

**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 together with Limited
Review Report**

**Three months ended
March 31, 2016
US\$**

Report on Review of Interim Financial Information

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 IAS (34) “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 International Standard on Review Engagements (2410) “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information 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 International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in more details in note (9), the accompanying notes to condensed consolidated interim financial statements, the company has modified the accounting treatment of the investment in CHEO Technology JV (Koryolink) 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 lost 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 US\$ 476,779 Million 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 IAS (34) "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 OF
MARCH 31, 2016

(in thousands of US\$)	Note	As of March 31, 2016	As of December 31, 2015
Assets			
Property and equipment (net)	11	117,573	112,608
Intangible assets (net)	11	50,850	56,107
Investments in associates (net)	9	69,179	78,451
Other non-current financial assets	13	7,316	8,030
Other non-current assets	17	9,823	9,307
Investment Property	12	61,656	63,853
Total non-current assets		316,397	328,356
Inventories		145	156
Trade receivables		19,602	17,401
Other current financial assets	13	5,980	10,818
Other current assets	17	16,977	14,872
Cash and balances at banks	14	202,135	202,454
Total current assets		244,839	245,701
Total Assets		561,236	574,057
Equity and Liabilities			
Share capital	15	366,148	366,148
Other reserves		(73,357)	(40,887)
Retained earnings		5,919	828
Equity attributable to equity holders of the Company		298,710	326,089
Non-controlling interest		17,112	16,690
Total equity		315,822	342,779
Liabilities			
Non-current borrowings	16	79,025	77,026
Other non-current liabilities	18	10,415	10,171
Deferred tax liabilities		10,204	8,043
Total non-current liabilities		99,644	95,240
Current borrowings	16	12,150	10,530
Trade payables	18	49,306	33,405
Current income tax liabilities		12,152	13,040
Current provisions	19	72,162	79,063
Total current liabilities		145,770	136,038
Total Liabilities		245,414	231,278
Total Equity and Liabilities		561,236	574,057

(The notes are an integral part of these Condensed Consolidated Interim Financial Statements)

Chief Financial Officer
Youssef Shoukry

Executive Chairman & Managing Director
Naguib Sawiris

Limited Review report 'attached'

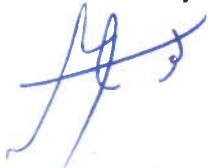
ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE PERIOD ENDED MARCH 31, 2016

(in thousands of US\$)	Note	For the Period ended March 31, 2016	For the Period ended March 31, 2015
<u>Continued operations</u>			
Revenues	5	13,784	8,353
Other income		233	281
Purchases and services	6	(8,039)	(6,103)
Other expenses		(5,077)	23,641
Personnel cost		(7,706)	(4,740)
Depreciation and amortization		(2,446)	(2,954)
Disposal of non-current assets		-	161,173
Operating income		(9,251)	179,651
Financial income	7	550	(137,427)
Financial expense	7	(1,779)	(259)
Foreign exchange gain (loss)	7	20,771	(10,283)
Share of loss of investment in associates	8	-	(632)
Profit before income tax		10,291	31,050
Income tax expense	10	(4,232)	(22,344)
Profit for the period		6,059	8,706
<u>Discontinued operations</u>			
Profit (loss) from discontinued operation (net of income tax)		-	40,407
Profit for the period		6,059	49,113
Attributable to:			
Owners of the company		5,091	40,235
Non-controlling interests		968	8,878
		6,059	49,113
Earnings per share (basic and diluted) – (in US\$)	20	0.001	0.008

(in thousands of US\$)	For the Period ended March 31, 2016	For the Period ended March 31, 2015
Profit for the period	6,059	49,113
Other comprehensive income /(loss):		
<i>Items that may be subsequently reclassified to profit or loss net of tax</i>		
Share of profit recognized directly in equity of associates	23	(209)
Currency translation differences	(33,039)	(54,057)
Total comprehensive loss for the period	(26,957)	(5,153)
Attributable to:		
Owners of the parent	(27,379)	(4,780)
Non-controlling interest	422	(373)
Total comprehensive loss for the period	(26,957)	(5,153)

(The notes are an integral part of these Condensed Consolidated Interim Financial Statements)

