



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

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

**Six months ended
June 30, 2017
US\$**



Hazem Hassan

Public Accountants & Consultants

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

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

Review Report on Condensed Interim Consolidated Financial Statements

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

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Orascom Telecom, Media and Technology Holding (S.A.E) as of June 30, 2017 and the related condensed interim consolidated statements of profit and loss and other comprehensive income, changes in equity, and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard No. (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2017 and of its consolidated financial performance and its consolidated cash flows for the six-month period then ended in accordance with international Accounting Standard No. (34) "Interim Financial Reporting".

Emphasis of matter

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

KPMG Hazem Hassan

Public Accountants & Consultants

Cairo January 21, 2018

KPMG Hazem Hassan
Public Accountants and Consultants
②

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT

(in thousands of US\$)	Note	June 30 2017	December 31 2016
Assets			
Property and equipment	10	142,777	133,613
Intangible assets	10	47,284	34,772
Investments in associates	9	34,025	34,163
Other non-current financial assets	12	14,431	1,431
Other non-current assets	16	10,704	33,704
Investment property	11	77,972	80,048
Total non-current assets		327,193	317,731
Inventories		165	137
Trade receivables		34,520	22,662
Other current financial assets	12	8,818	7,993
Other current assets	16	13,581	14,893
Cash and balances at banks	13	144,306	162,863
Total current assets		201,390	208,548
Total assets		528,583	526,279
Equity and liabilities			
Share capital	14	366,148	366,148
Other reserves		(116,678)	(118,293)
Retained earnings		14,388	29,672
Equity attributable to equity holders of the company		263,858	277,527
Non-controlling interest		27,277	19,232
Total equity		291,135	296,759
Liabilities			
Non-current borrowings	15	45,652	49,036
Trade and other payables	17	15,198	13,512
Deferred tax liabilities		25,358	28,064
Total non-current liabilities		86,208	90,612
Current borrowings	15	35,491	40,911
Trade and other payables	17	58,209	51,950
Current income tax liabilities		15,772	5,934
Provisions	18	41,768	40,113
Total current liabilities		151,240	138,908
Total liabilities		237,448	229,520
Total equity and liabilities		528,583	526,279

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

Chief Financial Officer

Khalid Ellaicy



Chief Executive Officer

Tamer Mahdi



Chairman

Naguib Sawiris



Review report 'attached'

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

(in thousands of US\$)	Note	For the six months ended		For the three Months ended	
		June 30 2017	June 30 2016	June 30 2017	June 30 2016
Continued operations					
Revenues	5	41,992	25,466	23,191	11,682
Other income		965	823	543	590
Purchases and services	6	(21,254)	(15,258)	(11,536)	(7,219)
Other expenses		(4,434)	(6,618)	(2,383)	(1,534)
Personnel cost		(17,385)	(15,282)	(10,234)	(7,582)
Depreciation and amortization		(6,547)	(5,257)	(3,447)	(2,811)
Disposal of non-current assets		38	1,212	6	1,207
Operating (loss)		(6,625)	(14,914)	(3,860)	(5,667)
Financial income	7	1,837	1,183	1,040	668
Financial expense	7	(3,381)	(3,435)	(1,860)	(1,690)
Foreign exchange (loss) gain	7	(1,008)	22,612	(630)	1,841
Share of profit of investment in associates	9	97,548	67,531	58,906	34,790
Impairment of associate		(62,862)	(67,531)	(59,267)	(34,785)
Profit / (loss) before income tax		25,509	5,446	(5,671)	(4,843)
Income tax expense	8	(7,895)	(4,493)	1,330	(261)
Profit/(loss) for the period		17,614	953	(4,341)	(5,104)
Attributable to:					
Owners of the company		17,117	(428)	(4,647)	(5,517)
Non-controlling interests		497	1,381	306	413
		17,614	953	(4,341)	(5,104)
Earnings/(losses) per share (basic and diluted)	19	0.0032	(0.0001)	(0.0009)	(0.0011)
Other comprehensive income /(loss):					
Items that may be sequent reclassified to profit or loss net of tax					
Change in fair value for available for sale investments		31	(14)	14	(37)
Share of OCI of associates		(131)	(9,190)	(144)	72
Currency translation differences		(1,451)	(17,317)	(40,055)	(98,734)
Other comprehensive income/(loss) for the period net of tax		(1,551)	(26,521)	(40,185)	(98,699)
Total comprehensive income/(loss) for the period		16,063	(25,568)	(44,526)	(103,803)
Attributable to:					
Owners of the parent		15,697	(26,402)	(44,770)	(103,671)
Non-controlling interest		366	834	244	(132)
Total comprehensive income for the period		16,063	(25,568)	(44,526)	(103,803)

