

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

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

**Subject to the provisions of law no. 95**

**Of the year 1992 and its executive regulations**

**Condensed Interim Separate Financial Statements for the nine-month**

**Periods ended September 30, 2017**

**Together with, Review Report**



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

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

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



## Hazem Hassan

Public Accountants & Consultants

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### Review Report on Condensed Interim Separate Financial Statements

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

#### *Introduction*

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

#### *Scope of Review*

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

#### *Conclusion*

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

*KPMG Hazem Hassan*

KPMG Hazem Hassan

Cairo November 14, 2017

**KPMG Hazem Hassan**  
**Public Accountants and Consultants**

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

**Condensed separate statement of financial position as at**

(In thousand EGP)

<u>Assets</u>	<u>Note No.</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
<b><u>Non-current assets</u></b>			
Property and Equipment	(11)	48 226	49 864
Intangible assets	(12)	55	156
Investments in subsidiaries	(13)	1 879 236	1 879 236
Investments in associates	(14)	613 632	613 632
Due from related parties	(7 + 20)	29 622	30 317
Time deposits - non current		10 850	10 850
<b>Total non-current assets</b>		<b>2 581 621</b>	<b>2 584 055</b>
<b><u>Current assets</u></b>			
Cash and cash equivalents	(6)	1 256 391	2 120 690
Due from related parties	(7 + 20)	1 339 215	1 153 532
Other debit balances	(8)	165 824	6 550
<b>Total current assets</b>		<b>2 761 430</b>	<b>3 280 772</b>
<b>Total assets</b>		<b>5 343 051</b>	<b>5 864 827</b>
<b><u>Equity</u></b>			
Issued and paid-up capital	(16)	2 203 190	2 203 190
Legal reserve		556 308	502 073
Retained earnings/(accumulated losses)		120 295	(341 103)
Net profit for the period / year		296 768	1 084 694
<b>Total equity</b>		<b>3 176 561</b>	<b>3 448 854</b>
<b><u>Non-current liabilities</u></b>			
Loans	(15)	592 681	205 467
Deferred tax liability	(5)	196 906	275 817
<b>Total non-current liabilities</b>		<b>789 587</b>	<b>481 284</b>
<b><u>Current liabilities</u></b>			
Provisions	(17)	608 972	573 621
Banks credit balances		10 097	-
Current portion of loans	(15)	1 890	558 162
Trade payables		788	265
Other credit balances	(9)	62 899	43 890
Current income tax	(5)	211 423	25 161
Due to related parties	(10 + 20)	480 834	733 590
<b>Total current liabilities</b>		<b>1 376 903</b>	<b>1 934 689</b>
<b>Total Liabilities and Equity</b>		<b>5 343 051</b>	<b>5 864 827</b>

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

Chief Financial Officer



Chief Executive Officer

\* Review report attached 

Chairman



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

**Condensed separate statement of income for**

(In thousand EGP)	Note	<u>The nine months ended 30 September 2017</u>	<u>The nine months ended 30 September 2016</u>	<u>The three months ended 30 September 2017</u>	<u>The three months ended 30 September 2016</u>
	<u>No.</u>				
Dividends income		620 125	-	-	-
Other income		1 071	2 237	622	1 473
<b>Total income</b>		<b>621 196</b>	<b>2 237</b>	<b>622</b>	<b>1 473</b>
Employees cost & board of directors' remuneration	(4)	( 58 299)	( 44 158)	( 16 086)	( 9 949)
Consulting and professional services fees		( 33 540)	( 19 526)	( 7 296)	( 4 429)
Subscription and membership		( 2 822)	( 2 996)	( 407)	( 301)
Depreciation and amortization	(11 + 12)	( 2 601)	( 2 112)	( 888)	( 748)
Provisions formed	(17)	( 35 351)	( 35 351)	( 11 784)	( 11 784)
Impairment losses in due from related parties	(17)	( 2 031)	( 12 702)	13 928	( 1 535)
Other expenses		( 12 592)	( 23 996)	( 4 231)	( 2 870)
<b>Total expenses</b>		<b>( 147 236)</b>	<b>( 140 841)</b>	<b>( 26 764)</b>	<b>( 31 616)</b>
Interest income		13 219	2 295	1 493	1 309
Foreign currency exchange differences		( 62 447)	129 952	( 41 105)	( 36)
Interests expense		( 36 010)	( 35 360)	( 11 770)	( 11 587)
<b>Total finance (cost)/ income</b>		<b>( 85 238)</b>	<b>96 887</b>	<b>( 51 382)</b>	<b>( 10 314)</b>
<b>Net profit/(loss) for the period before tax</b>		<b>388 722</b>	<b>( 41 717)</b>	<b>( 77 524)</b>	<b>( 40 457)</b>
Income taxes	(5)	( 91 954)	( 18 256)	6 581	( 3 887)
<b>Net profit/(loss) for the period after tax</b>		<b>296 768</b>	<b>( 59 973)</b>	<b>( 70 943)</b>	<b>( 44 344)</b>
<b>Earnings /(losses) per share (EGP/Share)</b>					
- Basic and diluted	(18)	0.057	(0.011)	(0.013)	(0.008)

