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, 2014

Together with Auditor's Review Report

Deloitte.

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Translation of Review Report
Originally Issued in Arabic

Review Report

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Orascom Telecom, Media and Technology Holding – S.A.E which comprise of condensed consolidated interim statement of financial position as of March 31, 2014 and the related condensed consolidated interim statements of income, changes in equity and cash flows for the three months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of the condensed consolidated interim financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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.

Conclusion

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 entity as at March 31, 2014, 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".

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Emphasis of matters

We draw attention to note (20) to the accompanying condensed consolidated interim financial statements which describes in more details that the net assets of Koryolink (subsidiary) equivalent to EGP 3,601 million of the Group's consolidated net assets amounting to EGP 8,131 million as of March 31, 2014. Also Koryolink assets include cash balances in North Korean currency equivalent to EGP 3,638 million and are reported within non-current financial assets in the condensed consolidated interim financial statements due to the restrictions imposed on cash transfers from the local currency into foreign currency, and the exchange rates in North Korea.

We draw attention to note (10) to the accompanying condensed consolidated interim financial statements which describes in more details that according to management's best estimate, and in light of the available information, there are no differences between the tax basis and accounting basis of the recognized assets and liabilities related to the Group's subsidiary in North Korea (Koryolink) that might result in the recognition of any deferred tax assets or liabilities at March 31, 2014. Management believes that in case any additional information has developed in future periods that would give rise to such differences on the assets or liabilities recognized in the financial statements as of March 31, 2014, management would revise its estimates, and recognition of deferred taxes associated with those assets and liabilities might be required.

Our conclusion on the accompanying condensed consolidated interim financial statements as of March 31, 2014 is not qualified in respect to the above paragraphs.

Cairo, May 14, 2014

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, 2014

(in thousands of EGP)	Note	March 31, 2014	December 31, 2013
Assets			
Non-current assets			
Fixed assets (net)	11	2,539,956	2,579,110
Intangible assets (net)	11	431,624	437,642
Investments in associates (net)	9	626,520	641,807
Other non-current financial assets	12	5,143,579	4,792,328
Other assets		47,492	44,527
Total non-current assets		8,789,171	8,495,414
Current assets			
Inventories		2,148	3,546
Trade receivables (net)		451,107	459,102
Other financial assets	12	26,337	25,008
Other assets		116,645	86,613
Cash and cash equivalents		1,008,175	866,850
Total current assets		1,604,412	1,441,119
Total Assets		10,393,583	9,936,533
Equity and Liabilities			
Share capital	13	2,203,190	2,203,190
Reserves		1,078,209	1,081,232
Retained earnings		3,688,629	3,442,381
Equity attributable to shareholders' of the parent Company		6,970,028	6,726,803
Non-controlling interests		1,160,709	1,082,345
Total equity		8,130,737	7,809,148
Liabilities			
Non-current liabilities			
Non-current borrowings	14	26,221	15,955
Other non-current liabilities	15	44,164	37,724
Defined benefits obligation		16,150	15,872
Deferred tax liabilities		95,499	90,979
Total non-current liabilities		182,034	160,530
Current liabilities			
Current borrowings	14	46,451	44,861
Other current liabilities	15	1,296,321	1,310,498
Tax liabilities – income tax		217,223	109,871
Provisions	17	520,817	501,625
Total current liabilities		2,080,812	1,966,855
Total Liabilities		2,262,846	2,127,385
Total Equity and Liabilities		10,393,583	9,936,533

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

Chief financial officer **Chief executive officer**

Review report 'attached'.