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

Chief Financial Officer

Khalid Ellaicy



Chief Executive Officer

Tamer Mahdi



Chairman

Naguib Sawiris



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

<i>(in thousands of US\$)</i>	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non-Controlling Interest	Total equity
As at January 1, 2016	366,148	81,329	(122,216)	-	828	326,089	18,205	344,294
Total comprehensive income	-	-	(25,960)	(14)	(428)	(26,402)	834	(25,568)
As of June 30 2016	366,148	81,329	(148,176)	(14)	400	299,687	19,039	318,726
As at January 1, 2017	366,148	81,329	(203,182)	3,560	29,672	277,527	19,232	296,759
Total comprehensive income	-	-	(1,451)	31	17,117	15,697	366	16,063
Transferred to Legal reserve	-	3,035	-	-	(3,035)	-	-	-
Dividends to shareholders	-	-	-	-	(29,366)	(29,366)	-	(29,366)
Change in the scope of consolidation- In coming	-	-	-	-	-	-	7,679	7,679
Total transactions with owners	-	3,035	-	-	(32,401)	(29,366)	7,679	(21,687)
As of June 30 2017	366,148	84,364	(204,633)	3,591	14,388	263,858	27,277	291,135

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

Chief Financial Officer

Khalid Ellaicy



Chief Executive Officer

Tamer Mahdi



Chairman

Naguib Sawiris



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

(in thousands of US\$)

	Period ended June 30 2017	Period ended June 30 2016
Profit for the period	25,509	5,446
<i>Adjustments for</i>		
Depreciation, amortization and impairment charges	6,547	5,258
Interest expense	3,381	3,435
Investment income	(1,837)	(1,183)
Foreign exchange loss/ (gain)	1,008	(22,612)
Gain (Loss) from disposal of assets	(38)	(1,212)
Share of profit of associate	(97,548)	67,531
Impairment of associate	62,862	(67,531)
Change in provisions	1,770	3,589
Changes in other assets	(12,232)	4,081
Changes in other liabilities	9,953	6,040
Cash flows generated by operating activities	(625)	2,842
Income taxes paid	(1,359)	(8,556)
Interest collected	1,856	1,431
Net Cash flows generated by operating activities	(128)	(4,283)
<i>Cash out flow for investments in</i>		
Property and equipment	(8,302)	(19,969)
Intangible assets	(474)	(524)
Change in Deposits and financial assets	(16,666)	(2,682)
Acquisition of Auerbach Grayson	22,081	-
<i>Proceeds from disposal of</i>		
Property and equipment	1,025	245
Disposal of available for trading Investments	5,538	6,481
Proceeds from sale of Investments	19,335	4,428
Proceeds under dividends distribution	-	-
Cash flows generated by investing activities	22,537	(12,021)
Cash flows from financing activities		
Interest payment	(3,502)	(3,435)
Proceeds from loan and bank facilities	3,318	19,446
Payments for loans and bank facilities	(11,976)	(10,089)
Dividends to shareholders	(27,992)	-
Cash flows (used in)/generated by financing activities	(40,152)	5,922
Net change in cash and cash equivalents	(17,743)	(10,382)
Cash and cash equivalents at the beginning of the period	162,863	202,455
Effect of exchange rates on cash and cash equivalents	(814)	(2,343)
Cash and cash equivalents at the end of the period	144,306	189,730

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

Chief Financial Officer

Khalid Ellaicy



Chief Executive Officer

Tamer Mahdi



Chairman

Naguib Sawiris



ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED JUNE 30, 2017

1. General information

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

The Company and the OTMT Assets (together the "Group") are a mobile telecommunications business operating in high growth emerging markets in the Middle East, Africa and Asia. The Company is a subsidiary of Orascom Telecom Media and Technology Investments S.à.r.l. (the "Ultimate Parent Company").

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

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

2. Statement of compliance

These condensed consolidated interim financial statements as of June 30, 2017 have been prepared in accordance with IAS 34 "Interim Financial Reporting". As permitted by IAS 34, the Company has opted to prepare a condensed version as compared to the consolidated financial statements as of December 31, 2016. The condensed consolidated interim financial statements do not include all of the information required for the full annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

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

2.1 Significant accounting policies

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

2.2 Application of new and revised International Financial Reporting Standards ("IFRSs")

2.2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements

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

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED JUNE 30, 2017

2.2.2 Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not adopted the following Standards and Interpretations that have been issued but are not yet effective. They will be effective on or after the dates described below.

