

**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 nine months Ended September 30, 2015

Together with Limited Review Report



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

**Condensed Consolidated Interim
Financial Statements and Limited
Review Report**

**Nine month ended
September 30, 2015**

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 the condensed consolidated interim statement of financial position as of September 30, 2015 and the related condensed consolidated interim statements of income, changes in equity and cash flows for the nine 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 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 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 (9), the accompanying notes to condensed consolidated interim financial statements, the company has modified the accounting treatment of the investment in CHEO Technology JV (Koryolink) to be investment in associate instead of investment in subsidiaries. In the management 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) is measured at cost represented the fair value that expected to be recovered by the company from its investments in the future. The losses resulted from the modification of the accounting treatment amounted to EGP 3,118,965 thousand included in losses from discontinued operations in the income statement (Note 17).

In light of the aforementioned we were not able to verify the fair value that will be recovered at the balance sheet date and we were not able to perform other alternative procedures with this respect.

Qualified 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 September 30, 2015 , and of its condensed consolidated interim financial performance and its condensed consolidated interim cash flows for the nine months then ended in accordance with Egyptian Accounting Standard no. (30) "Interim Financial Reporting".

Cairo, November 15, 2015


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



**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT September 30, 2015**

(in thousands of EGP)	Note	September 30, 2015	December 31, 2014
<u>Non-current assets</u>			
Property and equipment (net)	11	1,106,621	2,093,197
Intangible assets (net)	11	169,530	517,811
Investments in associates (net)	9	613,632	591,795
Other non-current financial assets	12	44,291	5,033,198
Other assets		68,824	65,407
Total non-current assets		2,002,898	8,301,408
<u>Current assets</u>			
Inventories (net)		1,424	1,886
Trade receivables (net)		77,014	99,870
Other current financial assets	12	16,043	271,836
Other assets		122,349	139,832
Cash and cash equivalent	13	1,959,781	931,618
		2,176,611	1,445,042
Non-current assets held for sale		-	456,344
Total current assets		2,176,611	1,901,386
<u>Current liabilities</u>			
Current borrowings	15	26,677	29,345
Payables and other current liabilities	16	128,339	1,077,998
Tax liabilities – income tax		176,444	147,104
Provisions	19	362,953	546,891
		694,413	1,801,338
Non-current liabilities held for sale		-	356,344
Total current liabilities		694,413	2,157,682
Working capital (Increase in current liabilities from current assets)		1,482,198	(256,296)
Total investment		3,485,096	8,045,112
Financed as follows:			
Equity			
Issued and paid-up capital	14	2,203,190	2,203,190
Reserves		836,872	939,688
Retained earnings		99,599	3,380,437
Equity attributable to shareholders' of the Parent Company		3,139,661	6,523,315
Non-controlling interests		88,885	1,353,676
Total equity		3,228,546	7,876,991
Liabilities			
<u>Non-current liabilities</u>			
Non-current borrowings	15	128,485	15,017
Payables and other non-current liabilities	16	75,765	61,726
Deferred tax liabilities		52,300	91,378
Total non-current liabilities		256,550	168,121
Total finance of working capital and non-current assets		3,485,096	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'.



