

**Orascom Telecom, Media  
and Technology Holding (S.A.E)  
Subject to provisions of law no. 95  
for year 1992 and its executive regulations  
Consolidated Financial Statements  
for the year ended  
December 31, 2016  
Together with audit Report**



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

**Consolidated financial statements and auditor's  
report**

**December 31, 2016  
US\$**



## Hazem Hassan

Public Accountants & Consultants

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### Auditor's Report To The shareholders' of Orascom Telecom, Media and Technology Holding (S.A.E)

#### **Report on the Financial Statements**

We have audited the consolidated financial statements of Orascom Telecom, Media and Technology Holding (S.A.E) which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

#### **Management's Responsibility for the Financial Statements**

These consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, management 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; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

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

The financial statements of the Company for the year ended December 31, 2015, were audited by another auditor whose report dated April 27, 2016 expressed a qualified opinion on those statements.

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



Hazem Hassan

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Orascom Telecom, Media and Technology Holding (S.A.E) as at December 31, 2016 and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with the International Financial Reporting Standards.

## Emphasis of matter

With reference to, what was indicated in detail in Note No. (15) of the notes to the financial statements, The United Nations Security Council issued a resolution on September 11, 2017 obliging member states of the United Nations to pass laws prohibiting joint ventures and existing partnerships with the North Korean Republic unless approval is obtained to continue such joint ventures. The management of the Company believes that its investments in North Korea's network for mobile services is a utility and that is similar to the type of project likely to be approved to continue. At the present, the company's management is in the process of submitting an official request through the Government of the Arab Republic of Egypt in order to be excluded from adhering to the said resolution. In Addition, the company's management also believes that, in the absence of a clear mechanism for implementing the resolution, it is difficult to measure its impact on the recoverable value of the investment.

KPMG Hazem Hassan  
Public Accountants & Consultants

Cairo January 21, 2018

**KPMG Hazem Hassan**  
**Public Accountants and Consultants**

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

<i>(in thousands of US\$)</i>	Note	<b>As of December 31, 2016</b>	<b>As of December 31, 2015</b>
			<b>Revised</b>
<b>Assets</b>			
Property and equipment	17	133,613	112,608
Intangible assets	18	34,772	63,020
Investments in associates	15	34,163	78,451
Other non-current financial assets	20	1,431	8,030
Other non-current assets	23	33,704	9,307
Investment property	19	80,048	69,986
<b>Total non-current assets</b>		<b>317,731</b>	<b>341,402</b>
Inventories		137	156
Trade receivables	22	22,662	17,401
Other current financial assets	20	7,993	10,818
Other current assets	23	14,893	14,872
Cash and cash equivalents	24	162,863	202,454
<b>Total current assets</b>		<b>208,548</b>	<b>245,701</b>
<b>Total Assets</b>		<b>526,279</b>	<b>587,103</b>
<b>Equity and Liabilities</b>			
Share capital	25	366,148	366,148
Other reserves		(118,293)	(40,887)
Retained earnings		29,672	828
<b>Equity attributable to equity holders of the Company</b>		<b>277,527</b>	<b>326,089</b>
Non-controlling interest		19,232	18,205
<b>Total equity</b>		<b>296,759</b>	<b>344,294</b>
<b>Liabilities</b>			
Non-current borrowings	26	49,036	77,026
Other non-current liabilities	27	13,512	10,171
Deferred tax liabilities	21	28,064	17,139
<b>Total non-current liabilities</b>		<b>90,612</b>	<b>104,336</b>
Borrowings	26	40,911	10,530
Trade payables and other current liabilities	27	51,950	33,405
Current income tax liabilities		5,934	13,040
Current provisions	28	40,113	81,498
<b>Total current liabilities</b>		<b>138,908</b>	<b>138,473</b>
<b>Total Liabilities</b>		<b>229,520</b>	<b>242,809</b>
<b>Total Equity and Liabilities</b>		<b>526,279</b>	<b>587,103</b>

**Chief Financial Officer**  
Khalid Ellaicy



**Chief Executive Officer**  
Tamer Mahdi



**Chairman**  
Naguib Sawiris



Auditor's report 'attached'

(The notes 1 to 38 are an integral part of these Consolidated Financial Statements)

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

<i>(in thousands of US\$)</i>	Note	<b>For the year ended December 31, 2016</b>	<b>For the year ended December 31, 2015</b>
<b><u>Continued operations</u></b>			
Revenues	7	53,609	37,791
Other income		1,764	885
Purchases and services	8	(30,836)	(25,898)
Other expenses	9	(10,305)	(13,822)
Personnel cost	10	(27,906)	(17,406)
Depreciation and amortization	11	(11,518)	(12,274)
Impairment charges	12	5,128	(40,727)
Disposal of non-current assets	13	51	157,053
Disposal of available for sale investment	20	996	-
<b>Operating (loss) /income</b>		<b>(19,017)</b>	<b>85,602</b>
Financial income /(cost)	14	3,196	(135,516)
Financial expense	14	(7,503)	(4,176)
Foreign exchange gain	14	70,735	5,490
Share of profit of investment in associates	15	135,508	29,740
Impairment of associates		(135,503)	(30,326)
<b>Profit/(loss) before income tax expense</b>		<b>47,416</b>	<b>(49,186)</b>
Income tax expense	16	(14,831)	(14,398)
<b>Profit/(loss) for the year from continuing operation</b>		<b>32,585</b>	<b>(63,584)</b>
<b><u>Discontinued operations</u></b>			
loss from discontinued operation (net of income tax)	6	-	(476,779)
<b>Profit/(loss) profit for the year</b>		<b>32,585</b>	<b>(540,363)</b>
<b>Attributable to:</b>			
<i>Owners of the Company</i>		28,844	(572,328)
<i>Non-controlling interests</i>		3,741	31,965
Earnings/(loss) per share from continuing operations (basic and diluted) – (in US\$)		0.01	(0.018)
loss per share from discontinued operations (basic and diluted) – (in US\$)		-	(0.091)
 <b>(in thousands of US\$)</b>			
<b>Profit/(loss) for the year</b>		<b>32,585</b>	<b>(540,363)</b>
<b>Other comprehensive loss:</b>			
<b>Items that may be subsequently reclassified to profit or loss, net of tax</b>			
Share of OCI of associates		(44,125)	(7,204)
Currency translation differences		(40,535)	(11,895)
<b>Total comprehensive loss for the year</b>		<b>(52,075)</b>	<b>(559,462)</b>
<b>Attributable to:</b>			
Owners of the Company		(51,954)	(585,938)
Non-controlling interest		(121)	26,476

**Chief Financial Officer**  
Khalid Ellaicy



**Chief Executive Officer**  
Tamer Mahdi



**Chairman**  
Naguib Sawiris



(The notes 1 to 38 are an integral part of these Consolidated Financial Statements)

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

*(in thousands of US\$)*

	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to equity holders of the company	Non-controlling Interest (Revised)	Total equity (Revised)
As of 1 January 2015	366,148	81,329	(108,815)	209	573,156	912,027	189,253	1,101,280
Total comprehensive income	-	-	(13,401)	(209)	(572,328)	(585,938)	26,476	(559,462)
Change in the scope of consolidation	-	-	-	-	-	-	(197,524)	(197,524)
Total transactions with owners	-	-	-	-	-	-	(197,524)	(197,524)
As of 31 December 2015	366,148	81,329	(122,216)	-	828	326,089	18,205	344,294

*(in thousands of US\$)*

	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to equity holders of the company	Non-controlling Interest	Total equity
As of 1 January 2016	366,148	81,329	(122,216)	-	828	326,089	18,205	344,294
Total comprehensive income	-	-	(80,966)	168	28,844	(51,954)	(121)	(52,075)
Change in the scope of consolidation	-	-	-	3,392	-	3,392	1,148	4,540
Total transactions with owners	-	-	-	3,392	-	3,392	1,148	4,540
As of 31 December 2016	366,148	81,329	(203,182)	3,560	29,672	277,527	19,232	296,759

Chief Financial Officer  
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**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR**

<i>(in thousands of US\$)</i>	Note	<b>Year ended December 31, 2016</b>	<b>Year ended December 31, 2015</b>
<b>Profit/(loss) for the year</b>		47,416	(49,186)
<i>Adjustments for</i>			
Depreciation, amortization and impairment charges	11, 12	6,390	53,001
Fair value loss on derivative instrument		-	136,089
Interest expense	14	7,503	4,176
Investment income	14	(3,196)	(573)
Foreign exchange (gain)	14	(70,735)	(5,490)
Gain/(loss) from disposal of assets		(1,047)	299
Loss from disposal of associate	15	-	(159,279)
Share of profit of associate	15	(135,508)	(29,740)
Impairment of associates		135,503	30,326
Changes in provisions		8,775	13,091
Changes in other assets		(7,328)	(29,025)
Changes in other liabilities		22,017	9,107
<b>Cash flows generated by / (used in) operating activities</b>		<b>9,790</b>	<b>(27,204)</b>
Income taxes paid		(8,313)	(4,866)
Interest collected		3,196	354
<b>Net Cash flows generated by/(used in) operating activities</b>		<b>4,673</b>	<b>(31,716)</b>
<i>Cash out flow for investments in</i>			
Property and equipment		(28,680)	(21,273)
Intangible assets		(67)	(1,424)
Change in Deposits and financial assets		(4,685)	(1,355)
Investment in new acquisition ( Beltone)		-	(42,856)
Investment in new acquisition ( Auerbach Grayson)	23	(22,159)	-
Investment in new acquisitions (Victoire)		-	(58,035)
Payments for available-for-sale financial asset		(8,128)	(4,950)
<i>Proceeds from disposal of</i>			
Property and equipment		1,356	122
Intangible assets		6	-
Disposal of investment in subsidiary		-	13,981
Disposal of available for sale investments		5,453	-
Disposal of investment in associate	13	-	235,210
Disposal of available for trading investments		3,606	-
Receipts from dividends distribution		25,896	-
<b>Cash flows generated by / (used in) investing activities</b>		<b>(27,402)</b>	<b>119,420</b>
<b>Cash flows from financing activities</b>			
Interest paid		(5,974)	(865)
Proceeds from loan and bank facilities		25,296	81,988
Payments for loans and bank facilities		(5,823)	(13,637)
Collections under dividends distribution		9,653	-
<b>Cash flows generated by financing activities</b>		<b>23,152</b>	<b>67,486</b>
<b>Net cash generated by continuing operations</b>		<b>423</b>	<b>155,190</b>
Net cash generated by operating activities		-	169,259
Net cash used in investing activities		-	(124,937)
<b>Net cash generated by discontinued operations</b>		<b>-</b>	<b>44,322</b>
Net increase in cash and cash equivalents		423	199,512
Cash included in disposal assets / assets held for sale		-	(114,969)
Effect of exchange rates on cash and cash equivalents		(40,014)	(12,340)
Cash and cash equivalents at the beginning of the year		202,454	130,251
<b>Cash and cash equivalents at the end of the year</b>	24	<b>162,863</b>	<b>202,454</b>

**Chief Financial Officer**  
Khalid Ellaicy



**Chief Executive Officer**  
Tamer Mahdi



**Chairman**  
Naguib Sawiris



(The notes 1 to 38 are an integral part of these Consolidated Financial Statements)



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

**1. General information**

Orascom Telecom, Media and Technology Holding S.A.E. ("OTMT" or the "Company") is a joint stock company with its head office in Cairo, Egypt. As part of a larger transaction pursuant to which VimpelCom Ltd had acquired Orascom Telecom Holding, S.A.E. ("OTH"), its shareholders agreed to effect the demerger, whereby, OTH was split into two companies, OTH and the Company and certain telecom, cable and media and technology assets were transferred to the Company.

The Company and its subsidiaries (together the "Group") are business operating in high growth emerging markets in the Middle East and Brazil. The Company is a subsidiary of Orascom TMT Investment S.à.r.l. or the "Parent Company" (formerly Weather Investments II, "Weather Investments").

The Company's shares are listed on the Egyptian Stock Exchange and its GDRs are listed on the London Stock Exchange.

The Company prepares its separate and consolidated financial statements for statutory purposes in accordance with applicable Egyptian laws and regulations and Egyptian Accounting Standards. The IFRS consolidated financial statements are prepared for the convenience of international shareholders and to meet the continuing obligations of the Company's GDR listing on the London Stock Exchange.

The consolidated financial statements as of and for the year ended 31 December 2016 (the "Consolidated Financial Statements") were approved for issue by the Board of Directors of the Company on November 14, 2017.

**2. Significant accounting policies**

**2.1 Basis of preparation**

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations as adopted by the International Accounting Standards Board ("IASB") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and all interpretations of the Standing Interpretations Committee ("SIC").

The Consolidated Financial Statements have been prepared under the historical cost basis except for the following:

- derivative financial instruments are measured at fair value;
- Financial instruments at fair value through profit or loss are measured at fair value.

For presentational purposes, the current/non-current distinction has been used for the statement of financial position. The statement of comprehensive income is presented using the one-statement approach, dividing items of comprehensive income between a separate income statement and a separate statement of comprehensive income. Expenses are analysed in the income statement using a classification based on their nature. The indirect method has been selected to present the cash flow statement.

The information presented in this document has been presented in thousands of United States Dollar ("US\$"), except earnings per share and unless otherwise stated.

**2.2 Application of new and revised International Financial Reporting Standards ("IFRSs")**

**2.2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements**

The Group adopted the amendments to *IFRS 11 - Joint Arrangements*, which clarify the accounting for acquisitions of interests in a joint operation that constitutes a business. The amendments had no significant effect on the Group's consolidated financial statements.

