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

Consolidated financial statements and auditor's report

December 31, 2015
EGP

Deloitte.

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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, 2015 and the related consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the 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 paragrph below, we conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we 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.

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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.

Basis for Qualified Opinion

As disclosed in more details in note (14), of the notes to consolidated financial statements, the Company has modified the accounting treatment of the investment in CHEO Technology JV (Koryolink) to be investment in associate instead of investment in subsidiaries. In the management view, the control over the subsidiary's activities was lost, due to the increase of the severity of financial and operational obstacles and the futility of the negotiation conducted by the management of the Group and the Korean side to the expected results that were anticipated remove some of such obstacles according to management estimates.

Thus the investment in CHEO Technology JV (Koryolink) is measured at cost represented the fair value that is expected to be recovered by the Company from its investments in the future. The losses resulted from the modification of the accounting treatment amounted to EGP 3,150,701 thousand repoprted in losses from discontinued operations in the income statement (Note 6).

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

Qualified Opinion

In our opinion, except for the effect of the matter described in the basis of 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, 2015, 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, April 27, 2016

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

Saleh, Barsoum, Abdel Aziz & Co
Accountants & Auditors

Translation of Financial Statements
Originally Issued in Arabic

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

(In Thousand EGP)	Note	31 December 2015	31 December 2014
Assets			
Non-current assets			
Fixed assets (net)	15	881,727	2,093,197
Intangible assets (net)	16	454,700	517,811
Investment property (net)	17	502,569	--
Investments in associates (net)	14	614,281	591,795
Other non-current financial assets	18	62,867	5,033,198
Other assets (net)	23	72,873	65,407
Total non-current assets		**2,589,017**	**8,301,408**
Current assets			
Inventories (net)		1,226	1,886
Trade receivables (net)	22	136,270	99,870
Other current financial assets	18	84,703	271,836
Other assets (net)	23	116,449	139,832
Cash and cash equivalents	24	1,585,219	931,618
Non-current assets held for sale	6	--	456,344
Total current assets		**1,923,867**	**1,901,386**
Total Assets		**4,512,884**	**10,202,794**
Equity and Liabilities			
Issued and paid-up capital	25	2,203,190	2,203,190
Reserves		843,008	939,688
Accumulated (loss) / earnings		(477,339)	3,380,437
Equity attributable to shareholders of the parent company		**2,568,859**	**6,523,315**
Non-controlling interests		132,985	1,353,676
Total equity		**2,701,844**	**7,876,991**
Liabilities			
Non-current liabilities			
Non-current borrowings	26	603,111	15,017
Non-current creditors and other credit balance	27	79,641	61,726
Deferred tax liabilities	21	62,970	91,378
Total non-current liabilities		**745,722**	**168,121**
Current liabilities			
Current borrowings	26	82,440	29,345
Creditors and other credit balances	27	261,580	1,077,998
Tax liabilities – income tax		102,105	147,104
Provisions	29	619,193	546,891
Non-current liabilities held for sale	6	--	356,344
Total current liabilities		**1,065,318**	**2,157,682**
Total Liabilities		**1,811,040**	**2,325,803**
Total Equity and Liabilities		**4,512,884**	**10,202,794**

- 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'.

Translation of Financial Statements
Originally Issued in Arabic

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	For the Year ended 31 December 2015	For the Year ended 31 December 2014
(In Thousand EGP)			
Continuing operations			
Operating revenues	7	291,420	258,375
Other income		6,821	8,286
Purchases and services costs	8	(199,692)	(166,149)
Other expenses and provisions	9	(106,607)	(111,726)
Personnel costs	10	(134,220)	(102,897)
Depreciation and amortization	11	(94,639)	(27,578)
Impairment in non-current assets		(314,060)	(402,959)
Capital gains (losses)	12	1,225,964	(1,585)
Operating income		**674,987**	**(546,233)**
Cost of finance	13	(1,045,015)	(339,635)
Finance expenses	13	(14,282)	(16,650)
Foreign exchange (gains) losses	13	42,352	(19,836)
Share of losses in investments in associates	14	(4,698)	(50,012)
Profit for the year from continuing operations before income tax		**(346,656)**	**(972,366)**
Income taxes	20	(111,021)	982
Profit for the year from continuing operations after income tax		**(474,644)**	**(971,384)**
Discontinued operations			
Discontinued operations results	6	(3,150,701)	1,235,368
Net profit for the year		**(3,608,378)**	**263,983**
Divided into:			
Shareholders' of the Parent Company		(3,857,776)	(61,944)
Non-controlling interest		249,398	325,927
		(3,608,378)	**263,983**
losses per share (basic) – (in EGP)	28	(0.74)	(0.01)

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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 2015

(In Thousand EGP)	Issued and paid-up capital	Legal reserve	Translation reserve for foreign subsidiaries	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
As at January 1, 2014	2,203,190	502,073	577,721	1,438	3,442,381	6,726,803	1,082,345	7,809,148
Financial statements translation differences of foreign subsidiaries	--	--	(141,544)	--	--	(141,544)	(54,596)	(196,140)
Net profit for the year	--	--	--	--	(61,944)	(61,944)	325,927	263,983
As at 31 December 2014	2,203,190	502,073	436,177	1,438	3,380,437	6,523,315	1,353,676	7,876,991
Translation differences of the financial statements of foreign subsidiaries	--	--	311,468	--	--	311,468	88,556	400,024
Disposal of Group's share in change in equity statement of associate	--	--	--	(1,438)	--	(1,438)	--	(1,438)
Translation differences of the financial statements for the disposed subsidiary	--	--	(406,710)	--	--	(406,710)	--	(406,710)
Net loss for the year	--	--	--	--	(3,857,776)	(3,857,776)	249,398	(3,608,378)
Changes resulted from disposal of subsidiary companies on non-controlling interest	--	--	--	--	--	--	(1,604,044)	(1,604,044)
Changes resulted from acquiring of subsidiary companies on non-controlling interest	--	--	--	--	--	--	45,399	45,399
As at December 31, 2015	2,203,190	502,073	340,935	--	(477,339)	2,568,859	132,985	2,701,844

