



**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 Six Months Ended June 30, 2016**

**Together with Limited Review Report**

*Condensed Consolidated Interim  
Financial Statements together with Limited  
Review Report*

*Six months ended  
June 30, 2016*



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Review Report*

*Six months ended  
June 30, 2016*



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

**Condensed Consolidated Interim  
Financial Statements together with Limited  
Review Report**

**Six months ended  
June 30, 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 June 30, 2016 and the related condensed consolidated interim statements of income & comprehensive income, changes in equity and cash flows for the six 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 (10), the accompanying notes to condensed consolidated interim financial statements, the company has modified the accounting treatment of the investment in CHEO Technology JV (Koryolink) in the period ended September 30, 2015 to be reported as 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 which represents 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 for 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 June 30, 2016, and of its condensed consolidated interim financial performance and its condensed consolidated interim cash flows for the six months then ended in accordance with IAS (34) "Interim Financial Reporting".

Cairo, August 24, 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  
JUNE 30, 2016

(in thousands of US\$)	Note	As Of June 30, 2016	As Of December 31, 2015
<b>Assets</b>			
Property and equipment (net)	11	128,613	112,608
Intangible assets (net)	11	51,081	56,107
Investments in associates (net)	10	69,179	78,451
Other non-current financial assets	13	6,344	8,030
Other non-current assets	17	9,871	9,307
Investment Property	12	63,883	63,853
<b>Total non-current assets</b>		<b>328,971</b>	<b>328,356</b>
Inventories		125	156
Trade receivables		16,801	17,401
Other current financial assets	13	7,064	10,818
Other current assets	17	16,658	14,872
Cash and balances at banks	14	189,730	202,454
<b>Total current assets</b>		<b>230,378</b>	<b>245,701</b>
<b>Total Assets</b>		<b>559,349</b>	<b>574,057</b>
<b>Equity and Liabilities</b>			
Share capital	15	366,148	366,148
Other reserves		(66,861)	(40,887)
Retained earnings		400	828
<b>Equity attributable to equity holders of the Company</b>		<b>299,687</b>	<b>326,089</b>
Non-controlling interest		17,524	16,690
<b>Total equity</b>		<b>317,211</b>	<b>342,779</b>
<b>Liabilities</b>			
Non-current borrowings	16	85,220	77,026
Other non-current liabilities	18	10,592	10,171
Deferred tax liabilities		9,739	8,043
<b>Total non-current liabilities</b>		<b>105,551</b>	<b>95,240</b>
Current borrowings	16	8,129	10,530
Trade payables	18	48,139	33,405
Current income tax liabilities		7,181	13,040
Current provisions	19	73,138	79,063
<b>Total current liabilities</b>		<b>136,587</b>	<b>136,038</b>
<b>Total Liabilities</b>		<b>242,138</b>	<b>231,278</b>
<b>Total Equity and Liabilities</b>		<b>559,349</b>	<b>574,057</b>

(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 JUNE 30, 2016

(In thousands of US\$)	Note	Six Months ended June 30, 2016	Six Months ended June 30, 2015	Three Months ended June 30, 2016	Three Months ended June 30, 2015
<b><u>Continued operations</u></b>					
Revenues	5	25,220	16,954	11,404	8,601
Other income		823	423	622	134
Purchases and services	6	(15,258)	(12,436)	(7,219)	(9,545)
Other expenses		(6,618)	(348)	(1,534)	(52)
Personnel cost		(15,287)	(9,637)	(7,582)	(4,897)
Depreciation and amortization		(5,257)	(5,903)	(2,811)	(2,949)
Provisions no longer required		-	23,937	-	23,937
Disposal of non-current assets		1,212	160,948	1,207	(225)
<b>Operating income</b>		<b>(15,165)</b>	<b>173,938</b>	<b>(5,913)</b>	<b>(8,933)</b>
Financial income (cost)	7	1,429	(137,352)	879	75
Financial expense	7	(3,435)	(519)	(1,655)	(260)
Foreign exchange gain (expense)	7	22,612	(2,560)	1,841	7,723
Share of profit (loss) of investment in associates	10	67,536	(632)	34,790	-
Impairment in investment of associate	10	(67,531)	-	(34,785)	-
<b>Profit before income tax</b>		<b>5,446</b>	<b>32,875</b>	<b>(4,843)</b>	<b>(1,395)</b>
Income tax expense	8	(4,493)	(25,922)	(261)	(3,578)
<b>Profit for the period from continuing operation</b>		<b>953</b>	<b>6,953</b>	<b>(5,104)</b>	<b>(4,973)</b>
<b><u>Discontinued operations</u></b>					
Profit from discontinued operation (net of income tax)		-	88,454	-	51,373
<b>Profit for the period</b>		<b>953</b>	<b>95,407</b>	<b>(5,104)</b>	<b>46,400</b>
<b>Attributable to:</b>					
Owners of the company		(428)	74,581	(5,517)	34,452
Non-controlling interests		1,381	20,826	413	11,948
		<b>953</b>	<b>95,407</b>	<b>(5,104)</b>	<b>46,400</b>
<b>Earnings per share (basic and diluted) – (in US\$)</b>	20	<b>(0.0001)</b>	0.0142	<b>(0.00105)</b>	0.00657

