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

Condensed Consolidated Interim Financial Statements together with Review Report September 30, 2017

Nine months ended September 30, 2017
US$

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Review Report on Condensed Interim Consolidated Financial Statements

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

Introduction

We have reviewed 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 profit and loss and other 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 International Accounting Standard No. (34) "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 International Accounting Standard No. (34) "Interim Financial Reporting".

KPMG

Hazem Hassan

Emphasis of matter

With reference to, what was indicated in detail in note no. (9) of the notes to the financial statements, The United Nations Security Council issued a resolution on September 11, 2017 obliging member states of the United Nations to pass laws prohibiting joint ventures and existing partnerships with the North Korean Republic unless approval is obtained to continue such joint ventures. The management of the Company believes that its investments in North Korea's network for mobile services is a utility and that is similar to the type of project likely to be approved to continue. At the present, the company's management is in the process of submitting an official request through the Government of the Arab Republic of Egypt in order to be excluded from adhering to the said resolution. In Addition, the company's management also believes that, in the absence of a clear mechanism for implementing the resolution, it is difficult to measure its impact on the recoverable value of the investment.

KPMG Hazem Hassan
Public Accountants & Consultants

January 21, 2018

KPMG Hazem Hassan
Public Accountants and Consultants
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ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT

(in thousands of US$)	Note	30 September 2017	31 December 2016
Assets			
Property and equipment	10	144,630	133,613
Intangible assets	10	47,851	34,772
Investments in associates	9	34,870	34,163
Other non-current financial assets	12	11,885	1,431
Other non-current assets	16	12,489	33,704
Investment property	11	81,159	80,048
Total non-current assets		332,884	317,731
Inventories		387	137
Trade receivables		41,205	22,662
Other current financial assets	12	14,567	7,993
Other current assets	16	14,921	14,893
Cash and cash equivalent	13	126,362	162,863
Total current assets		197,442	208,548
Total assets		530,326	526,279
Equity and liabilities			
Share capital	14	366,148	366,148
Other reserves		(111,716)	(118,293)
Retained earnings		7,199	29,672
Equity attributable to equity holders of the company		261,631	277,527
Non-controlling interest		27,781	19,232
Total equity		289,412	296,759
Liabilities			
Non-current borrowings	15	46,787	49,036
Other non-current liabilities	17	15,431	13,512
Deferred tax liabilities		25,150	28,064
Total non-current liabilities		87,368	90,612
Current borrowings	15	38,654	40,911
Trade payables	17	53,610	51,950
Current income tax liabilities		17,624	5,934
Current provisions	18	43,658	40,113
Total current liabilities		153,546	138,908
Total liabilities		240,914	229,520
Total equity and liabilities		530,326	526,279

(The accompanying notes from (1) to (25) are an integral part of these Condensed Consolidated Interim Financial Statements)

Chief Financial Officer	Chief Executive Officer	Chairman
Khalid Ellaicy	Tamer Mahdi	Naguib Sawiris

Review report 'attached'

