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

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

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

Interim Condensed Consolidated Financial Statements for the three-month Period ended March 31, 2017

Together with Limited, review Report

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

Interim Condensed Consolidated Financial Statements and Limited Review Report

Three months ended March 31, 2017

KPMG

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Report on Limited 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 performed a limited review 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 income, 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 Egyptian Accounting Standard No. (30) "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

Except for the matters explained in the Basis for Qualified Conclusion paragraph, we conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited 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 limited review procedures. A limited 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 interim condensed consolidated financial statements.

Basis for Qualified Conclusion

As disclosed in more details in note (9) of the interim condensed consolidated financial statements, the company has modified the accounting treatment of the investment in CHEO Technology JV (Koryolink) in the period ended September 30, 2015 to be investment in associate instead of investment in subsidiaries. In the group management's view the control over the subsidiary's activities was lost, due to the increase of the severity of financial and operational obstacles and the futility of the negotiation conducted by the management of the group and the Korean side to the expected results that would remove some of such obstacles according to the management estimates. Thus the investment in CHEO Technology JV (Koryolink) was measured at cost which represents the value that expected to be recovered by the company from its investments in the future.

In light of the aforementioned we were not able to verify the recoverable amount at the date of the interim condensed separate financial position and were not able to perform other alternative procedures with this respect.

Qualified Conclusion

Except for the adjustments that we might been affected for the situation mentioned in the basis for qualified conclusion paragraph, based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim condensed 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 then ended in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Reporting".

KPMG Hazem Hassan

Cairo July 8, 2017

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
Interim Condensed Consolidated Statement of Financial Position as at

(in thousand EGP)	Note	31 March 2017	31 December 2016
Assets			
Non-current assets			
Property and equipment (net)	10	2,570,793	2,405,047
Intangible assets (net)	10	870,812	641,235
Investments in associates (net)	9	614,843	614,922
Other non-current financial assets	12	27,775	25,741
Other Non-current assets (net)	14	198,512	606,677
Investment Property (net)	11	1,499,843	1,446,831
Total non-current assets		**5,782,578**	**5,740,453**
Current assets			
Inventories (net)		2,674	2,468
Trade receivables (net)		1,542,092	407,981
Other current financial assets	12	185,648	143,855
Other current assets (net)	14	260,302	268,080
Cash and cash equivalents	13	3,000,218	2,931,528
Total current assets		**4,990,934**	**3,753,912**
Total assets		**10,773,512**	**9,494,365**
Equity and Liabilities			
Issued and paid up capital	15	2,203,190	2,203,190
Reserves		3,185,326	2,425,377
Retained earnings		713,459	382,624
Equity attributable to shareholders' of the parent company		**6,101,975**	**5,011,191**
Non-controlling interests		490,261	351,657
Total equity		**6,592,236**	**5,362,848**
Liabilities			
Non-current liabilities			
Non-current borrowings	16	889,125	882,588
Other non-current liabilities	17	225,541	243,214
Deferred tax liabilities		520,404	505,154
Total non-current liabilities		**1,635,070**	**1,630,956**
Current liabilities			
Current borrowings	16	623,825	736,474
Creditors and other credit balances	17	952,786	935,168
Tax liabilities – income tax		230,907	106,807
Provisions	19	738,688	722,112
Total current liabilities		**2,546,206**	**2,500,561**
Total liabilities		**4,181,276**	**4,131,517**
Total equity and liabilities		**10,773,512**	**9,494,365**

- The accompanying notes form an integral part of these interim condensed consolidated financial statements and should be read therewith.

Chief Financial Officer	**Chief Executive Officer**	**Chairman**

*Limited review report attached.

Translation of Interim Condensed Consolidated Financial Statements Originally Issued in Arabic

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
Interim Condensed Consolidated Income Statement
For the three months ended March 31,

(in thousand EGP)	Note	2017	2016
Operating revenues	5	297,272	110,750
Other income		7,496	1,873
Purchases and services cost	6	(143,837)	(64,576)
Other expenses and provisions		(29,009)	(40,822)
Personnel costs		(126,543)	(61,909)
Depreciation and amortization		(54,810)	(19,640)
Capital gains		574	38
Operating (Loss)		**(48,857)**	**(74,286)**
Finance income	7	14,108	4,420
Finance expense	7	(26,895)	(14,295)
Foreign exchange (loss) gain	7	(6,715)	166,892
Share of profit of investment in associates	9	677,255	263,105
Impairment in associates	9	(57,207)	(263,105)
Profit for the period before income tax		**551,689**	**82,731**
Income taxes	8	(163,229)	(33,998)
Profit for the period after income tax		**388,460**	**48,733**
Attributable to:			
Shareholders' of the parent company		385,071	40,961
Non-controlling interests		3,389	7,772
		388,460	**48,733**
Basic earnings per share for the period (EGP)	18	0.073	0.008

- The accompanying notes form an integral part of these interim condensed consolidated financial statements and should be read therewith.

