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 Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2015

Together with Limited Review Report

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

Condensed Consolidated Interim Financial Statements and Limited Review Report

Three month ended March 31, 2015

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 consolidated interim financial statements of Orascom Telecom, Media and Technology Holding – S.A.E which comprise of condensed consolidated interim statement of financial position as of March 31, 2015 and the related condensed consolidated interim statements of income, changes in equity and cash flows for the three months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of the condensed consolidated interim financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

Except as 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 consolidated 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.

Basis for Qualified Conclusion

As disclosed in more details in note (22), the accompanying condensed consolidated interim financial statements as at March 31, 2015 included the subsidiary's balances of CHEO Technology "Koryolink" domiciled in North Korea. The net assets of Koryolink equivalent to EGP 5.8 billion of the Group's consolidated net assets amounting to EGP 8.3 billion. Koryolink assets include cash balances denominated in North Korean currency equivalent to EGP 4.1 billion (are reported within non-current financial assets in the consolidated interim financial statements due to restrictions imposed on transfers). The subsidiary is facing financial and operational obstacles due to the following reasons; firstly, because of the international sanctions imposed on financial transactions and transfers, the import and export of goods and services, including goods and services required to operate, maintain and develop mobile networks which has resulted, lately, in increasing severance of long term restrictions on the ability of the subsidiary to transfer realized profits to the Group, secondly; 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 which is being used by the Group's management in translating the subsidiary's financial statements, however, the currency exchange is not available at such official rates unless a prior approval from the authorities is obtained, thirdly; the North Korean Government, Deloitte.

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a shareholder in the subsidiary, has launched a competing telecom operator wholly owned by the Government. In the view of management the existence of such obstacles and restrictions did not affect the Group's ability to control the subsidiary's activities, in addition management is looking for solutions to the obstacles and its effect through continuing discussions with the Korean party including merging the subsidiary "Koryolink" with the second local telecom operator, wholly owned by the North Korean Government. According to the Group's management there is an initial consent from the Korean party regarding merger. This may lead to the presence of possible future solutions for some of the obstacles according the management's estimates.

In light of the aforementioned restrictions and the non-completeness of merger discussions, we were not able to determine the effect on the subsidiary's net assets reported in the condensed consolidated interim financial statements as a result of restrictions referred to above at the date of the interim financial statements, and we were not able to perform alternative procedures with this respect.

Qualified Conclusion

In our conclusion, except for the effect of the matter described in the basis of qualified conclusion paragraph, and based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly, in all material respects, the condensed consolidated interim financial position of the Group as at March 31, 2015, and of its condensed consolidated interim financial performance and its condensed consolidated interim cash flows for the three months then ended in accordance with Egyptian Accounting Standard no. (30) "Interim Financial Reporting".

Other matter

We draw attention to note (10) of the accompanying condensed consolidated interim financial statements which describes in more details that according to management's best estimate, and in light of the available information, there are no differences between the tax basis and accounting basis of the recognized assets and liabilities related to the Group's subsidiary in North Korea (Koryolink) that may result in the recognition of any deferred tax assets or liabilities at March 31, 2015. Management believes that in case any additional information develops in future periods that would give rise to such differences on the assets or liabilities recognized in the condensed consolidated interim financial statements as of March 31, 2015, management would revise its estimates, and recognition of deferred taxes associated with those assets and liabilities might be required.

Our conclusion on the accompanying condensed consolidated interim financial statements as of March 31, 2015 is not qualified in respect to this matter.

