

Translation of condensed interim consolidated financial statements
and review report originally issued in Arabic

**Orascom Telecom, Media
and Technology Holding (S.A.E)**

Subject to provisions of law no. 95

for year 1992 and its executive regulations

Condensed Interim Consolidated Financial Statements

for the nine-month

Period ended September 30, 2017

Together with Review Report



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

**Condensed Interim Consolidated
Financial Statements and
Review Report**

**The financial period ended
September 30, 2017**



Hazem Hassan
Public Accountants & Consultants

Pyramids Heights Office Park
Km 22 Cairo/Alex Road
P.O. Box 48 Al Ahram
Giza - Cairo - Egypt

Telephone : (202) 35 36 22 00 - 35 36 22 11
Telefax : (202) 35 36 23 01 - 35 36 23 05
E-mail : egypt@kpmg.com.eg
Postal Code : 12556 Al Ahram

Review Report on of Condensed Interim Consolidated Financial Statements

To: The Board of Directors of Orascom Telecom, Media and Technology Holding (S.A.E)

Introduction

We have performed a review for the accompanying condensed interim consolidated statement of financial position of Orascom Telecom, Media and Technology Holding (S.A.E) as of September 30, 2017 and the related condensed interim consolidated statements of income, comprehensive income, changes in equity, and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Egyptian Standard on Review Engagements 2410, " Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2017 and of its consolidated financial performance and its consolidated cash flows for the nine-month period then ended in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Reporting".

KPMG Hazem Hassan
KPMG Hazem Hassan

Cairo November 14, 2017




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

Condensed Consolidated Statement of Financial Position as at

<i>(in thousand EGP)</i>	Note	30 September 2017	31 December 2016
Assets			
<u>Non-current assets</u>			
Property and equipment (net)	10	2,549,780	2,405,047
Intangible assets (net)	10	858,941	641,235
Investment property (net)	11	1,436,684	1,446,831
Investments in associates (net)	9	614,757	614,922
Other non-current financial assets	12	209,533	25,741
Other non-current assets (net)	14	220,194	606,677
Total non-current assets		5,889,889	5,740,453
<u>Current assets</u>			
Inventories (net)		6,817	2,468
Trade receivables (net)		726,564	407,981
Other current financial assets	12	256,813	143,855
Other current assets (net)	14	263,103	268,080
Cash and cash equivalents	13	2,227,779	2,931,528
Total current assets		3,481,076	3,753,912
Total assets		9,370,965	9,494,365
<u>Equity and liabilities</u>			
Issued and paid up capital	15	2,203,190	2,203,190
Reserves		2,442,219	2,425,377
(Accumulated losses)/ Retained earnings		(18,674)	382,624
Equity attributable to shareholders' of the parent Company		4,626,735	5,011,191
Non-controlling interests		496,660	351,657
Total equity		5,123,395	5,362,848
Liabilities			
<u>Non-current liabilities</u>			
Borrowings	16	824,858	882,588
Other non-current liabilities	17	272,035	243,214
Deferred tax liabilities		443,391	505,154
Total non-current liabilities		1,540,284	1,630,956
<u>Current liabilities</u>			
Borrowings	16	681,471	736,474
Creditors and other credit balances	17	945,110	935,168
Tax liabilities – income tax		310,591	106,807
Provisions	19	770,114	722,112
Total current liabilities		2,707,286	2,500,561
Total liabilities		4,247,570	4,131,517
Total equity and liabilities		9,370,965	9,494,365

- The accompanying notes from (1) to (23) are an integral part of these condensed interim consolidated financial statements and should be read therewith.

Chief Financial Officer



Chief Executive Officer



Chairman



*Review report attached.

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

Condensed Consolidated Statement of Income for

<i>(in thousand EGP)</i>	Note	The nine months ended September 30,2017	The nine months ended September 30,2016	The three months ended September 30,2017	The three months ended September 30,2016
Operating revenues	5	1,109,516	335,883	358,915	122,597
Other income		31,168	12,380	(26,644)	5,416
Purchases and services cost	6	(589,024)	(183,426)	(209,086)	(54,373)
Other expenses and provisions		(94,480)	(58,434)	(15,204)	(2,473)
Personnel costs		(391,046)	(200,590)	(124,658)	(71,373)
Depreciation and amortization		(179,416)	(68,222)	(62,422)	(23,739)
Capital gains		686	10,384	(2)	125
Operating (loss)		(112,596)	(152,025)	(79,101)	(23,820)
Finance income	7	43,969	19,601	11,129	7,502
Finance expense	7	(93,588)	(42,647)	(33,166)	(13,590)
Foreign exchange (loss)/ gain	7	(59,821)	188,201	(41,786)	(3,015)
Share of profit of investment in associates	9	2,392,486	871,839	648,723	300,765
Net impairment in associates	9	(1,772,441)	(871,839)	(648,783)	(300,749)
Profit/(loss) for the period before income tax		398,009	13,130	(142,984)	(32,907)
Income taxes	8	(158,093)	(51,866)	23,579	(13,871)
Profit/(loss) for the period after tax		239,916	(38,736)	(119,405)	(46,778)
Attributable to:					
Shareholders of the parent Company		221,998	(57,860)	(128,430)	(54,225)
Non-controlling interests		17,918	19,124	9,025	7,447
		239,916	(38,736)	(119,405)	(46,778)
Basic and diluted earnings/(losses) per share for the period (EGP)	18	0.042	(0.011)	(0.024)	(0.01)

