Deloitte.

Orascom Telecom, Media

And Technology Holding (S.A.E)

Subject to the provisions of law no. 95 for year 1992

and its executive regulations

Condensed Separate Interim Financial Statements

For the six months ended June 30, 2016

Deloitte.

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Translation of Review Report
Originally Issued in Arabic

Limited Review Report

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

Introduction

We have reviewed the accompanying condensed separate interim financial statements of Orascom Telecom, Media and Technology Holding – S.A.E which comprise the condensed separate interim statement of financial position as of June 30, 2016 and the related condensed separate interim statements of income, comprehensive income, changes in equity and cash flows for the Six months period then ended. Management is responsible for the preparation and fair presentation of the condensed separate interim financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our review.

Scope of Review

Except for the matters explained in the following paragraph, we conducted our review in accordance with Egyptian Standard on Review Engagements (2410) "Review of Interim Financial Statement Performed by the Independent Auditor of the Entity". A review of condensed separate interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, 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 separate interim financial statements.

Basis for Qualified Conclusion

As disclosed in more details in note (10) to the condensed separate interim financial statements, the company has modified the accounting treatment of the investment in CHEO Technology JV (Koryolink) on the period ended September 30, 2015 to be investment in associate instead of investment in subsidiaries. In the group management's view, the control over the subsidiary's activities was lost, due to the increase of the severity of financial and operational obstacles and the futility of the negotiation conducted by the management of the Group and the Korean side to the expected results that would remove some of such obstacles according to management estimates. Thus the investment in CHEO Technology JV (Koryolink) was measured at cost which represents the value that expected to be recovered by the Company from its investments in the future.

In light of the aforementioned we were not able to verify the recoverable amount at the balance sheet date and we were not able to perform other alternative procedures with this respect.

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Qualified Conclusion

In our conclusion, except for the effect of the matter described in the basis for qualified conclusion paragraph, the accompanying condensed separate interim financial statements, and based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements do not present fairly in all material respects the condensed separate interim financial position of Orascom Telecom, Media and Technology Holding as at June 30, 2016, and of its condensed separate interim financial performance and its condensed separate interim cash flows for the Six months then ended in accordance with Egyptian Accounting Standard no. (30) "Interim Financial Reporting".

Cairo, August 24, 2016

Kamel Magdy Saleh, FCA
F.E.S.A.A. (R.A.A. 8510)
CMA Registration No. "69"

Saleh, Barsoum, Abdel Aziz & Co.
Accountants & Auditors

Translation of Condensed Separate Interim
Financial Statements Originally Issued in Arabic

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

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

Condensed separate interim financial position as of June 30, 2016

(In thousand EGP)	Note No.	June 30, 2016	December 31, 2015
Non-current assets			
Property and Equipment (net)	(7)	47 501	45 766
Intangible assets (net)	(8)	328	595
Investments in subsidiaries (net)	(9)	1 972 216	1 972 216
Investments in associates	(10)	613 632	613 632
Due from related parties - non current	(11 , 21)	14 945	13 178
Time deposits - non-current	(12)	7 700	5 600
Total non-current assets		**2 656 322**	**2 650 987**
Current assets			
Cash and bank balances	(13)	1 159 388	1 200 475
Due from related parties - current (net)	(11 , 22)	109 755	51 073
Other assets		6 256	9 869
Total current assets		**1 275 399**	**1 261 417**
Total Assets		**3 931 721**	**3 912 404**
Shareholders' equity			
Issued and paid-up capital	(18)	2 203 190	2 203 190
Legal reserve		502 073	502 073
Accumulated losses		(341 103)	(93 755)
Net losses for the period		(15 629)	(247 348)
Total shareholders' equity		**2 348 531**	**2 364 160**
Non-current liabilities			
Long term loans	(17)	461 763	461 185
Deferred tax liability		23 690	9 321
Total non-current liabilities		**485 453**	**470 506**
Current liabilities			
Provisions	(14)	538 903	515 336
Current portion of long term loans	(17)	35 401	23 011
Accounts payable		456	153
Other liabilities	(15)	32 066	18 739
Current income tax		23 214	73 542
Due to related parties	(16 , 21)	467 697	446 957
Total current liabilities		**1 097 737**	**1 077 738**
Total Liabilities and Shareholders' equity		**3 931 721**	**3 912 404**

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

Chief Financial Officer **Executive Chairman and Managing Director**

- Review report attached.

