contracts that are not covered by the standard. And scoped in the EAS20.	Was not issued.	-The application of these amendments have no impact on the figures of the presented consolidated financial statements.
EAS(23) Intangible Assets	- The option of using the revaluation model in the subsequent measurement of intangible assets has been cancelled.	An entity applying the revaluation model of intangible assets, should transfer to the cost model. In this case, the entity should not apply this change retroactively, which means it should not amend the carrying values of the intangible assets and their related accumulated depreciation, and therefore, these carrying amounts at the transition date to the cost model, are considered the cost and accumulated depreciation at the beginning of applying this amended standard. (Refer to the full text of the transitional provisions in accordance with Egyptian Accounting Standard No. 46).	-The application of these amendments have no impact on the figures of the presented consolidated financial statements.

EAS (25) Financial Instruments: Presentation	Any Puttable instrument is classified as an equity instrument rather than a financial liability if it has all the features and meets the conditions in paragraphs 16A and 16B or paragraphs 16C and 16D of the same standard, from the date the instrument possessed these features and met the conditions stated in these paragraphs. An entity should reclassify the financial instrument from the date the instrument has ceased possessing these features, or meeting the conditions stated in these paragraphs.	Was not issued.	-The application of these amendments have no impact on the figures of the presented consolidated financial statements.
EAS (29) Business Combination	- The purchase method was cancelled and replaced by the acquisition method; as results: 1. Changing the acquisition cost to become cash consideration transferred; and to be measured at the fair value acquisition date. 2. Contingent consideration: the fair value of the consideration shall be recognized at the acquisition date as part of consideration transferred. 3. Changing the method of measuring goodwill in case of step acquisition made. The transaction cost (the cost related to the acquisition): shall be charged to the income statement as an expense in which the costs incurred it shall not be added to the cash consideration transferred; except for the costs of issuing equity as debt instruments directly related to acquisition process.	- This amended standard should be applied prospectively on the transactions of business combination, in which the acquisition date is on or after the first of January 2016. - The assets and liabilities, arising from the transactions of business combination in which the acquisition date is prior to the first of January 2016, are not amended. (Refer to the full text of the transitional provisions in accordance with Egyptian Accounting Standard No. 46).	-The application of these amendments have no impact on the figures of the presented consolidated financial statements.
EAS (34) Investment Properties	- The option of using the fair value model in the subsequent measurement of investment properties has been cancelled. An entity applying the fair value model on its investment properties, should transfer to the cost model.	(Refer to the full text of the transitional provisions included in the Egyptian Accounting Standard No. 34, and the Egyptian Accounting Standards No. 46).	-The application of these amendments have no impact on the figures of the presented consolidated financial statements.

<u>EAS (36)</u> Mining for and Evaluation of Mineral Resources	- The option of using the revaluation model in subsequent measurement for exploration assets and evaluation of mineral resources	Entities that used to apply the revaluation model for mining assets and evaluation of mineral resources shall transfer to the cost model. In this case, the entity shall not apply this change retrospectively. Hence, the entity shall not adjust the carrying amount of mining assets, evaluation and related accumulated depreciation or amortization, as the case may be, therefore the carrying amounts at the date of transformation to cost model, which is the cost, accumulated depreciation or amortization at the beginning of application of this amended standard (refer to the full text of the transitional provisions included in the Egyptian Accounting Standard No. 46)	-The application of these amendments have no impact on the figures of the presented consolidated financial statements.
<u>EAS (38)</u> Employee Benefits	- Actuarial Gains and losses Shall all the accumulated actuarial gains and losses be immediately recognized as part of the defined benefit liabilities and charged to the other comprehensive Income items. - The cost of the past service An entity shall recognize past service cost as an expense at the earlier of the following dates: 1. When the plan amendment or curtailment occurs; And 2. When the entity execute a significant restructuring plan; it should recognize the related restructuring costs that include paying the termination benefits (Provision standard).	Was not issued.	-The application of these amendments have no impact on the figures of the presented consolidated financial statements.

EAS (40) Financial instrument disclosures	- A new Egyptian accounting standard No. (40) "Financial Instruments Disclosures" was issued including all the disclosures required for the financial instruments. - Accordingly, EAS (25) was amended by separating the disclosures from it. The name of the standard became "Financial Instrument Presentation" instead of "Financial Instruments presentation and disclosure".	Was not issued.	- Necessary disclosure requirements have been applied retrospectively for significant financial instruments disclosures.
EAS (41) Operating Segments	- EAS 33 "Segment Reports" has been replaced with EAS (41) "Operating Segments". Accordingly, the disclosure and the volume of the required disclosures that the Segment Reports must disclose on; mainly depends on the Segments information presented to Chief Operating Decision Maker (CODM) of the entity to make decisions on the resources that must be allocated to the segment and assess its performance.	Was not issued.	-The application of these amendments have no impact on the figures of the presented consolidated financial statements. As the presented operating segments are basically depending on the information used by decision makers.
EAS (42) Consolidated Financial Statements	- The new Egyptian Accounting Standard No. (42) *"The Consolidated Financial Statements"* was issued and accordingly Egyptian Accounting Standard No. (17) *"The Consolidated and Separate Financial Statements"* has changed to become *"The Separate Financial Statements"*. Pursuant to the new Egyptian Accounting Standard No. (42) *"The Consolidated Financial Statements"* - The control model has changed to determine the investee entity that must be consolidated. - Accounting for the changes in the equity of the parent company in a subsidiary, that do not result in loss of control are accounted for as transactions with equity holders.	At the date of application of this standard the entity shall not apply the amendments retrospectively: - Related to the proportioning of total comprehensive income to the owners of the parent company and non-controlling interest even if this causes the NCI to have a deficit balance, accordingly the entity shall not adjust any profits or losses for prior periods in the application of this standard. - Related to the changes in owners' equity of the parent company in the subsidiary that does not result in loss of control.	-The application of these amendments have no impact on the figures of the presented consolidated financial statements. The disposal for portion of Beltone Company that lead to the loss of control has been treated through equity.

	- Any Investment retained in a former subsidiary re-measured at fair value at the date when control is lost and recognize any resulting difference in the Statement of Profit or Loss. - Losses applicable to the Non-Controlling Interest "NCI" in a subsidiary including component of Other Comprehensive Income are allocated to the owners of the holding entity and the NCI even if this causes the NCI to have a deficit balances. - This standard does not apply to the following: (a) Defined benefit plans, or any long term employee benefit plans that are under the scope of Egyptian Accounting Standard No. 38 Employees' Benefits (b) Investment Funds that are excluded by the competent consolidation regulatory authority.	- Related to the loss of control by parent company on the subsidiary, as in this case the parent company shall not adjust the carrying amount of its investment in the former subsidiary if the date of control loss occurred in a period prior to the application of this standard. - In addition to that the parent company shall not recalculate any profits or losses resulting from loss of control over the subsidiary that occurred before the date of application of this standard (refer to the full text of the transitional provisions included in the Egyptian Accounting Standard No. 46)	
<u>EAS(43)</u> Joint Arrangements	- The new Egyptian Accounting Standard No. (43) "Joint Arrangements" establishes principles for financial reporting by parties to a joint arrangement. - The EAS 43 supersedes EAS 27 Interests in Joint Ventures. - The EAS 43 classifies joint arrangements into two types—joint operations and joint ventures. - A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (ie joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (ie joint ventures) have rights to the net assets of the arrangement.	(Refer to the full text of the transitional provisions included in the Egyptian Accounting Standard No. 43).	-The application of these amendments have no impact on the figures of the presented consolidated financial statements. As there is no difference in the application of proportional consolidation as per the old standard (assets, liabilities, revenues and expenses in the joint ventures for the new standard)

EAS(44) Disclosure of interests in other entities	- A new Egyptian accounting standard No. (44) "Disclosure of interests in other entities" was issued in order to comprise all the required disclosures pertaining to all the investments in subsidiaries, associates, joint arrangements, and the unconsolidated structured entities. - The objective of this standard is to comply the entity to disclose the information that enables the users of the financial statements to evaluate the nature and risks associated with its interests in other entities and the effect of those interests on its financial position, financial performance and cash flow.	- Was not issued.	--The application of these amendments have no impact on the figures of the presented consolidated financial statements except for those disclosed.
EAS(45) Fair Value Measurement	- The new Egyptian Accounting Standard No. (45) "Fair Value Measurement" was issued and shall be applied when another standard requires or allows measurement or disclosure to be made at fair value. This standard aims the following: 1. Defining the fair value. 2. Laying down a framework to measure the fair value in one standard and 3. Identifying the disclosure required for the fair value measurement.	- An entity should apply the Egyptian Accounting Standard No. 45 "Fair Value Measurement" prospectively when preparing the financial statements for periods beginning on or after the first of January 2016. - An entity should not apply the requirements of the disclosure included in this standard, in the comparative information presented for the periods before the initial application of this standard.	--The application of these amendments have no impact on the figures of the presented consolidated financial statements except for those disclosed.

A) Basis of measurement

The consolidated financial statements are prepared on the historical cost convention, except for financial instruments that are measured at fair value or amortized cost as the case may be. 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 statement of profit or loss 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. The group shall not apply this change retrospectively. Changes in parent company equity in subsidiaries that do not lead to loss of control are considered as equity transactions.