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

Chief Financial Officer



Chief Executive Officer



Chairman



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

**Condensed separate statement of comprehensive income for**

(In thousand EGP)	<b><u>The nine months ended 30 September 2017</u></b>	<b><u>The nine months ended 30 September 2016</u></b>	<b><u>The three months ended 30 September 2017</u></b>	<b><u>The three months ended 30 September 2016</u></b>
Net profit/(loss) for the period	296 768	(59 973)	(70 943)	(44 344)
Other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive income for the period	<b>296 768</b>	<b>(59 973)</b>	<b>(70 943)</b>	<b>(44 344)</b>

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

Chief Financial Officer



Chief Executive Officer



Chairman



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

**Condensed separate statement of changes in equity for the nine months ended 30 September 2017 and 30 September 2016  
(In thousand EGP)**

	<u>Issued and Paid-up capital</u>	<u>Legal reserve</u>	<u>(Accumulated losses)</u>	<u>Net (loss) for the period</u>	<u>Total</u>
Balance as at 01 January, 2016	2 203 190	502 073	(93 755)	(247 348)	2 364 160
Transferred to accumulated loss	-	-	(247 348)	247 348	-
Total comprehensive income for the period	-	-	-	(59 973)	(59 973)
Balance as at 30 September, 2016	2 203 190	502 073	(341 103)	(59 973)	2 304 187

**(In thousand EGP)**

	<u>Issued and Paid-up capital</u>	<u>Legal reserve</u>	<u>(Accumulated losses)/retained earnings</u>	<u>Net profit for the period</u>	<u>Total</u>
Balance as at 01 January, 2017	2 203 190	502 073	(341 103)	1 084 694	3 448 854
Transferred to legal reserve	-	54 235	-	(54 235)	-
Transferred to accumulated losses	-	-	1 030 459	(1 030 459)	-
Dividends	-	-	(569 061)	-	(569 061)
Total comprehensive income for the period	-	-	-	296 768	296 768
Balance as at 30 September, 2017	2 203 190	556 308	120 295	296 768	3 176 561

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

Chief Financial Officer



Chief Executive Officer



Chairman



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

**Condensed separate statement of cash flows for the nine months ended 30 September,**

(In thousand EGP)	<u>Note No.</u>	<u>2017</u>	<u>2016</u>
Net profit/(loss) of the period before tax		388 722	(41 717)
<b>Adjustments for:</b>			
Dividends income		(620 125)	-
Depreciation and amortization	(11 + 12)	2 601	2 112
Net impairment losses	(17)	2 031	12 702
Foreign currency exchange differences		62 447	(129 952)
Interest income		(13 219)	(2 295)
Finance cost		36 010	35 360
Provisions formed	(17)	35 351	35 351
		<b>(106 182)</b>	<b>(88 439)</b>
<b>Changes in:</b>			
Due from related parties – current		(168 878)	(33 995)
Other debit balances		(31 465)	1 377
Trade payables		523	444
Bank credit balances		10 097	-
Other credit balances		(10 834)	4 360
Due to related parties		7 038	(23 291)
Due from related parties - non current		(6 820)	-
<b>Cash flows (used in) operating activities</b>		<b>(306 521)</b>	<b>(139 544)</b>
Income tax redeemed / (paid)		15 397	(50 344)
<b>Net cash flows (used in) operating activities</b>		<b>(291 124)</b>	<b>(189 888)</b>
<b>Cash flows from investing activities</b>			
Dividends received		330 062	-
Payments for purchase of property and equipment	(11)	(862)	(3 718)
Interest received		13 219	2 295
Change in financial assets	(8)	(128 073)	-
Increase in time deposit - non current		-	(5 250)
<b>Net cash flows provided from/ (used in) investing activities</b>		<b>214 346</b>	<b>(6 673)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(36 010)	(35 360)
Dividends paid		(539 218)	-
Repayments of loans		(155 738)	(25 035)
Proceeds from loans		-	3 688
<b>Net cash flows (used in) financing activities</b>		<b>(730 966)</b>	<b>(56 707)</b>
Net change in cash and cash equivalents during the period		(807 744)	(253 268)
Effect of exchange rate fluctuations on cash held		(56 555)	171 436
<b>Cash and cash equivalents at beginning of the period</b>		<b>2 120 690</b>	<b>1 200 475</b>
<b>Cash and cash equivalents at end of the period</b>	(6)	<b>1 256 391</b>	<b>1 118 643</b>

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

Chief Financial Officer



Chief Executive Officer



Chairman





ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
Notes to the Condensed Interim Separate Financial Statements  
For the financial period ended 30 September, 2017

