

**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, 2016

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, 2016**

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 March 31, 2016 and the related condensed consolidated interim statements of income, comprehensive 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 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 (11), the accompanying notes to condensed consolidated interim financial statements, the company has modified the accounting treatment of the investment in CHEO Technology JV (Koryolink) on the period ended September 30, 2015 to be investment in associate instead of investment in subsidiaries. In the 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 on the date of loss control, 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 3,150,701 thousand included in losses from discontinued operations in the consolidated income statement for year ended December 31, 2015.

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 March 31, 2016 , 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".

Cairo, August 10, 2016



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 MARCH 31, 2016**

(in thousands of EGP)	Note	March 31, 2016	December 31, 2015
<u>Non-current assets</u>			
Property and equipment (net)	12	1,044,031	881,727
Intangible assets (net)	12	466,903	454,700
Investment property (net)	13	550,443	502,569
Investments in associates (net)	11	614,281	614,281
Other non-current financial assets	14	64,001	62,867
Other non-current assets (net)	16	87,226	72,873
Total non-current assets		2,826,885	2,589,017
<u>Current assets</u>			
Inventories (net)		1,317	1,226
Trade receivables (net)		174,072	136,270
Other current financial assets	14	54,082	84,703
Other current assets (net)	16	150,791	116,449
Cash and cash at banks	15	1,794,953	1,585,219
Total current assets		2,175,215	1,923,867
Total assets		5,002,100	4,512,884
<u>Equity</u>			
Issued and paid-up capital	17	2,203,190	2,203,190
Reserves		901,666	843,008
Accumulated losses		(436,378)	(477,339)
Equity attributable to shareholders' of the Parent Company		2,668,478	2,568,859
Non-controlling interests		154,405	132,985
Total equity		2,822,883	2,701,844
<u>Liabilities</u>			
<u>Non-current liabilities</u>			
Non-current borrowings	18	701,733	603,111
Other non-current liabilities	19	92,482	79,641
Deferred tax liabilities		90,618	62,970
Total non-current liabilities		884,833	745,722
<u>Current liabilities</u>			
Current borrowings	18	107,910	82,440
Payables and other current liabilities	19	437,668	261,580
Tax liabilities – income tax		107,906	102,105
Provisions	21	640,900	619,193
Total current liabilities		1,294,384	1,065,318
Total Equity and Liabilities		5,002,100	4,512,884

- 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 THREE MONTHS ENDED MARCH 31, 2016

(in thousands of EGP)	Note	Three months ended March 31, 2016	Three months ended March 31, 2015
Continued operations			
Operating revenues	6	110,750	63,733
Other income		1,873	2,203
Purchases and services costs	7	(64,576)	(46,566)
Other expenses and provisions		(40,822)	180,347
Personnel costs		(61,909)	(36,156)
Depreciation and amortization		(19,640)	(22,544)
Capital gains		38	1,229,589
Finance income	8	4,420	(1,048,422)
Finance expense	8	(14,295)	(1,971)
Foreign exchange gains (losses)	8	166,892	(78,451)
Group's share of losses of investments in associates		-	(4,821)
Profit for the period from continuing operations before income tax		82,731	236,941
Income taxes	9	(33,998)	(170,458)
Profit for the period from continuing operating		48,733	66,483
Discontinued operation			
Discontinued operations results	10	-	307,372
Net profit for the period		48,733	373,855
Attributable to:			
<i>Shareholders' of the Parent Company</i>		40,961	306,120
<i>Non-controlling interests</i>		7,772	67,735
		48,733	373,855
Basic and diluted earnings per share – in EGP	20	0.008	0.058

- 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 COMPREHENSIVE INCOME STATEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2016

(in thousands of EGP)	Three months ended March 31, 2016	Three months ended March 31, 2015
Net profit of the period	48,733	373,855
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss, net of tax		
Currency translation differences	72,196	108,525
Revaluation of available for sale investments	110	-
Total comprehensive income for the year	121,039	482,380
Attributable to:		
<i>Owners of the parent</i>	<i>99,619</i>	<i>396,210</i>
<i>Non-controlling interest</i>	<i>21,420</i>	<i>86,170</i>

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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 CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2016

(in thousands of EGP)

As at January 1, 2015

Translation differences of the financial statements of foreign subsidiaries
Disposal of Group's share in change in equity statement of associate
Net profit for the period
As at March 31, 2015