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

(in thousands of US$)	Note	For the nine months ended		For the three months ended	
		30 September 2017	30 September 2016	30 September 2017	30 September 2016
Revenues	5	62,136	39,065	20,144	13,599
Other income		1,779	1,439	781	600
Purchases and services	6	(32,986)	(21,332)	(11,732)	(6,075)
Other expenses		(5,293)	(6,794)	(859)	(173)
Personnel cost		(24,388)	(23,335)	(7,003)	(8,048)
Depreciation and amortization		(10,049)	(7,935)	(3,502)	(2,677)
Disposal of non-current assets		38	1,207	0	(5)
Operating losses		(8,763)	(17,685)	(2,171)	(2,779)
Financial income	7	2,463	2,279	626	1,096
Financial expense	7	(5,240)	(4,961)	(1,859)	(1,526)
Foreign exchange (loss) gain	7	(3,347)	21,890	(2,339)	(722)
Share of profit in associates	9	133,988	101,405	36,472	33,869
Impairment of associate		(99,301)	(101,398)	(36,438)	(33,867)
Profit/(loss) before income tax		19,800	1,530	(5,709)	(3,929)
Income tax expense	8	(8,855)	(6,030)	(960)	(1,528)
Profit/(loss) for the year		10,945	(4,500)	(6,669)	(5,457)
Attributable to:					
Owners of the company		9,941	(6,724)	(7,176)	(6,302)
Non-controlling interests		1,004	2,224	507	845
		10,945	(4,500)	(6,669)	(5,458)
Earnings/(losses) per share (basic and diluted) – (in US$)	18	0.00	(0.0013)	(0.001)	(0.00120)
Other comprehensive income /(loss):					
Items that may be sequent reclassified to profit or loss net of tax					
Change in fair value for available for sale investments		52	35	10	35
Share of OCI of associates		1,429	(9,266)	1,560	(76)
Currency translation differences		1,915	(17,509)	3,378	(98,940)
Other comprehensive income/(loss) for the period net of tax		3,396	(26,740)	4,948	(98,981)
Total comprehensive income for the period		14,341	(31,240)	(1,721)	(104,439)
Attributable to:					
Owners of the parent		13,481	(32,971)	(2,216)	(104,773)
Non-controlling interest		860	1,731	495	334
Total comprehensive income for the period		14,341	(31,240)	(1,721)	(104,439)

(The accompanying notes from (1) to (25) are an integral part of these Condensed Consolidated Interim Financial Statements)

Chief Financial Officer	Chief Executive Officer	Chairman
Khalid Ellaicy	Tamer Mahdi	Naguib Sawiris

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

(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
As at January 1, 2016	366,148	81,329	(122,216)	-	828	326,089	18,205	344,294
Total comprehensive income	-	-	(26,282)	35	(6,724)	(32,971)	1,731	(31,240)
As of 30 September 2016	366,148	81,329	(148,498)	35	(5,896)	293,118	19,936	313,054

(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
As at January 1, 2017	366,148	81,329	(203,182)	3,560	29,672	277,527	19,232	296,759
Total comprehensive income	-	-	3,505	35	9,941	13,481	860	14,341
Transferred to Legal reserve		3,037		-	(3,037)	-	-	-
Dividends to shareholders					(29,377)	(29,377)	-	(29,377)
Change in scope of consolidation	-	-	-	-	-	-	7,689	7,689
Total transactions with owners	-	3,037	-	-	(32,414)	(29,377)	7,689	(21,688)
As of 30 September 2017	366,148	84,366	(199,677)	3,595	7,199	261,631	27,781	289,412

(The accompanying notes from (1) to (25) are an integral part of these Condensed Consolidated Interim Financial Statements)

Chief Financial Officer	Chief Executive Officer	Chairman
Khalid Ellaicy	Tamer Mahdi	Naguib Sawiris

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED

(in thousands of US$)	September 30 2017	September 30 2016
Profit for the period	19,800	1,530
Adjustments for		
Depreciation, amortization and impairment charges	10,049	8,669
Interest expense	5,240	4,961
Investment income	(2,463)	(2,279)
Foreign exchange (gain) /loss	3,347	(21,890)
Gain /(Loss) from disposal of assets	(38)	(1,207)
Share of profit of associate	(133,988)	(101,405)
Impairment of associate	99,301	101,398
Change in provisions	3,661	5,288
Changes in other assets	(18,273)	(5,822)
Changes in other liabilities	6,171	29,387
Cash flows generated by operating activities	(7,193)	18,630
Income taxes paid	(2,261)	(9,483)
Interest collected	2,462	701
Net Cash flows generated by operating activities	(6,992)	9,848
Cash out flow for investments in		
Property and equipment	(16,447)	(26,791)
Intangible assets	(984)	(41)
Change in Deposits and financial assets	(13,477)	(19,702)
Investment Available for sale	(4,776)	
Proceeds from disposal of	-	
Property and equipment	628	2,354
Disposal of financial assets	720	11,010
Acquisition of Subsidiaries -AG	21,893	
Proceeds from dividends distribution of associate	18,485	
Cash flows generated by investing activities	6,042	(33,170)
Cash flows from financing activities		
Interest Paid	(4,546)	(4,961)
Proceeds from loan and bank facilities	3,809	20,658
Payments for loans and bank facilities	(8,801)	(3,237)
Payment under dividends distribution	(27,712)	-
Cash flows generated by financing activities	(37,250)	12,460
Net cash (used in) \continuing operations	(38,200)	(10,862)
Cash and cash equivalents at the beginning of the period	162,863	202,455
Effect of exchange rates on cash and cash equivalents	1,699	(2,118)
Cash and cash equivalents at the end of the period	126,362	189,475