Translation of Financial Statements
Originally Issued in Arabic

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2014

(in thousands of EGP)	Note	For the three months ended March 31, 2014	For the three months ended March 31, 2013
Operating revenues	6	782,254	711,936
Other income		710	7,750
Purchases and services costs	7	(236,181)	(196,120)
Other expenses		(28,058)	(36,807)
Personnel costs		(68,053)	(58,955)
Depreciation and amortization		(66,578)	(53,098)
Impairment		-	(2)
Capital gains		-	296
Operating income		384,094	375,000
Finance income	8	67,447	141,040
Finance costs	8	(2,984)	(3,041)
Foreign exchange gains	8	3,245	80,015
Share of loss in investments in associates	9	(15,287)	(14,534)
Profit before income taxes		436,515	578,480
Income taxes	10	(112,179)	(53,162)
Net profit for the period		324,336	525,318
Attributable to:			
Shareholders of the parent company		246,248	438,297
Non-controlling interests		78,088	87,021
		324,336	525,318
Earnings per share (basic and diluted) – (in EGP)	16	0,05	0,08

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

Chief financial officer **Chief executive officer**

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2014

(in thousands of EGP)	Share capital	Legal reserve	Translation reserve for foreign subsidiaries	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interest	Total equity
As at January 1, 2013	2,203,190	414,501	239,944	-	4,158,551	7,016,186	612,494	7,628,680
Financial statements translation differences of foreign subsidiaries	-	-	221,588	-	-	221,588	37,551	259,139
Dividends to shareholders of the parent company	-	-	-	-	(1,352,000)	(1,352,000)	-	(1,352,000)
Transfer to legal reserve	-	87,572	-	-	(87,572)	-	-	-
Net profit for the period	-	-	-	-	438,297	438,297	87,021	525,318
As at March 31, 2013	2,203,190	502,073	461,532	-	3,157,276	6,324,071	737,066	7,061,137

(in thousands of EGP)	Share capital	Legal reserve	Translation reserve for foreign subsidiaries	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interest	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
Financial statements translation differences of foreign subsidiaries	-	-	(3,023)	-	-	(3,023)	276	(2,747)
Net profit for the period	-	-	-	-	246,248	246,248	78,088	324,336
As at March 31, 2014	2,203,190	502,073	574,698	1,438	3,688,629	6,970,028	1,160,709	8,130,737

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

Chief financial officer

Chief executive officer

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ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2014

(in thousands of EGP)	For the three months ended March 31, 2014	For the three months ended March 31, 2013
Profit for the period before income tax	436,515	578,480
Adjustments by:		
Depreciation, amortization and impairment charges	66,578	53,102
Gains on Revaluation of financial derivatives at fair value	(65,907)	(137,031)
Finance cost	2,984	2,763
Finance income	(1,540)	(4,009)
Foreign exchange differences	(3,245)	(58,007)
Share of loss in investments in associates	15,287	14,534
Change in provisions	19,436	30,695
Capital gains	-	(296)
Changes in current assets reported in working capital	(15,902)	22,682
Changes in current liabilities reported in working capital	41,626	119,078
Cash flows generated by operating activities	495,832	621,991
Income taxes paid	(3,797)	(17,028)
Finance cost paid	(2,984)	(2,763)
Finance income collected	1,540	4,009
Net Cash flows generated by operating activities	490,591	606,209
Cash flow from investing activities		
Cash outflows for investments in:		
- Fixed assets	(65,113)	(86,211)
- Intangible assets	-	(12,769)
- Non-current financial assets	(326,935)	(423,319)
Proceeds from disposal of:		
- Fixed assets	5,952	2,026
- Intangible assets	27,640	-
Cash flows used in investing activities	(358,456)	(520,273)
Cash flow from Financing activities		
Net Proceeds from (payments) for Non-current borrowings	25,558	7,674
Net Proceeds from (payments) for financial liabilities	(15,631)	-
Cash flows generated by financing activities	9,927	7,674
Net change in cash and cash equivalents during the period	142,062	93,610
Effect of exchange rates on cash and cash equivalents	(737)	102,771
Cash and cash equivalents at the beginning of the period	866,850	1,989,834
Cash and cash equivalents at the end of the period	1,008,175	2,186,215

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

Chief financial officer **Chief executive officer**

1- General information about Parent of the group

a- Legal Status

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

b- Purpose of the Company

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

c- Brief over the incorporation of the Company

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

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

2- Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the Egyptian Accounting Standard No. (30) "Interim Financial Reporting". As permitted by EAS (30), condensed consolidated interim financial statements do not include all of the information required for the full annual financial statements, and should be read in conjunction with the separate financial statements for year ended December 31, 2013.