Chief Financial Officer
Youssef Shoukry



Executive Chairman & Managing Director
Naguib Sawiris



ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2016

	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to shareholders of the Parent Company	Non-controlling Interests	Total equity
<i>(in thousands of US\$)</i>								
As of January 1, 2015	366,148	81,329	(108,815)	209	573,156	912,027	189,253	1,101,280
Comprehensive income								
Other comprehensive income	-	-	(44,824)	-	-	(44,824)	(9,233)	(54,057)
Change of Group's share in change in equity statement of associate	-	-	-	(209)	-	(209)	-	(209)
Profit for the period	-	-	-	-	40,235	40,235	8,878	49,113
Total comprehensive income	-	-	(44,824)	(209)	40,235	(4,798)	(355)	(5,153)
As of March 31, 2015	366,148	81,329	(153,639)	-	613,391	907,229	188,898	1,096,127
						Equity attributable to shareholders of the parent company	Non-Controlling Interest	Total equity
<i>(in thousands of US\$)</i>								
As of January 1, 2016	366,148	81,329	(122,216)	-	828	326,089	16,690	342,779
Comprehensive income								
Currency translation differences	-	-	(32,493)	-	-	(32,493)	(546)	(33,039)
Change of Group's share in change in equity statement of associate	-	-	-	23	-	23	-	23
Profit for the period	-	-	-	-	5,091	5,091	968	6,059
Total comprehensive income	-	-	(32,493)	23	5,091	(27,379)	422	(26,957)
As of March 31, 2016	366,148	81,329	(154,709)	23	5,919	298,710	17,112	315,822

(The notes are an integral part of these Condensed Consolidated Interim Financial Statements)

Chief Financial Officer
Youssef Shoukry



Executive Chairman & Managing Director
Naguib Sawiris



ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2016

<i>(in thousands of US\$)</i>	For the period ended March 31, 2016	For the period ended March 31, 2015
Profit for the period from continuing operations	10,291	31,050
<i>Adjustments for</i>		
Depreciation, amortization and impairment charges	2,446	2,957
Fair value loss on derivative instrument	-	137,559
Interest expense	1,779	258
Investment income	(549)	(133)
Foreign exchange (gain) /loss	(20,771)	10,283
Gain from disposal of associate	-	(161,173)
Share of profit of associate	-	632
Impairment of associate	-	(23)
Change in provisions	2,767	(23,708)
Changes in other assets	(717)	(1,956)
Changes in other liabilities	9,874	4,208
Cash flows generated by operating activities	5,122	(46)
Income taxes paid	(1,762)	(362)
Interest paid	(958)	(258)
Interest collected	549	133
Net Cash flows generated by operating activities	2,951	(533)
<i>Cash out flow for investments in</i>		
Property and equipment	(7,872)	(2,018)
Intangible assets	(61)	(46)
Change in Deposits and financial assets	(1,161)	(358)
Investment available for sale	(222)	-
<i>Proceeds from disposal of</i>		
Property and equipment	245	328
Proceeds from sale of associate	-	237,943
Proceeds from sale of subsidiaries	4,661	-
Cash flows (used in) / generated by investing activities	(4,410)	235,849
Cash flows from financing activities		
Proceeds from loan and bank facilities	5,859	177
Payments for loans and bank facilities	(21)	(1,330)
Cash flows generated by / (used in) financing activities	5,838	(1,153)
Net cash generated by continuing operations	4,379	234,163
Discontinued operations		
Net cash generated by operating activities	-	62,620
Net cash used in investing activities	-	10,123
Net cash generated by financing activities	-	-
Net cash generated by discontinued operations	-	72,743
Net increase in cash and cash equivalents	4,379	306,906
Effect of exchange rates on cash and cash equivalents	(4,699)	(21,891)
Cash and cash equivalents at the beginning of the period	202,455	130,251
Cash and cash equivalents at the end of the period	202,135	415,266

(The notes are an integral part of these Condensed Consolidated Interim Financial Statements)

Chief Financial Officer
Youssef Shoukry

Executive Chairman & Managing Director
Naguib Sawiris

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2016

1. General information

Orascom Telecom, Media and Technology Holding S.A.E. ("OTMT" or the "Company") is a joint stock company with its head office in Cairo, Egypt. The Company was established on 29 November 2011 (the "inception") and until this date the businesses of the Company were performed under various entities which were controlled by Orascom Telecom Holding, S.A.E. ("OTH"). As part of a larger transaction pursuant to which VimpelCom Ltd had acquired OTH, its shareholders agreed to affect the demerger, whereby, OTH was split into two companies, OTH and the Company ("Demerger"). The Demerger resulted in the transfer of certain telecom, cable and media and technology assets (the "OTMT Assets") to the Company.