Cairo, June 23, 2015

Accountants & Auditors

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

Translation of Financial Statements
Originally Issued in Arabic

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015

(in thousands of EGP)	Note	March 31, 2015	December 31, 2014
Current assets			
Inventories (net)		2,279	1,886
Trade receivables (net)		134,189	99,870
Other current financial assets	12	127,274	271,836
Other assets		147,297	139,832
Cash and cash equivalent	13	3,166,408	931,618
		3,577,447	1,445,042
Non-current assets held for sale		-	456,344
Total current assets		**3,577,447**	**1,901,386**
Current liabilities			
Current borrowings	15	21,388	29,345
Payables and other current liabilities	16	1,105,407	1,077,998
Tax liabilities – income tax		414,099	147,104
Provisions	18	370,913	546,891
		1,911,807	1,801,338
Non-current liabilities held for sale		-	356,344
Total current liabilities		**1,911,807**	**2,157,682**
Excess / (deficit) in working capital		**1,665,640**	**(256,296)**
Non-current assets			
Property and equipment (net)	11	2,119,160	2,093,197
Intangible assets (net)	11	521,384	517,811
Investments in associates (net)	9	-	591,795
Other non-current financial assets	12	4,164,346	5,033,198
Other assets (net)		71,454	65,407
Total non-current assets		**6,876,344**	**8,301,408**
Total investment		**8,541,984**	**8,045,112**
Financed as follows:			
Equity			
Issued and paid-up capital	14	2,203,190	2,203,190
Reserves		1,028,340	939,688
Retained earnings		3,686,557	3,380,437
Equity attributable to shareholders' of the Parent Company		**6,918,087**	**6,523,315**
Non-controlling interests		1,439,846	1,353,676
Total equity		**8,357,933**	**7,876,991**
Liabilities			
Non-current liabilities			
Non-current borrowings	15	16,697	15,017
Payables and other non-current liabilities	16	71,431	61,726
Deferred tax liabilities		95,923	91,378
Total non-current liabilities		**184,051**	**168,121**
Total finance of working capital and non-current assets		**8,541,984**	**8,045,112**

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

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

Review report 'attached'.

Translation of Financial Statements
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ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2015

(in thousands of EGP)	Note	Three months ended March 31, 2015	Three months ended March 31, 2014
Continued operations			
Operating revenues	6	647,386	645,200
Other income		2,215	5,665
Purchases and services costs	7	(130,733)	(136,554)
Other expenses		(9,011)	(28,332)
Personnel costs		(42,059)	(31,500)
Depreciation and amortization		(81,860)	(60,693)
Provisions no longer required	18	182,578	-
Operating income		568,516	393,786
Finance income	8	(1,048,422)	67,103
Finance costs	8	(2,393)	(2,983)
Foreign exchange (losses) gains	8	(103,185)	4,353
Group's share of losses of investments in associates	9	(4,821)	(15,287)
Capital gains	19	1,229,589	-
Profit for the period from continuing operations before income tax		639,284	446,972
Income taxes	10	(265,429)	(111,050)
Profit for the period from continuing operating		373,855	335,922
Discontinued operation			
Net loss from discontinued operations		-	(11,586)
Net profit for the period		373,855	324,336
Attributable to:			
Shareholders' of the Parent Company		306,120	246,248
Non-controlling interests		67,735	78,088
		373,855	324,336
Basic and diluted earnings per share – in EGP	17	0.058	0.047

- The accompanying notes form an integral part of these condensed consolidated 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.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2015

(in thousands of EGP)	Issued and paid up capital	Legal reserve	Translation reserve for foreign subsidiaries	Other reserves	Retained earnings	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
As at January 1, 2014	2,203,190	502,073	577,721	1,438	3,442,381	6,726,803	1,082,345	7,809,148
Translation differences of the financial statements of foreign subsidiaries	-	-	(3,023)	-	-	(3,023)	276	(2,747)
Net profit for the period	-	-	-	-	246,248	246,248	78,088	324,336
As at March 31, 2014	2,203,190	502,073	574,698	1,438	3,688,629	6,970,028	1,160,709	8,130,737

