

**Orascom Telecom, Media  
And Technology Holding (S.A.E)**

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

**Condensed Separate Interim Financial Statements**

**For the nine months ended September 30, 2015**

**Together with Limited Review Report**

## **Limited Review Report**

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

### **Introduction**

We have reviewed the accompanying condensed separate interim financial statements of Orascom Telecom, Media and Technology Holding – S.A.E which comprise the condensed separate interim statement of financial position as of September 30, 2015 and the related condensed separate interim statements of income, changes in equity and cash flows for the nine months period then ended. Management is responsible for the preparation and fair presentation of the condensed separate interim financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our review.

### **Scope of Review**

Except for the matters explained in the following paragraph, we conducted our review in accordance with Egyptian Standard on Review Engagements (2410) "Review of Interim Financial Statement Performed by the Independent Auditor of the Entity". A review of condensed separate interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these condensed separate interim financial statements.

### **Basis for Qualified Conclusion**

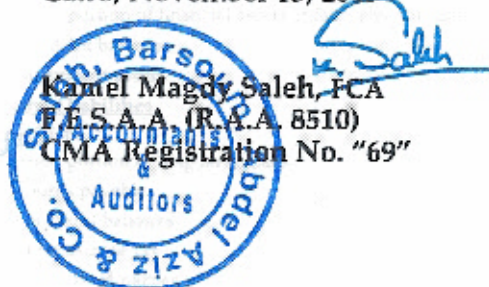
As disclosed in more details in note (11) to the condensed separate interim financial statements, the company has modified the accounting treatment of the investment in CHEO Technology JV (Koryolink) to be investment in associate instead of investment in subsidiaries. In the group management's view, the control over the subsidiary's activities was lost, due to the increase of the severity of financial and operational obstacles and the futility of the negotiation conducted by the management of the Group and the Korean side to the expected results that would remove some of such obstacles according to management estimates. Thus the investment in CHEO Technology JV (Koryolink) was measured at cost which represented the value that expected to be recovered by the company from its investments in the future.

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

## Qualified Conclusion

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

Cairo, November 15, 2015



**Drascom Telecom, Media and Technology Holding "S.A.E"**  
**Subject to the provisions of law no. 95 for year 1992 and its executive regulations**  
**Condensed separate interim financial position as of September 30, 2015**

(In thousand EGP)	Note No.	September 30, 2015	December 31, 2014
<b>Non-current assets</b>			
Property and equipment (net)	(7)	45 209	42 463
Intangible assets (net)	(8)	1 237	1 466
Investments in subsidiaries (net)	(9)	1 166 565	1 778 421
Amounts paid under capital increase in subsidiaries	(10)	2 663	-
Available for sale investments		-	160
Investments in associates	(11)	613 632	272 560
Due from related parties - non current	(12, 23)	13 178	16 112
Financial assets at fair value through profit or loss - financial derivatives	(13-b)	-	805 207
Time deposits - Non-current	(14)	5 600	-
<b>Total non-current assets</b>		<b>1 848 084</b>	<b>2 916 389</b>
<b>Current assets</b>			
Cash and bank balances	(15)	1 853 462	73 075
Due from related parties - current (net)	(12, 23)	73 773	197 338
Current portion of financial assets at fair value through profit or loss	(13)	6,681.00	244 227
Other debit balances		4 480	3 632
<b>Total current assets</b>		<b>1 938 396</b>	<b>518 272</b>
<b>Current liabilities</b>			
Provisions	(16)	278 372	460 950
Current portion of long term loans	(19)	687	-
Accounts payable		435	2 236
Other credit balances	(17)	6 316	10 693
Current income tax		155 611	15 366
Due to related parties	(18, 23)	458 865	333 538
<b>Total current liabilities</b>		<b>900 286</b>	<b>822 783</b>
<b>Working capital (The increase in current liabilities from current assets)</b>		<b>1 038 110</b>	<b>( 304 511)</b>
<b>Total investment</b>		<b>2 886 194</b>	<b>2 611 878</b>
Financed as follows:			
<b>Shareholders' equity</b>			
Issued and paid-up capital	(20)	2 203 190	2 203 190
Legal reserve		502 073	502 073
(Accumulated losses) retained earnings		( 93 755)	663 314
Net profit for the period / (losses) for the year		271 073	( 757 069)
<b>Total shareholders' equity</b>		<b>2 882 581</b>	<b>2 611 508</b>
<b>Non-current liabilities</b>			
Long term loans	(19)	2 558	-
Deferred tax liability		1 055	370
<b>Total non-current liabilities</b>		<b>3 613</b>	<b>370</b>
<b>Total finance of working capital and non-current assets</b>		<b>2 886 194</b>	<b>2 611 878</b>