- 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 2015

(In Thousand EGP)	Note	For the year ended 31 December 2015	For the year ended 31 December 2014
Cash flows from operating activities			
Profit for the year from continuing operations before tax		(346,656)	(972,366)
Adjustments by:			
Depreciation, amortization and impairment of non-current assets		408,699	430,536
Loss of revaluation of financial derivatives at fair value		1,049,434	345,300
Finance cost		13,058	11,089
Finance income		(2,732)	(5,664)
Foreign exchange differences		(42,352)	19,836
Impairment loss on financial assets		-	7,675
Loss from disposal of assets		2,302	--
Gains from disposal of associates		(1,228,266)	--
Share of (profit) / losses in investments in associates		(229,158)	50,012
Impairment loss on investment in associates		233,856	--
Change in provisions		100,952	107,394
Changes in current assets reported in working capital		(47,291)	8,457
Changes in current liabilities reported in working capital		86,286	14,120
Cash flows generated from operating activities		(1,868)	16,389
Income taxes paid		(37,521)	(87,809)
Finance cost paid		(13,058)	(11,089)
Finance income collected		2,732	5,665
Net Cash flows generated from (used in) operating activities		(49,715)	(76,844)
Cash flows from investing activities			
Net cash outflows for investments in:			
Fixed assets		(164,045)	(17,279)
Intangible assets		(10,984)	(143,088)
Non-current financial asset		(10,448)	(17,502)
Net disbursement used in acquisition of subsidiaries		(792,832)	--
Investments at fair value		(38,174)	--
Net proceeds from:		941	
Disposal of fixed assets		--	790
Disposal of investment in subsidiaries		100,000	--
Disposal of investment in associates		1,813,802	--
Net cash flows generated from (used in) investing activities		898,260	(177,079)
Cash flows from financing activities			
Net proceeds from non-current borrowings		560,609	22,185
Net payments to financial liabilities – non-current		(25,918)	(37,601)
Net cash flows generated from (used in) financing activities		534,691	(15,416)
Net change in cash and cash equivalent during the year from continuing operations		1,383,236	(269,339)

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2015

Discontinued operations	Note	For the year ended 31 December 2015	For the year ended 31 December 2014
Net Cash flows generated from operating activities		1,272,589	1,757,494
Net Cash flows used in investing activities		(963,440)	(1,252,193)
Net Cash flows generated from financing activities		--	2,576
Net change in cash and cash equivalent for the discontinued operations during end of the year		**309,149**	**507,877**
Net change in cash and cash equivalent during the year		1,692,385	238,538
Cash and cash equivalent from discontinued operations		(1,097,724)	(90,284)
Effect of change in foreign exchange on cash and cash equivalent		58,940	(83,486)
Cash and cash equivalents at the beginning of the year		931,618	866,850
Cash and cash equivalents at the end of the year	24	**1,585,219**	**931,618**

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

Chief financial officer

Chairman & Chief executive officer

1- General information about Parent of the group

a- Legal Status

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

b- Purpose of the Company

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

c- Brief over the incorporation of the Company

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

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

2- Statement of compliance

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

3- Basis for preparation of consolidated financial statements

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

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

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

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

A) Basis of measurement

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

B) Presentation currency

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

C) 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:

- **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.

- **Valuation of financial assets**

For some financial instruments that are not traded in an active market and included in the financial statements such as financial derivatives, Management estimated its fair value using valuation techniques based on inputs and assumptions, some linked to quoted market prices and other non-linked to market prices but depend on management's estimates. Management used acceptable option valuation models during the period in estimating the fair value of these financial instruments.

- **Impairment of non-current assets excluding goodwill**

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

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

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

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

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

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

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

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

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

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

- **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.

- **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- Significant accounting policies

a. Basis of preparing the consolidated financial statements

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

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

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

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

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

b. Business combination

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

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

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

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

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

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

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

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

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

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

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.

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	%81,3
Beltone Asset Management "S.A.E"	Financial services	Egypt	% 100
Beltone Investment Banking	Financial services	Egypt	% 100
Beltone Investments Holding- free zone "S.A.E"	Financial services	Egypt	% 100
International Administrative Services for Mutual Funds "S.A.E"	Financial services	Egypt	% 100
Beltone Information Technology "S.A.E"	Financial services	Egypt	% 100
Beltone Securities Holding "S.A.E"	Financial services	Egypt	% 100
Beltone Securities Brokerage "S.A.E"	Financial services	Egypt	% 100
Beltone Financial – Emirates	Financial services	UAE	% 100
Beltone Fixed Income "S.A.E"	Financial services	Egypt	% 100
International For Securities Company – Libya	Financial services	Libya	%49
Beltone Market Maker "S.A.E"	Financial services	Egypt	% 100
Beltone Financial – USA	Financial services	USA	% 100
Beltone Financial – UK	Financial services	UK	% 100
Victoire coop Investment Holding	Investment Property	Netherlands	%100
Victoire BV	Investment Property	Netherlands	%100
Victorie 2 (Brazil)	Investment Property	Brazil	%100
Victorie 9 (Brazil)	Investment Property	Brazil	%100
Victorie 11 (Brazil)	Investment Property	Brazil	%100
Victorie 13 (Brazil)	Investment Property	Brazil	%100
Victorie 17 (Brazil)	Investment Property	Brazil	%100
Victorie 18 (Brazil)	Investment Property	Brazil	%100
Victorie 19 (Brazil)	Investment Property	Brazil	%100
O Capital for energy	Energy	Egypt	%99.2
O Capital for services and construction	Energy	Egypt	%99.2
Middle East & North Africa for Marines cables	Marines Cable	Egypt	%99.96
Orascom Telecom Venture co. "S.A.E"	Media and Technology	Egypt	%99.99

c. **Investments in associates**

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

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

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

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

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

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

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

	Segment	Country	Direct and indirect interest in entity
CHEO Technology JV (Koryolink)	GSM	North Korea	75%
Axes Holding	Information system for financial services	USA	33.9%
Electronic Fund Administration Services	Mutual funds management services	Egypt	20%

As discussed in (Note 14) 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)

d. Interests in joint operations

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

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

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

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

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

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

e. 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".

f. **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

g. **Financial instruments**

Financial assets

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

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss- financial derivatives, cash at banks, due from related parties, available for sale investments, accounts receivable, and other debit balances. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

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

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

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

A financial asset is classified as held for trading if:

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

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

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

Available for sale investments

Available for sale investments are initially recognized, at acquisition, at fair value plus transaction costs which include fees and commissions paid to agents, advisors, brokers and dealers, taxes levied by regulatory agencies and securities exchanges, and transfer taxes and duties.

After initial recognition, AFS investments are subsequently measured at fair value with gains or losses resulting from fair value measurement recognized directly in equity, until the investment is derecognized, at which time the cumulative gain or loss previously recognized in equity are then recognized in the profit or loss. In case there is objective evidence that an impairment loss has been incurred on AFS investments at the date of the financial statements, the cumulative loss that had been previously recognized in equity are removed from equity and recognized in profit or loss even though the investments have not been derecognized.

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

Financial derivatives

When needed, the Group companies enter in some financial derivatives' Contracts to hedge the risks of fluctuation in exchange rates, in addition to embedded derivatives resulting from contractual terms contained in agreements in which the company may enter as a party with respect of both financial and non-financial instruments. Embedded derivatives that meet recognition criteria are recognized separately from the host contract and are measured at fair value through profit or loss in accordance with the accounting requirements.