The Company and the OTMT Assets (together the "Group") are a mobile telecommunications business operating in high growth emerging markets in the Middle East, Africa and Asia. The Company is a subsidiary of Orascom Telecom Media and Technology Investments S.à.r.l. (the "Ultimate Parent Company").

The Company's shares are listed on the Egyptian Stock Exchange and its GDRs are listed on the London Stock Exchange.

The information presented in this document has been presented in thousands of United States Dollar ("US\$"), except earnings per share and unless otherwise stated.

2. Statement of compliance

These condensed consolidated interim financial statements as of March 31, 2016 have been prepared in accordance with IAS 34 "Interim Financial Reporting". As permitted by IAS 34, the Company has opted to prepare a condensed version as compared to the consolidated financial statements as of December 31, 2015. The condensed consolidated interim financial statements do not include all of the information required for the full annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRSs.

This condensed consolidated interim financial information was approved for issue on August 10, 2016. The financial statements are not the statutory financial statements of the Company, as the statutory financial statements are prepared in accordance with the Egyptian Accounting Standards (EASs).

2.1 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 and for the period ended December 31, 2015. The accounting policies have been consistently applied to all the periods presented.

2.2 Application of new and revised International Financial Reporting Standards ("IFRSs")

2.2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements

Revised Standards

IFRS 11	Joint Arrangements: Amendments on accounting for acquisitions of interests in joint operations
IFRS 14	Regulatory Deferral Accounts
IAS 1	Presentation of Financial Statements: Amendments in relation to disclosure initiative
IAS 16	Property, Plant and Equipment – Amendments regarding the clarification of acceptable methods of depreciation and amortization
IAS 38	Intangible Assets – Amendments regarding the clarification of acceptable methods of depreciation and amortization
Various	Amendments resulting from annual improvements 2012-2014 Cycle

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED MARCH 31, 2016

2.2.2 Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not adopted the following Standards and Interpretations that have been issued but are not yet effective. They will be effective on or after the dates described below.

	New and Revised Standards	Effective from
IFRS 9	Financial Instruments – Final version including expected loss impairment model	1 January 2018
IFRS 10	Consolidated Financial Statements – Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Not determined
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IAS 7	Statement of Cash Flows - Amendments in relation to disclosure initiative	1 January 2017
IAS 12	Income Taxes – Amendment regarding recognition of deferred tax assets for unrealised losses	1 January 2017
IAS 28	Investments in Associates and Joint Ventures – Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Not determined

The Group is currently assessing whether these changes will affect the consolidated financial statements in the period of initial application.

3. Use of estimates

The preparation of the condensed consolidated interim financial statements requires that the directors apply accounting policies and methodologies that, in some circumstances, are based upon complex and subjective judgments and estimates that are based on historical experience and assumptions that are considered to be reasonable and realistic at the time, considering the relevant circumstances. The application of such estimates and assumptions impacts the amounts recorded in the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income and cash flows, as well as in the notes. Actual results might differ from such estimates due to the uncertainty surrounding the assumptions and conditions upon which estimates are based.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2015.

4. Segment reporting

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors reviews the Group's internal reporting in order to assess its performance and allocate resources, mainly from a geographical perspective, of the mobile telecommunication business. OTMT management has determined the reportable operating segments according to the information analysed by the chief operating decision-maker as follows:

- *GSM – Lebanon*: relating to the management contract of the Lebanese mobile telecommunications operator Alfa which is owned by the Republic of Lebanon.
- *Cable*: relating to the provision of direct broadband and high-speed connectivity to telecom operators, internet service providers and major corporations through submarine fibre optic cables.
- *Media & Technology*: relating mainly to the provision of online advertising and content to corporate customer, mobile value added services and software development and hosting of corporate clients.
- *Other*: relating to the Group's equity accounting investment and income and expenses related to OTMT.

The Group reports on operating segments which are independently managed. The chief operating decision-maker assesses the performance of such operating segments based on:

- Total revenue
- EBITDA, defined as profit for the period before income tax expense/(benefit) (or if applicable profit from continuing operations for the period before income tax expense/(benefit)), gain on partial disposal of investments in associate, share of profit of equity investments, foreign exchange gains/(loss), financial expense, financial income, disposal of non-current assets, impairment charges and depreciation and amortization, and

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED MARCH 31, 2016

- Segment capital expenditure which is the total cost incurred during the period to acquire property and equipment and intangible assets other than goodwill.

The information provided to the chief operating decision-maker is measured consistently with that of the interim financial statements.

