



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

Condensed Consolidated Interim
Financial Statements together with
Review Report March 31, 2017

**Three months ended
March 31, 2017
US\$**



Hazem Hassan

Public Accountants & Consultants

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Report on Review of Interim Condensed Consolidated Financial Statements

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

Introduction

We have reviewed for the accompanying interim condensed consolidated statement of financial position of Orascom Telecom,Media and Technology Holding (S.A.E) as of March 31, 2017 and the related interim condensed consolidated statements of profit and loss and other comprehensive income, changes in equity, and cash flows for the three-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard No. (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our limited review.

Scope of Limited 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 March 31, 2017 and of its consolidated financial performance and its consolidated cash flows for the three-month period then ended in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

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.

January 21, 2018



KPMG Hazem Hassan
Public Accountants & Consultants

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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 OF

<i>(in thousands of US\$)</i>	Note	March 31, 2017	December 31, 2016
Assets			
Property and equipment	10	142,822	133,613
Intangible assets	10	47,526	34,772
Investments in associates	9	34,158	34,163
Other non-current financial assets	12	1,545	1,431
Other non-current assets	16	11,029	33,704
Investment Property	11	82,993	80,048
Total non-current assets		320,073	317,731
Inventories		149	137
Trade receivables		85,673	22,662
Other current financial assets	12	10,315	7,993
Other current assets	16	14,460	14,893
Cash and balances at banks	13	166,676	162,863
Total current assets		277,273	208,548
Total assets		597,346	526,279
Equity and liabilities			
Share capital	14	366,148	366,148
Other reserves		(76,530)	(118,293)
Retained earnings		48,380	29,672
Equity attributable to equity holders of the company		337,998	277,527
Non-controlling interest		27,058	19,232
Total equity		365,056	296,759
Liabilities			
Non-current borrowings	15	49,396	49,036
Trade and other payables	17	12,530	13,512
Deferred tax liabilities		28,911	28,064
Total non-current liabilities		90,837	90,612
Current borrowings	15	34,656	40,911
Trade and other payables	17	52,930	51,950
Current income tax liabilities		12,828	5,934
Provisions	18	41,039	40,113
Total current liabilities		141,453	138,908
Total liabilities		232,290	229,520
Total equity and liabilities		597,346	526,279

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

Chief Financial Officer

Khalid Ellaicy



Chief Executive Officer

Tamer Mahdi



Chairman

Naguib Sawiris



Review report 'attached'

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF THREE MONTHS PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED

(in thousands of US\$)	Note	March 31, 2017	March 31, 2016
Revenues	5	16,803	13,784
Other income		458	233
Purchases and services	6	(8,127)	(8,039)
Other expenses		(1,644)	(5,077)
Personnel cost		(7,155)	(7,706)
Depreciation and amortization		(3,100)	(2,446)
Operating loss		(2,765)	(9,251)
Financial income	7	797	550
Financial expense	7	(1,514)	(1,779)
Foreign exchange (loss) gain	7	(378)	20,771
Share of profit in associates	9	38,281	32,746
Impairment of associate	9	(3,230)	(32,746)
Profit before income tax		31,191	10,291
Income tax expense	8	(9,226)	(4,232)
Profit for the period		21,965	6,059
Attributable to:			
Owners of the company		21,774	5,091
Non-controlling interests		191	968
		21,965	6,059
Earnings per share (basic and diluted) – (in US\$)	19	0.004	0.001
Other comprehensive income /(loss):			
Items that may be reclassified to profit or loss			
Change in fair value for available for sale investments		17	23
Share of OCI of associate		52	(9,262)
Currency translation differences		38,559	(23,777)
Other comprehensive income/(loss) for the period net of tax		38,628	(33,016)
Total comprehensive income/(loss) for the period		60,593	(26,957)
Attributable to:			
Owners of the parent		60,471	(27,379)
Non-controlling interest		122	422
Total comprehensive income/(loss) for the period		60,593	(26,957)