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

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

Receivables, debtors and due from related parties

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

Cash and cash equivalent

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

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.

h. **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.

i. **Impairment of financial assets**

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

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

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

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. If impairment losses have been recognized for financial assets carried at amortized cost, and in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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

j. **Fixed assets and depreciation**

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

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

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

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

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

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

k. 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.

l. Intangible assets

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

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

m. Impairment of tangible and intangible assets excluding goodwill

On annual basis, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

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

n. **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.

o. **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.

p. **Foreign currencies translation**

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

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

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

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

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

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

q. **<u>Taxation</u>**

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

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

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

Current tax payable is calculated based upon taxable profit of the year as determined in accordance with applicable local laws and regulations using tax rates enacted on the balance sheet date. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws prevailing at the balance sheet date.

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

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

r. **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.

s. **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

t. **Revenue recognition & measurement**

Revenues are measured at fair value of the consideration received or due to the Group till the end of the financial period.

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

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

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

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

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

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

1- **Technical support revenue**

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

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

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

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

3- **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.

4- **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.

5- **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.

6- **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.

7- **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.

u. **Employees' benefits**

Short-term employees' benefits

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

Defined benefits obligations

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

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

v. **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.

w. **Borrowing costs**

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

x. **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.

y. **Operating segments**

An operating segment is a unique component of the group that engages in providing special goods or services or a group of interrelated goods or services which are subject to risks and rewards differ from those, which other operating segments are exposed to (Operating segment).

A geographical segment is a unique component of the group that engages in providing goods or services in a specific economic environment which are subject to risks and rewards differ from those, which other geographical segments are exposed to (geographical segment).

The main form of the segment reporting is dependent on operating segments.

z. **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.

aa. **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.

bb. 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).

cc. Statement of cash flows

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

5- Segment reporting

(In thousand EGP)	Investment property	Financial services	Management Fees	Marine Cables	Other	Total
For the Year ended December 31, 2015						
Operating revenues	8,032	12,399	55,752	212,300	23,756	**312,239**
(Deducted) intercompany revenues	--	--	--	--	(20,819)	**(20,819)**
Operating revenues from parties outside the group	**8,032**	**12,399**	**55,752**	**212,300**	**2,937**	**291,420**
EBITDA	--	**17**	**27,292**	**24,978**	**(194,565)**	**(142,278)**
Unallocated items						
Depreciation and amortization						(94,639)
Impairment expenses						(314,060)
Capital gain (net)						1,225,964
Finance costs						(1,045,015)
Finance expenses						(14,282)
Foreign exchange gains						42,352
Share of loss for investment in associates						(4,698)
Profit for the year from continuing operations before income tax						**(346,656)**
For the Year ended December 31, 2014						
Operating revenues	--	--	69,452	177,110	37,864	**284,426**
(Deducted) intercompany revenues	--	--	--	--	(26,051)	**(26,051)**
Operating revenues from parties outside the group	--	--	**69,452**	**177,110**	**11,813**	**258,375**
EBITDA	--	--	**38,349**	**20,836**	**(173,296)**	**(114,111)**
Unallocated items						
Depreciation and amortization						(27,578)
Impairment expenses						(402,959)
Capital losses (net)						(1,585)
Finance cost						(339,635)
Finance expense						(16,650)
Foreign exchange losses						(19,836)
Share of loss for investment in associates						(50,012)
Loss for the year from continuing operations before income tax						**(972,366)**

Assets (In thousand EGP)	Financial services	Investment property	GSM	Marine Cables	Other	Total
As at December 31, 2015						
Property, equipment, and property investment	5,588	502,569	--	814,386	61,753	1,384,296
Intangible assets	347,309	--	--	106,796	595	454,700
As at December 31, 2014						
Property and equipment	--	--	1,138,882	903,384	50,931	2,093,197
Intangible assets	--	--	365,531	150,814	1,466	517,811

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.

6- Non-current assets held for sale and discontinued operations

6-1 Disposal of Subsidiaries Related to Orascom Telecom ventures:

Orascom Telecom, Media and Technology Holding S.A.E announced that the Board of Directors of Orascom Telecom Ventures S.A.E (subsidiary Company) has agreed to sell some of its subsidiaries and their subsidiary companies in a deal with an estimated total value of EGP 140 million to one of the subsidiaries of Accelero Capital Management Ltd. Company, taking into consideration that the cash consideration is EGP 100 Million. The deal includes companies working in the fields of value-added mobile services, advertisements via the internet, software development and management of electronic content. The deal was finalized at the first quarter of 2015, after the completion of the legal documents and procedures regarding deal in the context of exclusive negotiations between the two companies. The following are the names of the subsidiary companies included in the deal and the Group's percentages of direct and indirect investment:

Disposed entities	Activity	Country	Direct and indirect investment percentage
ARPU for Telecommunication Services S.A.E.	Media and Technology	Egypt	100%
Egypt Call Communications S.A.	Media and Technology	Egypt	99.98%
LinkDotNet KSA	Media and Technology	KSA	100%
LinkDotNet	Media and Technology	UAE	100%
Link Online S.A.E.	Media and Technology	Egypt	100%
Arab Finance Securities	Brokerage	Egypt	100%
Link Development S.A.E.	Media and Technology	Egypt	99.8%
Link for Domain Registration S.A.E.	Media and Technology	Egypt	100%
Connect Ads	Media and Technology	Egypt	100%
Otlob Company for restaurant reservations	Media and Technology	Egypt	100%

The following is a list of the fair values and costs of the non-current assets and liabilities held for sale:

(In thousand EGP)	December 31, 2014 Fair Value	December 31, 2014 Cost
Non-current assets held for sale		
Fixed assets (net)	2,610	50,641
Intangible assets (net)	6,882	18,612
Other financial assets – non current	11,456	11,456
Inventory (net)	204	204
Accounts receivable (net)	291,828	291,828
Other assets	53,080	53,080
Cash and cash equivalents	90,284	90,284
Total non-current assets held for sale	**456,344**	**516,105**
Non-current liabilities held for sale		
Borrowings	6,078	6,078
Defined benefits obligations	27,690	27,690
Provisions	33,041	33,041
Deferred tax liabilities	375	375
Tax liabilities - income tax	4,308	4,308
Creditors and other credit balances	284,852	284,852
Total non-current liabilities held for sale	**356,344**	**356,344**
Net non-current assets held for sale	**100,000**	**159,761**

The consolidated income statement was charged with impairment losses of the non-current assets held for sale with an amount of EGP 59,761 thousand which represents the difference between the fair value and the carrying amount of the net non-current assets held for sale. The following is the revenues and the expenses related to the discontinued operations:

(In thousand EGP)	For the Year ended December 31, 2015	For the Year ended December 31, 2014
Operating revenues from discontinued operations		652,624
Purchases, services cost and other expense	--	(737,652)
Operating loss from discontinued operations	--	**(85,028)**
Income tax	--	(9,377)
Net loss for the year from discontinued operations	--	**(94,405)**

6-2 Net (loss) / profit from discontinued operations

- Loss and gain 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 (14-2).