Chief Financial Officer	**Chief Executive Officer**	**Chairman**

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
Interim Condensed Consolidated Comprehensive Income Statement
For the three months ended March 31,

(in thousand EGP)	2017	2016
Profit for the period	388,460	48,733
Items that may be subsequently reclassified to income statement		
Translation differences of financial statements	704,809	72,196
Revaluation of available for sale investments	190	110
Total comprehensive income for the period	1,093,459	121,039
Attributable to:		
Shareholders' of the parent company	1,090,784	99,619
Non-controlling interest	2,675	21,420
Total comprehensive income for the period	1,093,459	121,039

- The accompanying notes form an integral part of these interim condensed consolidated financial statements and should be read therewith.

Chief Financial Officer	Chief Executive Officer	Chairman

Translation of Interim Condensed Consolidated Financial Statements Originally Issued in Arabic

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
Interim Condensed Consolidated Statement Of Changes In Equity
For the three months ended March 31, 2017 and 2016

(in thousand EGP)	Paid up capital	Legal reserves	Translation reserves	Other reserves	Retained losses	Equity attributable to shareholders' of the parent company	Non-Controlling Interests	Total equity
As at January 1, 2016	2,203,190	502,073	340,935	-	(477,339)	2,568,859	132,985	2,701,844
Translation differences of the financial statements	-	-	58,548	-	-	58,548	13,648	72,196
Revaluation of available for sale investments	-	-	-	110	-	110	-	110
Profit for the period	-	-	-	-	40,961	40,961	7,772	48,733
Total comprehensive income for the period	-	-	58,548	110	40,961	99,619	21,420	121,039
As at March 31, 2016	2,203,190	502,073	399,483	110	(436,378)	2,668,478	154,405	2,822,883

(in thousand EGP)	Paid up capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to shareholders' of the parent company	Non-Controlling Interests	Total equity
As at January 1, 2017	2,203,190	502,073	1,858,566	64,738	382,624	5,011,191	351,657	5,362,848
Translation differences of the financial statements	-	-	705,523	-	-	705,523	(714)	704,809
Revaluation of available for sale investments	-	-	-	190	-	190	-	190
Profit for the period	-	-	-	-	385,071	385,071	3,389	388,460
Total comprehensive income for the period	-	-	705,523	190	385,071	1,090,784	2,675	1,093,459
Acquisition of non-controlling interest in a subsidiary	-	-	-	-	-	-	135,929	135,929
Transfer to legal reserve	-	54,236	-	-	(54,236)	-	-	-
Total	-	54,236	-	-	(54,236)	-	135,929	135,929
As at March 31, 2017	2,203,190	556,309	2,564,089	64,928	713,459	6,101,975	490,261	6,592,236

- The accompanying notes form an integral part of these interim condensed consolidated financial statements and should be read therewith.

Chief Financial Officer	Chief Executive Officer	Chairman

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
Interim Condensed Consolidated Statement Of Cash Flows
For the three months ended March 31,