Translation of Condensed Separate Interim
Financial Statements Originally Issued in Arabic

Orascom Telecom, Media and Technology Holding "S.A.E"
Subject to the provisions of law no. 95 for year 1992 and its executive regulations
Condensed separate interim income statement (profit or loss) for the six months ended June 30, 2016

(In thousand EGP)	Note No.	Six months ended June 30, 2016	Six months ended June 30, 2015	Three months ended June 30, 2016	Three months ended June 30, 2015
Technical support service revenue		-	2 937	-	-
Gain on sale of investments in associates		-	1 542 569	-	-
Other income		764	1 111	409	420
Employees cost & board of directors' remuneration		(34 209)	(25 790)	(15 544)	(11 154)
Consulting and professional services fees	(3)	(15 097)	(17 645)	(6 899)	(11 222)
Subscription and membership		(2 695)	(2 565)	(441)	(1 412)
Other expenses		(21 126)	(4 952)	(2 664)	(2 303)
Depreciation & amortization	(7,8)	(1 364)	(793)	(693)	(397)
Provisions formed	(14)	(23 567)	-	(11 783)	-
Provisions no longer required	(14)	-	182 578	-	-
Interest income		986	138	699	68
Finance cost	(4)	(23 773)	-	(12 335)	-
Foreign exchange differences	(5)	129 988	(34 091)	19 957	53 425
Impairment losses in due from related parties	(11)	(11 167)	(181 688)	(7 974)	(3 760)
Financial assets at fair value through profit or loss - financial derivatives		-	(1 049 434)	-	-
Net (losses) / profit for the period before tax		(1 260)	412 375	(37 268)	23 665
Income taxes	(6)	(14 369)	(177 973)	5 502	(10 733)
Net (losses) / profit for the period		(15 629)	234 402	(31 766)	12 932
Earnings per share (EGP/Share)					
- Basic	(19)	(0.003)	0.045	(0.006)	0.002
- Diluted	(19)	(0.003)	0.045	(0.006)	0.002

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

Chief Financial Officer | **Executive Chairman and Managing Director**

Translation of Condensed Separate Interim
Financial Statements Originally Issued in Arabic

Orascom Telecom, Media and Technology Holding "S.A.E"
Subject to the provisions of law no. 95 for year 1992 and its executive regulations
Condensed separate interim comprehensive income statement for the six months ended June 30, 2016

(In thousand EGP)	Six months ended June 30, 2016	Six months ended June 30, 2015	Three months ended June 30, 2016	Three months ended June 30, 2015
Net (losses) / profit for the period	(15 629)	234 402	(31 766)	12 932
Other comprehensive income	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive income for the period	(15 629)	234 402	(31 766)	12 932

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

Chief Financial Officer | **Executive Chairman and Managing Director**

Orascom Telecom, Media and Technology Holding "S.A.E"
Subject to the provisions of law no. 95 for year 1992 and its executive regulations
Condensed separate interim statement of changes in equity for the six months ended June 30, 2016

(In thousand EGP)	Issued and Paid-up capital	Legal reserve	Total Retained Earnings (Accumulated losses)	Net (loss)/profit for the period	Total
Balance as of January 1, 2015	2 203 190	502 073	663 314	(757 069)	2 611 508
Transferred to retained earnings	-	-	(757 069)	757 069	-
Total comprehensive income for the period	-	-	-	234 402	234 402
Balance as of June 30, 2015	2 203 190	502 073	(93 755)	234 402	2 845 910
Balance as of January 1, 2016	2 203 190	502 073	(93 755)	(247 348)	2 364 160
Transferred to Accumulated losses	-	-	(247 348)	247 348	-
Total comprehensive income for the period	-	-	-	(15 629)	(15 629)
Balance as of June 30, 2016	2 203 190	502 073	(341 103)	(15 629)	2 348 531

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

Chief Financial Officer

Executive Chairman and Managing Director

Orascom Telecom, Media and Technology Holding "S.A.E"
Subject to the provisions of law no. 95 for year 1992 and its executive regulations
Condensed separate interim statement of cash flows for the six months ended June 30, 2016