(The accompanying notes from (1) to (25) are an integral part of these Condensed Consolidated Interim Financial Statements)

Chief Financial Officer	Chief Executive Officer	Chairman
Khalid Ellaicy	Tamer Mahdi	Naguib Sawiris

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. The Company was established on 29 November 2011 (the "inception") and until this date the businesses of the Company were performed under various entities which were controlled by Orascom Telecom Holding, S.A.E. ("OTH"). As part of a larger transaction pursuant to which VimpelCom Ltd had acquired OTH, its shareholders agreed to affect the demerger, whereby, OTH was split into two companies, OTH and the Company ("Demerger"). The Demerger resulted in the transfer of certain telecom, cable and media and technology assets (the "OTMT Assets") to the Company.

The Company and the OTMT Assets (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 Telecom Media and Technology Investments S.à.r.l. (the "Ultimate Parent Company").

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

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

2. Statement of compliance

These condensed consolidated interim financial statements as of September 30, 2016 have been prepared in accordance with IAS 34 "Interim Financial Reporting". As permitted by IAS 34, the Company has opted to prepare a condensed version as compared to the consolidated financial statements as of December 31, 2015. The condensed consolidated interim financial statements do not include all of the information required for the full annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

This condensed consolidated interim financial information was approved for issue on November 14th, 2017. The financial statements are not the statutory financial statements of the Company, as the statutory financial statements are prepared in accordance with the Egyptian Accounting Standards (EAS).

2.1 Significant accounting policies

The accounting policies adopted for the preparation of the condensed consolidated interim financial information are consistent with those used in the consolidated financial statements as of and for the period ended December 31, 2016. The accounting policies have been consistently applied to all the periods presented.

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

Revised Standards	
IFRS 11	Joint Arrangements: Amendments on accounting for acquisitions of interests in joint operations
IFRS 14	Regulatory Deferral Accounts
IAS 1	Presentation of Financial Statements: Amendments in relation to disclosure initiative
IAS 16	Property, Plant and Equipment – Amendments regarding the clarification of acceptable methods of depreciation and amortisation
IAS 38	Intangible Assets – Amendments regarding the clarification of acceptable methods of depreciation and amortisation
Various	Amendments resulting from annual improvements 2012-2014 Cycle

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 and Revised Standards		Effective from
IFRS 9	Financial Instruments – Final version including expected loss impairment model	1 January 2018
IFRS 10	Consolidated Financial Statements – Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Not determined
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IAS 7	Statement of Cash Flows - Amendments in relation to disclosure initiative	1 January 2017
IAS 12	Income Taxes – Amendment regarding recognition of deferred tax assets for unrealised losses	1 January 2017
IAS 28	Investments in Associates and Joint Ventures – Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Not determined

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

3. Use of estimates

The preparation of the condensed consolidated interim 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.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2016.

4. 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. OTMT management has determined the reportable operating segments according to the information analysed by the chief operating decision-maker as follows:

- *Investment property*: investment properties relate to real estate property the Group owns in Sao Paolo, Brazil
- *GSM – Lebanon*: relating to the management contract of the Lebanese mobile telecommunications operator Alfa which is owned by the Republic of Lebanon.
- *Cable*: relating to the provision of direct broadband and high-speed connectivity to telecom operators, internet service providers and major corporations through submarine fibre optic cables.
- *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.
- *Other*: relating to the Group's equity accounting investment and income and expenses related to OTMT.

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) (or if applicable profit from continuing operations for the period before income tax expense/(benefit)), gain on partial disposal of investments in associate , share of profit of equity investments, foreign exchange gains/(loss), financial expense, financial income, disposal of non-current assets, impairment charges and depreciation and amortisation, and
- Segment capital expenditure which 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 interim financial statements.