(in thousand EGP)	2017	2016
Cash flow from operating activities		
Profit before tax for the period	551,689	82,731
Adjustments for:		
Depreciation, amortization and impairment in non-current assets	54,810	19,640
Finance expense	26,895	14,295
Finance income	(14,108)	(4,420)
Foreign exchange differences	6,715	(166,892)
Gain from disposal of assets	(574)	(38)
Share of profit of investment in associates	(677,255)	(263,105)
Net impairment of investments in associate	57,207	263,105
Change in provisions	16,576	21,713
Changes in current assets reported in working capital	(96,534)	(5,747)
Changes in current liabilities reported in working capital	159,641	79,868
Cash flows generated by operating activities	**85,062**	**41,150**
Income taxes paid	(32,239)	(14,155)
Credit interest collected	14,108	4,411
Net Cash flows generated by operating activities	**66,931**	**31,406**
Cash flow for investing activities		
Net cash(payment)/proceeds from investing in:		
-Property and equipment	(131,047)	(63,252)
-Intangible assets	(7,565)	(493)
Non-current financial assets	(84,048)	(9,332)
Investment in new acquisition after deduction of cash	243,707	(1,782)
Net cash proceeds from disposal of:		
-Property and equipment	15,899	1,968
Disposal of fair value investments	8,865	-
Disposal of trading investments	74,615	37,446
Dividends distribution from associate companies	10,000	-
Net cash flows generated by/(used in) investing activities	**130,426**	**(35,445)**
Cash flows from financing activities		
Interest paid	(24,281)	(7,697)
Net proceeds from non-current borrowings	41,478	47,078
Net payments to financial liabilities	(155,572)	(165)
Net cash flows (used in)/generated by financing activities	**(138,375)**	**39,216**
Net change in cash and cash equivalent during the period	58,982	35,177
Cash and cash equivalents at the beginning of the period	2,931,528	1,585,219
Effect of foreign exchange on cash and cash equivalents in foreign currencies	9,708	174,557
Cash and cash equivalents at the end of the period	**3,000,218**	**1,794,953**

- The accompanying notes form an integral part of these interim condensed consolidated financial statements and should be read therewith.

Chief Financial Officer	Chief Executive Officer	Chairman

1- General information about Holding of the Group

a- Legal Status

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

b- Purpose of the Company

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

c- Brief over the incorporation of the Company

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

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

2- Basis for preparation of interim condensed consolidated financial statements

a- Statement of compliance

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

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

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

b- Basis of measurement

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

c- Presentation currency

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

d- Critical accounting judgments and key sources of uncertainty estimates

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

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

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

3- Significant accounting policies

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

3-1 Basis of preparing the consolidated financial statements

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

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

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

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

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

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

3-2 Business combination

Acquisitions of subsidiaries and businesses are accounted for using the purchase method unless the transaction does not constitute an acquisition in form or substance. Application of the purchase method involves the following steps:

- Identifying an acquirer,
- Measuring the cost of the business combination; and
- Allocating, at the acquisition date, the cost of the combination to the assets acquired and liabilities and contingent liabilities assumed.

The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

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

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

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

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

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

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

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

A business combination agreement may provide for an adjustment to the cost of the combination contingent on future events, the Group includes the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

When a business combination agreement allows for adjustments to the cost of the combination that are contingent on one or more future events. The Group usually estimates the amount of any such adjustment at the time of initially accounting for the combination, even though some uncertainty exists. If the future events do not occur or the estimate needs to be revised, the cost of the business combination is adjusted accordingly.

However, when a business combination agreement provides for such an adjustment, that adjustment is not included in the cost of the combination at the time of initially accounting for the combination if it either is not probable or cannot be measured reliably. If that adjustment subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination.

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

Entity name	Segment	Country	Direct and indirect interest in entity
Orabank NK	Media and Technology	North Korea	95 %
Trans World Associates (Pvt) Ltd	Media and Technology	Pakistan	51 %
Oracap Holding Co. (Free zone)	Media and Technology	Egypt	99,96%
Oracap Far East Ltd	Media and Technology	Malta	100 %
Orascom Telecom Lebanon	Management services	Lebanon	99,8 %
Beltone Financial Holding "S.A.E"	Financial services	Egypt	81,3%
Beltone Asset Management "S.A.E"	Financial services	Egypt	100 %
Beltone Investment Banking	Financial services	Egypt	100 %
Beltone Investments Holding- free zone "S.A.E"	Financial services	Egypt	100 %
International Administrative Services for Mutual Funds "S.A.E"	Financial services	Egypt	100 %
Beltone Information Technology "S.A.E"	Financial services	Egypt	100 %
Beltone Securities Holding "S.A.E"	Financial services	Egypt	100 %
Beltone Securities Brokerage "S.A.E"	Financial services	Egypt	100 %
Beltone Financial – Emirates	Financial services	UAE	100 %
Beltone Fixed Income "S.A.E"	Financial services	Egypt	100 %
International For Securities Company – Libya	Financial services	Libya	49 %
Beltone Market Maker "S.A.E"	Financial services	Egypt	100 %
Beltone Financial – USA	Financial services	USA	100 %
Beltone Financial – UK	Financial services	UK	100 %
New Frontier Securities LLC	Financial services	USA	100 %
Auerbach Grayson company	Financial services	USA	60 %
Victoire coop Investment Holding	Investment Property	Netherlands	100 %
Victoire BV	Investment Property	Netherlands	100 %
Victorie 2 (Brazil)	Investment Property	Brazil	100 %
Victorie 9 (Brazil)	Investment Property	Brazil	100 %
Victorie 11 (Brazil)	Investment Property	Brazil	100 %
Victorie 13 (Brazil)	Investment Property	Brazil	100 %
Victorie 17 (Brazil)	Investment Property	Brazil	100 %
Victorie 18 (Brazil)	Investment Property	Brazil	100 %
Victorie 19 (Brazil)	Investment Property	Brazil	100 %
O Capital for energy	Energy	Egypt	99.2%
O Capital for services and construction	Energy	Egypt	99.2%
Middle East & North Africa for Marines cables	Marines Cable	Egypt	99.99%
Orascom Telecom Venture co. "S.A.E"	Media and Technology	Egypt	99.99%