	Issued and paid up capital	Legal reserve	Translation reserve for foreign subsidiaries	Available for sale investments	Other reserves	Retained earnings	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
	2,203,190	502,073	436,177	-	1,438	3,380,437	6,523,315	1,353,676	7,876,991
	-	-	90,090	-	-	-	90,090	18,435	108,525
	-	-	-	-	(1,438)	-	(1,438)	-	(1,438)
	-	-	-	-	-	306,120	306,120	67,735	373,855
	2,203,190	502,073	526,267	-	-	3,686,557	6,918,087	1,439,846	8,357,933

(in thousands of EGP)

As at January 1, 2016

Comprehensive income:
Translation differences of the financial statements of foreign subsidiaries
Revaluation of available for sale investment
Net profit for the period
Total comprehensive income
As at March 31, 2016

	Issued and paid up capital	Legal reserve	Translation reserve for foreign subsidiaries	Available for sale investments	Other reserves	Accumulated losses	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
	2,203,190	502,073	340,935	-	-	(477,339)	2,568,859	132,985	2,701,844
	-	-	58,548	-	-	-	58,548	13,648	72,196
	-	-	-	110	-	-	110	-	110
	-	-	-	-	-	40,961	40,961	7,772	48,733
	-	-	58,548	110	-	40,961	99,619	21,420	121,039
	2,203,190	502,073	399,483	110	-	(436,378)	2,668,478	154,405	2,822,883

- 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, 2016**

(in thousands of EGP)	Note	Three months ended March 31, 2016	Three months ended March 31, 2015
<u>Continued operations</u>			
<u>Cash flows from operating activities</u>			
Profit for the period before income tax		82,731	236,941
<i>Adjustments for:</i>			
Depreciation, amortization, and impairment in non-current assets		19,640	22,544
Losses in revaluation of financial derivatives at fair value		-	1,049,434
Finance income		14,295	1,971
Finance expense		(4,411)	(1,012)
Foreign exchange differences		(166,890)	78,451
Gains on sale of investments in associates		-	(1,229,589)
Group's share of gains of investments in associates		-	4,821
Change in provisions		22,194	(180,870)
Changes in current assets reported in working capital		(5,747)	(15,085)
Changes in current liabilities reported in working capital		79,338	32,046
Cash flows generated by operating activities		41,150	(348)
Income taxes paid		(14,155)	(2,759)
Credit interest paid		(7,697)	(1,971)
Credit interest collected		4,411	1,012
Net Cash flows generated by (used in) operating activities		23,709	(4,066)
<u>Cash flows from investing activities</u>			
Cash outflows for investments in:			
Property and equipment		(63,252)	(15,396)
Intangible assets		(493)	(351)
Non-current financial assets		(9,332)	(2,738)
Net disbursement used in acquisition of subsidiaries		(1,782)	-
Net proceeds from:			
Disposal property and equipment		1,968	2,504
Disposal of investments in subsidiaries		-	1,815,268
Disposal of investments in associates		37,446	-
Net cash flows (used in) generated by investing activities		(35,445)	1,799,287
<u>Cash flows from financing activities</u>			
Net proceeds from non-current borrowings		47,078	1,350
Net payment to financial liabilities		(165)	(10,147)
Net cash flows generated by (used in) financing activities		46,913	(8,797)
Net change in cash and cash equivalents during the period from continued operations		35,177	1,786,424
<u>Discontinued operations</u>			
Net cash flow generated from operating activities		-	477,728
Net cash flow used in investing activities		-	77,225
Net changes in cash and cash equivalent during the period from discontinued operations		-	554,953
Net changes in cash and cash equivalent during the period		35,177	2,341,377
Effect of foreign exchange on cash and cash equivalents in foreign currencies		174,557	(106,587)
Cash and cash equivalents at the beginning of the period		1,585,219	931,618
Cash and cash equivalents at the end of the period		1,794,953	3,166,408

- 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" and the Egyptian laws, and Regulations, and should read these condensed consolidated interim financial statements in conjunction with the annual consolidated financial statements for the year ended December 31, 2015.

The Minister of Investment's decree No. (110) of 2015 was issued on July 9, 2015. It has been decided to replace and supersede the former Egyptian Accounting Standards for the preparation and presentation of financial statements with new version of Egyptian Accounting Standards. And the application of the former Egyptian Accounting Standards issued by Ministerial Decree No. 243 of 2006 was cancelled, effective as of the date of applying this Decree.