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

	For the Year ended December 31, 2015	For the Year ended December 31, 2014
Operating revenues	1,904,337	2,440,087
Purchases and services costs	(527,765)	(693,990)
Operating income	**1,376,572**	**1,746,097**
Income taxes	(339,559)	(416,324)
Profit for the period after income tax	**1,037,013**	**1,329,773**
Disposal of subsidiary net assets due to loss of control (*)	(3,924,921)	--
Impairment in Koryolink current account	(262,793)	--
(Loss) / profit from discontinued operations	**(3,150,701)**	**1,329,773**

(*) 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**
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, 2015	For the Year ended December 31, 2014
Financial segment revenue	12,399	--
Interconnection traffic tariff	212,300	177,093
Management Fees	55,752	81,282
Revenue from investment property	8,032	--
Others	2,937	--
Total	**291,420**	**258,375**

8- Purchases and services

(In thousand EGP)	For the Year ended December 31, 2015	For the Year ended December 31, 2014
Telecommunications cost	1,068	--
Maintenance costs	16,221	8,696
Utilities and energy costs	3,221	4,063
Advertising and promotional services	3,583	6,961
Miscellaneous lease contracts costs	52,090	54,742
International telecommunication cost	31,425	26,304
Consulting and professional services	18,865	13,861
Purchases of goods, materials cost and consumables	39,316	28,021
Insurance expenses	3,157	1,449
Travel, accommodation, and flight expense	15,741	9,406
Sites expense	3,741	3,522
Security expenses	1,083	828
IT, supplies and expenses	1,849	853
Bank charges	2,008	2,610
Other services cost	6,324	4,833
Total	**199,692**	**166,149**

9- Other expenses and provisions

(In thousand EGP)	For the Year ended December 31, 2015	For the Year ended December 31, 2014
Bad debts / (provisions no longer required)	22,171	39,050
Provisions	78,781	68,343
Promotions and gifts	221	275
Other operating expenses	5,434	4,058
Total	**106,607**	**111,726**

10- Personnel costs

(In thousand EGP)	For the Year ended December 31, 2015	For the Year ended December 31, 2014
Wages and salaries	113,244	90,956
Social insurance	2,699	3,453
Employees' defined benefits	2,707	1,840
Other benefits	4,022	2,862
Subscription & Membership	2,344	1,150
Bonuses	8,693	2,478
Personnel costs – others	511	158
Total	**134,220**	**102,897**

11- Depreciation and amortization

(In thousand EGP)	For the Year ended December 31, 2015	For the Year ended December 31, 2014
Depreciation of property and equipment		
Buildings	2,380	2,385
Cellular equipment	49	--
Cables equipment	75,599	20,330
Computers, installations, and office equipment	3,435	2,985
Depreciation of investment property		
Buildings	2,488	--
Amortization of intangible assets		
Licenses	1,497	1,205
Usage fees	9,177	672
Other	14	1
Total depreciation and amortization	**94,639**	**27,578**

12- Net capital gains

On February 22, 2015 the Board of Directors of the Holding Company agreed on the sale of all the Group's shares in the Egyptian Company for Mobile Service (ECMS), in addition to potential voting rights in MT Telecom SCRL, according to the call option notice received from Orange SA Company (previously; France Telecom) – note (14), and on March 12, 2015 the Group collected the sale price which amounted to Euro 209,632,133.

The following table shows gain from sale of investments in associates resulting from the exercise of call option:

	(In thousand EGP)
Sale price of investments in associates	1,820,094
Deduct:	
Sale transaction costs and commissions	(6,292)
Investment in associates using equity method – note (14)	(585,536)
Gain from sale of investments in associates	**1,228,266**
Other capital losses	(2,302)
Net capital gains	**1,225,964**

13- Net (finance cost) investment income

(In thousand EGP)	For the Year ended December 31, 2015	For the Year ended December 31, 2014
Finance income from:		
Credit interest	4,082	5,665
Mutual fund revenues and income	337	--
Change in fair value of financial derivatives	(1,049,434)	(345,300)
Total Finance (cost)	**(1,045,015)**	**(339,635)**
Finance cost from:		
Debit interest	(10,593)	(3,277)
Other finance expenses	(3,689)	(5,698)
Impairment of debit balance	--	(7,675)
Total Finance cost	**(14,822)**	**(16,650)**
Foreign exchange gains (losses)	42,352	(19,836)
Total gains (losses) on foreign exchange	**42,352**	**(19,836)**
Net (finance cost) investment income	**(1,030,112)**	**(376,121)**

14- Investment in associates

(In thousand EGP)	Country	%	December 31, 2015	December 31, 2014
MT Telecom SCRL	Belgium	28.75	--	56,073
Egyptian Company For Mobile Services(14-1)	Egypt	5	--	535,722
Cheo JV Technology-Koryolink (14-2)	North Korea	75	847,488	--
Electronic Fund Administration Services	Egypt	20	649	--
Axes Holding company	Egypt	33.90	4,742	--
Impairment			(238,598)	--
			614,281	**591,795**

14-1 Egyptian Company for Mobile services SAE

	March 31, 2015	December 31, 2014
Total assets	14,919,750	15,923,652
Total Liabilities	(13,550,878)	(14,146,098)
Net assets	**1,368,872**	**1,777,554**

	For the year Ended March 31, 2015	For the year Ended December 31, 2014
Total revenues	10,926,112	10,521,274
Group's share in Losses of associates	(4,821)	(50,012)

On February 22, 2015 the Board of Directors of the holding Company agreed on the sale of all the Company's shares in the Egyptian Company for Mobile Services (ECMS) amounting to 5,000,000 shares representing 5% of the capital of the Egyptian Company for Mobile Services (ECMS), in addition to 28,750,000 shares of potential voting rights in MT Telecom SCRL, according to the call option notice received from Orange SA Company (previously; France Telecom) for a total price of Euro 209,632,133 which represents the present value for this option during the announced and agreed upon exercise windows for the years 2016 and 2017. The Company's selling price of its investment in the Egyptian Company for Mobile Services (ECMS), according to the deal, equal an amount of Euro 163,785,940 (with an approximate value amounting to Euro 32.76 per share), whereas the Company's selling price of its investment in MT Telecom SCRL, according to the deal, equal an amount of Euro 45,846,193 (with an approximate value amounting to Euro 1.59 per share). This deal is considered a finalization for the call option according to the amended and restated agreement dated April 11, 2012. The price of the share of the Egyptian Company for Mobile Services (ECMS), according to the deal, is equivalent to EGP 280.7 per share, with a total value amounted to EGP 1,403,500,000. Whereas the price of the potential voting right in MT Telecom SCRL is equivalent to EGP 13.62 per potential voting right, with a total amount of EGP 391,575,000. Capital gains recognized during the year amounted to EGP 1,228,266 thousand.