- The accompanying notes from (1) to (23) are an integral part of these condensed interim consolidated financial statements and should be read therewith.

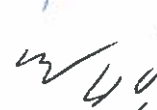
Chief Financial Officer



Chief Executive Officer



Chairman



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

Condensed Consolidated Statement of Comprehensive Income for

<i>(in thousand EGP)</i>	The nine months ended September 30,2017	The nine months ended September 30,2016	The three months ended September 30,2017	The three months ended September 30,2016
Net profit/(loss) for the period	239,916	(38,736)	(119,405)	(46,778)
Items that may be subsequently reclassified to income statement				
Translation differences of financial statements	(48,206)	121,247	(39,398)	49,050
Company's share from revaluation of available for sale investments	615	299	166	299
Total comprehensive income for the period	192,325	82,810	(158,637)	2,571
Attributable to:				
Shareholders of the parent Company	184,605	49,880	(158,177)	(18,683)
Non-controlling interest	7,720	32,930	(460)	21,254
Total comprehensive income for the period	192,325	82,810	(158,637)	2,571

- The accompanying notes from (1) to (23) are an integral part of these condensed interim consolidated financial statements and should be read therewith.

Chief Financial Officer



Chief Executive Officer



Chairman



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

**Condensed Consolidated Statement of Changes In Equity
For the nine months ended September 30, 2017 and September 30, 2016**

(in thousand EGP)	Paid up capital	Legal reserve	Translation reserve	Other reserves	Carried forward losses	Equity attributable to shareholders of the parent Company	Non-controlling Interests	Total equity
As at January 1, 2016	2,203,190	502,073	340,935	-	(477,339)	2,568,859	132,985	2,701,844
Translation differences of the financial statements	-	-	107,442	-	-	107,442	13,805	121,247
Revaluation of available for sale investments	-	-	-	299	-	299	-	299
Profit for the period	-	-	-	-	(57,861)	(57,861)	19,125	(38,736)
Total comprehensive income for the period	-	-	107,442	299	(57,861)	49,880	32,930	82,810
As at September 30, 2016	2,203,190	502,073	448,377	299	(535,200)	2,618,739	165,915	2,784,654

(in thousand EGP)	Paid up capital	Legal reserve	Translation reserve	Other reserves	Retained earnings	Equity attributable to shareholders of the parent Company	Non-controlling Interests	Total equity
As at January 1, 2017	2,203,190	502,073	1,858,566	64,738	302,624	5,011,191	351,657	5,362,848
Translation differences of the financial statements	-	-	(38,008)	-	-	(38,008)	(10,198)	(48,206)
Revaluation of available for sale investments	-	-	-	615	-	615	-	615
Profit for the period	-	-	-	-	221,998	221,998	17,918	239,916
Total comprehensive income for the period	-	-	(38,008)	615	221,998	184,605	7,720	197,325
Transfer to reserves	-	54,235	-	-	(54,235)	-	-	-
Dividends	-	-	-	-	(569,061)	(569,061)	-	(569,061)
Acquisition of a subsidiary	-	-	-	-	-	-	137,283	137,283
Total	-	54,235	-	-	(623,296)	(569,061)	137,283	(431,778)
As at September 30, 2017	2,203,190	556,308	1,820,558	65,353	(18,674)	4,626,735	496,660	5,123,395

The accompanying notes from (1) to (23) are an integral part of these condensed interim consolidated financial statements and should be read therewith.