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1. **Background**

a- **Legal form**

Orascom Telecom, Media and Technology Holding "the Company" is an Egyptian Joint Stock Company pursuant to provisions of the capital market law No. 95 of 1992 and its executive regulations. The Company was registered at Cairo Commercial Register on 29 November, 2011 under No 394061. The Company's head office is located at Nile City Towers, Ramlet Boulak – Cairo, Egypt. The Company's duration is 25 years starting from 29 November, 2011.

b- **Purpose of the Company**

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

c- **Financial year:**

The financial year of the Company starts at 01 January each year and ends at 31 December.

d- **Approval of the condensed interim separate financial statements**

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

2. **Basis of preparation of condensed interim separate financial statements**

a- **Statement of compliance with the Egyptian Accounting Standards**

These condensed interim separate financial statements have been prepared in accordance with The Egyptian Accounting Standard (EAS 30) "Interim Financial Reporting" and relevant Egyptian laws and regulations. As permitted by EAS 30, the Company has opted to prepare a condensed version as compared to the year-end separate financial statements as of 31 December, 2016. These condensed interim separate financial statements don't include all of the information required for a complete set of annual financial statements, and should be read in conjunction with the separate financial statements as of and for the year ended December 31, 2016.

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

b- **Basis of measurement**

These condensed interim separate financial statements are prepared on the historical cost basis, except for financial assets and liabilities which are stated at fair value represented in financial derivatives and financial assets and liabilities stated at fair value through profit or loss.

Investments in subsidiaries and associates are accounted for in the separate financial statements at cost, which represents the Company's direct ownership interest in equity and, not on the results of operations and net assets of the subsidiaries. The consolidated financial statements provide more understanding of the consolidated financial position, results of operations and the consolidated cash flows of the Company and its subsidiaries (The Group).

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
Notes to the Condensed Interim Separate Financial Statements  
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**c- Presentation currency**

The Company's functional and reporting currency is the Egyptian Pound. All the financial information presented in Egyptian pound has been rounded to the nearest thousand, except for earnings per share, and unless otherwise stated.

**d- Use of estimates and judgments**

The preparation of the condensed interim separate financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

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 applied**

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

**a. Foreign currencies translation**

The Company's functional and reporting currency is the Egyptian Pound, the currency in which most of the Company's cash flows are usually generated or retained. Transactions in currencies other than the Egyptian Pound are recorded at the exchange rates prevailing at the transactions dates. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated to the Egyptian Pound at the rates prevailing at the statement of financial position date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated to Egyptian Pound at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences are recognized in income statement in the period in which they arise in a separate item, except for exchange differences arising on non-monetary asset and liabilities carried at fair value, where translation differences are recognized as part of changes in fair value.

**b. Property, equipment and depreciation**

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

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

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
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Any gains or losses arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in the income statement.

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

The following are the estimated useful lives, for each class of assets, for depreciation calculation purposes:

<u>Asset</u>	<u>Years</u>
Buildings	50 Years
Buildings improvements	5 Years
Furniture and fixtures	3 Years
Computers	3 Years
Vehicles	5 Years

**c. Investments in subsidiaries**

Investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements as investments in subsidiaries at the acquisition cost less impairment. Impairment is estimated for each investment separately and recognized in the income statement. Subsidiaries are companies controlled by the company when all of the following is met for the investor:

- Power over the investee.
- Exposure, or rights, to variable returns from involvement with the investee.
- The ability to use power over the investee to affect the amount of investor return.

The Company should re-assess whether it controls an investee if facts and circumstances indicates that there are changes to one or more of the three elements of control above mentioned. Regarding subsidiaries "structured entities", no cost shall be recognized in the Company's condensed interim separate financial statements. Therefore, the nature and risks to those subsidiaries "structured entities" are disclosed in the condensed interim separate financial statements as related party companies.

**d. Investments in associates**

An associate is an entity over which the Company has a significant influence to participate in the financial and operating policy decisions of this entity but doesn't reach to control or joint control over these policies.

Investments in Associates are carried at cost, unless classified as non-current investments held-for-sale in which case, they are measured at the lower of the carrying amount or fair value less cost of selling. The Company does not measure the investment in associates using the equity method in these condensed interim separate financial statements according to paragraph (44) in the Egyptian Accounting Standard no (18).

In case of an objective evidence that an impairment loss has been incurred on investments in associates at the date of the financial statements, the carrying amount of the investment is reduced to the recoverable amount and impairment losses are recognized immediately in income statement.