**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

(in thousands of EGP)	Note	Nine months ended September 30, 2015	Nine months ended September 30, 2014	Three months ended September 30, 2015	Three months ended September 30, 2014
Continued operations					
Operating revenues	6	198,557	176,061	69,241	48,801
Other income		4,791	5,604	1,506	1,653
Purchases and services costs	7	(142,522)	(111,830)	(47,669)	(32,034)
Other expenses		(5,374)	(70,163)	(2,719)	(2,677)
Personnel costs		(99,744)	(75,228)	(26,250)	(20,665)
Depreciation and amortization		(69,016)	(14,451)	(24,012)	(4,454)
Provisions no longer required	19	182,578	-	-	-
Operating income		69,270	(90,007)	(29,903)	(9,376)
Finance income	8	(1,047,404)	(201,265)	239	(355,458)
Finance costs	8	(6,207)	(6,771)	(2,061)	(1,895)
Foreign exchange gains (losses)	8	42,738	2,273	56,955	3,529
Group's share of losses of investments in associates	9	(4,821)	(43,118)	-	(8,748)
Net capital gains (losses)	20	1,226,244	146	(1,382)	98
Profit (loss) for the period from continuing operations before income tax		280,000	(338,742)	23,848	(371,850)
Income taxes	10	(187,567)	(24,548)	10,154	(1,013)
Profit (loss) for the period from continuing operating		92,433	(363,290)	34,002	(372,863)
Discontinued operation					
Net (loss) profit from discontinued operations	17	(3,118,965)	966,666	(3,788,338)	300,230
Net (loss) profit for the period		(3,026,532)	603,376	(3,754,336)	(72,633)
Attributable to:					
Shareholders' of the Parent Company		(3,280,838)	361,582	(3,849,802)	(152,160)
Non-controlling interests		254,306	241,794	95,466	79,527
		(3,026,532)	603,376	(3,754,336)	(72,633)
Basic and diluted earnings per share – in EGP	18	(0.625)	0.07	(0.73)	(0.03)

- 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 NINE MONTHS ENDED SEPTEMBER 30, 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	-	-	(40,463)	-	-	(40,463)	(23,157)	(63,620)
Net profit for the period	-	-	-	-	361,582	361,582	241,794	603,376
As at September 30, 2014	2,203,190	502,073	537,258	1,438	3,803,963	7,047,922	1,300,982	8,348,904

(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	-	-	305,332	-	-	305,332	84,947	390,279
Disposal of Group's share in change in equity statement of associate	-	-	-	(1,438)	-	(1,438)	-	(1,438)
Translation differences of the financial statements for the disposed subsidiary	-	-	(406,710)	-	-	(406,710)	-	(406,710)
Net loss for the period	-	-	-	-	(3,280,838)	(3,280,838)	254,306	(3,026,532)
Disposal of Non-controlling interests from disposal of investments in subsidiary company (Note 17)	-	-	-	-	-	-	(1,604,044)	(1,604,044)
As at September 30, 2015	2,203,190	502,073	334,799	-	99,599	3,139,661	88,885	8,228,546

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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 NINE MONTHS ENDED SEPTEMBER 30, 2015**

(in thousands of EGP)	Note	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Continued operations			
Cash flows from operating activities			
Profit for the period before income tax		280,000	(338,742)
<i>Adjustments for:</i>			
Depreciation, and amortization		69,016	14,451
Change in revaluation of financial derivatives at fair value	8	1,049,434	205,916
Provisions no longer required	19	(182,578)	-
Credit interest	8	(2,030)	(4,651)
Finance cost	8	6,027	6,771
Foreign exchange differences	8	(42,738)	(2,273)
Gains on sale of investments in associates	20	(1,228,266)	-
Other capital losses	20	2,022	(146)
Group's share of losses of investments in associates	9	4,821	43,118
Change in provisions	19	3,714	68,026
Changes in current assets reported in working capital		(25,737)	(28,117)
Changes in current liabilities reported in working capital		22,253	22,080
Cash flows generated from (used in) operating activities		(44,062)	(13,567)
Income taxes paid		(43,310)	(79,987)
Finance costs paid		(6,027)	(6,771)
Credit interest collected		2,030	4,651
Net cash flows generated from (used in) operating activities		(91,369)	(95,674)
Cash flows from investing activities			
Cash outflows for investments in:			
- Property and equipment		(154,221)	(33,231)
- Intangible assets		(11,114)	(1,349)
- Non-current financial assets		(18,057)	(1,129)
Proceeds from disposal of:			
- Property and equipment		2,560	938
- Proceeds from sale of investments in associates		1,811,780	-
- Proceeds from sale of investments in subsidiaries		100,000	-
Net cash flows generated by (used in) investing activities		1,730,948	(34,771)
Cash flows from financing activities			
Net proceeds from non-current borrowings		119,981	19,393
Net (payments for) financial liabilities		(12,125)	(26,483)
Net cash flows generated (used in) by financing activities		107,856	(7,090)
Net change in cash and cash equivalents during the period from continued operations		2,006,380	(137,535)
Discontinued operations			
Net cash flow generated from operating activities		1,104,830	1,349,452
Net cash flow used in investing activities		(798,679)	(777,312)
Net cash flow generated from financing activities		-	4,185
Net changes in cash and cash equivalent during the period from discontinued operations		306,151	576,325
Net changes in cash and cash equivalent during the period		2,053,586	438,790
Cash and cash equivalents for the disposed subsidiary		(1,097,717)	-
Effect of foreign exchange on cash and cash equivalents in foreign currencies		72,294	(49,312)
Cash and cash equivalents at the beginning of the period		931,618	866,850
Cash and cash equivalents at the end of the period		1,959,781	1,256,328