The following table includes the detailed movement on the investments:

(In thousand EGP)	December 31, 2015	December 31, 2014
Opening balance	591,795	641,807
Group's share of losses in investments in associates	(4,698)	(50,012)
Group's share on disposal of reserves of associates	(1,438)	--
Group's share of disposal of selling investments in associated companies	(585,536)	--
Ending balance	--	591,795

The carrying amount of the investments in associates decreased by an amount of EGP 4,821 thousand as result of the Group's share of the additional losses of the associate companies which occurs during the current year and until the date of selling the investments.

14-2 Koryolink Company

	December 31, 2015	December 31, 2014
Assets	8,108,272	--
Liabilities	(1,404,909)	--
Net assets	**6,703,363**	--

	December 31, 2015	December 31,2014
Revenues	2,554,682	--
Total expense	(1,277,317)	--
Post tax profit (loss) from continuing operations	**1,277,365**	--
Share of profit/(loss) of associates	233,856	--

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 year through recognizing it as an investment in associates instead of investment in subsidiaries. Thus in light of the increase of the restrictions, financial and operating difficulties facing Koryolink due to the international sanction imposed by the international community including the United States, the European Union and the United Nations. These sanctions have the effect of restricting financial transactions and the import and export of goods and services, including goods and services required to operate, maintain and develop mobile networks and increase of long term restrictions which affect the ability to transfer of the subsidiary's profits to the Holding Company, the absence of a free-floating currency exchange market in North Korea, whereas the Group's management has no exchange rate available other than the official exchange rate announced by the Central Bank of North Korea, other than launching a competing local telecom operator wholly owned by the North Korean Government. The group's management seek to find solutions for the aforementioned and its effect through negotiations with the Korean side including merging Koryolink with the second local telecom operator, wholly owned by the North Korean Government. According to the Group's management, there is an initial consent from the Korean party 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 during the current period 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 current period, the group's management decided that it lost control on the Koryolink's activities according to the requirements of the Egyptian Accounting Standard No. (17), which led to modify the accounting treatment to be investment in associates instead of investment in subsidiaries. The fair value of the investment has been determined based on independent valuator report. The subsidiary's net assets was translated as of September 30, 2015 based on the official exchange rate announced by the Central Bank of North Korean, whereas the Group's management has no exchange rate available other than the official exchange rate announced by the Central Bank of North Korea, which led to losses from the modification in the accounting treatment amounted to EGP 3,150 Million included in losses from discontinued operations in the income statement (Note 6-2).

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

	December 31, 2015	December 31, 2014
Reclassification to associate during the year	613,632	--
Share of profit/(loss) of associates	233,856	--
Impairment	(233,856)	--
Ending balance	613,632	--

15- **Fixed assets (net)**

(In thousand EGP)	Land and Buildings	Cellular equipment	Cables equipment (*)	Computers, installations and other equipment	Projects under construction	Total
Cost as at January 1, 2015	**81,310**	**1,480,354**	**2,089,172**	**210,066**	**174,785**	**4,035,687**
Additions	549	43,347	2,915	35,863	178,687	261,361
Change in the scope of consolidation-in coming	--	--	--	27,766	--	27,766
Disposals	(1,486)	(7,989)	--	(10,235)	(908)	(20,618)
Currency translation differences	2,159	96,658	186,262	13,051	10,971	309,101
Reclassifications	--	65,014	--	422	(65,436)	-
Change in the scope of consolidation-out going	--	(1,677,384)	--	(215,445)	(95,882)	(1,988,711)
Cost as of December 31, 2015	**82,532**	--	**2,278,349**	**61,488**	**202,217**	**2,624,586**
Accumulated depreciation and impairment as at January 1, 2015	9,785	591,961	1,237,604	99,328	3,812	1,942,490
Depreciation	2,380	153,961	75,599	23,110	--	255,050
Change in the scope of consolidation-In coming	--	--	--	23,220	--	23,220
Disposals	(769)	(7,989)	--	(8,291)	(326)	(17,375)
Impairment	--	--	254,428	--	2,039	256,467
Currency translation differences	480	38,967	118,250	6,040	1,132	164,869
Change in the scope of consolidation-Out going	--	(776,900)	--	(104,962)	--	(881,862)
Accumulated depreciation and impairment as at December 31, 2015	**11,876**	--	**1,685,881**	**38,445**	**6,657**	**1,742,859**
Net book value as at December 31, 2015	**70,656**	--	**592,468**	**23,043**	**195,560**	**881,727**
Net book value as at December 31, 2014	**71,525**	**888,393**	**851,568**	**110,738**	**170,973**	**2,093,197**

(*) During the year Trans World Associates have been approved for credit facilities by PKR 3,200 Million (equivalent to EGP 240 Million) for the expansion in marine cables SMW5, it pledged by amount of PKR 4,267 Million (equivalent to EGP 319 Million) from company's assets except for land and buildings.

16- Intangible assets (net)

(In thousand EGP)	Operating licenses	Goodwill *	Right of use	Others	Total
Cost as at January 1, 2015	462,527	5,011	143,052	12,835	623,425
Additions	533	--	10,434	17	10,984
Change in the scope of consolidation-Out going	(465,513)	--	--	(11,283)	(476,796)
Change in the scope of consolidation-In coming	--	347,309	--	--	347,309
Reclassification	9	--	--	(1,872)	(1,863)
Currency translation differences	12,154	--	13,709	863	26,726
Cost as at December 31, 2015	9,710	352,320	167,195	560	529,785
Accumulated amortization and impairment as at January 1, 2015	104,509	--	678	427	105,614
Amortization	17,216	--	9,177	14	26,407
Disposals	--	--	--	1,865	1,865
Change in the scope of consolidation-Out going	--	--	58,058	--	58,058
Impairment loss	(118,664)	--	--	--	(118,664)
Reclassification	--	--	--	(1,865)	(1,865)
Currency translation differences	2,531	--	1,098	41	3,670
Balance as at December 31, 2015	5,592	--	69,011	482	75,085
Net book value as of December 31, 2015	4,118	352,320	98,184	78	454,700
Net book value as of December 31, 2014	358,018	5,011	142,374	12,408	517,811

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

Company name (In thousand EGP)	December 31, 2015	December 31, 2014
Trans World Associates Ltd.	5,011	5,011
Beltone Financial Holding (subsidiary)	347,309	--
Total goodwill	352,320	5,011