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

Chief Financial Officer

Executive Chairman and Managing Director

- Review report attached.




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

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

**Condensed separate interim income statement for the nine months ended September 30, 2015**

(In thousand EGP)	Note No.	Nine months ended September 30, 2015	Nine months ended September 30, 2014	Three months ended September 30, 2015	Three months ended September 30, 2014
Technical support service revenue		2 937	82 146	-	28 245
Gain (loss) on sale of investments in associates	(3)	1 541 242	-	( 1 327)	-
Other income		1 599	2 934	488	313
<b>Total income</b>		<b>1 545 778</b>	<b>85 080</b>	<b>( 839)</b>	<b>28 558</b>
<b>(Less) / add:</b>					
Employees cost & board of directors' remuneration		( 33 881)	( 18 667)	( 8 091)	( 3 956)
General and administrative expenses	(4)	( 38 248)	( 28 289)	( 13 086)	( 5 783)
Depreciation & amortization	(7 : 8)	( 1 069)	( 1 190)	( 276)	( 390)
Loss on disposal of available for sale investments		( 160)	-	( 160)	-
Loss on revaluation of financial assets at fair value through profit or loss - held for trading	(13-a)	( 157)	-	( 157)	-
Impairment losses in due from related parties	(12)	( 184 267)	( 7 333)	( 2 579)	( 5 492)
Loss on sale of property and equipments		( 61)	-	( 61)	-
Financial assets at fair value through profit or loss - financial derivatives		-	( 338)	-	-
(Loss) on revaluation of financial derivatives at fair value	(13-b)	( 1 049 434)	( 205 916)	-	( 357 605)
Provisions formed	(16)	-	( 62 647)	-	-
Provisions no longer required	(16)	182 578	4 366	-	4 366
Interest income		213	272	75	18
Finance cost		( 13)	-	( 13)	-
Foreign exchange differences	(5)	13 173	( 12 327)	47 264	( 12 943)
<b>Net profit / (loss) for the period before tax</b>		<b>434 452</b>	<b>( 246 991)</b>	<b>22 077</b>	<b>( 353 229)</b>
Income taxes	(6)	( 163 379)	( 13 329)	14 594	( 3 166)
<b>Net profit / (loss) for the period</b>		<b>271 073</b>	<b>( 260 320)</b>	<b>36 671</b>	<b>( 356 395)</b>
<b>Earnings per share (EGP/Share)</b>					
- Basic	(21)	(0.625)	0.07	0.073	(0.03)
- Dilluted	(21)	(0.625)	0.07	0.073	(0.03)

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

Chief Financial Officer



Executive Chairman and Managing Director



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

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

Condensed separate interim statement of changes in equity for the nine months ended September 30, 2015

(In thousand EGP)	Issued and Paid-up capital	Legal reserve	retained earnings (Accumulated losses)	Net (loss)/profit for the period	Total
Balance as of January 1, 2014	2 203 190	502 073	853 805	( 190 491)	3 368 577
Transferred to retained earnings	-	-	( 190 491)	190 491	-
Net loss for the period	-	-	-	( 260 320)	( 260 320)
Balance as of September 30, 2014	2 203 190	502 073	663 314	( 260 320)	3 108 257
Balance as of January 1, 2015	2 203 190	502 073	663 314	( 757 069)	2 611 508
Transferred to retained earnings	-	-	( 757 069)	757 069	-
Net profit for the period	-	-	-	271 073	271 073
Balance as of September 30, 2015	2 203 190	502 073	( 93 755)	271 073	2 882 581