Revenue and EBITDA disclosure per segment for the period ended September 30, 2017

	For the Period ended 30 September 2017				For the Period ended 30 September 2016			
	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA
Investment Property	2,892	-	2,892	1,632	2,408	-	2,408	1,576
GSM Lebanon	3,613	-	3,613	1,899	3,631	-	3,631	1,698
Financial Services	23,799	-	23,799	(1,018)	9,187	-	9,187	(1,513)
Cable	29,830	-	29,830	10,267	22,040	-	22,040	4,277
Other	2,953	(951)	2,002	(11,565)	3,321	(1,522)	1,799	(16,995)
Total	**63,087**	**(951)**	**62,136**	**1,215**	**40,587**	**(1,522)**	**39,065**	**(10,957)**

Assets per segment as of September 30, 2017

	As Of 30 September 2017					As Of 31 December 2016				
	Property and equipment	Intangible assets	Investment Property	Equity investments	Total	Property and equipment	Intangible assets	Investment Property	Equity investments	Total
Financial Services	7,978	34,455	-	-	42,433	739	21,192	-	-	21,931
Investment Property		-	81,159		81,159	-	-	80,048	-	-
Cable	133,700	13,392	-	-	147,092	129,337	13,567	-	-	142,904
Other	2,952	4	-	34,870	37,826	3,537	14	-	34,163	37,714
Total	**144,630**	**47,851**	**81,159**	**34,870**	**308,510**	**133,613**	**34,773**	**80,048**	**34,163**	**202,549**

Capital expenditure

The table below illustrates the capital expenditure incurred by each segment in the current and comparative period

	For the Period ended 30 September 2017	For the Period ended 30 September 2016
Financial Services	6,608	-
Cable	11,669	26,077
Other	1,662	2,917
Total	**19,939**	**28,994**

5. Revenues

	For the nine months ended		For the three months ended	
(In thousand US$)	September 30, 2017	June 30, 2016	September 30, 2017	June 30, 2016
Revenue form Financial services	23,799	9,187	6,463	3,210
Interconnection traffic	29,830	22,040	10,847	7,643
Management contract -Fees	3,613	3,631	1,799	-
Investment Property Revenue	2,892	2,408	961	947
Other revenues	2,002	1,799	74	1799
Total	62,136	39,065	20,144	13,599

6. Purchases and services

	For the nine months ended		For the three months ended	
(In thousand US$)	September 30, 2017	June 30, 2016	September 30, 2017	June 30, 2016
Rental of local network, technical sites and other leases	7,271	4,488	3,217	1,504
Customer acquisition costs	141	44	-	7
Purchases of goods and changes in inventories	336	325	153	117
Band width cost	3,554	2,730	1,210	760
Maintenance costs	4,841	5,945	1,656	1,418
Telephony cost	856	873	283	303
Utilities	824	840	279	245
Brokerage Commissions	6,645	-	2,096	-
Advertising and promotional services	1,232	527	-	86
Consulting and professional services	5,530	3,496	2,247	1,024
Bank and post office charges	350	544	83	182
Insurance	93	117	34	43
Airfare	83	117	35	24
Accommodation, Meals and Per diem	207	197	80	39
IT Supplies and expense	117	162	43	51
Sites expense	406	404	135	146
Security Guards	135	118	50	40
Other service expenses	365	405	131	86
Total	32,986	21,332	11,732	6,075

7. Net financing (cost) income

	For the nine months ended		For the three months ended	
(In thousand US$)	September 30, 2017	June 30, 2016	September 30, 2017	June 30, 2016
Interest income on deposits	2,463	2,279	626	1,096
Financial income	**2,463**	**2,279**	**626**	**1,096**
Interest expense on borrowings	(4,754)	(4,493)	(1,373)	(1,387)
Other interest expense and financial charges	(486)	(468)	(486)	(139)
Financial expense	**(5,240)**	**(4,961)**	**(1,859)**	**(1,526)**
Foreign exchange gain/ (loss)	(3,347)	21,890	(2,339)	(722)
Foreign exchange gain/ (loss)	**(3,347)**	**21,890**	**(2,339)**	**(722)**
Total	**(6,124)**	**19,208**	**(3,572)**	**(1,152)**