Revenue and EBITDA disclosure per segment for the period ended March 31, 2016

In thousand US\$)	For the Period ended March 31, 2016				For the Period ended March 31, 2015			
	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA
Financial Services	661	-	661	395	-	-	-	-
Management fees	1,833	-	1,833	695	1,797	-	1,797	680
Investment Property	4,126	-	4,126	286	-	-	-	-
Cable	7,164	-	7,164	1,426	6,171	-	6,171	287
Other	835	(835)	-	(9,607)	988	(603)	385	20,465
Total	14,619	(835)	13,784	(6,805)	8,956	(603)	8,353	21,432

Assets per segment as of March 31, 2016

(In thousand US\$)	As Of March 31, 2016				
	Property and equipment	Intangible assets	Investment Property	Equity investments	Total
Financial Services	692	37,382	-	-	38,074
Investment Property	-	-	61,656	-	61,656
Cable	108,601	13,409	-	-	122,010
Other	8,280	59	-	69,179	77,518
Total	117,573	50,850	61,656	69,179	299,258

Capital expenditure

The table below illustrates the capital expenditure incurred by each segment in the current and comparative period

(In thousand US\$)	For the period ended March 31, 2016	For the period ended March 31, 2015
Financial Services	130	-
Cable	6,700	237
Other	1,100	66
Total	7,930	303

5. Revenues

(In thousand US\$)	For the period ended March 31, 2016	For the period ended March 31, 2015
Revenue form Financial services	4,126	-
Interconnection traffic	7,164	6,171
Management contract -Fees	1,833	2,182
Investment Property Revenue	661	-
Total	13,784	8,353

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2016

6. Purchases and services

	For the period ended March 31, 2016	For the period ended March 31, 2015
Rental of local network, technical sites and other leases	1,491	1,426
Customer acquisition costs	15	-
Purchases of goods and changes in inventories	100	1,108
Band width cost	1,038	860
Maintenance costs	2,589	309
Telephony cost	290	-
Utilities	316	114
Advertising and promotional services	206	177
Consulting and professional services	965	790
Bank and post office charges	224	99
Insurance	72	63
Airfare	333	173
Accommodation, Meals and Per diem	75	88
IT Supplies and expense	69	28
Sites expense	124	124
Security Guards	37	36
Other service expenses	95	708
Total	8,039	6,103

7. Net financing (cost) income

(In thousand US\$)	For the period ended March 31, 2016	For the period ended March 31, 2015
Fair value loss on derivative instrument	-	(137,559)
Interest income on deposits	550	132
Financial income	550	(137,427)
Interest expense on borrowings	(1,608)	(74)
Other interest expense and financial charges	(171)	(185)
Financial expense	(1,779)	(259)
Foreign exchange gain/ (loss)	20,771	(10,283)
Total foreign exchange gain/ (loss)	20,771	(10,283)
Total	19,542	(147,969)

8. 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 (9).

9. Investments in associates (net)

(In thousand US\$)	Country	%	March 31, 2016	December 31, 2015
Cheo JV Technology-Koryolink *	North Korea	75	131,643	108,090
Electronic Fund Administration Services	Egypt	20	72	82
Axes Holding company	Egypt	33.9	536	605
Deduct: Impairment			(63,072)	(30,326)
			69,179	78,451

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED MARCH 31, 2016

(*) Koryolink Company

(In thousand US\$)	March 31, 2016	December 31, 2015
Assets	1,110,834	1,038,103
Liabilities	(189,789)	(179,871)
Net assets	921,045	858,232
	For the period ended March 31, 2016	For the period ended March 31, 2015
Revenues	82,167	-
Total expense	(38,506)	-
Post tax profit (loss) from continuing operations	43,661	-
Share of profit in associates	32,746	-

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 the period ended September 30, 2015 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 IAS 27, 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 US\$ 476,779 thousand 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 US\$ 32,750 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.