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

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

3. Use of estimates

The preparation of the condensed consolidated interim financial statements requires that the directors apply accounting policies and methodologies that, in some circumstances, are based upon complex and subjective judgments and estimates that are based on historical experience and assumptions that are considered to be reasonable and realistic at the time, considering the relevant circumstances. The application of such estimates and assumptions impacts the amounts recorded in the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income and cash flows, as well as in the notes. Actual results might differ from such estimates due to the uncertainty surrounding the assumptions and conditions upon which estimates are based.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2015.

4. Segment reporting

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors reviews the Group's internal reporting in order to assess its performance and allocate resources, mainly from a geographical perspective, of the mobile telecommunication business. OTMT management has determined the reportable operating segments according to the information analysed by the chief operating decision-maker as follows:

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

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2017

Other: includes Media & Technology (relating mainly to the provision of online advertising and content to corporate customer, mobile value added services and software development and hosting of corporate clients) and the Group's equity investments and income and expenses related to OTMT. In 2016, Media & Technology entities have been classified as assets held for sale and discontinued operations.

The Group reports on operating segments which are independently managed. The chief operating decision-maker assesses the performance of such operating segments based on:

- Total revenue
- EBITDA, defined as profit for the period before income tax expense/(benefit) (or if applicable profit from continuing operations for the period before income tax expense/(benefit)), gain on partial disposal of investments in associate, share of profit of equity investments, foreign exchange gains/(loss), financial expense, financial income, disposal of non-current assets, impairment charges and depreciation and amortisation, and
- Segment capital expenditure which is the total cost incurred during the period to acquire property and equipment and intangible assets other than goodwill.

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2017

The information provided to the chief operating decision-maker is measured consistently with that of the interim financial statements.

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

	For the Period ended June 30 2017				For the Period ended June 30 2016			
	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA
Investment Property	1,931	-	1,931	1,103	1,461	-	1,461	904
GSM Lebanon	3,613	-	3,613	1,899	3,631	-	3,631	1,698
Financial Services	17,336	-	17,336	166	5,731	-	5,977	(1,471)
Cable	18,983	-	18,983	6,188	14,397	-	14,397	2,090
Other	772	(643)	129	(4,714)	1,082	(1,082)	-	(14,341)
Total	42,635	(643)	41,992	4,642	26,302	(1,082)	25,466	(11,120)

Assets per segment as of June 30, 2017

	As Of June 30 2017				As Of December 31 2016				
	Property and equipment	Intangible assets	Investment Property	Equity investments	Property and equipment	Intangible assets	Investment Property	Equity investments	Total
Financial Services	4,563	34,003	-	-	739	21,192	-	-	21,931
Investment Property	-	-	77,972	-	-	-	80,048	-	80,048
Cable	134,717	13,275	-	-	129,337	13,567	-	-	142,904
Other	3,497	6	-	34,025	3,537	13	-	34,163	37,713
Total	142,777	47,284	77,972	34,025	133,613	34,772	80,048	34,163	282,596

Capital expenditure

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

	For the Period ended June 30 2017	For the Period ended June 30 2016
Financial Services	765	-
Cable	10,743	19,420
Other	3,991	2,416
Total	15,499	21,836

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2017

5. Revenues

	For the six months ended		For the three months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Revenue from Financial services	17,336	5,977	10,674	1,851
Interconnection traffic	18,983	14,397	9,722	7,233
Management contract - Fees	3,613	3,631	1,799	1,798
Investment Property Revenue	1,931	1,461	955	800
Others	129	-	41	-
Total	41,992	25,466	23,191	11,682

6. Purchases and services

	For the six months ended		For the three months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Rental of local network, technical sites and other leases	4,054	2,984	2,107	1,494
Customer acquisition costs	194	37	166	22
Purchases of goods and changes in inventories	183	208	104	108
Band width cost	2,344	1,970	1,022	932
Maintenance costs	3,185	4,528	1,645	1,938
Telephony cost	573	570	251	280
Utilities	545	594	274	278
Brokerage Commissions	4,549	-	2,961	-
Advertising and promotional services	1,456	441	924	235
Consulting and professional services	3,006	2,472	1,444	1,507
Bank and post office charges	267	362	179	138
Insurance	59	74	31	2
Airfare	48	93	28	(240)
Accommodation, Meals and Per diem	127	158	63	83
IT Supplies and expense	74	112	39	42
Sites expense	271	258	134	134
Security Guards	85	78	44	41
Other service expenses	234	319	120	225
Total	21,254	15,258	11,536	7,219

