



Orascom Telecom Holding

S.A.E

Condensed Unconsolidated Interim Financial Information

**Six months ended
June 30, 2009**



Hazem Hassan
Public Accountants & Consultants



Hazem Hassan

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Independent Report on Review of condensed unconsolidated interim financial information

To the Board of Directors of Orascom Telecom Holding S.A.E.

Introduction

We have reviewed the accompanying condensed unconsolidated balance sheet of Orascom Telecom Holding S.A.E as at 30 June 2009 and the related condensed unconsolidated statements of income, changes in equity and cash flows for the six-month period then ended (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with Egyptian Accounting Standard EAS 30 "*Interim financial Reporting*". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Egyptian 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 Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with EAS 30 "*Interim Financial Reporting*".

KPMG Hazem Hassan

Cairo, August 25, 2009

KPMG Hazem Hassan
Public Accountants and Consultants

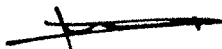
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Condensed unconsolidated interim balance sheet

<i>(In million of L.E)</i>	<i>Note</i>	June 30, 2009	December 31, 2008
Assets			
Investments in subsidiaries and joint ventures	12	11,080	10,024
Other investments	12	121	119
Property and equipment	13	115	122
Intangible assets	13	8	9
Receivables from related parties	14	3,877	2,747
Other long term financial assets		96	72
Deferred tax assets		182	252
Total non current assets		15,479	13,345
Receivable from related parties	14	11,606	8,451
Other current assets	15	540	976
Cash and cash equivalents	16	214	461
Total current assets		12,360	9,888
Total Assets		27,839	23,233
Equity and liabilities			
Total equity	17	4,133	1,759
Liabilities			
Borrowings	18	13,617	14,010
Payable to related parties	14	5,361	4,080
Non-current income tax liability	20	-	237
Total non current liabilities		18,978	18,327
Borrowings	18	1,171	519
Payable to related parties	14	1,655	1,259
Provisions		32	32
Current income tax liability	20	467	818
Other payables	19	1,403	519
Total current liabilities		4,728	3,147
Total Equity and Liabilities		27,839	23,233

Group CFO

Aldo Mareuse



Chairman & Managing Director

Naguib Onsi Sawiris




Review report "attached"

Condensed unconsolidated interim income statement

(In million of L.E)

	Note	Six months ended		Three months ended	
		June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Dividends income	4	3,498	13,647	1,632	3,559
Technical support fees	5	249	504	35	251
Other income	6	34	4	30	2
Total Revenues		3,781	14,155	1,697	3,812
Personnel expenses & remunerations to board members	7	(43)	(38)	(22)	(19)
Consultation & legal expenses		(37)	(25)	(8)	(13)
Depreciation and amortization		(10)	(11)	(5)	(6)
Impairment losses on assets	8	(1)	(430)	-	(430)
Other expenses	9	(44)	(46)	(31)	(31)
Net financing cost	10	(305)	(406)	-	(280)
Profit for the period before income tax		3,341	13,199	1,631	3,033
Income tax expenses	11	(96)	(1,603)	(96)	6
Net profit after income tax		3,245	11,596	1,535	3,039
Earnings per share (L.E.)	21	<u>3.72</u>	<u>11.68</u>	<u>1.75</u>	<u>3.15</u>

(The accompanying notes on pages (5) to (22) are an integral part of these condensed unconsolidated interim financial information)

ORASCOM TELECOM HOLDING S.A.E

Condensed unconsolidated statement of shareholders equity

(In million of L.E)

Balance as at 1/1/2008

Cash flow hedge losses taken to equity (net)
Net change in fair value of financial assets available for sale (net)

Net losses recognized directly in equity

Net profit for the period ended 30/6/2008

Total recognized income for the period

Transfer to retained earnings
Purchase of treasury shares
Cancellation of treasury shares
Dividends to shareholders
Employees profit sharing

Total

Balance as at 30/6/2008

(In million of L.E)

Balance as at 1/1/2009

Cash flow hedge profit taken to equity (net)
Net change in fair value of financial assets available for sale (net)

Net profit recognized directly in equity

Net profit for the period ended 30/6/2009

Total recognized income for the period

Transfer to retained earnings
Purchase of treasury shares
Selling of treasury shares
Dividends to shareholders
Employees profit sharing