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.
- Determination of date of acquisition.
- Recognition and measurement of assets acquired and liabilities and contingent liabilities assumed and any minority/non-controlling interests.
- Recognition of goodwill and gain resulting from bargain purchase transaction and its measurement.

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 such as expenses during periods in which costs are incurred and services received and were not added to the compensation except for costs equity instruments issuance or debt instruments 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.

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.

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.

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.

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.

In case that initial treatment of business combination is not complete at the end of financial period consolidated, the group recognizes temporary amounts for accounts and during the measurement period not to exceed one year from the date of acquisition. The adjustment is performed retrospectively for completion of new information (Intangible assets, deferred taxes/povisions and others)

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	% 76,73
Beltone Asset Management "S.A.E"	Financial services	Egypt	% 76,73
Beltone Investment Banking	Financial services	Egypt	% 76,73
Beltone Investments Holding- free zone "S.A.E"	Financial services	Egypt	% 76,73
International Administrative Services for Mutual Funds "S.A.E"	Financial services	Egypt	% 76,73
Beltone Information Technology "S.A.E"	Financial services	Egypt	% 76,73
Beltone Securities Holding "S.A.E"	Financial services	Egypt	% 76,73
Beltone Securities Brokerage "S.A.E"	Financial services	Egypt	% 76,73
Beltone Financial – Emirates	Financial services	UAE	% 76,73
Beltone Fixed Income "S.A.E"	Financial services	Egypt	% 76,73
International For Securities Company – Libya	Financial services	Libya	%37,5
Beltone Market Maker "S.A.E"	Financial services	Egypt	% 76,73
Beltone Financial – USA	Financial services	USA	% 76,73
Beltone Financial – UK	Financial services	UK	% 76,73
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	%100
O Capital for services and construction	Energy	Egypt	%100
Middle East & North Africa for Marines cables	Marines Cable	Egypt	%100
Orascom Telecom Venture co. "S.A.E"	Media and Technology	Egypt	%100
Arab Finance	Financial Services	Egypt	%100

4.3 <u>Investments in associates</u>

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	GSM	North Korea	75%
Axes Holding	Information system for financial services	USA	33.9%
Electronic Fund Administration Services	Mutual funds management services	Egypt	20%

As discussed in (Note 13) the group sold all its investment in the Egyptian Company For Mobile Services (ECMS) and MT Telecom SCRL, as per the decision of the Board of Committee as of February 22, 2015, as the call option exercised by Orange SA Co. (previously France Telecom)

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.

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	Equity Percentage %
Misr Beltone Asset Management	Egypt	Mutual funds management and financial notes wallets	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 financial position 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.

Gains and losses resulting from revaluation differences of monetary balances between the group and its subsidiaries in cases of net investment are recognized in the statement of other comprehensive income at the consolidated financial statements level.

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.

Exchange rates applied to the Egyptian Pound are as follows:

	Closing rate	Average rate during the year	Closing rate	Average rate during the year
	31 December 2015	31 December 2015	31 December 2016	31 December 2016
Egyptian Pound	7.83	7.71	18	10.04
Pakistani Rupee	0.075	0.075	0.172	0.096
Euro	7.210	6.945	18.927	11.111
KPW – Korean	0.072	0.072	0.16	0.09

4.6 Property, plant and equipment and their depreciation

Fixed assets – held for use in administrative purposes – are presented in the statement of financial position at historical cost, less any accumulated depreciation and impairment losses.

Fixed assets in process of construction to be used in administrative or other unspecified purposes are presented at cost, less any recognized impairment losses and includes professional fees, employees' benefits and – in case of qualified assets – borrowing costs capitalized according to the company's accounting policy. These assets are appropriately classified to fixed assets when completed and ready for intended use. Depreciation commences when the asset is ready for its intended use according to the same depreciation rates used for other fixed assets.

Depreciation of buildings, machinery and equipment in addition to furniture and fixtures commences when the assets are ready for their intended use. Lands owned by the company are not depreciated.

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.

Depreciation expense is recognized (except for lands and assets under construction) for the purpose of regular distribution of cost of fixed assets in order to reduce the value of the asset to its residual value over the asset's estimated useful life based on the straight line method.

The residual value and useful lives and methods of assets depreciation are revised at the date of the financial statements taking into consideration that the effect of any changes in such estimates are accounted for prospectively.

The carrying value of an item of fixed assets is disposed of and removed from books when disposed or in the case that no future benefits are expected from its use. Gains or losses 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. And its depreciation commences according to the same bases used in depreciation of similar fixed assets items.

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 statement of profit or loss. 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.

Asset	Years
User Rights	17 – 20 years
Trademarks	20 year
Contractual agreements with customers	20 year
Computer Software	5 years

4.8.1 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".

4.8.2 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.

The recoverable amount of an asset (or cash-generating unit) is represented in the higher of "fair value less costs to sell" or "value in use"

Future estimated cash flows from use of an asset (or cash-generating unit) are discounted using discount rate before tax to reach the present value for these cash flows which represent their value in use. This rate reflects the current market estimates for the time value of money and the risks related to this asset that have not been taken into consideration when estimating the future cash flows generated. 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.

4.9 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

4.10 Financial instruments

4.10.1 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.

Loans and Debts

Loans and debts are non-derivative financial assets with a determined or determinable settlement date, non-tradeable in an active market or includes customers and other debit balances or others. Loans and debts are measured at amortized cost using effective interest method less any impairment.

Disposal of Financial Assets

The company disposes of financial assets from its books only when contractual rights for cash flows from asset are expired or when the company transfers the financial asset and substantially all risks and rewards related to its ownership to another entity.

When a financial asset recorded at amortized cost is disposed from books, the difference between the asset's carrying value and the total consideration received and receivable is recognized in the statement of profits or loss.

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 at the initial recognition.

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.

4.10.2 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.

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.

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.

4.11 Inventory

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.

4.12 Cash and cash equivalents

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

4.13 Current and Deferred Taxes

Income tax expense is represented in the amount of current tax payable and deferred tax.

- Current Tax

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

- Deferred Tax

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

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

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

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

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

- Current and deferred tax for the year

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

4.14 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.

4.15 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.

4.16 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 after exclusion of discounts or sales taxes.

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.

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.

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:

Securities exchange income fees

The activities revenue is recognized when the service have been rendered these activities represented in security and investment banking fees for the companies.

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.

4.17 Employees' benefits

4.17.1 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.

4.17.2 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.

The company applies the Egyptian Accounting Standard No. (38) Employees' benefits that was amended in 2015. All accumulated actuarial profits and losses are immediately recognized as defined benefits obligations and charged to other comprehensive income.

4.18 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.

4.19 Borrowing costs

Borrowings are recognised initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which include telecommunication network and intangible assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

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

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

4.20 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.

4.21 Operating segments

Operating segments are disclosed in a manner that complies with the information of internal reports provided by the Chief Operating Decision Maker. The CODM, as the company's board of directors, is deemed responsible for assigning of resources and evaluation of operating segments performance.

4.22 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.

4.23 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.

4.24 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).

4.25 Statement of cash flows

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

4.26 Fair Value Estimation

- Fair value of financial instruments, traded in active markets, is dependable on listed market prices at the date of the report. A market is considered active if declared prices are easily and regularly available through exchange, trade, brokerage, pricing service, or regulatory agency. These prices represent actual and regular market transactions on a strictly commercial basis. These instruments are categorized at level 1.

- Fair value of financial instruments, not traded in active markets, is determined using valuation techniques. These valuation techniques increase the use of market data that can be available and depends the least on defined estimations for the entity. If all significant required inputs for financial instruments are traceable, they are categorized at level 2.

- If one or more of significant inputs are based on notable market data, they are categorized at level 3.

- Defined valuation techniques used to evaluate financial instruments include listed market prices or brokers prices for similar instruments, in addition to other techniques such as selections evaluation models and discounted cash flows.

- Group's financial assets and liabilities measured at fair value as of December 31, 2016 and 2015 are set out in the below table:

	December 31, 2016	December 31, 2015
	Level one	Level one
Financial investments at fair value through profits or loss	77 528	37 446
Financial investments at fair value held for sale	7 259	4 234
	84 787	**41 680**

The group did not measure any financial assets or liabilities as level 3 for fair value estimations and no transfers between level 1 and 2 during the years ended December 31, 2016 or 2015.

Investment in financial assets held for sale during 2015, mainly smart village company, are recorded at cost as it is related to unlisted shares without listed prices in an active market for a similar instrument, and for which no fair value can be measured reliably. For more details refer to (Note No. 19 other financial assets).

Carrying value of short term trade debts, receivables, payables is reasonably similar to fair value as of December 31, 2016.

4.27 Critical accounting judgments and key sources of uncertainty estimates

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

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

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

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

4.27.1 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.

4.27.2 Financial Instruments fair value measurement

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.

4.27.3 Impairment of non-current assets other than 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.

Impairment cancelled as of December 31, 2016 amounted to EGP 52 Million compared to the amount recognized during the prior year with an amount of EGP 314 Million (refer to Note No. 12)

4.27.4 Estimating useful lives, residual value for property, plant and equipment determination of depreciation method and their 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.

There has been no change in the group's useful lives as of December 31, 2016

4.27.5 Recognition and measurement of deferred tax assets and liabilities and current tax

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 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.

