

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

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

**Consolidated Financial Statements**

**For the Financial Year**

**Ended on December 31, 2014**

**Together with the Auditor's Report**



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

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

**31 December 2014  
US\$**

## INDEPENDENT AUDITOR'S REPORT

*To: The Shareholders of Orascom Telecom Media and Technology Holding S.A.E.*

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Orascom Telecom Media and Technology Holding S.A.E. and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Orascom Telecom Media and Technology Holding S.A.E. and its subsidiaries as at December 31, 2014, and their consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

## Other matters

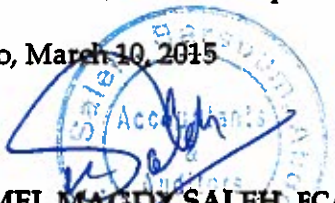
- We draw attention to note (4) of the accompanying consolidated financial statements which describes in more details that the net assets of Koryolink (subsidiary Company) in North Korea equivalent to US\$ 767 million of the Group's consolidated net assets amounting to US\$ 1,101 million as of December 31, 2014. Koryolink assets also include cash balances denominated in North Korean currency equivalent to US\$ 585 million and are reported within non-current financial assets in the consolidated financial statements. The Group's management is currently undergoing discussions with the Korean party regarding the distribution of Koryolink's retained earnings and the rate to exchange the cash balances into foreign currencies and to distribute dividends, given the current circumstances and restrictions imposed on cash transfers from the local currency into foreign currencies and on exchange rates in North Korea. In the view of the management the indications of these discussions are positive and indicate the use of the official exchange rates announced by the Central Bank of North Korea.

- We draw attention to note (20) of the accompanying consolidated financial statements which describes in more details that according to management's best estimate, and in light of the available information, there are no differences between the tax basis and accounting basis of the recognized assets and liabilities related to the Group's subsidiary in North Korea (Koryolink) that may result in the recognition of any deferred tax assets or liabilities at December 31, 2014. Management believes that in case any additional information develops in future periods that would give rise to such differences on the assets or liabilities recognized in the financial statements as of December 31, 2014, management would revise its estimates, and recognition of deferred taxes associated with those assets and liabilities might be required.

- We draw attention to note no. (35) of the accompanying consolidated financial statements, which describes in more details that, the Board of Directors of the Holding Company agreed, on February 22, 2015, on the sale of all the Company's shares in the Egyptian Company for Mobile Services (ECMS), in addition to the potential voting rights in MT Telecom SCRL, according to the call option notice received from Orange SA Company (previously; France Telecom).

Our opinion on the accompanying consolidated financial statements as of December 31, 2014 is not qualified in respect to the above matters.

Cairo, March 10, 2015



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

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF 31 DECEMBER 2014 AND 2013**

<i>(in thousands of US\$)</i>	Note	As of 31 December 2014	As of 31 December 2013
<b>Assets</b>			
Property and equipment	17	292,650	371,175
Intangible assets	18	72,393	62,982
Investments in associates	15	82,739	92,367
Other non-current financial assets	19	703,689	689,695
Other non-current assets	22	9,144	6,408
<b>Total non-current assets</b>		<b>1,160,615</b>	<b>1,222,627</b>
Inventories		264	511
Trade receivables	21	13,963	66,070
Other current financial assets	19	38,005	3,598
Other current assets	22	19,550	12,459
Cash and balances at banks	23	130,251	124,753
		<b>202,033</b>	<b>207,391</b>
Non-current assets held for sale	6	63,801	-
<b>Total current assets</b>		<b>265,834</b>	<b>207,391</b>
<b>Total Assets</b>		<b>1,426,449</b>	<b>1,430,018</b>
<b>Equity and Liabilities</b>			
Share capital		366,148	366,148
Other reserves		(27,277)	20,048
Retained earnings		573,156	581,891
<b>Equity attributable to equity holders of the Company</b>	24	<b>912,027</b>	<b>968,087</b>
Non-controlling interest		189,253	155,771
<b>Total equity</b>		<b>1,101,280</b>	<b>1,123,858</b>
<b>Liabilities</b>			
Non-current borrowings	25	2,099	2,295
Other non-current liabilities	26	8,630	5,429
Defined benefits obligations	28	-	2,284
Deferred tax liabilities	20	12,775	13,094
<b>Total non-current liabilities</b>		<b>23,504</b>	<b>23,102</b>
Current borrowings	25	4,099	6,456
Trade payables and other current liabilities	26	150,717	188,599
Current income tax liabilities		20,565	11,345
Provisions	27	76,464	76,658
		<b>251,845</b>	<b>283,058</b>
Non-current liabilities held for sale	6	49,820	-
<b>Total current liabilities</b>		<b>301,665</b>	<b>283,058</b>
<b>Total Liabilities</b>		<b>325,169</b>	<b>306,160</b>
<b>Total Equity and Liabilities</b>		<b>1,426,449</b>	<b>1,430,018</b>

**Chief Financial Officer**  
Youssef Shoukry

**Executive Chairman and Managing Director**  
Naguib Sawiris

Auditor's report attached

(The notes 1 to 35 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**  
**FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013**

<i>(in thousands of US\$)</i>	Note	Year ended 31 December 2014	Year ended 31 December 2013
Revenues	7	380,847	355,402
Other income		1,170	4,047
Purchases and services	8	(76,167)	(63,437)
Other expenses	9	(16,990)	(25,666)
Personnel cost	10	(18,328)	(17,877)
Depreciation and amortization	11	(36,176)	(29,218)
Impairment of property and equipment	12	(56,871)	(67,606)
Capital loss on disposal of non-current assets		(265)	(6)
<b>Operating income</b>		<b>177,220</b>	<b>155,639</b>
Finance (cost) income	14	(47,932)	49,603
Financial expense	14	(2,648)	(5,328)
Foreign exchange (loss) gain	14	(5,995)	11,732
Share of loss of investment in associates	15	(7,058)	(7,067)
Impairment of associate	15	-	(13,556)
<b>Profit before income tax</b>		<b>113,587</b>	<b>191,023</b>
Income tax expense	16	(62,999)	(24,366)
<b>Profit for the year from continuing operation</b>		<b>50,588</b>	<b>166,657</b>
<b>Discontinued operations</b>			
(loss) from discontinued operation (net of income tax)	6	(13,324)	(3,803)
<b>Profit for the year</b>		<b>37,264</b>	<b>162,854</b>
<b>Attributable to:</b>			
Owners of the Company		(8,735)	105,235
Non-controlling interests		45,999	57,619
		<b>37,264</b>	<b>162,854</b>
<b>Earnings per share (basic and diluted) from continuing operations – (in US\$)</b>	29	0.001	0.021
<b>Loss per share (basic and diluted) from discontinued operations – (in US\$)</b>	29	(0.003)	(0.001)

<i>(in thousands of US\$)</i>	Year ended 31 December 2014	Year ended 31 December 2013
<b>Profit for the year</b>	<b>37,264</b>	<b>162,854</b>
<b>Other comprehensive income /(loss):</b>		
<b>Items that may be subsequently reclassified to profit or loss, net of tax</b>		
Share of profit recognized directly in equity of associates	-	209
Currency translation differences	(59,842)	(30,768)
<b>Total comprehensive (loss) / income for the year</b>	<b>(22,578)</b>	<b>132,295</b>
<b>Attributable to:</b>		
Owners of the Company	(56,060)	72,538
Non-controlling interests	33,482	59,757
<b>Total comprehensive (loss) / income for the year</b>	<b>(22,578)</b>	<b>132,295</b>
- attributable to discontinued operations	(13,324)	(3,803)
- attributable to continuing operations	(9,254)	136,098

**Chief Financial Officer**  
Youssef Shoukry

**Executive Chairman and Managing Director**  
Naguib Sawiris

(The notes 1 to 35 are an integral part of these Consolidated Financial Statements)



**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013**

*(in thousands of US\$)*

	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interest	Total equity
<b>As of 1 January 2013</b>	<b>366,148</b>	<b>68,589</b>	<b>(28,585)</b>	<b>-</b>	<b>686,083</b>	<b>1,092,235</b>	<b>95,349</b>	<b>1,187,584</b>
<b>Comprehensive income</b>								
Financial statements translation differences of foreign subsidiaries	-	-	(32,905)	-	-	(32,905)	2,137	(30,768)
Group's share in other items of statement of shareholders' equity of associates	-	-	-	209	-	209	-	209
Profit for the year	-	-	-	-	105,234	105,234	57,620	162,854
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(32,905)</b>	<b>209</b>	<b>105,234</b>	<b>72,538</b>	<b>59,757</b>	<b>132,295</b>
<b>Dividends to shareholders' of the Parent company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(196,686)</b>	<b>(196,686)</b>	<b>-</b>	<b>(196,686)</b>
Change in non-controlling interests due to disposal of subsidiaries	-	-	-	-	-	-	665	665
Transfer to legal reserve	-	12,740	-	-	(12,740)	-	-	-
	-	12,740	-	-	(209,426)	(196,686)	665	(196,021)
<b>As at 31 December 2013</b>	<b>366,148</b>	<b>81,329</b>	<b>(61,490)</b>	<b>209</b>	<b>581,891</b>	<b>968,087</b>	<b>155,771</b>	<b>1,123,858</b>

*(in thousands of US\$)*

	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interest	Total equity
<b>As of 1 January 2014</b>	<b>366,148</b>	<b>81,329</b>	<b>(61,490)</b>	<b>209</b>	<b>581,891</b>	<b>968,087</b>	<b>155,771</b>	<b>1,123,858</b>
<b>Comprehensive income</b>								
Other comprehensive income	-	-	(47,325)	-	-	(47,325)	(12,517)	(59,842)
(Loss) profit for the year	-	-	-	-	(8,735)	(8,735)	45,999	37,264
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(47,325)</b>	<b>-</b>	<b>(8,735)</b>	<b>(56,060)</b>	<b>33,482</b>	<b>(22,578)</b>
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As of 31 December 2014</b>	<b>366,148</b>	<b>81,329</b>	<b>(108,815)</b>	<b>209</b>	<b>573,156</b>	<b>912,027</b>	<b>189,253</b>	<b>1,101,280</b>

**Chief Financial Officer**  
Youssef Shoukry

**Executive Chairman and Managing Director**  
Naguib Sawiris

(The notes 1 to 35 are an integral part of these Consolidated Financial Statements)

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013**

(in thousands of US\$)

	Year ended 31 December 2014	Year ended 31 December 2013
<b>Profit before income tax</b>	<b>113,587</b>	<b>191,024</b>
<i>Adjustments for</i>		
Depreciation, amortisation and impairment charges	93,049	96,408
Fair value loss / (gains) on derivative instrument	48,733	(48,528)
Interest expense	1,565	1,730
Investment income	(800)	(1,482)
Foreign exchange loss / (gain)	5,996	(11,735)
Impairment of financial assets	1,083	3,635
Impairment of associate	-	13,973
Share of loss of associate	7,058	7,067
Change in provisions	12,110	24,678
Changes in other assets	(4,157)	(3,977)
Changes in other liabilities	12,813	24,951
<b>Cash flows generated by operating activities</b>	<b>291,037</b>	<b>297,744</b>
Income taxes paid	(55,766)	(20,971)
Interest paid	(1,565)	(1,730)
Interest collected	800	1,482
<b>Net Cash flows generated by operating activities</b>	<b>234,506</b>	<b>276,525</b>
<i>Cash out flow for investments in</i>		
Property and equipment	(30,062)	(42,527)
Intangible assets	(20,194)	(2,593)
Change in deposits and financial assets	(149,826)	(207,957)
<i>Proceeds from disposal of</i>		
Property and equipment	152	152
Intangible assets	-	38
<b>Cash flows used in investing activities</b>	<b>(199,930)</b>	<b>(252,887)</b>
<b>Cash flows from financing activities</b>		
Proceeds from loan and bank facilities	3,131	2,967
Payments for loans and bank facilities	(5,307)	(5,221)
Dividends to shareholders	-	(196,686)
<b>Cash flows used in financing activities</b>	<b>(2,176)</b>	<b>(198,940)</b>
<b>Net cash generated by / (used in) continuing operations</b>	<b>32,400</b>	<b>(175,302)</b>
<b>Discontinued operations</b>		
Net cash generated by operating activities	947	6,723
Net cash used in investing activities	(1,787)	(1,647)
Net cash generated by / (used in) financing activities	364	(566)
<b>Net cash used in discontinued operations</b>	<b>(476)</b>	<b>4,510</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>31,924</b>	<b>(170,791)</b>
Cash included in non-current assets held for sale	(12,622)	-
Effect of exchange rates on cash and cash equivalents	(13,804)	(14,220)
Cash and cash equivalents at the beginning of the year	124,753	309,765
<b>Cash and cash equivalents at the end of the year</b>	<b>130,251</b>	<b>124,753</b>

**Chief Financial Officer**  
Youssef Shoukry

**Executive Chairman and Managing Director**  
Naguib Sawiris

(The notes 1 to 35 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 2014

**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 a mobile telecommunications business operating in high growth emerging markets in the Middle East, Africa and Asia. 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 2014 (the "Consolidated Financial Statements") were approved for issue by the Board of Directors of the Company on March 10, 2015.