7. Net financing (cost) income

	For the six months ended		For the three months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Interest income on deposits	1,837	1,183	1,040	668
Financial income	1,837	1,183	1,040	668
Interest expense on borrowings	(3,092)	(3,106)	(1,571)	(1,499)
Other interest expense and financial charges	(289)	(329)	(289)	(191)
Financial expense	(3,381)	(3,435)	(1,860)	(1,690)
Foreign exchange (loss)/ gain	(1,008)	22,612	(630)	1,841
Foreign exchange (loss)/ gain	(1,008)	22,612	(630)	1,841
Total	(2,552)	20,360	(1,450)	819

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2017

8. Income tax expense

(In thousand US\$)	For the six months ended		For the three months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Current tax expense	12,740	2,449	1,886	724
Prior year settlement	(2,269)	-	-	-
Deferred tax liabilities (expenses)	(2,576)	2,044	(3,216)	(463)
	7,895	4,493	(1,330)	261

9. Investments in associates (net)

(In thousand US\$)	Country	%	June 30, 2017	December 31, 2016
Cheo JV Technology-Koryolink *	North Korea	75.00%	185,415	122,685
Electronic Fund Administration Services	Egypt	15.30%	25	30
International Fund Administration Services	Egypt	15.30%	40	42
Axes Holding company	Egypt	26.01%	626	630
Deduct: Impairment			(152,081)	(89,224)
			34,025	34,163

(In thousand US\$)	June 30, 2017	December 31, 2016
Assets	1,362,520	1,229,483
Liabilities	(198,377)	(213,915)
Net assets	1,164,143	1,015,568

(In thousand US\$)	For the six months ended June 30, 2017	For the three months ended June 30, 2016
Revenues	181,431	171,621
Total expense	(51,367)	(81,580)
Post tax profit from continuing operations	130,064	90,041
Share of profit in associates	97,548	67,531

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

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

In light of the change in the results of those negotiations which indicates a disagreement from the Korean side to grant the management the rights to control in case of the merger and due to the increase in aforementioned restrictions during the period ended September 30, 2015, in the group's management view, the control over the Koryolink's activities was lost according to the requirements of IFRS 10, which led to modify the accounting treatment to be

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED JUNE 30, 2017

accounted for as investment in associates instead of investment in subsidiaries starting from the date that management considered it has lost the control at September 30, 2015, Management believes that through losing of control, it has a significant influence over Koryolink. The investment in CHEO Technology JV (Koryolink) was measured at cost that represents the fair value on the date of loss control based on independent valuator report.

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

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

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

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

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

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

(In thousand US\$)	June 30, 2017	June 30, 2016
Beginning balance (net of impairment)	122,685	108,236
Share of profit of associates	97,548	67,531
Dividends	(35,051)	-
Currency translation differences	233	(9,262)
Impairment	(151,455)	(97,398)
Ending balance	33,960	69,107

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2017

10. Property & equipment and intangible assets (net)

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

	Property and equipment	Intangible assets
Balance as of January 1, 2017	133,613	34,772
Additions	15,355	144
Disposals	(987)	-
Depreciation and amortization	(5,153)	(582)
Currency translation differences	(51)	(226)
Change in scope of consolidation	-	13,176
Balance as of June 30, 2017	142,777	47,284
Balance as of January 1, 2016	112,608	56,107
Additions	21,290	546
Disposals	(134)	-
Depreciation and amortization	(4,260)	(478)
Currency translation differences	(891)	(5,094)
Balance as of June 30, 2016	128,613	51,081

There is a pledged asset for Transworld equivalent to US\$ 70 Million, in exchange for facilities related to marine cables SMW5.