Total

Balance as at 30/6/2009

	Issued and paid up capital	Legal Reserves	Other reserves	Retained earnings	Net profit for the period	Treasury shares	Total
Balance as at 1/1/2008	1 090	545	(25)	2 799	3 786	(4 833)	3 362
Cash flow hedge losses taken to equity (net)	-	-	(7)	-	-	-	(7)
Net change in fair value of financial assets available for sale (net)	-	-	9	-	-	-	9
Net losses recognized directly in equity	-	-	2	-	-	-	2
Net profit for the period ended 30/6/2008	-	-	-	-	11 596	-	11 596
Total recognized income for the period	-	-	2	-	11 596	-	11 598
Transfer to retained earnings	-	-	-	3 786	(3 786)	-	-
Purchase of treasury shares	-	-	-	-	-	(9 688)	(9 688)
Cancellation of treasury shares	(62)	(31)	-	(4 738)	-	4 831	-
Dividends to shareholders	-	-	-	(911)	-	-	(911)
Employees profit sharing	-	-	-	(40)	-	-	(40)
Total	(62)	(31)	-	(1 903)	(3 786)	(4 857)	(10 639)
Balance as at 30/6/2008	1 028	514	(23)	896	11 596	(9 690)	4 321
	Issued and paid up capital	Legal Reserves	Other reserves	Retained earnings	Net profit for the period	Treasury shares	Total
Balance as at 1/1/2009	899	450	(519)	(9 606)	11 234	(699)	1 759
Cash flow hedge profit taken to equity (net)	-	-	118	-	-	-	118
Net change in fair value of financial assets available for sale (net)	-	-	0.41	-	-	-	0.41
Net profit recognized directly in equity	-	-	118	-	-	-	118
Net profit for the period ended 30/6/2009	-	-	-	-	3 245	-	3 245
Total recognized income for the period	-	-	118	-	3 245	-	3 363
Transfer to retained earnings	-	-	-	11 234	(11 234)	-	-
Purchase of treasury shares	-	-	-	-	-	(143)	(143)
Selling of treasury shares	-	-	28	-	-	52	80
Dividends to shareholders	-	-	-	(877)	-	-	(877)
Employees profit sharing	-	-	-	(49)	-	-	(49)
Total	-	-	28	10 308	(11 234)	(91)	(989)
Balance as at 30/6/2009	899	450	(373)	702	3 245	(790)	4 133

(The accompanying notes on pages (5) to (22) are an integral part of these condensed unconsolidated interim financial information)

Condensed unconsolidated interim statement of Cash Flows

(In million of L.E)

	Six months ended June, 30	
	2009	2008
<u>Cash flows from operating activities</u>		
Net profit for the period before income tax	3,341	13,199
<u>Adjustments for:</u>		
Dividends income	(3,498)	(13,647)
Technical support fees	(249)	(504)
Depreciation and Amortization	10	11
Impairment losses on assets	1	430
Finance expenses	702	578
Finance income	(343)	(65)
Unrealized exchange difference	(42)	(148)
Capital gain	-	(1)
	(78)	(147)
<u>Changes in working capital</u>		
Changes in current assets	(549)	(1,909)
Changes in current liabilities	1,394	1,764
	767	(292)
Finance expenses paid	(599)	(415)
Tax paid - income tax	(642)	(434)
Dividends paid to employees	(21)	(8)
Dividends income received	230	8,487
Technical Support received	96	394
Net cash from (used in) generated by operating activities	(169)	7,732
<u>Cash flows from investing activities</u>		
Payments for purchase investments in subsidiaries, joint ventures and other investments	(720)	(461)
Proceeds from sale of investments in subsidiaries, joint ventures and other investments	-	1
Payments for purchase property and equipment	(2)	(5)
Payments for purchase intangible assets	(1)	-
Finance income received	17	63
Net cash (used in) investing activities	(706)	(402)
<u>Cash flows from financing activities</u>		
Payments for borrowings	(1,156)	(6,117)
Proceeds from borrowings	1,337	6,777
Payments to purchase treasury shares	(143)	(9,688)
Proceeds from selling treasury shares	80	-
Payments to non current financial assets	(24)	-
Payments for receivable from related parties- Non current liabilities	(755)	-
Dividends paid to shareholders	-	(911)
Proceeds from non current liabilities	1,289	-
Net cash generated by (used in) from financing activities	628	(9,939)
Net change in cash and cash equivalents	(247)	(2,609)
Cash and cash equivalents as at January 1 st ,	461	4,305
Cash and cash equivalents as at June 30th,	214	1,696

(The accompanying notes on pages (5) to (22) are an integral part of these condensed unconsolidated interim financial information)

ORASCOM TELECOM HOLDING S.A.E

Half year financial information ended June 30, 2009

Notes to the condensed unconsolidated interim financial information

1- General

1-1 Legal status

Orascom Telecom Holding S.A.E "the Company" is an Egyptian Joint Stock Company subject to the provisions of the Capital Market Law No. 95 of 1992 and its executive regulations. The Company is indirectly controlled by majority from Weather Investments S.p.A registered in Italy.