**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 two 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.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2014

**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**

Amendment to IAS 32, ‘*Financial instruments: Presentation*’ on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did had no significant effect on the Group’s consolidated financial statements.

Amendments to IAS 36, ‘*Impairment of assets*’, on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendment did had no significant effect on the Group’s consolidated financial statements

Amendment to IAS 39, ‘*Financial instruments: Recognition and measurement*’ on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to ‘over-the-counter’ derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The amendment did had no significant effect on the Group’s consolidated financial statements.

IFRIC 21, ‘*Levies*’, sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 ‘*Provisions*’. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Amendments to IFRS 10 ‘*Consolidated Financial Statements*’, IFRS 12 ‘*Disclosure of Interests in Other Entities*’ and IAS 27 ‘*Separate Financial Statements*’ on consolidation for investment entities. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an ‘investment entity’ definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make. As the Group is not an investment entity (based on the criteria set out in IFRS 10), the application of the amendments has had no impact on the disclosures or the amounts recognized in the Group’s consolidated financial statements.

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

At the date of authorisation 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.

New, amended and revised Standards and Interpretations	Effective from
Various <b>Annual improvements 2012:</b> these annual improvements amend standards from the 2010 – 2012 reporting cycle. It includes changes to: <ul style="list-style-type: none"> <li>• IFRS 2, ‘<i>Share based payments</i>’, and clarifies the definition of a ‘vesting condition’ and separately defines ‘performance condition’ and ‘service condition’.</li> <li>• IFRS 3, ‘<i>Business combinations</i>’, and clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or equity, on the basis of the definitions in IAS 32, ‘<i>Financial instruments: Presentation</i>’. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss.</li> <li>• IFRS 8, ‘<i>Operating segments</i>’ which is amended to require disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of</li> </ul>	1 July 2014

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2014

New, amended and revised Standards and Interpretations	Effective from
<p>segment assets to the entity's assets when segment assets are reported.</p> <ul style="list-style-type: none"> <li>• IFRS 13, '<i>Fair value</i>' which amended the basis of conclusions to clarify that it did not intend to remove the ability to measure short term receivables and payables at invoice amounts where the effect of discounting is immaterial.</li> <li>• IAS 16, '<i>Property, plant and equipment</i>' and IAS 38, '<i>Intangible assets</i>' are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.</li> <li>• IAS 24, '<i>Related party disclosures</i>' is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.</li> </ul>	1 July 2014
<p>Various <b>Annual improvements 2013:</b> these annual improvements amend standards from the 2011 – 2013 reporting cycle. It includes changes to:</p> <ul style="list-style-type: none"> <li>• IFRS 1, '<i>First time adoptions of IFRSs</i>', basis of conclusions is amended to clarify that where a new standard is not mandatory but is available for early adoption a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.</li> <li>• IFRS 3, '<i>Business combinations</i>' is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint venture under IFRS 11.</li> <li>• IFRS 13, '<i>Fair value measurement</i>' is amended to clarify that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.</li> <li>• IAS 40, '<i>Investment property</i>' is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. IAS 40 assists users to distinguish between investment property and owner-occupied property. Preparers also need to consider the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.</li> </ul>	1 July 2014
<p>IAS 19 Amendment to IAS 19, '<i>Employee benefits</i>' regarding employee or third party contributions to defined benefit plans. The amendment applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period.</p> <p>The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary.</p> <p>Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives.</p>	1 July 2014
<p>IFRS 11 Amendment to IFRS 11, '<i>Joint arrangements</i>' regarding acquisition of an interest in a joint operation. This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an</p>	1 January 2016

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2014

New, amended and revised Standards and Interpretations	Effective from	
	investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.	
IAS 16 & IAS 38	<p>Amendment to IAS 16, '<i>Property, plant and equipment</i>' and IAS 38, '<i>Intangible assets</i>' regarding depreciation and amortisation. This amendment clarifies 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.</p> <p>This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.</p>	1 January 2016
IAS 16 & IAS 41	<p>Amendments to IAS 16, '<i>Property, plant and equipment</i>' and IAS 41, '<i>Agriculture</i>' regarding bearer plants. These amendments change the reporting for bearer plants, such as grape vines, rubber trees and oil palms. Bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. The amendments include them in the scope of IAS 16 rather than IAS 41.</p> <p>The produce on bearer plants will remain in the scope of IAS 41.</p>	1 January 2016
IFRS 10 & IAS 28	<p>Amendments to IFRS 10 and IAS 28 regarding the sale or contribution of assets between an investor and its associate or joint venture. These amendments address an inconsistency between IFRS 10 and IAS 28 in the sale or contribution of assets between an investor and its associate or joint venture.</p> <p>A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.</p>	1 January 2016
IAS 27	<p>Amendment to IAS 27, '<i>Separate financial statements</i>' regarding the equity method. The amendment allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.</p>	1 January 2016
IFRS 14	<p>IFRS 14, '<i>Regulatory deferral accounts</i>'.</p> <p>This standard permits first-time adopters of IFRS to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.</p>	1 January 2016

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2014

New, amended and revised Standards and Interpretations	Effective from
IFRS 10 & IAS 28	1 January 2016
IAS 1	1 January 2016
Various	1 July 2016
<p><b>Annual improvements 2014:</b> These annual improvements amend standards from the 2012 – 2014 reporting cycle. It includes changes to:</p> <ul style="list-style-type: none"> <li>• IFRS 5, '<i>Non-current assets held for sale and discontinued operations</i>' – The amendment clarifies that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as 'held for sale' or 'held for distribution' simply because the manner of disposal has changed. The amendment also explains that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not reclassified as 'held for sale'.</li> <li>• IFRS 7, '<i>Financial instruments: Disclosures</i>' – There are two amendments:                     <ul style="list-style-type: none"> <li>- Servicing contracts – If an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. The standard provides guidance about what is meant by continuing involvement. The amendment is prospective with an option to apply retrospectively. There is a consequential amendment to IFRS 1 to give the same relief to first time adopters.</li> <li>- Interim financial statements – the amendment clarifies that the additional disclosure required by the amendments to IFRS 7, '<i>Disclosure – Offsetting financial assets and financial liabilities</i>' is not specifically required for all interim periods unless required by IAS 34. This amendment is retrospective.</li> </ul> </li> <li>• IAS 19, '<i>Employee benefits</i>' – The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented.</li> <li>• IAS 34, '<i>Interim financial reporting</i>' – the amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment</li> </ul>	

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

New, amended and revised Standards and Interpretations	Effective from
<p>also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective.</p>	
<p><b>IFRS 15</b> IFRS 15, '<i>Revenue from contracts with customers</i>'.</p> <p>This is the converged standard on revenue recognition. It replaces IAS 11, '<i>Construction contracts</i>', IAS 18, '<i>Revenue</i>' and related interpretations.</p> <p>Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service.</p> <p>The core principle of IFRS 15 is that an entity recognises 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. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ul style="list-style-type: none"> <li>▪ Step 1: Identify the contract(s) with a customer</li> <li>▪ Step 2: Identify the performance obligations in the contract</li> <li>▪ Step 3: Determine the transaction price</li> <li>▪ Step 4: Allocate the transaction price to the performance obligations in the contract</li> <li>▪ Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation</li> </ul> <p>IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.</p>	<p>1 January 2017</p>
<p><b>IFRS 9</b> IFRS 9, '<i>Financial instruments</i>'</p> <p>The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&amp;L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.</p> <p>For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss.</p> <p>IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.</p>	<p>1 January 2018</p>

The Group is currently assessing whether these changes will impact the consolidated financial statements in the period of initial application.



ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

**2.3 Summary of main accounting principles and policies**

The main accounting principles and policies adopted in preparing these Consolidated Financial Statements are set out below. These policies have been applied consistently by the Group entities.

**Basis of consolidation**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Consolidated Financial Statements include the financial statements of the Company and the financial statements of those entities over which the Company has control, both directly or indirectly, from the date on which control is transferred to the Group until the date such control ceases.

The financial statements used in the consolidation process are those prepared by the individual Group entities in accordance with IFRS.

The consolidation procedures used are as follows:

- the assets and liabilities and income and expenses of subsidiaries are included on a line-by-line basis, allocating to non-controlling interests, where applicable, the share of equity and profit or loss for the period that is attributable to them. The resulting balances are presented separately in equity and the consolidated income statement; the acquisition method of accounting is used to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets;
- any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity;
- goodwill represents the excess of the cost of an acquisition over the interest acquired in the net fair value at the acquisition date of the assets and liabilities of the entity or business acquired. Goodwill relating to investments accounted for using the equity method is included in the carrying amount of the investment. Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair values of non-controlling interest over the net identifiable assets acquired and the liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss;
- acquisition costs on business combinations are expensed as incurred;
- the purchase of equity holdings from non-controlling holders are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration received and the relevant share of the carrying value of net assets of the subsidiary is recorded in equity;
- unrealised gains and losses on transactions carried out between companies consolidated on a line-by-line basis and the respective tax effects are eliminated if material, as are corresponding balances for receivables and payables, income and expense, and finance income and expense.

**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.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

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.

***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 recognized 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 recognized 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

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

- 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 31 December 2014	Closing rate as of 31 December 2014	Average for the year ended 31 December 2013	Closing rate as of 31 December 2013
Egyptian Pound (EGP)	0.1411	0.1398	0.1455	0.1439
Pakistan Rupee (PKR)	0.0099	0.0099	0.0099	0.0095
Euro (EUR)	1.3252	1.2098	1.3284	1.3746
DRRK Won (KPW)	0.0100	0.0095	0.01	0.0102

***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 as a result 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.

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.

	<u>Number of years</u>
<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".

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

***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 other long-term payables. 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. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization 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 recognized separately from goodwill are initially recognized 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 amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

**Derecognition of intangible assets**

An intangible asset is derecognized 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, are recognized in profit or loss when the asset is derecognized.

***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.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

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.

***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 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.

**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***

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.

Financial assets are initially recognised at fair value, classified in the category of available for sale or loans and receivables and subsequently measured as described:

Loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' 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.

The Group has one investment 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".

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.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

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.

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 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.

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.

***Financial liabilities and equity instruments***

Debt and equity instruments issued by a Group entity are classified as either 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 recognized 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.



ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

***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. The Group has entered into foreign currency forwards for the purposes of hedging the risk on foreign exchange rates in relation to the receivable on the partial disposal of ECMS. In addition, the agreement between the Company and France Telecom in relation to ECMS also includes put and call options. The fair value of the options on ECMS is disclosed in Note [19]. 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 foreseeable future.