(in thousands of EGP)	Issued and paid up capital	Legal reserve	Translation reserve for foreign subsidiaries	Other reserves	Retained earnings	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
As at January 1, 2015	2,203,190	502,073	436,177	1,438	3,380,437	6,523,315	1,353,676	7,876,991
Translation differences of the financial statements of foreign subsidiaries	-	-	90,090	-	-	90,090	18,435	108,525
Disposal of Group's share in change in equity statement of associate	-	-	-	(1,438)	-	(1,438)	-	(1,438)
Net profit for the period	-	-	-	-	306,120	306,120	67,735	373,855
As at March 31, 2015	2,203,190	502,073	526,267	-	3,686,557	6,918,087	1,439,846	8,357,933

- The accompanying notes form an integral part of these condensed consolidated 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.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2015

(in thousands of EGP)	Note	Three months ended March 31, 2015	Three months ended March 31, 2014
Continued operations			
Cash flows from operating activities			
Profit for the period before income tax		639,284	446,972
Adjustments for:			
Depreciation, and amortization		81,860	60,693
Change in revaluation of financial derivatives at fair value	8	1,049,434	(65,907)
Credit interest	8	(1,012)	(1,196)
Finance cost	8	2,393	2,983
Foreign exchange differences	8	103,185	(4,353)
Provisions no longer required	18	(182,578)	-
Gains on sale of investments in associates	19	(1,229,589)	-
Group's share of losses of investments in associates	9	4,821	15,287
Change in provisions	18	1,708	18,464
Changes in current assets reported in working capital		(15,229)	(10,622)
Changes in current liabilities reported in working capital		57,384	25,406
Cash flows generated by operating activities		511,661	487,727
Income taxes paid		(2,759)	(2,499)
Credit interest collected		1,012	1,196
Finance costs paid		(2,393)	(2,983)
Net Cash flows generated by operating activities		507,521	483,441
Cash flows from investing activities			
Cash outflows for investments in:			
- Property and equipment		(66,377)	(62,594)
- Intangible assets		(351)	-
- Non-current financial assets		107,298	(298,080)
Proceeds from disposal of:			
- Property and equipment		2,504	5,947
- Proceeds from sale of investments in associates		1,815,268	-
Net cash flows generated by (used in) investing activities		1,858,342	(354,727)
Cash flows from financing activities			
Net proceeds from non-current borrowings		-	17,748
Net (payments for) financial liabilities		(8,768)	(15,758)
Net cash flows (used in) generated by financing activities		(8,768)	1,990
Net change in cash and cash equivalents during the period from continued operations		2,357,095	130,704
Discontinued operations			
Net cash flow generated from operating activities		-	6,808
Net cash flow used in investing activities		-	(3,382)
Net cash flow generated from financing activities		-	7,936
Net changes in cash and cash equivalent during the period from discontinued operations		-	11,362
Net changes in cash and cash equivalent during the period		2,357,095	142,066
Effect of foreign exchange on cash and cash equivalents in foreign currencies		(122,305)	(741)
Cash and cash equivalents at the beginning of the period		931,618	866,850
Cash and cash equivalents at the end of the period		3,166,408	1,008,175

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

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

1- General information about Parent of the Group

a- Legal Status

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

b- Purpose of the Company

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

c- Brief over the incorporation of the Company

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

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

2- Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the Egyptian Accounting Standard No. (30) "Interim Financial Reporting". As permitted by EAS (30), 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, 2014.

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.

3- Basis for preparation of condensed consolidated interim financial statements

The condensed consolidated interim financial statements of the Group incorporate the financial statements of the Company (Parent) and entities controlled by the company (its Subsidiaries) as of the balance sheet date. Control is achieved where the Group has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities.

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

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

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination. Losses applicable to owners of the non-controlling interests in excess of their interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that owners of the non-controlling interests have a binding obligation and are able to make an additional investment to cover the losses.

A) Basis of measurement

The consolidated financial statements are prepared on the historical cost convention, except for financial derivatives that are measured at fair value, and financial instruments at fair value through profit or loss. The historical cost depends mainly on the fair value of the consideration transferred to obtain assets.

B) Presentation currency

These consolidated financial statements are presented in Egyptian pounds, which is the Company's functional currency. All financial information presented in Egyptian pounds has been rounded to the nearest thousand except for earnings per share for the year / period, unless otherwise stated in the consolidated financial statements or notes.