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**Notes to the Condensed Interim Separate Financial Statements**  
**For the financial period ended 30 September, 2017**

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**e. Revenue measurement and recognition**

- Revenue is measured at the fair value of consideration received or receivable to the Company net of discounts and value added tax.
- Dividends income from its equity investments is recognized when the Company's rights to receive payment have been established.
- Revenue from technical support is recognized in the profit or loss over the term of the contracts with subsidiaries and associates according to the accrual basis, when the services have been rendered according to contracts, and that revenue can be estimated reliably, probable economic benefits associated with the transaction will flow to the entity, and revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction and can be measured reliably.
- Interest income is accrued on a timely basis by reference to the principal outstanding and at the effective interest rate applied until maturity.
- Revenues from sale of financial investment are recognized according to accrual basis at fair value of the consideration received or payable to the Company after deduction of any discounts, expenses, transaction cost, or investment cost.

**f. Borrowing costs**

Borrowing costs are recognized in income statement in the period in which they are incurred as they are not related to qualified assets.

**g. Estimation of fair value**

Applying the accounting policies stated in note no. (3) requires from management to use estimates and assumptions for determining the carrying amount for assets and liabilities that cannot be measured reliably from other sources.

The fair value of current financial instruments in the active market depends on the market prices declared as of the financial statements date, while the fair value of non-current financial instruments is determined using valuation methods, which use appropriate inputs and assumptions depending on the market conditions as of the financial statements date, while it could be adjusted as necessary in accordance with the events and circumstances surrounding the Company and its dealings with others.

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

Notes to the Condensed Interim Separate Financial Statements

For the financial period ended 30 September, 2017

**4. Employees cost & board of directors' remuneration**

<u>(In thousand EGP)</u>	<u>The nine months ended 30 September 2017</u>	<u>The nine months ended 30 September 2016</u>	<u>The three months ended 30 September 2017</u>	<u>The three months ended 30 September 2016</u>
Employees' cost	51 977	41 947	14 090	9 283
Board of directors' remuneration and allowances	6 322	2 211	1 996	666
	<b>58 299</b>	<b>44 158</b>	<b>16 086</b>	<b>9 949</b>

**5. Income taxes**

**Income Tax (condensed separate income statement)**

<u>(In thousand EGP)</u>	<u>The nine months ended 30 September 2017</u>	<u>The nine months ended 30 September 2016</u>	<u>The three months ended 30 September 2017</u>	<u>The three months ended 30 September 2016</u>
Current income tax for the period	(132 512)	-	6 581	-
Income tax resulted from realized forex gain (previously deducted from taxable amounts)	(78 911)	-	(19 909)	-
<b>Current income tax</b>	<b>(211 423)</b>	<b>-</b>	<b>(13 328)</b>	<b>-</b>
Deferred income tax	78 911	(16 293)	19 909	(3 887)
Net income tax for the period	(132 512)	(16 293)	6 581	(3 887)
Prior periods settlement	40 558	(1 963)	-	-
	<b>(91 954)</b>	<b>(18 256)</b>	<b>6 581</b>	<b>(3 887)</b>

**Current income tax (condensed separate statement of financial position)**

<u>(In thousand EGP)</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
Balance at the beginning of the period / year	25 161	73 542
current income tax for the period / year	211 423	-
Income tax paid	(25 161)	(48 381)
<b>Balance at the end of the period / year</b>	<b>211 423</b>	<b>25 161</b>

**Deferred income tax movement (condensed separate statement of financial position)**

<u>(In thousand EGP)</u>	<u>30 September 2017</u>	<u>31 December 2016</u>
Balance at the beginning of the period / year	275 817	9 321
Charged to statement of income during the period / year	(78 911)	266 496
<b>Balance at the end of the period/ year</b>	<b>196 906</b>	<b>275 817</b>

- The effect of deferred tax is recognized based on the temporary differences between the assets tax basis set by the Egyptian Income Tax Law and its executive regulations, and their reported amounts per the accounting principles used in the preparation of the condensed interim separate financial statements.

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

Notes to the Condensed Interim Separate Financial Statements

For the financial period ended 30 September, 2017

**Reconciliation of effective tax rate**

<b><u>(In thousand EGP)</u></b>	<b><u>The nine months ended 30 September 2017</u></b>	<b><u>The nine months ended 30 September 2016</u></b>
Net profit for the period before tax	388 722	(41 717)
Income tax according to applied tax rate	87 462	(9 386)
Non-deductible expenses	28 333	5 191
Foreign currency exchange differences	8 306	(7 774)
Provisions and impairments	8 411	10 812
Carry forward losses	-	17 450
<b>Income taxes</b>	<b>132 512</b>	<b>16 293</b>

**6. Cash and cash equivalent**

<b><u>(In thousand EGP)</u></b>	<b><u>30 September 2017</u></b>	<b><u>31 December 2016</u></b>
Cash on hand	1 825	1 901
Current accounts - local currency	4 194	315 361
Current accounts - foreign currencies	1 150 575	1 617 942
Local currency deposits	64 150	19 400
Foreign currency deposits *	35 647	100 255
Investments in treasury bills	-	65 831
	<b>1 256 391</b>	<b>2 120 690</b>

\* Time deposits amounting to EGP 35.647 Million, equivalent to USD 2.025 million, held at banks and renewed on monthly basis.