This Decree was published in the Official Gazette, and shall be effective as of the first day of January 2016, and will be applied on the entities whose fiscal year starts on or after this date.

On May 15, 2016, the Minister of Investment issued Decree No. (53) of 2016, whereby the amended Egyptian Accounting Standards includes the addition of the Egyptian Accounting Standard (46) in the provisions of the transitional period for some amended accounting standards. This Decree was published in the Official Gazette, and shall be effective on the day following its publication date. With respect to the standards for whom no transitional provisions were issued, management has decided to apply the requirements of amended Egyptian Accounting Standard No. (5) "The Accounting Policies, Changes in the Accounting Estimates and Errors".

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

3- Basis for preparation of condensed consolidated interim financial statements

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

Revised EAS (1) Presentation of Financial Statements

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

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

Revised EAS (10) Property, Plant and Equipment

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

Revised EAS (14) Borrowing Costs

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

Revised EAS (18) Investments in associates

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

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

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

Revised EAS (20) Finance Lease

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

Revised EAS (23) Intangible Assets

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

Revised EAS (25) Financial Instruments: Presentation

- Any Puttable instrument is classified as an equity instrument rather than a financial liability if it has all the features and meets the conditions in paragraphs 16A and 16B or paragraphs 16C and 16D of the same standard, from the date the instrument possessed these features and met the conditions stated in these paragraphs.
- An entity should reclassify the financial instrument from the date the instrument has ceased possessing these features, or meeting the conditions stated in these paragraphs. There is no impact for these amendments on the company's condensed consolidation interim financial statements.

Revised EAS (29) Business Combination

- The purchase method was cancelled and replaced by the acquisition method; as results:
 1. Changing the acquisition cost to become cash consideration transferred; and to be measured at the fair value acquisition date.
 2. Contingent consideration: the fair value of the consideration shall be recognized at the acquisition date as part of consideration transferred.
 3. Changing the method of measuring goodwill in case of step acquisition made.

The transaction cost (the cost related to the acquisition): shall be charged to the income statement as an expense in which the costs incurred it shall not be added to the cash consideration transferred; except for the costs of issuing equity as debt instruments directly related to acquisition process. There is no impact for these amendments on the company's condensed consolidation interim financial statements.

Revised EAS (34) Investment Properties

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

Revised EAS (36) Exploration and Evaluation of Mineral Resources

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

Revised EAS (38) Employee Benefits

- Actuarial Gains and losses

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

- The cost of the past service

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

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

New EAS (40) Financial Instrument - Disclosures

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

New EAS (41) Operating Segments

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

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

New EAS (42) the consolidated Financial Statements

- The new Egyptian Accounting Standard No. (42) "the consolidated Financial Statements" was issued accordingly Egyptian Accounting Standard No. (17) "the consolidated and separate Financial Statements" has changed to become " The separate Financial Instruments" pursuant to the new Egyptian Accounting Standards No. (42) " The consolidated Financial Statements"
- The Control Model has changed to determine the investee entity that must be consolidated.
- Accounting for the changes in the equity of the parent company in a subsidiary are accounted for as transactions with equity holders in their capacity as equity holders.
- Any investment retained in a former subsidiary re-measured at fair value at the date when control is lost and recognize any resulting difference in the income statement.
- Losses applicable to the non- controlling interest "NCI" in a subsidiary including component of other comprehensive Income are allocated to the owners of the holding entity and the NCI even if this causes the NCI to have a deficit balances.
- EAS 42 does not apply to
 1. Post-employment benefit plans or other long-term employee benefit plans Egyptian Accounting Standard No. (38),
 2. Investment funds excluded by regulators.

An entity in the date of applied the standard should not apply for the following amendments retrospectively: -

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

New EAS (43) Joint Arrangements

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

New EAS (44) Disclosure of interests in other entities

- A new Egyptian accounting standard No. (44) "Disclosure of interests in other entities" was issued in order to comprise all the required disclosures pertaining to all the investments in subsidiaries, associates, joint arrangements, and the unconsolidated structured entities. The objective of this standard is to comply the entity to disclose the information that enables the users of the financial statements to evaluate the nature and risks associated with its interests in other entities and the effect of those interests on its financial position, financial performance and cash flow. There is no impact for these amendments on the company's condensed consolidation interim financial statements.

