



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

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

**Three Months Ended
March 31, 2015
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. and its subsidiaries (The Group) which comprise the condensed consolidated interim statement of financial position as at March 31, 2015 and the related condensed consolidated interim statements of profit or loss & 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 presentation of these 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

Except as explained in the following paragraph, 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 (21), the accompanying condensed consolidated interim financial statements as at March 31, 2015 included the subsidiary's balances of CHEO Technology "Koryolink" domiciled in North Korea. The net assets of Koryolink equivalent to USD 766 million of the Group's consolidated net assets amounting to USD 1,096 million. Koryolink assets include cash balances denominated in North Korean currency equivalent to USD 540 million (are reported within non-current financial assets in the consolidated interim financial statements due to restrictions imposed on transfers). The subsidiary is facing financial and operational obstacles due to the following reasons; firstly, because of the international sanctions imposed on financial transactions and transfers, the import and export of goods and services, including goods and services required to operate, maintain and develop mobile networks which has resulted, lately, in increasing severance of long term restrictions on the ability of the subsidiary to transfer realized profits to the Group, secondly; 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 which is being used by the Group's management in translating the subsidiary's financial statements, however, the currency exchange is not available at such official rates unless a prior approval from the authorities is obtained, thirdly; the North Korean Government, a shareholder in the subsidiary, has launched a competing telecom operator wholly owned by the Government. In the view of management the existence of such obstacles and restrictions did not affect the Group's ability to control the subsidiary's activities, in addition management is looking for solutions to the obstacles and its effect through continuing discussions with the Korean party including merging the subsidiary "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 for some of the obstacles according to the management's estimates.

In light of the aforementioned restrictions and the non-completeness of merger discussions, we were not able to determine the effect on the subsidiary's net assets reported in the condensed consolidated interim financial statements as a result of restrictions referred to above at the date of the interim financial statements, and we were not able to perform 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, 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 financial position of Orascom Telecom, Media and Technology Holding S.A.E as at March 31, 2015 and of its financial performance and of its cash flows for the three months period then ended in accordance with IAS (34) "Interim Financial Reporting".

Other matters

We draw attention to note (10) to the accompanying condensed consolidated interim financial statements which describes in more details that according to management's best estimate, and in light of the available information, there are no differences between the tax basis and accounting basis of the recognized assets and liabilities related to the Group's subsidiary in North Korea (Koryolink) that may result in the recognition of any deferred tax assets or liabilities as at March 31, 2015. Management believes that in case any additional information develops in future periods, that would give rise to any such differences on the assets or liabilities recognized in the financial statements as of March 31, 2015, management would revise its estimates and recognition of deferred taxes associated with those assets and liabilities might be required.

Our conclusion on the accompanying condensed consolidated interim financial statements as of March 31, 2015 is not qualified in respect to the matter referred to in the above paragraph.

Cairo, June 23, 2015


Saleh, Barsoum & Abdel Aziz
Accountants
&
Auditors
Co.
Kamal Magdy Saleh, FCA
F.E.S.A.A. (R.A.A. 8510)

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS OF
MARCH 31, 2015

<i>(in thousands of US\$)</i>	Note	As of March 31, 2015	As of December 31, 2014
Assets			
Property and equipment (net)	11	277,926	292,650
Intangible assets (net)	11	68,378	72,393
Investments in associates (net)		-	82,739
Other non-current financial assets	12	546,143	703,689
Other non-current assets		9,372	9,144
Total non-current assets		901,819	1,160,615
Inventories (net)		298	264
Trade receivables (net)		17,597	13,963
Other current financial assets	12	16,692	38,005
Other current assets		19,319	19,550
Cash and balances at banks	13	415,266	130,251
		469,172	202,033
Non-current assets held for sale		-	63,801
Total current assets		469,172	265,834
Total Assets		1,370,991	1,426,449
Equity and Liabilities			
Share capital	14	366,148	366,148
Other reserves		(72,310)	(27,277)
Retained earnings		613,391	573,156
Equity attributable to equity holders of the Parent Company		907,229	912,027
Non-controlling interests		188,898	189,253
Total equity		1,096,127	1,101,280
Liabilities			
Non-current borrowings	15	2,190	2,099
Trade payables and other liabilities	16	9,368	8,630
Deferred tax liabilities		12,580	12,775
Total non-current liabilities		24,138	23,504
Current borrowings	15	2,807	4,099
Trade payables and other liabilities	16	144,970	150,717
Current income tax liabilities		54,308	20,565
Provisions	17	48,641	76,464
		250,726	251,845
Non-current liabilities held for sale		-	49,820
Total current liabilities		250,726	301,665
Total Liabilities		274,864	325,169
Total Equity and Liabilities		1,370,991	1,426,449