(In thousand EGP)	Note No.	Six months ended June 30, 2016	Six months ended June 30, 2015
Net (losses) / profit of the period before tax		(1 260)	412 375
Adjusted by:			
Depreciation & amortization	(7,8)	1 364	793
Impairment losses in due from related parties	(11)	11 167	181 688
Losses on revaluation of financial deivatives at fair value		-	1 049 434
Foreign exchange differences - unrealized		(106 020)	5 130
Interest income		(986)	(138)
Finance cost		23 773	-
Provisions formed	(14)	23 567	-
Provisions no longer required	(14)	-	(182 578)
Gain from sale of investment in associates		-	(1 542 569)
Operating losses before changes in working capital		(48 395)	(75 865)
Increase in due from related parties - current		(28 212)	(48 073)
Decrease / (Increase) in other assets		3 613	(2 824)
Increase in accounts payable		303	2 040
Increase / (decrease) in other liabilities		13 327	(4 938)
(Decrease) / Increase in due to related parties		(26 868)	115 479
Decrease in due from related parties - non current		-	3 271
Cash flows used in operating activities		(86 232)	(10 910)
Taxes paid		(50 328)	(22 449)
Interest paid		(23 773)	-
Net cash flows used in operating activities		(160 333)	(33 359)
Cash flows from investing activities			
Payments for purchase of Property and Equipment		(2 832)	(267)
Payments for investments in subsidiaries		-	(1 776)
Net proceeds from sale of investment in associates		-	1 815 129
Increase in time deposit - non current	(12)	(2 100)	(6 028)
Interest received		986	138
Net cash flows (used in) generated from investing activities		(3 946)	1 807 196
Cash flows from financing activities			
Proceeds from term loans		2 683	-
Repayments of loans		(24 719)	-
Net cash flows used in financing activities		(22 036)	-
Net change in cash and bank balances during the period		(186 315)	1 773 837
The effect of change in foreign exchange on cash and cash equivalents		145 228	(5 130)
Cash and bank balances at the beginning of the period		1 200 475	73 075
Cash and bank balances at the end of the period	(13)	1 159 388	1 841 782

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

Chief Financial Officer **Executive Chairman and Managing Director**

Orascom Telecom, Media and Technology Holding
Notes to the Condensed Separate Interim Financial Statements
For the six months ended June 30, 2016

1- General information

a- Legal status and activity

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

b- Purpose of the Company

The Company's purpose is to participate in establishing the joint stock and limited liability companies that issue securities or to increase its share capital of these companies, and considering the provisions of Article No. 127 of the executive regulations and the regulations of the Capital Market Law. The Company may have interest or participate, by any mean, in companies and other enterprises that have activities similar to those of the Company or those that may assist the Company to achieve its objectives in Egypt or abroad. It may also merge into those companies and enterprises purchase them or affiliate them pursuant to the provisions of the law and its executive regulations.

2- Basis of preparation of condensed separate interim financial statements

a- Statement of compliance with the Egyptian Accounting Standards

The condensed separate interim financial statements have been prepared in accordance with the Egyptian Accounting Standard No. 30 "Interim Financial Reporting", and the Egyptian laws and regulations. As permitted by EAS 30, the condensed separate interim financial statements should be read in conjunction with the separate financial statements for year ended December 31, 2015.

The Minister of Investment's decree No. (110) of 2015 was issued on July 9, 2015. It has been decided to replace and supersede the former Egyptian Accounting Standards for the preparation and presentation of financial statements with new version of Egyptian Accounting Standards. And the application of the former Egyptian Accounting Standards issued by Ministerial Decree No. 243 of 2006 was cancelled, effective as of the date of applying this Decree. This Decree was published in the Official Gazette, and shall be effective as of the first day of January 2016, and will be applied on the entities whose fiscal year starts on or after this date.

On May 15, 2016, the Minister of Investment issued Decree No. (53) of 2016, whereby the amended Egyptian Accounting Standards includes the addition of the Egyptian Accounting Standard (46) in the provisions of the transitional period for some amended accounting standards. This Decree was published in the Official Gazette, and shall be effective on the day following its publication date.

With respect to the standards for whom no transitional provisions were issued, management has decided to apply the requirements of amended Egyptian Accounting Standard No. (5) "The Accounting Policies, Changes in the Accounting Estimates and Errors".

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 separate interim financial statements are prepared on the historical cost convention, except for assets and liabilities, which are measured at fair value which comprise of the, financial derivatives and financial assets and liabilities classified at fair value through profit or loss.

Investments in subsidiaries and associates are accounted for in the accompanying condensed separate interim 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 and associates. 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).

c- **Functional and 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 thousands, except earnings per share and unless otherwise stated.

d- **Use of estimates and judgments**

According to Egyptian Accounting Standards, in the application of the Company's accounting policies, the management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

The critical judgments and estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the separate financial statements have not changed from those used and applied in the company's separate full financial statements as at December 31, 2015.

e- **Significant accounting policies applied**

The accounting policies adopted this period are consistent with those of the previous year except for the amendments required by the New Accounting Standards which issued during the year 2015, and shall be effective as of the first day of January 2016, disclosed below the significant amendments which are applicable to the company and the effects of these amendments on financial statements, if any.

Revised EAS (1) Presentation of Financial Statements

Income statement (Profit or Loss) / Statement of Comprehensive Income

- The amendments to EAS (1) require the company to disclose all items of income and expenses that were recognized in the period in two separate statements, statement of profit or loss (Statement of Income) which discloses all items of income and expenses and Statement of Comprehensive Income which starts with profit or loss and presents items of other comprehensive income (Statement of Comprehensive Income). The company has prepared the Statement of Comprehensive Income and presentation of financial statements according to the revised standard.