11. Investment property

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

(in thousands of US\$)

	June 30 2017	December 31 2016
Cost	83,562	70,298
Accumulated amortization and impairment	(3,514)	(312)
	80,048	69,986
Depreciation	(814)	(1,621)
Exchange differences	(1,262)	11,683
As of 30 June 2017	77,972	80,048
Cost	82,214	83,562
Accumulated amortization and impairment	(4,242)	(3,514)

12. Other financial assets

(in thousands of US\$)

	June 30, 2017			December 31, 2016		
	Non-current	Current	Total	Non-current	Current	Total
Financial assets	2,272	168	2,440	198	357	555
Restricted cash and deposits (12-1)	10,948	6,976	17,924	53	3,329	3,382
Financial assets held through profit or loss (12-2)	-	1,674	1,674	-	4,307	4,307
Financial assets available for sale -At Cost(12-3)	777	-	777	777	-	777
Financial assets available for sale -At Fair value through OCI (12-4)	434	-	434	403	-	403
	14,431	8,818	23,249	1,431	7,993	9,424

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2017

12-1 restricted cash and deposits

The balance includes an amount of USD 10.9 Million cash balances at the Company's accounts in North Korea banks, as there is a restriction for using or recovering it only in a limited scope under North Korea laws and regulations.

12-2 financial assets held at fair value through profit or loss

Company name	June 30, 2017	December 31, 2016
Mutual fund	-	115
Treasury bills	1,674	4,192
	1,674	4,307

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

Company name	June 30, 2017	December 31, 2016
Misc for Central Clearing Depository and Registry	443	429
Guarantee Settlement Fund	317	330
El Arabi for Investment	11	11
MENA Capital	166	174
NRG for trade & distribution	6	-
(Less): Impairment loss of available for sale investments	(166)	(167)
	777	777

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

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

Company name	June 30, 2017	December, 31 2016
EGX 30	434	403
Total	434	403

13. Cash and balances at banks

(in thousands of US\$)

	June 30, 2017	December 31, 2016
Bank accounts and deposits	144,068	158,930
Cash on hand	238	276
Treasury bills – “within 3 Month “	-	3,657
Total	144,306	162,863

14. Share capital

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

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2017

15. Borrowings

	30 June 2017	June 30 2016
opening balance	89,947	87,556
of which current portion	40,911	10,530
of which non current portion	49,036	77,026
Repayment of borrowings and Movements in current borrowings	(11,976)	(10,089)
New borrowings	3,318	19,446
Exchange rate differences	(146)	(3,564)
Balance	81,143	93,349
of which current portion	35,491	8,129
of which non current portion	45,652	85,220

Loans for Trans World associate

Borrowings balances include loans granted by the shareholders of Trans World Associate private to Trans World associate private (limited) Pakistan by an amount equivalent to USD 2.88 Million due within one year with an interest rate of 1.85% per annum.

Borrowings also include loans obtained from banks amounted to US\$ 40 million from which US\$ 2.32 million due within one year and US\$ 37.68 million due after more than one year these borrowings were obtained by Trans World Associate Private with interest rates ranges between 8% to 9%.

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

On November 12, 2015 the Company obtained the syndicated loan from a group of financial institutions represented in a long-term loan with a maximum limit of US 14 Million for the purpose of partial financing of acquisition of a portion within the limits of 87% of the shares of the company, the loan has been settled during 2017.

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

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

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 facility amounts up to US\$ 277 Thousand, US\$ 111 Thousand respectively with available duration sixty-seven months, and till the date of the financial statements for the current period the Company used amounts of US\$ 371 Thousand.

16. Other assets

(in thousands of US\$)

	June 30 2017			December 31 2016		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	10,704	3,396	14,100	11,545	3,781	15,326
Advances to suppliers	-	1,535	1,535	-	2,408	2,408
Receivables due from tax authority	-	143	143	-	202	202
Employee loans	-	468	468	-	-	-
current tax Assets	-	6,951	6,951	-	6,135	6,135
Other non-current receivables related to Victoire acquisition	-	-	-	22,159	-	22,159
Other non-trade receivables	-	1,462	1,462	-	2,748	2,748
Allowance for doubtful current assets	-	(374)	(374)	-	(381)	(381)
Total	10,704	13,581	24,285	33,704	14,893	48,597

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2017

17. Trade payables and other liabilities

(in thousands of US\$)

	June 30 2017			December 31 2016		
	Non-current	Current	Total	Non-Current	Current	Total
<i>Trade Payable</i>						
Capital expenditure payables	-	7,628	7,628	-	2,670	2,670
Trade payables due to suppliers	-	11,249	11,249	-	9,540	9,540
Customers credit balance	-	19,631	19,631	-	11,300	11,300
Trade payables to Telephone operator	-	739	739	-	15,633	15,633
Other trade payables	-	8,650	8,650	-	3,039	3,039
	-	47,897	47,897	-	42,182	42,182
<i>Other payable</i>						
Prepaid traffic and deferred income	14,119	1,346	15,465	11,900	1,132	13,032
Due to local authorities	-	2,484	2,484	-	3,737	3,737
Personnel payables	-	2,140	2,140	-	628	628
Subscriber deposits	-	627	627	-	708	708
Other credit balances	1,079	3,715	4,794	1,612	3,563	5,175
Total	15,198	10,312	25,510	13,512	9,768	23,280
	15,198	58,209	73,407	13,512	51,950	65,462