Additional income taxes that arise from the distribution of dividends are recognised at the same time that the liability to pay the related dividend is recognised.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

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.

***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.

***Employee benefits obligation***

**Short-term employee benefits:**

Including any payments made by the Group entities under state-defined contribution schemes, are recognized in the income statement in the period in which an employee renders service that entitles the employee to the benefit.

**Defined benefit obligation:**

Is a post-employment benefit plan under which the Group has legal or constructive obligations to pay contributions as set out in the terms established with the employees.

Typically defined benefit obligation define an amount of benefit that an employee will receive on termination of employment, usually dependent on one or more factors such as age, years of services and compensation.

The liability recognised in the balance sheet in respect of defined benefit obligation is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in income.

***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.

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 deferred income;

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

- 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.

Dividend income from investments recorded at cost is recognised when the right to receive payment is established.

***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 remeasurement 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

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2014

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 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 2014 and 2013.

	As of 31 December	
	2014	2013
	<i>Level 2</i>	<i>Level 2</i>
<b>Assets</b>		
<i>Financial assets at fair value through profit or loss</i>		
Put option with Orange SA	146,720	200,725
<b>Total assets</b>	<b>146,720</b>	<b>200,725</b>

The Group did not measure any financial assets or liabilities as level 1 or 3 fair value estimates and there were no transfers between level 1 and 2 during the year ended 31 December 2014 or 2013.

***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 Smart Village Company, is stated at cost, as it relates to unlisted equity securities that do not have a quoted market price in an active

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

market for an identical instrument and for which fair value cannot be measured reliably. For further details refer to Note 19 'Other financial assets'.

The carrying amount of short term trade and other receivables and payables reasonably approximates fair value as of 31 December 2014.

### 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 to be reasonable and realistic at the time, considering the relevant circumstances. The application of such estimates and assumptions impacts 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.

#### 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 estimate 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 the purpose of 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 and in the market and also 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 recognized, 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 amortization 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

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

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.

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 income and deductible 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, consider 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.

Post-employment benefits

The Group accounts for post-employment benefits in accordance with IAS 19 – Employee benefits. IAS 19 requires the exercise of judgment in relation to various assumptions including future pay rise in excess of inflation, employee and pensioner demographics and discount rates. Any changes in these assumptions will impact the carrying amount of post-employment obligations. The Group determines the assumptions to be adopted in discussions with actuaries at the end of each year.

**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.



ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

**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.

As of 31 December 2014, if the functional currencies had strengthened/(weakened) by 10% against the US\$, Euro, Egyptian pound, DPRK Won and Pakistani Rupee, with all other variables held constant, the translation of foreign currency receivables and payables would have resulted in an increase/(decrease) of US\$ 2,650 thousand of net profit (2013: US\$ -9,257 thousand).

**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.

**Group's activities in North Korea**

For consolidation purposes and as guided by IAS 21 "The Effects of Changes in Foreign Exchange Rates", the financial statements of the subsidiary company "Koryolink" were translated into foreign currencies using the official exchange rate announced by the Central bank of North Korea as no other rate is available to the subsidiary company. The Group's management is currently undergoing discussions with the Korean party regarding cash transfers from local currency into foreign currencies. In the view of management the indications of these discussions are positive and indicate the use of the official exchange rates announced by the Central Bank of North Korea.

**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.

The following table illustrates the total borrowings outstanding as of 31 December 2014 and 2013 indicating the percentage of borrowings received at a fixed interest rate, at a variable interest rate and interest rate free.

	As of 31 December 2014	As of 31 December 2013
<b>Total borrowings</b>	6,198	8,751
<i>of which % is at a fixed interest rate</i>	-	-
<i>of which % is at a variable interest rate</i>	100%	100%
<i>of which % is interest rate free</i>	-	-

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

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 0.1% interest rate shift would be a maximum increase/decrease in 2014 finance costs of US\$ 59 thousands (2013: US\$ 343 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 can be analysed by segment as follows:

- i) *GSM*  
Substantially all customers in North Korea are prepay customers meaning that there is a low credit risk associated with this GSM operation.
- ii) *Cable*  
In general, cable customers are offered maximum payment terms of 30 days. Customers are checked for credit worthiness before offering credit terms.
- iii) *Other (including Media & Technology, classified as assets held for sale in 2014)*  
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\$ 6,610 thousand during 2014 (US\$ 2,249 thousand for the period ended 31 December 2013). See also Notes 21 and 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.

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

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the 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.

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Carrying amount	Expected cash flows (*)	Less than 1 year	Between 1 and 5 years
<b>Liabilities</b>				
Liabilities to banks	2,572	2,892	1,805	1,087
Finance lease liability	128	138	95	43
Other borrowings	3,498	3,556	2,458	1,098
Trade payables	63,611	63,611	63,611	-
<b>As of 31 December 2014</b>	<b>69,809</b>	<b>70,197</b>	<b>67,969</b>	<b>2,228</b>

	Carrying amount	Expected cash flows (*)	Less than 1 year	Between 1 and 5 years
<b>Liabilities</b>				
Liabilities to banks	2,012	2,207	1,643	564
Finance lease liability	231	259	112	147
Other borrowings	6,508	6,820	5,154	1,666
Trade payables	97,219	97,219	97,219	-
<b>As of 31 December 2013</b>	<b>105,970</b>	<b>106,505</b>	<b>104,128</b>	<b>2,377</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.

**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 are conducted in Egypt, North Korea and Pakistan. The operations of the Group depend on the market economies of the countries in which the subsidiaries operate. In particular, these markets are characterised by economies that are in various stages of development or are undergoing restructuring. Therefore the operating results of the Group are affected by the current and future economic and political developments in these countries. In particular, the results of operations could be unfavourably affected by changes in the political or governmental structures or weaknesses in the local economies in the countries where it operates. These changes could also have an unfavourable impact on financial 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 for example North Korea, where the subsidiaries operate could reduce the ability to pay interest and dividends and to repay loans, credit instruments and securities expressed in foreign currency through the transfer of currency. In addition, in some countries it could be difficult to convert large amounts of foreign currency due to central bank

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2014

regulations. The central banks may amend regulations in the future and therefore the ability of the Company to receive funds from its subsidiaries may be changed.

***Group's activities in North Korea***

The Groups operations in North Korea relate primarily to the 75% holding in the local telecom operator Koryolink.

North Korea is subject to international sanctions imposed by the European Union and the United States, among others, as well as by 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.

Whilst these sanctions do not currently have a material impact on the operations of Koryolink, as it is a domestic mobile operator with minimal foreign interaction, there can be no assurance that if international sanctions are changed or subject to enhanced enforcement, the Company's operating subsidiary in North Korea will be able to finance its operations, transfer funds to and from the Company or operate its mobile network in North Korea. If the Group becomes unable to continue to operate its business in North Korea, then this could adversely affect the Group's investments.

In addition to the aforementioned, cash transfers in North Korea from local currency to foreign currencies is subject to control restrictions by the governmental authorities, additionally the local currency of North Korea is not tradable outside the country. Such restrictions limit the level of dividends that can be paid from the Subsidiary Company to the Parent Company from its North Korea operations. The Group's management is currently undergoing discussions with the Korean party regarding the distribution of Koryolink's retained earnings and the rate to exchange the cash balances into foreign currencies and to distribute dividends given the current circumstances and restrictions imposed on cash transfers from the local Korean currency into foreign currencies and on exchange rates in North Korea.

The net assets of Koryolink (subsidiary) reached US\$ 767 Million of the Group's consolidated net assets amounting to US\$ 1,101 Million as of December 31, 2014. Also Koryolink assets include cash balances in North Korean currency equivalent to US\$ 585 Million (2013: US\$ 483 Million) and are reported within non-current financial assets in the consolidated financial statements due to the restrictions imposed on cash transfers from the local currency into foreign currency in North Korea as referred to in previous paragraphs. The financial statements of the subsidiary were translated using the official exchange rate announced by North Korean banks as at December 31, 2014 and which is determined by the Central Bank of North Korea noting that there is no free floating currency exchange market in North Korea.

The Group's management has no evidence which indicates that the assets of the subsidiary company included in the consolidated financial statements as at December 31, 2014 have been affected.

***Classes of financial instrument***

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

Assets per statement of financial position	As of 31 December 2014				As of 31 December 2013			
	Derivatives	Loans and receivables	Available for sale	Total	Derivatives	Loans and receivables	Available for sale	Total
Other financial assets	146,720	588,785	6,189	741,694	200,725	486,184	6,384	693,293
Trade receivables	-	14,153	-	14,153	-	66,070	-	66,070
Other current assets <sup>1</sup>	-	4,818	-	4,818	-	6,549	-	6,549
Cash and cash equivalents	-	130,251	-	130,251	-	124,753	-	124,753
<b>Total</b>	<b>146,720</b>	<b>738,007</b>	<b>6,189</b>	<b>890,916</b>	<b>200,725</b>	<b>683,556</b>	<b>6,384</b>	<b>890,665</b>

<sup>1</sup> Excludes prepaid expenses, advances to suppliers and receivables due from tax authority, as these do not meet the definition of a financial asset.

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

Liabilities as per statement of financial position	As of 31 December 2014			As of 31 December 2013		
	Liabilities at fair value through the profit and loss	Other financial liabilities at amortized cost	Total	Liabilities at fair value through the profit and loss	Other financial liabilities at amortised cost	Total
Borrowings		6,198	6,198	-	8,751	8,751
Other non-current liabilities <sup>1</sup>		4,406	4,406	-	3,637	3,637
Trade payable and other current liabilities <sup>1</sup>		76,409	76,409	-	116,519	116,519
<b>Total</b>		<b>87,013</b>	<b>87,013</b>	<b>-</b>	<b>128,907</b>	<b>128,907</b>

<sup>1</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:

- *GSM – North Korea*: relating to the mobile telecommunication operations performed in North Korea through the operator Koryolink.
- *GSM – Lebanon*: relating to the management contract of the Lebanese mobile telecommunications operator Alfa, which is owned by the Republic of Lebanon.
- *Cable*: relating to the provision of direct broadband and high-speed connectivity to telecom operators, internet service providers and major corporations through submarine fibre optic cables.
- *Other*: includes Media & Technology (relating mainly to the provision of online advertising and content to corporate customer, mobile value added services and software development and hosting of corporate clients) and the Group's equity investments and income and expenses related to OTMT. In 2014, Media & Technology entities have been classified as assets held for sale and discontinued operations.

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

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

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

	Year ended 31 December 2014	Year ended 31 December 2013
<b>Revenue</b>		
Telephony Services	314,660	274,538
Interconnection traffic - revenue	54,978	59,578
Other income from services and sale of goods	11,209	21,286
<b>Total</b>	<b>380,847</b>	<b>355,402</b>



**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**Revenue and EBITDA disclosure per segment**

	Year ended 31 December 2014				Year ended 31 December 2013			
	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA
GSM North Korea	344,383	-	344,383	268,160	310,712	-	310,712	251,131
GSM Lebanon	9,802	-	9,802	1,034	19,875	-	19,875	15,217
Cable	24,995	-	24,995	2,941	23,417	-	23,417	3,495
Other	19,437	(17,770)	1,667	(1,603)	13,826	(12,428)	1,398	(17,374)
<b>Total</b>	<b>398,617</b>	<b>(17,770)</b>	<b>380,847</b>	<b>270,532</b>	<b>367,830</b>	<b>(12,428)</b>	<b>355,402</b>	<b>252,469</b>

**Assets per segment**

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

	As of 31 December 2014				As of 31 December 2013			
	Property and equipment	Intangible assets	Equity investments	Total	Property and equipment	Intangible assets	Equity investments	Total
GSM North Korea	159,226	51,104	-	210,330	171,886	56,923	-	228,809
Cable	126,301	21,084	-	147,385	182,206	1,304	-	183,510
Other <sup>1</sup>	7,123	205	82,739	90,067	17,083	4,755	92,367	114,205
<b>Total</b>	<b>292,650</b>	<b>72,393</b>	<b>82,739</b>	<b>447,782</b>	<b>371,175</b>	<b>62,982</b>	<b>92,367</b>	<b>526,524</b>

<sup>1</sup> Amounts in the "Other" segment includes assets attributable to Media and Technology entities, which have been reclassified as assets held for sale in 2014.