This process requires the usage of several complex estimations in the estimation and determination of taxable brackets and temporary deductible and taxable differences resulting from difference between tax and accounting basis for some assets and liabilities. In addition to the estimation of probability of using deferred tax assets resulting from accumulated losses in the light of performing expectations of future tax profits and future plans for every activity of the group's companies' activities.

4.27.6 Goodwill

The impairment test on goodwill is carried out by comparing the carrying amount of cash-generating units and their recoverable amounts. The recoverable amount of a cash-generating unit is the higher of fair value, less costs to sell, and 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. There has been no impairment in goodwill as of December 31, 2016.

4.27.7 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.

4.28 Financial instruments and management of associated risks

The group's financial instruments are represented in financial assets and liabilities and debt instruments comprise; cash and balances at banks, due from related parties available for sale investments, receivables and other debit balances. And also include financial liabilities which comprise borrowings, facilities, advances from customers, balances due to related parties and accounts payable.

The group is exposed to a several financial risks (including foreign exchange risk, cash flows, fair market value risk) market risk, liquidity risk and credit risk. Specially that the company is exposed to risks from the fluctuation in foreign exchange rates and interest rates and market prices, as well as, the company's comprehensive risk management program focuses on the unpredictability of the financial markets and seeks to minimize the potential negative impact on the performance of the company through financial activities and ongoing operational activities. The group's management bears the full responsibility for designing and monitoring the general framework for the risk management process.

Market risk

Foreign currency risk related to operational activities

Every company of group companies operate in its functional currency, therefore some of group companies are exposed to risk of fluctuations in foreign currencies as to payment schedules or collection obligations or rights in currencies different from its functional currency. These rights and obligations are normally related to capital spending with foreign suppliers and revenues generated from some services provided to foreign customers. The group monitors risk of fluctuations in foreign currencies resulting from operational although the group does not use financial derivatives to cover this risk except that it used financial derivatives during the current period such as forward exchange contracts as an instrument to cover the probable foreign currency exchange fluctuation risk resulting from the sale of portion of its investments in the Egyptian Mobile Services Company. At year end major net assets / (net liabilities) foreign currencies positions presented in Egyptian pound were as follows:

(In thousand EGP)	2016	2015
USD	1 327 328	986 496
Euro	15 133	37 670
PKR	(766 717)	(150 753)
GBP	3 125	3 414
Other	418 617	39 097

Management estimates whether an increase or decrease in the price of Egyptian Pound (functional currency) has occurred to the extent of % 10 in exchange for United States Dollar, Euro with all other variables held constant, consequently debit and credit balances denominated in foreign currencies shall be affected by the increase or decrease in equivalent to EGP 134 Million (EGP 102 Million in 2015) which affects current year net profits with the same amount.

Risk of change in market prices

This risk is considered limited as the value of equity instruments invested in and exposed to this risk is immaterial from the Management's perspective.

Interest rate risk

Interest rate risk is related to group's borrowings since the group is exposed to the risk of fluctuations in cash flows resulting from changes in interest rates for loans with variable interest rates, the group is also exposed to changes in the fair value of loans with fixed interest rates. The group has not engaged any financial derivatives contracts to cover the risk related to probable fluctuations in interest rates whether for the purpose to cover cash flows or fair value.

The group follows up and analyzes the risks of interest rates on a regular basis and calculates the impact of changes in market interest rates on statement of profit or loss for all currencies.

The following table illustrates total loans payable by the group as of December 31, 2016 and

(EGP '000)	December 31, 2016	December 31, 2015
Total Borrowings	**1 619 062**	**685 551**
Fixed interest rate	0%	0%
Variable interest rate	100%	100%
Non-interest bearing	0%	0%

Management estimates that the impact of change in interest rate by 1% shall increase or decrease the finance cost for the current period at an amount of EGP 9 Million.

Credit risk

The credit risk is represented in the debtors' inability to pay their debts to the Company especially for balances receivable from customers, financial instruments, and cash at banks and cash equivalents.

Credit risks the group is exposed to can be analyzed at each segment level as follows:

Submarine cables segment

Submarine cables customers are provided with a credit limit of a maximum of 30 days as the management inquire about customers before approval for providing them with the above mentioned period to ensure of creditworthiness of these customer.

Cash balances at banks

Risk related to cash and cash equivalents is very limited as the group deals with banks with good reputation in the market.

Generally, customer balances and other financial balances are among a group of small due balances distributed to a large range of customers which decreases the risks of credit concentration provided to customers.

Liquidity risk

Liquidity risk is represented in the group's ability to settle all its liabilities or a portion of it. Management follows up on those liabilities in case of increase of liabilities above acceptable limit, otherwise the group studies the possibility of obtaining cash dividends from subsidiaries or using cash surplus at subsidiaries to mitigate the increase in its liabilities.

Group's management monitors liquidity risk resulting from uncertainty related to cash inflows and outflows through having sufficient cash balances. Generally, liquidity risk is followed up on each group company's level through review and monitoring liquidity level, as well as planning and management of liquidity levels in a manner that leads to its ability to meet is obligations by coordination with the group management for managing cash surpluses. The group directs is surpluses to companies that have liquidity deficit. The group mainly depends on internal transfers between group companies and dividends distributions from subsidiaries.

Laws and regulations in some countries in which group operations operate such as North Korea, poses limitations on cash transfers from Korean currency to other currencies not to mention outward transfers. Considering the nature of the subsidiaries and group activities, payments in foreign currency (capital spending for example) is considered a part of group company activities. Accordingly, deficit in foreign cash reserve of any company leads to the company's dependence on parent company for arranging its needs from foreign currency liquidity.

The following table illustrates financial liabilities of the group distributed according to the remaining settlement period till the date of consolidated financial statements:

December 31, 2016	Carrying amount	Expected cash flows (*)	Less than one year	From 1 to 5 years	More than 5 years
Liabilities					
Borrowings from banks – Variable interest rate instruments	1 568 004	1 762 235	657 507	1 035 158	69 570
Other borrowings – Variable interest rate instruments	51 060	51 951	51 060	-	-
Trade creditors – Non-interest bearing	759 297	761 560	759 297	-	-
	2 378 361	**2 575 746**	**1 467 864**	**1 035 158**	**69 570**

December 31,2015	Carrying amount	Expected cash flows (*)	Less than one year	From 1 to 5 years	More than 5 years
Liabilities					
Borrowings from banks – Variable interest rate instruments	662 128	717 108	53 668	613 949	49 491
Other borrowings – Variable interest rate instruments	23 423	23 938	18 339	5 599	-
Trade creditors – Non-interest bearing	170 701	170 701	170 701	-	-
	856 252	**911 747**	**242 708**	**619 548**	**49 491**

* Expected cash flows are the total of contractual undiscounted cash flows including interests, fees and other charges.

Capital risk

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 to an acceptable level. In the meantime, management greatly depends on its own resources to finance its activities and capital spending.

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. Since GSM operations in Lebanon operates according agreements held with the ministry of communications for management of the Mobile Interim Company One (MIC1) that expired on January 31, 2013 and is renewed regularly. 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 risks in developing countries

A significant amount of the Group's operations is conducted in Egypt, North Korea and Pakistan. The operations of the Group depend on the market economy of the countries in which the subsidiaries or associate operate. In particular, these markets are characterized 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 unfavorably 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 unfavorable impact on financial condition, performance and business prospects.

Organizational risks in developing 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 withhold 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 North Korea, where Koryolink operates 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 change.

Classes of financial instrument

	As of December 31,2016			As of December 31,2015		
(in thousands of EGP)	Loans and receivables	AFS	Total	Loans and receivables	AFS	Total
Other financial assets	148 392	21 204	**169 596**	86 209	61 361	**147 570**
Trade receivables (net)	407 981	-	**407 981**	136 270	-	**136 270**
Other assets (net)	47 227	-	**47 227**	16 449	-	**16 449**
Cash and cash equivalents	2 931 528	-	**2 931 528**	1 585 219	-	**1 585 219**
Total	**3 535 128**	**21 204**	**3 556 332**	**1 824 147**	**61 361**	**1 885 508**

	As of December 31,2016		As of December 31,2015	
(in thousands of EGP)	Other financial liabilities at amortised cost	Total	Other financial liabilities at amortised cost	Total
Borrowings	1 619 062	**1 619 062**	685 551	**685 551**
Other non-current liabilities	29 011	**29 011**	13 132	**13 132**
Creditors and other credit balances	876 522	**876 522**	229 116	**229 116**
Total	**2 524 595**	**2 524 595**	**927 799**	**927 799**

5- 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 and earnings before interests, tax, depreciation, and amortization.
- 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.