Chief Financial Officer



Chief Executive Officer



Chairman



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

**Condensed Consolidated Statement Of Cash Flows
For the nine months ended September 30,**

<i>(in thousand EGP)</i>	2017	2016
<u>Cash flow from operating activities</u>		
Profit before tax	398,009	13,130
Adjustments for:		
Depreciation, amortization and impairment in non-current assets	179,416	68,221
Finance expense	93,588	42,647
Finance income	(43,969)	(19,601)
Foreign currencies exchange differences	59,821	(188,201)
(gain) from disposal of assets	(686)	(10,383)
Share of (profit) of investment in associates	(2,392,486)	(871,839)
Net impairment of investments in associate	1,772,441	871,839
Change in provisions	65,373	44,722
Changes in current assets reported in working capital	(316,506)	(49,296)
Changes in current liabilities reported in working capital	110,967	233,449
Cash flows (used in)/generated from operating activities	(74,032)	134,688
Income taxes paid	(40,369)	(80,193)
Credit interests received	43,969	19,601
Net Cash flows(used in) /generated from operating activities	(70,432)	74,096
<u>Cash flow for investing activities</u>		
Net cash(payments)/proceeds from investing in:		
Property and equipment	(293,674)	(226,562)
Intangible assets	(17,562)	(348)
Other financial assets	(240,644)	(166,616)
Payments under investments	(85,285)	
Net cash proceeds from disposal of:		
Property and equipment	1,366	10,460
Other financial assets	12,855	93,109
Net cash from investment in new acquisition	390,923	
Dividends distribution from associate companies	330,063	
Net cash flows generated from/(used in) investing activities	98,042	(289,957)
<u>Cash flows from financing activities</u>		
Interests paid	(81,183)	(25,529)
Net proceeds from non-current borrowings	68,010	177,623
Net payments to financial liabilities	(157,161)	(27,836)
Dividends paid	(539,280)	
Net cash flows (used in)/generated from financing activities	(709,614)	124,258
Net change in cash and cash equivalent during the period	(682,004)	(91,603)
Cash and cash equivalents at beginning of the period	2,931,528	1,585,219
Effect of exchange rate fluctuations on cash held	(21,745)	188,901
Cash and cash equivalents at end of the period	2,227,779	1,682,517

- The accompanying notes from (1) to (23) are an integral part of these condensed interim consolidated financial statements and should be read therewith.

Chief Financial Officer



Chief Executive Officer



Chairman



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

Notes to condensed interim consolidated financial statements for the financial period ended September 30, 2017

1- General information about the Holding Company of the Group

a- Legal form

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

b- Purpose of the Company

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

c- Brief over the incorporation of the Company

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

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

d- Approval of the condensed interim consolidated financial Statements

The condensed interim consolidated financial statements of the Company for the period ended September 30, 2017 were approved by the board of directors on November 14, 2017.

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

Notes to condensed interim consolidated financial statements for the financial period ended September 30, 2017

2- Basis of preparation of condensed interim consolidated financial statements

a- Statement of compliance with the Egyptian Accounting Standards

These condensed interim consolidated financial statements have been prepared in accordance with The Egyptian Accounting Standard (EAS 30) "Interim Financial Reporting" and relevant Egyptian laws and regulations. Accordingly, the financial statements were prepared in a condensed version as compared to consolidated financial statements for the year ended December 31, 2016.

These condensed interim consolidated financial statements do not include all of the information and disclosures required for a complete set of consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2016.

The Egyptian Accounting Standards require referral to International Financial Reporting Standards "IFRS" for certain types of transactions or events when no Egyptian Accounting Standard or legal requirement exists to address treatment for these transactions or events.

b- Basis of measurement

The condensed interim consolidated financial statements are prepared on the historical cost basis, except for financial assets and liabilities, which are stated at fair value represented in financial derivatives and other financial assets and liabilities. The historical cost depends mainly on the fair value of the consideration transferred to obtain assets.

c- Presentation currency

These condensed interim consolidated financial statements are prepared and presented in Egyptian pound, which is the Company's functional currency and most of the parent transactions done with. Except for the earnings per share for the period which are presented with the Egyptian pound without rounding, all financial information presented in Egyptian pound has been rounded to the nearest thousand, unless otherwise stated.

d- Critical accounting judgments and key sources of uncertainty estimates

The preparation of the condensed interim consolidated financial statements in conformity with the Egyptian accounting standards and applying of the Group's accounting policies referred to in note (3) below, requires management to make judgments, estimates and assumptions about the presentation of these statements and about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

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

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

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

Notes to condensed interim consolidated financial statements for the financial period ended September 30, 2017

3- Significant accounting policies applied

The accounting policies and presentation adopted in the preparation of this condensed interim consolidated financial statements are consistent with those of the previous year complete set of the consolidated financial statements for the year ended December 31, 2016. It's worth mentioning that the group activities are not normally the kind that faces significant seasonal effects. The significant accounting policies applied for the condensed interim consolidated financial statements are as follows:

3-1 Basis of preparing the consolidated financial statements

The consolidated financial statements of the Group incorporate the financial statements of the Company (Parent) and entities controlled by the Company (its Subsidiaries) as of the financial position date. Control is achieved where the Group is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

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

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

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

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination. Losses applicable to owners of the non-controlling interests in a consolidated subsidiary including components of other comprehensive income are allocated to interests of the group and non-controlling interests even if this causes the non-controlling interests to have deficit balances.

The group recognize transactions with non-controlling interests that do not result in loss of control as equity transactions.