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

	Year ended 31 December 2014	Year ended 31 December 2013
EBITDA	270,532	252,469
Depreciation and amortization	(36,176)	(29,218)
Impairment of property and equipment	(56,871)	(67,606)
Disposal of non-current assets	(265)	(6)
Finance (cost) income	(47,932)	49,603
Financial expense	(2,648)	(5,328)
Foreign exchange (loss) /gain	(5,995)	11,732
Share of (loss) of investment in associates	(7,058)	(7,067)
Impairment of associate	-	(13,556)
<b>Profit before income tax</b>	<b>113,587</b>	<b>191,023</b>

**Reconciliation of assets allocated to total assets**

	As of 31 December 2014	As of 31 December 2013
Assets allocated	447,782	526,524
Other non-current financial assets	703,686	689,695
Other non-current assets	9,144	6,408
Inventories	264	511
Trade receivables	13,963	66,070
Other current financial assets	38,005	3,598
Other current assets	19,553	12,459
Cash and cash equivalents	130,251	124,753
Assets held for sale	63,801	-
<b>Total assets</b>	<b>1,426,449</b>	<b>1,430,018</b>

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**Capital expenditure**

The table below illustrates the capital expenditure incurred by each segment for the year ended 31 December 2014 and the year ended 31 December 2013:

	Year ended 31 December 2014	Year ended 31 December 2013
GSM North Korea	28,679	68,769
Cable	21,462	1,606
Other <sup>1</sup>	4,565	3,003
<b>Total</b>	<b>54,706</b>	<b>73,378</b>

<sup>1</sup> Amounts in the "Other" segment includes capital expenditure attributable to Media and Technology entities, which have been reclassified as assets held for sale in 2014.

**6. Assets Held for Sale and Discontinued Operation**

Orascom Telecom, Media and Technology Holding S.A.E announced that the Board of Directors of Orascom Telecom Ventures S.A.E (subsidiary company) has agreed to sell some of its subsidiaries and their subsidiary companies in a deal with an estimated total value of US\$ 19.5 million to one of the subsidiaries of Accelero Capital Management Ltd. Company, taking into consideration that the cash consideration is US\$ 13.9 million.

The deal includes companies working in the fields of value-added mobile services, advertisements via the internet, software development and management of electronic content. It is expected that the deal will be finalized during the first quarter of 2015, after the completion of the legal documents and procedures regarding the deal in the context of exclusive negotiations between the two companies.

The following are the names of the subsidiary companies included in the deal and the Group's percentages of direct and indirect investment:

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

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014 Actual Book value	2014 Actual Fair value
<b>Assets Held for Sale</b>		
Property, plant and equipment	7,080	365
Intangible assets	3,745	962
Financial Assets	1,602	1,602
Inventories	29	29
Trade receivables	40,800	40,800
Other receivables	7,422	7,421
Cash and cash equivalents	12,622	12,622
<b>Total assets</b>	<b>73,300</b>	<b>63,801</b>
<b>Liabilities Held for Sale</b>		
Financial liabilities	850	850
Employee benefits	3,872	3,872
Provisions	4,619	4,619
Deferred Tax	52	52
Tax liabilities	602	602
Trade payables	39,825	39,825
<b>Total liabilities</b>	<b>49,820</b>	<b>49,820</b>
<b>Total identifiable assets on sale</b>	<b>23,480</b>	<b>13,981</b>

The consolidated income statement was charged with impairment losses of the non-current assets held for sale with an amount of US\$ 9,499 thousand which represents the difference between the fair value and the carrying amount of the net non-current assets held for sale.

The following is the revenues and the expenses related to the discontinued operations:

	Year ended 31 December 2014	Year ended 31 December 2013
Revenue	92,107	88,869
Expenses	(94,670)	(89,366)
Loss recognised on the re-measurement of assets of the disposal group	(9,499)	
<b>Loss from operating activities</b>	<b>(12,062)</b>	<b>(497)</b>
Income tax expense	(1,262)	(3,306)
<b>Loss from discontinued operations</b>	<b>(13,324)</b>	<b>(3,803)</b>

**7. Revenue**

	Year ended 31 December 2014	Year ended 31 December 2013
Telephony Services	314,392	274,538
Interconnection traffic	54,978	59,578
Management contract – Fees	11,468	21,273
Other income from services and sale of goods	9	13
<b>Total</b>	<b>380,847</b>	<b>355,402</b>



**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**8. Purchases and services**

	Year ended 31 December 2014	Year ended 31 December 2013
Rental of local network, technical sites and other leases	17,873	4,780
Customer acquisition costs	10,048	12,955
Purchases of goods and changes in inventories	6,329	6,126
Maintenance costs	4,713	5,972
Telephony cost	17,440	15,494
Utilities	1,653	1,496
Interconnection traffic	465	804
Advertising and promotional services	1,094	1,065
Consulting and professional services	5,824	6,516
Bank and post office charges	367	84
Insurance	714	551
Other service expenses	9,647	7,594
<b>Total</b>	<b>76,167</b>	<b>63,437</b>

**9. Other expenses**

	Year ended 31 December 2014	Year ended 31 December 2013
Bad debts / (Provisions no longer required)	5,511	(183)
Provisions for risks	6,521	25,482
Promotion and gifts	174	193
Other operating expenses	4,784	174
<b>Total</b>	<b>16,990</b>	<b>25,666</b>

**10. Personnel costs**

	Year ended 31 December 2014	Year ended 31 December 2013
Wages and salaries	14,014	13,651
Social security	620	542
Pension costs	260	274
Other personnel costs	3,434	3,410
<b>Total</b>	<b>18,328</b>	<b>17,877</b>

**11. Depreciation and Amortisation**

	Year ended 31 December 2014	Year ended 31 December 2013
<b>Depreciation of tangible assets</b>		
Buildings	336	337
Plant and machinery	25,593	20,582
Cable system and equipment	2,869	1,904
Commercial and other tangible assets	3,894	3,172
<b>Amortisation of intangible assets</b>		
License	3,042	2,935
Right of use	95	-
Other	347	288
<b>Total</b>	<b>36,176</b>	<b>29,218</b>

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

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

Impairment charges of US\$ 57 million (2013: US\$ 68 million) mainly relate to the main asset of MENA Cable, a submarine cable which was impaired following an appraisal of the asset performed by the company, which indicated that the expected recoverable value was less than the book value as of 31 December 2014.

**13. Acquisition of subsidiaries**

During 2013 the Company acquired 51% of the share capital of Genart for total consideration of Turkish Lira 1.1 million (equivalent to US\$ 554 thousand). As a result of the acquisition, the Group increased its presence in the media and technology business in Turkey. The goodwill arising from the acquisition is attributable to acquired customer base. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for Genart, the fair value of assets acquired, liabilities assumed and non-controlling interest at the acquisition date.

<i>(in thousands of US\$)</i>	<b>Fair value at date of acquisition</b>
Property and equipment	141
Trade receivables	3,347
Other current financial assets	2
Other current assets	284
Cash and cash equivalents	307
Current borrowings	(19)
Trade payables	(3,100)
Other current liabilities	(562)
Current income tax liabilities	(26)
<b>Total identifiable net assets</b>	<b>374</b>
Non -controlling interest	183
<b>Goodwill</b>	<b>363</b>
<b>Consideration</b>	<b>554</b>

Non-controlling interest of Genart, an unlisted company, was measured based on the fair value of the proportion of identifiable assets and liabilities.

The revenue included in the consolidated income statement since the date of acquisition contributed by Genart was US\$ 6,902 thousand. Genart also contributed profit of US\$ 696 thousand over the same period.

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

	<b>Year ended 31 December 2014</b>	<b>Year ended 31 December 2013</b>
Fair value ( losses) gains on derivative instrument	(48,733)	48,528
Interest income on deposits	801	1,075
<b>Financial (Cost ) income</b>	<b>(47,932)</b>	<b>49,603</b>
Interest expense on borrowings	(761)	(1,356)
Interest expense on trade and other liabilities	(1)	(1)
Other interest expense and financial charges	(803)	(341)
Impairment of financial asset	(1,083)	(3,630)
<b>Financial expense</b>	<b>(2,648)</b>	<b>(5,328)</b>
Foreign exchange gain/ (loss)	(5,995)	11,732
<b>Foreign exchange (loss)/ gain</b>	<b>(5,995)</b>	<b>11,732</b>
<b>Total</b>	<b>(56,575)</b>	<b>56,007</b>

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

<i>Financial income</i>	<b>Income (losses)</b>	<b>Fair value asset/ (liability)</b>
Fair value of ECMS put option (Note 15)	(48,733)	146,720

See also Note 19 for additional description of the derivative instruments.

**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.

**15. Investment in associates**

Investment in associates relate to the Egyptian Company for Mobile Services S.A.E. ("ECMS"), a mobile telecommunication operator in Egypt which provides a range of prepaid and post-paid voice and data telecommunication services under the brand name of Mobinil.

	<b>Country</b>	<b>Principal activity</b>	<b>Ownership %</b>	<b>Voting %</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
MT Telecom SCRL	Belgium	Holding Company	28.8	28.8	7,840	8,135
Egyptian Company For Mobile Services	Egypt	GSM operator	5	5	74,899	97,768
					<b>82,739</b>	<b>105,903</b>
Deduct: impairment					-	(13,536)
<b>Investment in associates</b>					<b>82,739</b>	<b>92,367</b>

As a consequence of a binding agreement entered on 12 April 2012 with Orange SA, the Company sold its 29.67% direct and indirect holding in ECMS at a price of EGP 202.5 per share for a total cash consideration of approximately US\$ 933 million and retained a 5% direct economic interest in ECMS. Additionally, the Company acquired from France Telecom 28.75% of voting rights in MT Telecom Scrl ("MT Telecom" the controlling shareholder of ECMS) for a total cash consideration of approximately US\$9 million. The transaction was completed on 14 June 2012.

Furthermore, Orange SA and the Company have amended certain provisions under their existing shareholders agreement in order to adjust the governance structure to the new shareholding interests and to put in place mechanisms to protect minority shareholder's interest and leave the Company with similar voting rights and board representations as previously in place.

In particular, the Company remains Orange SA strategic partner in Egypt and continues to participate in the management of ECMS, including through its appointment of three out of thirteen directors in the board of directors of ECMS, its participation in the audit committee and in the nomination and compensation committee of ECMS. The chief operating officer of ECMS will be appointed by ECMS's board of directors after consultations with ECMS's nomination and compensation committee. The chief operating officer of ECMS will appoint the other senior management of ECMS, always after consultations with ECMS's nomination and compensation committee. The Company will continue to provide services to ECMS under the general service agreement renewed on 22 March 2012, subject to possible future changes that may be decided by ECMS for that agreement or its assignment to Orange SA, at Orange SA's discretion, against compensation of Euro 110 million to the Company.

Furthermore, the Company and Orange SA have agreed to the following put and call options with respect to the Company's direct economic stake in ECMS and voting rights in MT Telecom.

- In order to grant Orange SA increased flexibility to maintain Egyptian shareholding in ECMS, France Telecom and the Company have agreed to limit the Company's put option for its 5% remaining direct stake in ECMS to 1.67% per annum over a three-year period from 2015 to 2017, subject to the trading rules and the then applicable law. This option is exercisable in January-February of each such year at accreting prices determined based on the date of exercise ranging from Euro 33.68 in 2015 to Euro 37.14 in 2017 per ECMS share, the last exercise of such put option leading to the sale of the 28.75% voting rights in MT Telecom. The Company

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

will also have certain agreed exit rights in the event France Telecom involves another local partner in the ECMS business.