**7. Due from related parties**

**a- Current**

<b><u>(In thousand EGP)</u></b>	<b><u>30 September 2017</u></b>	<b><u>31 December 2016</u></b>
Middle East and North Africa Submarine Cables - MENA Cables	773 957	712 246
Beltone Financial Holdings	387 909	396 000
CHEO Technology Joint Venture (Koryolink)	264 257	176 884
Victoire BV investments	64 101	1 147
Trans World Associate (Pvt.) Ltd – Pakistan	26 014	25 543
Orascom Telecom Lebanon	6 273	13 904
Orascom Telecom Holding (Demerging Company)	3 848	3 848
Orascom TMT investments (formerly, Weather Investment)	1 127	1 558
Orascom Telecom mobile infrastructure services	996	996
O Capital for services and contracting	3 222	3 210
Victoire investment holding	1 775	1 107
<b><u>Impairment</u></b>	<b>(194 264)</b>	<b>(182 911)</b>
<b>Impairment in due from related parties *</b>	<b>1 339 215</b>	<b>1 153 532</b>

**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
Notes to the Condensed Interim Separate Financial Statements  
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- \* The impairment balance in Due from related parties are as follows:

**Impairment in due from related parties**  
**(In thousand EGP)**

	<u>30 September 2017</u>	<u>31 December 2016</u>
CHEO Technology Joint Venture (Koryolink)	(188 237)	(176 884)
Orascom Telecom Lebanon	(1 183)	(1 183)
Orascom Telecom mobile infrastructure services	(996)	(996)
Orascom Telecom Holding (Demerging Company)	(3 848)	(3 848)
	<u>(194 264)</u>	<u>(182 911)</u>

**b- Non-current**

**(In thousand EGP)**

	<u>30 September 2017</u>	<u>31 December 2016</u>
Oracap Holding **	383 727	380 715
Trans World Associate (Pvt.) Ltd – Pakistan	29 622	30 294
<b><u>Impairment</u></b>		
Impairment in Oracap Holding **	(383 727)	(380 692)
	<u>29 622</u>	<u>30 317</u>

- Due from related parties (non-current) is represented in the outstanding balance of the loan granted to Trans World Associate (Pvt.) (a subsidiary company), whereas the Company agreed to grant a long-term loan to the subsidiary company amounting to USD 1 683 thousand.

- \*\* These Balances are not re-translated as they are considered as bad debts and the Company in process of completing administrative procedures for writing-off from the company's books.

**8. Other debit balances**  
**(In thousand EGP)**

	<u>30 September 2017</u>	<u>31 December 2016</u>
Prepaid expenses	1 166	379
Employees' custodies	1 958	2 161
Accrued revenue	-	257
Others*	162 916	3 969
<b><u>Impairment</u></b>		
Impairment in other debit balance	(216)	(216)
	<u>165 824</u>	<u>6 550</u>

- \* The balance includes an amount of EGP 128 073 thousand representing cash balances in the Company's current accounts in North Korea, as there is a restriction for using or recovering it only in a limited scope according to the applicable laws and regulations in North Korea.

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\* The balance includes an amount of EGP 22 669 thousand consisting of payments made under the investment based on the decision of the Board of Directors held on 14 August, 2017. The initial approval was given to the company to invest in the following projects:

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



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**9. Other credit balances**

**(In thousand EGP)**

	<b><u>30 September 2017</u></b>	<b><u>31 December 2016</u></b>
Accrued expenses	31 936	42 898
Withholding tax	52	82
Social insurance authority	63	51
Salaries tax	1 005	797
Employees dividends payable	29 843	62
	<b><u>62 899</u></b>	<b><u>43 890</u></b>

**10. Due to related parties**

**(In thousand EGP)**

	<b><u>30 September 2017</u></b>	<b><u>31 December 2016</u></b>
Orascom Telecom Ventures	470 622	470 583
O Capital for Energy	10 212	3 007
CHEO Technology Joint Venture (Koryolink) *	-	260 000
	<b><u>480 834</u></b>	<b><u>733 590</u></b>

- \* During 2016 the Company reached an agreement with Korean side regarding the dividends distribution to Koryolink shareholders and as a result of that OTMT received an amount of 260 Million EGP as advance payment under its portion from dividends distribution regarding its investment in Koryolink.

On 17 January, 2017 Koryolink board of directors approved to distribute part of the dividends amounting to 32 Million Euro for OTMT and the Company received EGP 10 million from the approved dividends during February 2017, this dividends were classified as dividends income in the first quarter of 2017, and the remaining amount was received in the second quarter of 2017.