The Group adopted the amendments to *IAS 16 - Property, Plant and Equipment* and to *IAS 38 - Intangible Assets*, which clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The amendments had no significant effect on the Group's consolidated financial statements.

The Group adopted the amendments to *IFRS 10 - Consolidated Financial Statements*, *IFRS 12 - Disclosure of Interest in Other Entities* and *IAS 28 - Investments in Associates*, which clarify that the exemption from

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

preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves. The amendments had no effect on the Group's consolidated financial statements.

The Group adopted the amendments to IAS 27 - *Separate financial statements* regarding the equity method. The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments had no effect on the Group's consolidated financial statements.

The Group adopted the amendments to IAS 1 - *Presentation of Financial Statements* as part of its major initiative to improve presentation and disclosure in financial reports. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. There was no effect from the adoption of these amendments.

The Group adopted the *Annual Improvements to IFRSs 2012-2014 Cycle*, a series of amendments to IFRS in response to issues raised mainly on, among others, the changes of method of disposal in IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*, on servicing contracts in IFRS 7 - *Financial Instruments: Disclosures*, and on the discount rate determination in IAS 19 - *Employee Benefits*. There was no effect from the adoption of these amendments.

#### **2.2.2 Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year**

In the current year, the Group has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the current year. None of the revised Standards and the new Interpretation has had a material effect on these financial statements. The details of the revised Standards and the new Interpretation are as follows:

##### **Amendments to IFRS 11 Joint Arrangements – Accounting for acquisition of interests in joint operations**

The Group has applied the amendments to IFRS 11 Joint Arrangements regarding accounting for acquisitions of interests in joint operations for the first time in the current year. IFRS 11 Joint Arrangements is amended to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- Apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11
- Disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not re-measured).

The application of these amendments has had no impact on the disclosures or on the amounts recognized in the Group's consolidated financial statements as the Group has not been a party to any joint arrangement in the current year.

##### **Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative**

The Group has applied the amendments to IAS 1 Presentation of Financial Statements in relation to the disclosure initiative for the first time in the current year. IAS 1 Presentation of Financial Statements is amended to address perceived impediments to preparers exercising their judgment in presenting their financial reports by making the following changes:

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

- Clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- Clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;
- Additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

The application of these amendments had some impact on the presentation of the statement of comprehensive income as well as on the disclosures within the notes. However, it did not have any impact on the amounts recognized in the Group's consolidated financial statements.

**Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of acceptable methods of depreciation and amortization**

The Group has applied the amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets regarding the clarification of acceptable methods of depreciation and amortization for the first time in the current year. IAS 16 is amended to prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in limited circumstances.

The application of these amendments has had no impact on the disclosures or on the amounts recognized in the Group's consolidated financial statements.

**Amendments resulting from annual improvements 2012 – 2014 Cycle**

Makes amendments to the following applicable standards:

- IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued
- IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements
- IAS 19 — Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid
- IAS 34 — clarify the meaning of 'elsewhere in the interim report' and require a cross-reference

The application of these amendments has had no impact on the disclosures or on the amounts recognized in the Group's consolidated financial statements.

**2.3 Standards and Interpretations in issue but not yet effective**

At the date of authorization of these financial statements, the Group has not adopted the following Standards and Interpretations that have been issued but are not yet effective. They will be effective on or after the dates described below.

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

New, amended and revised Standards and Interpretations	effective from
<p><b>IFRS 2</b> Amends IFRS 2 Share-based Payment to clarify the standard in relation to the Accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.</p>	Annual periods beginning on or after January 1, 2018
<p><b>IFRS 15</b> The new Standard IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.</p> <p>The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue.</p> <p>Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.</p> <p>Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of IFRS 15. Instead, they are within the scope of IAS 39 Financial Instruments.</p>	Annual periods beginning on or after January 1, 2018
<p><b>IFRS 16</b> The new Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17 Leases and its associated interpretative guidance.</p> <p>IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer.</p> <p>Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast, the Standard does not include significant changes to the requirements for accounting by lessors.</p>	Annual periods beginning on or after January 1, 2019
<p><b>IAS 7</b> Amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.</p>	Annual periods beginning on or after January 1, 2017
<p><b>IAS 12</b> Amends IAS 12 Income Taxes to clarify the following aspects:</p> <ul style="list-style-type: none"> <li>- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.</li> <li>- The carrying amount of an asset does not limit the estimation of probable future taxable profits.</li> <li>- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.</li> <li>- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.</li> </ul>	Accounting periods beginning on or after January 1, 2017
<p><b>IAS 40</b> Amend IAS 40 Investment Property to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of examples of evidence is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.</p>	Accounting periods beginning on or after January 1, 2018
<p>Various Annual Improvements to IFRS Standards 2014-2016 makes relevant amendments to the following standard:</p>	
<p><b>IFRS 12</b> Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10-B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5.</p>	Accounting periods beginning on or after January 1, 2017
<p><b>IFRIC 22</b> In December 2016, the IASB issued <i>IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration</i> which addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency.</p>	Accounting periods beginning on or after January 1, 2018

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*Associates*

Associates are investments in companies where the Group exercises a significant influence, which is presumed to exist when the Group holds voting rights between 20% and 50%. Associates are accounted for using the equity method.

The equity method is as follows:

- The Group's share of the profit or loss of an investee is recognised in the income statement from the date when significant influence begins up to the date when that significant influence ceases or when the investment is classified as held for sale. Investments in associates with negative shareholders' equity are impaired and a provision for its losses is accrued only if the Group has a legal or constructive obligation to cover such losses. Equity changes in investees accounted for using the equity method that do not result from profit or loss are recognised directly in consolidated equity reserves;
- The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value;
- if the ownership interest in an associate is reduced, but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit and loss;
- Unrealised gains and losses generated from transactions between the Company or its subsidiaries and its investees accounted for using the equity method are eliminated on consolidation for the portion pertaining to the Group; unrealised losses are eliminated unless they represent impairment.

Management fees received from associates are included within revenue.

Appendix A includes a list of the entities included in the scope of consolidation.

*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 recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses., except when the entities are in the incorporation phase or have not started significant operations until the date of the consolidated financial statements. Investments classified as held for sale, are accounted for in accordance with IFRS 5 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.

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:

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

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***Foreign currency translation***

***Functional and presentation currency***

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company is Egyptian pound. The Consolidated Financial Statements are presented in 'US Dollars' (US\$), which is the Group's presentation currency.

***Transactions and balances***

Transactions in foreign currencies are translated into the functional currency of the relevant entity at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated, at the reporting date, into the prevailing exchange rates at that date. Foreign currency exchange differences arising on the settlement of transactions and the translation of the statement of financial position are recognised in the income statement. Gains and losses on long-term financing provided to Group subsidiaries by the parent company, for which settlement is neither planned nor likely to occur, are initially recognised in other comprehensive income and reclassified to the income statement on disposal of the relevant entity.

***Group companies***

The financial statements of the Group entities are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rate;
- Income and expenses are translated at the average exchange rate for the period;
- All resulting exchange differences are recognised as a separate component of equity in the "translation reserve" until the group loses control of the relevant subsidiary. When the group disposes of a foreign operation the translation reserve, previously recognised in equity, is transferred to the income statement;
- Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate; and
- In the preparation of the consolidated cash flow statement, the cash flows of foreign subsidiaries are translated at the average exchange rate for the period.

The exchange rates applied in relation to the US\$ are as follows:

	Average for the year ended December 31, 2016	Closing rate as of December 31, 2016	Average for the year ended December 31, 2015	Closing rate as of December 31, 2015
Egyptian Pound (EGP)	0.06	0.056	0.1297	0.1277
Pakistan Rupee (PKR)	0.010	0.010	0.0097	0.0096
Euro (EUR)	0.090	0.053	1.1101	1.0860
DRRK Won (KPW)	0.009	0.009	0.0093	0.0092

***Property and equipment***

Property and equipment are stated at purchase cost or production cost, net of accumulated depreciation and any impairment losses. Cost includes expenditure directly attributable to bringing the asset to the location and condition necessary for use and any dismantling and removal costs which may be incurred because of contractual obligations, which require the asset to be returned to its original state and condition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Each asset is treated separately if it has an autonomously determinable useful life and value. Depreciation is charged at rates calculated to write off the costs over their estimated useful lives on a straight-line basis from the date the asset is available and ready for use.

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The useful lives of property and equipment and their residual values are reviewed and updated, where necessary, at least at each year-end. Land is not depreciated. When a depreciable asset is composed of identifiable separate components whose useful lives vary significantly from those of other components of the asset, depreciation is calculated for each component separately, applying the "component approach".

The useful lives estimated by the Group for the various categories of property and equipment are as follows.

	Number of years
<i>Land and buildings</i>	
Buildings	50
Leasehold improvements and renovations	3-8
<i>Plant and machinery</i>	8-15
<i>Cable system and equipment</i>	4-20
<i>Commercial and other tangible assets</i>	
Tools	5-10
Computer equipment	3-5
Furniture and fixtures	5-10
Vehicles	3-6

Gains or losses arising from the sale or retirement of assets are determined as the difference between the net disposal proceeds and the net carrying amount of the asset sold or retired and are recognised in the income statement in the period incurred under "Disposal of non-current assets".

***Leases***

The Group leases certain property and equipment. Leases of property and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

***Intangible assets***

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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**Derecognition of intangible assets**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

***Licenses***

Costs for the purchase of telecommunication licenses are capitalised. Amortisation is charged on a straight-line basis such as to write off the cost incurred for the acquisition of a right over the shorter of the period of its expected use and the term of the underlying agreement, starting from the date on which the acquired license may be exercised.

***Software***

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Software licenses are amortised on a straight-line basis over their useful life (between 3 to 8 years), while software maintenance costs are expensed in the income statement in the period in which they are incurred.

Costs incurred on development of software products are recognised as intangible assets when the Group has intentions to complete and use or sell the assets arising from the project, considering the existence of a market for the asset, its commercial and technological feasibility, its costs can be measured reliably and there are adequate financial resources to complete the development of the asset. Other development expenditures are recognised in the income statement in the period in which they are incurred.

Directly attributable costs that are capitalised as part of a software product include software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

	<u>Number of years</u>
Rights of use	17- 20
Trademarks	20
Contractual agreements with customers	20
Computer software	5

***Impairment of non-financial assets***

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. In determining an asset's value in use the estimated future cash flows are discounted using a pre-tax rate that reflects the market's current assessment of the cost of money for the investment period and the specific risk profile of the asset. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, "CGU"). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill



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impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

***Investment Property***

Investment properties are property (land or a building or part of a building or both) held by the Group to earn rental income or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in supply of goods or services or for administrative purposes. Investment properties are initially measured at cost. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure.

Directly attributable expenditure includes, for example, professional fees for legal services, property transfer taxes and other transaction costs. Subsequent to initial recognition, the Group has elected to measure investment properties at cost less accumulated depreciation and accumulated impairment losses, if any. Investment property is derecognised upon disposal, when it is permanently withdrawn from use and no future economic benefits expected from its disposal. Gains or losses arising from the retirement or disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period of the retirement or disposal. Reclassifications to / from investment property are made when, and only when, there is a change of use.

Revenue from operating lease rentals is recognised on a straight-line basis over the relevant term of the lease. The rental income generated by investment properties is recognised within revenue in the consolidated income statement.

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 of leased units is estimated at 50 years.

***Financial instruments***

Financial instruments consist of financial assets and liabilities whose classification is determined on their initial recognition and on the basis of the purpose for which they were purchased. Purchases and sales of financial instruments are recognised at their settlement date.

***Financial assets***

The group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

With the exception of derivative financial assets, the Group does not hold any financial assets at fair value through profit or loss; see "Derivative financial instruments" for the accounting policy on derivatives.

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At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not a fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets are classified in the category of available for sale, held to maturity, financial assets at fair value through profit or loss loans and receivables and subsequently measured as described.

Loans and receivables and held-to maturity investments are subsequently carried at amortised cost using the effective interest method.

Loans and receivables comprise 'trade and other receivables' in the statement of financial position. Loans and receivables are non-derivative financial instruments which are not traded on an active market and which are expected to generate fixed or determinable repayments. They are included as current assets unless they are contractually due more than twelve months after the reporting date in which case they are classified as non-current assets. These assets are measured at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gain or losses arising from changes in the fair value are recognised as follows:

- For "financial assets at fair value through profit or loss"- in profit or loss within other income or other expenses;
- For available-for-sale financial assets that are monetary securities denominated in a foreign currency-translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income.

The Group has investments classified as available for sale. As the fair value cannot be reliably determined, the investment is measured at cost. Cost is adjusted for impairment losses if necessary, as described in the paragraph "Impairment of Financial Assets".

Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments are recognised in profit or loss as part of financial income from continuing operations when the Group's right to receive payments is established.

Interest income from financial assets are recognised at fair value through profit or loss. Interest on available-for-sale securities, held to maturity investments and loans and receivables calculated using the effective interest method is recognised in the statement of profit or loss as part of financial income from continuing operation.

The classification of an asset as current or non-current is the consequence of strategic decisions regarding the estimated period of ownership of the asset and its effective marketability, with those, which are expected to be realised within twelve months from the reporting date being classified as current assets.

Financial assets are derecognised when the right to receive cash flows from them expires or have been transferred and the Group has effectively transferred all risks and rewards related to the instrument and its control.