17- Investment property

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

(In thousand EGP)	Leased units
Balance as at January 1, 2015	--
Additions	169,340
Change in fair value (at acquisition date) (19-2)	337,126
Currency translation differences	(1,455)
Balance as at December 31, 2015	505,011
Accumulated Depreciation and Amortization	
Balance as at January 1, 2015	--
Depreciation	2,488
Currency translation differences	(46)
Balance as at December 31, 2015	2,442
Net book value as of December 31, 2015	503,569
Net book value as of December 31, 2014	-

18- Other financial assets

(In thousand EGP)	December 31, 2015			December 31, 2014		
	Non-current	Current	Total	Non-current	Current	Total
Financial assets	1,506	2,304	3,810	304	19,640	19,944
Financial instruments and derivatives (18-1)	--	--	--	805,207	244,227	1,049,434
Deposits	--	44,953	44,953	4,183,438	7,969	4,191,407
Financial assets available for sale-at cost (18-2)	57,127	--	57,127	44,249	--	44,249
Financial assets available for sale-at fair value(18-3)	4,234	37,446	41,680	--	--	--
	62,867	84,703	147,570	5,033,198	271,836	5,305,034

18-1 Financial instruments and derivatives

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

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

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

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

During the first quarter of 2015 Orange SA Company (previously; France Telecom) has exercised its call option according to the amended and restated shareholders' agreement

18-2 Financial assets available for sale – at cost

Company name	As of 31 December 2015	As of 31 December 2014
Smart Village	44,202	44,249
Misr for Central Clearing Depository and Registry	7,718	--
Guarantee Settlement Fund	5,073	--
El Arabi for Investment	194	--
MENA Capital	1,435	--
NRG for trade & distribution	1,196	--
(Less): Impairment loss of available for sale investments	(2,691)	--
	57,127	44,249

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

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

Company name	As of 31 December 2015	As of 31 December 2014
EGX 30	4,234	--
Treasury Bonds	37,446	--
	41,680	--

19- Business combination

2015	Principal activity	Date of acquisition	Proportion of voting equity interests acquired	Consideration transferred
Beltone financial holding	Financial services	November 19, 2015	81.3%	544,586
Total				**544,586**

19-1 Beltone financial holding

On November 19 , 2015 the Group has acquired 81.3% from Beltone Financial Holding (BFH) shares by EGP 545 Million, which resulted in a Goodwill amounted to EGP 347 Million.

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

	November 19 2015
Current assets	850,704
Long term assets	115,785
Total assets	966,489
Current liabilities	630,886
Long term liabilities	3
Total liabilities	630,889
The net assets of acquired subsidiary Company	335,600
Proportion of voting equity interests acquired	%81.3
The share of the group in net assets of acquired subsidiary company	272,843

- The financial statements of the company is consolidated based on the book value of assets and liabilities, and according to the Egyptian Accounting standards. The company has grace period of 12 months end in November 2016 to prepare Purchase Price Allocation study (PPA) to identify the fair value for the acquired assets and liabilities, the company will identify its values to make the necessary adjustments.

The Goodwill resulted from acquisition	November 19, 2015
Transferred for acquisition	544,586
Less: group share from acquired subsidiary net assets	(272,843)
The net goodwill resulted from acquisition	271,743
Add: The share of the group in goodwill balance included in subsidiary company in acquisition date	75,566
Total goodwill balance	347,309

19-2 Victore Group

On October 22, 2015 the Group has been acquired 100% of the shares of Victoire coop co. - Netherland by amount of EGP 526 Million which owned Victoire investment property Group - Brazil, as the net acquired assets for Victoire Company were amounted to EGP 248 Million. This acquisition resulted in fair value differences amounted to EGP 337 Million, which has been allocated within to value of investment property presented in balance sheet.

	22 October 2015
Investment property	169,340
Other financial assets – non-current	407
Trade receivables (net)	19,317
Other assets	44
Cash and cash equivalents	713
Total assets	**189,821**
Loans	(71,663)
Other creditors	(682)
Income tax liability – income tax	(248)
Total liabilities	**(72,593)**
Share of the group in acquired net assets	**117,228**
Consideration amount	454,354
Total change in fair value at acquisition date	**337,126**

20- <u>Income tax</u>

(In thousand EGP)	**For the Year ended December 31, 2015**	**For the Year ended December 31, 2014**
Income tax for the year	(97,427)	4,311
Deferred tax for the year	(13,594)	(3,329)
Total income tax	**(111,021)**	**982**

21- Deferred taxes

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

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

(In thousand EGP)	December 31, 2015	December 31, 2014
Total deferred tax liabilities	62,970	91,378
Net deferred tax liabilities	**62,970**	**91,378**

The movement in the deferred tax liabilities is represented as follows:

(In thousand EGP)	December 31, 2015	December 31, 2014
Balance at beginning of the year	**91,378**	**90,979**
Foreign subsidiaries translation differences	5,476	(1,634)
Change in the scope of consolidation-Out going	(64,445)	--
Reclassification of non-current assets held for sale	--	(375)
Charged to income statement for the year	30,561	1,713
Reclassification	--	695
Balance at end of the year	**62,970**	**91,378**

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

	December 31, 2015				December 31, 2014		
(In thousand EGP)	Depreciation and amortization	Undistributed Profits	Others	Total	Undistributed profits	Others	Total
Balance at beginning of the year	37,636	60,500	(6,758)	**91,378**	72,082	18,897	**90,979**
Charged to income statement for the year	(4,284)	16,967	17,878	**30,561**	(8,796)	10,509	**1,713**
Change in the scope of consolidation-Out going	--	(64,445)	--	**(64,445)**	--	--	--
Foreign subsidiaries translation differences	1,926	3,949	(399)	**5,476**	(2,786)	1,847	**(939)**
Reclassification of non- current liability held for sale	--	--	--	--	--	(375)	(375)
Balance at end of the year	**35,278**	**16,971**	**10,721**	**62,970**	**60,500**	**30,878**	**91,378**

22- Trade receivables (net)

(In thousand EGP)	December 31, 2015	December 31, 2014
Accounts receivable – subscribers	193,657	133,297
Accounts receivable –Mobile networks, operators	268,298	--
Other balances	1,866	1,774
less: impairment loss on trade receivable	(327,551)	(35,201)
Total	136,270	99,870

Movement of the impairment is represented as follows:

(In thousand EGP)	December 31, 2015	December 31, 2014
Balance at beginning of the year	35,201	50,273
Foreign exchange differences	298	658
Impairment losses during the year	281,889	46,104
The change in consolidated financial statement	13,043	--
Reclassification of non-current assets held for sale	--	(48,546)
Bad debts – write-off	(7,650)	(12,608)
Reclassification of impairment during the year	4,770	(680)
Balance at end of the year	327,551	35,201