	December 31, 2016				December 31, 2015			
(In thousand EGP)	**Operating Revenue**	**Segment revenues**	**Operating revenues from parties outside the group**	**EBITDA**	**Operating Revenue**	**Segment revenues**	**Operating revenues from parties outside the group**	**EBITI**
Investment property	33,347	-	33,347	21,638	8,032	-	8,032	(15
Management Fees	78 071	-	78 071	40 267	55,752	-	55,752	2
Financial services	114,125	-	114,125	(28 580)	12,399	-	12,399	
Marine Cables	308,591	-	308,591	67,064	212,300	-	212,300	2
Other	21,970	(17,737)	4,233	(237 649)	23 756	(20 819)	2,937	(179,
Total EBITDA	**556 104**	**(17,737)**	**538 367**	**(137 260)**	**312 239**	**(20 819)**	**291 420**	**(142,**
Depreciation and amortization	-	-	-	(115 681)	-	-	-	(94
Impairment expenses	-	-	-	51 503	-	-	-	(314
Extraordinary capital losses (net)	-	-	-	10 512	-	-	-	1 22
Finance income	-	-	-	32 086	-	-	-	(1 045
Finance expenses	-	-	-	(75 356)	-	-	-	(14
Foreign currency gains (losses)	-	-	-	1 442 118	-	-	-	4
Company share in losses from investment in associates	-	-	-	1 360 892	-	-	-	23
Impairment in company share in losses from investment in associates	-	-	-	(1 360 838)	-	-	-	(238
Profits for the year before taxes	-	-	-	**1 207 976**	-	-	-	**(346**

Unallocated items are represented in the revenues and costs related to the activities provided Centrally from headquarter to subsidiaries, and these activities also include functions of employees with extensive responsibilities within the Group, such as internal audit, financial consultation, legal services, and communications and investor relations.

Assets Segment Reporting:

The following table illustrates assets for every segment,

(In thousand EGP)	December 31, 2016					December 31, 2015				
	Property, Plant & Equipment	Intangible Assets	Investment Property	Equity Instruments	Total	Property, Plant & Equipment	Intangible Assets	Investment Property	Equity Instruments	Total
Financial Services	13,310	396 816	-	-	410 126	5,588	401 432	-	-	407 020
Investment Property	-	-	1,446,831	-	1,446,831	-	-	536 428	-	436 428
Marine Cables	2 328 063	244,198	-	-	2,572,261	814,386	106,796	-	-	921,182
Other	63,674	221	-	614,922	678,817	61,753	595	-	614,281	676 762
Total assets	**2 405 047**	**641 235**	**1 446 831**	**614 922**	**5 108 035**	**881 727**	**508 823**	**536 428**	**614 281**	**2 541 392**
Other non-current financial assets	-	-	-	-	25 741	-	-	-	-	62 867
Other non-current non-financial assets	-	-	-	-	606 677	-	-	-	-	72 873
Inventory (net)	-	-	-	-	2 468	-	-	-	-	1 226
Accounts receivable (net)	-	-	-	-	407 981	-	-	-	-	136 270
Other financial assets	-	-	-	-	143 855	-	-	-	-	84 703
Other assets (net)	-	-	-	-	268 080	-	-	-	-	116 449
Cash and cash equivalents	-	-	-	-	2 931 528	-	-	-	-	1 585 219
Total assets	-	-	-	-	**9 494 365**	-	-	-	-	**4 600 999**

Segment Reporting for capital expenditure:

The table below illustrates capital expenditures incurred for every segment for the year ended December 31, 2016 and the year ended December 31, 2015:

(In thousand EGP)	December 31, 2016	December 31, 2015
Financial Services	2 384	-
Marine Cables	291 106	202 650
Other	16 442	69 695
Total	**309 932**	**272,345**

6- Discontinued operations

Net (loss) from discontinued operations - Koryolink

- Losses from discontinued operations as of December 31, 2015 are represented in losses from disposal of Koryolink with a value of EGP 3,150 Million (December 31, 2014 gain from disposal of Koryolink with a value of EGP 1,330 million). The Company's investments in North Korea related primarily to the 75% holding in the local telecom operator Koryolink. The accounting treatment has been modified during this period and recognized as investment in associates instead of investment in subsidiaries. In the management's view the control over the Koryolink's activity was lost as aforementioned in detailed in note (15).

The following table shows (loss) from discontinued operations of Koryolink:-

	For the Year ended December 31, 2015
Operating revenues	1,904,337
Purchases and services costs	(527,765)
Operating income	**1,376,572**
Income taxes	(339,559)
Profit for the period after income tax	**1,037,013**
Disposal of subsidiary net assets due to loss of control (*)	(3,924,921)
Impairment in Koryolink current account	(262,793)
Loss from discontinued operations	**(3,150,701)**

(*) Koryolink's net assets and liabilities at the date of disposal are as follows:-

	September 30, 2015
Non-current assets	
Property and equipment (net)	1,106,802
Intangible assets (net)	358,104
Total non-current assets	**1,464,906**
Current assets	
Inventories (net)	993
Other current financial assets	5,376,700
Other current assets	15,315
Cash and cash equivalent	1,097,717
Total current assets	**6,490,725**
Total assets	**7,955,631**
Liabilities	
Payables	418,310
Other current liabilities	539,970
Provisions	9,050
Current income tax and deferred tax	176,195
Total liabilities	**1,143,525**
Net assets which the control is lost	**6,812,106**
Disposal of Non-controlling interests	**(1,604,044)**
Disposal of investment in the subsidiary and current account	**(876,431)**
Net assets which control is lost before excluding reserve for financial statements translation	**4,331,631**
Reserve for financial statement translation	**(406,710)**
Subsidiary's net assets which the control was lost	**3,924,921**

The subsidiary company's financial statements were translated at the date when control was lost on September 30, 2015 by using the official exchange rate announced by the Banks operates in North Korean, whereas determined by the Central Bank of North Korean, the absence of a free-floating currency exchange market and there is no indicators refers to the effect of the change on the Korean currency exchange market on the company's assets, accordingly, for the purpose of disposal of the company from combination and according to the Egyptian Accounting Standard no. (13) "The Effects of Changes in Foreign Exchange Rates", the interim financial statements for the subsidiary company (Koryolink) at September 30, 2015 (the date when control was lost) were translated to Egyptian pound using the official exchange rate announced by Central Bank of North Korean as this is the only exchange rate available for the subsidiary company.

7- Operating revenues

(In thousand EGP)	For the Year ended December 31, 2016	For the Year ended December 31, 2015
Financial segment revenue	118 358	12 399
Interconnection traffic tariff	308 591	212 300
Management Fees	78 071	58 689
Revenue from investment property	33 347	8 032
Total revenues	**538 367**	**291 420**

8- Purchases and services

(In thousand EGP)	For the Year ended December 31, 2016	For the Year ended December 31, 2015
Rental of civil telecommunication areas	60 229	85 188
Purchases of goods, materials cost and consumables	4 368	6 218
International telecommunication cost	41 180	31 425
Maintenance costs	71 251	16 221
Telecommunications cost	11 548	1 068
Utilities and energy costs	11 141	3 221
Advertising and promotional services	8 865	3 583
Consulting and professional services	48 557	18 865
Bank charges	6 181	2 008
Insurance expenses	2 167	3 157
Travel, accommodation, and flight expense	16 065	15 741
IT, supplies and expenses	13 665	1 849
Sites expense	5 358	3 741
Security expenses	1 573	1 083
Cost of retaining and obtaining customers and subscribers	780	-
Other services cost	6 775	6 324
Total	**309 703**	**199 692**

9- Other expenses and provisions

(In thousand EGP)	For the Year ended December 31, 2016	For the Year ended December 31, 2015
Bad debts	10,518	22,171
Provisions	77,584	78,780
Promotions and gifts	643	221
Other operating expenses	14,742	5,435
Total	**103,487**	**106,607**

10- Personnel costs

(In thousand EGP)	For the Year ended December 31, 2016	For the Year ended December 31, 2015
Wages and salaries	237,980	113,244
Social insurance	4,526	2,699
Employees' defined benefits	2,772	2,707
Other benefits	5,621	4,022
Subscription & Membership	4,656	2,344
Bonuses	21,669	8,693
Personnel costs – others	3,000	511
Total	**280,224**	**134,220**

11- Depreciation and amortization

(In thousand EGP)	For the Year ended December 31, 2016	For the Year ended December 31, 2015
Depreciation of property and equipment		
Buildings	2,839	2,380
Cellular equipment	-	49
Cables equipment	74,337	75,599
Computers, installations, and office equipment	8,057	3,435
Depreciation of investment property		
Buildings	**16,279**	2,488
Amortization of intangible assets		
Licenses	891	1,497
Usage fees	8,105	9,177
Other	5,173	14
Total depreciation and amortization	**115,681**	**94,639**

12- Impairment of non-current assets

Impairment charges amounted to EGP 314 million as of December 31, 2015 mainly relate to the main asset of MENA Cable, a submarine cable which was impaired following an appraisal of the asset performed by the company, which indicated that the expected recoverable value was less than the book value.

During 2016 and considering the increase in the recoverable value of company assets especially after the flotation of the Egyptian Pound, the group cancelled portion of the impairment for prior years at an amount of EGP 52 million.

13- Net capital gains

On February 22, 2015 the Board of Directors of the Company agreed on the sale of all the Company's shares in the Egyptian Company for Mobile Services (ECMS) in addition to potential voting rights in MT Telecom SCRL, the selling price was agreed also on the basis of the call option notice received from Orange SA Company (previously France Telecom).