C) Critical accounting judgments and key sources of uncertainty estimates

Preparation of the condensed consolidated interim financial statements and application of the Group's accounting policies referred to in note (4) below, according to the Egyptian accounting standards, requires management to make judgments, estimates and assumptions about the presentation of these statements and about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

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

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

4- 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 December 31, 2014. The accounting policies have been consistently applied to all the periods presented.

It is worth mentioning that the Group's activities are not subject significant seasonal or periodical changes.

5- Segment reporting

(In thousand EGP)	GSM	Management Fees	Cables	Others	Total
For the three months ended March 31, 2015					
Operating revenues	583,653	13,710	47,086	32,038	676,487
(Deducted) intercompany revenues	-	-	-	(29,101)	(29,101)
Operating revenues from parties outside the group	**583,653**	**13,710**	**47,086**	**2,937**	**647,386**
EBITDA	**462,316**	**5,180**	**2,177**	**180,703**	**650,376**
Unallocated items					
Depreciation and amortization					(81,860)
Finance income					(1,048,422)
Finance cost					(2,393)
Foreign exchange (losses)					(103,185)
Group's share of loss in investments in associates					(4,821)
Capital gains					1,229,589
Profit for the period before income taxes					**639,284**
For the three months ended March 31, 2014					
Operating revenues	590,266	12,597	39,337	26,615	668,815
(Deducted) intercompany revenues	-		-	(23,615)	(23,615)
Operating revenues from parties outside the group	**590,266**	**12,597**	**39,337**	**3,000**	**645,200**
EBITDA	**451,958**	**6,360**	**2,381**	**(6,220)**	**454,479**
Unallocated items					
Depreciation and amortization					(60,693)
Finance income					67,103
Finance cost					(2,983)
Foreign exchange gains					4,353
Group's share of loss in investments in associates					(15,287)
Profit for the period before income tax					**446,972**

Assets (In thousand EGP)	GSM	Cables	Other	Total
As at March 31, 2015				
Property and equipment	1,130,747	940,238	48,175	2,119,160
Intangible assets	361,563	158,441	1,380	521,384
As at December 31, 2014				
Property and equipment	1,138,882	903,384	50,931	2,093,197
Intangible assets	365,531	150,814	1,466	517,811

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

6- Operating revenues

	Three months ended March 31, 2015	Three months ended March 31, 2014
Telephone Services	529,731	544,937
Interconnection traffic tariff	101,004	84,656
Management Fees	16,647	15,588
Other services	4	19
Total operating revenues	**647,386**	**645,200**

7- Purchases and services

	Three months ended March 31, 2015	Three months ended March 31, 2014
Telecommunications cost	30,006	29,473
Customer acquisition and retention costs	14,349	21,928
Maintenance costs	8,724	12,304
Utilities and energy	2,814	2,812
Advertising and promotional services	1,350	1,214
Miscellaneous lease contracts costs	33,273	32,041
Consulting and professional services	12,455	8,399
Purchases of goods, materials cost and consumables	9,149	11,171
Insurance expenses	1,212	1,139
Other services cost	16,910	15,422
Interconnection traffic	491	651
Total purchases and services	**130,733**	**136,554**

The decrease in the purchases and services costs during the period is due to the decrease in customer acquisition and retention costs by an amount of EGP 7,579 thousand resulting from the subsidiary company Koryolink.

8- Net finance (cost) income

	Three months ended March 31, 2015	Three months ended March 31, 2014
Finance income from:		
Finance income	1,012	1,196
Change in fair value of financial derivatives	(1,049,434)	65,907
Total finance income	**(1,048,422)**	**67,103**
Finance costs from:		
Debit interest	(984)	(1,369)
Other finance costs	(1,409)	(1,614)
Total finance costs	**(2,393)**	**(2,983)**
Foreign exchange (losses) gains	(103,185)	4,353
Total (losses) gains on foreign exchange	**(103,185)**	**4,353**
Net finance (cost) income	**(1,154,000)**	**68,473**

The increase in finance costs is due to the reversal of previously recognized gains resulting from the valuation of the Company's put option of investments amounted to EGP 1,049,434 thousand – note (12) – in addition to the increase in foreign exchange losses during the period resulting from the decrease in exchange rates of Euro against EGP which had a negative impact on financial assets denominated in Euro at the date of the consolidated interim financial statements.