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

Chief Financial Officer

Executive Chairman and Managing Director




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


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

**Condensed separate interim statement of cash flows for the nine months ended September 30, 2015**

(In thousand EGP)	Note No.	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Net profit / (loss) of the period before tax		434 452	( 246 991)
Adjusted by:			
Depreciation & amortization	(7 , 8)	1 069	1 190
Impairment losses in due from related parties	(12)	184 267	7 335
Losses (gains) on revaluation of financial derivatives at fair value	(13-b)	1 049 434	205 916
Loss on disposal of available for sale investments		160	-
Loss on revaluation of financial assets at fair value through profit or loss - held for trading	(13-a)	157	-
Foreign exchange differences - unrealized		6 571	12 327
Interest income		( 213)	( 272)
Provisions formed	(16)	-	62 647
Provisions no longer required	(16)	( 182 578)	( 4 366)
Loss on sale of property and equipments	(7)	61	-
Gain from sale of investment in associates	(11)	( 1 541 242)	-
<b>Operating (losses) income before changes in working capital</b>		<b>( 47 862)</b>	<b>37 786</b>
Increase in due from related parties - current		( 60 702)	( 105 379)
Increase in other debit balances		( 848)	( 2 144)
(Decrease) increase in accounts payable		( 1 801)	29
Decrease in other credit balances		( 4 377)	( 2 827)
Increase in due to related parties		125 327	21 972
Decrease in due from related parties - non current		2 934	3 463
<b>Cash flows generated from (used in) operating activities</b>		<b>12 671</b>	<b>( 47 100)</b>
Taxes paid		( 22 449)	( 34 058)
Interest received		213	272
<b>Net cash flows used in operating activities</b>		<b>( 9 565)</b>	<b>( 80 886)</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of property and equipment	(7)	( 3 647)	( 31)
Payments for purchase of intangible assets	(8)	-	( 702)
Payments for investments in subsidiaries	(9)	( 1 776)	-
Net proceeds from sale of investment in associates	(3)	1 813 802	-
Increase in time deposit	(14)	( 5 600)	-
Amounts paid under capital increase in subsidiaries	(10)	( 2 663)	-
Payments for financial assets at fair value through profit or loss - held for trading	(13-a)	( 6 838)	-
<b>Net cash flows generated from (used in) investing activities</b>		<b>1 793 278</b>	<b>( 733)</b>
<b>Cash flows from financing activities</b>			
Proceeds from term loans		3 245	-
<b>Net cash flows generated from financing activities</b>		<b>3 245</b>	<b>-</b>
<b>Net change in cash and bank balances during the period</b>		<b>1 786 958</b>	<b>( 81 619)</b>
Effect of change in foreign exchange rates on cash and bank balances in foreign currencies		( 6 571)	( 12 327)
<b>Cash and bank balances at the beginning of the period</b>		<b>73 075</b>	<b>232 360</b>
<b>Cash and bank balances at the end of the period</b>	(15)	<b>1 853 462</b>	<b>138 414</b>

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

Chief Financial Officer



Executive Chairman and Managing Director



**Orascom Telecom, Media and Technology Holding**  
**Notes to the Condensed Separate Interim Financial Statements**  
**For the nine months ended September 30, 2015**

**1- General information**

**a- Legal status and activity**

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

**b- Purpose of the Company**

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

**2- Basis of preparation of condensed separate interim financial statements**

**a- Statement of compliance with the Egyptian Accounting Standards**

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

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

**b- Basis of measurement**

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

Investments in subsidiaries and associates are accounted for in the accompanying condensed separate interim financial statements at cost, which represents the Company's direct ownership interest in equity and, not on the results of operations and net assets of the subsidiaries and associates. The consolidated financial statements provide more understanding of the consolidated financial position,

results of operations and the consolidated cash flows of the Company and its subsidiaries (the Group).

**c- Functional and presentation currency**

The Company's functional and reporting currency is the Egyptian Pound. All the financial information presented in Egyptian pound has been rounded to thousands, except earnings per share and unless otherwise stated.

**d- Use of estimates and judgments**

According to Egyptian Accounting Standards, in the application of the Company's accounting policies, the management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgments and estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the separate financial statements have not changed from those used and applied in the company's separate full financial statements as at December 31, 2014.