- To give Orange SA additional control over a potential future divestment by the Company, Orange SA will have the option to call all (but not less than all) of the Company's remaining direct stake in ECMS and voting rights in MT Telecom. This option is exercisable during a January-February exercise period in each year from 2013 to 2017, at prices accreting at a rate similar to that for the put option granted to the Company and described above, ranging from Euro 30.55 to Euro 37.14 per ECMS share. The agreement also provides Orange SA with call option rights in certain other circumstances, including upon a change of control of the Company.

The Company also granted Orange SA a right of first refusal over any sale by the Company of its stake in ECMS.

In February 2015, Orange SA exercised its call option (see further Note 35 'Subsequent events' for further details).

See also Note 19 'Other financial assets' in relation to the above mentioned put and call options.

There are no significant contingent liabilities relating to the Group's interest in ECMS, except for a legal case mentioned in the Note 33 'Contingent assets and liabilities' with the Egyptian Regulator.

The following table provides the movements in the Group's investment in ECMS for the year ended 31 December 2014 and for the year ended 31 December 2013:

	As of 31 December 2014	As of 31 December 2013
Opening	92,367	121,736
Share of (loss) of associate	(7,058)	(7,067)
Share of gains of associate comprehensive income	-	209
Impairment	-	(13,556)
Exchange differences	(2,570)	(8,955)
<b>As of 31 December</b>	<b>82,739</b>	<b>92,367</b>

During 2013 Group management identified impairment indicators that triggered an impairment test. The recoverable amount identified for ECMS was below its carrying amount and resulted in an impairment charge of US\$ 13,556 thousand.

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

*Summarized balance sheet*

	As of 31 December	
	2014	2013
<b>Current</b>		
Cash and cash equivalents	38,474	99,474
Other current assets (excluding cash)	320,487	326,687
<b>Total current assets</b>	<b>358,961</b>	<b>426,161</b>
Current financial liabilities (excluding trade and other payables)	(175,685)	(421,599)
Other current liabilities (including trade and other payables)	(863,624)	(681,154)
<b>Total current liabilities</b>	<b>(1,039,309)</b>	<b>(1,102,753)</b>
<b>Non-current</b>		
Non-current assets	1,726,959	1,865,506
Non-current financial liabilities (excluding trade and other payables)	(734,108)	(812,775)
Other non-current liabilities (including trade and other payables)	(121,121)	(120,321)
<b>Total non-current liabilities</b>	<b>(855,229)</b>	<b>(933,096)</b>
<b>Net assets</b>	<b>191,382</b>	<b>255,818</b>

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

<i>Summarized statement of comprehensive income</i>	Year ended 31 December 2014	Year ended 31 December 2013
Revenue	1,542,038	1,539,814
Depreciation and amortization	(369,500)	(372,802)
Interest income	5,634	7,821
Interest expense	(143,320)	(143,949)
Loss for the year before tax	(56,419)	(76,680)
Income tax expense	(2,349)	10,247
Loss for the year after tax	(58,768)	(66,433)
Other comprehensive income	-	(1,072)
<b>Total comprehensive Loss</b>	<b>(58,768)</b>	<b>(67,505)</b>

The information above reflects the amounts presented in the financial statements of the associate ECMS (and not the Company's share in the investment).

	As of 31 December	
	2014	2013
Net assets of associate	191,382	255,818
Proportion of the Group's ownership interest in ECMS	5%	5%
Goodwill	42,436	43,682
Other purchase price adjustments	30,734	35,894
<b>Carrying amount of the Group's interest in ECMS</b>	<b>82,739</b>	<b>92,367</b>

**16. Income tax expense**

	Year ended 31 December 2014	Year ended 31 December 2013
Current tax expense	62,529	21,108
Deferred tax liabilities	470	3,258
<b>Total</b>	<b>62,999</b>	<b>24,366</b>

The main increase due to the expiration of the tax exemption related to Koryolink

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**17. Property and equipment**

	Land and Buildings	Plant and machinery	Cable system and equipment	Commercial and other tangible assets	Assets under Construction	Total
<i>Cost</i>	12,984	214,201	29,852	33,260	281,461	571,758
<i>Accumulated depreciation and impairment</i>	(1,386)	(70,727)	(7,654)	(14,900)	(105,916)	(200,583)
<b>Net book value as of 1 January 2014</b>	<b>11,598</b>	<b>143,474</b>	<b>22,198</b>	<b>18,360</b>	<b>175,545</b>	<b>371,175</b>
Additions	52	22,114	1,982	5,307	4,676	34,131
Disposals	(2)	-	-	(69)	(307)	(378)
Depreciation	(403)	(27,943)	(2,869)	(4,728)	-	(35,943)
Impairment charges	-	-	(55,239)	-	(1,632)	(56,871)
Exchange differences	(272)	(9,684)	706	(1,090)	(2,060)	(12,400)
Assets held for sale	(954)	(3,743)	-	(2,348)	(35)	(7,080)
Impairment transferred from projects under construction	-	-	153,382	-	(153,382)	-
Reclassifications	(17)	(12)	(4)	49	-	16
<b>Net book value as of 31 December 2014</b>	<b>10,002</b>	<b>124,206</b>	<b>120,156</b>	<b>15,481</b>	<b>22,805</b>	<b>292,650</b>
<i>Cost</i>	11,369	206,968	292,086	29,368	24,437	564,228
<i>Accumulated depreciation and impairment</i>	(1,367)	(82,762)	(171,930)	(13,887)	(1,632)	(271,578)

	Land and Buildings	Plant and machinery	Cable system and equipment	Commercial and other tangible assets	Assets under Construction	Total
<i>Cost</i>	13,210	177,409	29,326	12,971	267,556	500,472
<i>Accumulated depreciation and impairment</i>	(966)	(50,318)	(5,883)	(8,133)	(38,311)	(103,611)
<b>Net book value as of 1 January 2013</b>	<b>12,244</b>	<b>127,091</b>	<b>23,443</b>	<b>4,838</b>	<b>229,245</b>	<b>396,861</b>
Additions	214	49,557	906	4,835	14,878	70,390
Disposals	-	(29)	-	(102)	(80)	(211)
Change in scope of consolidation	1	-	-	66	-	67
Depreciation	(409)	(23,034)	(1,904)	(3,975)	-	(29,322)
Impairment charges	-	-	-	(1)	(67,605)	(67,606)
Exchange differences	(455)	1,262	(247)	72	364	996
Reclassifications	3	(11,373)	-	12,627	(1,257)	-
<b>Net book value as of 31 December 2013</b>	<b>11,598</b>	<b>143,474</b>	<b>22,198</b>	<b>18,360</b>	<b>175,545</b>	<b>371,175</b>
<i>Cost</i>	12,984	214,201	29,852	33,260	281,461	571,758
<i>Accumulated depreciation and impairment</i>	(1,386)	(70,727)	(7,654)	(14,900)	(105,916)	(200,583)

Additions to property and equipment mainly relate to cell site investments and assets under construction relating to new base stations in North Korea and 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 2014 additions had for a significant portion already been settled through advance payments as of 31 December 2013.

Borrowings, primarily of Trans World Associated Private Limited ("TWA"), are secured on property and equipment for the value of US\$ 4,042 thousand as of 31 December 2014. ( US\$ 4,991 thousand as of 31 December 2013).



**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**18. Intangible assets**

	License	Goodwill	Right of use <sup>1</sup>	Other	Total
<i>Cost</i>	69,537	6,537	-	3,043	79,117
<i>Accumulated amortization and impairment</i>	(13,085)	(2,663)	-	(387)	(16,135)
<b>Net book value as of 1 January 2014</b>	<b>56,452</b>	<b>3,874</b>	<b>-</b>	<b>2,656</b>	<b>62,982</b>
Additions	570	-	20,000	5	20,575
Amortization	(3,477)	-	(95)	(347)	(3,919)
Impairment loss	-	(1,891)	-	-	(1,891)
Reclassifications	(41)	-	-	22	(19)
Assets held for sale	(962)	(1,190)	-	(450)	(2,602)
Exchange differences	(2,489)	(92)	-	(152)	(2,733)
<b>Net book value as of 31 December 2014</b>	<b>50,053</b>	<b>701</b>	<b>19,905</b>	<b>1,734</b>	<b>72,393</b>
<i>Cost</i>	64,665	1,833	20,000	1,794	88,292
<i>Accumulated amortization and impairment</i>	(14,612)	(1,132)	(95)	(60)	(15,899)

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

	License	Goodwill	Other	Total
<i>Cost</i>	72,137	6,683	10,219	89,039
<i>Accumulated amortization and impairment</i>	(10,534)	(2,445)	(384)	(13,363)
<b>Net book value as of 1 January 2013</b>	<b>61,603</b>	<b>4,238</b>	<b>9,835</b>	<b>75,676</b>
Additions	719	363	2,210	3,292
Amortization	(3,104)	-	(288)	(3,392)
Impairment loss	-	(407)	-	(407)
Disposals	(276)	-	(8,268)	(8,544)
Change in the scope of consolidation	(461)	-	(420)	(881)
Exchange differences	(2,029)	(320)	(413)	(2,762)
<b>Net book value as of 31 December 2013</b>	<b>56,452</b>	<b>3,874</b>	<b>2,656</b>	<b>62,982</b>
<i>Cost</i>	69,537	6,537	3,043	79,117
<i>Accumulated amortization and impairment</i>	(13,085)	(2,663)	(387)	(16,135)

The following table provides an analysis of goodwill by segment:

	2014			2013		
	Other <sup>1</sup>	Cable	Total	Other <sup>1</sup>	Cable	Total
<b>As of 1 January</b>	<b>3,173</b>	<b>701</b>	<b>3,874</b>	<b>3,459</b>	<b>779</b>	<b>4,238</b>
<i>Cost</i>	5,836	701	6,537	5,904	779	6,683
<i>Accumulated impairment</i>	(2,663)	-	(2,663)	(2,445)	-	(2,445)
Impairment	(1,891)	-	(1,891)	363	-	363
Assets held for sale	(1,190)	-	(1,190)	(407)	-	(407)
Exchange differences	(92)	-	(92)	(210)	(110)	(320)
<b>As of 31 December</b>	<b>-</b>	<b>701</b>	<b>701</b>	<b>3,205</b>	<b>669</b>	<b>3,874</b>
<i>Cost</i>	1,132	701	1,833	5,868	669	6,537
<i>Accumulated impairment</i>	(1,132)	-	(1,132)	(2,663)	-	(2,663)

<sup>1</sup> Amounts in the "Other" segment relate to goodwill attributable to Media and Technology entities, which have been reclassified as assets held for sale in 2014.

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**19. Other financial assets**

	As of 31 December 2014			As of 31 December 2013		
	Non-current	Current	Total	Non-current	Current	Total
Financial receivables	42	2,746	2,788	47	524	571
Derivative financial instruments	112,575	34,145	146,720	200,725	-	200,725
Deposits	584,883	1,114	585,997	482,539	3,074	485,613
Financial assets available for sale -At Cost	6,189	-	6,189	6,384	-	6,384
<b>Other financial assets</b>	<b>703,689</b>	<b>38,005</b>	<b>741,694</b>	<b>689,695</b>	<b>3,598</b>	<b>693,293</b>

**Derivatives**

**Call / Put options with Orange SA**

Represents the fair value of the put-option by which the Company can sell its stake in the Egyptian Company for Mobile Services including the voting rights to Orange SA.