23- Other assets (net)

	December 31, 2015			December 31, 2014		
(In thousand EGP)	Non-current	Current	Total	Non-current	Current	Total
Employees' loans	--	2,759	2,759	--	--	--
Prepaid expenses	72,873	37,751	110,624	65,407	27,618	93,025
Advances to suppliers	--	11,188	11,188	--	31,995	31,995
Amounts due from tax authority	--	51,061	51,061	--	45,740	45,740
Other receivables	--	13,690	13,690	--	34,479	34,479
Total	72,873	116,449	189,322	65,407	139,832	205,239

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

(In thousand EGP)	December 31, 2015	December 31, 2014
Balance at beginning of the year	--	8,906
Foreign exchange differences	(2,475)	(496)
Impairment losses during the year	(696)	736
The change in consolidated financial statement	3,171	--
Bad debts	--	(2,607)
Reclassification for asset available for sale	--	(6,539)
Balance at end of the year	--	--

24- Cash and cash equivalents

(In thousand EGP)	As of 31 December 2015	As of 31 December 2014
Banks – Current accounts	1,578,882	928,051
Cash on hand	3,441	3,567
Financial investment at fair value through P&L – Mutual fund certificate	2,896	--
Total	1,585,219	931,618

The current account at banks include an amount equivalent to EGP 7.7 Million pledged as a guarantee for the credit facilities granted to Trans World Associates.

25- 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).

26- Borrowings

	December 31, 2015	December 31, 2014
Balance at beginning of the year	44,362	60,816
Current portion	29,345	44,861
Non-current portion	15,017	15,955
Payments for borrowings	(25,918)	(37,630)
Proceeds from borrowings	632,272	24,791
Change in consolidation structure	32,552	--
Reclassification	--	(6,078)
Foreign exchange differences	2,283	2,463
Balance at the end of the year	685,551	44,362
current portion	82,440	29,345
non-current portion	603,111	15,017

Loans for Trans World associate

Borrowings include loans obtained from the shareholders of Trans World associate private by an amount of EGP 22 Million of which EGP 17.5 Million due within one year and EGP 4.5 Million due after more than one year with an interest rate of 1.58% per annum.

Borrowings also include loans obtained from banks amounted to EGP 147 Million from which EGP 10 Million due within one year and EGP 137 Million due after more than one year these borrowings were obtained by Trans World Associate Private with interest rates ranges between 1% to 13%.

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

On November 12, 2015 the Company obtained the syndicated loan from a group of financial institutions represented in a long-term loan with a maximum limit of EGP 250 Million for the purpose of partial financing of acquisition of a portion within the limits of 87% of the shares of 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 at the pricing date plus margin 2.25% p.a.

- 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 obligations:

The borrower undertakes to pledge final unconditional pledge regarding the following:

(a) Debt service rate is not less than (5.2) times per year.

(b) The ratio of debt of own resources should not exceed 44.1%: 55.9%.

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

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

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

Collaterals:

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

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

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

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

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

-On September 28, 2015 the company borrowed long-term loan from the subjected bank by a maximum amount USD 35 Million for the sole purpose of financing 50% of the purchase price of seven floors in the "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

- A pledge by the borrower 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 pledge 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:

-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.

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.

27- Creditors and other credit balances

(In thousand EGP)	December 31, 2015			December 31, 2014		
	Non-current	Current	Total	Non-current	Current	Total
Fixed assets suppliers	--	2,514	2,514	--	231,589	231,589
Trade payables	--	60,250	60,250	--	196,303	196,303
Customers' credit balance	--	85,404	85,404	--	--	--
Other payables	--	22,532	22,532	--	27,102	27,102
Prepaid traffic and deferred revenue	66,509	5,828	72,337	30,211	513,500	543,711
Due to governmental authorities	--	39,768	39,768	--	19,352	19,352
Personnel accrued expenses	--	8,437	8,437	--	8,765	8,765
Other credit balances	13,132	36,847	49,979	31,515	81,387	112,902
Total	**79,641**	**261,580**	**341,221**	**61,726**	**1,077,998**	**1,139,724**

28- Earnings per share

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

	December 31, 2015	December 31, 2014
Net (loss) profit of the year (In Thousand EGP)	(3,855,235)	(61,944)
Weighted average number of shares for the year (in thousands)	5,245,690	5,245,690
Earnings per share for the year (in EGP)	**(0.74)**	**(0.01)**

Diluted: Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all convertible financial instruments and share options. The net profit is adjusted by omission of the cost of convertible debt instruments taking tax effect into consideration. As for share option the average potential shares to be issued by options is added to the average ordinary shares and deducting from that the average potential shares weighted by the relation between the exercise price and average fair value of the share during period. As there are no debt instruments that are convertible to bonds, so diluted and basic earnings per share are equal.

29- Provisions

(In thousand EGP)	December 31, 2014	Formed	Reclassification	The change in the scope of consolidation	Translation differences	December 31, 2015
Provision for claims	546,891	78,791	(2,034)	(6,050)	1,595	619,193

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.

30- Capital Commitments

The capital commitments as of December 31, 2015 are as follows:

(In thousand EGP)	December 31, 2015	December 31, 2014
Commitments related to fixed assets	243,262	17,501
Other commitments	180,941	199,788
Total	424,203	217,289

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

31- Non-distributable earnings

The retained earnings comprise an amount of EGP 9,099 thousand is un-distributable and which represent the legal and special reserves which were held on the subsidiaries' levels as follows:

(In thousand EGP)	December 31, 2015			December 31, 2014		
	Legal Reserve	General reserve	Total	Legal Reserve	General reserve	Total
Cheo Technology JV Company	--	--	--	90,435	135,636	226,071
Orascom Telecom Venture S.A.E	9,099	--	9,099	9,099	--	9,099
Total	9,099	--	9,099	99,534	135,636	235,170

32- **Related party transactions**

(In thousand EGP)	For the Year ended December 31, 2015		For the Year ended December 31, 2014	
	Purchase of services & goods	Sale of goods & services	Purchase of services & goods	Sale of goods & services
Associate companies				
Egyptian Company for Mobile Services	--	--	--	61,090
Orascom TMT investments				
Wind telecom	490	2,887	536	3,591
Other related parties				
Summit Technology	815	--	1,171	--
Contrack Facility Management	61	--	52	--
Orastar LTD	216	--	288	--
Korean Post and Telecommunication Company – KPTC	229,834	--	217,026	--
Dr. Omar Zawawy (shareholder of a subsidiary)	55	--	74	--
Orascom for constructions	--	--	--	14