1-2 Purpose of the Company

The Company's purpose is to participate in companies issuing securities or to increase its share capital of these companies. The Company may have interest or participate, by any mean, in companies and other enterprises that have activities similar to those of the Company or those that may assist the Company to achieve its objective in Egypt or abroad. It may also merge into those companies and enterprises purchase them or affiliate them, pursuant to the provisions of the law and its executive regulations.

1-3 The Company duration

The Company's duration is 25 years starting from the date of registration in the Commercial registry.

1-4 The registered office

The Company's registered office is located in Nile City Towers, Ramlet Beaulac, Cairo, Egypt.

2- Basis of preparation

a) Statement of compliance

This Condensed Unconsolidated Interim Financial Information as of and for the Half year months ended June 30, 2009 has been prepared in accordance with Egyptian Accounting Standard "EAS" 30 "Interim Financial Reporting". As permitted by "EAS" 30, it has been decided to prepare a condensed version compared to the unconsolidated financial statements as of and for the year ended December 31, 2008.

This Condensed Unconsolidated Interim Financial Information does not include all of the information required for full annual financial statements, and should be read in conjunction with the unconsolidated financial statements as of and for the year ended December 31, 2008.

This unconsolidated interim financial information was approved by the Board of Director on August 25th, 2009.

b) Basis of measurement

The financial information are prepared on the historical cost convention, except for the following assets and liabilities which are measured at fair value:

- Derivative financial instruments.
- Financial instruments at fair value through profit or loss.
- Available-for-sale investments.

c) Functional and presentation currency

This financial information is presented in Egyptian pound (L.E), which is the Company's functional currency. All financial information presented in Egyptian pound has been rounded to the nearest million.

d) Use of estimates and judgments

The preparation of the financial information in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial information are described in the following notes:

- Measurement of the recoverable amount of investments in subsidiaries and joint ventures.
- Provisions and Contingencies
- Valuation of derivative financial instruments
- Recognition of deferred tax assets.

3- Significant accounting policies applied

The accounting policies adopted for the preparation of condensed unconsolidated financial information are consistent with these used in the preparation of the unconsolidated financial statements of the company as and for the year ended December 31, 2008. The accounting policies have been consistently applied to all the periods presented.

3-1 Foreign currency translation

The Company maintains its accounts in Egyptian Pound. Transactions denominated in foreign currencies are translated at foreign exchange rate ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rates ruling, at that date. Foreign currency differences arising on the retranslation are recognized in the profit or loss.

3-2 Property, equipment and depreciation

Property and equipment are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment (note 3-7). Depreciation is charged to the income statement over the estimated useful-life of each asset using the straight-line method.

The following are the estimated useful lives, for each class of assets, for depreciation calculation purposes:

<u>Asset</u>	<u>Depreciation period</u>
Building	50 years
Furniture & fixtures	3-10 years
Systems & equipment	3-5 years
Vehicles	5 years
Computers	3 years
Infrastructure	8 years

3-3 Projects under construction

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Projects under construction are transferred to property and equipment caption when they are completed and are ready for their intended use.

3-4 Intangible assets

Intangible assets such recorded at historical cost and presented in the balance sheet net of accumulated amortization and impairment (Note 3-7). Amortization is charged to income statement over the estimated useful-life using the straight-line method.

Intangible assets are represented in computer software .The estimated useful lives range between 1 to 3 years.

3-5 Investments

3-5-1 Investments in subsidiaries and joint ventures companies

Investments in subsidiaries and joint ventures companies are stated at cost less impairment (note 3-7). At each balance sheet date, management assesses the investments' recoverable amount and in case that the recoverable amount is less than the carrying amount then an impairment loss is recognized in the profit or loss.