3-2 Business combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method unless the transaction in which assets acquired does not constitute a business. Application of the acquisition method involves the following steps:

- Identifying an acquirer; and
- Determining the acquisition date; and
- Recognizing and measuring the identifiable assets acquired , the liabilities, contingent liabilities assumed and any non-controlling interest in the acquiree; and
- Recognize and measuring goodwill or a gain from a bargain purchase.

The cost of the business combination is measured based on fair value of the consideration transferred which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer.

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

Notes to condensed interim consolidated financial statements for the financial period ended September 30, 2017

Regarding acquisition-related costs that acquirer incurs to affect a business combination which include advisory, legal, accounting and registering fees and others shall be accounted as expenses in the periods in which the costs are incurred and the service are rendered.

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

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

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

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

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

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

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

The acquirer shall recognize at the acquisition-date the fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree. If some changes occurs in the fair value of contingent consideration that the acquirer recognizes after the acquisition date may be the result of additional information that the acquirer obtained after that date about facts and circumstances that existed at the acquisition date, such changes are measurement period adjustments. However, changes resulting from events after the acquisition date are not measurement period adjustments.

Translation of condensed interim consolidated
financial statements originally issued in Arabic

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

Notes to condensed interim consolidated financial statements for the financial period ended September 30, 2017

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

Entity name	Segment	Country	Direct and indirect interest in the entity
Orabank NK	Media and technology	North Korea	95 %
Trans World Associates (Pvt) Ltd	Media and technology	Pakistan	51 %
Oracap Holding Co. (Free zone)	Media and technology	Egypt	99,96%
Oracap Far East Ltd	Media and technology	Malta	100 %
Orascom Telecom Lebanon	Management services	Lebanon	99,8 %
Beltone Financial Holding "S.A.E"	Financial services	Egypt	76,73%
Beltone Asset Management "S.A.E"	Financial services	Egypt	76,73%
Beltone Investment Banking	Financial services	Egypt	76,73%
Beltone Investments Holding- free zone "S.A.E"	Financial services	Egypt	76,73%
International Administrative Services for Mutual Funds "S.A.E"	Financial services	Egypt	76,73%
Beltone Information Technology "S.A.E"	Financial services	Egypt	76,73%
Beltone Securities Holding "S.A.E"	Financial services	Egypt	76,73%
Beltone Securities Brokerage "S.A.E"	Financial services	Egypt	76,73%
Beltone Financial – Emirates	Financial services	UAE	76,73%
Beltone Fixed Income "S.A.E"	Financial services	Egypt	76,73%
International For Securities Company – Libya	Financial services	Libya	37,5%
Beltone Market Maker "S.A.E"	Financial services	Egypt	76,73%
Beltone Financial – USA	Financial services	USA	76,73%
Beltone Financial – UK	Financial services	UK	76,73%
New Frontier Securities LLC	Financial services	USA	76,73%
Auerbach Grayson company	Financial services	USA	46%
Victoire coop Investment Holding	Investment property	Netherlands	100 %
Victoire BV	Investment property	Netherlands	100 %
Victorie 2 (Brazil)	Investment property	Brazil	100 %
Victorie 9 (Brazil)	Investment property	Brazil	100 %
Victorie 11 (Brazil)	Investment property	Brazil	100 %
Victorie 13 (Brazil)	Investment property	Brazil	100 %
Victorie 17 (Brazil)	Investment property	Brazil	100 %
Victorie 18 (Brazil)	Investment property	Brazil	100 %
Victorie 19 (Brazil)	Investment property	Brazil	100 %
O Capital for energy	Energy	Egypt	99,2%
O Capital for services and construction	Energy	Egypt	99,2%
Middle East & North Africa for Marines cables	Marines cable	Egypt	100 %
Orascom Telecom Venture co. "S.A.E"	Media and technology	Egypt	100 %

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

Notes to condensed interim consolidated financial statements for the financial period ended September 30, 2017

3-3 Investments in associates

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

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

Under the equity method, investments in associates are stated in the consolidated balance sheet at cost and adjusted for post-acquisition changes in the Group's share in the net assets of the associate, less any impairment in the value of each individual investment. Losses of an associate in excess of the Group's interest in that associate are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is excluded from the carrying amount of the investment and is instead recognized immediately in income statement in the determination of the group's share of the associate's profit or loss in the period in which the investment was acquired.

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

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

	<u>Segment</u>	<u>Country</u>	<u>Direct and indirect interest in entity</u>
CHEO Technology JV (Koryolink)	GSM	North Korea	75%
Axes Holding	Information system for financial services	USA	26.01%
Electronic Fund Administration Services	Mutual funds and management services	Egypt	15.3%
Global Fund Administration Services	Mutual funds and management services	Egypt	15.3%

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Notes to condensed interim consolidated financial statements for the financial period ended September 30, 2017

3-4 Property, equipment and depreciation

Property and equipment are stated at historical cost and presented in the statement of financial position at cost less any accumulated depreciation and accumulated impairment losses.