8. Income tax expense

(In thousand US$)	For the nine months ended September 30, 2017	For the nine months ended June 30, 2016	For the three months ended September 30, 2017	For the three months ended June 30, 2016
Current tax expense	12,210	4,045	1,739	1,587
Deferred tax	(3,355)	1,985	(779)	(59)
Total Income Tax Expenses	8,855	6,030	960	1,528

9. Investments in associates (net)

(In thousand US$)	Country	%	September 30, 2017	December 31, 2016
Cheo JV Technology-Koryolink *	North Korea	75	225,795	122,685
Electronic Fund Administration Services	Egypt	20	23	30
International Fund Administration Services	Egypt	20	41	42
Axes Holding company	Egypt	33.90	643	630
Deduct: Impairment			(191,632)	(89,224)
			34,870	34,163

(In thousand US$)	September 30, 2017	December 31, 2016
Assets	1,359,908	1,229,483
Liabilities	(202,435)	(213,915)
Net assets	1,157,473	1,015,568

(In thousand US$)	For the period ended September 30, 2017	For the period ended September 30, 2016
Revenues	279,380	256,622
Total expense	(100,730)	(121,353)
Post tax profit from continuing operations	178,650	135,269
Share of profit in associates	133,988	101,405

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

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

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

The investment in CHEO Technology JV (Koryolink) was measured at cost that represents the fair value on the date of loss control based on independent valuator report.

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

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

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

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

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

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

(In thousand US$)	**For the period ended September 30, 2017**	**For the period ended September 30, 2016**
Beginning balance	122,685	108,236
Share of profit of associates	133,988	101,405
Dividends	(34,687)	-
Currency translation differences	1,429	(9,266)
Reversal of Impairment	34,687	-
Impairment	(223,296)	(131,265)
Ending balance	**34,806**	**69,110**

10. Property & equipment and intangible assets (net)

The details of the property & equipment and intangibles acquired and disposed of during the current and comparative period are detailed in the following table:

	Property and equipment	Intangible assets
Balance as of January 1, 2017	**133,613**	**34,772**
Additions	19,456	483
Disposals	(590)	-
Depreciation and amortization	(7,956)	(875)
Currency translation differences	(88)	(187)
Change in scope of consolidation	195	13,658
Balance as of September 30, 2017	**144,630**	**47,851**
Balance as of January 1, 2016	112,608	56,107
Additions	28,402	592
Disposals	(1,124)	(23)
Depreciation and amortization	(6,369)	(679)
Currency translation differences	(614)	(5,092)
Balance as of September 30, 2016	132,903	50,905

- The additions of fixed assets of Beltone Financial Holding (Subsidiary) includes an amount of US$ 6.6 Million represents a related party purchase form Sphinx Real Estate (A subsidiary of main shareholder).
- There is a pledged assets for Transworld equivalent to US$ 69 Million, in exchange for facilities related to marine cables SMW5.

11. Investment property

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

(in thousands of US$)	September 30, 2017	December 31, 2016
Cost	*83,562*	*70,298*
Accumulated amortization and impairment	*(3,514)*	*(312)*
	80,048	*69,986*
Depreciation	(1,218)	*(1,621)*
Exchange differences	2,329	*11,683*
As of end of period / year	**81,159**	*80,048*
Cost	85,891	*83,562*
Accumulated amortization and impairment	(4,732)	*(3,514)*

12. Other financial assets

(in thousands of US$)	September 30, 2017			December 31, 2016		
	Non-current	Current	Total	Non-current	Current	Total
Financial receivables	3,321	1,466	4,788	198	357	555
Restricted cash and deposits (12-1)	7,322	3,454	10,776	53	3,329	3,382
Financial assets held through profit and loss (12-2)	-	9,647	9,647	-	4,307	4,307
Financial assets available for sale -At Cost (12-3)	787	-	787	777	-	777
Financial assets available for sale -At Fair value (12-4)	455	-	455	403	-	403
Total	11,885	14,567	26,453	1,431	7,993	9,424

12-1 Restricted cash and deposits

The balance includes an amount of USD 7.3 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 through profit or loss.