According to the amended and restated shareholders agreement between the Company and Orange SA dated 11 April 2012, and as disclosed in Note 15, the amended agreement states that Orange SA has the option to call all (but not less than all) of the Company's remaining direct stake in Egyptian Company for Mobile Services - ECMS and in MT Telecom, which are reported in the consolidated financial statements as investments in associates with direct ownership interest of 5% and 28.75% respectively. This option is exercisable during a January-February exercise period in each year from 2013 to 2017, ranging from EGP 243.5 to 296 "Euro 30.55 to Euro 37.14" ECMS share.

The agreement also provides that the Company has the option to put 1.67% per annum of its direct interest in the ECMS over a three-year period from 2015 to 2017 subject to the trading rules of the Egyptian Stock Exchange - EGX and the then applicable law.

This option is exercisable in January-February of each such year at accreting prices determined based on the date of exercise ranging from EGP 268.5 to 296 "Euro 33.68 in 2015 to Euro 37.14" in 2017 per ECMS share.

The fair value of both the put and call options is determined by an independent appraisal, which stated that the fair value of the asset to the company as at 31 December 2014 amounted to US\$ 147 million (2013: US\$ 201 million).

During the current year, a portion of the Holding Company's right in exercising the put option referred to above in each of January and February 2015 was classified as a current asset with an amount of US\$ 34 million based on the evaluation performed by the independent valuator.

In February 2015, Orange SA exercised its call option (see further Note 35 'Subsequent events' for further details).

**Deposits**

Deposits as of 31 December 2014 also include an amount of US\$ 584,883 thousand (31 December 2013: US\$ 482,539 thousand) relating to cash held in North Korea in local currency which is subject to restrictions on use for certain operating and capital expenses in local currency only. The funds cannot be converted into foreign currencies and cannot be repatriated overseas.

As of 31 December 2014 deposits amounting to US\$ 1,114 thousand (31 December 2013: US\$ 3,704 thousand) are pledged or blocked as security against related bank borrowings or others commitments related to issued LGS and outstanding loan requirements.



**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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

	As of 31 December 2014		As of 31 December 2013	
	Deposits	Financial receivables	Deposits	Financial receivables
Not past due	585,997	2,788	485,613	571
Past due 0-30 days	-	-	-	-
Past due 31-120 days	-	-	-	-
Past due 121-150 days	-	-	-	-
Past due more than 150 days	-	-	-	-
<b>Total</b>	<b>585,997</b>	<b>2,788</b>	<b>485,613</b>	<b>571</b>

**AFS investments**

Company name	% ownership	As of 31 December 2014	As of 31 December 2013
Smart Village	10%	6,189	6,367
Others	-	-	17
		<b>6,189</b>	<b>6,384</b>

Smart Village Company is an Egyptian company with offices in Giza which establishes and manages a branded chain of technology cluster and business parks located in Giza as well as variety of other products and services.

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.

**20. 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.

The movement in deferred income tax liabilities is as follows:

	As of 31 December 2014	As of 31 December 2013
As of January 1,	(13,094)	(10,200)
Exchange differences	509	269
Classified as non-current liabilities held for sale	52	-
Income statement charge	(242)	(3,163)
<b>As of December 31,</b>	<b>(12,775)</b>	<b>(13,094)</b>

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

	Depreciation and amortization	Unremitted earnings	Other	Total
As of 1 January 2014	(2,192)	10,374	4,912	13,094
Charged / (credited) to the income statement	7,539	(1,241)	(6,056)	242
Exchange differences	(131)	(675)	297	(509)
Classified as non-current liabilities held for sale	(52)	-	-	(52)
<b>As of 31 December 2014</b>	<b>5,164</b>	<b>8,458</b>	<b>(847)</b>	<b>12,775</b>

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	<b>Depreciation and amortization</b>	<b>Unremitted earnings</b>	<b>Other</b>	<b>Total</b>
<b>As of 1 January 2013</b>	5,641	9,169	(4,610)	10,200
<b>Charged / (credited) to the income statement</b>	(7,994)	1,361	9,796	3,163
<b>Exchange differences</b>	161	(156)	(274)	(269)
<b>As of 31 December 2013</b>	<u>(2,192)</u>	<u>10,374</u>	<u>4,912</u>	<u>13,094</u>

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.

Koryolink, the Group's subsidiary in North Korea, enjoyed a tax exemption for a period of five years ending in December 2013. After the lapse of the exemption period the subsidiary's net profits are subject to tax according to the tax rules applicable to foreign investment in North Korea. During the tax exemption period, the subsidiary is not required to submit its tax returns according to the applicable tax laws.

The subsidiary company paid an amount equivalent to US\$ 43,373 thousand under tax settlement until the preparation of the tax return for the year ended December 31, 2014 which is considered the first year to be subject to tax after the lapse of the exemption period.

In the absence of specific legal requirements or information of any adjustments required to net accounting profits for the purposes of calculating the income tax according to tax law on the foreign activities in North Korea, and in the absence of any sources of reliable information in similar situations of other foreign activities, in accordance with the limited information available,

Management believes that there are no differences between the tax base and the accounting base of assets and liabilities recorded in the financial statements of the subsidiary at the date of the consolidated financial statements, accordingly no deferred tax assets or liabilities have been recognized.

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 31 December 2014, Management will reassess its estimate in a way that might result in the recognition of deferred taxes related to those assets and liabilities.

**21. Trade receivables**

	<b>As of 31 December 2014</b>	<b>As of 31 December 2013</b>
<b>Receivables due from customers</b>	18,884	73,306
<b>Allowance for doubtful receivables</b>	(4,921)	(7,236)
<b>Total</b>	<u>13,963</u>	<u>66,070</u>

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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

	As of 31 December 2014	As of 31 December 2013
As of 1 January	7,236	6,106
Exchange differences	(158)	(271)
Additions (allowances recognized as an expense)	6,506	5,116
Assets held for sale	(6,787)	-
Use	(1,779)	(230)
Reversal	-	(3,484)
Reclassifications	(97)	-
<b>As of 31 December</b>	<b>4,921</b>	<b>7,236</b>

The allowance for doubtful receivables mainly relate to customers of the Media & Technology business.

The following table shows the ageing analysis of trade receivables as of 31 December 2014 and 2013, net of the relevant allowance for doubtful receivables:

	As of 31 December 2014	As of 31 December 2013
Not past due	10,418	45,270
Past due 0-30 days	1,296	6,786
Past due 31-120 days	1,123	3,498
Past due 121 - 150 days	147	576
Past due more than 150 days	979	9,941
<b>Trade receivables</b>	<b>13,963</b>	<b>66,071</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.

## 22. Other assets

	As of 31 December 2014			As of 31 December 2013		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	9,144	3,863	13,007	6,408	2,389	8,797
Advances to suppliers	-	4,473	4,473	-	1,690	1,690
Receivables due from tax authority	-	6,396	6,396	-	3,113	3,113
Other receivables	-	4,818	4,818	-	6,549	6,549
Allowance for doubtful current assets	-	-	-	-	(1,282)	(1,282)
<b>Total</b>	<b>9,144</b>	<b>19,550</b>	<b>28,694</b>	<b>6,408</b>	<b>12,459</b>	<b>18,867</b>

The following table shows the movement in the allowance for doubtful current assets:

	As of 31 December 2014	As of 31 December 2013
At 1 January	1,282	991
Exchange differences	(104)	(92)
Additions (allowances recognized as an expense)	104	617
Use	(368)	(235)
Assets held for sale	(914)	-
<b>At 31 December</b>	<b>-</b>	<b>1,281</b>

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**23. Cash and balances at banks**

	As of 31 December 2014	As of 31 December 2013
Bank accounts and Deposits	127,064	124,393
Cash on hand and cash in transit	3,187	360
<b>Total</b>	<b>130,251</b>	<b>124,753</b>

**24. 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 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\$ 34,487 thousand as of December 2014 vs US\$ 25,592 as of December 2013 which is not available for distribution representing a legal and special reserves at the subsidiaries level.

**Dividends**

On 18 March 2013 at the OTMT shareholders meeting, a dividend payment of EGP 0.25 per share, for an aggregate amount of US\$ 197 million was approved. The dividend was paid on May 2013.

**25. Borrowings**

	As of 31 December 2014			As of 31 December 2013		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities to banks	1,577	995	2,572	1,478	534	2,012
Finance lease liability	92	36	128	94	137	231
Other borrowings	2,430	1,068	3,498	4,884	1,624	6,508
<b>As of 31 December</b>	<b>4,099</b>	<b>2,099</b>	<b>6,198</b>	<b>6,456</b>	<b>2,295</b>	<b>8,751</b>

**Liabilities due to banks**

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

	within one year	1-2 years	2-3 years	3-4 years	Total
Liabilities to banks	1,577	995	-	-	2,572
Finance lease liability	92	18	18	-	128
Other borrowings	2,430	539	529	-	3,498
<b>As of 31 December 2014</b>	<b>4,099</b>	<b>1,552</b>	<b>547</b>	<b>-</b>	<b>6,198</b>
Liabilities to banks	1,478	534	-	-	2,012
Finance lease liability	94	94	23	20	231
Other borrowings	4,884	542	542	540	6,508
<b>As of 31 December 2013</b>	<b>6,456</b>	<b>1,170</b>	<b>565</b>	<b>560</b>	<b>8,751</b>

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**Finance lease liabilities**

	As of 31 December 2014	As of 31 December 2013
Gross finance lease liabilities – minimum lease payments		
Within one year	99	112
Between 1-5 years	39	147
	<b>138</b>	<b>259</b>
Future finance charges on finance leases	(10)	(28)
<b>Present value of finance lease liabilities</b>	<b>128</b>	<b>231</b>
The present value of finance lease liabilities is as follows:		
Within one year	92	94
Between 1-5 years	36	137
	<b>128</b>	<b>231</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:

	US\$	Egyptian Pound	Pakistan Rupee	Others	Total
<b>As of 31 December 2014</b>	<b>3,308</b>	<b>190</b>	<b>2,700</b>	-	<b>6,198</b>
<b>As of 31 December 2013</b>	<b>5,960</b>	<b>548</b>	<b>2,238</b>	<b>5</b>	<b>8,751</b>

Financial liabilities include secured liabilities of US\$ 2,572 thousand as of 31 December 2014 vs US\$ 6,511 thousand as of 31 December 2013. In general, the financial liabilities are secured on property and equipment of the relevant subsidiary, pledged shares and receivables.

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair value of non-current borrowings, calculated as cash flows discounted using a current borrowing rate, approximates the carrying value due to the fact that all non-current borrowings are at variable interest rate and management assumes that conditions originally negotiated, such as spread, would still be the same compared to current market conditions. Fair values are within level 2 of the fair value hierarchy.

**26. Trade payables and other liabilities**

	As of 31 December 2014			As of 31 December 2013		
	Current	Non-current	Total	Current	Non-current	Total
<b><i>Trade Payables</i></b>						
Capital expenditure payables	32,378	-	32,378	33,995	-	33,995
Trade payables due to suppliers	27,443	-	27,443	46,834	-	46,834
Other trade payables	3,790	-	3,790	16,390	-	16,390
<b>Total</b>	<b>63,611</b>	<b>-</b>	<b>63,611</b>	<b>97,219</b>	<b>-</b>	<b>97,219</b>
<b><i>Other liabilities</i></b>						
Prepaid traffic and deferred income	71,792	4,224	76,016	72,080	5,428	77,508
Due to local authorities	2,706	-	2,706	3,063	-	3,063
Personnel payables	1,226	-	1,226	5,979	-	5,979
Other credit balances	11,382	4,406	15,788	10,258	1	10,259
<b>Total</b>	<b>87,106</b>	<b>8,630</b>	<b>95,736</b>	<b>91,380</b>	<b>5,429</b>	<b>96,809</b>
<b>Total</b>	<b>150,717</b>	<b>8,630</b>	<b>159,347</b>	<b>188,599</b>	<b>5,429</b>	<b>194,028</b>



**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**27. Provisions**

	As of 31 December 2014	As of 31 December 2013
As of 1 January	76,658	51,394
Additions	11,487	32,456
Disposals	(4,380)	-
Currency translation differences	(2,500)	(3,915)
Provision used	(182)	(3,277)
Classified as non-current liabilities held for sale	(4,619)	-
<b>As of 31 December</b>	<b>76,464</b>	<b>76,658</b>

**28. Defined benefit obligation**

Some subsidiaries of the Group grant to their employees post-employment benefits other than pensions in the form of a lump sum payment on termination of service of the final monthly salary for each year of service. The expected costs of these benefits are accrued over the period of employment as a post-employment defined benefit obligation. All post-employment benefits other than pensions are directly paid by the Group to the employees at the end of employment and therefore no obligation assets is accumulated for such benefits. The present value of the unfunded post-employment benefit has been classified as non-current liabilities held for sale as of December 31, 2014, while it amounted to US\$ 2,284 as of 31 December 2013.