Cost includes all directly related acquisition cost. Subsequent costs are included in the assets carrying amount or recognized separately, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the statement of income during the financial period in which it incurred.

Any gains or losses arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in the income statement.

Depreciation is charged to the statement of income over the estimated useful-life of each asset using the straight-line method.

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

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

3-5 Intangible assets

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

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

<u>Asset</u>	<u>Years</u>
User rights	17-20 Years
Trademarks	20 Years
Contractual agreements with customers	20 Years
Computer software	5 Years

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Notes to condensed interim consolidated financial statements for the financial period ended September 30, 2017

3-6 Investment property

a) Recognition and initial measurement

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

b) Depreciation

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

<u>Investment assets</u>	<u>Years</u>
Leased units	50

3-7 Borrowings and borrowing costs

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

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

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

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

All other borrowing costs are recognized in income statement in the period in which they are incurred.

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Notes to condensed interim consolidated financial statements for the financial period ended September 30, 2017

4- Segment reporting

	September 30, 2017			September 30, 2016		
	Operating revenue	Inter segment revenue	Operating revenue from parties outside the group	Operating revenue	Inter segment revenue	Revenue from parties outside the group
For the nine months ended (In thousand EGP)						
Investment property	51,646	-	51,646	20,704	-	20,704
Management fees	96,411	-	96,411	46,692	-	46,692
Financial services	424,957	-	424,957	78,987	-	78,987
Marine cables	532,650	-	532,650	189,500	-	189,500
Other	20,832	(16,980)	3,852	13,087	(13,087)	-
Total	1,126,496	(16,980)	1,109,516	348,970	(13,087)	335,883
			EBITDA			EBITDA
			29,145			13,542
			52,556			22,326
			(18,204)			(13,000)
			183,312			36,759
			(180,592)			(153,874)
			66,217			(94,247)

	As at September 30, 2017				As at December 31, 2016			
	Property and equipment	Intangible assets	Investment property	Equity instruments	Property and equipment	Intangible assets	Investment property	Equity instruments
For the nine months ended (In thousand EGP)								
Financial services	140,666	622,765	-	-	13,310	396,816	-	-
Investment property	-	-	1,436,684	-	-	-	-	-
Marine cables	2,357,089	236,102	-	-	2,328,063	244,198	1,446,831	-
Other	52,025	74	-	614,757	63,674	221	-	614,922
Total	2,549,780	858,941	1,436,684	614,757	2,405,047	641,235	1,446,831	614,922
			Total					Total
			763,431					410,126
			1,436,684					-
			2,593,191					4,019,092
			666,856					678,817
			5,460,162					5,108,035

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

The table below illustrates the capital expenditure incurred by each segment:

(In thousand EGP)	For the nine months ended September 30, 2017	For the nine months ended September 30, 2016
Financial services	117,996	-
Marine cable	230,294	232,860
Other	29,684	16,442
Total	377,974	249,302

*Translation of condensed interim consolidated
financial statements originally issued in Arabic*

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Notes to condensed interim consolidated financial statements for the financial period ended September 30, 2017

5- Operating revenues

(In thousand EGP)

	The nine months ended September 30, 2017	The nine months ended September 30, 2016	The three months ended September 30, 2017	The three months ended September 30, 2016
Revenue form financial services	428,809	78,987	116,616	30,519
Interconnection traffic	532,650	189,500	128,753	67,745
Management contracts –Fees	96,411	46,692	96,411	15,984
Revenue from investment property	51,646	20,704	17,135	8,349
Total	1,109,516	335,883	358,915	122,597

6- Purchases and services costs

(In thousand EGP)

	The nine months ended September 30, 2017	The nine months ended September 30, 2016	The three months ended September 30, 2017	The three months ended September 30, 2016
Rental of civil and technical telecommunication	129,857	38,590	57,384	13,343
Brokerage commission	118,662	-	37,355	-
Consulting and professional services	98,751	30,059	45,040	9,149
Maintenance costs	86,475	51,118	29,533	12,830
Cost of retaining and obtaining customers and subscribers	2,514	379	(961)	61
Purchases of goods, materials cost and consumables	6,033	2,796	2,738	1,033
International telecommunication cost	63,458	23,467	21,554	6,809
Telecommunications cost	15,283	7,506	5,029	2,677
Utilities and energy costs	14,705	7,223	4,972	2,214
Advertising and promotional services	21,982	4,531	(4,061)	795
Insurance expenses	1,656	1,012	606	382
Bank charges	6,247	4,682	1,453	1,620
Flight expense	1,492	1,007	633	223
Travel and accommodation expense	3,683	1,702	1,430	360
IT supplies and expense	2,086	1,391	760	452
Sites expense	7,255	3,479	2,411	1,296
Security expenses	2,398	1,010	878	350
Other service costs	6,487	3,474	2,332	779
Total	589,024	183,426	209,086	54,373