9- Investment in associates (net)

	Country	%	March 31, 2015	December 31, 2014
MT Telecom SCRL	Belgium	28.75	-	56,073
Egyptian Company For Mobile Services	Egypt	5	-	535,722
			-	591,795

On February 22, 2015 the Board of Directors of the Company agreed on the sale of all the Company's shares in the Egyptian Company for Mobile Services (ECMS) amounting to 5,000,000 shares representing 5% of the capital of the Egyptian

Company for Mobile Services (ECMS), in addition to 28,750,000 shares of potential voting rights in MT Telecom SCRL, according to the call option notice received from Orange SA Company (previously; France Telecom) for a total price of Euro 209,632,133 which represents the present value for this option during the announced and agreed upon exercise windows for the years 2016 and 2017. The Company's selling price of its investment in the Egyptian Company for Mobile Services (ECMS), according to the deal, equal an amount of Euro 163,785,940 (with an approximate value amounting to Euro 32.76 per share), whereas the Company's selling price of its investment in MT Telecom SCRL, according to the deal, equal an amount of Euro 45,846,193 (with an approximate value amounting to Euro 1.59 per share). This deal is considered a finalization for the call option according to the amended and restated agreement dated April 11, 2012. The price of the share of the Egyptian Company for Mobile Services (ECMS), according to the deal, is equivalent to EGP 280.7 per share, with a total value amounted to EGP 1,403,500,000. Whereas the price of the potential voting right in MT Telecom SCRL is equivalent to EGP 13.62 per potential voting right, with a total amount of EGP 391,575,000. Capital gains recognized during the period amounted to EGP 1,229,589 thousand – note (19).

The following table identify the detailed transactions on investments:

	Three months ended March 31, 2015	Three months ended March 31, 2014
Beginning balance	591,795	641,807
Group's share of loss in the investments in associates	(4,821)	(15,287)
Disposal of Group's share in change in equity of associates	(1,438)	-
Disposal of Group's share as a result of sale of investments in associates	(585,536)	-
Ending balance	-	626,520

The carrying amount of the investments in associates decreased by an amount of EGP 4,821 thousand as result of the Group's share of the additional losses of the associate companies which occurs during the current period and until the date of selling the investments.

10- Income tax expense

	Three months ended March 31, 2015	Three months ended March 31, 2014
Current tax for the period	263,172	107,736
Deferred tax for the period	2,257	3,314
Total income tax	265,429	111,050

Koryolink, the Group's subsidiary in North Korea, enjoyed a tax exemption for a period of five years ended in December 2013. After the elapse of exemption period the subsidiary net profits is subject to tax according to the tax rules applicable to foreign investment in North Korea. During the tax exemption period, the subsidiary is not required to submit its tax returns according to the applicable tax laws.

The Company has paid an amount equivalent to EGP 307 322 thousand under tax settlement starting from the beginning of prior year to the period ended March 31, 2015 until the preparation of subsidiary's tax return for the year ended

December 31, 2014 which represents the first fiscal year subject to tax after the elapse of the exemption period. In the absence of specific legal requirements or information of any adjustments required to net accounting profits for the purposes of calculating the income tax according to tax law on the foreign activities in North Korea, and in the absence of any sources of reliable information in similar situations of other foreign activities, in accordance with the limited information available, Management believes that there are no differences between the tax basis and the accounting basis of assets and liabilities recorded in the interim financial statements of the subsidiary Company at the date of the consolidated interim financial statements, accordingly no deferred tax assets or liabilities have been recognized.