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 PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2016

(in thousands of US\$)	Six Months ended June 30, 2016	Six Months ended June 30, 2015	Three Months ended June 30, 2016	Three Months ended June 30, 2015
<b>Profit for the period</b>	953	95,407	(5,104)	46,400
<b>Other comprehensive income :</b>				
<b>Items that may be subsequently reclassified to profit or loss net of tax</b>				
Share of loss recognized directly in equity of associates	(14)	-	-	-
Currency translation differences	(26,507)	(36,882)	(98,699)	122,951
<b>Total comprehensive (loss) / income for the period</b>	<b>(25,568)</b>	<b>58,525</b>	<b>(103,803)</b>	<b>169,351</b>
<b>Attributable to:</b>				
<i>Owners of the parent</i>	(26,402)	42,901	(103,671)	107,047
<i>Non-controlling interest</i>	834	15,624	(132)	62,304
<b>Total comprehensive (loss) / income for the period</b>	<b>(25,568)</b>	<b>58,525</b>	<b>(103,803)</b>	<b>169,351</b>

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

**Chief Financial Officer**

Youssef Shoukry

**Executive Chairman & Managing Director**

Naguib Sawiris

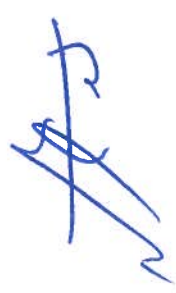


**ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED JUNE 30, 2016**

<i>(in thousands of US\$)</i>	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to shareholders of the Parent Company	Non-controlling Interests	Total equity
<b>As at January 1, 2015</b>	366,148	81,329	(108,815)	209	573,156	912,027	189,253	1,101,280
<b>Comprehensive income</b>								
Other comprehensive income	-	-	(31,471)	(209)	-	(31,680)	(5,202)	(36,882)
Profit for the period	-	-	-	-	74,581	74,581	20,826	95,407
<b>Total comprehensive income</b>	-	-	(31,471)	(209)	74,581	42,901	15,624	58,525
<b>As of June 30, 2015</b>	<b>366,148</b>	<b>81,329</b>	<b>(140,286)</b>	<b>-</b>	<b>647,737</b>	<b>954,928</b>	<b>204,877</b>	<b>1,159,805</b>
<i>(in thousands of US\$)</i>	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non-Controlling Interest	Total equity
<b>As at January 1, 2016</b>	366,148	81,329	(122,216)	-	828	326,089	16,690	342,779
<b>Comprehensive income</b>								
Other comprehensive income	-	-	(25,960)	-	-	(25,960)	(547)	(26,507)
Share of loss recognized directly in equity of associates	-	-	-	(14)	-	(14)	-	(14)
(Loss) / profit for the period	-	-	-	-	(428)	(428)	1,381	953
<b>Total comprehensive income</b>	-	-	(25,960)	-	(428)	(26,402)	834	(25,568)
<b>As of June 30, 2016</b>	<b>366,148</b>	<b>81,329</b>	<b>(148,176)</b>	<b>(14)</b>	<b>400</b>	<b>299,687</b>	<b>17,524</b>	<b>317,211</b>