On March 12, 2015 the group collected the total selling price of Euro 209,632,133. The following table illustrates gains from sale of group investments in associates resulting from exercising the call option:

(In thousand EGP)	December 31, 2015
Group investment in associates sales value	1 820 094
(less)	
Expenses, brokerage commissions for the sale	(6 292)
Value of investments in associates according to Equity method	(585 536)
Gains from sale of investments in associates	**1 228 266**
Other capital losses	(2 302)
Net capital gains	**1 225 964**

During 2016 the group sold its share in investment of smart village co. with a gain from the sales transaction of EGP 10 million.

14- Net (finance cost) investment income

(In thousand EGP)	For the Year ended December 31, 2016	For the Year ended December 31, 2015
Finance income from:		
Credit interest	32,086	4,419
Change in fair value of financial derivatives	-	(1,049,434)
Total finance revenues (cost)	**32,086**	**(1,045,015)**
Finance cost from:		
Debit interest	(62,843)	(10,593)
Other finance expenses	(12,513)	(3,689)
Total Finance cost	**(75,356)**	**(14,282)**
Foreign exchange gains	1,442,118	42,352
Total gains on foreign exchange	**1,442,118**	**42,352**
Net (finance cost) investment income	**1,398,848**	**(1,016,945)**

15- Investments in associates

(In thousand EGP)	Country	%	December 31, 2016	December 31, 2015
Koryolink	North Korea	75%	2,208,326	847,488
Electronic Fund Administration Services	Egypt	15,3%	547	649
Electronic Company Fund Administration Services	Egypt	15,3%	743	-
Axes Holding company	Egypt	26,01%	11,342	4,742
Impairment			(1,606,036)	(238,598)
			614,922	**614,281**

15-1 Koryolink:

	December 31, 2016	December 31, 2015
Total assets	22,130,689	8,108,272
Total liabilities	(3,850,471)	(1,404,909)
Net assets	**18,280,218**	**6,703,363**

	December 31, 2016	December 31, 2015
Total revenues	3,435,598	2,554,682
Expenses	(1,621,148)	(1,277,317)
Net profit after taxes	**1,814,450**	**1,277,365**
Group's share in associates profits	1,360,838	233,856

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

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

In light of the change in the results of those negotiations which indicates a disagreement from the Korean side to grant the management the rights to control in case of the merger and due to the increase in aforementioned restrictions during the period ended September 30, 2015, in the group's management view, the control over the Koryolink's activities was lost according to the requirements of the Egyptian Accounting Standard No. (42), which led to modify the accounting treatment to be accounted for as investment in associates instead of investment in subsidiaries starting from the date that management considered it has lost the control at September 30, 2015, 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.

Net assets for the subsidiary were translated on September 31, 2015 using the exchange rate declared by central bank in North Korea as the group's management had no other exchange rate except for the exchange rate declared by the central bank in North Korea. Losses resulting from adjusting the accounting treatment amounted to EGP 3,150 million included in losses from discontinued operations in the statement of profits or loss.

The group management formed an impairment on the group's share in investment gains during the year ended December 31,2016.

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.

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

The management of the Group is currently monitoring the execution of the arrangements, and following up on the remaining issues faced by the Company to reach a solution, in light of the new international sanctions. The recorded accounting treatment have been adequately accounted for reflecting the Group's management best estimate.

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

	December 31, 2016	**December 31, 2015**
Investment cost at the beginning of the period *	**847,488**	**613,632**
Group's share in investments in associates profits	1,360,838	233,856
Less: Impairment on the group's share in profits during the year	(1,594,694)	(233,856)
Net Investment at the end of the period	**613,632**	**613,632**

* Presented as an accumulated balance each year.

16- Fixed assets (net)

(In thousand EGP)	Land and Buildings	Cellular equipment	Cables equipment	Computers, installations and other equipment	Projects under construction	Total
Cost	81,310	1,480,345	2,089,172	210,066	174,785	4,035,678
Accumulated Depreciation and impairment	(9,785)	(591,961)	(1,237,604)	(99,328)	(3,812)	(1,942,490)
					-	
Additions	549	43,347	2,915	35,863	178,687	261,361
Disposals	(717)	-	-	(1,944)	(582)	(3,243)
Change by decrease in scope of consolidation for subsidiaries and joint control	-	(900,484)	-	(133,703)	(95,885)	(1,130,072)
Change by increase in scope of consolidation for subsidiaries and joint control	-	-	-	27,766	-	27,766
Depreciation	(2,380)	(153,961)	(75,599)	(23,110)	-	(255,050)
Impairment	-	-	(254,428)	-	(2,039)	(256,467)
Currency translation differences	1,679	57,700	68,012	7,011	9,842	144,244
Reclassifications	-	65,014	-	422	(65,436)	-
Net book value as at December 31, 2015	**70,656**	**-**	**592,468**	**23,043**	**195,560**	**881,727**
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)

(In thousand EGP)	Land and Buildings	Cellular equipment	Cables equipment	Computers, installations and other equipment	Projects 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)	(10,190)	(13,616)
Depreciation	(2,839)	-	(74,337)	(8,057)	-	(85,233)
Impairment	-	-	49,577	-	-	49,577
Currency translation differences	36,939	-	787,835	18,107	425,679	1,268,560
Reclassifications	367	-	7,975	291	(8,633)	-
Net book value as at December 31, 2016	**107,413**	**-**	**1,398,574**	**45,094**	**853,966**	**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)

- During the year Trans World Associates have been approved for credit facilities for the expansion in marine cables SMW5 (refer to appendix No. "1" Borrowings Disclosure attached to the notes to the consolidated financial statements)

17- Intangible assets (net)

(In thousand EGP)	Operating licenses	Goodwill	Right of use	Contractual relationships with customer	Trademark	Others	Total
Cost	462,527	13,109	143,052	-	-	12,835	**631,523**
Accumulated amortization and impairment	(104,509)	(8,098)	(678)	-	-	(427)	**(113,712)**
	358,018	**5,011**	**142,374**	-	-	**12,408**	**517,811**
Additions	533	-	10,434	-	-	17	**10,984**
Amortization	(1,497)	-	(9,177)	-	-	(14)	**(10,688)**
Impairment	-	-	(58,058)	-	-	-	**(58,058)**
Disposal	(15,719)	-	-	-	-	(1,865)	**(17,584)**
Change in scope of consolidation for subsidiaries under joint control	(346,849)	298,466	-	78,200	24,900	(11,283)	**43,434**
Reclassifications	9	-	-	-	-	(7)	**2**
Currency translation differences	9,623	-	12,611	-	-	822	**23,056**
Net book value as at December 31, 2015	**4,118**	**303,477**	**98,184**	**78,200**	**24,900**	**78**	**508,957**
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)**

(In thousand EGP)	Operating licenses	Goodwill	Right of use	Contractual relationships with customer	Trademark	Others	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	-	-	*1,926*	-	-	-	**1,926**
Disposal	-	-	-	-	-	*(65)*	**(65)**
Currency translation differences	*4,016*	*7,545*	*127,091*	-	-	*34*	**138,686**
Net book value as at December 31, 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)***

* During the year the group management completed the fair value study for identified assets and liabilities acquired related to financial services and revaluation of goodwill and intangible assets at date of acquisition of the financial services segment which was acquired on November 19, 2015. Adjusted goodwill balance resulting from acquisition amounted to EGP 298 million compared to EGP 347 million at the date of initial recognition of related adjustments of revaluation of goodwill according to the requirements of the Egyptian Accounting Standard No. 29 "Business Combination". Intangible assets were recognized at EGP 103 million (Note No. 28)

The balance of intangible assets includes goodwill resulted from the Group acquisitions during the period and in prior periods the following:

(In thousand EGP)	December 31,2016				December 31,2015			
	Financial services	Marine cables	Others	Total	Financial services	Marine cables	Others	Total
Cost	298,332	5,011	8,098	311,441	-	5,011	8,098	13,109
Accumulated amortization and impairment	-	-	(8,098)	(8,098)	-		(8,098)	(8,098)
NBV as of December 31, 2015	298,332	5,011	-	303,343	-	5,011	-	5,011
Change in group assets	-		-	-	298,332	-	-	298,332
Foreign currency translation differences	-	7,679	-	7,679	-	-	-	-
NBV as of December 31, 2016	298,332	12,690	-	311,022	298,332	5,011	-	303,343
Cost	298,332	12,690	8,098	319,120	298,332	5,011	8,098	311,441
Accumulated amortization and impairment	-	-	(8,098)	(8,098)	-	-	(8,098)	(8,098)

18- Investment property

(In thousand EGP)	December 31, 2016	December 31, 2015
Cost	551,936	-
Accumulated Amortization and Impairment	(15,509)	-
Net book value at the beginning of the year	**536,427**	-
Amortization	(16,279)	(2,488)
Change in the scope of consolidation of subsidiaries and joint control	-	541,107
Foreign currency exchange differences	926,683	(2,192)
Net Book Value at the end of the year	**1,446,831**	**536,427**
Cost	1,510,081	551,936
Accumulated Amortization and impairment	(63,250)	(15,509)

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

The fair value for the asset on December 31, 2016 amounted to EGP 1,527 million (equivalent to US$ 84 million after considering the increase in investment value from net assets since part of the net assets is retranslated) according to market study prepared by an independent evaluator.

	December 31, 2016	December 31, 2015
Rent Revenue	33,338	8,032
Direct operating expenses of property that generated rental income	11,146	1,833
Direct operating expenses from property that did not generate rental income	16,835	2,987

* During the year the group management completed the fair value study internally and re-measured the value of investment property after taking into consideration deferred taxes of EGP 33 million.