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

Chief Financial Officer

Khalid Eilaicy



Chief Executive Officer

Tamer Mahdi

Chairman

Naguib Sawiris



ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2017

	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non-Controlling Interest	Total equity
<i>(in thousands of US\$)</i>								
As at January 1, 2016	366,148	81,329	(122,216)	-	828	326,089	18,205	344,294
Total comprehensive income	-	-	(32,493)	23	5,091	(27,379)	422	(26,957)
As of March 31 2016	366,148	81,329	(154,709)	23	5,919	298,710	18,627	317,337

(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	-	-	38,680	17	21,774	60,471	122	60,593
Change in the scope of consolidation-In coming	-	-	-	-	-	-	7,704	7,704
Transfer to legal reserve	-	3,066	-	-	(3,066)	-	-	-
Total transactions with owners	-	3,066	-	-	(3,066)	-	7,704	7,704
As of March 31 2017	366,148	84,395	(164,502)	3,577	48,380	337,998	27,058	365,056

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

Chief Financial Officer

Khalid Eillaicy



Chief Executive Officer

Tamer Mahdi



Chairman

Naguib Sawiris



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

<i>(in thousands of US\$)</i>	Period Ended March 31 2017	Period Ended March 31 2016
Profit for the period	31,191	10,291
<i>Adjustments for</i>		
Depreciation, amortization and impairment charges	3,100	2,446
Interest expense	1,514	1,779
Investment income	(797)	(550)
Foreign exchange(gain)/ loss	378	(20,771)
Share of profit of associate	(38,281)	(32,746)
Impairment of associate	3,230	32,746
Change in provisions & Impairments	1,034	2,767
Changes in other assets	(5,488)	(717)
Changes in other liabilities	8,930	9,876
Cash flows generated by operating activities	4,811	5,121
Income taxes paid	(1,822)	(1,762)
Interest collected	797	550
Net Cash flows generated by operating activities	3,786	3,909
<i>Cash out flow for investments in</i>		
Property and equipment	(7,407)	(7,872)
Intangible assets	(428)	(61)
Change in Deposits and financial assets	(4,751)	(1,383)
Acquisition of Auerbach Grayson	13,775	-
<i>Proceeds from disposal of</i>		
Property and equipment	899	245
Disposal of investment at fair value through profit or loss	501	-
Proceeds from sale of Investments	4,217	4,661
Proceeds from dividends distribution	565	-
Cash flows generated by / (used in) investing activities	7,371	(4,410)
Cash flows from financing activities		
Interest payment	(1,372)	(958)
Proceeds from loan and bank facilities	2,344	5,859
Payments for loans and bank facilities	(8,793)	(21)
Cash flows (used in) / generated by financing activities	(7,821)	4,880
Net change in cash and cash equivalents	3,336	4,379
Cash and cash equivalents at the beginning of the period	162,863	202,455
Effect of exchange rates on cash and cash equivalents	477	(4,699)
Cash and cash equivalents at the end of the period	166,676	202,135

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

Chief Financial Officer

Khalid Ellaicy



Chief Executive Officer

Tamer Mahdi



Chairman

Naguib Sawiris



ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED MARCH 31, 2017

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 March 31, 2017 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, 2016. 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

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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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:

- Financial Service: relating to the financial services of Beltone financial group represented in the group of different financial segment of Investment Banking, Asset Management, Brokerage and Other financial Services.
- Investment property: investment properties relate to real estate property the Group owns in Sao Paulo, Brazil
- GSM – Lebanon: relating to the management contract of the Lebanese mobile telecommunications operator Alfa, which is owned by the Republic of Lebanon.
- Cable: relating to the provision of direct broadband and high-speed connectivity to telecom operators, internet service providers and major corporations through submarine fibre optic cables.

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2017

- Other: includes Media & Technology (relating mainly to the provision of online advertising and content to corporate customer, mobile value added services and software development and hosting of corporate clients) and the Group's equity investments and income and expenses related to OTMT. In 2016, Media & Technology entities have been classified as assets held for sale and discontinued operations. The Group reports on operating segments which are independently managed. The chief operating decision-maker assesses the performance of such operating segments based on:
- Total revenue
- EBITDA, defined as profit for the period before income tax expense/(benefit) (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.