Revised EAS (10) Property, Plant and Equipment

- The amendments to EAS (10) eliminated the option of using the revaluation model in the subsequent measurement of property, plant and equipment. There is no impact for these amendments on the company's financial statements. There is no impact for these amendments on the company's condensed separate interim financial statements.

Revised EAS (14) Borrowing Costs

- The amendments to EAS (14) eliminated the previous benchmark treatment that recognized the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in the Statement of Income. The revised standard requires capitalization of this cost on qualifying assets. There is no impact for these amendments on the company's condensed separate interim financial statements.

Revised EAS (18) Investments in associates

- The accounting treatment of the joint venture shall be added to this standard accordingly, the Investments in associated and joint venture shall be accounted for the investments using the equity method in the consolidated and individual financial statements.
- The entity shall discontinue to use the equity method from the date when the investment ceases to be an associate or a joint venture provided that the retained interest shall be re-measured using the fair value and difference shall be recognized in the income statement.

If the entity's equity share in an associate company or a joint venture has declined however, the entity continued to use the equity method, then the entity, which has previously recognized a gain or loss within other comprehensive income, should reclassify this portion of gain or loss related to the decline of equity share, to the profits or losses (income statement) on the basis of the decline percentage, if such gain or loss is required to be reclassified to profits or losses on the disposal of the related assets or liabilities.

With respect to the discontinued of using the equity method. In this case, an enterprise should not modify the carrying value of its investment in the associate entity or the joint venture and any amounts pertaining to these investments previously recognized in equity, and so if the date of discontinued of using the equity method occurs in prior periods on the application of this revised standard . With respect to changes in the entity's own equity in the associate entities or the joint venture are continuing to use the equity method. There is no impact for these amendments on the company's condensed separate interim financial statements.

Revised EAS (20) Finance Lease

- The leased passenger automobiles have become under the scope of the amendments to EAS (20). There is no impact for these amendments on the company's condensed separate interim financial statements.

Revised EAS (23) Intangible Assets

- The amendments to EAS (23) eliminated the option of using the revaluation model in the subsequent measurement of intangible assets. There is no impact for these amendments on the company's condensed separate interim financial statements.

Revised EAS (25) Financial Instruments: Presentation

Any Puttable instrument is classified as an equity instrument rather than a financial liability if it has all the features and meets the conditions in paragraphs 16A and 16B or paragraphs 16C and 16D of the same standard, from the date the instrument possessed these features and met the conditions stated in these paragraphs.

An entity should reclassify the financial instrument from the date the instrument has ceased possessing these features, or meeting the conditions stated in these paragraphs. There is no impact for these amendments on the company's condensed separate interim financial statements.

Revised EAS (29) Business Combination

- The purchase method was cancelled and replaced by the acquisition method; as results:
  1. Changing the acquisition cost to become cash consideration transferred; and to be measured at the fair value acquisition date.
  2. Contingent consideration: the fair value of the consideration shall be recognized at the acquisition date as part of consideration transferred.
  3. Changing the method of measuring goodwill in case of step acquisition made.
- The transaction cost (the cost related to the acquisition): shall be charged to the income statement as an expense in which the costs incurred it shall not be added to the cash consideration transferred; except for the costs of issuing equity as debt instruments directly related to acquisition process. There is no impact for these amendments on the company's condensed separate interim financial statements.

Revised EAS (34) Investment Properties

- The option of using the fair value model in the subsequent measurement of investment properties has been cancelled. An entity applying the fair value model on its investment properties, should transfer to the cost model. There is no impact for these amendments on the company's condensed separate interim financial statements.

Revised EAS (36) Exploration and Evaluation of Mineral Resources

–The option of using the revaluation model in the subsequent measurement of the exploration and evaluation of mineral resources assets, was cancelled. There is no impact for these amendments on the company's condensed separate interim financial statements.

Revised EAS (38) Employee Benefits

- Actuarial Gains and losses

  Shall all the accumulated actuarial gains and losses be immediately recognized as part of the defined benefit liabilities and charged to the other comprehensive Income items.

- The cost of the past service

  An entity shall recognize past service cost as an expense at the earlier of the following dates:

  1. When the plan amendment or curtailment occurs; or
  2. When the entity execute a significant restructuring plan; it should recognize the related restructuring costs that include paying the termination benefits (Provision standard). There is no impact for these amendments on the company's condensed separate interim financial statements.