A large portion of investment property is leased based on long term operating lease contracts with rentals payable (monthly, prepaid or postponed) Minimum lease payments for investment property lease contracts are as follows:

	December 31, 2016	December 31, 2015
Within one year	41,497	24,324
More than one year but less than 5 years	146.252	118.053

19- Other financial assets (net)

(In thousand EGP)	December 31, 2016			December 31, 2015		
	Non-current	Current	Total	Non-current	Current	Total
Financial assets	3,559	6,417	9,976	1,506	2,304	3,810
Deposits	978	59,910	60,888	-	44,953	44,953
Financial assets available for sale – at cost (19-1)	13,945	-	13,945	57,127	-	57,127
Financial assets available for sale – at fair value (19-2)	7,259	-	7,259	4,234	-	4,234
Investments at fair value through profits or losses (19-3)	-	77,528	77,528	-	37,446	37,446
	25,741	143,855	169,596	62,867	84,703	147,570

19-1 Financial assets available for sale – at cost*

Company name	As of December 31, 2016	As of December 31, 2015
Smart Village**	-	44,249
Misr for Central Clearing Depository and Registry	7,718	7,718
Guarantee Settlement Fund	5,933	5,026
El Arabi for Investment	194	194
MENA Capital	3,014	1,335
NRG for trade & distribution	-	1,196
BMG Company	100	100
(Less): Impairment loss of available for sale investments	(3,014)	(2,691)
Total	13,945	57,127

* 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.

** During 2016 and the group sold its share in the Smart Village company for the amount of 55 million EGP and realized profit from the sale of 10 million EGP.

19-2 Financial assets available for sale – at fair value

Company name	As of December 31, 2016	As of December 31, 2015
EGX 30	7,259	4,134
Treasury Bonds	-	100
Total	**7,259**	**4,234**

19-3 Investments at fair value through profits or losses

Company name	As of December 31, 2016	As of December 31, 2015
Investments in cash investments fund	2,077	-
Treasury bills	75,451	37,446
Total	**77,528**	**37,446**

20- Income Tax:

(In thousand EGP)	December 31, 2016	December 31, 2015
Income tax for the year	30,680	97,427
Deferred Tax	279,755	13,594
Total income tax	**310,435**	**111,021**

Deferred tax assets and liabilities are netted when the group has a legal right to offset current tax assets and liabilities and when deferred tax assets and liabilities are settled by the same tax authority in the country and when the group intends to settle these balances by net or by recovering assets value and settling tax liabilities simultaneously.

The table below illustrates the most significant items of deferred tax liabilities as presented in the group consolidated financial statements:

(In thousand EGP)	December 31, 2016	December 31, 2015
Balance as of January 1,2016	(120,025)	(91,378)
Foreign entities translation difference	(105,374)	(5,476)
Change in consolidation scope for subsidiaries and joint control	-	7,391
Charge to the statement of profit or loss (*)	(279,755)	(30,562)
Balance as of December 31,2016	(505,154)	(120,025)

(*) This balance during 2015 includes income tax balance related to discontinued operation amounted to EGP 16,968 thousand.

The table below illustrates the nature of deferred tax liabilities according to appropriate categories:

(In thousand EGP)	December 31, 2016					December 31, 2015			
	Depreciation and amortization	Undistributed profits	Foreign currency differences	Others	Total	Depreciation and amortization	Undistributed profits	Others	Total
Balance at the beginning of the year	92,334	16,967	916	9,808	120,025	37,636	60,500	(6,758)	91,378
Charge during the year	119	-	266,097	13,539	279,755	(4,284)	16,967	17,878	30,561
Change in scope of consolidation for subsidiaries and joint control	1,046	-	7,341	(8,387)	-	57,055	(64,445)	-	(7,390)
Foreign entity translation difference	105,593	-	(5)	(214)	105,374	1,926	3,949	(399)	5,476
Balance at the end of the year	**199,092**	**16,967**	**274,349**	**14,746**	**505,154**	**92,333**	**16,971**	**10,721**	**120,025**

21- Trade receivables (net)

(In thousand EGP)	December 31, 2016	December 31, 2015
Accounts receivable – subscribers	471,323	193,657
Accounts receivable –Mobile networks, operators	268,185	268,298
Other debit balances	26,700	1,866
Impairment loss on trade receivable	(358,227)	(327,551)
Total	**407,981**	**136,270**

Movement of the impairment is represented as follows:

(In thousand EGP)	December 31, 2016	December 31, 2015
Balance at beginning of the year	327,551	35,200
Foreign exchange differences	25,395	4,664
Additions (expenses during the year)	10,517	88,122
The change in consolidated financial statement	-	13,043
Bad debts – write-off	(6,309)	(7,650)
No longer required	-	193,767
Reclassification of impairment during the year	1,073	405
Balance at end of the year	**358,227**	**327,551**

The following shows the analysis of the aging of trade receivables as of December 31, 2016 and 2015:

(In thousand EGP)	December 31, 2016	December 31, 2015
Not due yet	156,654	96,620
From 0 to 30 days	7,479	13,578
From 31 to 120 days	32,408	16,812
From 121 to 150 days	435	1,247
Above 150 days	211,005	8,013
Total	**407,981**	**136,270**

22- Other non-financial assets

	December 31, 2016			December 31, 2015		
(In thousand EGP)	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	207,817	68,070	275,887	72,873	37,751	110,624
Advances to suppliers	-	43,321	43,321	-	11,188	11,188
Amounts due from tax authority	-	3,635	3,635	-	1,001	1,001
Down-payment for purchase of investment in subsidiaries for one of group companies (*)	398,860	-	398.860	-	-	-
Employees' loans	-	2,277	2,277	-	-	-
Income Tax	-	110,414	110,414	-	50,060	50,060
Other receivables	-	47,227	47,227	-	16,449	16,449
Doubtful debts	-	(6,864)	(6,864)	-	-	-
Total	**606,677**	**268,080**	**874,757**	**72,873**	**116,449**	**189,322**

(*) This balance is represented in amounts paid on behalf of New Frontier Securities "United States of America" (100% owned Beltone Financial holding company – Subsidiary) to Auerbach Grayson "United States of America" under account of acquisition of 60% amounting to US$ 24 million equivalent to EGP 435 120 000. An amount of US$ 22 million equivalent to EGP 398 860 000 were settled till the approval from regulatory authorities are obtained (Note 36).

The following table shows the movement in the impairment of other assets:

(In thousand EGP)	December 31, 2016	December 31, 2015
Balance at beginning of the year	-	-
Foreign exchange differences	3,257	(2,475)
Additions (recognized as expenses during the year)	-	(696)
Change in scope of consolidated financials	-	3,171
Reclassifications	3,607	-
Balance at end of the year	**6,864**	**-**

(In thousand EGP)	December 31, 2016	December 31, 2015
Not due yet	256,715	116,449
Above 150 days	11,365	-
Total	**268,080**	**116,449**

23- Cash and cash equivalents

(In thousand EGP)	December 31, 2016	December 31, 2015
Banks – Current accounts	2,860,736	1,578,882
Cash on hand	4,961	3,441
Financial investments at fair value through profits or losses – mutual fund certificates	-	2,896
Treasury bills (maturity within less than 3 months)	65,831	-
Total	**2,931,528**	**1,585,219**

(Refer to appendix (1) Borrowings disclosure attached to the accompanying notes to the consolidated financial statements)

24- 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).

Undistributed Profits

The Retained Earnings include an amount of 9,099 Thousand EGP which is undistributed profits and presented in the special and legal reserves that the subsidiaries have deducted from their profits as follows:

25- Borrowings

(In thousand EGP)	Balance as of December 31, 2016			Balance as of December 31, 2015		
	Current Portion	Non-Current Portion	Total	Current Portion	Non-Current Portion	Total
Borrowings from Banks	684,263	880,980	**1,565,243**	64,381	597,747	**662,128**
Finance Lease	1,084	1,608	**2,692**	470	1,200	**1,670**
Other borrowings	51,127	-	**51,127**	17,589	4,164	**21,753**
Total	**736,474**	**882,588**	**1,619,062**	**82,440**	**603,111**	**685,551**

Loan ages are as follows:

	Within 1 Year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	More than 5 years	Total
Borrowings form Banks	684,263	151,989	357,456	151,989	151,989	67,626	1,565,312
	64,381	-	30,529	291,564	230,789	44,865	662,128
Other borrowings	52,211	859	682	-	-	-	53,752
	18,059	4,663	404	297	-	-	23,423
Balance as of December 31, 2016	736,474	152,848	358,138	151,989	151,989	67,626	1,619,064
Balance as of December 31, 2015	82,440	4,663	30,933	291,861	230,789	44,865	685,551

	USD	EGP	PKR	Total
Balance as of December 31, 2016	651,624	262,729	704,709	1,619,062
Balance as of December 31, 2015	282,800	254,505	148,246	685,551

(Refer to appendix (1) borrowings disclosure attached to the accompanying notes to the consolidated financial statements)

Borrowings movement during the year is as follows:

(In thousand EGP)	December 31, 2016	December 31, 2015
Balance at the beginning of the year	685,551	44,362
Current borrowing	82,440	29,345
Non-Current borrowing	603,111	15,017
Payment to borrowings	(58,467)	(105,163)
Proceeds from borrowings	253,970	632,242
Change in the scope of the consolidated financial statements	-	104,215
Accrued interest	75,356	14,282
Interests paid	(59,980)	(6,670)
Foreign currency exchange differences	722,632	2,283
Balance at the end of the year	**1,619,062**	**685,551**
Current Borrowings	736,474	82,440
Non-Current Borrowings	882,588	603,111

TransWorld Associate Loans

Borrowings balances include loans granted by the shareholders of TransWorld Associate Private to TransWorld Associate Private (Limited) Pakistan at an amount of EGP On November 12, 2015 the company obtained the syndicated loan from a group of financial institute million due in one year at an annual interest rate of 1.63%

Syndicated loan for the purpose of acquisition of Beltone Financial Holding

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

Interest and interest period

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

Financial covenants

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

The borrower undertakes to pledge final unconditional pledge regarding the following:
(a) Debt service rate is not less than (5.2) times per year.
(b) The ratio of debt of own resources should not exceed 44.1%: 55.9%.