*Translation of condensed interim consolidated
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7- Net finance (cost)/income

(In thousand EGP)

	The nine months ended September 30, 2017	The nine months ended September 30, 2016	The three months ended September 30, 2017	The three months ended September 30, 2016
Finance income from:				
Credit interest	43,969	19,601	11,129	7,502
Total finance income	43,969	19,601	11,129	7,502
Finance cost from:				
Debit interest	(84,899)	(38,627)	(24,477)	(12,356)
Other finance expenses	(8,689)	(4,020)	(8,689)	(1,234)
Total Finance cost	(93,588)	(42,647)	(33,166)	(13,590)
Foreign exchange (loss) / gain	(59,821)	188,201	(41,786)	(3,015)
Total foreign exchange (loss) / gain	(59,821)	188,201	(41,786)	(3,015)
Net finance (cost) / income	(109,440)	165,155	(63,823)	(9,103)

8- Income tax

(In thousand EGP)

	The nine months ended September 30, 2017	The nine months ended September 30, 2016	The three months ended September 30, 2017	The three months ended September 30, 2016
Current income tax expense	(258,567)	(34,792)	9,708	(14,085)
Prior periods settlement	40,558		-	-
Deferred tax	59,916	(17,074)	13,871	214
Total income tax expenses	(158,093)	(51,866)	23,579	(13,871)

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9- Investment in associates

(In thousand EGP)	Country	Ownership percentage	September 30, 2017	December 31, 2016
Cheo JV Technology-Koryolink (*)	North Korea	75%	3,980,767	2,208,326
Electronic Fund Administration Services	Egypt	15.3%	400	547
Global Fund Administration Services	Egypt	15.3%	725	743
Axes Holding Company	Egypt	26.01%	11,342	11,342
Impairment loss			(3,378,477)	(1,606,036)
Total			614,757	614,922

(*) Koryolink Company

(In thousand EGP)	September 30, 2017	December 31, 2016
Total assets	23,975,185	22,130,689
Total liabilities	(3,568,933)	(3,850,471)
Net assets	20,406,252	18,280,218

(In thousand EGP)	For the nine months ended September 30, 2017	For the nine months ended September 30, 2016
Total revenues	4,988,612	2,206,087
Expenses	(1,798,630)	(1,043,635)
Net profit after taxes	3,189,982	1,162,452
Group's share in profits of associates	2,392,486	871,839

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

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

The management of the group is currently monitoring the execution of the arrangements, and following up on the remaining issues faced by the company to reach a solution, in light of the new international sanctions.

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The following table presents the movement on the investment of Koryolink during the period:

(In thousand EGP)	For the nine months ended September 30, 2017	For the nine months ended September 30, 2016
Beginning balance	2,208,326	847,488
Group's share in investment in associates profits	2,392,486	871,839
Dividends	(620,045)	-
<u>Impairment</u>		
Reversal of impairment in group's share of dividends	620,045	-
Impairment on groups share in profits	(3,987,180)	(1,105,695)
Ending balance	613,632	613,632

10- Property, equipment and intangible assets

(In thousand EGP)	Property and equipment	Intangible assets
Balance as at January 1, 2017	2,405,047	641,235
Additions*	369,345	8,629
Disposals	(27,444)	-
Depreciation and amortization	(142,057)	(15,609)
Currency translation differences	(55,111)	(5,128)
Change by increase in scope of consolidation for subsidiaries	-	229,814
Balance as at September 30, 2017	2,549,780	858,941
Balance as at January 1, 2016	881,727	454,700
Additions	244,212	5,090
Disposals	(10,460)	-
Depreciation and amortization	(53,961)	(5,837)
Currency translation differences	118,634	13,436
Balance as at September 30, 2016	1,180,152	467,389

* The property and equipment additions include an amount of EGP 118 million represent in head office purchased by Beltone Financial Holding Co.(subsidiary company) in Nile city towers from Sphinx for Real Estate Co. (subsidiary company of the main shareholder).

- There are pledged assets for Transworld company equivalent to EGP 1,229 million, and this in exchange for facilities for the Company to expand in marine cable SMW(5).

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11- Investment property

The investment property balance comprise of the value of seven floors which owned by Victoire company in Brazil. The investment property is carried at its historical cost.