3-5-2 Investments at fair value through profit or loss

An investment is classified as at fair value through profit or loss if the investment is held for trading or if the Group manages such investment and makes purchase and sale decisions based on its fair value. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

3-5-3 Available for sale investments

Available-for-sale investments are initially measured at fair value and as of the reporting date the change in the fair value whether is gain or loss being recognized directly in equity, except other than impairment losses transferred to profit or loss. When an investment is derecognized, the cumulative gain or loss in equity is transferred to profit or loss.

The fair value for investment available for sale identifies based on the quoted price of the exchange market at the balance sheet date, except for the investments that are not quoted measured at cost.

3-6 Cash and cash equivalents

The Company considers all cash on hand, bank current accounts, short-term deposits with banks and other short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value with original maturities of Half year months or less are considered as cash and cash equivalents. The statement of cash flows is prepared according to the indirect method.

3-7 Impairment

A- Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in income statement. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

B- Non-financial assets

The carrying amounts of the Company's non-financial assets, other than, deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized

3-8 Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

3-9 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event and it is probable that a flow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. The Provisions balances are reviewed on a going basis at the reporting date to disclose the best estimation on the current period.

3-10 Legal reserve

As per the Company's statutes, 5% of the annual net profit is set aside to form a legal reserve; the transfer to such reserve ceases once it reaches 50% of the Company's issued share capital. If the reserve falls below 50%, the Company should resume setting aside 5% of its annual net profit. The reserve can be utilized in covering losses or increasing the Company's share capital.

3-11 Share capital

i) Repurchase of share capital

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

ii) Dividends

Dividends are recognized as a liability in the period in which they are declared.

3-12 Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss when incurred.

Subsequent to initial recognition, derivatives are measured at fair value, and changes therein in cash flow hedge are accounted for as described below:

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognized in equity is transferred to the carrying amount of the asset when it is recognized. In other cases the amount recognized in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

3-13 Revenue

i) Dividends

Dividends income is recognized in the profit or loss on the date the Company's right to receive payments is established.

ii) Technical support fees (previously management fees)

Technical support fees are recognized in the profit or loss over the term of the contracts with the subsidiaries and associates using the accrual basis.

ORASCOM TELECOM HOLDING S.A.E

Half year financial information ended June 30, 2009

Notes to the condensed unconsolidated interim financial information

iii) Interest income

Interest income is recognized in the profit or loss as they accrue using the effective interest method.

iv) Profit sharing to employees

The Company pays 10% of its cash dividends as profit sharing to its employees provided that it will not exceed total employees annual salaries. Profit sharing is recognized as a dividend distribution through equity and as a liability when approved by the Company's shareholders.

3-14 Expenses

i) Interest expense

Interest expense on interest-bearing borrowings is recognized in the profit or loss using the effective interest rate method.

ii) Employees' pension

The Company contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law. Under this law, the employees and the employers contribute into the system on a fixed percentage-of-salaries basis. The Company's liability is confined to the amount of its contribution. Contributions are charged to income statement using the accrual basis of accounting.

4- Dividends income

(In million of L.E)	Six months ended		Three months ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Egyptian Company For Mobile Services	61	151	-	62
MobiNil - Telecom	53	92	-	-
Orascom Telecom Algeria	1,752	1,992	-	1,992
Oratel International Limited	1,046	1,076	1,046	1,076
M-Link Sarl Limited	474	-	474	-
Orascom Iraq Holding	-	6,644	-	-
Moga Holding Limited	112	154	112	154
Sawyer Limited	-	3,101	-	-
Orascom Telecom - Eurasia	-	162	-	-
Orascom Telecom Tunisia Holding	-	167	-	167
Carthage Consortium LTD	-	108	-	108
Total	3,498	13,647	1,632	3,559

Dividend income decreased during the period ended 30 June 2009 compared with 30 June 2008 due to what was included in 2008 dividends from Orascom Iraq Holding and Sawyer Company limited in which they recognized in from the sale of Iraqna and Hutchison shares.

ORASCOM TELECOM HOLDING S.A.E

Half year financial information ended June 30, 2009

Notes to the condensed unconsolidated interim financial information

5- Technical support fees

<i>(In million of L.E)</i>	Six months ended		Three months ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Egyptian Company For Mobile Services	41	35	21	19
Orascom Telecom Algeria	178	178	89	88
M-Link	-	21	-	10
International Wireless Communication Pakistan Ltd	-	236	-	117
Pakistan Mobile Communication Ltd	-	-	(90)	-
Weather Investment	30	34	15	17
Total	249	504	35	251

Technical support fees decreased in the six months ended 30 June 2009 ended 30 June 2009 mainly due to the termination of the technical support agreement with M-Link Luxembourg (subsidiary of M-Link Malta) that was sold on January 2009.