(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 JUNE 30, 2016

<i>(in thousands of US\$)</i>	<b>For the period ended June 30, 2016</b>	<b>For the period ended June 30, 2015</b>
<b>Profit for the period from continuing operations</b>	<b>5,446</b>	<b>32,875</b>
<i>Adjustments for</i>		
Depreciation, amortization and impairment charges	5,262	5,902
Fair value loss on derivative instrument	-	137,586
Interest expense	3,436	520
Investment income	(1,431)	(235)
Foreign exchange (gain) /loss	(22,611)	2,541
(Gain) / loss from disposal of assets	(1,213)	276
Gain from disposal of associate	-	(161,223)
Share of (profit) loss of associate	(5)	632
Change in provisions	3,589	(24,152)
Changes in other assets	4,329	(9,177)
Changes in other liabilities	6,040	2,661
<b>Cash flows generated by / (used in) operating activities</b>	<b>2,839</b>	<b>(11,794)</b>
Income taxes paid	(8,556)	(5,279)
Interest paid	(3,191)	(520)
Interest collected	1,431	235
<b>Net cash flows used in operating activities</b>	<b>(7,478)</b>	<b>(17,358)</b>
<i>Cash out flow for investments in</i>		
Property and equipment	(19,969)	(14,421)
Intangible assets	(524)	(1,401)
Change in deposits and financial assets	(2,668)	12,468
Investment available for sale	(14)	-
<i>Proceeds from disposal of</i>		
Property and equipment	245	346
Proceeds from sale of subsidiaries	6,481	-
Proceeds from sale of associates	-	237,990
Investments held for trading	4,428	-
<b>Cash flows (used in) / generated by investing activities</b>	<b>(12,021)</b>	<b>234,982</b>
<b>Cash flows from financing activities</b>		
Proceeds from loan and bank facilities	15,446	10,838
Payments for loans and bank facilities	(6,333)	(1,990)
<b>Cash flows generated by financing activities</b>	<b>9,113</b>	<b>8,848</b>
<b>Net cash (used in) / generated by continuing operations</b>	<b>(10,386)</b>	<b>226,472</b>
Net cash generated by operating activities	-	112,284
Net cash used in investing activities	-	(92,694)
<b>Net cash generated by discontinued operations</b>	<b>-</b>	<b>19,590</b>
Net (decrease) / increase in cash and cash equivalents	(10,386)	246,062
Effect of exchange rates on cash and cash equivalents	(2,343)	(12,582)
Cash and cash equivalents at the beginning of the period	202,455	130,249
<b>Cash and cash equivalents at the end of the period</b>	<b>189,730</b>	<b>363,729</b>

(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 JUNE 30, 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 June 30, 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 24, 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**

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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 amortisation
IAS 38	Intangible Assets – Amendments regarding the clarification of acceptable methods of depreciation and amortisation
Various	Amendments resulting from annual improvements 2012-2014 Cycle

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**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.

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.  
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE PERIOD ENDED JUNE 30, 2016

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

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2016

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

*Revenue and EBITDA disclosure for the period ended June 30, 2016*

	For the Period ended June 30, 2016		For the Period ended June 30, 2015		EBITDA	EBITDA
	Total segment revenue	Inter segment revenue	Total segment revenue	Inter segment revenue		
Investment Property	1,461	-	-	-	904	-
GSM Lebanon	3,631	-	3,598	-	1,698	3,598
Financial Services	5,731	-	-	-	(1,471)	-
Cable	14,397	-	12,971	-	2,090	12,971
Other	1,082	(1,082)	2,050	(1,665)	(14,341)	385
<b>Total</b>	<b>26,302</b>	<b>(1,082)</b>	<b>18,619</b>	<b>(1,665)</b>	<b>(11,120)</b>	<b>16,954</b>

*Assets per segment as of June 30, 2016*

	As Of June 30, 2016			As Of 31 December 2015			Total
	Property and equipment	Intangible assets	Investment Property	Property and equipment	Intangible assets	Investment Property	
Financial Services	824	37,382	-	713	42,394	-	43,107
Investment Property	-	-	63,883	-	-	-	-
Cable	119,381	13,652	-	104,009	13,637	-	117,646
Other	8,408	47	-	7,886	76	63,853	78,451
<b>Total</b>	<b>128,613</b>	<b>51,081</b>	<b>63,883</b>	<b>112,608</b>	<b>56,107</b>	<b>63,853</b>	<b>311,019</b>

*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 June 30, 2016	For the period ended June 30, 2015
Cable	19,420	24,427
Other	2,416	8,901
<b>Total</b>	<b>21,836</b>	<b>33,328</b>

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2016

**5. Revenues**

(In thousand US\$)	For the period ended June 30, 2016	For the period ended June 30, 2015
Revenue form Financial services	5,731	-
Interconnection traffic	14,397	12,954
Management contract -Fees	3,631	4,000
Investment Property Revenue	1,461	-
<b>Total</b>	<b>25,220</b>	<b>16,954</b>