***Impairment of financial assets***

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as- available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter

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bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

*Assets carried at amortised cost*

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

*Assets classified as available-for-sale*

If there is objective evidence of impairment for available-for sale financial assets, the cumulative loss-measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss- is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed though profit or loss in a subsequent period.

In the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

*Interest income*

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash-flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

*Financial liabilities and equity instruments*

Debt and equity instruments issued by a Group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

*Equity instruments*

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

*Financial liabilities*

Financial liabilities consisting of borrowings, trade payables and other obligations are measured at amortised cost using the effective interest method. Financial liabilities are classified as current liabilities except where the Group has an unconditional right to defer payment until at least twelve months after the reporting date.

Financial liabilities are derecognised when settled and the Group has transferred all the related costs and risks relating to an instrument.

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***Derivative financial instruments and embedded derivatives***

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Fair value gains and losses on all of the Groups derivative financial instruments are recognised in the income statement within finance income and expense.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

***Inventories***

Inventories are stated at the lower of purchase cost or production cost and net realisable value. Cost is based on the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. When necessary, obsolescence allowances are made for slow-moving and obsolete inventories.

***Cash and cash equivalents***

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

***Current and deferred income tax***

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred income tax is not accounted for if it arises from initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the near future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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***Business Combination***

The acquisition method of accounting is used to account for all business combination, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- Fair values of the assets transferred;
- Liabilities incurred to the former owners of the acquired business;
- Equity interests issued by the group;
- Fair value of any asset or liability resulting from a contingent consideration arrangement and;
- Fair value of any pre-existing equity interest in the subsidiary;

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the:

- Consideration transferred;
- Amount of any non-controlling interest in the acquired entity, and
- Acquisition date fair value of any previous equity interest in the acquired entity

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly on profit or loss as a bargain purchase.

Where the settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

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

***Provisions***

Provisions are only recognised when the Group has a present legal or constructive obligation arising from past events that will probably result in a future outflow of resources, and the amount has been reliably estimated. Provisions are not recognised for future operating losses. The amount provided represents the best estimate of the present value of the outlay required to meet the obligation. The interest rate used in determining the present value of the liability reflects current market rates and takes into account the specific risk of each liability.

***Revenue recognition***

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, rebates and discounts and after eliminating sales within the Group.

Revenue from the sale of goods is recognised when the Group transfers the risks and rewards of ownership of the goods. Revenue from services is recognised in the income statement by reference to the stage of completion and only when the outcome can be reliably estimated.

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More specifically, the criteria followed by the Group in recognising ordinary revenue are as follows:

- Revenue arising from post-paid traffic, interconnection and roaming is recognised on the basis of the actual usage made by each subscriber and telephone operator. Such revenue includes amounts paid for access to and usage of the group network by customers and other domestic and international telephone operators;
- Revenue from the sale of prepaid cards and recharging is recognised on the basis of the prepaid traffic actually used by subscribers during the period. The unused portion of traffic at period end is recognised as deferred income;
- One-off revenue from mobile (prepaid or subscription) activation and/or substitution, prepaid recharge fees and the activation of new services and tariff plans is recognised for the full amount at the moment of activation independent of the period in which the actual services are rendered by the Group. In the case of promotions with a cumulative plan still open at the end of the period, the activation fee is recognised on an accruals basis so as to match the revenue with the period in which the service may be used;
- Revenue from bandwidth capacity sales (Cable segment revenue) is recognised over the period of the contract on the basis of usage of bandwidth by the customers. Advances received from customers, for which the service has not yet been provided is disclosed as deferred income.

***Revenue of 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 recognised 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***

Operating revenues represent the following types:

***Investment banking revenue***

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

***Management fees of funds and portfolios***

Management fees are recognised 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 recognised 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.

***Commissions***

Sale commissions: represent commissions on sale of securities for clients in local or global stock exchanges, calculated at specified rates agreed with clients as a percentage of the sale transaction.

Purchase commissions: represent commissions on purchase of securities for clients in local or global stock exchanges, calculated at specified rates agreed with clients as a percentage of the purchase transaction.

***Custodian fees***

Custodian fees are recognised as the difference between fees collected from clients and those incurred or paid to custodians.

They are recognised according to contracts signed with clients on accrual basis.

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They are recognised the commissions for collecting coupons for customers, the collection of these coupons are on behalf of the customers.

***Interest income***

Interest income is recognised on a time-proportion basis using the effective interest rate method.

***Earnings per share***

***Basic***

Basic earnings per share are calculated by dividing the profit for the period attributable to equity holders of the Company, both from continuing and discontinued operations, by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Company and held as treasury shares.

***Diluted***

Diluted earnings per share are calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares of the Company outstanding during the period where, compared to basic earnings per share, the weighted average number of shares outstanding is modified to include the conversion of all dilutive potential shares, while the profit for the period is modified to include the effects of such conversion net of taxation. Diluted earnings per share are not calculated when there are losses as any dilutive effect would improve earnings per share.

***Segment reporting***

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

***Non-current assets and liabilities held for sale***

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter the assets and liabilities held for sale (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent losses on re-measurement are recognised in the income statement. Subsequent increase in fair value less costs to sell may be recognised in the income statement only to the extent of the cumulative impairment loss that has been recognised previously.

***Discontinued operations***

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

***Fair value estimation***

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

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

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specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques used to value financial instruments include quoted market prices or dealer and broker quotes for similar instruments and other techniques such as option valuation models and discounted cash flows. The following table sets forth the Group's financial assets and liabilities that are measured at fair value as of 31 December 2016 and 2015.

	As of 31 December	
	2016	2015
<i>(in thousands of US\$)</i>		
<b>Assets</b>		
<i>Treasury Bonds</i>	4,307	545
<i>Financial assets at fair value through profits or losses</i>	403	4,782
<b>Total assets</b>	<b>4,710</b>	<b>5,327</b>

The Group did not measure any financial assets or liabilities as level 3 fair value estimates and there were no transfers between level 1 and 2 during the years ended 31 December 2016 and 2015.

*Financial instruments in level 2*

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives, including put and call options) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include;

- Quoted market prices of shares traded on a stock market;
- Fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flows and a Monte Carlo approach combined with the Longstaff-Schwartz algorithm for the remaining financial instruments.

Particularly investment in financial assets available for sale, and mainly Misr for central clearing depository and registry Company and Guarantee settlement fund, is stated at cost, as it relates to unlisted equity securities that do not have a quoted market price in an active market for an identical instrument and for which fair value cannot be measured reliably. For further details, refer to Note (20) 'Other financial assets'.

The carrying amount of short-term trade and other receivables and payables reasonably approximates fair value as of 31 December 2016 and 31 December 2015.

**3. Use of estimates and critical judgements**

The preparation of the Consolidated Financial Statements requires that the directors apply accounting policies and methodologies that, in some circumstances, are based upon complex and subjective judgments and estimates that are based on historical experience and assumptions that are considered reasonable and realistic at the time, considering the relevant circumstances. The application of such estimates and assumptions affects the amounts recorded in the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income and cash flows, as well as in the notes. Actual results might differ from such estimates due to the uncertainty surrounding the assumptions and conditions upon which estimates are based. The accounting estimates that require the more subjective judgment of management in making assumptions or estimates regarding the effects of matters that are inherently uncertain and for which changes in conditions may significantly affect the results reported in these Consolidated Financial Statements are summarised below.



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Valuation of financial instruments

For some financial instruments that are not traded in an active market and included in the financial statements such as financial derivatives, Management estimates fair value using valuation techniques based on inputs and assumptions, some of which are linked to quoted market prices and others on management's estimations. Management applied reasonable option valuation models during the period in estimating the fair value of these financial instruments. Management also conducted a sensitivity analysis for changes in the estimated fair value of these instruments and changes in inputs used for assessing the reasonableness of results reached using the acceptable valuation models.

Impairment of non-current assets

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 recognised. In order to determine whether any such elements exist, it is necessary to make subjective measurements, based on information obtained within the Group, in the market and on past experience. When indicators are identified that an asset may have become impaired, the Group estimates the impairment loss using suitable valuation techniques. The identification of elements indicating that a potential impairment exists and estimates of the amount of the impairment, depend on factors that may vary in time, affecting management's assessments and estimates.

Impairment of financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The Group assesses whether there is an objective evidence that, as a result of one or more events (a "loss event") that occurred after the initial recognition of a financial asset or a group of financial assets, the estimated future cash flows of an asset or a group of assets have been affected.

The Group monitors impairment losses recognised, and where an impairment loss subsequently reverses, the carrying amount of a financial asset or a group of financial assets is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset.

Intangibles

Intangible assets constitute a significant part of the Group's total assets and the scheduled amortisation charges from a significant part of the annual operation expenses. The useful economic lives arrived at, on the basis of management's estimates and assumptions, have a major impact on the valuation of intangible assets.

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the intangible asset is estimated, in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the 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, intangible assets are 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.

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Depreciation of non-current assets

The cost of property and equipment is depreciated on a straight-line basis throughout the useful economic life of the relevant asset. The useful economic life is determined by management at the time the asset is acquired and is based upon historical experience for similar assets, market conditions, and forecasts regarding future events that could have an impact on useful life, including changes in technology. Therefore, the actual useful economic life may differ from the estimated useful life. The Group periodically evaluates sector and technology changes in order to update the remaining useful life. Such periodic updates could result in a change during the depreciation period, and therefore also in the depreciation in future periods.

Taxes

Income taxes (both current income tax and deferred taxes) are determined in each country where the Group operates in accordance with a prudent interpretation of the applicable tax regulations.

This process results in complex estimates in determining taxable and deductible income and taxable temporary differences between accounting and tax values. In particular, deferred tax assets are recognised when it is probable that there will be future taxable income against which the temporary differences can be utilised. The assessment of the recoverability of deferred tax assets, in relation to tax losses that can be used in future periods and deductible temporary differences, considers the estimated future taxable income on the basis of a prudent tax planning.

Goodwill

The impairment test on goodwill is carried out by comparing the carrying amount of cash-generating units and their recoverable amount. 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 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 indicating that the Group may have an obligation resulting in the ordinary course of business, Management applies its judgment in determining whether the recognition criteria have been met through assessing the probability of the obligation, making assumptions about timing and amounts of future cash outflows expected to settle the obligation.

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**4. Financial risk management**

***Financial risk factors***

The Group is exposed to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. In particular, the Group is exposed to risks from movements in exchange rates, interest rates and market prices. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's performance through ongoing operational and finance activities. The management has overall responsibility for the establishment and oversight of the Group's risk management framework.

***Market Risk***

***i) Foreign exchange risk***

The Group operates internationally and is exposed to foreign exchange risk arising when its business transactions are in currencies other than its functional currency. The main currencies to which the Group is exposed are the US dollar ("US\$"), the Pakistani Rupee ("PKR"), the Euro ("EUR"), DPRK Won ("KPW") and the Egyptian Pound ("EGP").

The Group is exposed to foreign currency risk arising in two separate ways:

***a) Foreign exchange operations risk***

The Group entities predominantly execute their operating activities in their respective functional currencies. Some Group subsidiaries are, however, exposed to foreign currency risks in connection with scheduled payments in currencies that are not their functional currencies. In general, this relates to foreign currency denominated supplier payables due to capital expenditures and receivables. The Group monitors the exposure to foreign currency risk arising from operating activities and in general does not use derivative financial instruments to hedge foreign exchange exposure in relation to ordinary operating activities.

At yearend, major net assets / (net liabilities) foreign currencies positions presented in 'US Dollars' (US\$), were as follows:

<u>(In thousand \$US)</u>	<u>2016</u>	<u>2015</u>
USD	73,740	125,989
Euro	841	4,811
PKR	(42,595)	(19,253)
GBP	174	436
Other	23,257	4,993

As of 31 December 2016, if the functional currencies had increased/(decreased) by 10% against the US\$, Euro, Egyptian pound, and DPRK Won, with all other variables held constant, the translation of foreign currency receivables and payables would have resulted in an increase/(decrease) of US\$ 13,347 thousand of net profit (2015: US\$ 3,497 thousand of net profit).

***b) Foreign exchange translation risk***

Due to its international presence, the Group's Consolidated Financial Statements are exposed to foreign exchange fluctuations, as these affect the translation of subsidiaries' assets and liabilities denominated in foreign currencies to the US\$ (the Group's presentational currency). The currencies concerned are mainly the Egyptian pound, the Pakistani Rupee, DPRK Won and the Euro. This represents a translational risk rather than a financial risk given that these movements are posted directly to equity in the cumulative translation reserve.

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ii) Price risk

The Group has limited exposure to equity instruments of other entities that are publicly traded.

iii) Cash flow and fair value interest rate risk

The Groups interest rate risk arises from borrowings. Borrowings received at variable interest rates expose the Group to cash flow interest rate risk. The Group has not entered into any derivative financial instruments to hedge its exposure to cash flow interest rate risk.

All borrowings outstanding as of 31 December 2016 and 2015 (US\$89,947 thousand; US\$87,556 thousand) are at a fixed interest rate, at a variable interest rate and interest rate free.

The Group analyses its interest rate exposure on a dynamic basis. The Group calculates the impact on profit or loss of a defined interest rate shift. The same interest rate shift is used for all currencies.

The impact of a 1% interest rate shift would be a maximum increase/decrease in 2016 finance costs of US\$ 900 thousands (2015: US\$ 838 thousand).