**e- Significant accounting policies applied**

The accounting policies adopted for the preparation of the condensed separate interim financial information are consistent with those used in the separate full financial statements for the year ended December 31, 2014.

**3- Gain from sale of investments in associates**

On February 22, 2015 the Board of Directors of the Company agreed on the sale of all the Company's share in the Egyptian Company for Mobile Service (ECMS), in addition to potential voting rights in MT Telecom SCRL, according to the call option notice received from Orange S.A Company (previously; France Telecom) – note (11), and on March 12, 2015 the Company collected the sale price which amounted to Euro 209 632 133.

Gain from sale of investments in associates resulting from the exercise of call option is analyzed as follows:

<u>(In thousand EGP)</u>	<u>September 30,</u> <u>2015</u>
Sale price of investments in associates	1 820 094
<b>Deduct:</b>	
Sale transaction costs and commissions	(6 292)
Investment in Egyptian Company for Mobile Services at cost – note (11)	(216 487)
Investment in MT Telecom SCRL at cost – note (11)	(56 073)
<b>Gain from sale of investments in associates</b>	<b>1 541 242</b>

**4- General and administrative expenses**

During the current period, general and administrative expenses amounted to EGP 38 248 thousand (for the nine months ended September 30, 2014: EGP 28 289 thousand), The increase in general and administrative expenses during the period is mainly due to the increase in traveling expenses with an amount of EGP 6 759 thousand.

**5- Foreign exchange differences**

During the current period, Gain from foreign currency revaluation differences amounted to EGP 13 173 thousand (for the nine months ended September 30, 2014: losses amounted to EGP 12 327 thousand), the increase in foreign exchange revaluation gain during the period is due to the decline in the exchange rate of EGP against USD which had a negative impact on monetary liabilities denominated in USD, in addition to the decline in the exchange rate of Euro against EGP which had a negative impact on monetary assets denominated in Euro at the date of the interim financial statements.

**6- Income taxes**

- Income tax expense recognized during the current period amounted to EGP 162 694 thousand (for the nine months ended September 30, 2014: EGP 13 329 thousand), which was calculated at the estimated weighted average of the effective tax rate applicable to the whole financial year.

- Deferred tax expense recognized during the current period amounted to EGP 685 thousand resulting from temporary differences between the accounting net book value and tax net book value of property and equipment.

**7- Property and equipment (net)**

<u>(In thousand EGP)</u>	<u>Buildings</u>	<u>Computers</u>	<u>Furniture and Fixture</u>	<u>Vehicles</u>	<u>Total</u>
<u>Cost</u>					
As of December 31, 2014	44 743	353	147	553	45 796
Additions during the period	--	296	52	3 299	3 647
Disposals during the period	--	--	--	(553)	(553)
As of September 30, 2015	<u>44 743</u>	<u>649</u>	<u>199</u>	<u>3 299</u>	<u>48 890</u>
<u>Accumulated depreciation</u>					
As of December 31, 2014	2 686	184	95	368	3 333
Depreciation for the period	597	81	32	130	840
Disposals depreciation	--	--	--	(492)	(492)
As of September 30, 2015	<u>3 283</u>	<u>265</u>	<u>127</u>	<u>6</u>	<u>3 681</u>
NBV as of September 30, 2015	<u>41 460</u>	<u>384</u>	<u>72</u>	<u>3 293</u>	<u>45 209</u>
NBV as of December 31, 2014	<u>42 057</u>	<u>169</u>	<u>52</u>	<u>185</u>	<u>42 463</u>

**8- Intangible assets (net)**

**(In thousand EGP)**

**Computer Software**

**Cost**

As of December 31, 2014

1 994

Additions during the period

--

As of September 30, 2015

1 994

**Accumulated amortization**

As of December 31, 2014

528

Amortization for the period

229

As of September 30, 2015

757

Net book value as of September 30, 2015

1 237

Net book value as of December 31, 2014

1 466

**9- Investments in subsidiaries (net)**

**(In thousand EGP)**

**Country**

**%**

**September 30, 2015**

**December 31, 2014**

CHEO Technology JV

North

75

--

613 60

(Koryolink)(\*)