Should additional information arise in future periods resulting in differences between the tax basis and accounting basis of recorded assets and liabilities in the consolidated interim financial statements as at March 31, 2015, Management will reassess its estimate in a way that might result in the recognition of deferred taxes related to those assets and liabilities.

11- Property & equipment and intangible assets (net)

	Property and equipment	Intangible assets
Net book value as of January 1, 2015	2,093,197	517,811
Additions	34,756	351
Disposals	(2,504)	-
Depreciation and amortization	(73,739)	(8,121)
Currency translation differences	67,450	11,343
Net book value as of March 31, 2015	2,119,160	521,384
Net book value as of January 1, 2014	2,579,110	437,642
Additions	17,372	702
Disposals	(5,952)	-
Depreciation and amortization	(60,328)	(6,250)
Currency translation differences	9,754	(470)
Net book value as of March 31, 2014	2,539,956	431,624

12- Other financial assets

	March 31, 2015			December 31, 2014		
	Non-current	Current	Total	Non-current	Current	Total
Financial assets	346	118,749	119,095	304	19,640	19,944
Financial instruments and derivatives	-	-	-	805,207	244,227	1,049,434
Deposits	4,119,813	8,525	4,128,338	4,183,438	7,969	4,191,407
Financial assets available for sale	44,187	-	44,187	44,249	-	44,249
	4,164,346	127,274	4,291,620	5,033,198	271,836	5,305,034

12-1 Financial derivatives

Represents the fair value of the put option, which entitles the company to sell its direct stake in the Egyptian Company for Mobile Services - ECMS (associate company), in addition to its indirect voting rights, to Orange SA (previously; France

Telecom Company), in accordance with the amended shareholders' agreement dated April 11, 2012. The agreement provides for the Company's option to put 1.67% per annum of the shares of the associate company during January and February of each year starting 2015 till 2017 based on each year accreting prices ranging from EGP 268.5 in 2015 to EGP 296 in 2017 per each share of the shares of ECMS.

The agreement also provides that Orange SA (previously; France Telecom) has the option to call all (but not less than all) of the Company's direct stake in Egyptian Company for Mobile Services (ECMS) which is reported in the balance sheet as investments in associates with a percentage of 5% in addition to related voting rights with a percentage of 28.75% on execution of the deal. This option is exercisable by Orange SA during January and February of each year starting from the year ended 2013 till 2017, at an accreting price ranging from EGP 243.5 to EGP 296 per each share of the shares of ECMS.

The consolidated income statement was charged during the period by an amount of EGP 1,049,434 thousand, note (8), which represents the reversal of the Company's valuation gains of its put option related to the direct and indirect stakes of investments in associates, whereas on February 22, 2015 the Board of Directors of the Company agreed on the sale of all the Company's shares in the Egyptian Company for Mobile Service (ECMS), in addition to potential voting rights in MT Telecom SCRL, according to the call option notice received from Orange SA Company (previously; France Telecom) – note (9) – which resulted in the cancelation of the Company's right to exercise its put option, and led to reversal of previously recognized gains resulting from the valuation of the put option to be charged to consolidated income statement during the period.

12-2 Restricted deposits

Deposits as at March 31, 2015 include an amount of EGP 4,120 million relating to cash restricted in North Korea in local currency which is subject to restrictions on use for certain operating and capital expenditures in local currency only. The funds cannot be converted into foreign currency and cannot be repatriated overseas, subject to the laws of North Korea.

12-3 Available for sale investments

These investments are carried at cost as they represent unlisted shares in the stock exchange and there is no other way to measure their fair value.

13- Cash and cash equivalent

The increase in cash and cash equivalent is represented in the proceeds from sale of the Group's investments in Egyptian Company for Mobile Services S.A.E and MT Telecom SCRL by an amount of Euro 209 632 thousand, equivalent to EGP 1 820 094 thousand, during the three months ended March 31, 2015.