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2016

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

(In thousand US\$)	For the period ended March 31, 2016	For the period ended March 31, 2015
Beginning balance (net of impairment)	78,369	-
Share of profit of associates	32,746	-
Impairment	(32,746)	-
Currency translation differences	(9,262)	-
Ending balance	69,107	-

10. Income tax expense

(in thousands of US\$)	For the period ended March 31, 2016	For the period ended March 31, 2015
Current tax expense	1,725	22,048
Deferred tax liabilities	2,507	296
Total income tax expenses	4,232	22,344

11. Property & equipment and intangible assets (net)

The details of the property & equipment and intangibles acquired and disposed of during the current and comparative period are detailed in the following table:

(in thousands of US\$)	Property and equipment	Intangible assets
Balance as of January 1, 2016	112,608	56,107
Additions	8,181	84
Disposals	(138)	-
Depreciation and amortization	(2,177)	(247)
Currency translation differences	(901)	(5,094)
Balance as of March 31, 2016	117,573	50,850
Balance as of January 1, 2015	292,650	72,393
Additions	4,558	46
Disposals	(330)	-
Depreciation and amortization	(9,665)	(1,063)
Currency translation differences	(9,287)	(2,998)
Balance as of March 31, 2015	277,926	68,378

12. Investment property

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 US\$ 64,021 thousand) on the date of acquisition.

(in thousands of US\$)

Cost

	As of March 31, 2016
As at January 1, 2016	64,165
Currency translation differences	(1,904)
As at March 31, 2016	62,261
Accumulated Depreciation and Amortization	
As at January 1, 2016	312
Depreciation and amortization	151
Currency translation differences	142
As at March 31, 2016	605
Net Book Value as of March 31, 2016	61,656
Net book value as of December 31, 2015	63,853

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED MARCH 31, 2016

13. Other financial assets

(in thousands of US\$)

	As Of March 31, 2016			As Of December 31, 2015		
	Non-current	Current	Total	Non-current	Current	Total
Financial receivables	225	407	632	192	294	486
Deposits	-	5,370	5,370	-	5,742	5,742
Financial assets held for trading (13.1)	-	203	203	-	-	-
Financial assets available for sale -At Cost (13.2)	6,379	-	6,379	7,293	-	7,293
Financial assets available for sale -At Fair value (13.3)	712	-	712	545	4,782	5,327
Total	7,316	5,980	13,296	8,030	10,818	18,848

13-1 Financial assets held for trading.

Investments at fair value through profit and loss:

Company name	As of March 31, 2016	As of December 31, 2015
Mutual fund	203	-
Total	203	-

13-2 Financial assets available for sale – at cost*

Company name	As of March 31, 2016	As of December 31, 2015
Smart Village	5,046	5,645
Misr for Central Clearing Depository and Registry	883	986
Guarantee Settlement Fund	440	648
El Arabi for Investment	22	25
MENA Capital	168	183
NRG for trade & distribution	137	150
Employee security	10	-
(Less): Impairment loss of available for sale investments	(327)	(344)
Total	6,379	7,293

*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.

13-3 Financial assets available for sale – at fair value

Company name	As of March 31, 2016	As of December, 31 2015
EGX 30	700	545
Treasury Bonds	12	4,782
Total	712	5,327

14. Cash and balances at banks

(in thousands of US\$)

	As Of March 31, 2016	As Of December 31, 2015
Bank accounts and deposits	201,691	201,645
Cash on hand	444	439
Financial investment at fair value through P&L – Mutual fund certificate	-	370
Total	202,135	202,454

15. Share capital

The Company was incorporated On 29 November 2011 with an authorised share capital amounting to EGP 22 billion, equivalent to US\$ 3.66 billion, of which, the issued amounts to EGP 2,203,190,060 equivalent to US\$ 366 Million distributed over 5,245,690,620 shares, each with a nominal value of EGP 0.42 par value each, according to the approvals of the General Authority for Investment and of the Extraordinary General Assembly of Orascom Telecom Holding (Demerging Company).

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2016

16. Borrowings

(in thousands of US\$)

	For the period ended March 31, 2016	For the period ended March 31, 2015
opening balance	87,556	6,198
of which current portion	10,530	4,099
of which non-current portion	77,026	2,099
Repayment of borrowings and Movements in current borrowings	(21)	(1,331)
New borrowings	7,190	178
Exchange rate differences	(3,954)	(48)
Others	404	-
Balance as of 30 June	91,175	4,997
of which current portion	12,150	2,807
of which non-current portion	79,025	2,190

Loans for Trans World associate

- Borrowings include loans obtained from the shareholders of Trans World Associate Private by an amount of US\$ 2.81 million from which US\$ 2.25 million due within one year and US\$ 0.56 million due after more than one year with an interest rate 1.58%.
- Borrowings also include loans obtained from banks amounted to US\$ 25 million from which US\$ 2 million due within one year and US\$ 23 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%.

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 US\$ 28 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 230 thousand with available duration sixty-seven months, and till the date of the financial statements for the current period the Company used amounts of US\$ 45 thousand.