Korea

Middle East and North Africa

Egypt

100

1 688 206

1 688 206

Submarine Cables – MENA Cables

Trans World Associate Pvt. Ltd

Pakistan

51

60 862

60 862

Orascom Telecom Ventures

Egypt

99.9

222 802

222 802

Orascom Telecom Mobile

Egypt

99.2

63

63

Infrastructure Services (\*\*)

O Capital for energy

Egypt

99.99

1 751

O Capital for services and

Egypt

99.99

25

contracting

**Impairment in investments in**

**subsidiaries**

Middle East and North Africa

(807 081)

(807 081)

Submarine Cables – MENA Cables

Orascom Telecom Mobile

(63)

(63)

Infrastructure Services (\*\*)

1 166 565

1 778 421

(\*) As mentioned in note (11), which resulted in that the holding company has lost control over the subsidiary's activities in North Korea, which led to modification in the accounting treatment through recognition of the investment as an associate instead of investment in subsidiaries.

(\*\*) The Company was put under liquidation according to the extraordinary general assembly meeting's decision, which was held on September 1, 2014. The commercial register was amended to notify this change on January 27, 2015.

**10- Amounts paid under capital increase in subsidiaries (\*)**

	<u>September 30, 2015</u>	<u>December 31, 2014</u>
<b>(In thousand EGP)</b>		
○ Capital for Energy	2 625	--
○ Capital for services and contracting	38	--
	<u>2 663</u>	<u>--</u>

(\*) This balance represents the amounts paid under completion of the issued capital of the two companies with a percentage of 25% according to subject no. (32) of the Law No. 159 of 1981. The commercial register was not notified till the date of the financial statements.

**11- Investment in associates**

<b>(In thousand EGP)</b>	<b>Country</b>	<b>%</b>	<b>September 30, 2015</b>	<b>December 31, 2014</b>
Egyptian Company For Mobile Services(*)	Egypt	5	--	216 487
MT Telecom SCRL(*)	Belgium	28.75	--	56 073
CHEO Technology JV (Koryolink) (**)	North Korea	75	613 632	--
<b>Total</b>			<u>613 632</u>	<u>272 560</u>

(\*) On February 22, 2015 the Board of Directors of the Company agreed on the sale of all the Company's shares in the Egyptian Company for Mobile Services (ECMS) amounting to 5 000 000 shares representing 5% of the capital of the Egyptian Company for Mobile Services (ECMS), in addition to 28 750 000 shares of potential voting rights in MT Telecom SCRL, according to the call option notice received from Orange S.A Company (previously; France Telecom) for a total price of Euro 209 632 133, which represents the present value for this option during the announced and agreed upon exercise windows for the years 2016 and 2017. The Company's selling price of its investment in the Egyptian Company for Mobile Services (ECMS), according to the deal, equal an amount of Euro 163 785 940 (with an approximate value amounting to Euro 32.76 per share), whereas the Company's selling price of its investment in MT Telecom SCRL, according to the deal, equal an amount of Euro 45 846 193 (with an approximate value amounting to Euro 1.59 per share). This deal is considered a finalization for the call option according to the amended and restated agreement dated April 11, 2012.

The price of the share of the Egyptian Company for Mobile Services (ECMS), according to the deal, is equivalent to EGP 280.7 per share, with a total value amounted to EGP 1 403 500 000. Whereas the price of the potential voting right in MT Telecom SCRL is equivalent to EGP 13.62 per potential voting right, with a total amount of EGP 391 575 000.

(\*\*) The Company's investments in North Korea related primarily to the 75% holding in the local telecom operator Koryolink. The accounting treatment has been modified during this period through recognizing it as an investment in associates instead of investment in subsidiaries. Thus in light of the increase of the restrictions, financial and operating difficulties facing Koryolink due to the international sanction imposed by the international community including the United States, the European Union and the United Nations. These sanctions have the effect of restricting financial transactions and the import and export of goods and services, including