14- Share 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 of the Extraordinary General Assembly of Orascom Telecom Holding (Demerging company) as described in more detail in note (1-c).

15- Borrowings

	Three months ended March 31, 2015	Three months ended March 31, 2014
Balance at beginning of the period	44,362	**60,816**
of which current portion	29,345	44,861
of which non-current portion	15,017	15,955
Payments for borrowings	(10,147)	(15,631)
Collections from borrowings	1,350	25,558
Foreign exchange differences	2,520	1,929
Balance at the end of the period	38,085	**72,672**
of which current portion	21,388	46,451
of which non-current portion	16,697	26,221

Borrowings include loans obtained from the shareholders of Trans World Associate Private by an amount of EGP 21 million from which EGP 13 million due within one year and EGP 8 million due after more than one year with an interest rate 1.58%.

Borrowings also include loans obtained from banks amounted to EGP 17 million from which EGP 8.5 million due within one year and EGP 8.5 million due after more than one year these borrowings were obtained by Trans World Associate Private with interest rates ranges between 14.91% to 19%.

16- Creditors and other liabilities

	March 31, 2015			December 31, 2014		
	Non-current	Current	Total	Non-current	Current	Total
Fixed assets suppliers	-	196,253	196,253	-	231,589	231,589
Trade payables	-	246,808	246,808	-	196,303	196,303
Other payables	-	30,580	30,580	-	27,102	27,102
Total creditors	-	**473,641**	**473,641**	-	**454,994**	**454,994**
Prepaid traffic and deferred revenue	41,765	498,218	539,983	30,211	513,500	543,711
Due to governmental authorities	-	30,987	30,987	-	19,352	19,352
Personnel accrued expenses	-	11,230	11,230	-	8,765	8,765
Other credit balances	29,666	91,331	120,997	31,515	81,387	112,902
Total other liabilities	**71,431**	**631,766**	**703,197**	**61,726**	**623,004**	**684,730**
Total	**71,431**	**1,105,407**	**1,176,838**	**61,726**	**1,077,998**	**1,139,724**

17- Basic and diluted earnings per share

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

Diluted: Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all convertible financial instruments and share options. The net profit is adjusted by omission of the cost of convertible debt instruments taking tax effect into consideration. As there are no debt instruments that are convertible to bonds, so diluted and basic earnings per share are equal.

	Three months ended March 31, 2015	Three months ended March 31, 2014
Net profit of the period (In thousand EGP)	306,120	246,249
Weighted average number of shares for the period (in thousands)	5,245,690	5,245,690
Basic and diluted earnings per share for the period (in EGP)	0.058	0.047
Basic and diluted earnings per share from continuing operations	0.058	0.049
Basic and diluted earnings per share from discontinued operations	-	(0.002)

18- Provisions

	January 1, 2015	No longer required	Formed	Reclassification	Translation Differences	March 31, 2015
Provision for claims	546,891	(182,578)	1,708	4,367	525	370,913
Total provisions	**546,891**	**(182,578)**	**1,708**	**4,367**	**525**	**370,913**

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 group activities and its contractual relationship with others and provisions formed during the period are included in other expenses in the income statement and the management annually review and settle these provisions according to the latest developments, discussions and agreements with the parties concerned.

19- Capital gains

On February 22, 2015 the Board of Directors of the Holding Company agreed on the sale of all the Group's shares in the Egyptian Company for Mobile Service (ECMS), in addition to potential voting rights in MT Telecom SCRL, according to the call option notice received from Orange SA Company (previously; France Telecom) – note (9), and on March 12, 2015 the Group collected the sale price which amounted to Euro 209,632,133.

The following table shows gain from sale of investments in associates resulting from the exercise of call option:

	(In thousand EGP)
Sale price of investments in associates	1,820,094
Deduct:	
Sale transaction costs and commissions	(4,969)
Investment in associates using equity method – note (9)	(585,536)
Gain from sale of investments in associates	**1,229,589**

20- Capital commitments

	March 31, 2015	December 31, 2014
Commitments related to property and equipment	287,945	17 501
Other commitments	202,206	199 788
Total	**490,151**	**217 289**

Capital commitments arise from the commitments of the Group to acquire items of fixed assets related to the marine cables by Middle East and North Africa for Sea

Cables Company and Trans World Associates (subsidiaries). In addition to the capital commitments of Koryolink related to telecommunication networks.