New EAS (45) Fair Value Measurement

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

5- Segment reporting

(In thousand EGP)	For the period ended March 31, 2016				For the period ended March 31, 2015			
	Total Segment Revenue	Intersegment revenue	Revenue from external customers	EBITDA	Total Segment Revenue	Intersegment revenue	Revenue from external customers	EBITDA
Financial services	33,155	-	33,155	5,712	-	-	-	-
Management Fees	14,724	-	14,724	5,585	13,710	-	13,710	5,180
Investment Property	5,312	-	5,312	3,178	-	-	-	-
Cable	57,559	-	57,559	11,464	47,086	-	47,086	2,177
Other	6,707	(6,707)	-	(77,223)	7,539	(4,602)	2,937	156,193
Total	117,457	(6,707)	110,750	(54,682)	68,335	(4,602)	63,733	163,550

(In thousand EGP)	For the period ended March 31, 2016					For the period ended March 31, 2015				
	Property and equipment	Intangible assets	Investment property	Equity investments	Total	Property and equipment	Intangible assets	Investment property	Equity investments	Total
Financial services	6,142	347,309	-	-	353,451	5,588	347,309	-	-	352,897
Investment Property	-	-	550,434	-	550,434	-	-	502,569	-	502,569
Cables	964,369	119,076	-	-	1,083,445	814,386	106,796	-	-	921,182
Other	73,520	10,356	-	614,309	698,185	61,753	595	-	614,281	676,629
Total	1,044,031	476,741	550,434	614,309	2,685,515	881,727	454,700	502,569	614,281	2,453,277

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.

The table below illustrates the capital expenditure incurred by each segment :

(In thousand EGP)	For the period ended March 31, 2016	For the period ended March 31, 2015
Financial services	1,048	-
Cables	53,826	2,154
Other	8,840	152
Total	63,714	2,306

6- Operating revenues

(In thousand EGP)

	For the period ended March 31, 2016	For the period ended March 31, 2015
Financial segment revenue	33,155	-
Interconnection traffic tariff	57,559	47,086
Management Fees	14,724	16,647
Revenue from investment property	5,312	-
Total	110,750	63,733

7- Purchases and services

(In thousand EGP)

	For the period ended March 31, 2016	For the period ended March 31, 2015
Miscellaneous lease contracts costs	11,985	10,881
Purchases of goods, materials cost and consumables	916	8,465
International telecommunication cost	8,338	6,564
Maintenance costs	20,793	2,345
Telecommunications cost	2,330	-
Utilities and energy costs	2,536	867
Advertising and promotional services	1,657	1,350
Consulting and professional services	7,760	6,023
Bank charges	1,798	752
Insurance expenses	577	478
Travel, accommodation, and flight expense	3,270	1,993
IT, supplies and expenses	558	216
Sites expense	1,000	945
Security expenses	293	275
Other services cost	765	5,412
Total	64,576	46,566

8- Net investment income (finance cost)

(In thousand EGP)

	For the period ended March 31, 2016	For the period ended March 31, 2015
Finance income from:		
Credit interest	4,411	1,012
Change in fair value of financial derivatives	-	(1,049,434)
Profit and Returns from Investment Funds	9	-
Total finance income / (cost)	4,420	(1,048,422)
Finance cost from:		
Debit interest	(12,917)	(562)
Other finance expenses	(1,378)	(1,409)
Total finance expense	(14,295)	(1,971)
Foreign exchange gains (losses)	166,892	(78,451)
Total gains (losses) on foreign exchange	166,892	(78,451)
Net investment income (finance cost)	157,017	(1,128,844)

9- Income tax

(In thousand EGP)

	For the period ended March 31, 2016	For the period ended March 31, 2015
Income tax for the period	13,859	168,201
Deferred tax	20,139	2,257
Total income tax	33,998	170,458

10- Discontinued operation results

The change in the results of the discontinued operations during the prior period in the value of the deconsolidation of the group operations in Koryolink co - note (11).