3-3 Investments in associates

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

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

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

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

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

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

	Segment	Country	Direct and indirect interest in entity
CHEO Technology JV (Koryolink)	GSM	North Korea	75%
Axes Holding	Information system for financial services	USA	33.9%
Electronic Fund Administration Services	Mutual funds management services	Egypt	20%

3-4 Fixed assets and depreciation

All items of fixed assets are reported in the balance sheet at historical cost, less any accumulated depreciation and impairment losses. Cost of an item of fixed assets includes expenditures that are directly attributable to the acquisition of the item.

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

The gain or loss arising on the disposal or retirement of an item of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income statement.

Depreciation of the depreciable assets is based on the straight line method and is charged to income statement over the useful life of each group of assets.

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

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

3-5 Intangible assets

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

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

3-6 Investment property

a) Recognition and initial measurement

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

b) Depreciation

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

Investments assets	Years
Leased units	50

3-7 Borrowings and Borrowing costs

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

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

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

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

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

4- Segment reporting

For the three months ended	31 March 2017				31 March 2016			
(In thousand EGP)	Operating revenue	Inter segment revenue	Operating Revenue from parties outside the group	EBITDA	Operating revenue	Inter segment revenue	Revenue from parties outside the group	EBITDA
Investment Property	17,268	-	17,268	8,086	5,312	-	5,312	3,178
Management fees	32,100	-	32,100	13,100	14,724	-	14,724	5,585
Financial Services	82,500	-	82,500	(10,884)	33,155	-	33,155	2,314
Marine Cables	163,853	-	163,853	49,490	57,559	-	57,559	11,464
Other	7,670	(6,119)	1,551	(54,413)	6,707	(6,707)	-	(77,223)
Total	**303,391**	**(6,119)**	**297,272**	**5,379**	**117,457**	**(6,707)**	**110,750**	**(54,682)**

	As at 31 March 2017					As at 31 December 2016				
(In thousand EGP)	Property and equipment	Intangible assets	Investment Property	Equity instruments	Total	Property and equipment	Intangible assets	Investment Property	Equity instruments	Total
Financial Services	81,019	630,353	-	-	711,372	6,142	347,309	-	-	353,451
Investment Property	-	-	1,499,843	-	1,499,843	-	-	-	-	-
Marine Cables	2,426,652	240,299	-	-	2,666,951	964,369	119,076	550,434	-	1,633,879
Other	63,122	160	-	614,843	678,125	73,520	518	-	614,309	688,347
Total	**2,570,793**	**870,812**	**1,499,843**	**614,843**	**5,556,291**	**1,044,031**	**466,903**	**550,434**	**614,309**	**2,675,677**

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

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

(In thousand EGP)	For the three months ended 31 March 2017	For the three months ended 31 March 2016
Financial Services	2,010	1,048
Marine Cable	53,826	53,826
Other	92,533	8,840
Total	**148,369**	**63,714**

5- Operating revenues

(In thousand EGP)	For the three months ended 31 March 2017	For the three months ended 31 March 2016
Revenue form Financial services	84,051	33,155
Interconnection traffic	163,853	57,559
Management contract –Fees	32,100	14,724
Investment Property Revenue	17,268	5,312
Total	**297,272**	**110,750**