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 consolidated financial statements

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

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

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

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

A) Basis of measurement

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

B) Presentation currency

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

C) Critical accounting judgments and key sources of uncertainty estimates

Preparation of the consolidated 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, 2013. 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	Media & Technology	Cables	Other	Total
For the three months ended March 31, 2014						
Operating revenues	590,266	12,588	141,712	39,337	26,606	810,509
(Deducted) intercompany revenues	–	–	(4,649)	–	(23,606)	(28,255)
Operating revenues from parties outside the group	**590,266**	**12,588**	**137,063**	**39,337**	**3,000**	**782,254**
EBITDA	**451,958**	**6,360**	**(6,966)**	**2,381**	**(3,061)**	**450,672**
Unallocated items						
Depreciation and amortization						(66,578)
Impairment						–
Capital gains						–
Finance income						67,447
Finance costs						(2,984)
Foreign exchange gains						3,245
Share of loss in investments in associates						(15,287)
Profit for the period before income taxes						**436,515**
For the three months ended March 31, 2013						
Operating revenues	507,329	51,965	133,350	38,503	–	731,147
(Deducted) intercompany revenues	–	(19,211)	–	–	–	(19,211)
Operating revenues from parties outside the group	**507,329**	**32,754**	**133,350**	**38,503**	–	**711,936**
EBITDA	**396,993**	**1,101**	**20,398**	**9,398**	–	**427,890**
Unallocated items						
Depreciation and amortization						(53,098)
Impairment						(2)
Capital gains						296
Finance income						141,040
Finance costs						(3,041)
Foreign exchange losses						80,015
Share of losses in investment in associates						(14,534)
Profit for the period before income tax						**578,480**

Assets (In thousand EGP)	GSM	Media & Technology	Cables	Other	Total
As at March 31, 2014					
Property and equipment	1,145,941	71,811	1,278,957	43,247	2,539,956
Intangible assets	389,264	31,605	8,984	1,771	431,624
As at December 31, 2013					
Property and equipment	1,194,349	75,158	1,166,055	43,548	2,579,110
Intangible assets	395,539	31,897	9,071	1,135	437,642

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

(In thousand EGP)	For the three months ended Mach 31, 2014	For the three months ended March 31, 2013
Telephone Services	609,000	519,539
Interconnection traffic tariff	84,656	64,469
Content downloads	50,619	74,155
Management Fees	15,588	32,752
Other services	22,391	21,021
Total	782,254	711,936

The increase in telephone services revenue is due to the increase in the revenues generated from the telecommunications operator in North Korea "Koryolink" amounting to EGP 89,461 thousand which is due to the increase in the numbers of users between the current and comparative period.

7- Purchases and services

(In thousand EGP)	For the three months ended Mach 31, 2014	For the three months ended March 31, 2013
Telecommunications cost	57,857	50,226
Customer acquisition and retention costs	21,928	23,130
Maintenance costs	16,247	11,481
Utilities and energy	5,259	4,165
Advertising and promotional services	3,162	3,085
Miscellaneous lease contracts costs	36,562	33,793
Consulting and professional services	11,031	22,806
Purchases of goods, materials cost and consumables	57,528	30,651
Insurance expenses	1,118	970
Other services cost	24,839	14,650
Interconnection traffic	650	1,163
Total	236,181	196,120

The increase in purchases of goods and consumable materials of Orascom telecom ventures amounting to EGP 26,877 is due to the increase in the cost of managing electronic sites between the current and comparative period.