**6. Purchases and services**

(In thousand US\$)	For the period ended June 30, 2016	For the period ended June 30, 2015
Rental of local network, technical sites and other leases	2,984	2,621
Customer acquisition costs	37	-
Purchases of goods and changes in inventories	208	2,356
Band width cost	1,970	1,852
Maintenance costs	4,528	611
Telephony cost	570	-
Utilities	594	235
Advertising and promotional services	441	276
Consulting and professional services	2,472	1,364
Bank and post office charges	362	398
Insurance	74	117
Airfare	93	268
Accommodation, Meals and Per diem	158	188
IT Supplies and expense	112	62
Sites expense	258	241
Security Guards	78	73
Other service expenses	319	1,774
<b>Total</b>	<b>15,258</b>	<b>12,436</b>

**7. Net financing (cost) income**

(In thousand US\$)	For the period ended June 30, 2016	For the period ended June 30, 2015
Interest income on deposits	1,429	234
Fair value loss on derivative instrument	-	(137,586)
<b>Financial income</b>	<b>1,429</b>	<b>(137,352)</b>
Interest expense on borrowings	(3,106)	(153)
Other interest expense and financial charges	(329)	(366)
<b>Financial expense</b>	<b>(3,435)</b>	<b>(519)</b>
Foreign exchange gain/ (loss)	22,612	(2,560)
<b>Total Foreign exchange gain/ (loss)</b>	<b>22,612</b>	<b>(2,560)</b>
<b>Total</b>	<b>20,606</b>	<b>(140,431)</b>

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**8. Income tax expense**

(In thousand US\$)	For the Period ended June 30, 2016	For the Period ended June 30, 2015
Current tax expense	2,449	23,774
Deferred tax liabilities (expenses)	2,044	2,148
<b>Total Income tax expenses</b>	<b>4,493</b>	<b>25,922</b>

**9. 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 (10).

**10. Investments in associates (net)**

(In thousand US\$)	Country	%	June 30, 2016	December 31, 2015
Cheo JV Technology-Koryolink *	North Korea	75	166,359	108,090
Electronic Fund Administration Services	Egypt	20	72	82
Axes Holding company	Egypt	33.90	536	605
Deduct: Impairment			(97,788)	(30,326)
			<b>69,179</b>	<b>78,451</b>

(In thousand US\$)	June 30, 2016	December 31, 2015
Assets	1,157,566	1,038,103
Liabilities	(194,418)	(179,871)
<b>Net assets</b>	<b>963,148</b>	<b>858,232</b>

(In thousand US\$)	For the period ended June 30, 2016	For the period ended June 30, 2015
Revenues	171,621	-
Total expense	(81,580)	-
<b>Post tax profit (loss) from continuing operations</b>	<b>90,041</b>	-
Share of profit in associates	67,531	-

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.

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

This arrangements will guarantee the fair allocation of subscribers between Koryolink and the Government telecom operator "Kang Song NET" and initially handling some other issues faced by Koryolink, such as; the transfer of the cash balances in local currency to Euro using the parallel market rate (parallel market rate: 1 Euro is equivalent to 8,650 of the local currency, official rate: 1 Euro is equivalent to 118 of the local currency). This is conditional that the Korean party will fulfill its obligations. In addition the arrangements setting rules allows the transfer of profits, in case of the availability of retained earnings and foreign currency balances, needed for the profit distribution process.

The management of the Group is currently monitoring the execution of the arrangements, and following up on the remaining issues faced by the Company to reach a solution, in light of the new international sanctions.

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

(In thousand US\$)	For the period ended June 30, 2016	For the period ended June 30, 2015
Beginning balance, (net of impairment)	78,369	-
Share of profit of associates	67,531	-
Impairment	(67,531)	-
Currency translation differences	(9,190)	-
<b>Ending balance</b>	<b>69,107</b>	<b>-</b>

**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 thousand US\$)	Property and equipment	Intangible assets
<b>Balance as of January 1, 2015</b>	<b>112,608</b>	<b>56,107</b>
Additions	21,290	546
Disposals	(134)	-
Depreciation and amortization	(4,260)	(478)
Currency translation differences	(891)	(5,094)
<b>Balance as of June 30, 2016</b>	<b>128,613</b>	<b>51,081</b>
<b>Balance as of January 1, 2015</b>	<b>292,650</b>	<b>72,393</b>
Additions	19,690	1,401
Disposals	(346)	-
Depreciation and amortization	(20,084)	(2,168)
Currency translation differences	(5,040)	(2,478)
<b>Balance as of June 30, 2015</b>	<b>286,870</b>	<b>69,148</b>

There is a pledged assets for Transworld equivalent to US\$ 65 Million, and this in exchange for facilities fir the company in marine cables SMW5.