- 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 Holding of the Group

a- Legal Status

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

b- Purpose of the Company

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

c- Brief over the incorporation of the Company

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

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

2- 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 (Holding) 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 nine months ended September 30, 2015					
Operating revenues	-	41,538	154,082	20,363	215,983
(Deducted) intercompany revenues	-	-	-	(17,426)	(17,426)
Operating revenues from parties outside the group	-	41,538	154,082	2,937	198,557
EBITDA	-	18,816	14,713	104,757	138,286
Unallocated items					
Depreciation and amortization					(69,016)
Capital gains (Net)					1,226,244
Finance income					(1,047,404)
Finance cost					(6,027)
Foreign exchange (gains)					42,738
Group's share of loss in investments in associates					(4,821)
Profit for the period before income taxes					280,000
For the nine months ended September 30, 2014					
Operating revenues	-	38,361	128,897	25,185	192,443
(Deducted) intercompany revenues	-	-	-	(16,382)	(16,382)
Operating revenues from parties outside the group	-	38,351	128,897	8,803	176,061
EBITDA	-	15,739	14,012	(105,307)	(75,556)
Unallocated items					
Depreciation and amortization					(14,451)
Impairment expense					146
Capital gains (losses)					(201,265)
Finance cost					(6,771)
Foreign exchange losses					2,273
Group's share of loss in investments in associates					(43,118)
Profit for the period before income tax					(338,742)
Assets					
(In thousand EGP)	GSM	Cables	Other	Total	
As at September 30, 2015					
Property and equipment	-	1,055,245	51,376	1,106,621	
Intangible assets	-	168,293	1,237	169,530	
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

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Interconnection traffic tariff	154,082	128,897
Management Fees	44,475	47,164
Total operating revenues	198,557	176,061

7- Purchases and services

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Maintenance costs	7,031	6,461
Utilities and energy	2,646	2,440
Advertising and promotional services	2,538	4,270
Miscellaneous lease contracts costs	31,738	28,487
International calls fees	21,598	20,252
Consulting and professional services	12,896	6,168
Purchases of goods, materials cost and consumables	27,682	20,594
Insurance expenses	1,670	1,021
Other services cost	34,721	22,137
Total purchases and services	142,522	111,830

8- Net finance (cost) income

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Finance income from:		
Finance income	2,030	4,651
Change in fair value of financial derivatives	(1,049,434)	(205,916)
Total finance income	(1,047,404)	(201,265)
Finance costs from:		
Debit interest	(1,670)	(2,462)
Other finance costs	(4,200)	(4,309)
Revaluation of financial assets at fair value through profit or loss	(157)	-
Total finance costs	(6,027)	(6,771)
Foreign exchange gains (losses)	42,738	2,273
Total gains (losses) on foreign exchange	42,738	2,273
Net finance (cost) income	(1,010,693)	(205,763)

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).