**Credit Risk**

The Group considers that it is not exposed to major concentrations of credit risk in relation to trade receivables. However, credit risk can arise in the event of non-performance of a counterparty, particularly in relation to credit exposures for trade and other receivables, financial instruments and cash and cash equivalents.

The credit risk to which the Group is exposed to be analysed by segment as follows:

i) Financial Service

In general, all costumers are relating to the financial services of Beltone financial group as follows: financial segment of Investment Banking, Asset Management, Brokerage and Other financial Services.

ii) Investment property:

Substantially there is only one significant international client.

iii) GSM

Substantially all customers in Lebanon are prepaid customers meaning that there is a low credit risk associated with this GSM operation.

iv) Cable

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

v) Other (including Media & Technology, classified as assets held for sale in 2015)

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 tries to mitigate credit risk by adopting specific control procedures, including assessing the credit worthiness of the counterparty and limiting the exposure to any one counterparty. Accruals to the allowance of doubtful receivables amounted to US\$ 1,048 thousand during 2016 (US\$ 36,555 thousand for the year ended 31 December 2015). See also Note (22).

Credit risk relating to cash and cash equivalents and financial deposits arises from the risk that the counterparty becomes insolvent and accordingly is unable to return the deposited funds or execute the obligations under the derivative transactions as a result of the insolvency.

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.

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**Liquidity Risk**

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.

Laws and regulations in certain countries, such as 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 remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the tables are the gross contractual, undiscounted cash flows including interest, charges and other fees.

As of 31 December 2016 <i>(in thousands of US\$)</i>	Carrying amount	Expected cash flows (*)	Less than 1 year	Between 1 and 5 years	More than 5 years
<b>Liabilities</b>					
Liabilities to banks	86,962	97,740	36,460	57,415	3,865
Finance lease liability	149	163	69	94	-
Other borrowings	2,836	2,886	2,886	-	-
Trade payables	42,182	42,307	28,953	13,354	-
<b>As of 31 December 2016</b>	<b>132,129</b>	<b>143,096</b>	<b>68,368</b>	<b>70,863</b>	<b>3,865</b>

As of 31 December 2015 <i>(in thousands of US\$)</i>	Carrying amount	Expected cash flows (*)	Less than 1 year	Between 1 and 5 years	More than 5 years
<b>Liabilities</b>					
Liabilities to banks	84,564	85,264	6,854	78,410	-
Finance lease liability	213	242	75	167	-
Other borrowings	2,779	2,814	2,267	547	-
Trade payables	21,800	21,800	21,800	-	-
<b>As of 31 December 2015</b>	<b>109,356</b>	<b>110,120</b>	<b>30,996</b>	<b>79,124</b>	<b>-</b>

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

**Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

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*Other risks*

Governmental authorisations

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 is conducted in Egypt, North Korea and Pakistan. The operations of the Group depend on the market economy of the countries in which the subsidiaries or associate operate. In particular, these markets are 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 condition, performance and 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 North Korea, where Koryolink operates could reduce the ability to pay interest and dividends and to repay loans, credit instruments and securities expressed in foreign currency through the transfer of currency. In addition, in some countries it could be difficult to convert large amounts of foreign currency due to central bank regulations. The central banks may amend regulations in the future and therefore the ability of the Company to receive funds from its subsidiaries may change.

Government Approvals

Some of the activities of the Group, including the telecommunications activity in Lebanon and the marine cable business, depend heavily on obtaining the approval of the concerned government authorities. The telecommunications activity in Lebanon is in accordance with the agreement with the Ministry of Telecommunications for the management of Mobile Interim Company One (MIC1) which expired in 31 January, 2013 and are regularly updated.

In the event that such approvals cannot be obtained, this could have a negative effect on the Group's future activities, such as lower revenues or fines by contracting parties.

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**Classes of financial instrument**

The tables below present the Groups financial assets and liabilities by category.

	As of December 31, 2016			As of December 31, 2015		
	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total
<i>(in thousands of US\$)</i>						
Other financial assets	8,244	1,180	9,424	11,010	7,838	18,848
Trade receivables	22,662	-	22,662	17,401	-	17,401
Other current assets <sup>1</sup>	2,621	-	2,621	2,100	-	2,100
Cash and cash equivalents	162,863	-	162,863	202,454	-	202,454
<b>Total</b>	<b>196,390</b>	<b>1,180</b>	<b>197,570</b>	<b>232,965</b>	<b>7,838</b>	<b>240,803</b>

<sup>1</sup> Excludes prepaid expenses, advances to suppliers, employee loans and assets from current tax as these do not meet the definition of a financial asset.

	As of December 31, 2016		As of December 31, 2015	
	Other financial liabilities at amortized cost	Total	Other financial liabilities at amortized cost	Total
<i>(in thousands of US\$)</i>				
Borrowings	89,947	89,947	87,556	87,556
Other non-current liabilities <sup>2</sup>	1,612	1,612	1,677	1,677
Trade payable and other current liabilities <sup>3</sup>	50,818	50,818	32,661	32,661
<b>Total</b>	<b>142,377</b>	<b>142,377</b>	<b>121,894</b>	<b>121,894</b>

<sup>2</sup> Excludes Prepaid traffic and deferred income, as these do not meet the definition of a financial liability.

**5. Segment reporting**

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

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

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

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

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

**Revenue and EBITDA disclosure per segment**

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

<i>(in thousands of US\$)</i>	For the year ended December 31, 2016				For the year ended December 31, 2015			
	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA
Investment Property	3,321	-	3,321	2,157	1,042	-	1,042	(1,973)
GSM Lebanon	7,774	-	7,363	4,010	7,230	-	7,230	3,539
Financial Services	11,785	-	11,364	(2,847)	1,608	-	1,608	1
Cable	30,729	-	30,729	6,681	27,530	-	27,530	3,238
Other	1,766	(1,766)	832	(23,675)	3,081	(2,700)	381	(23,255)
<b>Total</b>	<b>55,375</b>	<b>(1,766)</b>	<b>53,609</b>	<b>(13,674)</b>	<b>40,491</b>	<b>(2,700)</b>	<b>37,791</b>	<b>(18,450)</b>

**Reconciliation of EBITDA to profit before income tax**

<i>(in thousands of US\$)</i>	Year ended December 31, 2016	Year ended December 31, 2015
<b>EBITDA</b>	<b>(13,674)</b>	<b>(18,450)</b>
Depreciation and amortisation	(11,518)	(12,274)
Impairment charges	5,128	(40,727)
Disposal of non-current assets	1,047	157,053
Financial income	3,196	(135,516)
Financial expense	(7,503)	(4,176)
Foreign exchange gain	70,735	5,490
Share of profit of investment in associates	135,508	29,740
Impairment of associates	(135,503)	(30,326)
<b>Profit before income tax</b>	<b>47,416</b>	<b>(49,186)</b>

**Assets per segment**

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

<i>(in thousands of US\$)</i>	As of December 31, 2016					As of December 31, 2015 (Revised)				
	Property and equipment	Intangible assets	Interests in associates	Investment property	Total	Property and equipment	Intangible assets	Interests in associates	Investment property	Total
Investment property	-	-	-	80,048	80,048	-	-	-	69,986	69,986
Financial Service	739	21,192	-	-	21,931	713	49,307	-	-	50,020
Cable	129,337	13,567	-	-	142,904	104,009	13,637	-	-	117,646
Other	3,537	13	34,163	-	37,713	7,886	76	78,451	-	86,413
<b>Total</b>	<b>133,613</b>	<b>34,772</b>	<b>34,163</b>	<b>80,048</b>	<b>282,596</b>	<b>112,608</b>	<b>63,020</b>	<b>78,451</b>	<b>69,986</b>	<b>324,065</b>



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**Reconciliation of assets allocated to total assets**

<i>(in thousands of US\$)</i>	<b>As Of December 31, 2016</b>	<b>As Of December 31, 2015 (Revised)</b>
Assets allocated	282,596	324,065
Other non-current financial assets	1,431	8,030
Other non-current assets	33,704	9,307
Inventories	137	156
Trade receivables	22,662	17,401
Other current financial assets	7,993	10,818
Other current assets	14,893	14,872
Cash and cash equivalents	162,863	202,454
<b>Total assets</b>	<b>526,279</b>	<b>587,103</b>

**Capital expenditure**

The table below illustrates the capital expenditure incurred by each segment for the year ended 31 December 2016 and the year ended 31 December 2015:

<i>(in thousands of US\$)</i>	<b>Year ended December 31, 2016</b>	<b>Year ended December 31, 2015</b>
Financial Services	1,214	-
Cable	29,127	26,419
Other	772	8,901
<b>Total</b>	<b>31,113</b>	<b>35,320</b>

**6. Net loss from discontinued operations - Koryolink**

Loss from discontinued operations for the year ended 31 December 2015 relates to the losses from disposal of Koryolink (US\$ 477 million). The Company's investments in North Korea related primarily to the 75% holding in the local telecom operator Koryolink. The accounting treatment was modified in 2015 and recognised as investment in associates instead of investment in subsidiaries. In the management's view, the control over the Koryolink's activity was lost during 2015 (see Note 15)

Analysis of loss from discontinued operations of Koryolink are as follows:

<i>(in thousands of US\$)</i>	<b>For the year ended December 31, 2015</b>
Revenue	246,951
Expenses	(104,570)
<b>Profit from operating activities</b>	<b>142,381</b>
Income tax expense	(44,071)
<b>Profit from operating activities, net of tax income</b>	<b>98,310</b>
Loss on disposal	(575,089)
<b>(Loss) from discontinued operations</b>	<b>(476,779)</b>

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The loss on disposal has been determined as follows:

<i>(in thousands of US\$)</i>	<b>Carrying amount at disposal</b>
Property and equipment	(141,298)
Intangible assets	(44,886)
Inventories	(127)
Other current financial assets	(686,682)
Other current assets	(1,958)
Cash and cash equivalents	(140,201)
<b>Total assets</b>	<b>(1,015,152)</b>
Trade payables	53,363
Non-controlling interests	204,859
Other current liabilities	69,003
Provisions	1,157
Current income tax liabilities and Differed tax	22,525
<b>Total liability</b>	<b>350,907</b>
<b>Net assets disposed of</b>	<b>(664,245)</b>
<b>Loss of Control</b>	
Investment and Current account	114,111
<b>Loss on disposal before recycling of foreign exchange</b>	<b>(550,134)</b>
Recycling of Foreign exchange	(24,955)
<b>Loss on disposal</b>	<b>(575,089)</b>

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 operating in North Korea, whereas determined by the Central Bank of North Korea, 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 IAS 21 "The Effects of Changes in Foreign Exchange Rates", the interim financial statements for Koryolink at September 30, 2015 (the date when control was lost) were translated to US\$ 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. Revenue**

<i>(in thousands of US\$)</i>	<b>For the year ended December 31, 2016</b>	<b>For the year ended December 31, 2015</b>
Interconnection traffic	30,729	27,530
Management contract -Fees	7,363	7,230
Revenue form Financial services	11,364	1,608
Investment Property Revenue	3,321	1,042
Other revenues	832	381
<b>Total</b>	<b>53,609</b>	<b>37,791</b>

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**8. Purchases and services**

*(in thousands of US\$)*

	<b>For the year ended December 31, 2016</b>	<b>For the year ended December 31, 2015</b>
Rental of local network, technical sites and other leases	5,995	6,755
Purchases of goods and changes in inventories	436	5,100
Band width cost	4,101	4,075
Maintenance costs	7,094	2,103
Advertising and promotional services	883	464
Consulting and professional services	4,832	2,449
Airfare	1,355	1,654
Other service expenses	6,140	3,298
<b>Total</b>	<b>30,836</b>	<b>25,898</b>

**9. Other expenses**

*(in thousands of US\$)*

	<b>For the year ended December 31, 2016</b>	<b>For the year ended December 31, 2015</b>
Provisions for risks	7,726	10,217
Accruals for provisions ,write downs and penalties	1,048	2,875
Other operating expenses	1,531	730
<b>Total</b>	<b>10,305</b>	<b>13,822</b>

**10. Personnel costs**

*(in thousands of US\$)*

	<b>For the year ended December 31, 2016</b>	<b>For the year ended December 31, 2015</b>
Wages and salaries	23,698	14,686
Social security	451	350
Pension costs	276	351
Contractual bonuses	2,158	1,127
Other personnel costs	1,323	892
<b>Total</b>	<b>27,906</b>	<b>17,406</b>

**11. Depreciation and Amortisation**

*(in thousands of US\$)*

	<b>For the year ended December 31, 2016</b>	<b>For the year ended December 31, 2015</b>
<b>Depreciation of tangible assets</b>		
Buildings	282	309
Plant and machinery	4	6
Cable system and equipment	7,402	9,804
Commercial and other tangible assets	798	445
<b>Depreciation of Investment property</b>		
Buildings	1,621	323
<b>Amortization of intangible assets</b>		
License	89	195
Right of use	807	1,190
Customer Base	389	-
Trademark	124	-
Other	2	2
<b>Total</b>	<b>11,518</b>	<b>12,274</b>

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**12. Impairment of non-current assets**

Reversal of Impairment charges of US\$ 5.1 million in 2016 mainly comprises the partial reversal of the impairment loss of US\$ 40.7 million recognised in 2015, relating to the main asset of MENA Cable, a submarine cable. The impairment loss was recorded in 2015 following an appraisal of the asset performed by the company, which indicated that the expected recoverable value was less than the book value as of 31 December 2015. The impairment loss was partially reversed in 2016 as a result of further appraisals by the Company.