New EAS (40) Financial Instrument - Disclosures

–A new EAS (40) Financial Instrument – Disclosures has been issued to include all required disclosures for financial instruments. The company has disclosed required disclosures in the financial statements. There is no impact for these amendments on the company's condensed separate interim financial statements according to standard (30).

New EAS (41) Operating Segments

–EAS 33 "Segments Reports" has been replaced with EAS 41 "Operating Segments"

Accordingly, the disclosures and the volume of the required disclosures that the Segment Reports must disclose on: mainly depends on the segments information presents to Chief Operating Decision Maker "CODM" of the entity to make decisions on the resources that must be allocated to the segments and assess its performance.

New EAS (42) the consolidated Financial Statements

–The new Egyptian Accounting Standard No. (42) "the consolidated Financial Statements" was issued accordingly Egyptian Accounting Standard No. (17) "the consolidated and separate Financial Statements" has changed to become " The separate Financial Instruments" pursuant to the new Egyptian Accounting Standards No. (42) " The consolidated Financial Statements"

–The Control Model has changed to determine the investee entity that must be consolidated.

–Accounting for the changes in the equity of the parent company in a subsidiary are accounted for as transactions with equity holders in their capacity as equity holders.

–Any investment retained in a former subsidiary re-measured at fair value at the date when control is lost and recognize any resulting difference in the income statement.

- Loses applicable to the non- controlling interest "NCI" in a subsidiary including component of other comprehensive Income are allocated to the owners of the holding entity and the NCI even if this causes the NCI to have a deficit balances.
- EAS 42 does not apply to
  1. Post-employment benefit plans or other long-term employee benefit plans Egyptian Accounting Standard No. (38),
  2. Investment funds excluded by regulators.

An entity in the date of applied the standard should not apply for the following amendments retrospectively: -
Regarding the placement of total comprehensive income to the owners of the parent company and non-controlling interests even if it led to a deficit in the balance of non-controlling interests, and thus the entity shall not modify any gains or losses from prior periods on the application of this standard. Regarding changes in the ownership of the parent company in the subsidiaries, which does not lead to loss of control. With respect to parent company loss of control in subsidiaries, in this case the parent company shall not to modify the carrying value of its investment in the previously subsidiaries which occurs in date after the date of applying this standard. In addition, the parent company shall not record any profit or loss arising from loss of control of subsidiaries occurs in date after the date of applying this standard. There is no impact for these amendments on the company's condensed separate interim financial statements.

New EAS (43) Joint Arrangements

- The new Egyptian Accounting Standard No. (43) "Joint Arrangements" establishes principles for financial reporting by parties to a joint arrangement.
- The EAS 43 supersedes EAS 27 Interests in Joint Ventures.
- The EAS 43 classifies joint arrangements into two types—joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (ie joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (ie joint ventures) have rights to the net assets of the arrangement. There is no impact for these amendments on the company's condensed separate interim financial statements.

New EAS (44) Disclosure of interests in other entities

- A new Egyptian accounting standard No. (44) "Disclosure of interests in other entities" was issued in order to comprise all the required disclosures pertaining to all the investments in subsidiaries, associates, joint arrangements, and the unconsolidated structured entities.

The objective of this standard is to comply the entity to disclose the information that enables the users of the financial statements to evaluate the nature and risks associated with its interests in other entities and the effect of those interests on its financial position, financial performance and cash flow. There is no impact for these amendments on the company's condensed separate interim financial statements.

New EAS (45) Fair Value Measurement

The new EAS (45) Fair Value Measurement has been issued and it is applied when other standard requires or permits to measure or disclose the fair value. This standard defines fair value, establishes the frame to measure fair value in on standard and determines the required disclosures for measurement of fair value. There is no impact for these amendments on the company's condensed separate interim financial statements.

3- Consulting and professional service

During the current period, consulting and professional service expenses amounted to EGP 15 097 thousand (for the Six months ended June 30, 2015: EGP 17 645 thousand), The decrease in consulting and professional service expenses during the period is mainly due to the decrease in management consulting and salaries paid on behalf of Koryolink co. as a result of the decrease in numbers of the company's employees.

4- Finance cost

The increase in finance cost resulted from loans that the company had obtained during the third and fourth quarters of 2015 as referred to in note no (17).

5- Foreign exchange differences

During the current period, gain from foreign currency revaluation differences amounted to EGP 129 988 thousand (for the Six months ended June 30, 2015: losses amounted to EGP 34 091 thousand), the increase in foreign exchange revaluation gain during the period is due to the decline in the exchange rate of EGP against USD and Euro which had a positive impact on monetary assets and liabilities denominated in foreign currencies on the date of the financial statements, noting that the net financial balances denominated in foreign currencies represents assets in favor of the company.