11- Investment in associates

(In thousand EGP)	Country	%	March 31, 2016	December 31, 2015
Cheo JV Technology- Koryolink (*)	North Korea	75	1,110,593	847,488
Electronic Fund Administration Services	Egypt	20	649	649
Axes Holding company Impairment	Egypt	33.90	4,742 (501,703)	4,742 (238,598)
Total			614,281	614,281

(*) Koryolink Company

(In thousand EGP)	March 31, 2016	December 31, 2015
Assets	9,864,092	8,108,272
Liabilities	(1,685,305)	(1,404,909)
Net assets	8,178,787	6,703,363
(In thousand EGP)	For the period ended March 31, 2016	For the period ended March 31, 2015
Revenues	660,192	-
Total expense	(309,385)	-
Post tax profit from continuing operations	350,807	-
Group's share in profits of associates	263,105	-

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 year 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. (42), 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 3,150 Million included in losses from discontinued operations in the income statement of the year ended December 31, 2015, In addition the Group Management have formed an impairment to the group share of profit during the first quarter of year 2016 which amounted to EGP 263,105 thousand.

This and in the light of new international sanctions that the United States administration has decided to impose on the North Korean government and its various departments, the Group's management to follow up ongoing activities to make sure that the sanctions not violated, and the two sides reached some understandings, regulatory framework and initial commercial that works on organizing the work of telecommunications market in North Korea.

This arrangements will guarantee the fair allocation of subscribers between Koryolink and the Government telecom operator "Kang Song NET" and initially handling some other issues faced by Koryolink, such as; the transfer of the cash balances in local currency to Euro using the parallel market rate (parallel market rate: 1 Euro is equivalent to 8,650 of the local currency, official rate: 1 Euro is equivalent to 118 of the local currency).

This is conditional that the Korean party will fulfill its obligations. In addition the arrangements setting rules allows the transfer of profits, in case of the availability of retained earnings and foreign currency balances, needed for the profit distribution process. The management of the Group is currently monitoring the execution of the arrangements, and following up on the remaining issues faced by the Company to reach a solution, in light of the new international sanctions.

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

(In thousand EGP)	For the period ended March 31, 2016	For the period ended March 31, 2015
Beginning balance	847,488	-
Group's share in profits of associates	263,105	-
Impairment	(496,961)	-
Ending balance	613,632	-

12- Property & Equipment and intangible assets (net)

	Property and Equipment	Intangible assets
Balance as of 1 January 2016	881,727	454,700
Additions	65,687	673
Disposals	(1,107)	-
Depreciation and amortization	(17,478)	(1,991)
Currency translation differences	115,202	13,521
NBV as of 31 March 2016	1,044,031	466,903
Balance as of 1 January 2015	2,093,198	517,811
Additions	34,756	351
Disposals	(2,504)	(2,956)
Depreciation and amortization	(127,347)	(7,407)
Currency translation differences	67,214	10,615
NBV as of 31 March, 2015	2,065,317	518,414

There is a pledged assets for Transworld equivalent to EGP 470 million, and this in exchange for facilities for the company in marine cables SMW5

13- Investment property (net)

The investment property balance comprise of the value of seven floors which owned by Victoire company in Brazil. The investment property is carried at its historical cost (with fair value USD 64,021 thousand) on the date of acquisition.

(In thousand EGP)

	Leased units	
	As of March 31, 2016	As of March 31, 2015
Balance at the beginning of the period	505,011	-
Currency translation differences	51,785	-
Balance at the end of the period	556,796	-
<u>Accumulated Depreciation and Amortization</u>		
As at the beginning of the period	2,442	-
Depreciation	1,212	-
Currency translation differences	2,699	-
As at the end of the period	6,353	-
NBV at the end of the period	550,443	-

14- Other financial assets

(In thousand EGP)

	March 31, 2016			December 31, 2015		
	Non-current	Current	Total	Non-current	Current	Total
Financial assets	1,860	3,690	5,550	1,506	2,304	3,810
Deposits	-	48,546	48,546	-	44,953	44,953
Financial assets at fair value through profit or loss (14-1)	-	1,846	1,846	-	-	-
Financial assets available for sale-at cost (14-2)	55,915	-	55,915	57,127	-	57,127
Financial assets available for sale-at fair value(14-3)	6,226	-	6,226	4,234	37,446	41,680
Total	64,001	54,082	118,083	62,867	84,703	147,570

14-1 Financial assets at fair value through profit or loss.