9- Investment in associates (net)

	Country	%	September 30, 2015	December 31, 2014
MT Telecom SCRL (*)	Belgium	28.75	-	56,073
Egyptian Company For Mobile Services (*)	Egypt	5	-	535,722
CHEO Technology JV (Koryolink) (**)	North Korea	75	613,632	-
			613,632	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 1,228,266 thousand – note (20).

The following table identify the detailed transactions on investments:

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Beginning balance	591,795	641,807
Group's share of loss in the investments in associates	(4,821)	(43,118)
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 (Note 20)	(585,536)	-
Ending balance	-	598,689

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.

(**)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 this period 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 of 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 the aforementioned and its 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, there is an initial consent from the Korean party 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 current period,

the group's management decided that it lost control on the Koryolink's activities according to the requirements of the Egyptian Accounting Standard No. (17), which led to modify the accounting treatment to be investment in associates instead of investment in subsidiaries. The fair value of the investment has been determined based on independent valuator report. The subsidiary's net assets was translated as of September 30, 2015 based on the official exchange rate announced by the Central Bank of North Korean, 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 led to losses from the modification in the accounting treatment amounted to EGP 3,118,965 thousand included in losses from discontinued operations in the income statement (Note 17).

10- Income tax expense

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Current tax for the period	167,797	22,811
Deferred tax for the period	19,770	1,737
Total income tax	187,567	24,548

11- Property & equipment and intangible assets (net)

	Property and equipment	Intangible assets
Net book value as of January 1, 2015	2,093,198	517,811
Additions	207,194	11,114
Disposals	(2,560)	(1,893)
Depreciation and amortization	(237,130)	(23,455)
Currency translation differences	152,721	24,056
Disposal of subsidiary company net assets resulted from loss of control	(1,106,802)	(358,103)
Net book value as of September 30, 2015	1,106,621	169,530
Net book value as of January 1, 2014	2,579,110	437,642
Additions	286,989	2,533
Disposals	(3,035)	-
Depreciation and amortization	(184,442)	(20,451)
Currency translation differences	14,407	(3,206)
Reclassification and presentation	128	(128)
Net book value as of September 30, 2014	2,693,157	416,390

12- Other financial assets

	September 30, 2015			December 31, 2014		
	Non-current	Current	Total	Non-current	Current	Total
Financial assets - debit	264	648	912	304	19,640	19,944
Financial instruments and derivatives (12-1)	-	-	-	805,207	244,227	1,049,434
Deposits	-	8,714	8,714	4,183,438	7,969	4,191,407
Financial assets - available for sale (12-2)	44,027	-	44,027	44,249	-	44,249
Financial assets - held for trading	-	6,681	6,681	-	-	-
	44,291	16,043	60,334	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 Available for sale investments

These investments are measured at cost as it represents 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 during the nine months ended September 30, 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

	Nine months ended September 30, 2015	Nine months ended September 30, 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	(15,370)	(22,267)
Collections from borrowings	123,226	19,362
Foreign exchange differences	2,944	1,830
Balance at the end of the period	155,162	59,741
of which current portion	26,677	22,374
of which non-current portion	128,485	37,367

- Borrowings include loans obtained from the shareholders of Trans World Associate Private by an amount of EGP 23 million from which EGP 13 million due within one year and EGP 10 million due after more than one year with an interest rate 1.58%.
- Borrowings also include loans obtained from banks amounted to EGP 92 million from which EGP 9 million due within one year and EGP 83 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%.
- Borrowings also include a credit facility as a Medium Term Loan agreement to finance the purchase of assets related to the Holding Company from an Egyptian bank on July 27, 2015 amounted to EGP 5 million for a period of sixty-seven months ending February 27, 2012 including a value of EGP 687 thousand which maturity is one year and a value of EGP 2,558 thousand which maturity is more than one year with interest rate 2% above interest rate on certificates in the bank.