(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, 2015

<i>(in thousands of US\$)</i>	Note	For the period ended March 31, 2015	For the period ended March 31, 2014
<u>Continuing Operations</u>			
Revenues	6	84,858	92,695
Other income		290	814
Purchases and services	7	(17,135)	(20,296)
Other expenses		(1,181)	(4,068)
Personnel cost		(5,406)	(3,845)
Depreciation and amortization		(10,728)	(8,720)
Provisions no longer required	17	23,933	-
Operating income		74,631	56,580
Financial (cost) income	8	(137,427)	9,639
Financial expense	8	(314)	(428)
Foreign exchange (loss) gain	8	(13,525)	626
Share of loss of investment in associates	9	(632)	(2,196)
Gain on sale of investments in associates	9	161,173	-
Profit before income tax		83,906	64,221
Income tax expense	10	(34,793)	(15,954)
Profit for the period from continuing operations		49,113	48,267
<u>Discontinued operations</u>			
(loss) from discontinued operation - net of income tax		-	(1,664)
Profit for the period		49,113	46,603
Attributable to:			
Owners of the Parent Company		40,235	35,384
Non-controlling interests		8,878	11,219
		49,113	46,603
Earnings per share from continuing operations – (in US\$)	18	0.0077	0.0070
Earnings per share from discontinued operations – (in US\$)	18	-	(0.0003)

<i>(in thousands of US\$)</i>	For the period ended March 31, 2015	For the period ended March 31, 2014
Profit for the period	49,113	46,603
Other comprehensive income (loss):		
Items that may be subsequently reclassified to profit or loss net of tax:		
Share of profit recognized directly in equity of associates	(209)	-
Currency translation differences	(54,057)	(3,496)
Total comprehensive income for the period	(5,153)	43,107
Attributable to:		
Owners of the Parent Company	(4,780)	32,282
Non-controlling interests	(373)	10,825
Total comprehensive (loss) income for the period	(5,153)	43,107

(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, 2015

<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
As at January 1, 2014	366,148	81,329	(61,490)	209	581,891	968,087	155,771	1,123,858
Comprehensive income								
Other comprehensive income	-	-	(3,102)	-	-	(3,102)	(394)	(3,496)
Profit for the period	-	-	-	-	35,384	35,384	11,219	46,603
Total comprehensive income	-	-	(3,102)	-	35,384	32,282	10,825	43,107
As of March 31, 2014	366,148	81,329	(64,592)	209	617,275	1,000,369	166,596	1,166,965

<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
As at 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)
Disposal 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

(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, 2015

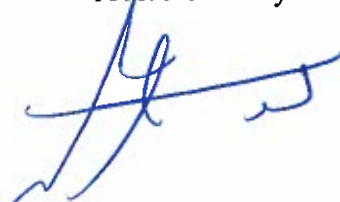
(in thousands of US\$)

	For the period ended March 31, 2015	For the period ended March 31, 2014
Profit for the period	83,906	64,221
<i>Adjustments for</i>		
Depreciation, amortization and impairment charges	10,730	8,721
Fair value loss / gains on derivative instrument	137,426	(9,469)
Interest expense	133	429
Investment income	(314)	(221)
Foreign exchange differences	13,525	(626)
Gain from sale of associate	(161,173)	-
Share of profit of associate	632	2,196
Change in provisions	(23,708)	2,653
Changes in other assets	(1,887)	(1,486)
Changes in other liabilities	7,322	4,177
Cash flows generated by operating activities	66,592	70,595
Income taxes paid	(362)	(359)
Interest paid	(133)	(429)
Interest collected	314	221
Net Cash flows generated by operating activities	66,412	70,028
<i>Cash flows from investing Activities</i>		
Property and equipment	(8,701)	(8,993)
Intangible assets	(46)	-
Change in deposits and financial assets	14,064	(42,874)
Property and equipment	442	854
Proceeds from sale of associate	237,943	-
Cash flows generated by (used in) investing activities	243,702	(51,012)
<i>Cash flows from financing activities</i>		
Proceeds from loan and bank facilities	-	2,550
Payments for loans and bank facilities	(1,149)	(2,264)
Cash flows (used in) generated by financing activities	(1,149)	286
Net cash generated by continuing operations	308,965	19,301
Net cash generated by operating activities	-	978
Net cash used in investing activities	-	(486)
Net cash generated by financing activities	-	1,140
Net cash generated by discontinued operations	-	1,632
Net increase in cash and cash equivalents	308,964	20,934
Effect of exchange rates on cash and cash equivalents	(23,949)	(997)
Cash and cash equivalents at the beginning of the period	130,251	124,763
Cash and cash equivalents at the end of the period	415,266	144,699

(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, 2015

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, 2015 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, 2014. 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, 2014, which have been prepared in accordance with IFRSs.