Starting January 2009 the company replaced International Wireless Communication Pakistan Ltd – Malta with Pakistan Mobile Communication Ltd – Mobilink in the technical support agreement, and the agreement was postponed to be effective July 1st, 2009.

6- Other income

<i>(In million of L.E)</i>	Six months ended		Three months ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Gain from sale of fixed assets	0.4	-	0.1	-
Reverse of impairment losses	28	-	28	-
Others	6	4	2	2
Total	34	4	30	2

Reverse of impairment losses represented in the amount received to settle dispute concerning the ownership of Tchad Mobile which led OTH in 2004 to decided to discontinue the operations of Tchad Mobile.

7- Personnel expenses & remunerations to board members

<i>(In million of L.E)</i>	Six months ended		Three months ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Employees Cost	(33)	(30)	(17)	(15)
Board Members Salaries and allowances	(10)	(8)	(5)	(4)
Total	(43)	(38)	(22)	(19)

8- Impairment losses

Impairment charges amounted to L.E 0.7 million in the six months ended 30 June 2009 related to increase of Consortium Algeria Telecommunication – CAT current account which represents the company share in CAT liquidation expenses.

ORASCOM TELECOM HOLDING S.A.E

Half year financial information ended June 30, 2009

Notes to the condensed unconsolidated interim financial information

9- Other expenses

(In million of L.E)

	Six months ended		Three months ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Travel expenses	(9)	(9)	(6)	(5)
Training expenses	(1)	(1)	(1)	(1)
Public relation expenses	(6)	(19)	(3)	(13)
Donation expense	(0.2)	(6)	(0.1)	(5)
Others	(28)	(11)	(21)	(7)
Total	(44)	(46)	(31)	(31)

10- Net Financing Cost

(In million of L.E)

	Six months ended		Three months ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
A - Finance Expense				
Interest Expense	(675)	(450)	(394)	(253)
Net change in F.V of financial liabilities through P&L	(12)	-	(12)	-
Amortization of Syndication loan arrangement costs	(15)	(128)	(4)	(97)
Total	(702)	(578)	(410)	(350)
B - Finance Income				
Income from notes receivable	31	-	16	-
Interest income	311	38	174	7
Net change in F.V of financial assets through P&L	1	18	1	18
Dividend from investments available for sale	-	9	-	9
Total	343	65	191	34
C - Foreign exchange	54	107	219	36
Total	54	107	219	36
Total Net Financing Cost	(305)	(406)	-	(280)

Financing expenses mainly relate to the interest expense and amortization of the arrangement costs that due from amendments on the syndication facility for an amount of US\$ 2.5 billion and the financing loans granted from Orascom Telecom Finance and Orascom Telecom Oscar and other short-term facilities.

Financing expenses increased by an amount of L.E 54 million due to the interest paid on the deferral of the tax installment payments of 2007, L.E. 66 million interests from Orascom Telecom OSCAR (wholly owned subsidiary) Secured Indexed bond financing with an amount of \$ 230 million and L.E. 127 million Hedge interest.

Finance Income increased mainly due from the interest income amounted to L.E 204 million due on Globalive Canada (associate company) and L.E. 20 million Telecel Globe (subsidiary company) granted finance with an amount of CAD\$ 484 million and an amount of US\$ 133 million respectively till June 30, 2009.

Foreign exchange increased during the six months ended 30 June 2009 for an amount of L.E 54 million as a result of the increase of the US\$ exchange rate from L.E 5.535 as at December 31, 2008 to L.E 5.623 in June 30, 2009 .

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11- Income tax expense*(In million of L.E)*

	Six months ended		Three months ended	
	June 30,	June 30,	June 30,	June 30,
	2009	2008	2009	2008
Current income tax expense	(55)	(14)	(55)	19
Deferred income tax	(41)	(1,589)	(41)	(13)
Total	(96)	(1,603)	(96)	6

Income tax expenses decreased during the six month ended 30 June 2009 compared with June 2008 due to what was included in 2008 from income tax expenses amounted L.E 1,589 million against what was received from dividends declared from Orascom Iraq Holding and Sawyer company limited in which they recognized in from the sale of Iraqana and Hutchison shares.