6- Purchases and services costs

(In thousand EGP)	For the three months ended 31 March 2017	For the three months ended 31 March 2016
Rental of civil and technical telecommunication areas and other leases	34,427	11,985
Maintenance costs	27,279	20,793
Consulting and professional services	27,615	7,760
International telecommunication cost	23,386	8,338
Cost of retaining and obtaining customers and subscribers	498	118
Purchases of goods, materials cost and consumables	1,433	798
Telecommunications cost	5,713	2,330
Utilities and energy costs	4,772	2,536
Advertising and promotional services	9,428	1,657
Bank charges	1,532	1,798
Insurance expenses	504	577
Travel , accommodation and flight expense	1,484	3,270
IT Supplies and expense	627	558
Sites expense	2,420	1,000
Security expenses	735	293
Other service cost	1,984	765
Total	**143,837**	**64,576**

7- Net Finance income (finance cost)

(In thousand EGP)	For the three months ended 31 March 2017	For the three months ended 31 March 2016
Finance income from:		
Credit interest	14,108	4,420
Total Finance income	**14,108**	**4,420**
Finance cost from:		
Debit interest	(24,369)	(12,917)
Other finance expenses	(2,526)	(1,378)
Total Finance cost	**(26,895)**	**(14,295)**
Foreign exchange (loss) /Gain	(6,715)	166,892
Total Foreign exchange (loss) /Gain	**(6,715)**	**166,892**
Net finance (Cost)/income	**(19,502)**	**157,017**

8- Income tax

(In thousand EGP)	For the three months ended 31 March 2017	For the three months ended 31 March 2016
Current income tax expense	151,890	13,859
Deferred tax	11,339	20,139
Total Income Tax Expenses	**163,229**	**33,998**

9- Investment in associates

(In thousand EGP)	Country	%	March 31, 2017	December 31, 2016
Cheo JV Technology-Koryolink (*)	North Korea	75%	2,265,535	2,208,326
Electronic Fund Administration Services	Egypt	15.3%	507	547
Global Fund Administration Services	Egypt	15.3%	704	743
Axes Holding company	Egypt	26.01%	11,342	11,342
Impairment			(1,663,245)	(1,606,036)
Total			**614,843**	**614,922**

(*) Koryolink Company

(In thousand EGP)	March 31, 2017	December 31, 2016
Total assets	22,185,420	22,130,689
Total Liabilities	(3,671,498)	(3,850,471)
Net assets	**18,513,922**	**18,280,218**

(In thousand EGP)	For the three months ended 31 March 2017	For the three months ended 31 March 2016
Total Revenues	1,585,876	660,192
Expenses	(682,870)	(309,385)
Net profit after taxes	**903,006**	**350,807**
Group's share in profits of associates	677,255	263,105

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

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

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

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

(In thousand EGP)	For the three months ended 31 March 2017	For the three months ended 31 March 2016
Beginning balance	2,208,326	847,488
Group's share in investment in associates profits	677,255	263,105
Dividends	(620,046)	-
Reversal of Impairment in group's share of dividends	620,125	-
Impairment of group's share in investment in associates profits	(677,255)	-
Impairment on Groups share in profits	(1،594,931)	(496,961)
Ending balance	613,474	613,632

10- Property &Equipment and intangible assets (net)

(In thousand EGP)	Property and equipment	Intangible assets
Balance as at January 1, 2017	2,405,047	641,235
Additions	221,491	-
Disposals	(15,325)	-
Depreciation and amortization	(42,173)	(5,373)
Currency translation differences	(1,423)	(72)
Change by increase in scope of consolidation for subsidiaries	3,176	235,022
Balance as at March 31, 2017	2,570,793	870,812
Balance as at January 1, 2016	881,727	454,700
Additions	65,687	673
Disposals	(1,107)	(180)
Depreciation and amortization	(17,478)	(1,097)
Currency translation differences	115,204	12,807
Balance as at March 31, 2016	1,044,033	466,903

There are pledged assets for Transworld company equivalent to EGP 1,106 million, and this in exchange for facilities for the company to expand in marine cable SMW(5).