This condensed consolidated interim financial information was approved for issue on June 23, 2015. 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.

3. 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, 2014. The accounting policies have been consistently applied to all the periods presented.

A. Adoption of new and revised International Financial Reporting Standards

A.1 Standards and interpretations effective in the current period

The following revised standards are effective for the current period. The adoption of these standards has not led to material changes in the Group's accounting policies.

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2015

Revised Standards

IFRS 10	Consolidated Financial Statements – Amendments for investment entities
IFRS 12	Disclosure of Interests in Other Entities – Amendments for investment entities
IAS 19	Employee Benefits – Amendments for accounting treatment of contributions
IAS 27	Separate Financial Statements (2011) – Amendments for investment entities
IAS 32	Financial Instruments – Amendments for Offsetting financial assets and liabilities
IAS 36	Impairment of Assets – Amendments for Recoverable Amount Disclosures for Non-Financial Assets
IAS 39	Financial Instruments – Recognition and Measurement – Amendments for novation of derivatives
IAS 39	Defined Benefits Plan – Employee Contributions
Various	Investment Entities – Amendments to IFRS 10, IFRS 12, and IAS 27
Various	Amendments resulting from annual improvement project

New Interpretations

IFRIC 21	Levies
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A.2 Standards and interpretations not yet adopted

At the date of authorization of these condensed consolidated interim 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 for annual periods beginning 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 15	Revenue from Contracts with Customers	1 January 2017
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 11	Joint Arrangements - Amendments for Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IAS 27	Consolidated and Separate Financial Statements - (Proposed amendments for Equity Method in Separate Financial Statements	1 January 2016
Various	Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Proposed amendments to IFRS 10 and IAS 28)	1 January 2016

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

4. 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

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2015

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, 2014.

5. 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 – North Korea*: relating to the mobile telecommunication operations performed in North Korea through the operator Koryolink.
- *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 MARCH 31, 2015

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

	For the period ended March 31, 2015	For the period ended March 31, 2014
Telephony Services	69,437	78,282
Interconnection traffic	13,238	12,162
Management contract -Fees	2,183	2,251
Total	84,858	92,695

Revenue and EBITDA disclosure per segment for the period ended March 31, 2015

	For the Period ended 31 March 2015				For the Period ended 31 March 2014			
	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA
GSM North Korea	76,505	-	76,505	60,601	84,802	-	84,802	64,934
GSM Lebanon	1,797	-	1,797	679	1,808	-	1,808	914
Media & Technology	603	(603)	-	(727)	-	-	-	(454)
Cable	6,171	-	6,171	287	5,652	-	5,652	345
Other	3,596	(3,211)	385	24,320	3,822	(3,391)	433	(437)
Total	88,672	(3,814)	84,858	85,160	96,084	(3,391)	92,695	65,301

Assets per segment as of March 31, 2015

	As of 31 March 2015			
	Property and equipment	Intangible assets	Equity investments	Total
GSM North Korea	148,294	47,418	-	195,712
Media & Technology	771	-	-	771
Cable	123,311	20,778	-	144,089
Other	5,550	182	-	5,733
Total	277,926	68,378	-	346,305

Capital expenditure

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

	For the period ended March 31, 2015	For the period ended March 31, 2014
GSM North Korea	4,301	1,644
Media & Technology	-	365
Cable	237	485
Other	66	101
Total	4,604	2,595

There are no changes in reportable segments since December 31, 2014.