Investments at fair value through profit and loss:

Company name	As of March 31, 2016	As of December 31, 2015
Mutual fund	1,846	-
Total	1,846	-

14-2 Financial assets available for sale – at cost*

Company name	As of March 31, 2016	As of December 31, 2015
Smart Village	44,238	44,202
Misr for Central Clearing Depository and Registry	7,733	7,718
Guarantee Settlement Fund	3,858	5,073
El Arabi for Investment	194	194
MENA Capital	1,476	1,435
NRG for trade & distribution	1,196	1,196
Employee security	86	-
(Less): Impairment loss of available for sale investments	(2,866)	(2,691)
Total	55,915	57,127

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

14-3 Financial assets available for sale – at fair value

Company name	As of March 31, 2016	As of December, 31 2015
EGX 30	6,126	4,234
Treasury Bonds	100	37,446
Total	6,226	41,680

15- Cash and cash at banks

(In thousand EGP)	As of 31 March 2016	As of December 31, 2015
Banks – Current accounts	1,791,012	1,578,882
Cash on hand	3,941	3,441
Financial investment at fair value through P&L – Mutual fund certificate	-	2,896
Total	1,794,953	1,585,219

The current account at banks include an amount equivalent to EGP 14 Million pledged as a guarantee for the credit facilities granted to TransWorld Associates.

16- Other assets (net)

	As of 31 March 2016			As of December 31, 2015		
	Non current	Current	Total	Non current	Current	Total
Prepaid expenses	87,226	44,001	131,227	72,873	37,751	110,624
Advance to suppliers	-	14,019	14,019	-	11,188	11,188
Amounts due from tax authority	-	950	950	-	1,001	1,001
Employees' loans	-	2,430	2,430	-	-	-
Income tax	-	60,564	60,564	-	50,060	50,060
Other receivables	-	32,330	32,330	-	16,449	16,449
Allowance for doubtful accounts	-	(3,503)	(3,503)	-	-	-
Total	87,226	150,791	238,017	72,873	116,449	189,322

17- Issued and paid up capital

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

18- Borrowings

	For the period ended March 31, 2016	For the period ended March 31, 2015
Balance at beginning of the Period	685,551	44,362
Current portion	82,440	29,345
Non-current portion	603,111	15,017
Payments for borrowings	(165)	(10,147)
Proceeds from borrowings	61,028	1,350
Foreign exchange differences	63,229	2,520
Balance at the end of the Period	809,643	38,085
current portion	107,910	21,388
non-current portion	701,733	16,697

Loans for Trans World associate

Borrowings include loans obtained from the shareholders of Trans World associate private by an amount equivalent to EGP 25 Million of which EGP 20 Million due within one year and EGP 5 Million due after more than one year with an interest rate of 1.58% per annum.

Borrowings also include loans obtained from banks by an amount equivalent to EGP 216 Million from which EGP 16 Million due within one year and EGP 200 Million due after more than one year these borrowings were obtained by Trans World Associate Private with interest rates ranges between 1% to 13%.

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

On November 12, 2015 the Company obtained the syndicated loan from a group of financial institutions represented in a long-term loan with a maximum limit of EGP 250 Million for the purpose of partial financing of acquisition of a portion within the limits of 87% of the shares of the company.

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

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

Other credit facilities:

The Company has signed a credit facility as a Medium Term Loan agreement to finance the purchase of assets related to the Company from an Egyptian bank on the first quarter of 2016, it provides the Company with credit facility amounts up to EGP 2 million with available duration sixty-seven months, and till the date of the financial statements for the current period the Company used amounts of EGP 400 thousand.

19- Payables and other liabilities

(In thousand EGP)	March 31, 2015			December 31, 2015		
	Non-current	Current	Total	Non-current	Current	Total
Property and equipment suppliers	-	3,186	3,186	-	2,514	2,514
Trade payables	-	148,547	148,547	-	60,250	60,250
Customers' credit balance	-	134,897	134,897	-	85,404	85,404
Other payables	-	21,098	21,098	-	22,532	22,532
Prepaid traffic and deferred revenue	82,189	7,574	89,763	66,509	5,828	72,337
Due to governmental authorities	-	64,673	64,673	-	39,768	39,768
Personnel accrued expenses	-	9,459	9,459	-	8,437	8,437
Customer deposits	-	7,843	7,843	-	-	-
Other credit balances	10,293	40,391	50,684	13,132	36,847	49,979
Total	92,482	437,668	530,150	79,641	261,580	341,221

20- 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 year.