12 - Investments in Subsidiaries and joint ventures and other investments*(In million of L.E)*

	Investments in subsidiaries and joint ventures	Other Investments
Opening book value as of January 1st, 2008	9,508	50
New Investments	-	54
Increase in investments	407	29
Closing book value as of June 30, 2008	9,915	133
Opening book value as of January 1, 2009	10,024	119
Increase in investments	1,056	2
Closing book value as of June 30, 2009	11,080	121

Investment in subsidiaries and joint ventures increased in the six months ended 30 June 2009 from the capital increase of Koryolink for an amount of L.E. 4 million, capital increase in OTH Canada Malta for an amount of L.E. 377 million, capital increase in Pakistan Mobile Company Limited (PMCL) for an amount of L.E. 339, and capital increase in Financial Power Plan Limited L.E 270 million.

Other investment increased for an amount of L.E. 2 million due to the increase of Lingo Media fair value represented in L.E 0.5 million increase in the investments value and an amount of L.E 0.7 million increase in the warrant value.

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13- Property and equipment and Intangible assets

<i>(In million of L.E)</i>	Property and equipment	Intangible assets
Opening net book value as of January 1st, 2008	125	4
Additions	5	-
Depreciation and amortization	(8)	(3)
Closing net book value as of June 30th, 2008	122	1
Opening net book value as of January 1st, 2009	122	9
Additions	2	1
Disposal	(1)	-
Depreciation and amortization	(8)	(2)
Closing net book value as of June 30th, 2009	115	8

14- Related party receivable / payable

<i>(In million of L.E)</i>	Due From	Due To
Opening as of January 1st, 2008	7,254	6,008
<i>of which Current</i>	7,254	1,917
<i>Of which non current</i>	-	4,091
Movement in Parent	44	-
Movement in Subsidiaries	6,548	1,591
Movement in Related Parties	1	0.87
Closing as of June 30, 2008	13,847	7,599
<i>of which Current</i>	13,847	3,639
<i>Of which non current</i>	-	3,960
Opening as of January 1st, 2009	11,198	5,339
<i>of which Current</i>	8,451	1,259
<i>Of which non current</i>	2,747	4,080
Movement in Parent	37	-
Movement in Subsidiaries	3,741	1,678
Movement in Related Parties	503	(1)
Movement in associates Company	4	-
Closing as of June 30, 2009	15,483	7,016
<i>of which Current</i>	11,606	1,655
<i>Of which non current</i>	3,877	5,361

Transactions with subsidiaries, related parties and with the Parent Company and its subsidiaries are not considered a exceptional or unusual, as they fall within the company's normal course of business and are conducted under market conditions that would be performed by independent third parties.

The main related party transactions in the period are summarized as follows:

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Transactions with Weather Investments Group

The company is directly controlled by Weather Investments. Transactions with Weather Investments and its subsidiaries mainly relate to Technical support fees charged by the Company to the subsidiaries of Weather Investments (Wind Telecomunicazioni SpA and Wind Hellas).

As of June 30, 2009 the company had receivables from Weather Investments Group of L.E 118.2 million. (compared to amount L.E 81 million in 31 December 2008) transactions with Weather Investments Group generated revenues of L.E 30 million during the six months ended 30 June 2009.

Transactions with subsidiaries and associates and related party

Transactions with subsidiaries and joint ventures of the company mainly refer to transactions with ECMS, OTA, IWCPL, OTV, and Orascom Telecom OSCAR relating to Technical support, financing activities and dividends.

As of June 30, 2009 the company had receivables from subsidiaries and associates amounting to 15,337 million (compared to L.E 11,105 million as of December, 31 2008). Transactions with subsidiaries and associates generated revenues of L.E 445 million during the six months ended 30 June 2009.

And payables to subsidiaries amounting to L.E 7,001 million (Compared to L.E 5,323 million as of December 31, 2008), transactions with subsidiaries incurred expenses amounting L.E 160 million during the six months ended 30 June 2009.

The company established Orascom Telecom OSCAR S.A. for issuing secured equity linked notes amounted to USD 230 million. Such secured equity indexed notes mature in 2013 and bear floating rate interest of Libor plus 5%. The minimum/maximum redemption amount is based on the performance of the Company's GDR's. Proceeds were transferred to Orascom Telecom Holding, accordingly bears the borrowing costs.

Transactions related parties

Transactions with related parties of the company mainly refer to transactions with shareholders and companies owned by shareholders relating to service and commercial activities.