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2017

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 March 31 2017			For the Period ended March 31 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	976	-	976	456	4,126	-	661	286
GSM Lebanon	1,814	-	1,814	740	1,833	-	1,833	695
Financial Services	4,664	-	4,664	(614)	661	-	4,126	395
Cable	9,261	-	9,261	2,797	7,164	-	7,164	1,426
Other	434	(346)	88	(3,072)	835	(835)	-	(9,607)
Total	17,149	(346)	16,803	307	14,619	(835)	13,784	(6,805)

Assets per segment

	31 March 2017				31 December 2016				
	Property and equipment	Intangible assets	Investment Property	Equity investments	Property and equipment	Intangible assets	Investment Property	Equity investments	Total
Financial Services	4,501	34,167	-	-	739	21,192	-	-	21,931
Investment Property	-	-	82,993	-	-	-	80,048	-	80,048
Cable	134,815	13,350	-	-	129,337	13,567	-	-	142,904
Other	3,506	9	-	34,158	3,537	13	-	34,163	37,713
Total	142,822	47,526	82,993	34,158	133,613	34,772	80,048	34,163	282,596

Capital expenditure

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

	For the Period ended March 31, 2017	For the Period ended March 31, 2016
Financial Services	4,245	465
Cable	3,042	6,700
Other	5,230	1,100
Total	12,517	8,265

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED MARCH 31, 2017

5. Revenues

(in thousands of US\$)

	For the Period ended March 31, 2017	For the Period ended March 31, 2016
Revenue from Financial services	4,664	4,126
Interconnection traffic	9,261	7,164
Management contract -Fees	1,814	1,833
Investment Property Revenue	976	661
Others	88	-
Total	16,803	13,784

6. Purchases and services

(in thousands of US\$)

	For the Period ended March 31, 2017	For the Period ended March 31, 2016
Rental of local network, technical sites and other leases	1,946	1,491
Customer acquisition costs	28	15
Purchases of goods and changes in inventories	79	100
Band width cost	1,322	1,038
Maintenance costs	1,540	2,589
Telephony cost	322	290
Utilities	271	316
Advertising and promotional services	532	206
Consulting and professional services	1,562	965
Bank and post office charges	87	224
Insurance	28	72
Airfare	20	333
Accommodation, Meals and Per diem	64	75
IT Supplies and expense	35	69
Sites expense	137	124
Security Guards	41	37
Other service expenses	113	95
Total	8,127	8,039

7. Net financing (cost) income

(in thousands of US\$)

	For the Period ended March 31, 2017	For the Period ended March 31, 2016
Interest income on deposits	797	550
Financial income	797	550
Interest expense on borrowings	(1,377)	(1,608)
Other interest expense and financial charges	(137)	(171)
Financial expense	(1,514)	(1,779)
Foreign exchange (loss)/ gain	(378)	20,771
Foreign exchange (loss)/ gain	(378)	20,771
Total	(1,095)	19,542

8. Income tax expense

(in thousands of US\$)

	For the Period ended March 31, 2017	For the Period ended March 31, 2016
Current tax expense	8,585	1,725
Deferred tax	641	2,507
Total Income Tax Expenses	9,226	4,232

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2017

9. Investments in associates

(In thousand US\$)	Country	%	March 31, 2017	December 31, 2016
Cheo JV Technology-Koryolink *	North Korea	75	125,863	122,685
Electronic Fund Administration Services	Egypt	15.3	28	30
International Fund Administration Services	Egypt	15.3	39	42
Axes Holding company	Egypt	26.01	630	630
Deduct: Impairment			(92,402)	(89,224)
			34,158	34,163

(In thousand US\$)	March 31, 2017	December 31, 2016
Assets	1,232,523	1,229,483
Liabilities	(203,972)	(213,915)
Net assets	1,028,551	1,015,568

(In thousand US\$)	For the period ended March 31, 2017	For the period ended March 31, 2016
Revenues	89,639	82,167
Total expense	(38,598)	(38,506)
Post tax profit from continuing operations	51,041	43,661
Share of profit in associates	38,281	32,746

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.

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED MARCH 31, 2017

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.