11- Investment property (net)

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

(In thousand EGP)	2017	2016
Cost as at January 1,	1,510,081	505,011
Accumulated amortization and impairment as at January 1,	(63,250)	(2,441)
	1,446,831	**502,570**
Additions during the period	-	-
Depreciation during the period	(7,264)	(1,212)
Foreign currency exchange differences	60,276	49,085
Net book value as at March 31,	**1,499,843**	**550,443**
Cost	**1,573,070**	**566,168**
Accumulated amortization and impairment	**(73,227)**	**(15,725)**

12- Other financial assets

	31 March 2017			31 December 2016		
(In thousand EGP)	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Financial assets	5,090	2,779	**7,869**	3,559	6,417	**9,976**
Deposits	994	128,179	**129,173**	978	59,910	**60,888**
Financial assets held for trading (12-1)	-	2,721	**2,721**	-	77,528	**77,528**
Financial assets held to maturity	-	51,969	**51,969**	-	-	-
Financial assets available for sale -At Cost (12-2)	14,124	-	**14,124**	13,945	-	**13,943**
Financial assets available for sale -At Fair value (12-3)	7,567	-	**7,567**	7,259	-	**7,259**
Total	**27,775**	**185,648**	**213,423**	**25,741**	**143,855**	**169,594**

12-1 Financial assets at fair value through profit or loss.

	March 31, 2017	December 31, 2016
Investments in cash investments fund	2,721	77,528
Total	**2,721**	**77,528**

12-2 Financial assets available for sale – at cost

Company name	**March 31, 2017**	**December 31, 2016**
Misr for Central Clearing Depository and Registry	8,006	7,718
Guarantee Settlement Fund	5,824	5,933
El Arabi for Investment	194	194
MENA Capital	3,000	3,014
NRG for trade & distribution	100	100
(Less): Impairment loss of available for sale investments- at cost	(3,000)	(3,014)
Total	**14,124**	**13,945**

- 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
EGX 30	7,567	7,259
Total	**7,567**	**7,259**

13- Cash and cash at banks

(In thousand EGP)	March 31, 2017	December 31, 2016
Banks – Current accounts	2,995,777	2,860,736
Cash on hand	4,441	4,961
Treasury bills	-	65,831
Total	**3,000,218**	**2,931,528**

14- Other assets (net)

(In thousand EGP)	31 March 2017			31 December 2016		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	198,512	81,957	280,469	207,817	68,070	275,887
Advances to suppliers	-	9,979	9,979	-	43,321	43,321
Amounts due from tax authority	-	2,723	2,723	-	3,635	3,635
Employees' loans	-	9,516	9,516	-	-	-
Income tax	-	117,624	117,624	-	110,414	110,414
Auerbach Grayson acquisition	-	-	-	398,860	-	398,860
Other receivables	-	45,255	45,255	-	49,504	49,504
Doubtful debts	-	(6,752)	(6,752)	-	(6,864)	(6,864)
Total	**198,512**	**260,302**	**458,814**	**606,677**	**268,080**	**874,757**

15- Issued and paid up capital

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

16- Borrowings

(In thousand EGP)	March 31, 2017	March 31, 2016
Opening balance	**1,619,062**	**685,551**
Current borrowings	736,474	82,440
Non-current borrowings	882,588	603,111
Repayment of borrowings	(167,648)	(165)
Proceeds from borrowings	56,044	61,028
Change in the scope of the consolidated financial statements	4,364	-
Foreign currency exchange differences	1,128	63,229
Ending balance	**1,512,950**	**809,643**
Current borrowings	623,825	107,910
Non-current borrowings	889,125	701,733

Trans World associate Loans

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

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

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

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

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

On September 28, 2015 the company borrowed non-current loan from the subjected bank by a maximum amount USD 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 of EGP 604 million as at March 31, 2017.

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 facilities amounted to EGP 5 million, EGP 2 million respectively with available duration sixty-seven months, and the balance as at March 31, 2017 is EGP 6.7 Million.

17- Creditors and other credit balances

(In thousand EGP)	31 March 2017			31 December 2016		
	Non-current	Current	Total	Non-current	Current	Total
Capital fixed assets suppliers	-	132,275	132,275	-	48,072	48,072
Trade payables	-	204,420	204,420	-	171,716	171,716
Customers' credit balance	-	335,457	335,457	-	203,397	203,397
Mobile operators' accruals	-	12,230	12,230	-	281,406	281,406
Other trade creditors	-	71,811	71,811	-	54,706	54,706
	-	**756,193**	**756,193**	-	**759,297**	**759,297**
Prepaid traffic and deferred income	209,085	21,200	230,285	214,203	20,383	234,586
Due to governmental authorities	-	81,998	81,998	-	67,274	67,274
Personnel accrued expenses	-	17,927	17,927	-	11,315	11,315
Dividends payable	-	150	150	-	150	150
Trade deposits	-	7,319	7,319	-	12,740	12,740
Other credit balances	16,456	67,999	84,455	29,011	64,009	93,020
	225,541	**196,593**	**422,134**	**243,214**	**175,871**	**419,085**
Total	**225,541**	**952,786**	**1,178,327**	**243,214**	**935,168**	**1,178,382**