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2015

6. Revenues

	For the period ended March 31, 2015	For the period ended March 31, 2014
Telephony Services	69,437	78,282
Interconnection traffic	13,238	12,162
Management contract -Fees	2,183	2,251
Total	84,858	92,695

7. Purchases and services

	For the period ended March 31, 2015	For the period ended March 31, 2014
Telephony cost	3,933	4,234
Rental of local network, technical sites and other leases	4,361	4,604
Customer acquisition costs	1,881	3,150
Consulting and professional services	1,633	1,205
Purchases of goods and changes in inventories	1,198	1,604
Maintenance costs	1,145	1,768
Utilities	369	404
Interconnection traffic	64	93
Advertising and promotional services	177	174
Bank and post office charges	99	120
Insurance	159	164
Other service expenses	2,116	2,776
Total	17,135	20,296

The decrease in the purchases and services costs during the period is due to the decrease in customer acquisition and retention costs by an amount of USD 1,269 thousand and the decrease in maintenance costs by an amount of USD 623 thousand.

8. Net financing (cost) income

	For the period ended March 31, 2015	For the period ended March 31, 2014
Fair value (loss) gains on derivative instrument	(137,559)	9,469
Interest income on deposits	132	170
Financial (cost) income	(137,427)	9,639
Interest expense on borrowings	(129)	(196)
Other interest expense and financial charges	(185)	(232)
Financial expense	(314)	(428)
Foreign exchange (loss) / gain	(13,525)	626
Total	(151,266)	9,837

The increase in finance costs is due to the reversal of previously recognized gains resulting from the valuation of the Company's put option of investments amounted to USD 137.6 thousand – in addition to the increase in foreign exchange losses during the period resulting from the decrease in exchange rates of Euro against USD which had a negative impact

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2015

on financial assets denominated in Euro at the date of the consolidated interim financial statements.

9. Investments in associates (net)

Company	Country	%	March 31, 2015	December 31, 2014
MT Telecom SCRL	Belgium	28.75	-	7,840
Egyptian Company For Mobile Services (ECMS)	Egypt	5	-	74,899
			-	82,739

The following table identifies the detailed transactions on investments:

	Three months ended March 31, 2015	Three months ended March 31, 2014
Beginning balance	77,612	92,367
Group's share of loss in the investments in associates	(632)	(2,196)
Disposal of Group's share in change in equity of associates	(188)	-
Disposal of Group's share as a result of sale of investments in associates	(76,792)	-
Currency translation differences	-	(249)
Ending balance	-	89,922

The carrying amount of the investments in associates decreased by an amount of USD 632 thousand as result of the Group's share of the additional losses of the associate companies which occurs during the current period and until the date of selling the investments.

Gains on sale of investments in associates

On February 22, 2015 the Board of Directors of the Holding Company agreed on the sale of all the Group's shares 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 SA Company (previously; France Telecom), and on March 12, 2015 the Group collected the sale price which amounted to Euro 209,632,133.

The following table shows gain from sale of investments in associates resulting from the exercise of call option:

	(In thousand USD)
Sale price of investments in associates	238,576
Deduct:	
Sale transaction costs and commissions	(611)
Investment in associates using equity method	(76,792)
Gain from sale of investments in associates	161,173

ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2015

10. Income tax expense

	For the period ended March 31, 2015	For the period ended March 31, 2014
Current tax expense	34,497	15,479
Deferred tax liabilities	296	475
Total income tax expenses	34,793	15,954

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

The Company has paid an amount equivalent to USD 40.3 million under tax settlement starting from the beginning of prior year to the period ended March 31, 2015 until the preparation of subsidiary's tax return for the year ended December 31, 2014 which represents the first fiscal year subject to tax after the elapse of the exemption period.

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

Should additional information arise in future periods resulting in differences between the tax basis and accounting basis of recorded assets and liabilities in the financial statements as at March 31, 2015, Management will reassess its estimate in a way that might result in the recognition of deferred taxes related to those assets and liabilities.

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:

	Property and equipment	Intangible assets
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

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Balance as of January 1, 2014	371,175	62,982
Additions	34,131	20,575
Disposals	(378)	(435)
Reclassification as assets held for sale	(7,080)	-
Depreciation and amortization	(33,526)	(3,484)
Impairment	(1,632)	(1,891)
Currency translation differences	(12,400)	(2,733)
Other movements	17	(19)
Balance as of March 31, 2014	350,307	74,995

Property and equipment

Additions to Property and equipment are mainly related to investments in cell sites and assets under construction relating to new base stations in North Korea, cable systems and equipment. These investments are mainly driven by the expansion of the business, increased capacity and the change in GSM technology.