(In thousand EGP)	December 31, 2015		December 31, 2014	
	Receivables	Payables	Receivables	Payables
Orascom TMT investments				
Wind telecom	255	67	236	54
Associate companies				
Egyptian Company for Mobile Services	--	--	759	--
Other related parties				
Korean Post and Telecommunication Company – KPTC	--	128,919	--	121,735
Orascom Constructions	2	--	7	--
Contrack Facility Management	--	9	--	4
Orastar LTD	--	17,441	--	18,365
Beltone Partners for Investments and trading	7,225	--	--	--
Beltone Partners for Investment and trading	153	--	--	--
Beltone MENA Equity Fund	446	--	--	--
Beltone for trading and distribution	121	--	--	--
Beltone Partners Holding Ltd – BVI	104	--	--	--
Union Bay Holding BVI	15	--	--	--
Beltone Financial for portfolio management	83	--	--	--
Other related parties	896	--	--	--
EGX funds company	157	--	--	--
Dr. Omar Zawawy (shareholder of a subsidiary)	--	4,472	--	4,709

Key management compensation

(In thousand EGP)	For the Year ended December 31, 2015	For the Year ended December 31, 2014
Board of directors' allowances and transportation	6,177	6,159
	6,177	6,159

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

- A Letter of guarantee in favour of Lebanon Ministry of Telecommunication to guarantee Orascom Telecom Lebanon in the payment of any amount due by the selected participants amounting to USD 40 Million.

Trans World Associates (Subsidiary)

- 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.
- 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.

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.

34- Financial instruments risk management

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

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

Market risk

Foreign currency risk management related to operations

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

Management estimates that if any changes occurs either upward or downward in the exchange rate of the Egyptian pound (functional currency) in the range of 10% against the US Dollar, Euro, or the Pakistani rupee with the stability of all other variables, the receivables and payables denominated in foreign currencies will be affected by increase or decrease equivalent to EGP 34,5 Million which affecting the net profit for the year by the same amount.

Price risks

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

Interest rate risk

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

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

The following table shows the total outstanding loans of the Group on December 31, 2014 and the proportion of each of the loans with fixed or variable interest rates, as well as those that were obtained without interest to total outstanding loans:

	December 31, 2015	December 31, 2014
Total borrowings	685,551	44,362
of which % is at a fixed interest rate	0%	0%
of which % is at a variable interest rate	100%	100%
of which % is interest rate free	0%	0%

Management estimates the impact resulting from the change in the interest rate by 1%, leading to an increase or decrease in the finance cost for the current period in the amount of EGP 6.5 Million.

Credit risk

Credit risk of the Group represents the inability of contractual parties to pay their debts, especially; receivables, financial instruments, cash at banks and equivalent.

The credit risks which the Group is exposed to can be analyzed for each segment, as follows:

Submarine cable segment

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

Media and Technology segment

Customers' credit worthiness is reviewed before credit terms are offered. Accounts receivable are monitored and outstanding balances are followed up until the balance is received.

The Group works to mitigate credit risk by adopting specific control procedures, including assessing the credit worthiness of the counterparty and limiting the exposure to the counterparty.

Cash balances at banks

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

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

Liquidity risk

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

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

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

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

December 31, 2015 Liabilities (In thousand EGP)	Carrying amount	Expected cash flows	Less than 1 year	Between 1 and 5 years	More than 5 years
Borrowings	685,551	691,555	72,007	619,548	--
Trade payables	205,887	205,887	205,887	--	--
	891,438	**897,442**	**277,894**	**619,548**	**--**

Capital risk management

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

Governmental authorizations

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

Political and economic risk in emerging countries

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

Regulatory risk in emerging countries

Due to the nature of the legal and tax jurisdictions in the emerging countries where the Group operates, it is possible that laws and regulations could be amended. This could include factors such as the current tendency to 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 for example North Korea, where the subsidiaries operate could reduce the ability to pay interest and dividends and to repay loans, credit instruments and securities expressed in foreign currency through the transfer of currency. In addition, in some countries it could be difficult to convert large amounts of foreign currency due to central bank regulations. The central banks may amend regulations in the future and therefore the ability of the Company to receive funds from its subsidiaries may be changed.

35- Significant current events during the period

- 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 amended version of Egyptian Accounting Standards. The application of the former Egyptian Accounting Standards issued by Ministerial Decree No. 243 of 2006 was cancelled, effective as of the date of applying this Decree. This

Decree was published in the Official Gazette, and shall be effective as of the first day of January 2016, and will be applied on the entities whose fiscal year starts on or after this date.

- On August 20, 2015, a Presidential Decree was issued promulgating Law No. (96) of 2015 amending certain provisions of the Income Tax Law No. 91 of 2005 and amendment by Law No. (44) of 2014. According to this amendment the tax rate became 22.5% instead of 25, and will be applied on the entities whose fiscal year starts on or after this date. These amendments reflected in deferred tax calculation on the financial year ended December 31, 2015.

36- Non-adjusting events after the reporting

- On February 14, 2016 with reference to the announcement made on December 17th, 2015 regarding the submission of a non-Bidding offer to acquire CI Capital Holding, Orascom Telecom Media and Technology Holding S.A.E ("OTMT") announced today that it has submitted a Binding offer to the Commercial International Bank ("CIB") to acquire 100% of its fully owned subsidiary CI Capital, the value of the offer is EGP 924 Million to be executed through OTMT or Beltone financial Holding. OTMT has received the acceptance from CIB on the Binding offer subject to reaching an agreement on the final terms and conditions, and will move forward with the necessary process to complete the transaction. OTMT looks forward to the successful conclusion of the transaction, however the transaction has not been executed and approved by the regulatory authorities at the date of issuing the Consolidated financial statements.

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

This arrangements will guarantee the fair allocation of subscribers between Koryolink and the Government telecom operator "Kang Song NET" and initially handling some other issues faced by Koryolink, such as; the transfer of the cash balances in local currency to Euro using the parallel market rate (parallel market rate: 1 Euro is equivalent to 8,650 of the local currency, official rate: 1 Euro is equivalent to 118 of the local currency). This is conditional that the Korean party will fulfill its obligations. In addition the arrangements setting rules allows the transfer of profits, in case of the availability of retained earnings and foreign currency balances, needed for the profit distribution process. The management of the Group is currently monitoring the execution of the arrangements, and following up on the remaining issues faced by the Company to reach a solution, in light of the new international sanctions.

- OTV (subsidiary company) re-acquired 100% of Arab Finance company's shares which amounted to EGP 23 Million, this due to the inability of the buyer to accomplish the acquisition procedures and obtain the required permits.

- Also the board of directors of Beltone Financial Holding Company have been accepted the acquisition offer to acquire 70% of Service of the small infinite projects Company "Reefy" during the Ordinary General Assembly Meeting of Beltone Financial Holding "S.A.E" with the recommendation of the Board for the approval and assign independent financial consultant for the company valuation.

Chief financial officer | **Chairman & Chief executive officer**