6- Income taxes

Income tax expense recognized during the current period amounted to EGP 14 369 thousand (for the for the Six months ended June 30, 2015: EGP 177 973 thousand), which was calculated at the estimated weighted average of the effective tax rate applicable to the whole financial year, which represented in the tax expense recognized during the current period resulting from temporary differences between the accounting of property, plant and equipment net book value, unrealized foreign exchange differences and their tax base.

7- Property and Equipment (net)

(In thousand EGP)	June 30, 2016	June 30, 2015
Cost		
Cost at the beginning of the period	50 031	45 796
Additions during the period	2 832	267
Cost at the end of the period	**52 863**	**46 063**
Accumulated depreciation		
As at the beginning of the period	4 265	3 333
Depreciation for the period	1 097	621
As at the end of the period	**5 362**	**3 954**
NBV at the end of the period	**47 501**	**42 109**

8- Intangible assets (net)

(In thousand EGP)	June 30, 2016	June 30, 2015
Cost		
Cost at the beginning of the period	1 994	1 994
Cost at the end of the Period	**1 994**	**1 994**
Accumulated amortization		
As at the beginning of the period	1 399	528
Amortization for the period	267	172
As at the end of the period	**1 666**	**700**
NBV at the end of the period	**328**	**1 294**

9- Investments in subsidiaries (net)

(In thousand EGP)	Country	%	June 30, 2016	December 31, 2015
Middle East and North Africa Submarine Cables – MENA Cables	Egypt	99.82	1 688 189	1 688 189
Trans World Associate Pvt. Ltd	Pakistan	51	60 862	60 862
Orascom Telecom Ventures	Egypt	99.9	222 802	222 802
Orascom Telecom Mobile Infrastructure Services	Egypt	99.2	63	63
Beltone Financial Holding	Egypt	81.3	544 586	544 586
Victoire Investment Holding	Netherlands	99.99	526 017	526 017
O Capital for energy	Egypt	99.2	4 375	4 375
O Capital for services and contracting	Egypt	99.2	63	63
Impairment in investments in subsidiaries				
Middle East and North Africa Submarine Cables – MENA Cables			(1 074 678)	(1 074 678)
Orascom Telecom Mobile Infrastructure Services			(63)	(63)
			1 972 216	**1 972 216**

- During the current period, no changes on the balances of the investment in subsidiaries.

10- Investment in associates

(In thousand EGP)	Country	%	June 30, 2016	December 31, 2015
CHEO Technology JV (Koryolink)	North Korea	75	613 632	613 632
Total			**613 632**	**613 632**

The Company's investments in North Korea related primarily to the 75% holding in the local telecom operator Koryolink. The accounting treatment has been modified during the period ended September 30, 2015. through recognizing it as an investment in associates instead of investment in subsidiaries. Thus in light of the increase of the restrictions, financial and operating difficulties facing Koryolink due to the international sanction imposed by the international community including the United States, the European Union and the United Nations. These sanctions have the effect of restricting financial transactions and the import and export of goods and services, including goods and services required to operate, maintain and develop mobile networks and increase of long term restrictions which affect the ability to transfer the subsidiary's profits to the Holding Company, the absence of a free-floating currency exchange market in North Korea, whereas the Group's management has no exchange rate available other than the official exchange rate announced by the Central Bank of North Korea, other than launching a competing local telecom operator wholly owned by the North Korean Government. The group's management seek to find solutions for this and effect through negotiations with the Korean side including merging Koryolink with the second local telecom operator, wholly owned by the North Korean Government.According to the Group's management estimates, there is an initial consent from the Korean side regarding merger. This may lead to the presence of possible future solutions that would remove some of the obstacles.

In light of the change in the results of those negotiations during the current period 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 the Egyptian Accounting Standard No. (42), which led to modify the accounting treatment to be investment in associates instead of investment in subsidiaries. The investment in CHEO Technology JV (Koryolink) was measured at cost 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 not violated, and the two sides reached some understandings, regulatory framework and initial commercial that works on organizing the work of telecommunications market in North Korea.

This 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, 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.