12. Other financial assets

	As of 31 March 2015			As of 31 December 2014		
	Non-current	Current	Total	Non-current	Current	Total
Financial receivables	45	15,574	15,619	42	2,746	2,788
Derivative financial instruments	-	-	-	112,575	34,145	146,720
Deposits	540,303	1,118	541,421	584,883	1,114	585,997
Financial assets available for sale - at cost	5,795	-	5,795	6,189	-	6,189
Other financial assets	546,143	16,692	562,835	703,689	38,005	741,694

Derivatives financial instruments

Call / Put options with Orange SA

Represents the fair value of the put option, which entitles the Company to sell its direct stake in the Egyptian Company for Mobile Services - ECMS (associate company), in addition to its indirect voting rights, to Orange SA (previously; France Telecom Company), in accordance with the amended shareholders' agreement dated April 11, 2012. The agreement provides for the Company's option to put 1.67% per annum of the shares of the associate company during January and February of each year starting 2015 till 2017 based on each year accreting prices ranging from EGP 268.5 in 2015 to EGP 296 in 2017 per each share of the shares of ECMS.

The agreement also provides that Orange SA 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 SA 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.

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The consolidated interim income statement was charged during the period by an amount of USD 137.6 million, note (8), 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 Service (ECMS), in addition to potential voting rights in MT Telecom SCRL, according to the call option notice received from Orange SA Company, note (9), 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 consolidated interim income statement during the period.

Deposits

Deposits as of March 31, 2015 included an amount of USD 540 million relating to cash held in North Korea in local currency which is subject to restrictions on use for certain operating and capital expenses in local currency only. The funds cannot be converted into Euro and cannot be repatriated overseas.

13. Cash and balances at banks

The increase in cash and cash equivalent is represented in the proceeds from sale of the Group's investments in Egyptian Company for Mobile Services S.A.E and MT Telecom SCRL by an amount of Euro 209.6 million, equivalent to USD 239 million, during the three months ended March 31, 2015. The cash and balances at banks as at March 31, 2015 amounted to USD 415 million (December 31, 2014; USD 130 million).

14. Share capital

The Company was incorporated On 29 November 2011 with an authorised share capital amounting to EGP 22 billion, equivalent to USD 366 billion, of which, the issued amounts to EGP 2,203,190,060 distributed over 5,245,690,620 shares, each with a nominal value of EGP 0.42.

15. Borrowings

	For the period ended March 31, 2015	For the period ended March 31, 2014
Balance as of January 1,	6,198	8,751
of which current portion	4,099	6,456
of which non-current portion	2,099	2,295
Repayment of borrowings	(1,331)	(2,246)
Proceeds from borrowings	178	3,672
Exchange rate differences	(48)	254
Balance as of March 31,	4,997	10,341
of which current portion	2,807	6,666
of which non-current portion	2,190	3,765

Borrowings include loans obtained from the shareholders of Trans World Associate Private by an amount of USD 2.7 million from which USD 1.7 million due within one year and USD 1 million due after more than one year with an interest rate 1.58%.

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Borrowings also include loans obtained from banks amounted to USD 2.2 million from which USD 1.1 million due within one year and USD 1.1 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%.

16. Trade payables and other liabilities

	As of 31 March 2015			As of 31 December 2014		
	Current	Non-current	Total	Current	Non-current	Total
<u>Trade Payables</u>						
Capital expenditure payables	25,738	-	25,738	32,378	-	32,378
Trade payables due to suppliers	32,368	-	32,368	27,444	-	27,444
Other trade payables	4,011	-	4,011	3,790	-	3,790
Total trade payables	62,117	-	62,117	63,612	-	63,612
<u>Other liabilities</u>						
Prepaid traffic and deferred income	65,341	5,477	70,818	71,792	4,224	76,016
Due to local authorities	4,063	-	4,063	2,706	-	2,706
Personnel payables	1,470	-	1,470	1,226	-	1,226
Other credit balances	11,979	3,891	15,870	11,381	4,406	15,787
Total other liabilities	82,853	9,368	92,221	87,105	8,630	95,735
Total	144,970	9,368	154,338	150,717	8,630	159,347

17. 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, 2015	For the period ended March 31, 2014
As of January 1,	76,464	51,394
Formed	224	5,069
No longer required	(23,933)	(531)
Currency translation differences	(4,686)	(2,932)
Reclassifications	572	-
As of March 31,	48,641	53,000

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18. 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, 2015	For the period ended March 31, 2014
Profit attributable to equity holders of the Parent Company	40,235	35,384
Weighted average number of shares (in thousands of shares)	5,245,690	5,245,690
Earnings per share – basic and diluted (in US\$)		
<i>From continuing operations</i>	0.0077	0.0070
<i>From discontinued operations</i>	-	(0.0003)

19. Capital Commitments

The capital commitments are provided in the table below:

	As of March 31, 2015	As of December 31, 2014
Property and equipment	37,743	2,447
Other	26,518	27,932
Total	64,261	30,379

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). In addition to the capital commitments of Koryolink related to telecommunication networks. The increase in capital commitments is due to the assets related to marine cables of Trans World Associates, as for other commitments the increase is due to the foreign currency exchanges differences resulted from translation of these commitments from its foreign currency to USD currency (presentation currency).