Investments at fair value through profit and loss:

Company name	September 30, 2017	December 31, 2016
Mutual fund	-	115
Treasury bills	9,647	4,192
Total	9,647	4,307

12-3 Financial assets available for sale – at cost*

Company name	September 30, 2017	December 31, 2016
Misr for Central Clearing Depository and Registry	439	423
Guarantee Settlement Fund	332	330
El Arabi for Investment	11	11
MENA Capital	166	174
NRG for trade & distribution	6	6
(Less): Impairment loss of available for sale investments	(167)	(167)
Total	787	777

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

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

Company name	As of September 30, 2017	As of December, 31 2016
EGX-30	455	403
Total	455	403

13. Cash and balances at banks

(in thousands of US$)	As of September 30,2017	As of December 31, 2016
Bank accounts and deposits	126,220	158,930
Cash on hand	142	276
Treasury bills – "within 3 Month "	-	3,657
Total	126,362	162,863

14. Share capital

The Company was incorporated On 29 November 2011 with an authorised share capital amounting to EGP 22 billion, equivalent to US$ 3.66 Billion, of which, the issued amounts to EGP 2,203,190,060, equivalent to US$ 366 Million distributed over 5,245,690,620 shares, each with a nominal value of EGP 0.42 par value each, according to the approvals of the General Authority for Investment and of the Extraordinary General Assembly of Orascom Telecom Holding (Demerging Company).

15. Borrowings

	As of September 30, 2017	As of December, 31 2016
Opening balance	**89,947**	**87,556**
of which current portion	40,911	10,530
of which non-current portion	49,036	77,026
Repayment of borrowings and Movements in current borrowings	(8,801)	(3,237)
New borrowings	3,809	20,658
Change in Interest	696	1,991
Exchange rate differences	(210)	(3,688)
Balance as of end of period	**85,441**	**103,280**
of which current portion	38,654	12,843
of which non-current portion	46,787	90,437

Loans for Trans World associate

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 USD 2.95 Million due within one year with an interest rate of 1.85% per annum.

Borrowings also include loans obtained from banks amounted to US$ 41 million from which US$ 2.38 million due within one year and US$ 38.62 million due after more than one year these borrowings were obtained by Trans World Associate Private 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 the syndicated loan from a group of financial institutions represented in a long-term loan with a maximum limit of US$ 14 Million for the purpose of partial financing of acquisition of a portion within the limits of 87% of the shares of the company ,the loan has been settled during 2017.

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

On September 28, 2015 the company borrowed long-term loan from the subjected bank by a maximum amount US$ 35 Million for the sole purpose of financing 50% of the purchase price of seven floors in the "Patio Malzoni Faria Lima Tower A" in Sao Paolo, Brazil through the direct or indirect acquisition of the shares of the following companies incorporated in Brazil: Victoire 2, Victoire 9, Victoire 11, Victoire 13, Victoire 17, Victoire 18, and Victoire 19. With a balance USD 33 milion as at September 30,2017.

Other credit facilities:

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.

16. Other assets

(in thousands of US$)	September 30 2017			December 31 2016		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	12,489	3,397	15,886	11,545	3,781	15,326
Advances to suppliers	-	1,482	1,482	-	2,408	2,408
Receivables due from tax authority	-	343	343	-	202	202
Employee loans	-	528	528	-	-	-
Assets from current tax	-	7,750	7,750	-	6,135	6,135
Other non receivables related to Victoire acquisition	-	-	-	22,159	- -	22,159
Other non trade receivables	-	1,772	1,772	-	2,748	2,748
Allowance for doubtful current assets	-	(351)	(351)	-	(381)	(381)
Total	12,489	14,921	27,410	33,704	14,893	48,597