**13. Net capital gains**

On February 22, 2015 the Board of Directors of the Company agreed on the sale of all the Company's shares in the Egyptian Company for Mobile Services (ECMS) 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, the selling price was agreed also on the basis of 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.

Based on negotiations with Orange S.A. Company, the Company's selling price of its investment in the Egyptian Company for Mobile Services (ECMS), amounted to 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, amounted to Euro 45,846,193 (with an approximate value amounting to Euro 1.59 per share). The total consideration received in connection with the disposal of ECMS amounted to US\$ 235 million.

This deal also closes 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. In this context the Company derecognised the previously recognised fair value of derivative instruments, recording a fair value less of US\$ 136 million and accounted for a gain on disposal of its investments in MT Telecom SCRL and ECMS of US\$ 157 million.

**14. Net financing (costs) income**

*(in thousands of US\$)*

	<b>For the year ended December 31, 2016</b>	<b>For the year ended December 31, 2015</b>
Interest income on deposits	3,196	529
Fair value losses on derivative instruments	-	(136,089)
Profit and Returns from Investment Funds	-	44
<b>Financial income</b>	<b>3,196</b>	<b>(135,516)</b>
Interest expense on borrowings	(6,257)	(1,374)
Interest expense on trade and other liabilities	(13)	(3)
Other interest expense and financial charges	(1,233)	(2,799)
<b>Financial expense</b>	<b>(7,503)</b>	<b>(4,176)</b>
Foreign exchange gain/ (loss)	70,735	5,490
FOREX	70,735	5,490
<b>Total</b>	<b>66,428</b>	<b>(134,202)</b>

**Financial income**

Financial income includes the loss related to the exercise of ECMS option in 2015.

**Financial expense**

Financial expense includes the impairment of other amounts paid in relation to the Group's investment in North Korea due to uncertainties regarding its recoverability.

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**15. Investment in associates**

Investment in associates primarily relate to the investment in the telecommunication operator in North Korea (Cheo Technology Koryolink).

The following table provides a breakdown of investments in associates:

Company	Country	Ownership	As of	As of
			December 31, 2016	December 31, 2015
Cheo Technology-Koryolink	DPRK	75.00%	122,685	108,695
Electronic Fund Administration Services	Egypt	15.30%	30	82
International Fund Administration Services	Egypt	15.30%	42	-
Axes Holding company	Egypt	26.01%	630	-
Impairment			(89,224)	(30,326)
			<b>34,163</b>	<b>78,451</b>

The following table illustrates the detailed movement of investments in associates.

(in thousands of US\$)	2016	2015
As of 1 January	78,451	82,739
Change in Scope	-	79,643
Share of income of associate before impairment	135,508	29,740
Impairment	(135,503)	(30,326)
Share of OCI of associates	168	(186)
Sale	-	(209)
Disposal (Including voting rights compensation)	-	(75,932)
Exchange differences	(44,461)	(7,018)
As of 31 December	<b>34,163</b>	<b>78,451</b>

**(15-1) Koryolink**

The tables below sets forth-summary financial information of the associate.

**Summarised balance sheet**

(in thousands of US\$)	As of December 31, 2016	As Of December 31, 2015
Assets	1,229,483	1,038,103
Liabilities	(213,915)	(179,871)
Net assets	1,015,568	858,232
	<b>For the year ended December 31, 2016</b>	<b>For the year ended December 31, 2015</b>
Revenues	342,092	331,347
Total Expense	(161,421)	(165,670)
Post tax profit from continuing operations	180,671	165,677
Share of profit of associates	135,508	29,740

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

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

In light of the change in the results of those negotiations which indicates a disagreement from the Korean side to grant the management the rights to control in case of the merger and due to the increase in aforementioned restrictions during the period ended September 30, 2015, in the group's management view, the control over the Koryolink's activities was lost according to the requirements of IFRS 10, which led to modify the accounting treatment to be accounted for as investment in associates instead of investment in subsidiaries starting from the date that management considered it has lost the control at September 30, 2015, Management believes that through losing of control, it has a significant influence over Koryolink. The investment in CHEO Technology JV (Koryolink) was measured at cost that represents the fair value on the date of loss control based on independent valuator report.

Net assets for the subsidiary were translated on September 31, 2015 using the exchange rate declared by central bank in North Korea as the group's management had no other exchange rate except for the exchange rate declared by the central bank in North Korea. Losses resulting from adjusting the accounting treatment amounting to US\$ 476,779 thousand included in losses from discontinued operations in the statement of profits or loss.

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

During the current period and in the light of new international sanctions that the United States administration has decided to impose on the North Korean government and its various departments, the Group's management to follow up ongoing activities to make sure that the sanctions are not violated, and the two sides reached some understandings of the organizational and commercial frameworks which works on organizing the work of telecommunications market in North Korea These arrangements will guarantee the fair allocation of subscribers between Koryolink and the Government telecom operator "Kang Song NET" and initially handling some other issues faced by Koryolink, such as; the transfer of the cash balances in local currency to Euro using the parallel market rate (parallel market rate: 1 Euro is equivalent to 8,650 of the local currency, official rate: 1 Euro is equivalent to 118 of the local currency). This is conditional that the Korean party will fulfill its obligations. In addition the arrangements setting rules allows the transfer of profits "repatriate funds", in case of the availability of retained earnings and foreign currency balances, needed for the profit distribution process.

During December 2016, the Group management has received an amount of EGP 260 million as a down payment of profit distribution process before Koryolink. Subsequent to the consolidated financial statements date, On January 17, 2017, Koryolink's BOD formally has been declared net of profit distribution with an amount of Euro 32 million. The Company's management decided to recognize the received amount in the creditors as of December 31, 2016, depending on the distributions received criteria from an associate has not been met yet, and the subsequent event of Koryolink's BOD is non-adjusting event. The company has received subsequently on February 2017 amount of EGP 10 Million from agreed dividends, while the remaining amount was received in the second quarter of 2017. The management of the Group is currently monitoring the execution of the arrangements, and following up on the remaining issues faced by the Company to reach a solution, in light of the new international sanctions. The recorded accounting treatment have been adequately accounted for reflecting the Group's management best estimate.

The United Nations Security Council issued a resolution on September 11, 2017 obliging member states of the United Nations to pass laws prohibiting joint ventures and existing partnerships with the North Korean Republic unless approval is obtained to continue such joint ventures. The management of the Company believes that its investments in North Korea's network for mobile services is a utility and that is similar to the type of project likely to be approved to continue. At the present, the company's management is in the process of submitting an official request through the Government of the Arab Republic of Egypt in order to be excluded from adhering to the said resolution. In Addition, the company's management also believes that, in the absence of a clear mechanism for implementing the resolution, it is difficult to measure its impact on the recoverable value of the investment.

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**16. Income tax expense**

<i>(in thousands of US\$)</i>	<b>For the year ended December 31, 2016</b>	<b>For the year ended December 31, 2015</b>
Current tax expense	3,257	12,635
Deferred tax (21)	11,574	1,763
<b>Total Income Tax Expenses</b>	<b>14,831</b>	<b>14,398</b>

The main increase during 2015 in the current tax expense is due to the taxes on capital gains related to exercise of ECMS option.

**17. Property and equipment**

<i>(in thousands of US\$)</i>	<b>Land and Buildings</b>	<b>Plant and machinery</b>	<b>Cable system and equipment</b>	<b>Commercial and other tangible assets</b>	<b>Assets under Construction</b>	<b>Total</b>
<i>Cost</i>	11,369	206,968	292,086	29,368	24,437	<b>564,228</b>
<i>Accumulated depreciation and impairment</i>	(1,367)	(82,762)	(171,930)	(13,887)	(1,632)	<b>(271,578)</b>
<i>As of 1 January 2015</i>						
<i>Additions</i>	72	5,621	378	4,653	23,172	<b>33,896</b>
<i>Disposals</i>	(93)	-	-	(252)	(75)	<b>(420)</b>
<i>Change in the scope of consolidation out-going</i>	-	(116,773)	-	(17,338)	(12,435)	<b>(146,546)</b>
<i>Change in the scope of consolidation in-coming</i>	-	-	-	3,601	-	<b>3,601</b>
<i>Depreciation</i>	(309)	(19,965)	(9,804)	(2,995)	-	<b>(33,073)</b>
<i>Impairment</i>	-	-	(32,994)	-	(264)	<b>(33,258)</b>
<i>Currency translation differences</i>	(648)	(1,520)	(1,068)	(261)	(745)	<b>(4,242)</b>
<i>Reclassifications</i>	-	8,431	-	55	(8,486)	<b>-</b>
<b>Net book value as of 31 December 2015</b>	<b>9,024</b>	<b>-</b>	<b>76,668</b>	<b>2,944</b>	<b>23,972</b>	<b>112,608</b>
<i>Cost</i>	10,540	8	290,977	7,852	25,826	<b>335,203</b>
<i>Accumulated depreciation and impairment</i>	(1,516)	(8)	(214,309)	(4,908)	(1,854)	<b>(222,595)</b>

<i>(in thousands of US\$)</i>	<b>Land and Buildings</b>	<b>Plant and machinery</b>	<b>Cable system and equipment</b>	<b>Commercial and other tangible assets</b>	<b>Assets under Construction</b>	<b>Total</b>
<i>Cost</i>	10,540	8	290,977	7,852	25,826	<b>335,203</b>
<i>Accumulated depreciation and impairment</i>	(1,516)	(8)	(214,309)	(4,908)	(1,854)	<b>(222,595)</b>
<i>As of 1 January 2016</i>						
<i>Additions</i>	228	-	3,554	1,444	25,048	<b>30,274</b>
<i>Disposals</i>	-	-	(64)	(278)	(1,015)	<b>(1,357)</b>
<i>Depreciation</i>	(283)	-	(7,396)	(802)	-	<b>(8,481)</b>
<i>Reversal</i>	-	-	4,937	-	-	<b>4,937</b>
<i>Currency translation differences</i>	(3,040)	-	-	(833)	298	<b>(3,575)</b>
<i>Reclassifications</i>	38	-	-	29	(860)	<b>(793)</b>
<b>Net book value as of 31 December 2016</b>	<b>5,967</b>	<b>-</b>	<b>77,699</b>	<b>2,504</b>	<b>47,443</b>	<b>133,613</b>
<i>Cost</i>	7,369	5	294,083	6,566	49,297	<b>357,320</b>
<i>Accumulated depreciation and impairment</i>	(1,402)	(5)	(216,384)	(4,062)	(1,854)	<b>(223,707)</b>

Additions to property and equipment mainly relate to cell site investments and assets under construction relating to new base stations in North Korea, cable system and equipment. These investments are mainly driven by the expansion of the business, increased capacity and the change in GSM technology.

Note that 2015 additions had for a significant portion already been settled through advance payments as of 31 December 2014. During the year Trans World Associates have been approved for credit facilities by PKR 3,200 Million (equivalent to US\$ 31 Million) for the expansion in marine cables SMW5, it pledged by amount of PKR 4,267 Million (equivalent to US\$ 41 Million) from Company's assets except for land and buildings.

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**18. Intangible assets**

(in thousands of US\$)

	License	Goodwill	Right of use	Customer base	Trademark	Others	Total
<i>Cost</i>	64,665	1,833	20,000	-	-	1,794	88,292
<i>Accumulated amortisation and impairment</i>	(14,612)	(1,132)	(95)	-	-	(60)	(15,899)
<b>As of 1 January 2015</b>							
Additions	69	-	1,353	-	-	2	1,424
Amortisation	(194)	-	(1,190)	-	-	(2)	(1,386)
Impairment loss	-	-	(7,529)	-	-	-	(7,529)
Disposals	(2,038)	-	-	-	-	(242)	(2,280)
Change in the scope of consolidation	(44,979)	38,705	-	10,141	3,229	(1,463)	5,633
Reclassifications	1	-	-	-	-	(1)	-
Exchange differences	(2,387)	(2,627)	-	(153)	(49)	(19)	(5,235)
<b>Net book value as of 31 December 2015</b>	<b>525</b>	<b>36,779</b>	<b>12,539</b>	<b>9,988</b>	<b>3,180</b>	<b>9</b>	<b>63,020</b>
<i>Cost</i>	1,240	37,813	21,353	9,988	3,180	71	73,645
<i>Accumulated amortisation and impairment</i>	(715)	(1,034)	(8,814)	-	-	(62)	(10,625)

(in thousands of US\$)

	License	Goodwill	Right of use	Customer base	Trademark	Other	Total
<i>Cost</i>	1,240	37,813	21,353	9,987	3,180	71	73,644
<i>Accumulated amortisation and impairment</i>	(715)	(1,034)	(8,814)	-	-	(62)	(10,625)
<b>As of 1 January 2016</b>							
Additions	27	-	560	-	-	-	587
Amortisation	(89)	-	(807)	(389)	(124)	(2)	(1,411)
Reversal	-	-	193	-	-	-	193
Disposals	-	-	-	-	-	(6)	(6)
Exchange differences	(45)	(20,352)	-	(5,471)	(1,743)	1	(27,610)
<b>Net book value as of 31 December 2016</b>	<b>418</b>	<b>16,427</b>	<b>12,485</b>	<b>4,127</b>	<b>1,313</b>	<b>2</b>	<b>34,772</b>
<i>Cost</i>	1,113	16,877	21,914	4,344	1,383	65	45,696
<i>Accumulated amortisation and impairment</i>	(695)	(450)	(9,429)	(217)	(70)	(63)	(10,924)

<sup>1</sup>Right of use : Relates to an agreement between MenaCable and Telecom Egypt for the use of a fibre cable in Egypt.