The movement in the defined benefit obligation over the year is as follows:

	2013	2014
As of 1 January	-	2,284
Current service cost	445	-
Interest expense	-	-
Past service cost and gains and losses on settlements	1,864	-
<b>Components of defined benefit costs recognised in profit and loss</b>	<b>2,309</b>	<b>-</b>
Remeasurement of the defined benefit liability:		
(Gain)/Loss from change in demographic assumptions	-	-
(Gain)/Loss from change in financial assumptions	-	-
Experience (gains)/losses	-	-
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>-</b>	<b>-</b>
Payment from plan	-	-
Exchange differences	(25)	-
Reclassification to non-current liabilities held for sale	-	(2,284)
<b>As of 31 December</b>	<b>2,284</b>	<b>-</b>

As of the last valuation date, the present value of the defined benefit obligation was comprised of only active employees.

The significant actuarial assumptions were as follows:

	2013	2014
<b>Financial assumptions:</b>		
Discount rate	13.50%	-
Inflation	NA	-
Salary growth rate	10%	-
<b>Demographic assumptions:</b>		
Average longevity at retirement age for current pensioners (years)		
- male	24	-
- female	24	-

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory and reflected in the average employee service period.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate	0.50%	(50)	105
Salary growth rate	0.50%	50	(11)
Life expectancy	1 year	19	40

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value calculated using the projected unit credit method) has been applied as when calculating the pension liability recognised within the statement of financial position.

Through its defined benefit obligation the Group is exposed to a number of risks, the most significant of which are detailed below.

*Interest rate risk*

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bonds. A decrease in those yields will increase plan liabilities.

*Life and employee service expectancy*

The present value of the defined benefit plan liability is calculated by reference to the best estimate of life and employee service expectancy. An increase in life or employee service expectancy of the plan participants will increase the plan's liability.

*Salary risk*

The present value of the post-employment plan liability is calculated by reference to future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

During the year the Group has appointed an independent actuarial to determine the net present value of the liability as at December 31, 2014. The present value of the past service costs is recognized as expenses in the income statement of the year, The defined benefits obligations during the year amounted to US\$ 3,910 thousand were classified as non-current liabilities held for sale as they related to current disposal groups (Note no.6).

**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.

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Continued operation		Discontinued operation	
	Year ended 31 December 2014	Year ended 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2013
Profit (loss) attributable to equity holders of the Company	4,589	109,038	(13,324)	(3,803)
Weighted average number of shares (in thousands of shares)	5,245,690	5,245,690	5,245,690	5,245,690
Earnings (loss) per share – basic and diluted (in US\$)	0.001	0.021	(0.003)	(0.001)

### 30. Subsidiaries

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

#### Significant restrictions

Cash and short-term deposits of US\$ 585 million are held in North Korea and are subject to local exchange control regulations. These local exchange control regulations provide for certain restrictions on exporting capital from the country.

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

#### Summarized balance sheet

	Trans World Associates (Pvt) Ltd		CHEO Technology JV Company	
	As of 31 December		As of 31 December	
	2014	2013	2014	2013
<b>Current</b>				
Current assets	14,760	14,595	112,304	55,133
Current liabilities	(15,115)	(18,605)	(164,837)	(144,990)
<b>Total current net assets</b>	<b>(355)</b>	<b>(4,010)</b>	<b>(52,533)</b>	<b>(89,857)</b>
<b>Non-current assets</b>	<b>31,363</b>	<b>26,769</b>	<b>765,974</b>	<b>679,666</b>
Non-current liabilities	(10,566)	(6,525)	-	-
<b>Total non-current net assets</b>	<b>20,797</b>	<b>20,244</b>	<b>765,974</b>	<b>679,666</b>
<b>Net assets</b>	<b>20,442</b>	<b>16,234</b>	<b>713,441</b>	<b>589,809</b>

#### Summarised income statement

	Trans World Associates (Pvt) Ltd		CHEO Technology JV Company	
	Year ended 31 December 2014	Year ended 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2013
	Revenue	20,714	20,808	344,383
Profit (loss) before income tax	5,192	5,764	232,338	221,721
Income tax expense	(1,765)	(2,110)	(58,757)	(992)
<b>Post tax profit (loss) from continuing operations</b>	<b>3,427</b>	<b>3,654</b>	<b>173,581</b>	<b>220,729</b>
Other comprehensive income	1,010	1,956	(49,223)	12,562
<b>Total comprehensive income</b>	<b>4,437</b>	<b>5,610</b>	<b>124,358</b>	<b>233,291</b>
Total comprehensive income allocated to non-controlling interests	2,174	2,749	31,090	14,313
Dividends paid to non-controlling interests	-	-	-	-



**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

*Summarised cash flows*

	<b>Trans World Associates (Pvt) Ltd</b>		<b>CHEO Technology JV Company</b>	
	<b>Year ended 31 December 2014</b>	<b>Year ended 31 December 2013</b>	<b>Year ended 31 December 2014</b>	<b>Year ended 31 December 2013</b>
Cash flows generated from (used in) operating activities	9,049	7,848	276,382	277,096
Interest paid		(556)		
Income tax paid	(1,895)	(1,003)	(43,371)	-
Net cash generated from (used in) operating activities	7,154	6,289	233,011	277,096
Net cash used in investing activities	(3,087)	(433)	442,180	(244,354)
Net cash used in financing activities	(5,109)	(2,463)	-	-
Net (decrease) / increase in cash and cash equivalents	(1,042)	3,393	675,191	32,742
Cash and cash equivalents at the beginning of the year	5,521	2,214	54,617	16,308
Exchange gains (losses) on cash and cash equivalents	375	(86)	(36,231)	5,567
Cash and cash equivalents at the end of the year	4,854	5,521	693,577	54,617

The above information is the amount before intercompany eliminations.

**31. Commitments**

The commitments as of 31 December 2014 and 2013 are provided in the table below:

	<b>As of 31 December 2014</b>	<b>As of 31 December 2013</b>
Purchase of property and equipment	2,447	8,875
Others	27,932	21,974
<b>Total</b>	<b>30,379</b>	<b>30,849</b>

Commitments for purchase of property and equipment mainly relate to MenaCable commitments to purchase marine cables and related equipment in addition to capital commitments of property and equipment related to the Group's subsidiary in North Korea, Koryolink. Other commitments mainly relate to maintenance and insurance for MenaCable submarine cable.

**32. 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.

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

The main related party transactions are summarised as follows:

	Year ended 31 December 2014		Year ended 31 December 2013	
	<i>Revenue</i>	<i>Purchase of services and goods</i>	<i>Revenue</i>	<i>Purchase of services and goods</i>
OTMTI	502	72	-	-
<b>Associate</b>				
ECMS	8,544	-	1,427	-
<b>Others</b>				
Summit Technology	-	164	-	128
Korean Post and Telecommunication Company	-	30,353	-	-
Orastar LTD	-	40	-	-
Dr. Omar Zawawy (shareholder of a subsidiary)	-	10	-	-
Contract facility management	-	7	2,174	-
<b>Total</b>	<b>9,046</b>	<b>30,646</b>	<b>3,601</b>	<b>128</b>

Revenues with ECMS mainly relate to management fees for services rendered by the Company.

	As of 31 December 2014		As of 31 December 2013	
	<i>Receivables</i>	<i>Payables</i>	<i>Receivables</i>	<i>Payables</i>
OTMTI	33	8	-	-
<b>Associate</b>				
ECMS	1,063	-	1,702	-
<b>Others</b>				
Korean Post and Telecommunication Company - KPTC	-	17,026	-	17,157
LDN	-	1	-	-
Orastar LTD	-	2,569	-	4,809
Dr. Omar Zawawy (shareholder of a subsidiary)	-	659	-	1,233
	<b>1,096</b>	<b>20,263</b>	<b>1,702</b>	<b>23,199</b>

Revenues with ECMS mainly relate to management fees for services rendered by the Company.

**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 is shown below:

	Year ended 31 December 2014	Year ended 31 December 2013
Key management compensation	205	165
	<b>205</b>	<b>165</b>

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

**33. 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:

**Orascom Telecom Media and Technology Holding**

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

**Trans World Associates (subsidiary)**

A bank guarantee issued in favour of Link Dot Net amounting to USD 4,275 thousand which is equivalent to EGP 33,847 thousand and valid until July 23, 2015.

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

A guarantee issued to one of the subsidiary's clients amounting to USD 83 Million to guarantee the subsidiary to fulfil its contractual obligations represented in performing the contracted services.

**Egyptian Company for Mobile Services (associate)**

**- Disputes of Interconnect Agreements:**

Based on the complaint received from Telecom Egypt, the National Telecommunication Regulatory Authority (NTRA) issued on September 3, 2008 its decision to amend the interconnect charges between Telecom Egypt and the three mobile operators contrary to the agreements signed between the four telecom operators.

On September 3, 2009 the Company filed an arbitration against Telecom Egypt mandating Telecom Egypt to execute the interconnect agreement dated April 18, 1998 and its amendment dated January 27, 2005.

On December 31, 2009, (NTRA) updated the interconnect charges referred to above between Telecom Egypt and the three mobile operators effective September 1, 2009.

The Company has objected to the decision issued by the NTRA and filed a summary administrative lawsuit to suspend NTRA's decision and to safeguard the Company's interests.

On June 5, 2010, the court suspended, in summary, NTRA's decision until final ruling on the case on the merits. NTRA appealed the Summary Court ruling.

On May 25, 2013, the Supreme Administrative Court rejected NTRA's appeal against the Summary Court ruling.

On October 8, 2013 the Administrative Court of Merits issued its judgment in the similar case filed by Vodafone Egypt against NTRA for the cessation of the rate setting decree. NTRA appealed the court ruling. Following the three court rulings issued in this regard ruling to suspend the NTRA Interconnection rate setting decrees, NTRA issued in February 10, 2014, a decree that mandates Telecom Egypt, and the three mobile operators to execute the administrative rulings issued by calculating the Interconnection rates based on the bilateral agreements signed between them.

Based on the above, and given that three court rulings were issued with the same outcome favoring the suspension and cancellation of the said NTRA Interconnection Rate setting decrees, in the Company's external legal advisors view, the risk of the company losing the case on the merit (that is not yet set for trial) is remote and the case is considered closed pending the final judgment on the case on the merits.

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

Based on the suspension of the NTRA's decision relating to the amendment of the interconnect charges between the telecommunication companies, and in response to Etisalat's refrainment from payment of the variance between the Interconnection Rate set earlier by the NTRA and the applicable rate as per the bilateral agreement, the Company has filed an arbitration against Etisalat before the Cairo Regional Centre for International Commercial Arbitration to collect the outstanding interconnect balance amounting to US\$ 42 million as of January 2014, in application of the interconnection rates under the interconnection agreement between the two companies, together with the contractually applicable interest at the rate of 2% per annum above base lending rate determined by the Central Bank of Egypt pursuant to article (4-10) of the interconnection agreement.