15- Other Current assets

<i>(In million of L.E)</i>	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Pre-paid expenses	7	8
Withholding tax	12	7
Notes receivable	506	-
Other debit balances	15	44
Total	540	59

Other Current assets increased in the six months ended 30 June 2009 with the amount of L.E 506 million equivalents to US\$ 90 million mainly represent notes receivable from selling OrasInvest that due on December 19, 2009 with interest income rate 12.5%.

16- Cash and cash equivalents

<i>(In million of L.E)</i>	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Cash on hand	2	2
Banks – current accounts	211	1,692
Banks – short-term deposits	1	2
Total	214	1,696

Bank current accounts decreased in the six months ended 30 June 2009 mainly due to:-

- Settlement for L.E 642 million to the Egyptian tax authority (see note 19),
- financing subsidiaries and associates companies with L.E. 968 million to cover financial and operation needs.

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17- Authorized and Issued Share Capital

As of June 30, 2009, the issued and paid up share capital amounted to L.E. 899 million comprising 899,402,874 shares of a nominal value of L.E. 1 per share (where one GDR is equivalent to 5 local shares).

Treasury Shares

<i>(In million of L.E)</i>	30 June, 2009		30 June, 2008	
	LE	No of shares	LE	No of shares
Treasury Shares	790	22,449,830	9,690	116,697,723
Fair Market Value	<u>671</u>		<u>8,001</u>	

During the six months ended 30 June 2009, the company purchased 1,228,062 GDR's and 1,100,000 local shares a cost of L.E. 143 million to be held as treasury shares, and sold 494,436 GDR's at a cost L.E. 52 million.

Dividend distributions

On June 7, 2009 the company declared dividend distribution for the year ended December 31, 2008 amounting to LE 1 Per Share (Coupon no. 6.) (See note 19, 25)

18- Borrowings

<i>(In million of L.E)</i>	June 30, 2009	June 30, 2008
Opening as of January 1st,	14,529	11,623
<i>of which Current (annex - B)</i>	519	7,002
<i>Of which non current (annex - A)</i>	14,010	4,621
Increase in borrowing	1,337	6,777
Decrease in borrowing	(1,156)	(6,117)
Non cash movement	78	(11)
Closing as of June 30th,	<u>14,788</u>	<u>12,272</u>
<i>of which Current (annex - B)</i>	1,171	187
<i>Of which non current (annex - A)</i>	13,617	12,085

19- Other payables

<i>(In million of LE)</i>	June 30, 2009	June 30, 2008
Dividends Payables	877	-
Investment Payable	259	250
Employee profit share	85	68
Taxes	54	53
Accrued expenses	14	8
Sundry creditors	10	9
Due to shareholders (Naguib Sawiris)	1	4
Put Option Liability	-	4
Other credit balances	103	1
Total	<u>1,403</u>	<u>397</u>

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Notes to the condensed unconsolidated interim financial information

Other credit balance include towards Orasinvest sale agreement which might result on failure to accomplish certain amount of revenue with the group companies during 12 months from selling date December 2008.

Also Dividend payable increased due to dividend declared (See note 17, 25)

20- Income Tax Liability

Income tax liability decreased in the six months ended 30 June 2009 due to the payments of L.E 642 million to the Egyptian tax authority to settle part of the tax due on the company for year 2007, and tax for year 2008, and final settlement for year 1998/1999 .As also the company accrued for the period income tax expenses amounting L.E 55 million.

21- Earnings per share

Earnings per share are calculated using the weighted average number of outstanding shares throughout the period

	Six months ended		Three months ended	
	June 30,2009	30 June,2008	June 30,2009	30 June,2008
Net Profit for the period (million L.E)	3,245	11,596	1,535	3,039
Average Outstanding shares during the period (million share)	872	993	875	963
Earning per share (L.E)	<u>3.72</u>	<u>11.68</u>	<u>1.75</u>	<u>3.15</u>

22- Capital commitments

- The Company committed for approximately US\$ 51.5 million, equivalents to L.E 290 million, which represents the unpaid portion from Cheo Technology JV Company (Korealink) which will operate in Democratic People's Republic of Korea.
- The Company committed for approximately US\$ 24.4 million equivalents to L.E 137 million, which represents the unpaid portion from RYUG YONG Tower costs in North Korea.