18- Earnings per share

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

Diluted: Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all convertible financial instruments and share options. The net profit is adjusted by omission of the cost of convertible debt instruments taking tax effect into consideration. As for share option the average potential shares to be issued by options is added to the average ordinary shares and deducting from that the average potential shares weighted by the relation between the exercise price and average fair value of the share during period. As there are no debt instruments that are convertible to bonds, so diluted and basic earnings per share are equal.

	March 31, 2017	March 31, 2016
Profit attributable to equity holders of the Parent Company (in thousand EGP)	385,071	40,961
Weighted average number of shares outstanding during the period (in thousand)	5,245,690	5,245,690
Earnings per share – basic and diluted (in EGP)	**0.073**	**0.008**

19- Provisions

(In thousand EGP)	January 1.	Formed	Reclassification	Used	The change in the scope of consolidation	Translation differences	March 31.
Presented separately in current liabilities							
Provision for claims (current)	722,112	15,495	1,081	-	-	-	738,688
Total provisions presented separately as at March 31, 2017	**722,112**	**15,495**	**1,081**	**-**	**-**	**-**	**738,688**
Presented separately in current liabilities							
Provision for claims (current)	619,187	19,001	1,432	-	711	569	640,900
Total provisions presented separately as at March 31, 2016	**619,187**	**19,001**	**1,432**	**-**	**711**	**569**	**640,900**

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

20- Capital Commitments

The capital commitments as of March 31, 2017 are as follows:

(In thousand EGP)	March 31, 2017	December 31, 2016
Commitments related to property and equipment	78,733	243,262
Other commitments	246,067	180,941
Total	**324,800**	**424,203**

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

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

Trans World Associates (Subsidiary)

- An amount of USD 285 Thousand equivalent to EGP 5 Million as a bank guarantee in favor of LinkdotNet Telecom limited due with NIB Bank.

- A bank guarantee was issued in favor of NIB Bank amounting to Rupees 25 Million equivalent to EGP 2 Million and the guarantee against submarine cable project costs SMW(5).

- A restricted amount in favor of NIB Bank equivalent to EGP 10 Million for the agreed credit facility valid till September 17, 2017.

- An amount of Rupees 2 200 Thousand equivalent to EGP 187 Thousand is restricted with Habib Bank in favor of Higher Education Authority under negotiation.

22- Business Combination

Beltone Financial Holding (subsidiary company)

On September 25, 2016, the Board of Directors of the Holding Company approved the acquisition of a 60% stake in Auerbach Grayson company with an amount of USD 24 million to be financed by a loan from Orascom Telecom, Media and Technology Holding (shareholder) of USD 22 million for one year for the purpose of financing the down payment of New Frontier Securities "USA"(100% owned by Beltone Financial Holding) to Auerbach Grayson company under the 60% acquisition, and the remaining transaction value of USD 2 million, equivalent to EGP 36,100,000 will be postponed.

On January 30, 2017, the US Securities Brokerage Department approved the acquisition of a stake in Auerbach Grayson ccompany (USA). The acquisition was completed on February 1, 2017, which is considered the date of acquisition.

The fair value of the net identifiable assets acquired in the acquisition date was USD 18 million equivalent to EGP 331,760,235, resulting in goodwill of USD 13 million equivalent to EGP 235,022,210.

The Company has also identified the initial accounting for the consolidation of the business associated with the acquisition of Auerbach Grayson company in a temporary manner on February 1, 2017 till the completion of the fair value study of identifiable assets and liabilities acquired specially the 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 Egyptian Accounting Standard no. 29 "Business Combination".

Goodwill resulted from the acquisition (In thousand USD)	**31 January 2017**
Consideration	22,000
Liabilities from acquisition	2,000
Non-controlling Interest	7,320
Net assets acquired	(18,299)
Goodwill	**13,021**

Chief Financial Officer	**Chief Executive Officer**	**Chairman**