11- Due from related parties

a- Current (net) (In thousand EGP)	June 30, 2016	December 31, 2015
CHEO Technology JV (Koryolink)	179 600	176 997
Orascom Telecom Lebanon	4 120	1 313
Trans World Associate (private) Ltd – Pakistan	12 299	10 657
Oracap Holding	387 266	378 978
Orascom Telecom Holding (Demerging company)	3 848	3 848
Middle East and North Africa Submarine Cables – MENA Cables	338 706	298 347
Orascom TMT investments (previously, Weather investments)	741	868
Orascom Telecom Mobile Infrastructure Services	996	996
O Capital for Energy	49 022	38 465
O Capital for services and contracting	3 209	14
Victoire Investment Holding	260	-
Victoire Investment BV	265	-
Impairment:		
Impairment in due from related parties (*)	(870 577)	(859 410)
	109 755	**51 073**

(*) The impairment balance in Due from related parties are as follows:

Impairment in due from related parties (in Thousands)	June 30, 2016	December 31, 2015
CHEO Technology JV (Koryolink)	(179 600)	(176 997)
Orascom Telecom Lebanon	(520)	(520)
Orascom Telecom mobile infrastructure services	(996)	(996)
Oracap Holding	(387 266)	(378 702)
Orascom Telecom Holding (Demerging Company)	(3 848)	(3 848)
Middle East and North Africa Submarine Cables - MENA Cables	(298 347)	(298 347)
	(870 577)	**(859 410)**

b- **Non- current** (In thousand EGP)	June 30, 2016	December 31, 2015
Trans World Associate (private) Ltd – Pakistan	14 945	13 178
	14 945	**13 178**

The changes in the due from related parties is mainly due to the decline in the exchange rate of EGP against USD and Euro which had a positive impact in increasing the due from related parties balances denominated in foreign currencies, which resulted of foreign exchange revaluation, In addition to cash transfers to O capital amounted to EGP 10 Million for expansion for energy projects.

12- Time deposits – non-current

(In thousand EGP)	June 30, 2016	December 31, 2015
Time deposits	7 700	5 600
	7 700	**5 600**

The change in the Time Deposits is due to increase in the time deposit previously deposited by EGP 2 100 thousand was pledged on March 1, 2016 for 3 years, Due on March 1, 2019

13- Cash and balances at banks

(In thousand EGP)	June 30, 2016	December 31, 2015
Cash on hand	687	778
Cash at bank – local currency	32 971	29 866
Cash at bank – Foreign currencies	1 057 447	1 163 645
Time deposits – foreign currencies (*)	23 283	6 186
Time deposits – national currencies	45 000	-
	1 159 388	**1 200 475**

(*)Time deposits include a deposit amounted to EGP 7 015 thousand, equivalent to USD 790 thousand, held at banks and renewed on monthly basis. The deposit is pledged against a letter of guarantee issued from O Capital for energy in favor of a governmental authority, which amounted to USD 750 thousand.

The change in the cash and balances at banks is mainly due to payments to related parties, in addition to payment of income tax accrued for 2015, and loan interest paid as disclosed in note (17), despite the unrealized increase in the balances at banks by foreign currencies resulted from unrealized foreign exchange.

14- Provisions

(In thousand EGP)	June 30, 2016	December 31, 2015
As at the beginning of the period	515 336	460 950
Formed	23 567	-
No longer required	-	(182 578)
As at the end of the period	**538 903**	**278 372**

Provisions are recognized according to the best estimate of the value of the commitments expected at the date of the financial statements, arising from the exercise of the Company's activities and its contractual relationship with others and the management annually review and settle these provisions according to the latest developments, discussions and agreements with the parties concerned.

The required information about these provisions were not disclosed, according to the Egyptian Accounting Standards, because the management of the Company believes that doing so, will strongly affect the final settlement of these provisions for claims.

15- Other liabilities

(In thousand EGP)	June 30, 2016	December 31, 2015
Withholding tax	43	84
Social insurance authority	81	46
Payroll tax	1 371	509
Accrued expenses	30 509	18 038
Employees' dividends payable	62	62
	32 066	18 739

16- Due to related parties

(In thousand EGP)	June 30, 2016	December 31,2015
Orascom Telecom Ventures	467 697	446 957
	467 697	446 957

The changes of Orascom Telecom Ventures balances is mainly due to decline in the exchange rate of EGP against USD which had a negative impact on balance of liability denominated in foreign currencies by EGP 48 Million, on the contrary the Company paid the amount of re-acquiring Arab Finance company on behalf of Orascom Telecom Ventures by amount of EGP 21 Million.

17- Long term loan

(In thousand EGP)	June 30, 2016			December 31,2015		
Banks	Current portion	Non-Current portion	Total	Current portion	Non-Current portion	Total
Syndicated loan (Facility Agent) Local bank	34 055	160 824	194 879	22 143	196 944	219 087
Loan of Foreign bank	-	296 152	296 152	-	260 980	260 980
Loans of Local Bank	1 348	4 787	6 134	868	3 261	4 129
Total	35 403	461 763	497 165	23 011	461 185	484 196

The main changes in the balance of the long term loans is represented in revaluation of balances denominated in foreign currency, which resulted from the decline in the exchange rate of EGP against USD which had a negative impact by increase in loan balances denominated in foreign currencies by EGP 35 Million, In addition The Company has signed a credit facility as a Medium Term Loan agreement to finance the purchase of assets related to the Company from an Egyptian bank on the first quarter of 2016, it provides the Company with credit facility amounts up to EGP 2 million with available duration of sixty-seven months which Is included in loans of local bank, and till the date of the financial statements for the current period EGP 2 683 Thousand was used . On the contrary, during the period the company paid EGP 24 719 thousands of the portion accrued for the current period.