- \* During the year, the Group's management completed the purchase price allocation of the assets and liabilities identified related to the acquisition of the financial services sector. As a result the final goodwill amounted to US\$ 37 million compared to US\$ 43 million provisionally recognised. The group also recorded intangible assets related to the Customer Base and Trade Mark. The 2015 information presented has been revised accordingly. The re-measurement of goodwill was recognised in accordance with the requirements of IFRS 3, *Business Combinations* (See Note 30).

The following table provides an analysis of goodwill by segment reporting:

(in thousands of US\$)	2016				2015			
	Other	Cable	Financial sector	Total	Other	Cable	Financial sector (Revised)	Total (Revised)
<i>Cost</i>	1,034	642	36,137	37,813	1,132	701	-	1,833
<i>Accumulated impairment</i>	(1,034)	-	-	(1,034)	(1,132)	-	-	(1,132)
Change in scope	-	-	-	-	-	-	38,705	38,705
Exchange differences - cost	-	33	(20,385)	(20,352)	-	(59)	(2,568)	(2,627)
<b>As of 31 December</b>	<b>-</b>	<b>675</b>	<b>15,752</b>	<b>16,427</b>	<b>-</b>	<b>642</b>	<b>36,137</b>	<b>36,779</b>
<i>Cost</i>	450	675	15,752	16,877	1,034	642	36,137	37,813
<i>Accumulated impairment</i>	(450)	-	-	(450)	(1,034)	-	-	(1,034)



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**19. Investment Property**

The property investment balance comprises the value of seven floors which are owned by Victoire in Brazil. The property investment is carried at its historical cost, as its present value does not significantly differ from its cost at the date of the balance sheet.

In 2016, the purchase price allocation relating to the business combination at the end of 2015 was finalised. As a result, the information presented for the year ended 31 December 2015 has been revised accordingly. The fair value of the investment properties is considered to be the value of the individual assets on the reporting date, assuming that they were to be sold in arms-length transactions between market operators at market conditions. The fair value of investment properties is measured by taking into consideration market parameters at the balance sheet date, using valuation techniques widely accepted in the financial business environment (Level 3).

<i>(in thousands of US\$)</i>	<b>Year ended December 31, 2016</b>	<b>Year ended December 31, 2015 (Revised)</b>
Cost	70,298	-
Accumulated amortization and impairment	(312)	-
As of 1 January,	69,986	-
Depreciation	(1,621)	(323)
Change in the scope of consolidation out going		70,170
Exchange differences	11,683	139
As of 31 December	<b>80,048</b>	<b>69,986</b>
Cost	83,562	70,298
Accumulated amortization and impairment	(3,514)	(312)

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

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

Amounts recognised for investment properties are recorded in the consolidated income statement within Revenue

- Investment Property Revenue:

<i>(in thousands of US\$)</i>	<b>Year ended December 31, 2016</b>	<b>Year ended December 31, 2015</b>
Rental income	3,321	1,042
Direct operating expenses from property that generated rental income	1,110	235
Direct operating expenses from property that did not generate rental income	1,677	383

**Leasing arrangement**

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

<i>(in thousands of US\$)</i>	<b>As of December 31, 2016</b>	<b>As of December 31, 2015</b>
Within one year	4,132	3,078
Later than one year but not later than 5 years	14,563	12,310

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**20. Other financial assets**

	As Of December 31, 2016			As Of December 31, 2015		
	Non-current	Current	Total	Non-current	Current	Total
<i>(in thousands of US\$)</i>						
Financial receivables	198	357	555	192	294	486
Deposits	53	3,329	3,382	-	5,742	5,742
Financial assets at fair value through profit or loss	-	4,307	4,307	-	4,782	4,782
Financial assets available for sale -At Cost	777	-	777	7,293	-	7,293
Financial assets available for sale -At Fair value	403	-	403	545	-	545
<b>Total</b>	<b>1,431</b>	<b>7,993</b>	<b>9,424</b>	<b>8,030</b>	<b>10,818</b>	<b>18,848</b>

The following table shows the ageing analysis of financial receivables and long-term deposits:

	As Of December 31, 2016		As Of December 31, 2015	
	Deposits	Financial receivables	Deposits	Financial receivables
<i>(in thousands of US\$)</i>				
Not past due	165	289	5,742	486
Past due 0-30 days	-	-	-	-
Past due 31-120 days	-	-	-	-
Past due 121-150 days	-	-	-	-
Past due more than 150 days	3,217	266	-	-
	<b>3,382</b>	<b>555</b>	<b>5,742</b>	<b>486</b>

**Financial assets available for sale -At Cost**

*(in thousands of US\$)*

Company name	As of December 31, 2016	As of December 31, 2015
Smart Village	-	5,651
Misr for Central Clearing Depository and Registry	429	986
Guarantee Settlement Fund	330	642
El Arabi for Investment	11	25
MENA Capital	174	183
NRG for trade & distribution	-	150
(Less): Impairment loss of available for sale investments	(167)	(344)
	<b>777</b>	<b>7,293</b>

During 2016 the group sold its share in the Smart Village company for an amount of EGP 55 million (equivalent to US\$ 5.5 million) and realized profit from the sale of 10 million EGP (equivalent to US\$ 996 thousand).

The above investments are stated at cost as they represent unlisted securities that do not have quoted market prices and its fair value cannot be reliably measured.

**Financial assets available for sale -At Fair Value**

*(in thousands of US\$)*

	As of December 31, 2016	As of December 31, 2015
EGX 30	403	545
<b>Total</b>	<b>403</b>	<b>545</b>

**Financial assets at Fair Value Through profit or Loss**

*(in thousands of US\$)*

	As of December 31, 2016	As of December 31, 2015
Investment in cash investment in funds	115	-
Treasury Bills	4,192	4,782
<b>Total</b>	<b>4,307</b>	<b>4,782</b>

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**21. Deferred taxes**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred income tax assets and liabilities relate to income taxes due to the same tax authority.

<i>(in thousands of US\$)</i>	As of December 31, 2016	As of December 31, 2015 (Revised)
Deferred tax liabilities	(28,064)	(17,139)
<b>Total deferred tax liabilities</b>	<b>(28,064)</b>	<b>(17,139)</b>

The movement in deferred income tax liabilities is as follows:

<i>(in thousands of US\$)</i>	As of December 31, 2016	As of December 31, 2015 (Revised)
<b>As of January 1,</b>	(17,139)	(12,775)
Exchange differences	649	(1,744)
Change in the scope of consolidation out going	-	8,239
Change in the scope of consolidation in coming	-	(9,096)
Income statement charge	(11,574)	(1,763)
<b>As of December 31,</b>	<b>(28,064)</b>	<b>(17,139)</b>

A breakdown of the movement in deferred tax liabilities is provided in the tables below:

<i>(in thousands of US\$)</i>	Depreciation and amortization	Unremitted earnings	Forex	Other	Total
<b>Deferred tax liabilities</b>					
<b>As of 1 January 2016</b>	(13,602)	(2,167)	(118)	(1,252)	(17,139)
Charged / (credited) to the income statement	(11)	-	(10,215)	(1,348)	(11,574)
Reclassification	1,317	-	(704)	808	1,421
Exchange differences	1,236	1,224	(4,205)	973	(772)
<b>As of December 31, 2016</b>	<b>(11,060)</b>	<b>(943)</b>	<b>(15,242)</b>	<b>(819)</b>	<b>(28,064)</b>

<i>(in thousands of US\$)</i>	Depreciation and amortization (Revised)	Unremitted earnings (Revised)	Forex (Revised)	Other (Revised)	Total (Revised)
<b>Deferred tax liabilities</b>					
<b>As of 1 January, 2015</b>	(5,262)	(8,458)	-	945	(12,775)
Charged / (credited) to the income statement	555	(2,200)	(118)	-	(1,763)
Change in the scope of consolidation	(9,096)	8,239	-	(2,201)	(3,058)
Exchange differences	202	252	-	3	457
<b>As of 31 December, 2015</b>	<b>(13,601)</b>	<b>(2,167)</b>	<b>(118)</b>	<b>(1,253)</b>	<b>(17,139)</b>

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Generally, the Group does not recognise deferred tax assets for temporary differences related to accruals for provisions, due to uncertainties in connection with the tax treatment of such expenses, as they might be challenged by local tax authorities.

No deferred tax liability has been recognised in respect of temporary differences associated with investments in subsidiaries, branches and associates, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Should additional information arise in future periods resulting in differences between the tax base and accounting base of recorded assets and liabilities in the financial statements as at December 31, 2016, Management will reassess its estimate in a way that might result in the recognition of deferred taxes related to those assets and liabilities.

**22. Trade receivables**

*(in thousands of US\$)*

	As of December 31, 2016	As of December 31, 2015
Receivables due from customers	26,185	24,732
Receivables due from telephone operators	14,899	34,265
Other trade receivables	1,480	237
Allowance for doubtful receivables	(19,902)	(41,833)
<b>As of 31 December</b>	<b>22,662</b>	<b>17,401</b>

The following table shows the movement in the allowance for doubtful receivables:

*(in thousands of US\$)*

	As of December 31, 2016	As of December 31, 2015
At January 1	41,833	4,921
Exchange differences	(22,456)	(960)
Additions (allowances recognized as an expense)	1,048	36,555
Change in the scope of consolidation in coming	-	1,691
Used	(628)	(992)
Reclassifications	105	618
<b>At December 31,</b>	<b>19,902</b>	<b>41,833</b>

The following table shows the ageing analysis of trade receivables as of 31 December 2016 and 2015, net of the relevant allowance for doubtful receivables:

*(in thousands of US\$)*

	As of December 31, 2016	As of December 31, 2015
Not past due	8,703	12,285
Past due 0-30 days	416	1,733
Past due 31-120 days	1,800	2,148
Past due 121 - 150 days	24	159
Past due more than 150 days	11,719	1,076
<b>Trade receivables</b>	<b>22,662</b>	<b>17,401</b>

The maximum exposure to credit risk at the reporting date is the carrying value of the receivable. The Group does not hold any collateral as security.

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**23. Other assets**

*(in thousands of US\$)*

	As of December 31, 2016			As of December 31, 2015		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses *	11,545	3,781	15,326	9,307	4,821	14,128
Advances to suppliers	-	2,408	2,408	-	1,429	1,429
Receivables due from tax authority	-	202	202	-	128	128
Advance payment for purchase of investment of group's company	22,159	-	22,159	-	-	-
Employee loans	-	127	127	-	-	-
Assets from current tax	-	6,135	6,135	-	6,394	6,394
Other non trade receivables	-	2,621	2,621	-	2,100	2,100
Allowance for doubtful current assets	-	(381)	(381)	-	-	-
<b>Total</b>	<b>33,704</b>	<b>14,893</b>	<b>48,597</b>	<b>9,307</b>	<b>14,872</b>	<b>24,179</b>

(\*) This balance is represented in amounts paid on behalf of New Frontier Securities "United States of America" (100% owned Beltone Financial holding company – Subsidiary) to Auerbach Grayson "United States of America" under account of acquisition of 60% amounting to US\$ 24 million. An amount of US\$ 22 million was settled until the approval from regulatory authorities are obtained (Note 30).

**24. Cash and cash equivalent**

*(in thousands of US\$)*

	As of 31 December 2016	As of December 31, 2015
Bank accounts and Deposits	158,930	201,645
Cash on hand	276	439
Investments at fair value through profit or loss – mutual fund certificates	-	370
Treasury bills – "within 3 Month "	3,657	-
<b>Total</b>	<b>162,863</b>	<b>202,454</b>

The balance of cash at banks includes pledged cash to bank facilities of US\$ 2 million as of December 31, 2016.

**25. Equity attributable to the owners of the Company**

**Share capital**

On 29 November 2011, the Company was incorporated with an authorised and issued share capital amounting to EGP 2,203,190,060 Million (equivalent to US\$ 366,148 thousand at date of transactions) distributed over 5,245,690,620 shares, each with a nominal value of EGP 0.42.

**Non-distributable earnings**

Retained earnings include an amount of US\$ 506 thousand as of December 2016 compared to US\$ 1,180 thousand as of December 2015, which is not available for distribution representing a legal and special reserves at the subsidiaries level.

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**26. Borrowings**

<i>(in thousands of US\$)</i>	As of December 31, 2016			As of December 31, 2015		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities to banks	38,015	48,947	86,962	8,223	76,341	84,564
Finance lease liability	60	89	149	60	153	213
Other borrowings	2,836	-	2,836	2,247	532	2,779
<b>As of December 31,</b>	<b>40,911</b>	<b>49,036</b>	<b>89,947</b>	<b>10,530</b>	<b>77,026</b>	<b>87,556</b>

**Liabilities due to banks**

Liabilities due to banks are detailed in Appendix B – “Liabilities due to banks”.