8- Net finance income

(In thousand EGP)	For the three months ended Mach 31, 2014	For the three months ended March 31, 2013
Finance income from:		
Finance income	1,540	392
Change on fair value of financial derivatives	65,907	137,031
Total finance income	67,447	141,040
Finance costs from:		
Debit interest	(2,414)	(1,893)
Other finance costs	(570)	(1,148)
Total finance costs	(2,984)	(3,041)
Foreign exchange gains	3,245	80,015
Total gains on foreign exchange	3,245	80,015
Net finance income	67,708	218,014

The decrease in finance income is due to the decrease in fair value of financial derivatives during the current period amounting to EGP 71,124 thousand.

9- Investment in associates

(In thousand EGP)	Country	%	March 31, 2014	December 31, 2013
MT Telecom SCRL	Belgium	28.75	56,073	56,072
Egyptian Company For Mobile Services	Egypt	5	570,447	585,735
			626,520	641,807

The following table identify the detailed transactions on investments:

(In thousand EGP)	March 31, 2014	December 31, 2013
Beginning balance before impairment	734,855	781,996
Beginning balance of impairment	(93,048)	-
Net investments at the beginning of the period/year	641,807	782,996
Share of loss of the group in the investments in associates	(15,287)	(48,579)
Share of the group in associates reserves	-	1,438
Impairment during the period / year	-	(93,048)
	626,520	641,807

The carrying amount of the investments in associates decreased by an amount of EGP 15.3 million as result of the Group's share of the additional losses of the associate companies during the current period.

The following table includes financial information of the Egyptian company for mobile services as of March 31, 2014, and which the company has voting rights and economic benefits:

(In thousand EGP)	March 31, 2014	December 31, 2013
Total assets	15,962,862	15,923,652
Total liabilities	(14,361,275)	(14,146,098)
Net assets	1,601,587	1,777,554
	March 31, 2014	March 31, 2013
Total revenues	2,666,020	2,524,917
Share of loss of investments in associates	(15,287)	(14,534)

10- Income tax expense

(In thousand EGP)	For the three months ended March 31, 2014	For the three months ended March 31, 2013
Income Tax for the period	108,865	40,273
Deferred tax for the period	3,314	12,889
Total income tax	112,179	53,162

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

Management believes that pursuant to the agreement signed with the government of North Korea which organizes shareholders relationship in the operator of mobile phone service, the Company's financial statements prepared in accordance with IFRS will be the base used to determine taxable profits following the tax exemption period.

In the absence of specific legal requirements or information of any adjustments required to net accounting profits for the purposes of calculating the income tax according to tax law on the foreign activities in North Korea, and in the absence of any sources of reliable information in similar situations of other foreign activities, in accordance with the limited information available, Management believes that there are no differences between the tax base and the accounting base of assets and liabilities recorded in the financial statements of the subsidiary at the date of the consolidated financial statements, accordingly no deferred tax assets or liabilities have been recognized.

Should additional information arise in future periods resulting in differences between the tax bases and accounting base of recorded assets and liabilities in the financial statements as at March 31, 2014, Management will reassess its estimate in a way that might result in the recognition of deferred taxes related to those assets and liabilities.

11- Fixed assets and intangible assets (net)

(In thousand EGP)	Property and equipment	Intangible assets
Balance as of January 1, 2014	2,579,110	437,642
Additions	17,372	702
Disposals	(5,952)	-
Depreciation and amortization	(60,328)	(6,250)
Currency translation differences	9,754	(470)
Net book value as of March 31, 2014	2,539,956	431,624
Balance as of January 1, 2013	**2,549,319**	**486,128**
Additions	484,269	20,141
Disposals	(1,450)	(58,008)
Depreciation and amortization	(201,550)	(23,317)
Impairment	(464,720)	(2,800)
Currency translation differences	213,242	15,498
Net book value as of December 31, 2013	**2,579,110**	**437,642**