The increase in capital commitments is due to the assets related to marine cables of Trans World Associates, as for other commitments the increase is due to the foreign currency exchanges differences resulted from translation of these commitments from its foreign currency to Egyptian currency (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 USD 40 million.
- A guarantee was issued in favour of one of the governmental authorities amounting to EGP 5 723 thousand to guarantee O Capital for Energy (under incorporation), and the guarantee expires in May 2016

Trans World Associates (Subsidiary)

- A bank guarantee was issued in favour of Link Dot Net amounting to USD 5 700 thousand equivalent to EGP 43 463 thousand and the guarantee is validated to July 23, 2015.

Middle East and North Africa for Sea Cables – MENA cables (Subsidiary)

- A guarantee was issued in favour of one of the subsidiary's clients amounting to USD 82 million to guarantee the subsidiary to fulfil its contractual obligations represented in performing the contracted services.

22- Group's activities in North Korea

The Groups operations in North Korea relate primarily to the 75% holding in the local telecom operator Koryolink. North Korea is subject to international sanctions imposed by the international community, European Union and the United States, as well as by 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. Whilst these sanctions do not currently have a material impact on the operations of Koryolink, as it is a domestic mobile operator with minimal foreign interaction, there can be no assurance that if international sanctions are subject to enhanced enforcement, the Parent Company's operating subsidiary in North Korea will be able to finance its operations, transfer funds to and from the Parent Company or operate its mobile network. This could adversely affect the Group's investments, if the Group becomes unable to continue to operate its business in North Korea.

In addition to the aforementioned, the exchange of local currency into foreign currencies in North Korea is subject to currency control restrictions implemented by the Governmental authorities. Additionally the local currency of North Korea is not tradable outside the country, which results in severed long-term restrictions on transfer of the subsidiary's realized profits.

The net assets of Koryolink (subsidiary) reached EGP 5,844 millions of the Group's consolidated net assets amounting to EGP 8,358 millions as of March 31, 2015. Koryolink's assets also include cash balances in North Korean currency equivalent to EGP 4,120 million and are reported within non-current financial assets in the consolidated interim financial statements due to the restrictions imposed on cash transfers as mentioned above.

The interim financial statements of the subsidiary were translated using the official exchange rate announced by North Korean banks as at March 31, 2015 and which is determined by the Central Bank of North Korea, noting that there is no free-floating currency exchange market in North Korea. The management of the Group has no evidence indicating that the change in the exchange rate of the Korean currency may affect the assets of the subsidiary Company as reported in the condensed consolidated interim financial statements.

For consolidation purposes and as guided by EAS 13 "The Effects of Changes in Foreign Exchange Rates", the interim financial statements of the subsidiary Company "Koryolink" were translated into EGP using the official exchange rate announced by the Central bank of North Korea as no other rate is available to the subsidiary.

In light of the restrictions, financial and operating difficulties facing Koryolink due to the international sanction referred to above which resulted in severed long-term restrictions on transfer of the subsidiary's realized profits, the absence of a free-floating currency exchange market, and launching a competing local telecom operator owned by the North Korean Government, a shareholder in the subsidiary. In the management's view the existence of such obstacles and restrictions didn't affect the Group's ability to control the subsidiary's activities, in addition management is looking for solutions to the obstacles and its effect through continuing discussions with the Korean party and searched and suggested a range of solutions including performing a merge transaction between the two networks, which may lead to removing some obstacles faced by Koryolink. Whereas the Korean party initially agreed, in principle, upon the suggested solutions, the discussions are still ongoing by both parties to reach an initial agreement or other alternatives, which may help Koryolink in its operating activities.

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