20. Contingent liabilities

Orascom Telecom, Media and Technology Holding

- A Letter of guarantee in favour of Lebanon Ministry of Telecommunication to guarantee Orascom Telecom Lebanon in the payment of any amount due by the selected participants amounting to USD 40 million.
- A guarantee was issued in favour of one of the governmental authorities amounting to USD 750 thousand to guarantee O Capital for Energy (under incorporation), and the guarantee expires in May 2016.

Trans World Associates (Subsidiary)

- A bank guarantee was issued in favour of Link Dot Net amounting to USD 747 thousand equivalents to USD 5.7 million and the guarantee is validated to July 23, 2015.

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

- A guarantee was issued in favour of one of the subsidiary's clients amounting to USD 82 million to guarantee the subsidiary to fulfil its contractual obligations represented in performing the contracted services.

21. Group's activities in North Korea

The Groups operations in North Korea relate primarily to the 75% holding in the local telecom operator Koryolink. North Korea is subject to international sanctions imposed by the international community, European Union and the United States, as well as by the United Nations. These sanctions have the effect of restricting financial transactions and the import and export of goods and services, including goods and services required to operate, maintain and develop mobile networks. Whilst these sanctions do not currently have a material impact on the operations of Koryolink, as it is a domestic mobile operator with minimal foreign interaction, there can be no assurance that if international sanctions are subject to enhanced enforcement, the Parent Company's operating subsidiary in North Korea will be able to finance its operations, transfer funds to and from the Parent Company or operate its mobile network. This could adversely affect the Group's investments, if the Group becomes unable to continue to operate its business in North Korea.

In addition to the aforementioned, the exchange of local currency into foreign currencies in North Korea is subject to currency control restrictions implemented by the Governmental authorities. Additionally the local currency of North Korea is not tradable outside the country, which results in severed long-term restrictions on transfer of the subsidiary's realized profits.

The net assets of Koryolink (subsidiary) reached USD 766 million of the Group's consolidated net assets amounting to USD 1,096 million as of March 31, 2015. Koryolink's assets also include cash balances in North Korean currency equivalent to USD 540 million and are reported within non-current financial assets in the consolidated interim financial statements due to the restrictions imposed on cash transfers as mentioned above.

The interim financial statements of the subsidiary were translated using the official exchange rate announced by North Korean banks as at March 31, 2015 and which is determined by the Central Bank of North Korea, noting that there is no free-floating currency exchange market in North Korea. The management of the Group has no evidence indicating that the change in the exchange rate of the Korean currency may affect the assets of the subsidiary Company as reported in the condensed consolidated interim financial statements.

For consolidation purposes and as guided by IAS 21 "The Effects of Changes in Foreign Exchange Rates", the interim financial statements of the subsidiary Company "Koryolink" were translated into USD using the official exchange rate announced by the Central bank of North Korea as no other rate is available to the subsidiary.

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In light of the restrictions, financial and operating difficulties facing Koryolink due to the international sanction referred to above which resulted in severed long-term restrictions on transfer of the subsidiary's realized profits, the absence of a free-floating currency exchange market, and launching a competing local telecom operator owned by the North Korean Government, a shareholder in the subsidiary. In the management's view the existence of such obstacles and restrictions did not affect the Group's ability to control the subsidiary's activities, in addition management is looking for solutions to the obstacles and its effect through continuing discussions with the Korean party and searched and suggested a range of solutions including performing a merge transaction between the two networks, which may lead to removing some obstacles faced by Koryolink. Whereas the Korean party initially agreed, in principle, upon the suggested solutions, the discussions are still ongoing by both parties to reach an initial agreement or other alternatives, which may help Koryolink in its operating activities.

Chief Financial Officer
Youssef Shoukry



Executive Chairman & Managing Director
Naguib Sawiris