The Egyptian Company for Mobile Services (Mobinil) and its external legal counsel opinion is that the possibilities of winning the arbitration case is probable as Etisalat does not have legal or contractual ground to refrain from settlement of those interconnect charges.

If the Egyptian Company for Mobile Services applies the opinion of its external legal counsel, this will have a positive impact on the Group's share in the associate companies in the consolidated income statement by the amount of US\$ 2 million before taxes.

- The uncovered portion of the letters of guarantee issued to other parties amounted to US\$ 17 Million.

As mentioned in more details in note no. (35) of the consolidated financial statements, the Group has sold all its investments in associate companies according to the decision of the Board of Directors of the Holding Company dated February 22, 2015 and according to the call option notice received from Orange SA Company (previously; France Telecom).

#### **34. Non-cash transactions**

Significant non-cash transactions are represented in amounts which were eliminated when preparing the consolidated cash flows, as follows:

- Elimination of effect of non-cash transaction related to purchase of fixed assets during the year amounted to US\$ 4 Million.

These amounts were reported in the change in creditors and other credit balances.

#### **35. Subsequent events**

- On February 22, 2015 the Board of Directors of the Holding Company agreed on the sale of all the Company's 5,000,000 shares in the ECMS (representing 5% of the capital of ECMS) and 28,750,000 shares of potential voting rights in MT Telecom SCRL, following the receipt of a call option notice received from Orange SA Company (previously France Telecom) for a total consideration of Euro 209,632,133 representing the present value of the call option during the announced and agreed upon exercise windows for the years 2016 and 2017.

The total consideration of Euro 209,632,133 comprises Euro 163,785,940 for the investment in ECMS (approximately Euro 32.76 per share), and Euro 45,846,193 for the investment in MT Telecom SCRL (approximately Euro 1.59 per share). The price for the shares in ECMS, according to the transaction, is equivalent to EGP 280.7 per share, amounting to a total EGP 1,403,500,000. The price for the potential voting right in MT Telecom SCRL is equivalent to EGP 13.62 per potential voting right, amounting to a total EGP 391,575,000.

This deal is considered a finalization for the call option according to the amended and restated shareholders' agreement dated April 11, 2012.

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

received from Orange SA Company (previously France Telecom) for a total consideration of Euro 209,632,133 representing the present value of the call option during the announced and agreed upon exercise windows for the years 2016 and 2017.

The total consideration of Euro 209,632,133 comprises Euro 163,785,940 for the investment in ECMS (approximately Euro 32.76 per share), and Euro 45,846,193 for the investment in MT Telecom SCRL (approximately Euro 1.59 per share). The price for the shares in ECMS, according to the transaction, is equivalent to EGP 280.7 per share, amounting to a total EGP 1,403,500,000. The price for the potential voting right in MT Telecom SCRL is equivalent to EGP 13.62 per potential voting right, amounting to a total EGP 391,575,000.

This deal is considered a finalization for the call option according to the amended and restated shareholders' agreement dated April 11, 2012.

- Trans World Associates Ltd., a subsidiary of the Company, has signed a contract, to participate in a construction of a submarine cable system (SMW), thereby acquiring the landing rights in Pakistan. The submarine cable system will connect 19 countries from Singapore to western European countries and will be 20,000 km long. By participating in the submarine cable system project, Trans World Associates Ltd Cable is expected to incur US\$ 50 million until the completion of the submarine cable system. At the date of these consolidated financial statements necessary legal procedures to complete Trans World Associates Ltd's participation in the submarine project are still in progress.

**Chief Financial Officer**  
Youssef Shoukry



**Executive Chairman and Managing Director**  
Naguib Sawiris



**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E**

**Appendix A**

**APPENDIX A - SUBSIDIARIES, ASSOCIATES AND INVESTMENTS AS OF 31 DECEMBER 2014**

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 the Group (%)	Proportion of ordinary shares held by the non-controlling interest (%)	Investment type
GSM North Korea	North Korea	CHEO Technology JV Company	Telecommunication operator	75.000%	75.000%	25.000%	Subsidiary
GSM Lebanon	Lebanon	Orascom Telecom Lebanon S.A.L	Telecommunication operator	100.000%	99.790%	0.210%	Subsidiary
Cable	Pakistan	Trans World Associates (Pvt) Ltd	Cable business	51.000%	51.000%	49.000%	Subsidiary
Cable	Pakistan	Trans World Enterprise Services (Private) Ltd	Cable business	100.000%	51.000%	49.000%	Subsidiary
Cable	Italy	Mena Srl	Cable business	100.000%	100.000%	0.000%	Subsidiary
Cable	Free Zone II	Middle East and North Africa for Sea Cables	Cable business	100.000%	99.630%	0.370%	Subsidiary
Other (Media & Technology)	Egypt	Orascom Telecom Ventures S.A.E.	Digital solutions , solution development, and hosting services	99.999%	99.990%	0.010%	Subsidiary
Other (Media & Technology)	Egypt	Dare N' Deal	Online marketing	60.000%	60.000%	40.000%	Subsidiary
Other (Media & Technology)	Egypt	Link Development S.A.E.	Digital solutions , solution development, and hosting services	99.800%	99.800%	0.200%	Subsidiary
Other (Media & Technology)	Egypt	ARPU for Telecommunication Services S.A.E.	Mobile vas and applications	99.000%	99.000%	1.000%	Subsidiary
Other (Media & Technology)	Pakistan	Mobi Zone Pakistan (Pvt) Ltd	Mobile vas and applications	100.000%	100.000%	0.000%	Subsidiary
Other (Media & Technology)	Tunisia	Mobi Zone Tunisia	Mobile vas and applications	99.000%	99.000%	1.000%	Subsidiary
Other (Media & Technology)	Algeria	Mobi Zone Algeria Ltd	Mobile vas and applications	100.000%	100.000%	0.000%	Subsidiary
Other (Media & Technology)	Italy	Mobi Zone Italy	Mobile vas and applications	99.000%	99.000%	1.000%	Subsidiary
Other (Media & Technology)	UAE	Mobi Zone FZ LLC	Mobile vas and applications	100.000%	100.000%	0.000%	Subsidiary
Other (Media & Technology)	Bangladesh	Mobi Zone Bangladesh	Mobile vas and applications	75.000%	100.000%	0.000%	Subsidiary
Other (Media & Technology)	Saudi Arabia	Mobi Zone Saudi Arabia	Mobile vas and applications	80.000%	100.000%	0.000%	Subsidiary
Other (Media & Technology)	Canada	Mobi Zone Canada Inc	Mobile vas and applications	100.000%	100.000%	0.000%	Subsidiary
Other (Media & Technology)	Egypt	Global Telecom S.A.E.	Mobile vas and applications	95.833%	95.833%	4.167%	Subsidiary
Other (Media & Technology)	Morocco	Rosten Investments Ltd	Mobile vas and applications	100.000%	100.000%	0.000%	Subsidiary
Other (Media & Technology)	Egypt	Egypt Call Communications S.A.	Mobile vas and applications	99.000%	100.000%	0.000%	Subsidiary
Other (Media & Technology)	Algeria	Algeria Win Call	Mobile vas and applications	100.000%	100.000%	0.000%	Subsidiary
Other (Media & Technology)	Palestine	Palestine Call	Mobile vas and applications	99.993%	99.993%	0.007%	Subsidiary
Other (Media & Technology)	British Virgin Islands	Arab Call Group Ltd	Mobile vas and applications	0.000%	99.490%	0.510%	Subsidiary

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E**

**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 the Group (%)	Proportion of ordinary shares held by the non-controlling interest (%)	Investment type
Other (Media & Technology)	Pakistan	Call Pak Pakistan	Mobile vms and applications	100.000%	100.000%	0.000%	Subsidiary
Other (Media & Technology)	Saudi Arabia	LinkDotNet KSA	Digital solutions (social marketing, content services, solution development, hosting services)	95.000%	100.000%	0.000%	Subsidiary
Other (Media & Technology)	UAE	LinkDotNet LLC	Digital solutions (social marketing, content services, solution development, hosting services)	100.000%	100.000%	0.000%	Subsidiary
Other (Media & Technology)	Egypt	Link Online S.A.E.	Digital solutions (social marketing, content services, solution development, hosting services)	99.960%	100.000%	0.000%	Subsidiary
Other (Media & Technology)	Egypt	Onascom call center	Call center operation	98.000%	100.000%	0.000%	Subsidiary
Other (Media & Technology)	Egypt	Arab Finance Securities	Securities brokerage	86.360%	100.000%	0.000%	Subsidiary
Other (Media & Technology)	Egypt	Link for Domain Registration S.A.E.	Application development and hosting for arabic websites	98.000%	100.000%	0.000%	Subsidiary
Other (Media & Technology)	Egypt	Connect Ads	Online advertising	98.000%	100.000%	0.000%	Subsidiary
Other (Media & Technology)	Qatar	Link Dot Net Qatar	Digital solutions (social marketing, content services, solution development, hosting services)	90.000%	90.000%	10.000%	Subsidiary
Other (Media & Technology)	Egypt	Into Development ECP	Application development	51.000%	51.000%	49.000%	Subsidiary
Other (Media & Technology)	Turkey	Genart	Online advertising	51.000%	51.000%	49.000%	Subsidiary
Other	Egypt	Data Tech	Developing programs and software applications	34.000%	34.000%	66.000%	investment
Other	Free Zone I	Oracap Holding Co.	Holding company	99.960%	99.960%	0.040%	Subsidiary
Other	Malta	Orascom Telecom for Mobile Infrastructure	Holding company	100.000%	100.000%	0.000%	Subsidiary
Other	Egypt	Orabank NK Ltd	Infrastructure	100.000%	99.200%	0.800%	Subsidiary
Other	North Korea	MT Telecom SCRL	Holding company	96.250%	96.250%	3.750%	Subsidiary
Other	Belgium	Egyptian company for Mobile Services S.A.E.	Holding company	0.000%	28.755%	71.245%	Associate
Other	Egypt	Smart Village ECDMV	Telecommunication operator	0.000%	5.000%	95.000%	investment
Other	Egypt	Smart Village ECDMV	Managing smart village projects	10.496%	10.496%	89.504%	investment

## APPENDIX B – LIABILITIES TO BANKS AND OTHER BORROWINGS AS OF 31 DECEMBER 2014

Bank	Current	US\$ Thousand		Total	Denomination currency			Maturity	Interest	Secured / Unsecured
		Non-current			Currency	Nominal				
<b>Banks</b>										
Medium term Shirkat- ul-Melik Cum Ijarah facility	582	-	582		PKR	56,250,000.00	42069	6M KIBOR + 2.25%		Secured
Medium term loan facility	995	995	1,990		PKR	200,000,000.00	42735	6M KIBOR + 2.25%		Secured
<b>Total</b>	<b>1,577</b>	<b>995</b>	<b>2,572</b>							
<b>Other borrowings</b>										
Long term loan from sponsor's (Orastar)	880	858	1,738		USD	172,546,717.00	43100	3M LIBOR+1%		Unsecured
Long term loan from sponsor's (Dr. Omar Zawawi)	226	210	436		USD	44,242,748.00	43100	3M LIBOR+1%		Unsecured
Short Term Loan-2 from sponsor's (Orastar)	898	-	898		USD	83,266,863.00	42361	3M LIBOR+1%		Unsecured
	230	-	230		USD	21,348,031.00	42361	3M LIBOR+1%		Unsecured
<b>Total TWA (Private) Ltd</b>	<b>2,234</b>	<b>1,068</b>	<b>3,302</b>							
Notes payable	196	-	196							
<b>Total other borrowings</b>	<b>2,430</b>	<b>1,068</b>	<b>3,498</b>							
Finance lease	92	36	128							
	<b>4,099</b>	<b>2,099</b>	<b>6,198</b>							