Diluted: Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all convertible financial instruments and share options. The net profit is adjusted by omission of the cost of convertible debt instruments taking tax effect into consideration. As for share option the average potential shares to be issued by options is added to the average ordinary shares and deducting from that the average potential shares weighted by the relation between the exercise price and average fair value of the share during period. As there are no debt instruments that are convertible to bonds, so diluted and basic earnings per share are equal.

Profit attributable to equity holders of the parent company (In Thousand EGP)

Weighted average number of shares for the year (in thousands of shares)

Earnings per share – basic and diluted (in EGP)

From continued operation (in EGP)

From discontinued operation (in EGP)

	March 31, 2016	March 31, 2015
	40,961	306,120
	5,245,690	5,245,690
	0.008	0.058
	0.008	0.058
	-	-

21- Provisions

As at the beginning of the period

Formed

Reclassification

Foreign exchange differences

No longer required

Balance as at the end of the Period

	March 31, 2016	March 31, 2015
	619,187	546,891
	19,001	1,708
	1,432	4,367
	1,280	525
	-	(182 578)
	640,900	370,913

Provisions are related to expected claims resulting from the Group companies' ordinary course of business. The required information about these provisions were not disclosed, according to the Egyptian Accounting Standards, because the management of the Group believes that doing so, will strongly affect the final settlement of these provisions for claims.

22- Capital Commitments

The capital commitments as of March 31, 2016 are as follows:

(In thousand EGP)

Commitments related to property and equipment

Other commitments

Total

	March 31, 2016	December 31, 2015
	319,999	243,262
	190,002	180,941
	510,001	424,203

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

23- 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)

- An amount of US\$ 477 Thousand equivalent to EGP 3 736 is under lien in favor of LinkdotNet Telecom limited

- 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.

- A pledged amount at NIB bank equivalent to EGP 8 Million for the agreed credit facility.

- An amount of Rs 2 200 Thousand equivalent to EGP 165 Thousand is under lien with Habib Bank in favor of Higher Education Commission.

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

- A guarantee issued to 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.

24- Non-adjusting events

- On February 14, 2016 the group submitted a non-Bidding offer to acquire CI Capital Holding from CIB Bank, Orascom Telecom Media and Technology Holding S.A.E ("OTMT") announced that it has submitted a Binding offer to the Commercial International Bank ("CIB") to acquire 100% of its fully owned subsidiary CI Capital, the value of the offer is EGP 924 Million to be executed through Beltone financial Holding (Subsidiary company). OTMT has received the acceptance from CIB on the Binding offer subject to reaching an agreement on the final terms and conditions. Moreover, the company extend the validity of completion of the transaction in the subsequent period and paid EGP 50 million as down payment to prove its seriousness in executing the acquisition transaction, On June 9, 2016 the Company announced the non-extension of the validity of the sale between the CIB and Beltone Financial Holding and the refund of the down payment to the company. The deferral of completion is driven by the prolonged period to obtain the "no objection" certificate from the Egyptian Financial Supervisory Authority ("EFSA").

Beltone Financial Holding "Subsidiary":

- On May 16, 2016 Board of Directors of Beltone Financial Holding "Subsidiary" proposal to increase the authorized capital from EGP 1 billion to EGP 3 billion, and to increase the issued & paid-up capital from EGP 338,031,338 to EGP 1,338,031,958 an increase of one billion of Egyptian pounds distributed over 500 Million shares with par value EGP 2 per share by inviting the former shareholders to underwrite in the capital increase, and the proposal will be introduced to Extraordinary General Assembly Meeting of the company, which will be held after obtaining the consent of the Egyptian Financial Supervisory Authority and Egyptian stock exchange.
- On June 1, 2016 Board of Directors of Beltone Financial Holding "Subsidiary" accept the acquisition of 51% of Auerbach Grayson Company with recommendation of BOD for approval, and to assign an independent financial consultant for the Company valuation.
- On June 27, 2016 the board of directors of Beltone Financial Holding Company have been accepted the acquisition offer to acquire 100% of Arab Finance company's shares which amounted to EGP 23 Million, Also the board of directors of Beltone Financial Holding Company have been accepted the acquisition offer to acquire 70% of Service of the small infinite projects Company "Reefy", which valuated to EGP 105 Million by independent financial consultant.

Chief financial officer



Chairman & Chief executive officer