(In thousand EGP)	2017	2016
Cost as at January 1,	1,510,081	505,011
Accumulated amortization and impairment as at January 1,	(63,250)	(2,442)
	1,446,831	502,569
Depreciation during the period	(21,750)	(8,424)
Foreign currency exchange differences	11,603	69,909
Net book value as at September 30,	1,436,684	564,054
Cost	1,521,684	574,920
Accumulated amortization and impairment	(85,000)	10,866

12- Other financial assets

(In thousand EGP)	September 30, 2017			December 31, 2016		
	Non-current	Current	Total	Non-current	Current	Total
Financial assets*	58,582	25,844	84,426	3,559	6,417	9,976
Restricted cash and deposits(12-1)	129,075	60,892	189,967	978	59,910	60,888
Fair value investment through profit or loss (12-2)	-	170,077	170,077	-	77,528	77,528
Financial assets available for sale -at cost (12-3)	13,849	-	13,849	13,945	-	13,945
Financial assets available for sale -at fair value (12-4)	8,027	-	8,027	7,259	-	7,259
Total	209,533	256,813	466,346	25,741	143,855	169,596

* The current amount include an amount of EGP 22 669 thousand represent cash paid under investment according to the Board of Directors of the Company meeting held on August 14, 2017 which approved the recommendation of the investment committee to invest in the following projects:

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

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12-1 Restricted cash and deposits

The balance includes an amount of EGP 128.073 Million cash balances at the Company's accounts in North Korea banks as there is a restriction for using or recovering it only in a limited scope under North Korea laws and regulations.

12-2 Financial assets at fair value through profit or loss.

(In thousand EGP)	September 30, 2017	December 31, 2016
Investments in cash investments fund	170,077	77,528
Total	170,077	77,528

12-3 Financial assets available for sale – at cost

(In thousand EGP)	September 30, 2017	December 31, 2016
Company name		
Misr for Central Clearing Depository and Registry	7,718	7,718
Guarantee Settlement Fund	5,837	5,933
El Arabi for Investment	194	194
MENA Capital	2,934	3,014
NRG for trade & distribution	100	100
(Less):		
Impairment loss of available for sale investments- at cost	(2,934)	(3,014)
Total	13,849	13,945

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

12-4 Financial assets available for sale – at fair value

(In thousand EGP)	September 30, 2017	December 31, 2016
Company name		
EGX 30	8,027	7,259
Total	8,027	7,259

13- Cash and cash equivalents

(In thousand EGP)	September 30, 2017	December 31, 2016
Banks – current accounts	2,225,268	2,860,736
Cash on hand	2,511	4,961
Treasury bills	-	65,831
Total	2,227,779	2,931,528

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14- Other assets

(In thousand EGP)	September 30, 2017			December 31, 2016		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	220,194	59,885	280,079	207,817	68,070	275,887
Advances to suppliers	-	26,138	26,138	-	43,321	43,321
Amounts due from tax authority	-	6,043	6,043	-	3,635	3,635
Employees' advances	-	9,308	9,308	-	-	-
Withholding tax	-	136,643	136,643	-	110,414	110,414
Auerbach Grayson acquisition	-	-	-	398,860	-	398,860
Other receivables	-	31,271	31,271	-	49,504	49,504
Doubtful debts	-	(6,185)	(6,185)	-	(6,864)	(6,864)
Total	220,194	263,103	483,297	606,677	268,080	874,757

15- Issued and paid up capital

The Company's authorized capital amounting to EGP 22 Billion, the issued and paid up capital amounted to EGP 2,203,190,060 distributed among 5,245,690,620 shares of EGP 0.42 par value each, according to the approval of the General Authority for Investment and the Extraordinary General Assembly of Orascom Telecom Holding (Demerging Company) as explained in Note (1-C).

16- Borrowings

(In thousand EGP)	September 30, 2017	September 30, 2016
Opening balance	1,619,062	685,551
Current borrowings	736,474	82,440
Non-current borrowings	882,588	603,111
Repayment of borrowings	(198,743)	(63,334)
Proceeds from borrowings	121,997	230,239
Foreign currency exchange differences	(35,987)	64,677
Ending balance	1,506,329	917,133
Current borrowings	681,471	114,067
Non-current borrowings	824,858	803,066

Trans World Associate loans

Borrowings balances include loans granted by the shareholders of Trans World Associate private to Trans World associate private (limited) Pakistan by an amount equivalent to EGP 52 Million due within one year with an interest rate of 1.85% per annum.

Borrowings balances also include loans obtained from banks by an amount equivalent to EGP 723 Million from which EGP 42 Million due within one year and EGP 681 Million due after more than one year to Trans World Associate Private (limited) Pakistan with interest rates ranges between 8% to 9%.

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

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

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

On September 28, 2015 the company borrowed non-current loan from a foreign bank by a maximum amount of USD 35 Million for the sole purpose of financing 50% of the purchase price of seven floors

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in the "Patio Malzoni Faria Lima Tower A" in Sao Paulo, Brazil through the direct or indirect acquisition of the shares of the following companies incorporated in Brazil: Victoire 2, Victoire 9, Victoire 11, Victoire 13, Victoire 17, Victoire 18, and Victoire 19 with a balance of EGP 588 million as at September 30, 2017.