<i>(In thousand US\$)</i>	For the period ended March 31, 2017	For the period ended March 31, 2016
Beginning balance, (net of impairment)	122,685	108,236
Share of profit of associates	38,281	32,746
Dividends	(35,051)	-
Currency translation differences	(52)	(9,262)
Impairment	(91,772)	(62,613)
Ending balance	34,091	69,107

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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10. Property & equipment and intangible assets

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

(in thousands of US\$)

Balance as of January 1, 2017

Additions

Disposals

Depreciation and amortization

Currency translation differences

Change in scope of consolidation

Balance as of March 31, 2017

Balance as of January 1, 2016

Additions

Disposals

Depreciation and amortization

Currency translation differences

Balance as of March 31, 2016

	Property and equipment	Intangible assets
Balance as of January 1, 2017	133,613	34,772
Additions	12,517	-
Disposals	(866)	-
Depreciation and amortization	(2,385)	(304)
Currency translation differences	(238)	(226)
Change in scope of consolidation	181	13,284
Balance as of March 31, 2017	142,822	47,526
Balance as of January 1, 2016	112,608	56,107
Additions	8,181	84
Disposals	(138)	-
Depreciation and amortization	(2,177)	(247)
Currency translation differences	(901)	(5,094)
Balance as of March 31, 2016	117,573	50,850

There is a pledged assets for Transworld equivalent to US\$ 61 Million, in exchange for facilities related to marine cables SMW5.

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 thousands of US\$)

Cost

Accumulated amortization and impairment

Depreciation

Exchange differences

Net Book Value

Cost

Accumulated amortization and impairment

	March 31, 2017	December 31, 2016
Cost	83,562	70,298
Accumulated amortization and impairment	(3,514)	(312)
	80,048	69,986
Depreciation	(411)	(1,621)
Exchange differences	3,356	11,683
Net Book Value	82,993	80,048
Cost	87,061	83,562
Accumulated amortization and impairment	(4,068)	(3,514)

12. Other financial assets

(in thousands of US\$)

Financial assets

Deposits

Financial assets fair value investment through profit or loss

Financial assets available for sale -At Cost

Financial assets available for sale -At Fair value through OCI

	March 31, 2017			December 31, 2016		
	Non-current	Current	Total	Non-current	Current	Total
Financial assets	282	154	436	198	357	555
Deposits	55	7,122	7,177	53	3,329	3,382
Financial assets fair value investment through profit or loss	-	3,039	3,039	-	4,307	4,307
Financial assets available for sale -At Cost	788	-	788	777	-	777
Financial assets available for sale -At Fair value through OCI	420	-	420	403	-	403
	1,545	10,315	11,860	1,431	7,993	9,424

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12-1 Financial assets fair value investment through profit or loss

Investments at fair value through profit and loss:

Company name	March 31, 2017	December 31, 2016
<i>(in thousands of US\$)</i>		
Mutual fund	151	115
Treasury Bills	2,888	4,192
	3,039	4,307

12-2 Financial assets available for sale – at cost*

Company name	March 31, 2017	December 31, 2016
<i>(in thousands of US\$)</i>		
Misr for Central Clearing Depository and Registry	446	429
Guarantee Settlement Fund	325	330
El Arabi for Investment	11	11
MENA Capital	167	174
CMG Company	6	-
(Less): Impairment loss of available for sale investments	(167)	(167)
	788	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.

12-3 Financial assets available for sale – at fair value

Company name	March 31, 2017	December 31, 2016
<i>(in thousands of US\$)</i>		
EGX 30	420	403
	420	403

13. Cash and balances at banks

(in thousands of US\$)

	March 31, 2017	December 31, 2016
Bank accounts and deposits	166,431	158,930
Cash on hand	245	276
Treasury bills – “within 3 Month “	-	3,657
	166,676	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).

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15. Borrowings

<i>(in thousands of US\$)</i>	For the Period ended March 31 2017	For the Period ended March 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	(10,165)	(979)
New borrowings	2,344	5,859
Change in scope of consolidation in coming	247	-
Exchange rate differences	1,679	(1,261)
Balance at the end of the period	84,052	91,175
of which current portion	34,656	12,150
of which noncurrent portion	49,396	79,025

Loans for Transworld associate

Borrowings include loans obtained from the shareholders of Transworld Associate Private by an amount of US\$ 2.9 million due within one year with an interest rate 1.85% per annum.