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**11. Property and equipment**

<u>(In thousand EGP)</u>	<b>Buildings</b>	<b>Buildings improvements</b>	<b>Furniture</b>	<b>Computers</b>	<b>Vehicles</b>	<b>Total</b>
<b>Cost</b>						
Balance as at 01 January, 2016	44 743	-	190	687	4 410	50 030
Additions during the period	-	-	15	353	3 350	3 718
<b>Balance as at 30 September, 2016</b>	<b>44 743</b>	<b>-</b>	<b>205</b>	<b>1 040</b>	<b>7 760</b>	<b>53 748</b>
Balance as at 01 January, 2017	44 743	1 733	241	1 084	8 552	56 353
Additions during the period	-	131	-	444	287	862
<b>Balance as at 30 September, 2017</b>	<b>44 743</b>	<b>1 864</b>	<b>241</b>	<b>1 528</b>	<b>8 839</b>	<b>57 215</b>
<b>Accumulated depreciation</b>						
Balance as at 01 January, 2016	3 579	-	149	333	204	4 265
Depreciation charge for the period	671	-	14	175	899	1 759
<b>Balance as at 30 September, 2016</b>	<b>4 250</b>	<b>-</b>	<b>163</b>	<b>508</b>	<b>1 103</b>	<b>6 024</b>
Balance as at 01 January, 2017	4 474	3	169	556	1 287	6 489
Depreciation charge for the period	671	264	26	251	1 288	2 500
<b>Balance as at 30 September, 2017</b>	<b>5 145</b>	<b>267</b>	<b>195</b>	<b>807</b>	<b>2 575</b>	<b>8 989</b>
<b>Net book value</b>						
As at 01 January, 2016	41 164	-	41	354	4 206	45 765
<b>As at 30 September, 2016</b>	<b>40 493</b>	<b>-</b>	<b>42</b>	<b>532</b>	<b>6 657</b>	<b>47 724</b>
As at 01 January, 2017	40 269	1 730	72	528	7 265	49 864
<b>As at 30 September, 2017</b>	<b>39 598</b>	<b>1 597</b>	<b>46</b>	<b>721</b>	<b>6 264</b>	<b>48 226</b>

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<b>12. Intangible assets</b> <b>(In thousand EGP)</b>	<b>Computer's Software</b>
<b>Cost</b>	
Cost as of 01 January, 2016	1 994
<b>Cost as of 30 September, 2016</b>	<b>1 994</b>
Cost as of 01 January, 2017	1 994
<b>Cost as of 30 September, 2017</b>	<b>1 994</b>
<b>Accumulated amortization</b>	
Balance as of 01 January, 2016	1 399
Amortization for the period	353
<b>Balance as of 30 September, 2016</b>	<b>1 752</b>
Balance as of 01 January, 2017	1 838
Amortization for the period	101
<b>Balance as of 30 September, 2017</b>	<b>1 939</b>
<b>Net book value</b>	
As at 01 January, 2016	595
As at 30 September, 2016	242
As at 01 January, 2017	156
As at 30 September, 2017	55

**13. Investments in subsidiaries**

<b>(In thousand EGP)</b>	<b>Shareholding</b>		<b>30 September 2017</b>	<b>31 December 2016</b>
	<b>Country</b>	<b>%</b>		
Middle East and North Africa Submarine Cables – MENA Cables*****	Egypt	99.82	1 688 189	1 688 189
Beltone Financial Holding**	Egypt	76.73	514 003	514 003
Victoire investment holding***	Netherlands	99.99	526 017	526 017
Trans World Associate (Pvt.) Ltd	Pakistan	51	60 862	60 862
Orascom Telecom Ventures S.A.E	Egypt	99.99	222 802	222 802
Orascom Telecom Mobile Infrastructure Services*	Egypt	99.2	63	63
O Capital for energy ****	Egypt	99.2	4 375	4 375
O Capital for services and construction ****	Egypt	99.2	63	63
<b>Impairment</b>				
Middle East and North Africa Submarine Cables - MENA Cables*****			(1 137 075)	(1 137 075)
Orascom Telecom Mobile Infrastructure Services *			(63)	(63)
			<b>1 879 236</b>	<b>1 879 236</b>

\* The Company is under liquidation according to the extraordinary general assembly meeting's decision, held on 01 September, 2014. The commercial register was amended to notify this change on 27 January, 2015 and the tax authority was notified that the company stopped its operation.