On October 18, 2017 Orascom Telecom Media and Technology Holding company performed a reschedule agreement with bank Libano Francaise through which the loan amounted USD 33 million will be long term loan due on three installments starts from October 2019 and ends October 2021.

Other credit facilities (Beltone Financial Holding Company):

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

17- Creditors and other credit balances

(In thousand EGP)	September 30, 2017			December 31, 2016		
	Non-current	Current	Total	Non-current	Current	Total
Capital fixed assets suppliers	-	98,570	98,570	-	48,072	48,072
Trade payables	-	192,316	192,316	-	171,716	171,716
Customers' credit balance	-	343,542	343,542	-	203,397	203,397
Mobile operators' accruals	-	12,948	12,948	-	281,406	281,406
Other trade creditors	-	62,665	62,665	-	54,706	54,706
	-	710,041	710,041	-	759,297	759,297
Prepaid traffic and deferred income	249,892	24,616	274,508	214,203	20,383	234,586
Due to governmental authorities	-	73,253	73,253	-	67,274	67,274
Personnel expenses accrued	-	46,696	46,696	-	11,315	11,315
Customers deposits	-	11,652	11,652	-	12,740	12,740
Other credit balances	22,143	78,852	100,995	29,011	64,159	93,170
	272,035	235,069	507,104	243,214	175,871	419,085
Total	272,035	945,110	1,217,145	243,214	935,168	1,178,382

18- Earnings per share

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

Diluted: Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all convertible financial instruments and share options. The net profit is adjusted by omission of the cost of convertible debt instruments taking tax effect into consideration. As there are no debt instruments that are convertible to shares or share option, so diluted and basic earnings per share are equal.

	The nine months ended September 30, 2017	The nine months ended September 30, 2016	The three months ended September 30, 2017	The three months ended September 30, 2016
Profit/(loss) attributable to equity holders of the Parent Company (in thousand EGP)	221,998	(57,860)	(128,430)	(54,225)
Weighted average number of shares outstanding during the period (in thousand)	5,245,690	5,245,690	5,245,690	5,245,690
Earnings/(losses) per share – basic and diluted (in EGP)	0.042	(0.011)	(0.024)	(0.01)

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19- Provisions

(In thousand EGP)	January 1, 2017	Formed	Reclassification	Change in scope of consolidation	Translation differences	September 30, 2017
<u>Presented separately in current liabilities</u>						
Provision for claims (current)	722,112	47,474	2	(170)	696	770,114
Total provisions presented separately	722,112	47,474	2	(170)	696	770,114

(In thousand EGP)	January 1, 2016	Formed	Reclassification	Change in scope of consolidation	Translation differences	September 30, 2016
<u>Presented separately in current liabilities</u>						
Provision for claims (current)	619,193	41,614	2,244	-	449	663,500
Total provisions presented separately	619,193	41,614	2,244	-	449	663,500

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

20- Capital commitments

The capital commitments are as follows:

(In thousand EGP)	September 30, 2017	December 31, 2016
Commitments related to property and equipment	173,514	243,262
Other commitments	185,333	180,941
Total	358,847	424,203

The main capital commitments are related to property and equipment arising from the Group commitments of the installation of property and equipment related to the supply of marine communication cable, equipment, and technical equipment related to the contract of Middle East, North Africa for Sea Cables Company (subsidiary) and Trans World associates (subsidiary).

21- Contingent liabilities

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

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- A Letter of guarantee in favor 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.
- A guarantee issued to one of the customers of Middle East and North Africa for Sea Cables – MENA cables (subsidiary) amounting to USD 82 Million to guarantee the subsidiary to fulfill its contractual obligations represented in performing the contracted services.

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Trans World Associates (Subsidiary)

- The amount equivalent to EGP 431 thousand pounds held by the bank for the sake of the Higher Education Commission (HEC) until 31 December 2017.
- There is a restricted at balance at the bank of USD 4k million in favour of Shell Pakistan valid until September 25, 2017.
- There is a letter of credit amounting to USD 285k in favour of Premier Systems valid until December 31, 2017.

Middle East, North Africa for Sea Cables Company (Subsidiary)

- An amount equivalent to EGP 1.7 million held by the bank in favor of General Authority for Investment and Free Zones valid until December 31, 2017.

22- Business Combination

Beltone Financial Holding Company (subsidiary company)

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

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

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

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

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

The provisional value of the identifiable net assets acquired amounting to USD 18,299 thousand at the acquisition date, resulting in a temporary calculated goodwill of USD 13,021 thousand equivalent to EGP 235,543 thousand.

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

Goodwill

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

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

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

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23- Legal case

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

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

Chief Financial Officer



Chief Executive Officer



Chairman