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

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

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

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

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

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

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

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

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

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

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

Interest and interest period

- Interest shall be set at a variable rate of US Dollar the subjected bank prime rate minus 1.25%. For indicative purpose only, interest rate currently set at 7% per annum.
- The interest shall be calculated on the basis of a year of three hundred sixty (360) days and the actual number of days elapsed.

Financial covenants

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

Collaterals

In favor of the lender of the total acquired shares in the capital of the companies owning the floors, and the borrower shall deliver the certificates of the shares pledged.

- A chattel mortgage on all floors duly registered at the relevant real estate register in Sao 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.

Other Credit Facilities

Non-current loan – Local Bank

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

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

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

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

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

Non-current loan – Local Bank

The Company has signed a credit facility as a Medium Term Loan agreement to finance the purchase of assets related to the Company from an Egyptian bank on January 27, 2016 amounted to EGP 2 million. Available duration is sixty-seven months ending on August 26, 2021.

Withdrawal period: Six months from the date of signing the agreement and end on July 27, 2016.

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

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

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

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

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

26- Creditors and other credit balances

	December 31, 2016			December 31, 2015		
(In thousand EGP)	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Fixed assets suppliers	-	48,072	48,072	-	2,514	2,514
Trade payables	-	171,716	171,716	-	60,250	60,250
Customers' credit balance	-	203,397	203,397	-	85,404	85,404
Creditors – (*)	-	281,406	281,406	-	-	-
Other Trade creditors	-	54,706	54,706	-	22,532	22,532
	-	**759,297**	**759,297**	**-**	**170,700**	**170,700**
Prepaid traffic and deferred revenue	214,203	20,383	234,586	66,509	5,828	72,337
Due to governmental authorities	-	67,274	67,274	-	39,768	39,768
Personnel accrued expenses	-	11,315	11,315	-	8,437	8,437
Trade Deposits	-	12,740	12,740	-	929	929
Other credit balances (*)	29,011	64,159	93,170	13,132	35,918	49,050
	243,214	**175,871**	**419,085**	79,641	90,880	170,521
Total	**243,214**	**935,168**	**1,178,382**	**79,641**	**261,580**	**341,221**

* This balance includes balances due to related parties please refer to (Note 32)

27- Provisions

(In thousand EGP)	Opening balance	Formed	Reclassification	Used	The change in the scope of consolidation	Translation differences	Ending balance
Presented separately in current liabilities							
Provision for claims (current)	638,262	77,583	535	-	-	5,732	722,112
Total provisions presented separately as of December 31, 2016	**638,262**	**77,583**	**535**	**-**	**-**	**5,732**	**722,112**
Presented separately in current liabilities							
Provision for claims (current)	546,896	78,781	(2,034)	(6,050)	19,069	1,600	638,262
Total provisions presented separately as of December 31, 2015	**546,896**	**78,781**	**(2,034)**	**(6,050)**	**19,069**	**1,600**	**638,262**

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- Business combination

Beltone Financial Holding

2015	Main operation	Acquisition date	Percentage of voting from acquired share	Consideration transferred for acquisition
Beltone Financial Holding	Financial Services	November 19, 2015	81.3%	544,586
				544,586

On November 19, 2015, the Group has acquired 81.3% of Beltone Financial Holding shares for a purchase consideration of EGP 545 million. The acquisition resulted in a preliminary goodwill of EGP 347 million.

The net assets and liabilities of Beltone Financial Holding are as follows:

(in thousands of EGP)	**December 31,2016**	**December 31,2015**
	Fair value	**Carrying value**
PP&E (net)	4,546	4,546
Intangible assets (net)	103,100	-
Other financial assets - non-current	38,603	38,603
Investments in associates	526	526
Accounts receivable (net)	36,480	36,480
Other financial assets – current	31,624	31,624
Other assets	17,467	17,467
Cash and cash equivalents	208,988	208,988
Total assets	**441,334**	**338,234**
Borrowings	(32,552)	(32,552)
Other creditors	(27,049)	(27,035)
Other liabilities	(26,458)	(26,458)
Deferred taxes	(23,197)	-
Provisions	(22,069)	(3,000)
Tax obligations – income tax	(7,131)	(7,131)
Total liabilities	**(138,456)**	**(96,176)**
Net assets	**302,878**	**242,058**
Holding company share	246,240	197,277
Value of investment	544,572	544,586
Goodwill	**298,332**	**347,309**

During the fourth quarter of 2016 OTMT sold 7,716,518 shares of Beltone Financial holding were sold at a price of 12.56 EGP per share for the company's contribution portion to become 76.73 percent with net 129,687,951 shares. The price share of Beltone Financial Holding amounted to EGP11.58 per share as of December 31, 2016. Which resulted in investments in subsidiaries sale gains of EGP 65 million included in holding company's reserves.

29- Earnings (losses) 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.

	December 31, 2016	December 31, 2015
Parent company share from profits (losses) for the year (EGP '000)	859,963	(3,857,776)
Weighted average number of shares during the year (in thousands)	5,245,690	5,245,690
Basic and diluted sharefrom net losses for the year (in thousands)	0,164	(0,735)
From net profits/losses of continuing operations (EGP)	0,164	(0,087)
From net losses of discountinued operations (EGP)	-	**(0,601)**

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.

30- 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.

Summary Statement of Financial position	**Beltone Financial Holding**		**Trans World Associate Limited**	
	December 31		**December 31**	
	2016	**2015**	**2016**	**2015**
Current Assets	677,154	379,559	287,824	125,718
Current Liabilities	(769,484)	(159,109)	(340,643)	(130,314)
Total net Current Assets	**(92,330)**	**220,450**	**(52,819)**	**(4,596)**
Non-Current Assets	469,090	24,650	1,417,353	402,553
Non-Current Liabilities	(15,554)	(916)	(837,725)	(216,936)
Total Net non-current Assets	**453,536**	**23,734**	**579,628**	**185,617**
Net Assets	**361,206**	**244,184**	**526,809**	**181,021**

	Beltone Financial Holding		Trans World Associate Limited	
	December 31		December 31	
	2016	**2015**	**2016**	**2015**
Operating Revenue	114,125	12,399	269,510	182,343
Profit for the year before tax	67,460	1,034	84,277	44,558
Income tax	(23,182)	(800)	(23,466)	(17,050)
Profits for the year after tax from the continuing operation	44,278	234	60,811	27,508
And other comprehensive income items that are expected to be reclassified to the income statement	63,265	1,621	292,113	4,628
Total Other Comprehensive income	107,543	1,855	352,924	32,136
Non-controlling interest	25,058	347	172,933	15,747

	Beltone Financial Holding		Trans World Associate Limited	
	December 31		December 31	
	2016	**2015**	**2016**	**2015**
Net profit for the year	(11,626)	(12,558)	94,842	35,111
Finance expenses	(22,826)	-	(22,826)	-
Income tax	(27,257)	-	(27,257)	-
Net cash flows (used in) generated from operating activities	(61,709)	(12,558)	44,759	35,111
Net cash flows (used in) generated from investing activities	(473,484)	167,407	(168,471)	(230,473)
Net cash flows generated from (used in) financing activities	457,374	(1,080)	115,971	197,540
Net change in cash and cash equivalent during the year	**(77,819)**	**153,769**	**(7,741)**	**2,178**
Effect of foreign currency exchange rates	228,942	-	33,872	28,356
Cash and cash equivalent at the beginning of the year	176,405	75,173	2,225	38,785
Cash and cash equivalent at the end of the year	**327,528**	**228,942**	**28,356**	**69,319**

31- <u>Capital Commitments</u>

The capital commitments are represented in the following:

(In thousand EGP)	**December 31, 2016**	**December 31, 2015**
Commitments related to fixed assets	243,569	243,262
Other commitments	229,339	180,941
Total	**472,908**	**424,203**

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).