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**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 thousand US\$)	Total
<b>Cost</b>	
As at January 1, 2016	64,165
Currency translation differences	965
<b>As of June 30, 2016</b>	<b>65,130</b>
<b>Accumulated Depreciation and Impairment</b>	
As at January 1, 2016	312
Charge for the period	652
Currency translation differences	283
<b>As of June 30, 2016</b>	<b>1,247</b>
<b>Net book value as of June 30, 2016</b>	<b>63,883</b>
<b>Net book value as of December 31, 2015</b>	<b>63,853</b>

**13. Other financial assets**

(In thousand US\$)	As Of June 30, 2016			As Of December 31, 2015		
	Non-current	Current	Total	Non-current	Current	Total
Financial receivables	233	520	753	192	294	486
Deposits	4,205	2,614	6,819	-	5,742	5,742
Financial assets held for trading (13-1)	-	3,930	3,930	-	-	-
Financial assets available for sale - At Cost (13-2)	1,416	-	1,416	7,293	-	7,293
Financial assets available for sale - At Fair value (13-3)	490	-	490	545	4,782	5,327
<b>Other financial assets</b>	<b>6,344</b>	<b>7,064</b>	<b>13,408</b>	<b>8,030</b>	<b>10,818</b>	<b>18,848</b>

**13-1 Financial assets held for trading.**

Investments at fair value through profit and loss:

Company name	As Of June 30, 2016	As Of December 31, 2015
Mutual fund	3,930	-
<b>Total</b>	<b>3,930</b>	<b>-</b>

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

Company name	As Of June 30, 2016	As of December 31, 2015
Smart Village	-	5,645
Misr for Central Clearing Depository and Registry	869	986
Guarantee Settlement Fund	547	648
El Arabi for Investment	22	25
MENA Capital	166	183
NRG for trade & distribution	135	153
(Less): Impairment loss of available for sale investments	(323)	(344)
<b>Total</b>	<b>1,416</b>	<b>7,293</b>

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-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 June 30, 2016	As of December, 31 2015
EGX 30	479	545
Treasury Bonds	11	4,782
<b>Total</b>	<b>490</b>	<b>5,327</b>

**14. Cash and balances at banks**

<i>(in thousands of US\$)</i>	As of June 30, 2016	As of December 31, 2015
Bank accounts and deposits	189,211	201,645
Cash on hand	519	439
Financial investment at fair value through P&L – Mutual fund certificate	-	370
<b>Total</b>	<b>189,730</b>	<b>202,454</b>

-The current account at banks include an amount equivalent to US\$ 1.5 Million pledged as a guarantee for the credit facilities granted to TransWorld Associates.

**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).

**16. Borrowings**

<i>(in thousands of US\$)</i>	For the Period ended June 30, 2016	For the Period ended June 30, 2015
opening balance	87,556	44,362
of which current portion	10,530	29,345
of which non-current portion	77,026	15,017
<b>Repayment of borrowings</b>	<b>(10,089)</b>	<b>(15,178)</b>
Proceeds from borrowing	19,446	82,664
Exchange rate differences	(3,562)	2,665
Others	(2)	(235)
<b>Balance as of June 30</b>	<b>93,349</b>	<b>114,278</b>
of which current portion	8,129	22,616
of which non-current portion	85,220	91,662

**Loans for Trans World associate**

Borrowings include loans obtained from the shareholders of Trans World Associate Private by an amount of US\$ 2.8 million from which US\$ 2.3 million due within one year and US\$ 0.54 million due after more than one year with an interest rate 1.58%.

Borrowings also include loans obtained from banks amounted to US\$ 33.5 million from which US\$ 1 million due within one year and US\$ 32.5 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%.

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**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 US\$ 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 two credit facilities as a Medium Term Loan agreement to finance the purchase of assets related to the Company from one of the Egyptian banks, It provides the Company with credit facility amounts up to US\$ 560 Thousand, US\$ 230 Thousand respectively with available duration sixty-seven months, and till the date of the financial statements for the current period the Company used amounts of US\$ 302 Thousand.