18- Capital

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

19- Earnings per share

Earnings per share was calculated based on the results of the company, According to the Egyptian Accounting Standard No (22).

(In thousand EGP)	June 30, 2016	June 30, 2015
Net (loss) profit of the period (In thousand EGP)	**(15 629)**	**234 402**
Weighted average number of shares for the period (in thousands)	5 245 690	5 245 690
Earnings per share for the period (in EGP)	**(0.003)**	**0.045**

20- Tax position

Corporate income tax

The Company's profit is subject to the provisions of the Income Tax Law No. 91 for the year 2005, its amendments and its executive regulations. The Company submits its tax returns on due dates. The Company's books were not inspected yet.

Payroll tax

The Company pays payroll tax deducted from employees' salaries to the tax authority on due dates, The company was informed for inspection of the years 2012 until 2013, The Company's books were not inspected yet.

Withholding tax

The Company pays withholding tax to the tax authority on due dates. The Company's books were not inspected yet.

Stamp tax

The Company was subject to an inspection of stamp tax for the financial period since the date of incorporation till December 31, 2013. This inspection resulted in tax differences that the Company has agreed upon and settled during the period.

Property tax

The company was inspected by the tax authority and tax differences have been settled for the years from 2013 till 2015

21- Significant transactions with related parties

In thousand EGP	Nature of the relationship	Nature of the transactions	Volume of transactions	Balance Debit (credit)
CHEO Technology JV (KoryoLink)	Associate	Payments of expenses on behalf of related party	2 603	179 600
Orascom Telecom Lebanon	Subsidiary of Orascom Telecom Ventures	Payments of expenses on behalf of related party	2 806	3 600
Middle East and North Africa Submarine Cables – MENA Cables	Subsidiary	Payments of expenses on behalf of related party	352	338 706
TransWorld Associate (private) Ltd-Pakistan	Subsidiary	Loan interest payment on behalf of related party	189	12 299
Oracap Holding	Subsidiary	Payments of expenses on behalf of related party	5 286	387 266
Orascom Telecom Ventures	Subsidiary	Payment of the purchase price of the Arab Finance on behalf of related party	20 918	(467 697)

22- 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 other credit balances.

Liquidity risk

Liquidity risk represents 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 subsidiaries level and through dividends distributions from the subsidiaries.

Interest rate risk

Interest rate risk represents fluctuations in interest rates which may affect 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 management depends on equity finance.

Foreign currencies' risk

Foreign currencies' risk represents fluctuations in exchange rates of foreign currencies, which affect receipts and disbursements in foreign currencies as well as the value of assets and liabilities denominated 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 which may reduce this risk to an acceptable level.

23- Contingent liabilities

Company Name	Guarantee	Maximum level for liability	Outstanding liability till June 30, 2016 (EGP Thousand)	Expiry date of the guarantee
Orascom Telecom Lebanon *	Guarantee of the company to pay any due amount to participants	USD 10 Million	88 800	April 2017
Orascom Telecom Lebanon *	Guarantee of the company to pay any due amount to participants	USD 30 Million	266 400	April 2017

* Based on the Lebanese Council of Minister's decision which amended the validity date of the guarantee provided for Orascom telecom Lebanon, a subsidiary company to Orascom telecom ventures, from April 30, 2016 to April 30, 2017.

24- Significant events

- On February 14, 2016 the group submitted a non-Bidding offer to acquire CI Capital Holding from CIB Bank, Orascom Telecom Media and Technology Holding S.A.E ("OTMT") announced that it has submitted a Binding offer to the Commercial International Bank ("CIB") to acquire 100% of its fully owned subsidiary CI Capital, the value of the offer is EGP 924 Million to be executed through Beltone financial Holding (Subsidiary company)to be the buyer in executing the acquisition transaction of 100% from the share of CIB Bank in CI Capital Holding.

On June 9, 2016 the agreement with the CIB was cancelled as a result of not completing the procedures required for regulatory authorities approval.

25- Approval of the condensed separate interim financial statements

The condensed separate interim financial statements of the Company for the six months ended June 30, 2016 were approved by the Board of Directors on August 24, 2016.

Chief Financial Officer | **Executive Chairman and Managing Director**