18. Provisions

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

	June 30 2017	December 31 2016
January,1	40,113	81,514
Additions	1,770	7,725
Currency translation differences	(169)	(49,179)
Reclassifications	54	53
	41,768	40,113

19. Earnings per share

Basic and diluted

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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the period covered by the report, the Company did not have any dilutive potential ordinary shares and as such diluted and basic earnings per share are equal.

	For the six months ended		For the three months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Profit/(loss) attributable to equity holders of the Parent Company	17,117	(428)	(4,647)	(5,517)
Weighted average number of shares (in thousands of shares)	5,245,690	5,245,690	5,245,690	5,245,690
Earnings/(losses) per share – basic and diluted (in US\$) From continuing operations	0.003	(0.0001)	(0.0009)	(0.0011)

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED JUNE 30, 2017

20. Capital Commitments

The capital commitments are provided in the table below:

	June 30, 2016	December 31, 2016
Property and equipment	14,783	13,532
Other	13,362	12,741
Total	28,145	26,273

Commitments related to property and equipment arising from the Group commitments of the installation of property and equipment related to the supply of marine communication cable, equipment, and technical equipment related to the contract of Middle East, North Africa for Sea Cables Company (subsidiary) and Trans World associates. The increase in capital commitments is represented mainly in property and equipment related to the supply of marine communication cable, and the changes in other commitments is mainly due to the foreign currencies translation from the foreign currencies to the USD (presentation currency).

21. Contingent liabilities

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

Orascom Telecom, Media and Technology Holding

- A Letter of guarantee in favour of Lebanon Ministry of Telecommunication to guarantee Orascom Telecom Lebanon in the payment of any amount due by the selected participants amounting to US\$ 40 Million.
- A guarantee issued to one of the subsidiary's clients amounting to US\$ 82 Million to guarantee the subsidiary to fulfill its contractual obligations represented in performing the contracted services.

Transworld Associates (Subsidiary)

- The amount of the equivalent of US\$ 23 thousands held by the bank for the benefit of the Higher Education Commission (HEC) until December 31 2017.
- The amount of the equivalent of US\$ 5 thousand held by the bank for the benefit of Shell Pakistan Saleh until September 25 2018.
- There is documentary credit equivalent to US\$ 290 thousand for Premier Systems valid until December 31 2017 MENA Cable (Subsidiary)
- The amount of the equivalent of one million and US\$ 100 thousand held by the bank for the Investment Authority and Free Zones Saleh until December 31 2017

22. Business combination

A subsidiary of Beltone

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

- 1- First option, the seller is entitled to purchase 9% of AGCO shares, which is owned by New Frontier Securities, within one year starting from the contract date, at a specified price and terms stated in the contract.
- 2- Second option, New Frontier is entitled to buy all or part of the seller's share in AGCO starting from the third year of the contract date and at a specified price and terms stated in the contract.
- 3- Third option, the seller is entitled to sell the rest of his interest (40%) in AGCO, which is owned by New Frontier Securities starting from the fifth year of the contract date and at a specific price and terms stated in the contract.

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

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

The Company has determined the initial accounting of the business combination concerning the acquisition of AGCO in February 1st in a temporary manner until the completion of fair value study for assets and liabilities acquired including any acquired intangible assets (If any), provided that the adjustments relating to the provisional value of the assets and liabilities are recognized within 12 months from the date of acquisition in accordance with International Financial Reporting Standards IFRS 3 (Business Combination).

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED JUNE 30, 2017

23. Goodwill

The Goodwill of business combination is calculated as follows:

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

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

24. Legal case

Beltone Financial Holdings (SAE) and its subsidiary Auerbach Grayson & Co LLC (AGCO) were sued for securities trading in the State of New York in the United States of America. Beltone Financial Holding is primarily exposed as the principal shareholder of AGCO. The dispute is still in preliminary stage, however the management believes that company has strong position to gain the case.

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

25. Subsequent events

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

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

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

Chief Financial Officer

Khalid Ellaicy



Chief Executive Officer

Tamer Mahdi



Chairman

Naguib Sawiris