<i>(in thousands of US\$)</i>	within one year	1-2 years	2-3 years	3-4 years	4-5 years	after 5 years	Total
Liabilities to banks 2016	38,015	8,444	19,859	8,444	8,443	3,757	86,962
Liabilities to banks 2015	8,223	-	3,899	37,237	29,475	5,730	84,564
Finance lease liability 2016	60	60	29	-	-	-	149
Finance lease liability 2015	60	78	52	23	-	-	213
Other borrowings 2016	2,836	-	-	-	-	-	2,836
Other borrowings 2015	2,247	532	-	-	-	-	2,779
<b>As Of 31 December 2016</b>	<b>40,911</b>	<b>8,504</b>	<b>19,888</b>	<b>8,444</b>	<b>8,443</b>	<b>3,757</b>	<b>89,947</b>
As Of 31 December 2015	10,530	610	3,951	37,260	29,475	5,730	87,556

**Finance lease liabilities**

*(in thousands of US\$)*

Gross finance lease liabilities – minimum lease payments

Within one year

Between 1-5 years

Over 5 years

Future finance charges on finance leases

**Present value of finance lease liabilities**

The present value of finance lease liabilities is as follows:

Within one year

Between 1-5 years

After 5 years

	As of December 31, 2016	As of December 31, 2015
Within one year	69	75
Between 1-5 years	94	167
Over 5 years	-	-
Future finance charges on finance leases	(14)	(29)
<b>Present value of finance lease liabilities</b>	<b>149</b>	<b>213</b>
Within one year	60	60
Between 1-5 years	89	153
After 5 years	-	-
	<b>149</b>	<b>213</b>

**Other Borrowings**

Other borrowings mainly include loans from non-controlling shareholders in subsidiaries. The detail of “Other borrowings” is included in Appendix B – “Other borrowings”.

**Currency Information of current and non-current borrowings**

The following table provides the breakdown of total borrowings by currency of issue:

<i>(in thousands of US\$)</i>	US\$	Egyptian Pound	Pakistan Rupee	Others	Total
<b>As of 31 December 2016</b>	<b>36,201</b>	<b>14,596</b>	<b>39,150</b>	-	<b>89,947</b>
As of 31 December 2015	36,119	32,504	18,933	-	87,556

Please refer to Appendix B

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**27. Trade payables and other liabilities**

(in thousands of US\$)

	As of December 31, 2016			As of December 31, 2015		
	Current	Non-current	Total	Current	Non-current	Total
<i>Trade Payable</i>						
Capital expenditure payables	2,670	-	2,670	321	-	321
Trade payables due to suppliers	9,540	-	9,540	7,694	-	7,694
Customers credit balance	11,300	-	11,300	10,907	-	10,907
Trade payables – Telecom operator	15,633	-	15,633	-	-	-
Other trade payables	3,039	-	3,039	2,878	-	2,878
<b>Total</b>	<b>42,182</b>	<b>-</b>	<b>42,182</b>	<b>21,800</b>	<b>-</b>	<b>21,800</b>
<i>Other payable</i>						
Prepaid traffic and deferred income	1,132	11,900	13,032	744	8,494	9,238
Due to local authorities	3,737	-	3,737	5,079	-	5,079
Personnel payables	628	-	628	1,078	-	1,078
Subscriber deposits	708	-	708	119	-	119
Other credit balances	3,563	1,612	5,175	4,585	1,677	6,262
<b>Total</b>	<b>9,768</b>	<b>13,512</b>	<b>23,280</b>	<b>11,605</b>	<b>10,171</b>	<b>21,776</b>
<b>Total</b>	<b>51,950</b>	<b>13,512</b>	<b>65,462</b>	<b>33,405</b>	<b>10,171</b>	<b>43,576</b>

**28. Provisions**

(in thousands of US\$)

	As of December 31, 2016	As of December 31, 2015
As of 1 January	81,498	76,464
Additions	7,725	10,217
Currency translation differences	(49,110)	(6,585)
Change in scope	-	1,667
Used	-	(265)
<b>As of 31 December</b>	<b>40,113</b>	<b>81,498</b>

**29. Earnings per share**

*Basic and diluted*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. For the purposes of the earnings per share calculation, it has been assumed that the number of issued shares at the date of incorporation (5,245,690 thousand) had been outstanding during the periods

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the period covered by the report, the Company did not have any dilutive potential ordinary shares and as such diluted and basic earnings per share from continuing operations and from discontinued operations are equal.

	Continued operation		Discontinued operation	
	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2016	For the year ended December 31, 2015
Profit (loss) attributable to equity holders of the Company (in thousands of US\$)	28,844	(95,549)	-	(476,779)
Weighted average number of shares (in thousands of shares)	5,245,690	5,245,690	-	5,245,690
<b>Earnings (loss) per share – basic and diluted (in US\$)</b>	<b>0.01</b>	<b>(0.018)</b>	<b>-</b>	<b>(0.091)</b>

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**30. Business Combination**

***Beltone Financial Holding***

On November 19, 2015, the Group launched a joint tender offer with Act Financial S.A.E. of 97.4% of Beltone Group. The Group has acquired 81.3% of Beltone Financial Holding shares for a purchase consideration of US\$ 70 million. The acquisition resulted in a preliminary goodwill of US\$ 43 million and the final purchase price allocation was completed in 2016. Through the acquisition of Beltone Financial Holding the Group has entered business in the financial service sector.

The preliminary and final fair value of assets and liabilities recognised as a result of the acquisition of Beltone Financial Holding are as follows:

<i>(in thousands of US\$)</i>	December 31, 2016 Fair Value	December 31, 2015 Carrying Value
Current assets	39,333	39,408
Long term assets	18,832	5,664
<b>Total assets</b>	<b>58,165</b>	<b>45,072</b>
Current liabilities	(14,907)	(12,472)
Long term liabilities	(2,963)	-
<b>Total liabilities</b>	<b>(17,870)</b>	<b>(12,472)</b>
The net assets of acquired subsidiary	40,295	32,600
Proportion of voting equity interests acquired	81.30%	81.30%
<b>The share of the group net assets of acquired subsidiary company</b>	<b>32,760</b>	<b>26,504</b>
Consideration in Cash	69,551	69,551
<b>The net goodwill resulted from acquisition</b>	<b>36,791</b>	<b>43,047</b>

During the fourth quarter of 2016, 7,716,518 shares of Beltone Financial Holding Company were sold at a price of EGP 12.56 per share, with a shareholding of 76.73 %. The share price of Beltone Financial Holding amounted to 1.58 Egyptian pounds per share, which resulted in the profits of the sale of investments in subsidiaries of US\$ 8 million, which were included in the reserves of the holding company.

**Beltone Company (subsidiary company)**

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

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

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

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

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

The provisional value of the identifiable net assets acquired amounting to US\$ 18,299 thousand at the acquisition date, resulting in a temporary calculated goodwill of US\$ 13,021 thousand.

The Company has determined the initial accounting of the business combination concerning the acquisition of (AGCO) in February 1, 2017 in a temporary manner until the completion of fair value study for assets and liabilities acquired including any acquired intangible assets (If any), provided that the adjustments relating to the provisional value of the assets and liabilities are recognized within 12 months from the date of the acquisition in accordance with IFRS3 (Business Combinations).



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**Goodwill**

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

(in thousands of US\$)	<u>January 31, 2017</u>
Consideration	22,000
Liabilities assumed	2,000
Non-controlling interest	7,320
Net assets acquired	<u>(18,299)</u>
<b>Goodwill</b>	<b><u>13,021</u></b>

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

**31. Subsidiaries**

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

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

*Summarised balance sheet*

(in thousands of US\$)

	<b>Trans World Associates (Pvt) Ltd</b>		<b>Beltone financial management</b>	
	<b>As of 31 December</b>		<b>As of 31 December</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Current</b>				
Current assets	15,991	16,058	37,621	48,475
Current liabilities	(18,928)	(21,031)	(42,747)	(20,320)
<b>Total current net assets</b>	<b>(2,937)</b>	<b>(4,973)</b>	<b>(5,126)</b>	<b>28,155</b>
Non-current assets	78,741	51,410	26,061	3,148
Non-current liabilities	(46,539)	(27,707)	(864)	(117)
<b>Total non-current net assets</b>	<b>32,202</b>	<b>23,703</b>	<b>25,197</b>	<b>3,031</b>
<b>Net assets</b>	<b>29,265</b>	<b>18,730</b>	<b>20,071</b>	<b>31,186</b>

*Summarised income statement*

(in thousands of US\$)

	<b>Trans World Associates (Pvt) Ltd</b>		<b>Beltone financial management</b>	
	<b>For the year ended</b>	<b>For the year ended</b>	<b>For the year ended</b>	<b>For the year ended</b>
	<b>December 31, 2016</b>	<b>December 31, 2015</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Revenue	26,838	23,646	11,364	1,608
Profit (loss) before income tax	8,399	5,778	6,716	136
Income tax expense	(2,337)	(2,211)	(2,307)	(103)
<b>Post tax profit (loss) from continuing operations</b>	<b>6,062</b>	<b>3,567</b>	<b>4,409</b>	<b>33</b>
Other comprehensive income\ (loss)	4,520	(210)	(3,903)	238
<b>Total comprehensive income</b>	<b>10,582</b>	<b>3,357</b>	<b>506</b>	<b>271</b>
Total comprehensive income allocated to non-controlling interests	5,185	1,645	118	51

*Summarised cash flows*

(in thousands of US\$)

	<b>Trans World Associates (Pvt) Ltd</b>	<b>Beltone financial management</b>
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	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2016	For the year ended December 31, 2015
Cash flows generated from (used in) operating activities	8,485	8,295	(6,146)	(1,628)
Interest paid	(2,274)	(1,043)	-	-
Income tax paid	(2,715)	(1,443)	-	-
Net cash generated from (used in) operating activities	3,496	5,809	(6,146)	(1,628)
Net cash used in investing activities	(22,949)	(21,847)	(47,145)	21,711
Net cash used in financing activities	19,670	15,034	56,901	499
Net (decrease) / increase in cash and cash equivalents	217	(1,004)	3,610	20,582
Cash and cash equivalents at the beginning of the year	3,622	4,736	29,239	-
Exchange gains (losses) on cash and cash equivalents	11	(110)	(22,988)	(1,074)
Cash and cash equivalents at the end of the year	3,850	3,622	9,861	19,508

The above information is the amount before intercompany eliminations.

**32. Commitments**

The commitments as of 31 December 2016 and 2015 are provided in the table below:

<i>(in thousands of US\$)</i>	As of 31 December 2016	As of 31 December 2015
Purchase of property and equipment	13,532	31,068
Others	12,741	23,109
<b>Total</b>	<b>26,273</b>	<b>54,177</b>

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).

**33. Related party transactions**

Transactions with subsidiaries, associates, with the Parent Company and its subsidiaries and other related parties are not considered atypical or unusual, as they fall within the Group's normal course of business and are conducted under market conditions that would be performed by independent third parties.

The main related party transactions are summarised as follows:

	For the year ended 31 December 2016		For the year ended 31 December 2015	
	<i>Revenue</i>	<i>Purchase of services and goods</i>	<i>Revenue</i>	<i>Purchase of services and goods</i>
OTMT	847	144	369	63
Others				
Orascom Solutions	-	243	-	104
Contrack	-	18	-	8
KPTC	-	68,516	-	29,353
Orastar	-	63	-	28
Dr. Omarr Zawawy	-	16	-	7
<b>Total</b>	<b>847</b>	<b>69,000</b>	<b>369</b>	<b>29,563</b>

  

	As of 31 December 2016		As of 31 December 2015	
	<i>Receivables</i>	<i>Payables</i>	<i>Receivables</i>	<i>Payables</i>
(in thousands of US\$)				

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OTMT	75	20	33	9
Associate				
ECMS	-	-	-	-
Others				
KPTC	-	38,432	-	16,465
LDN	-	3	-	1
Orastar	-	5,116	-	2,228
Omar zawawy	-	1,312	-	571
E-management services company in the area of investment funds	923	-	923	-
Beltone partners for investment and trade	20	-	20	-
Belton Mena Equity Fund	57	-	57	-
Beltone for trade and distribution	15	-	15	-
Beltone partners holding co Ltd PVI	-	-	13	-
Union Bay Holding BVI	-	-	2	-
Beltone Financial for portfolio management	-	-	11	-
other related party	114	-	114	-
Company funds indications	20	-	-	-
EGX Funds Company	-	-	20	-
Impairment in related party	(155)	-	-	-
	<b>1,069</b>	<b>44,883</b>	<b>1,208</b>	<b>19,274</b>

**Key management compensation**

Key management includes executive and non-executive directors, the chief financial officer and other managing directors considered key personnel.

The compensation paid or payable to key management for employee services amounted to US\$ 1,505 thousand and US\$ 801 thousand respectively for the year ended December 31, 2016 and 2015.

**34. Contingent assets and liabilities**

The contingent liabilities, excluding those related to the Egyptian Company for Mobile Services, are represented in guarantees issued by the holding company and related to the activities of its subsidiaries, as follows:

**Trans World Associates (Subsidiary)**

- A bank guarantee issued in favour of Link Dot Net amounting to US\$ 4,772 thousand and valid until July 23, 2016.
- A bank guarantee was issued in favour of NIB Bank amounting to Rupees 250 million equivalent to US\$ 2.4 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 US\$ 82 Million to guarantee the subsidiary to fulfil its contractual obligations represented in performing the contracted services.

**Orascom Telecom, Media and Technology Holding**

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

**35. Non-cash transactions**

Significant non-cash transactions are represented in amounts, which were eliminated when preparing the consolidated cash flows, including US\$ 1.7 million relating to the purchase of fixed assets during the year 2016. These amounts were reported in the change in creditors and other credit balances.