Borrowings also include loans obtained from banks amounted to US\$ 40 million from which US\$ 2.3 million due within one year and US\$ 37.7 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 13.8 Million for the purpose of partial financing of acquisition of a portion within the limits of 87% of the shares of the company.

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 "Patric 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.

Other credit facilities:

The Company has signed two credit facilities as a Medium Term Loan agreement to finance the purchase of assets related to the Company from one of the Egyptian banks. It provides the Company with credit facility amounts up to US\$ 278 Thousand, US\$ 111 Thousand respectively with available duration sixty-seven months, and till the date of the financial statements for the current period the Company used amounts of US\$ 372 Thousand.

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16. Other assets

(in thousands of US\$)

	March 31, 2017			December 31, 2016		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	11,029	4,553	15,582	11,545	3,781	15,326
Advances to suppliers	-	555	555	-	2,408	2,408
Receivables due from tax authority	-	151	151	-	202	202
Advance payment for purchase of investment of group's company	-	-	-	22,159	-	22,159
Employee loans	-	529	529	-	127	127
Assets from current tax	-	6,535	6,535	-	6,135	6,135
Other non-trade receivables	-	2,512	2,512	-	2,621	2,621
Allowance for doubtful current assets	-	(375)	(375)	-	(381)	(381)
	11,029	14,460	25,489	33,704	14,893	48,597

17. Trade payables and other liabilities

(in thousands of US\$)

Trade Payable

	March 31, 2017			December 31, 2016		
	Non-current	Current	Total	Non-current	Current	Total
Capital expenditure payables	-	7,349	7,349	-	2,670	2,670
Trade payables due to suppliers	-	11,358	11,358	-	9,540	9,540
Customers credit balance	-	18,636	18,636	-	11,300	11,300
Trade payables to Telephone operator	-	679	679	-	15,633	15,633
Other trade payables	-	3,989	3,989	-	3,039	3,039
	-	42,011	42,011	-	42,182	42,182

Other payable

Prepaid traffic and deferred income	11,616	1,177	12,793	11,900	1,132	13,032
Due to local authorities	-	4,556	4,556	-	3,737	3,737
Personnel payables	-	995	995	-	628	628
Subscriber deposits	-	406	406	-	708	708
Other credit balances	914	3,785	4,699	1,612	3,563	5,175
Total	12,530	10,919	23,449	13,512	9,768	23,280
	12,530	52,930	65,460	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.

	March 31, 2017	December 31, 2016
January,1	40,113	81,514
Additions	876	7,725
Currency translation differences	(3)	(49,179)
Provision used	(4)	-
Reclassifications	57	53
	41,039	40,113

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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.

	For the Period ended March 31 2017	For the Period ended March 31 2016
Profit attributable to equity holders of the Parent Company	21,774	5,091
Weighted average number of shares (in thousands of shares)	5,245,690	5,245,690
Earnings per share – basic and diluted (in US\$)		
From continuing operations	0.004	0.001

20. Capital Commitments

The capital commitments are provided in the table below:

	March 31, 2017	December 31, 2016
Property and equipment	4,374	13,532
Other	13,670	12,741
Total	18,044	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 Trans World 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 USD (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 of the equivalent of US\$ 23 thousands held by the bank for the benefit of the Higher Education Commission (HEC) until December 31 2017.
- The amount of the equivalent of US\$ 5 thousand held by the bank for the benefit of Shell Pakistan Saleh until September 25 2018.
- There is documentary credit equivalent to US\$ 290 thousand for Premier Systems valid until 31 December 2017
- Mina Cable Company (subsidiary)
- The amount of the equivalent of one million and US\$ 100 thousand held by the bank for the Investment Authority and Free Zones Saleh until December 31 2017 .

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22. Business combination

A subsidiary of Beltone

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 235,022 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 international financial reporting standard IFRS 3 (Business combination)

23. Goodwill

The Goodwill of business combination is calculated as follows:

<u>January 31, 2017</u>	<u>000 USD</u>
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 referred 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. Non-adjusting events after the reporting Period (Subsequent events)

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

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

The subscription and investment will be executed on two phases subject to the satisfaction of certain conditions and KPIs and the execution of definitive agreements.

Chief Financial Officer

Khalid Ellaicy



Chief Executive Officer

Tamer Mahdi



Chairman

Naguib Sawiris