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- \*\* During the fourth quarter of 2015, the Company acquired 132 303 765 shares of Beltone Financial Holding shares with contribution portion 81.3% as a result of the submitted request on 07 October, 2015 to the Financial Supervision Authority for the acquisition on 100% of Beltone Financial Holding and worth to mention that 58.2% from the value of the transaction have been financed through self-financing and the remaining were financed through syndicated loan, the loan contract was signed with a group of local banks for a total amount of EGP 250 Million , the balance of the loan was early settled during January 2017 - note (15).
- During 2016 Beltone Financial Holding –subsidiary- distributed 5 100 704 free shares to Orascom Telecom, Media and Technology Holding. During the fourth quarter of 2016 OTMT sold 7 716 518 shares of Beltone Financial holding at a price of 12.56 EGP per share for the Company’s contribution portion to become 76.73 percent with net 129 687 951 shares, and the share price of Beltone Financial Holding amounting to EGP 13.89 per share as at 30 September, 2017.
- \*\*\* On 22 October, 2015 the Company signed a contract for the purchase of shares of the company that owns seven floors in one of the buildings located in Brazil through Victoire Brazilian companies for a total cost Brazilian Real 263 Million equivalent to USD 66.8 Million and it worth to mention that 50% from the value of the transaction have been financed through self-financing and the remaining were financed through loan, the loan contract was signed with one of foreign banks for a total USD 33 Million - note (15).
- \*\*\*\* This balance represents the amounts paid under the completion of the issued capital of the two companies with a percentage of 25% according to article no. (32) of Law No. 159 of 1981, and this has been registered in the commercial register of O-capital for energy and O-capital for services and construction on 24 November, 2015 and 31 December, 2015 respectively.
- \*\*\*\*\* On 20 December, 2016 the Company’s board of directors decided to sell the entire owned share of Middle East and North Africa (MENA Cables): Direct (99.82%), Indirect (0.18%) which represented in (0.14%) through O Capital For Services and Construction and (0.04%) through Orascom Telecom Ventures and the Company is in the process to fulfill all the mandatory procedures for the completion of this deal from all regulatory authorities.

**14. Investment in associates**

<u>(In thousand EGP)</u>	<u>Shareholding</u>		<u>30 September 2017</u>	<u>31 December 2016</u>
	<u>Country</u>	<u>%</u>		
CHEO Technology Joint Venture (Koryolink) (*)	North Korea	75	613 632	613 632
			<b>613 632</b>	<b>613 632</b>

- \* The Group’s investments in North Korea for 75% of the voting rights in the local telecom operator Koryolink. The accounting treatment has been modified during the period ended 30 September, 2015. Therefore, 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 and 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.

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The group's management seeks 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 the 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 right to control in case of the merger and due to the increase in aforementioned restrictions as referred above during the period ended 30 September, 2015, in the group's management view, the control over the Koryolink's activities was lost according to the requirements of the Egyptian Accounting Standard No. (42), 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 30 September, 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 of control based on independent valuator report.

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.

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.

**15. Borrowings**

Banks	<u>Current portion</u>	<u>Non-Current portion</u>	<u>Total Loan</u>	<u>Value in issued currency</u>	<u>Currency</u>	<u>Maturity</u>	<u>Interest</u>	<u>Secured/Unsecured</u>
	<u>(EGP 000)</u>	<u>(EGP 000)</u>	<u>(EGP 000)</u>	<u>(000)</u>				
Syndicated loan (Facility Agent Local bank)	-	-	-	-	EGP	June, 2021	Corridor rate + 2.25%	Secured (*)
Loan of Foreign bank**	-	587 823	587 823	33 423	USD	Oct., 2019	Bank interest + 1%	Secured
Loan from Local Bank	948	2 008	2 956	3 193	EGP	Dec., 2020	The interest of certificates + 2% at least 12% annually	Secured
Loan from Local Bank	942	2 850	3 792	4 028	EGP	Dec., 2021	The interest of certificates + 1.5% at least 11% annually	Secured
<b>Total</b>	<b>1 890</b>	<b>592 681</b>	<b>594 571</b>					

\* The major changes in loan balance are represented in the early settlement of the full loan amount in addition to the loan interests at 02 January, 2017 amounting to EGP 169 Million.

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**18. Earnings/(losses) per share**

Earnings/(losses) per share from net income/(loss) for the period calculated according to the Egyptian Accounting Modified Standard (22) as follows:

	<u>The nine months ended 30 September 2017</u>	<u>The nine months ended 30 September 2016</u>	<u>The three months ended 30 September 2017</u>	<u>The three months ended 30 September 2016</u>
Net profit/(loss) for the period (in thousand EGP)	296 768	(59 973)	(70 943)	(44 344)
Weighted average number of shares outstanding(in thousand of shares)	5 245 690	5 245 690	5 245 690	5 245 690
<b>Earnings/(losses) per share for the period (EGP)</b>	<b>0.057</b>	<b>(0.011)</b>	<b>(0.013)</b>	<b>(0.008)</b>

**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.

**19. Tax status**

**Corporate tax**

- The Company submits its tax returns to the tax authority on due dates according to Income Tax Law No. 91 of 2005 and its executive regulations, there is no claims against the Company till 31 December, 2016.
- The Company submitted the tax forms for 2016 in the legal time frame according to the tax law, and the Company was not informed of any date relating to the inspection till the date of the issuance of the condensed interim separate financial statements.