17. Other assets

(in thousands of US\$)

	As Of March 31, 2016			As Of December 31, 2015		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	9,823	4,953	14,776	9,307	4,821	14,128
Advances to suppliers		1,580	1,580	-	1,429	1,429
Receivables due from tax authority		106	106	-	-	-
Employee loans		274	274	-	352	352
Assets from current tax		6,820	6,820	-	6,522	6,522
Other non-trade receivables		3,638	3,638	-	1,748	1,748
Allowance for doubtful current assets		(394)	(394)	-	-	-
Total	9,823	16,977	26,800	9,307	14,872	24,179

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2016

18. Trade payables and other liabilities

<i>(in thousands of US\$)</i>	As Of March 31, 2016			As Of December 31, 2015		
	Current	Non-current	Total	Current	Non-current	Total
<i>Trade Payable</i>						
Capital expenditure payables	359	-	359	321	-	321
Trade payables due to suppliers	16,727	-	16,727	7,694	-	7,694
Customers credit balance	15,191	-	15,191	10,907	-	10,907
Other trade payables	2,376	-	2,376	2,878	-	2,878
Total	34,653	-	34,653	21,800	-	21,800
<i>Other payable</i>						
Prepaid traffic and deferred income	853	9,256	10,109	744	8,494	9,238
Due to local authorities	7,284	-	7,284	5,079	-	5,079
Personnel payables	1,065	-	1,065	1,135	-	1,135
Subscriber deposits	883	-	883	119	-	119
Other credit balances	4,568	1,159	5,727	4,528	1,677	6,205
Total	14,653	10,415	25,068	11,605	10,171	21,776
Total	49,306	10,415	59,721	33,405	10,171	43,576

19. Provisions

Provisions are recognized according to the best estimate of the amount expected to settle the present obligations, at the end of the reporting period, arising as result from the Group's operations and contractual relationships with third parties. Provisions recognized during the period are reported among other expenses in the statement of profit or loss and are subject to an annual review by management and are revised based on the most recent developments, negotiations and agreements with the relevant counterparties.

	For the period ended March 31, 2016	For the period ended March 31, 2015
As of 1st of January	79,063	76,464
Formed	2,389	224
No longer required	-	(23,933)
Currency translation differences	(9,460)	(4,686)
Reclassifications	170	572
As of 31st of March	72,162	48,641

20. Earnings per share

Basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the period covered by the report, the Company did not have any dilutive potential ordinary shares and as such diluted and basic earnings per share are equal.

	For the period ended March 31, 2016	For the period ended March 31, 2015
Profit attributable to equity holders of the Parent Company	5,091	40,235
Weighted average number of shares (in thousands of shares)	5,245,690	5,245,690
Earnings per share – basic and diluted (in US\$)	0.001	0.008
From continuing operations	0.001	0.008
From discontinued operations	-	-

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2016

21. Capital Commitments

The capital commitments are provided in the table below:

	For the period ended March 31, 2016	For the period ended March 31, 2015
Property and equipment	36,036	37,743
Other	21,397	26,518
Total	57,433	64,261

Capital commitments arise from the commitments of the Group to acquire items of property and equipment related to the marine cables by Middle East and North Africa for Sea Cables Company and Trans World Associates (subsidiaries).

22. Contingent liabilities

The contingent liabilities, are represented in guarantees issued by the holding company and related to the activities of its subsidiaries, as follows:

Orascom Telecom, Media and Technology Holding

- A Letter of guarantee in favour of Lebanon Ministry of Telecommunication to guarantee Orascom Telecom Lebanon in the payment of any amount due by the selected participants amounting to US\$ 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 25 Million equivalent to US\$ 0.2 Million and the guarantee is validated to September 17, 2017.
- A pledged amount at NIB bank equivalent to US\$ 900 Thousand for the agreed credit facility.
- An amount of Rs 2 200 Thousand equivalent to US\$ 18 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 US\$ 82 Million to guarantee the subsidiary to fulfil its contractual obligations represented in performing the contracted services.

23. Significant 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").
- 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.

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2016

- 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 valued to EGP 105 Million by independent financial consultant

24. Approval of the condensed consolidated interim financial Statements

The condensed consolidated interim financial statements of the Group for the three months ended March 31, 2016 were approved by the Board of Directors on August 10, 2016.

Chief Financial Officer

Youssef Shoukry



Executive Chairman & Managing Director

Naguib Sawiris