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**36. Significant events during the current period**

- On May 29, 2016, the board of directors of Beltone Financial Holding agreed to appoint a reward and incentive committee to discuss, evaluate and propose a system for identification and motivation to be presented to the Board of Directors in order to start implementation in accordance with Egyptian law and after obtaining the required approvals.
- On June 27, 2016, the General Assembly of Beltone Financial Holding SAE approved the acquisition of 70% of the Microfinance Services Company (RIVI), which was evaluated by the independent financial advisor with a value of EGP 105 million. The approval of the regulatory authorities for the acquisition of the Microfinance Services Company (rural) until the date of the consolidated financial statements has not been obtained. The General Assembly also approved the increase of the licensed company's capital from one billion Egyptian Pounds to 3 billion Egyptian Pounds and an increase in issued and paid-up capital from 338,331,338 Egyptian Pounds to 1,338,031,958 Egyptian Pounds, an increase of one billion Egyptian Pounds distributed over 500 million shares with nominal value of 2 Egyptian pounds per share by inviting shareholders to subscribe for capital increase shares. On 6 December 2016, approval was obtained from the Egyptian Financial Supervisory Authority.
- On August 29, 2016 the House of Representatives approved the issuance of the VAT law to replace the General Sales Tax Law, which is considered an indirect consumption tax. This Law was implemented on the day following its publication in the Official Gazette on 7 September 2016, with a basic rate of 13% in addition to the tax rate table for 2016/2017 and reaching 14% for 2017/2018 and has no significant effect on the financial statements. VAT is levied on all goods and services (both domestic and imported) at all stages, unless specifically excluded. The tax rate for each set of goods and services is determined in the tax rate table annexed to the law.
- On November 3, 2016, the Central Bank of Egypt announced the release of the banks operating in Egypt in the foreign currency market, and determined the prices of selling and buying currencies in Egyptian pounds based on the conditions of supply and demand. The Central Bank of Egypt will use the exchange rate prevailing in all transactions. In order to support and ensure continuity of the liberalization policy, the Central Bank raised the central bank's central bank rate by 300 basis points. Accordingly, the exchange rate of the US dollar against the pound was increased from 7.83 EGP\US\$ on December 31, 2015 reaching 18 EGP\US\$ on December 31, 2016. The net gain on the foreign currencies denominated in the statement of income was recognized as EGP 1,442,118 thousand.
- On December 20, 2016, the Board of Directors of the Company approved the sale of the entire shares of Middle East and North Africa (Mina) for marine cables (direct and indirect) of 99.82% and 0.18% (0.04%) through Orascom Telecom Ventures. This investment has not been classified as non-current investments held for sale. The fulfilment of all mandatory procedures to complete the transaction from all regulatory entities is a prerequisite for completing the transaction.

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**37. Non-adjusting events after the reporting Period (Subsequent events)**

The Board of Directors of the Company in its meeting held on August 14, 2017 unanimously have initially approved the recommendation of the investment committee to invest in the following projects:

- 1- The development and management of the sound and light show in the Pyramids and Sphinx area, the development of the designated show area and management of the activities and services related thereto for 20 years for a total investment of USD 10 million (or its equivalent in EGP) in partnership with Prisme International (a UAE Company) which has been awarded the exclusive right to develop and manage the sound and light show by virtue of the Public Tender (by closed envelopes) accordingly signed the Development and Management Contract of Sound & Light in the Pyramids and Sphinx Area with Misr Company for Sound, Light and Cinema S.A.E. A new company will be established and Orascom shall own 70% of the issued share capital thereof whereby the all the rights and obligations under the Development and Management Contract will be assigned and transferred to the new company. OTMT has signed a preliminary agreement with Prisme Entertainment (an affiliate company of Prisme International) for the production and development of the sound and light show subject to the satisfaction of certain conditions and guarantees.
- 2- The investment and subscription in the capital increase of Riza Capital Consultoria de Investimentos S.A., a corporation organized and existing under the laws of Brazil, headquartered in the city of São Paulo providing financial advisory services related to mergers and acquisitions, capital raisings and debt-restructurings for a total investment amounting to USD 15 million against preferred shares representing approximately 52% of the share capital of Riza Capital.  
The subscription and investment will be executed on two phases subject to the satisfaction of certain conditions and KPIs and the execution of definitive agreements.

**38. Comparative Figures**

The comparative figures have been adjusted as a result of the application of IFRS 3 "Business Combinations" which permits the measurement of fair value for determined assets and liabilities from the acquisition of subsidiaries during 12 months from date of acquisition and the group re-measured the value of goodwill and recognized intangible assets resulting from acquisition of securities trading and portfolios segment. The group is not required to present a third year financial position as the impact is only limited to December 31, 2015.

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

<i>(in thousand US\$)</i>	<u>As of 31 December 2015</u>	<u>Fair value effect</u>	<u>31 December 2015</u>
	<u>Before revision</u>	<u>Reclassification</u>	<u>After revision</u>
<b><u>Financial position items</u></b>			
Intangible assets	56,107	6,913	63,020
Investment property (net)	63,853	6,133	69,986
Deferred tax liabilities	8,043	9,096	17,139
Provisions	79,063	2,435	81,498
Non-controlling interests	16,690	1,515	18,205

**Chief Financial Officer**  
Khalid Ellaicy

**Chief Executive Officer**  
Tamer Mahdi

**Chairman**  
Naguib Sawiris

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Appendix A

APPENDIX A - SUBSIDIARIES, ASSOCIATES AND INVESTMENTS AS OF 31 DECEMBER 2016

Segment	Country of incorporation and place of business	Entity name	Nature of business	Proportion of ordinary shares held by the Company (%)	Proportion of ordinary shares held by OTMT Group (%)	Proportion of ordinary shares held by the non-controlling interest (%)	Investment type
GSM Lebanon	Lebanon	Orascom Telecom Lebanon S.A.L	Telecommunication operator	99.79%	100.00%	0.21%	Subsidiary
Cable	Pakistan	Trans World Associates (Pvt) Ltd	Cable business	51.00%	51.00%	49.00%	Subsidiary
Cable	Pakistan	Trans World Enterprise Services (Private) Ltd	Cable business	100.00%	51.00%	49.00%	Subsidiary
Cable	Pakistan	Trans World Infrastructure Services (Private) Ltd	Cable business	100.00%	51.00%	49.00%	Subsidiary
Cable	Pakistan	TES Media	Cable business	100.00%	51.00%	49.00%	Subsidiary
Cable	Italy	Mena Srl	Cable business	100.00%	100.00%	0.00%	Subsidiary
Cable	Free Zone II	Middle East and North Africa for Sea Cables	Cable business	99.63%	100.00%	0.37%	Subsidiary
Other (Media & Technology)	Egypt	Orascom Telecom Ventures S.A.E.	Digital solutions , solution development, and hosting services	100.00%	99.99%	0.01%	Subsidiary
Other	Free Zone I	Oracap Holding Co.	Holding company	99.96%	99.96%	0.04%	Subsidiary
Other	Malta	Oracap Far East Limited	Holding company	100.00%	100.00%	0.00%	Subsidiary
Other	Egypt	O Capital for energy	Energy	99.20%	99.20%	0.80%	Subsidiary
Other	Egypt	O Capital for services and construction	Energy	99.20%	99.20%	0.80%	Subsidiary
Financial Services	Egypt	Bellone Financial Holding "S.A.E"	Financial services	76.60%	76.60%	23.40%	Subsidiary
Financial Services	Egypt	Bellone Asset Management "S.A.E"	Financial services	100.00%	76.60%	23.40%	Subsidiary
Financial Services	Egypt	Bellone Investment Banking	Financial services	100.00%	76.60%	23.40%	Subsidiary
Financial Services	Egypt	Bellone Investments Holding- free zone "S.A.E"	Financial services	100.00%	76.60%	23.40%	Subsidiary
Financial Services	Egypt	International Administrative Services for Mutual Funds "S.A.E"	Financial services	100.00%	76.60%	23.40%	Subsidiary
Financial Services	Egypt	Bellone Information Technology "S.A.E"	Financial services	100.00%	76.60%	23.40%	Subsidiary
Financial Services	Egypt	Bellone Securities Holding "S.A.E"	Financial services	100.00%	76.60%	23.40%	Subsidiary
Financial Services	Egypt	Bellone Securities Brokerage "S.A.E"	Financial services	100.00%	76.60%	23.40%	Subsidiary
Financial Services	UAE	Bellone Financial – Emirates	Financial services	100.00%	76.60%	23.40%	Subsidiary

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Appendix A

Segment	Country of incorporation and place of business	Entity name	Nature of business	Proportion of ordinary shares held by the Company (%)	Proportion of ordinary shares held by OTMT Group (%)	Proportion of ordinary shares held by the non-controlling interest (%)	Investment type
Financial Services	Egypt	Beltone Fixed Income "S.A.E"	Financial services	100.00%	76.60%	23.40%	Subsidiary
Financial Services	Libya	International For Securities Company – Libya	Financial services	100.00%	76.60%	23.40%	Subsidiary
Financial Services	Egypt	Beltone Market Maker "S.A.E"	Financial services	100.00%	76.60%	23.40%	Subsidiary
Financial Services	USA	Beltone Financial – USA	Financial services	100.00%	76.60%	23.40%	Subsidiary
Financial Services	UK	Beltone Financial – UK	Financial services	100.00%	76.60%	23.40%	Subsidiary
Investment Property	Netherlands	Victoire coop Investment Holding	Investment Property	100.00%	100.00%	0.00%	Subsidiary
Investment Property	Netherlands	Victoire BV	Investment Property	100.00%	100.00%	0.00%	Subsidiary
Investment Property	Brazil	Victoire 2 (Brazil)	Investment Property	100.00%	100.00%	0.00%	Subsidiary
Investment Property	Brazil	Victoire 9 (Brazil)	Investment Property	100.00%	100.00%	0.00%	Subsidiary
Investment Property	Brazil	Victoire 11 (Brazil)	Investment Property	100.00%	100.00%	0.00%	Subsidiary
Investment Property	Brazil	Victoire 13 (Brazil)	Investment Property	100.00%	100.00%	0.00%	Subsidiary
Investment Property	Brazil	Victoire 17 (Brazil)	Investment Property	100.00%	100.00%	0.00%	Subsidiary
Investment Property	Brazil	Victoire 18 (Brazil)	Investment Property	100.00%	100.00%	0.00%	Subsidiary
Investment Property	Brazil	Victoire 19 (Brazil)	Investment Property	100.00%	100.00%	0.00%	Subsidiary
GSM North Korea	North Korea	CHEO Technology JV Company	Telecommunication operator	75.00%	75.00%	25.00%	Associate
Financial Services	USA	Axes Holding	Information system for financial services	33.90%	33.90%	66.10%	Associate
Financial Services	Egypt	Electronic Fund Administration Services	Mutual funds management services	20%	20%	80.00%	Associate
Financial Services	Egypt	International Fund Administration Services	Fund Admin Services	20%	20%	80.00%	Associate
Financial Services	Egypt	Misr Beltone Asset Management	Mutual funds management	50%	50%	50.00%	Joint Venture

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Appendix B

APPENDIX B – LIABILITIES TO BANKS AND OTHER BORROWINGS AS OF DECEMBER 31, 2016

Description	Current (000 US\$)	Non-Current (000 US\$)	Total (000 US\$)	Currency	Nominal (000)	Maturity	Interest Rate	Secured/ Unsecured	Assets secured
<b>OTMIT Loans</b>									
Syndicated loan	8,611	-	8,611	EGP	154,980	30-Jun-21	LIBOR+2.25%	Secured	Belton's shares
Foreign Bank loan	22,978	11,068	34,046	USD	33,423	30-Aug-18	LIBOR+1%	Secured	Investment Property Asset
Local bank loan	53	151	204	EGP	3,667	31-Dec-20	Bank certificate rate of return + 2% min 12%	Secured	Time Deposits
Local bank loan	52	196	248	EGP	4,475	31-Dec-21	Bank certificate rate of return + 1.5% min 11%	Secured	Time Deposits
<b>TWA Loans</b>	<b>31,694</b>	<b>11,415</b>	<b>43,109</b>						
Long term loan from sponsor's (Orastar)	1,324	-	1,324	USD	135,014	31-Dec-17	3M LIBOR+1%	Unsecured	
Long term loan from sponsor's (Dr. Omar Zawawi)	341	-	341	USD	34,619	31-Dec-17	3M LIBOR+1%	Unsecured	
Short term loan-2 from sponsor's (Orastar)	924	-	924	USD	86,872	23-Dec-17	3M LIBOR+1%	Unsecured	
Short term loan-2 from sponsor's (Dr. Omar Zawawi)	237	-	237	USD	22,272	23-Dec-17	3M LIBOR+1%	Unsecured	
Finance lease liabilities	60	89	149	PKR	15,604	24-Aug-19	6M KIBOR+2.50%	Secured	
Long term syndicated finance facility-NIB Bank Ltd	544	30,358	30,902	PKR	3,164,472	17-Apr-22	6M KIBOR + 2.50%	Secured	Future Current Liabilities and Fixed Assets (Except
Long term syndicated finance facility-Pak Oman Investment Company	921	7,174	8,095	PKR	837,016	3-May-22	6M KIBOR + 2.50%	Secured	Land and Buildings)
<b>Belhane Holding</b>	<b>4,351</b>	<b>37,621</b>	<b>41,972</b>						
<b>Credit Facilities</b>	<b>4,866</b>	<b>-</b>	<b>4,866</b>						
<b>Total Loans</b>	<b>40,911</b>	<b>49,036</b>	<b>89,947</b>						