**17. Other assets**

(in thousands of US\$)

	As Of June 30, 2016			As Of December 31, 2015		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	9,871	4,925	14,796	9,307	4,821	14,128
Advances to suppliers	-	1,762	1,762	-	1,429	1,429
Receivables due from tax authority	-	333	333	-	-	-
Employee loans	-	306	306	-	352	352
Assets from current tax	-	7,422	7,422	-	6,522	6,522
Other non-trade receivables	-	2,304	2,304	-	1,748	1,748
Allowance for doubtful current assets	-	(394)	(394)	-	-	-
<b>Total</b>	<b>9,871</b>	<b>16,658</b>	<b>26,529</b>	<b>9,307</b>	<b>14,872</b>	<b>24,179</b>

**18. Trade payables and other liabilities**

	As Of June 30, 2016			As Of December 31, 2015		
	Current	Non-current	Total	Current	Non-current	Total
<b><u>Trade Payable</u></b>						
Capital expenditure payables	1,885	-	1,885	321	-	321
Trade payables due to suppliers	13,149	-	13,149	7,694	-	7,694
Customers credit balance	17,355	-	17,355	10,907	-	10,907
Other trade payables	5,276	-	5,276	2,878	-	2,878
<b>Total</b>	<b>37,665</b>	<b>-</b>	<b>37,665</b>	<b>21,800</b>	<b>-</b>	<b>21,800</b>
<b><u>Other current liabilities</u></b>						
Prepaid traffic and deferred income	1,150	9,241	10,391	744	8,494	9,238
Due to local authorities	5,542	-	5,542	5,079	-	5,079
Personnel payables	729	-	729	1,078	-	1,078
Other credit balances	3,053	1,351	4,404	4,704	1,677	6,381
<b>Total</b>	<b>10,474</b>	<b>10,592</b>	<b>21,066</b>	<b>11,605</b>	<b>10,171</b>	<b>21,776</b>
<b>Total</b>	<b>48,139</b>	<b>10,592</b>	<b>58,731</b>	<b>33,405</b>	<b>10,171</b>	<b>43,576</b>

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**19. Provisions**

Provisions are recognised 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 recognised 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 June 30, 2016	For the period ended June 30, 2015
As of January, 1	79,063	76,464
Formed	3,274	254
No longer required	-	(23,937)
Currency translation differences	(9,481)	(4,681)
Provision used	-	(469)
Reclassifications	282	573
<b>As of June 30,</b>	<b>73,138</b>	<b>48,204</b>

**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 June 30, 2016	For the period ended June 30, 2015
Profit attributable to equity holders of the Parent Company	(428)	74,581
Weighted average number of shares (in thousands of shares)	5,245,690	5,245,690
<b>Earnings per share – basic and diluted (in US\$)</b>	<b>(0.0001)</b>	<b>0.0142</b>
From continuing operations	(0.0001)	(0.0027)
From discontinued operations	-	0.0169

**21. Capital Commitments**

The capital commitments are provided in the table below:

	As Of June 30, 2016	As Of December 31, 2015
Property and equipment	26,809	31,068
Other	16,509	23,109
<b>Total</b>	<b>43,318</b>	<b>54,177</b>

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

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**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)**

- A bank guarantee issued in favour of Link Dot Net amounting to US\$ 477 Thousand which is equivalent to EGP 4.235 Million valid until July 23, 2016.

- 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\$ 410 thousand for the agreed credit facility.

- An amount of Rs 2 200 Thousand equivalent to US\$ 19 Thousand is under lien with Habib Bank in favour 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. Non-adjusting events**

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

**Beltone Financial Holding "Subsidiary":**

- On May 16, 2016 Board of Directors of Beltone Financial Holding "Subsidiary" proposal to increase the authorized capital from EGP 1 billion to EGP 3 billion, and to increase the issued & paid-up capital from EGP 338,031,338 to EGP 1,338,031,958 an increase of one billion of Egyptian pounds distributed over 500 Million shares with par value EGP 2 per share by inviting the former shareholders to underwrite in the capital increase, and the proposal will be introduced to Extraordinary General Assembly Meeting of the company, which will be held after obtaining the consent of the Egyptian Financial Supervisory Authority and Egyptian stock exchange.

- On May 29, 2016 the Board of Directors of Beltone Financial Holding "Subsidiary" accept to assign the Committee of motivation and compensation, for researching, evaluating and suggesting compensation and motivation system to present it for the Board of Directors of the Company, introducing to begin in executing it in accordance with the Egyptian law after obtaining the necessary approvals

- 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.

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- On June 27, 2016 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 six months ended June 30, 2016 were approved by the Board of Directors on August 24, 2016.

**Chief Financial Officer**

Youssef Shoukry



**Executive Chairman & Managing Director**

Naguib Sawiris