goods and services required to operate, maintain and develop mobile networks and increase of long term restrictions which affect the ability to transfer the subsidiary's profits to the Holding Company, the absence of a free-floating currency exchange market in North Korea, whereas the Group's management has no exchange rate available other than the official exchange rate announced by the Central Bank of North Korea, other than launching a competing local telecom operator wholly owned by the North Korean Government. The group's management seek to find solutions for this and effect through negotiations with the Korean side including merging Koryolink with the second local telecom operator, wholly owned by the North Korean Government. According to the Group's management estimates, there is an initial consent from the Korean side regarding merger. This may lead to the presence of possible future solutions that would remove some of the obstacles. In light of the change in the results of those negotiations during the current period which indicates a disagreement from the Korean side to grant the management the rights to control in case of the merger and due to the increase in aforementioned restrictions during the current period, in the group's management view, the control over the Koryolink 's activities was lost according to the requirements of the Egyptian Accounting Standard No. (17), which led to modify the accounting treatment to be investment in associates instead of investment in subsidiaries. The investment in CHEO Technology JV (Koryolink) was measured at cost based on independent valuator report.

**12- Due from related parties**

<b>a- Current (net)</b>	<b>September 30, 2015</b>	<b>December 31, 2014</b>
<b>(In thousand EGP)</b>		
CHEO Technology JV (Koryolink)	176 225	172 735
Egyptian Company for Mobile Services	--	9 108
O Capital for Energy	552	--
O Capital for services and contracting	12	--
Orascom Telecom Lebanon	5 786	1 302
Arpu Communication Services	4 843	4 498
Trans World Associate (private) Ltd - Pakistan	10 472	9 295
Oracap Holding	378 444	370 402
Orascom Telecom Holding (Demerging company)	3 848	3 848
Middle East and North Africa Submarine Cables - MENA Cables (*)	298 333	246 575
Orascom TMT investment	868	918
Orascom Telecom Mobile Infrastructure Services	996	996
<b>Deduct:</b>		
Impairment in due from related parties	(806 606)	(622 339)
	<b>73 773</b>	<b>197 338</b>

(\*) Significant transactions with related parties represented in cash transfers to MENA Cables during the period amounted to EGP 29 697 thousand, note (23). The impairment in due from related parties includes a partial impairment in the balance due from of MENA cables amounted to EGP 246 574 thousand.

**b- Non- current**

**September 30,  
2015**

**December 31, 2014**

**(In thousand EGP)**

Trans World Associate (private) Ltd – Pakistan

13 178

16 112

13 178

16 112

**13- Financial derivatives at fair value through profit or loss**

**a- Held for trading**

**(In thousand EGP)**

**September 30, 2015**

**December 31, 2014**

6 681

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6 681

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Financial assets held for trading represented in shares in a company listed in the stock exchange authority, The market value of this investment is EGP 6 681 thousand as of September 30, 2015 (Revaluation losses amounted to EGP 156 thousand on September 30, 2015).

**b- Financial derivatives**

**(In thousand EGP)**

**September 30, 2015**

**December 31, 2014**

	<u>Current portion</u>	<u>non-current portion</u>	<u>Total</u>	<u>Current portion</u>	<u>non-current portion</u>	<u>Total</u>
Fair value of put option (*)	-	-	-	244 227	805 207	1 049 434
Charged to Income statement			(1 049 434)			151 689

(\*) Represented in the fair value of the put option, which entitled the Company to sell its direct stake in the Egyptian Company for Mobile Services (ECMS), Previously an associate company, in addition to its indirect voting rights, to Orange S.A (previously; France Telecom), in accordance with the amended shareholders' agreement dated April 11, 2012. The agreement provided 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 provided that Orange S.A has the option to call all (but not less than all) of the Company's direct stake in Egyptian Company for Mobile Services (ECMS) which is reported in the balance sheet as investments in associates with a percentage of 5% in addition to related voting rights with a percentage of 28.75% on execution of the deal. This option is exercisable by Orange S.A 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.

An amount of EGP 1 049 434 thousand was charged to the income statement during the period which represents the reversal of the Company's valuation gains of its put option related to the direct and indirect stakes of investments in associates, whereas on February 22, 2015 the Board of Directors of the Company agreed on the sale of all the Company's shares in the Egyptian Company for Mobile Services (ECMS), in addition to potential voting rights in MT Telecom SCRL, according to the call option notice received from Orange S.A Company, note (11), which resulted in the cancelation of the Company's right to exercise its put option, and led to reversal of previously recognized gains resulting from the valuation of the put option to be charged to income statement during the period.