32- Related party transactions

(In thousand EGP)	For the Year ended December 31, 2016			For the Year ended December 31, 2015	
	Purchase of services & goods	Sale of goods & services	Investment expenses	Purchase of services & goods	Sale of goods & services
Associates					
CHEO Technology JV (Koryolink)	(4 446)	4 333	-	-	-
Orascom TMT investments					
Wind telecom	(626)	4,953	-	490	2,887
Other related parties					
Summit (Orascom Technology Solutions)	-	-	-	815	-
Contrack Facility Management	(70)	1,041	-	61	-
Orastar LTD	-	-	(364)	216	-
Korean Post and Telecommunication Company – KPTC	-	-	-	229,834	-
Dr. Omar Zawawy (shareholder of a subsidiary)	-	-	(93)	55	-

(In thousand EGP)	December 31, 2016		December 31, 2015	
	Receivables	Payables	Receivables	Payables
Orascom TMT investments group				
Wind telecom	198	266	255	67
Other related parties				
CHEO Technology JV (Koryolink)	-	260,000	-	-
Korean Post and Telecommunication Company – KPTC	-	-	-	128,919
Orastar LTD	-	40,692	-	17,441
Dr. Omar Zawawy (shareholder of a subsidiary)	-	10,433	-	4,472
Beltone Partners for Investments and trading	-	-	7,225	-
Beltone Partners for Investment and trading	-	-	153	-
Beltone MENA Equity Fund	436	-	446	-
EGX funds company	27	-	157	-
Misr Beltone	-	4,307	-	10,252
International Investment Management Services Company	-	2,405	-	-
Electronic Investment Funds Management Company	-	404	-	-

Key management compensation

(In thousand EGP)	For the Year ended December 31, 2016	For the Year ended December 31, 2015
Board of directors' allowances and transportation	15,119	6,177
	15,119	6,177

33- 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

Company	Guarantee Subject	Maximum commitment	Commitment till December 31, 2016 in Thousand EGP	Guarantee Expiry date*
Orascom Telecom Lebanon *	Company's guarantee to pay any amounts due before participants in case of default	10 million USD	184 000	July 2017
Orascom Telecom Lebanon *	Company's guarantee to pay any amounts due before participants in case of default	30 Million USD	552 000	July 2017

* The guarantee letter granted to Orascom Telecom Lebanon - a subsidiary of Orascom Telecom Ventures - has been extended to expire on 31 July 2017.

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

A guarantee issued to one of the subsidiary's clients amounting to USD 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 for the benefit of higher education authority amounting to Rupees 2.1 million equivalent to EGP 380 000 and the guarantee is validated till December 31, 2016, renewal of guarantee is being negotiated at the date of financial position.

- A bank guarantee issued in favour of Link Dot Net amounting to USD 4.7 Million which is equivalent to EGP 37.4 Million valid until July 23, 2016, renewal of guarantee is being negotiated at the date of financial position.

- A bank guarantee was issued in favour of NIB Bank amounting to Rupees 250 Million equivalent to EGP 19 Million and the guarantee is validated to September 17, 2017.

34- Non-cash transactions (Statement of cash flows)

The group entered into non-cash transactions which were excluded from the consolidate statement of cash flows that are described below:

-The amount of EGP 32 million, representing the amounts due to suppliers of property and equipment during 2016.

35- Comparative figures

Comparative figures have been adjusted as a result of the application of the Egyptian Accounting Standard No. 29 "Business Combination" which permits the measurement of fair value for determined assets and liabilities from the acquisition of subsidiaries during 12 months from date of acquisition and the group re-measured the value of goodwill and recognized intangible assets resulting from acquisition of securities trading and portfolios segment (Note 17). The group is not required to present a third year financial position as the impact is only limited to December 31, 2015.

Follows is the effect of these adjustments on the consolidated financial statements:

	December 31,2015 Before adjustment	Adjustments	December 31,2015 After adjustment
(in thousand EGP)			
Financial position items			
Intangible assets	454,700	54,257	508,957
Investment property (net)	502,569	33,858	536,427
Deferred tax liabilities	62,970	57,055	120,025
Provisions	619,193	19,069	638,262
Non-controlling interests	132,985	11,991	144,976

36- Significant current events during the period

- On May 29, 2016, the board of directors of Beltone Financial Holding agreed to appoint a reward and incentive committee to discuss, evaluate and propose a system for identification and motivation to be presented to the Board of Directors in order to start implementation in accordance with Egyptian law and after obtaining the required approvals.

- On June 27, 2016, the General Assembly of Beltone Financial Holding SAE approved the acquisition of 70% of the Microfinance Services Company (RIVI), which was evaluated by the independent financial advisor with a value of LE 105 million. The approval of the regulatory authorities for the acquisition of the Microfinance Services Company (rural) until the date of the consolidated financial statements has not been obtained. The General Assembly also approved the increase of the licensed company's capital from one billion Egyptian Pounds to 3 billion Egyptian Pounds and an increase in issued and paid-up capital from 338,331,338 Egyptian Pounds to 1,338,031,958 Egyptian Pounds, an increase of one billion Egyptian Pounds distributed over 500 million shares with nominal value of 2 Egyptian pounds per share by inviting shareholders to subscribe for capital increase shares. On 6 December 2016, approval was obtained from the Egyptian Financial Supervisory Authority.

- On August 29, 2016 the House of Representatives approved the issuance of the VAT law to replace the General Sales Tax Law, which is considered an indirect consumption tax. This Law was implemented on the day following its publication in the Official Gazette on 7 September 2016, with a basic rate of 13% in addition to the tax rate table for 2016/2017 and reaching 14% for 2017/2018 and has no significant effect on the financial statements.
VAT is levied on all goods and services (both domestic and imported) at all stages, unless specifically excluded. The tax rate for each set of goods and services is determined in the tax rate table annexed to the law.

- On November 3, 2016, the Central Bank of Egypt announced the release of the banks operating in Egypt in the foreign currency market, and determined the prices of selling and buying currencies in Egyptian pounds based on the conditions of supply and demand. The Central Bank of Egypt will use the exchange rate prevailing in all transactions. In order to support and ensure continuity of the liberalization policy, the Central Bank raised the central bank's central bank rate by 300 basis points. Accordingly, the exchange rate of the US dollar against the pound was increased from 7.83%

31 December 2015 reaching 18 December 31, 2016. The net gain on the foreign currencies denominated in the statement of income was recognized as LE 1,442,118 thousand.

- On December 20, 2016, the Board of Directors of the Company approved the sale of the entire shares of Middle East and North Africa (Mina) for marine cables (direct and indirect) of 99.82% and 0.18% (0.04%) through Orascom Telecom Ventures. This investment has not been classified as non-current investments held for sale. The fulfilment of all mandatory procedures to complete the transaction from all regulatory entities is a prerequisite for completing the transaction.

37- <u>Non-adjusting events after the reporting Period</u>

- On January 30, 2017, the US Securities Brokerage Department approved the acquisition of a stake in Auerbach Grayson & Company of the United States of America. (Note 22)

-On February 5, 2017, the Board of Directors of Beltone Financial Holding agreed to purchase the 33rd and 34th floor of the company at Nile City Towers and to recommend the matter to the General Assembly of the Holding Company.

Chief financial officer	**Chairman**	**Chief executive officer**

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

APPENDIX 1 – BORROWINGS

Description	Currency	Current	Non Current	Total	Nominal	Secured / Unsecured	Interest Rate	Interest	Maturity	Assets secured
OTMT Loans										
Syndicated loan (Local bank)	EGP	154,990	-	154,990	154,990	Secured	LIBOR+2.25%		Jun-2021	Beltone's shares
Foreign Bank loan	USD	413,606	199,215	612,821	33,423	Secured	LIBOR+1,25%		Oct-2018	Investment Property Asset
Local bank loan	EGP	948	2,719	3,667	3,667	Secured	Bank certificate rate of return + 2% max 12%		Dec-2020	Time Deposits
Local bank loan	EGP	942	3,533	4,475	4,475	Secured	Bank certificate rate of return + 15% max 11%		Dec-2021	Time Deposits
Total		570,486	205,467	775,953						
TWA Loans										
Long term loan from sponsor's (Orastar)	USD	23,917	-	23,917	135,014	Unsecured	3M LIBOR+1%	1.85%	Dec-2017	
Long term loan from sponsor's (Dr. Omar Zawawi)	USD	6,132	-	6,132	34,619	Unsecured	3M LIBOR+1%	1.85%	Dec-2017	
Short term loan-2 from sponsor's (Orastar)	USD	16,639	-	16,639	86,872	Unsecured	3M LIBOR+1%	1.85%	Dec-2017	
Short term loan-2 from sponsor's (Dr. Omar Zawawi)	USD	4,266	-	4,266	22,272	Unsecured	3M LIBOR+1%	1.85%	Dec-2017	
Finance lease liabilities	PKR	1,080	1,603	2,683	15,604	Secured	6M KIBOR+2.50%	8.50% - 9.10%	Aug-2019	Future Current Liabilities and Fixed Assets (Except Land and Buildings)
Long term syndicated finance facility-NIB Bank Ltd	PKR	9,797	564,394	556,191	3,164,472	Secured	6M KIBOR + 2.50%	8.56%	Apr-2022	
Long term syndicated finance facility-Pak Oman Investment Company	PKR	16,750	129,124	145,694	837,016	Secured	6M KIBOR + 2.50%	8.56%	May-2022	
		78,401	677,121	755,522						
Beltone Holding										
Credit Facilities	EGP	87,587		87,587	87,587	Unsecured	Market rate	17.2%	Current	
Total Loans		736,474	882,588	1,619,062						