17. Trade payables and other liabilities

(in thousands of US$)	September 30 2017			December 31 2016		
	Non-current	Current	Total	Non-current	Current	Total
Trade Payable						
Capital expenditure payables	-	5,591	5,591	-	2,670	2,670
Trade payables due to suppliers	-	10,909	10,909	-	9,540	9,540
Customers credit balance	-	19,486	19,486	-	11,300	11,300
Trade payables to Telephone operator	-	735	735	-	26,884	26,884
Other trade payables	-	3,555	3,555	-	(8,212)	(8,212)
Total	-	40,276	40,276	-	42,182	42,182
Other payable						
Prepaid traffic and deferred income	14,175	1,396	15,571	11,900	1,132	13,032
Due to local authorities	-	4,155	4,155	-	3,737	3,737
Personnel payables	-	2,659	2,659	-	636	636
Subscriber deposits	-	661	661	-	708	708
Other credit balances	1,256	4,463	5,719	1,612	3,555	5,167
Total	15,431	13,334	28,765	13,512	9,768	23,280
Total	15,431	53,610	69,041	13,512	51,950	65,462

18. Provisions

Provisions are recognised according to the best estimate of the amount expected to settle the present obligations, at the end of the reporting period, arising as result from the Group's operations and contractual relationships with third parties. Provisions recognised during the period are reported among other expenses in the statement of profit or loss and are subject to an annual review by management and are revised based on the most recent developments, negotiations and agreements with the relevant counterparties.

	September 30,2017	December 31, 2016
January,1	40,113	81,514
Additions	2,659	7,725
Currency translation differences	920	(49,179)
Reclassifications	(34)	53
As Of 31 December	43,658	40,113

19. Earnings per share

Basic and diluted

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

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 are equal.

	Nine months ended 30 September 2017	Nine months ended 30 September 2016	Three Months ended 30 September 2017	Three Months ended 30 September 2016
Profit/(loss) attributable to equity holders of the Parent Company	9,941	(6,724)	(7,176)	(6,302)
Weighted average number of shares (in thousands of shares)	5,245,690	5,245,690	5,245,690	5,245,690
Earnings per share – basic and diluted (in US$) From continuing operations	0.002	(0.0013)	(0.0014)	(0.0012)

20. Capital Commitments

The capital commitments are provided in the table below:

	September 30, 2016	December 31, 2016
Property and equipment	9,842	13,532
Other	10,512	12,741
Total	**20,354**	26,273

Commitments 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 Transworld associates. The increase in capital commitments is represented mainly in property and equipment related to the supply of marine communication cable, and the changes in other commitments is mainly due to the foreign currencies translation from the foreign currencies to the EGP (presentation currency).

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:

Orascom Telecom, Media and Technology Holding

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

- A guarantee issued to one of the subsidiary's clients amounting to US$ 82 Million to guarantee the subsidiary to fulfil its contractual obligations represented in performing the contracted services.

Transworld Associates (Subsidiary)

- The amount equivalent to USD 24k thousand pounds held by the bank for the sake of the Higher Education Commission (HEC) until December 31 2017.
- There is a restricted at balance at the bank of USD 4k 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.

MENA Cable (Subsidiary)

- The amount equivalent to USD 96k thousand pounds held by the bank in favour of GAFI valid until December 31 2017.

22. Non-adjusting events

A subsidiary of Beltone

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

1- 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.
2- 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.
3- 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 1st 2017 to be considered as the date of acquisition.

The provisional value of the identifiable net assets acquired amounted to US $ 18,299 thousand at the acquisition date, resulting in a temporary calculated goodwill of US $ 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 1st 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 acquisition in accordance with International Financial Reporting Standard IFRS 3 (Business Combination).

23. Goodwill

The Goodwill of business combination is calculated as follows:

January 31st 2017	000 USD
Consideration	22,000
Liabilities acquired	2,000
Non-controlling interest	7,320
Net assets acquired	(18,299)
Goodwill	13,021

In accordance with the Investment Agreement, US $ 2 million has been deducted 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.).

24. 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 principal shareholder of AGCO. The dispute is still in preliminary stage, however the management believes that company has strong position to gain the case.

Taking into consideration, Under the investment agreement revered to in note (22) above, an allocated amount of US $ 2 million to such case. In addition to the company has the right to deduct any unrecognized commitments such this case and any amount may arise (including but not limited to lawsuits and any events that result in financial damages, problems of customers, suppliers, etc.).

25. Subsequent events

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

Chief Financial Officer	Chief Executive Officer	Chairman
Khalid Ellaicy	Tamer Mahdi	Naguib Sawiris