16- Payables and other liabilities

	September 30, 2015			December 31, 2014		
	Non-current	Current	Total	Non-current	Current	Total
Fixed assets suppliers	-	2,528	2,528	-	231,589	231,589
Trade payables	-	58,833	58,833	-	196,303	196,303
Other payables	-	9,124	9,124	-	27,102	27,102
Total payables	-	70,485	70,485	-	454,994	454,994
Prepaid traffic and deferred revenue	62,673	6,381	69,054	30,211	513,500	543,711
Due to governmental authorities	-	24,425	24,425	-	19,352	19,352
Personnel accrued expenses	-	3,128	3,128	-	8,765	8,765
Other credit balances	13,092	23,920	37,012	31,515	81,387	112,902
Total other liabilities	75,765	57,854	133,619	61,726	623,004	684,730
Total	75,765	128,339	204,104	61,726	1,077,998	1,139,724

17- Net (loss) / profit from discontinued operations

- Loss and gain from discontinued operations as of September 30, 2015 represented in losses from disposal of Koryolink with a value of EGP 3,118,965 thousand (September 30, 2014: Losses from selling subsidiaries companies for Orascom Telecom Ventures with a value of EGP 10 million and gain from disposal of Koryolink with a value of EGP 977 million). 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 this period and recognized as investment in associates instead of investment in subsidiaries. In the management's view the control over the Koryolink's activity was lost as aforementioned in detailed in note (9).

Analysis of (loss) / profit from discontinued operations of Koryolink are as follows:-

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Operating revenues	1,933,304	1,815,454
Purchases and services costs	(537,056)	(528,677)
Operating income	1,396,248	1,286,777
Income taxes	(327,499)	(309,806)
Profit for the period after income tax	1,068,749	976,971
Disposal of subsidiary net assets due to loss of control (*)	(3,924,921)	-
Impairment in Koryolink current account	(262,793)	-
(Loss) / profit from discontinued operations	(3,118,965)	976,971

(*) Koryolink's net assets and liabilities are as follows:-

	September 30, 2015
<u>Non-current assets</u>	
Property and equipment (net)	1,106,802
Intangible assets (net)	358,104
Total non-current assets	1,464,906
<u>Current assets</u>	
Inventories (net)	993
Other current financial assets	5,376,700
Other current assets	15,315
Cash and cash equivalent	1,097,717
Total current assets	6,490,725
Total assets	7,955,631
<u>Liabilities</u>	
Payables	418,310
Other current liabilities	539,970
Provisions	9,050
Current income tax and deferred tax	176,195
Total liabilities	1,143,525
Net assets which the control is lost	6,812,106
Non-controlling interests	(1,604,044)
Disposal of investment in the subsidiary and current account	(876,431)
Net assets which control is lost before excluding reserve for financial statements translation	4,331,631
Reserve for financial statement translation	(406,710)
Subsidiary's net assets which the control was lost	3,924,921

The subsidiary company's financial statements were translated at the date when control was lost on September 30, 2015 by using the official exchange rate announced by the Banks operates in North Korean, whereas determined by the Central Bank of North Korean, the absence of a free-floating currency exchange market and there is no indicators refers to the effect of the change on the Korean currency exchange market on the company's assets, accordingly, for the purpose of disposal of the company from combination and according to the Egyptian Accounting Standard no. (13) "The Effects of Changes in Foreign Exchange Rates", the interim financial statements for the subsidiary company (Koryolink) at September 30, 2015 (the date when control was lost) were translated to Egyptian pound using the official exchange rate announced by Central Bank of North Korean as this is the only exchange rate available for the subsidiary company.

18- Basic and diluted earnings per share

Basic: Basic earnings per share is calculated by dividing the net profit attributable to shareholders' of the Holding 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.