**14- Time deposits – non-current**

<u>(In thousand EGP)</u>	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Time deposits – Local currency	5 600	--
	<u>5 600</u>	<u>--</u>

Deposits amounted to EGP 5 600 held at Egyptian bank on June 28, 2015 for a period of three years, due on June 28, 2018.

**15- Cash and balances at banks**

<u>(In thousand EGP)</u>	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Cash at bank – local currency	9 498	635
Cash at bank – Foreign currencies	1 837 201	72 033
Time deposits – foreign currencies (*)	6 186	--
Cash on hand	577	407
	<u>1 853 462</u>	<u>73 075</u>

(\*)Time deposits amounted to EGP 6 186 thousand, equivalent to USD 790 thousand, held at banks and renewed on monthly basis. The deposit is pledged against a letter of guarantee issued from O Capital for energy in favor of a governmental authority, which amounted to USD 750 thousand.

The increase in cash and balances at banks is represented in the consideration received against the sale of investments in each of Egyptian Company for Mobile Services, and MT Telecom with an aggregate amount of Euro 209 632 thousand, equivalent to EGP 1 820 094 thousand, note (3), during the nine months ended September 30, 2015.

**16- Provisions**

<u>(In thousand EGP)</u>	<u>December 31, 2014</u>	<u>Formed</u>	<u>No longer required</u>	<u>September 30, 2015</u>
Provisions for expected claims	460 950	--	(182 578)	278 372
<b>Total</b>	<u>460 950</u>	<u>--</u>	<u>(182 578)</u>	<u>278 372</u>

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

**17- Other credit balances**

<u>(In thousand EGP)</u>	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Withholding tax	37	39
Social insurance authority	70	137
Payroll tax	357	1 116
Accrued expenses	5 770	9 136
Employees' dividends payable	62	265
Stamp tax	20	--
	<u>6 316</u>	<u>10 693</u>

**18- Due to related parties**

<u>(In thousand EGP)</u>	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Orascom Telecom Ventures	458 865	333 538
	<u>458 865</u>	<u>333 538</u>

The increase in balances due to Orascom Telecom Ventures is mainly due to collection of cash transfers of EGP 100 163 thousand on behalf of the related party during the period - Note (23).

**19- Long term loan**

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 July 27, 2015 amounted to EGP 5 million. Available duration is sixty-seven months ending on February 27, 2021.

**Withdrawal period:** Six months from the date of signing the agreement and end on January 23, 2016.

**Payment period:** The Company committed to make payment to the bank the value of each sub-loan used by the Company according to the facility limit on equal sixty monthly installments.

**Interest and installation period:** Interest calculated 2% above interest rate on certificates in the bank paid on monthly installments and otherwise the interest will not be less than 12% of principle, commissions and expenses during the agreement period.

The loan details during the interim period ended September 30, 2015 are as follows:-

	<u>Loan balance</u>	<u>Interest rate</u>	<u>No. of installments</u>	<u>Settlement date</u>
Total withdrawals	3 245 000	2% + interest rate on certificates in the bank	60 monthly installments	Last installment due on August 31, 2020
Less:-				
Installments not paid till September 30, 2015	38 250			
Current portion of installments	649 000			
Net long term loan	<u>2 557 750</u>			

	<u>Balance as of September 30, 2015</u>	<u>No. of installments (long term)</u>	<u>Long term loan</u>	<u>No. of installments (short term)</u>	<u>Current portion of term loans</u>
Total loans as installments	3 245 000	47	2 557 750	13	687 250

## 20- Capital

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

## 21- Earnings per share

Earnings per share was calculated based on the consolidated results of the company, According to the Egyptian Accounting Standard (22) and Earning per share was presented in the consolidated financial statements of the Company.

## 22- Tax position

### Corporate income tax

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

### Payroll tax

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

### Withholding tax

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

### Stamp tax

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

### Property tax

The Company has received notification from tax authority on September 25, 2014 with the estimated rent value, the Company objected on legal dates and no decision on the appeal till now.