12- Other financial assets

(In thousand EGP)	March 31, 2014			December 31, 2013		
	Non-current	Current	Total	Non-current	Current	Total
Financial assets	353	2,939	3,292	327	3,642	3,969
Financial instruments and derivatives	1,460,641	-	1,460,641	1,394,734	-	1,394,734
Deposits	3,638,302	23,398	3,661,700	3,352,917	21,366	3,374,283
Financial assets available for sale	44,283	-	44,283	44,350	-	44,350
	5,143,579	26,337	5,169,916	4,792,328	25,008	4,817,336

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 (associate company), in addition to its indirect voting rights, to 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 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 France Telecom 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 Company appointed an independent valuator to estimate the fair value of both call and put options, referred to above, and which resulted in a financial asset to the company amounted to EGP 1 461 million (December 31, 2013; EGP 1 395 million) where the fair value was estimated using one of the accepted options' valuation methodologies.

12-2 Restricted deposits

Deposits as at March 31, 2014 include an amount of EGP 3 638 million relating to cash restricted in North Korea in local currency which is subject to restrictions on use for certain operating and capital expenditures in local currency only. The funds cannot be converted into foreign currency and cannot be repatriated overseas, subject to the laws of North Korea.

12-3 Available for sale investments

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

13- Share 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) as described in more detail in Note (1 - c).

14- Borrowings

(In thousand EGP)	March 31, 2014	December 31, 2013
Balance at beginning of the period	60,816	69,552
of which current portion	44,861	53,292
of which non-current portion	15,955	16,260
Net collections from (payments for) borrowings	9,927	(19,388)
Exchange rate differences	1,929	10,652
Ending balance	72,672	**60,816**
of which current portion	46,451	44,861
of which non-current portion	26,221	15,955

Borrowings include loans obtained from the shareholders of Trans World associate private by an amount of EGP 38 million from which EGP 23 million due within one year and EGP 11 million due after more than one year with an interest rate 1.58%.

Borrowings also include loans obtained from banks amounted to EGP 31 million from which EGP 20 million due within one year and EGP 11 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%.

In addition to the above; the balance also includes notes payable by Orascom telecom ventures amounted to EGP 6.1 million as at March 31, 2014.

15- Creditors and other liabilities

	March 31, 2014			December 31, 2013		
(In thousand EGP)	Non-current	Current	Total	Non-current	Current	Total
Fixed assets suppliers	-	187,803	187,803	-	236,220	236,220
Trade payables	-	282,490	282,490	-	325,425	325,425
Other payables	-	135,736	135,736	-	113,891	113,891
	-	606,029	606,029	-	675,536	675,536
Prepaid traffic and deferred revenue	13,387	513,631	527,018	12,456	500,854	513,310
Due to governmental authorities	-	20,309	20,309	-	21,288	21,288
Personnel accrued expenses	-	7,878	7,878	-	41,519	41,519
Other credit balances	30,777	148,474	179,251	25,268	71,301	96,569
	44,164	690,292	734,456	37,724	634,962	672,686
Total	44,164	1,296,321	1,340,485	37,724	1,310,498	1,348,222

16- 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.

	March 31, 2014	March 31, 2013
Net profit of the period (In thousand EGP)	246,248	438,297
Weighted average number of shares for the period (in thousands)	5,245,690	5,245,690
Earnings per share for the period (in EGP)	0.05	0.08

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.

17- Provisions

(In thousand EGP)	December 31, 2013	No longer required	Formed	Reclassification	Translation differences	March 31, 2014
Provision for claims	501,625	-	19,436	(90)	(154)	520,817
Total provisions	**501,625**	**-**	**19,436**	**(90)**	**(154)**	**520,817**

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.

18- Capital Commitments

The capital commitments are as follows:

(In thousand EGP)	March 31, 2014	December 31, 2013
Commitments related to fixed assets	1,381	61,665
Other commitments	188,937	152,612
Total	190,318	**214,277**

Other capital commitments arise from the commitments of the Group to acquire items of fixed assets related to the marine cables under construction by Middle East and North Africa for Sea Cables Company (subsidiary). The increase in capital commitments is due to the foreign currency exchanges differences resulted from translation of these commitments from its foreign currency to Egyptian currency (presentation currency).