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Net profit of the period (In thousand EGP)	(3,280,838)	361,582
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)	(0.625)	0.07
Basic and diluted earnings per share from continuing operations	0.02	(0.07)
Basic and diluted earnings per share from discontinued operations	(0.59)	0.18

19- Provisions

	January 1, 2015	No longer required	Formed	Change in control	Reclassification	Translation Differences	September 30, 2015
Provision for claims	546,891	(182,578)	7,563	(9,050)	(967)	1,094	362,953
Total provisions	546,891	(182,578)	7,563	(9,050)	(967)	1,094	362,953

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.

20- Net 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	(6,292)
Investment in associates using equity method – note (9)	(585,536)
Gain from sale of investments in associates	1,228,266
Other capital losses	(2,022)
Net capital gains	1,226,244

21- Capital commitments

	September 30, 2015	December 31, 2014
Commitments related to property and equipment	265,670	17 501
Other commitments	184,754	199 788
Total	450,424	217 289

22- 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.

Trans World Associates (Subsidiary)

- A bank guarantee was issued in favour of Link Dot Net amounting to USD 4 772 thousand equivalent to EGP 36 409 thousand and the guarantee is validated to July 23, 2015.

- A bank guarantee was issued in favour of Pakistan Educational Authority amounting to Rupees 2.2 million equivalent to EGP 162 thousand and the guarantee is validated to December 31, 2015.

- A bank guarantee was issued in favour of Punjab Information Technology amounting to Rupees 3 169 million equivalent to EGP 233 thousand and the guarantee is validated to November 28, 2015.

- A bank guarantee was issued in favour of NIB Bank amounting to Rupees 250 million equivalent to EGP 19 million and the guarantee is validated to September 17, 2017.

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.

23- Significant current events during the period

- On July 9, 2015, the Minister of Investment's decree No. (110) of 2015 was issued. 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. 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 August 20, 2015, a Presidential Decree was issued promulgating Law No. (96) of 2015 amending certain provisions of the Income Tax Law No. 91 of 2005 and amendment by Law No. (44) of 2014. According to this amendment the tax rate became 22.5% instead of 25, and will be applied on the entities whose fiscal year starts on or after this date. These amendments reflected in deferred tax calculation on the interim financial period ended September 2015.

24- Significant events during the subsequent period of the interim period ended September 30, 2015

- On October 7, 2015, Orascom Telecom Media and Technology Holding S.A.E. ("OTMT") and Act Financial ("Act") submitted a letter to the Egyptian Financial Supervisory Authority of intent to acquire 100% of Beltone Financial. It is worth noting that OTMT's share of the offer is 87% and Act's share of the offer is 13%, the transaction value is estimated at up to EGP 650 Million. We estimate the transaction to be executed within Quarter 4, 2015.
- On October 22, 2015, Orascom Telecom Media and Technology Holding S.A.E. signed an equity purchase contract related to the shares of seven floors in a property located in Brazil through Brazilian Victor Companies with a total cost of 263 Million Brazilian Real (Equivalent to USD 66 Million). It is worth mentioned that the Company financed 50% of the contract by self-finance. In addition, the residual percentage financed by borrowings. The Company signed a loan agreement with a bank located in Lebanon with a total value of USD 35 Million and the Company will pay an agreed fees amounted to USD 100 thousand at the date when the loan agreement signed.

Loan commitments are as follows:-

- 1- A first class mortgage in favor of the lender bank on all the shares stated above.
- 2- Property mortgage on all the floors.
- 3- Inclusion of all proceeds in loan account to cover interest payments.
- 4- The loan is covered at any date by a percentage of 200% and this by evaluating the value of the floors mentioned above every six months. In case of decrease in the fair value of these floors to become covering a percentage of 175% or a lower percentage of the loan value, the loan will be decreased till the cover percentage reach 200% or the borrower provides additional guarantee to the lender bank.

25- Approval of the condensed consolidated interim financial Statements

The condensed consolidated interim financial statements of the Group for the nine months ended September 30, 2015 were approved by the Board of Directors on August 15, 2015.

Chief Financial Officer

Executive Chairman and Managing Director