## **23- Significant transactions with related parties**

<u>In thousand EGP</u>	<u>Nature of the relationship</u>	<u>Nature of the transactions</u>	<u>Volume of transactions</u>	<u>Balance Debit (credit)</u>
CHEO Technology JV (KoryoLink)	Associate	Payments of expenses on behalf of related party	3 490	176 225
The Egyptian Company for Mobile Services	Associate	Proceeds from related party	(12 045)	--
Orascom Telecom Lebanon	Subsidiary of Orascom Telecom Ventures	Payments of expenses on behalf of related party	4 595	5 786
Middle East and North Africa Submarine Cables – MENA Cables	Subsidiary	Cash transfer to related party	29 697	298 333
TransWorld Associate (private) Ltd-Pakistan	Subsidiary	Proceeds from loans	(4 213)	23 650
Oracap Holding	Subsidiary	Payments of expenses on behalf of related party	8 042	378 444
Orascom Telecom Ventures	Subsidiary	Cash collection on behalf of a related party	100 163	(458 865)

## **24- Financial instruments and management of associated risks**

The Company's financial instruments are represented in financial assets and liabilities, the financial assets comprise cash at banks, deposits, due from related parties, and certain other debit balances. The financial liabilities comprise due to related parties, accounts payable and other credit balances.

### Liquidity risk

Liquidity risk represents the factors which may affects the Company's ability to pay part or all of its liabilities, management pursuit this liabilities and if the company's liabilities increased, the company monitors it through manage the excess of cash at subsidiaries level and through dividends distributions from the subsidiaries.

### Interest rate risk

Interest rate risk represents fluctuations in interest rates which may affect the company's results of operations and cash flows as the company depend on its own resources and finance from subsidiaries. This risk is considered limited as management depends on equity finance.

### Foreign currencies' risk

Foreign currencies' risk represents fluctuations in exchange rates of foreign currencies, which affect receipts and disbursements in foreign currencies as well as the value of assets and liabilities denominated in foreign currencies. Management monitors the foreign currencies positions and banks exchange rates on an ongoing basis and seeks to reduce uncovered positions of foreign currencies, the matter which may reduce this risk to an acceptable level.

### 25- Contingent liabilities

<u>Company Name</u>	<u>Guarantee</u>	<u>Maximum level for liability</u>	<u>Outstanding liability till September 30, 2015 (EGP Thousand)</u>	<u>Expiry date of the guarantee</u>
Orascom Telecom Lebanon *	Guarantee of the company to pay any due amount to participants	USD 10 Million	78 301	December 2015
Orascom Telecom Lebanon *	Guarantee of the company to pay any due amount to participants	USD 30 Million	234 903	December 2015

\* Based on the Lebanese Council of Minister's decision which amended the validity date of the guarantee provided for Orascom telecom Lebanon, a subsidiary company to Orascom telecom ventures, from April 30, 2015 to December 31, 2015, with a possibility to extend the validity of the guarantee 90 days after expiry date.

### 26- Significant current events during the period

- On July 9, 2015, the Minister of Investment's decree No. (110) of 2015 was issued. It has been decided to replace and supersede the former Egyptian Accounting Standards for the preparation and presentation of financial statements with new version of Egyptian Accounting Standards. The application of the former Egyptian Accounting Standards issued by Ministerial Decree No. 243 of 2006 was cancelled, effective as of the date of applying this Decree. This Decree was published in the Official Gazette, and shall be effective as of the first day of January 2016, and will be applied on the entities whose fiscal year starts on or after this date.
- On August 20, 2015, a Presidential Decree was issued promulgating Law No. (96) of 2015 amending certain provisions of the Income Tax Law No. 91 of 2005 and amendment by Law No. (44) of 2014. According to this amendment the tax rate became 22.5% instead of 25, and will be applied on the entities whose fiscal year starts on or after this date. These amendments reflected in deferred tax calculation on the interim financial period ended September 2015.

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

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

Loan covenants are as follows:-

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

**28- Approval of the condensed Separate interim financial Statements**

The condensed separate interim financial statements of the Company for the nine months ended September 30, 2015 were approved by the Board of Directors on November 15, 2015.

Chief Financial Officer



Executive Chairman and Managing Director