19- Contingent liabilities

The contingent liabilities, excluding those related to the Egyptian Company for Mobile Services, are represented in guarantees issued by the holding company and related to the activities of its subsidiaries, as follows:

Orascom telecom, multimedia and technology holding

- A Letter of guarantee in favour of Lebanon Ministry of Telecommunication to guarantee Orascom Telecom Lebanon in the payment of any amount due by the selected participants amounting to USD 40 million.
- A guarantee is issued in favour of one of the suppliers of the subsidiary "Koryolink" amounting to USD 25 million.

Trans World Associates (Subsidiary)

- A bank guarantee issued in favour of one of the subsidiary's clients amounting to Rupees 345 600 to fulfil its contractual obligations represented in performing the contracted services.

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.

Egyptian Company for Mobile Services (Associate)

There is no change occurred in the position of administrative lawsuit filed by Egyptian Company for Mobile Services against National Telecommunication Regulatory Authority (NTRA) in which the administrative Court ruled to stop the implementation of the decisions taken by Egyptian Company for Mobile Services (Mobinil) on December 5, 2010. To know more details about the case mentioned above please refer to Note No. (32) of the notes to the Consolidated Financial Statements of the Group for the full fiscal year ended December 31, 2013.

20- Group's activities in North Korea

The Groups operations in North Korea relate primarily to the 75% holding in the local telecom operator Koryolink.

North Korea is subject to international sanctions imposed by the European Union and the United States, among others, as well as by the United Nations. These sanctions have the effect of restricting financial transactions and the import and export of goods and services, including goods and services required to operate, maintain and develop mobile networks.

Whilst these sanctions do not currently have a material impact on the operations of Koryolink, the Company's operating subsidiary in North Korea, as it is a domestic mobile operator with minimal foreign interaction, there can be no assurance that if international sanctions are changed or subject to enhanced enforcement, the Company's operating subsidiary in North Korea will be able to finance its operations, transfer funds to and from the Company or operate its mobile network in North Korea. If the Group becomes unable to continue to operate its business in North Korea, then this could adversely affect the business, financial position and results of operations of the Company.

In addition cash transfers in North Korea from local currency to foreign currencies is subject to control restrictions by the governmental authorities and, in particular, rules surrounding the repatriation of dividends to foreign investors, additionally the local currency of North Korea is not tradable outside the country. Such restrictions limit the level of dividends that can be paid to the Company from its North Korea operations. The Group has interests in a diverse range of business and is not currently dependent on, and does not expect to become dependent on its operations in North Korea to provide cash flow to service its obligations, meet committed CAPEX, obligations or continue its operations. In addition such currency control restrictions do not currently have a material impact on the Group and do not materially impact on the ability of the Group to service its liabilities which are currently outstanding and the Company does not expect the impact of these restrictions on the Group to become material to the Group and the Company does not expect these restrictions to have a material effect on the on-going business of the Group.

The net assets of Koryolink (subsidiary) reached EGP 3 601 million of the Group's consolidated net assets amounting to EGP 8 131 Million as of March 31, 2014. Also Koryolink assets include cash balances in North Korean currency equivalent to EGP 3 638 million and are reported within non-current financial assets in the condensed consolidated interim financial statements due to the restrictions imposed on cash transfers from the local currency into foreign currency in North Korea as referred to in previous paragraphs. The interim financial statements of the subsidiary were translated using the official exchange rate announced by North Korean banks as at March 31, 2014 and which is determined by Government noting that there is no free floating currency exchange market in North Korea.

21- Non-cash transactions

Significant non-cash transactions are represented in amounts which were eliminated from investing activities and operating activities during the period, as follows:

- Elimination of effect of non-cash transaction related to intangible assets during the period amounted to EGP 702 thousand from both investing activities and current liabilities included in working capital.

Chief financial officer **Chief executive officer**