**Salaries tax**

- The Company was inspected for the period from the start of its activities to 2013 and was informed by tax form no. (38) and the Company appealed in the legal time frame appointed by the law then the file was transferred to the internal committee and is currently discussed in the internal committee.
- The Company was informed by tax form no. (32) for the inspection for the years from inception till 2015 and the Company is currently preparing the analysis and adjustments required by the tax authority to be delivered to it.
- The Company submits the salaries taxes deducted from its employees' salaries in a regular basis.

**Withholding tax**

The tax authority did not inspect the Company's books yet, the Company implement the regulations of the Tax Law No. 91 of 2005 and its executive regulations regarding the withholding tax deduction and collection. The Company pays the withholding tax in the legal time frame appointed by the law.

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**Stamp tax**

- Period from inception till 31 December, 2013:  
The Company's books were inspected regarding this period and differences were settled.
- Period from 01 January, 2014 until 30 September, 2017:  
There is no claims from the tax authority regarding stamp tax for this period.

**Property tax**

The Company was informed by the estimation module for property tax on the building number 2005, dated 25 September, 2014, and the Company appealed against it in the legal time frame, the dispute was settled and paid and the company was notified by the accrued amount for 2017 and the amount was paid during 2017.

**20. Significant transactions with related parties**

**(In thousand EGP)**

<u>Company Name</u>	<u>Nature of the relationship</u>	<u>Nature of the transactions</u>	<u>Volume of Transactions 30/09/2017</u>	<u>Balance Debit(credit) 30/09/2017</u>
CHEO Technology JV (KoryoLink)	Associate	Expenses paid on behalf of the related party	11 512	76 020
Orascom Telecom Lebanon	Subsidiary of Orascom Telecom Ventures	Expenses paid on behalf of the related party	5 117	5 090
Middle East and North Africa Submarine Cable – MENA Cable	Subsidiary	Expenses paid on behalf of the related party	197	773 957
		Cash Transfers	22 300	
Trans World Associate (Pvt.) LTD	Subsidiary	Interest on Loans during the period	793	55 636
Orascom Telecom Ventures	Subsidiary	Payment the amount for the purchase of Arab Finance company on behalf of the related party	169	(470 622)
Oracap Holding	Subsidiary of Orascom Telecom Ventures	Expenses paid on behalf of the related party	9 527	-
Beltone Financial Holding	Subsidiary	Expenses paid on behalf of the related party	649	387 909
Victoire BV investments	Subsidiary	Expenses paid on behalf of the related party	673	64 101
		Cash Transfers	63 846	

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**21. Financial instruments and management of associated risks**

The Company's financial instruments are represented in financial assets and liabilities. The financial assets comprise; cash at banks, deposits, due from related parties and certain other debit balances. The financial liabilities comprise; due to related parties, accounts payable and certain other credit balances.

**Liquidity risk**

Liquidity risk represents in the factors which may affects the Company's ability to pay part or all of its liabilities, management pursuit these liabilities and if the Company's liabilities increased, the company monitors it through manage the excess of cash at the subsidiaries level and through dividends distributions from the subsidiaries.

**Interest rate risks:**

Interest rate risk represents in the fluctuations in interest rates which may affects the Company's results of operations and cash flows as the Company depend on its own resources and finance from subsidiaries. This risk is considered limited as the management depends on equity finance.

**Foreign Exchange rate risk**

Interest rate risk represents in the fluctuations in exchange rate of foreign currencies, which affects cash inflows and cash outflows in foreign currencies. Management monitors the foreign currencies positions and banks exchange rates on an ongoing basis and seeks to reduce uncovered positions of foreign currencies, the matter that may reduce this risk to an acceptable level

**22. Contingent liabilities**

<u>Company Name</u>	<u>Guarantee</u>	<u>Maximum level for liability</u>	<u>Outstanding Liability as at 30 September 2017 (In thousand EGP)</u>	<u>Expiry date of the guarantee *</u>
Orascom Telecom Lebanon *	Guarantee of the Company to pay any due amount to participators in case of failure	USD 10 Million	176 006	April 2018
Orascom Telecom Lebanon *	Guarantee of the Company to pay any due amount to participators in case of failure	USD 30 Million	528 018	April 2018

\* The validity date of the letter of guarantee provided to Orascom telecom Lebanon, a subsidiary company to Orascom Telecom Ventures, was extended to 01 April, 2018.

**- Middle East and North Africa for cables (MENA for cables) –subsidiary**

There is a guarantee issued to one of the subsidiary company's customers with an amount of USD 82 million as an insurance to the Company's liability to that customer to provide the customer with contracted service.

**23. Capital Commitment:**

There are capital commitments represented in the remaining amounts of the capital of both O Capital for Energy and O Capital for construction services amounting to EGP 13.125 million and EGP 189 thousand respectively, to complete the percentage from 25% to 100%.

Chief Financial Officer



Chief Executive

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Officer Chairman