23- Contingent assets and liabilities

The company is subject to various legal proceedings and claims which arise in the ordinary course of business due to the nature of the operations of the company and the nature of the markets where the company operates. The company recognizes a provision for losses and liabilities when the existence is certain or probable. In the opinion of management, there have been no new events since December 31, 2008 for which a provision has not been made.

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Company Guarantees

In addition to the guarantee granted as of December 31, 2008 the company signed as guarantor to the following subsidiaries.

Subsidiary name	To guarantee	Maximum Liability	Expiry
Orascom Telecom Oscar	Indexed Notes	US\$ 230 M	2013
Orascom Telecom Lebanon	Letter of guarantee in favor of Lebanon Ministry of Telecommunication (ROL)	US\$ 30 M	1/4/2010
Orascom Telecom Bangladesh	Nokia Semeines Networks	Euro 16.4 M	As long as the agreement is valid
Orascom Telecom Bangladesh	Standard Chartered Bank Deferral Facility	US\$ 25 M	As long as the agreement is valid

24- Legal status

- Integrated Services Limited court claims raised in front of ICC Arbitration in Singapore relating to OTH purchase of OT Bangladesh (at that time Sheba) from ISL. Where In the SPA there was provision for retaining the amount of \$10 million, which would be released once OTB was allocated 10 MHz in the 1800 MHz bandwidth. OTH claims that ISL is not entitled to the money because it did not fulfill its obligation of procuring the additional bandwidth; instead, OTB obtained the remaining 2.5 MHz four years after the SPA and after exerting significant effort and paying the Government of Bangladesh approx. \$30.4 million. ISL initiated arbitration proceedings, and a request for arbitration was received by OTH on 7 April 2009.
- Regarding the International Chamber of Commerce's decision dated March 10, 2009 (the Arbitration Award) concerning Mobinil for Telecommunications (Mobinil) (between Orascom Telecom Holding S.A.E (OTH) and France Telecom S.A. (FT) (and certain of its subsidiaries), the Capital Market Authority (CMA) on April 7th, 2009 issued its decision regarding the legal effect based on the execution of the Arbitration Award and its impact on the minority interest of ECMS (a listed company on the Egyptian Stock Exchange) which stipulated that the execution of the Arbitration Award cannot be separated from the liabilities arising from the said Award, namely, the obligation to extend a mandatory tender offer to all ECMS shareholders. Simultaneously with the execution of the sale of OTH's stake in Mobinil at the same price.

25- Subsequent event

Dividend distribution

The company announced on August 22, 2009 to its shareholders that it will proceed to on paying declared dividend for year ended December 31, 2008 on June 7, 2009 , coupon number (6) amounting L.E. 1 for each share in cash and or Shares from the company treasury shares balance as follows:-

- **First for Shareholders who wants to receive there dividend in Shares:**
 - The company declared that waited average trading price for OTH share in the Local market during August 17, till August 20, 2009 was (L.E. 36.61) per share, therefore it will distribute 1 local share for each 36 shares
 - Shares to be distributed will be ready for trade on August 27, 2009
 - Fraction for shares will be paid in cash.
- **Second for Shareholders who wants to receive there dividend in cash**
 - Only Shareholders whom hold shares as of August 20, 2009 will have the right to receive dividend
 - Coupon payment will be cashed on August 27, 2009.

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International Chamber of Commerce decision concerning Mobinil Telecom

Regarding the International Chamber of Commerce's decision dated March 10, 2009 (the Arbitration Award) concerning Mobinil for Telecommunications (Mobinil) (between Orascom Telecom Holding S.A.E (OTH) and France Telecom S.A. (FT) (and certain of its subsidiaries)

- On July 5, 2009, OTH announced that the proceeding before the Economical Court, North Cairo, Circuit, against France Telecom (and some of its subsidiaries) has been discontinued. The discontinuation of the proceedings was made pursuant to the public announcements made by France Telecom, by which it confirmed that it was not its intention to extend a public offering on the same terms contained in the Award, and is therefore not in a position to conclude the sale as mandated by the ruling which was issued by the CMA.
- On July 15, 2009, FT confirmed that another (third) offer has been made to purchase all of the shares of ECMS. The third offer was rejected on July 16, 2009 by the Egyptian Financial Supervisory Authority (EFSA).
- On August 4, 2009, the complaints department of the EFSA issued its decision regarding the complaint that was submitted by FT against the EFSA for rejecting its offer on May 16, 2009. The decision of the complaints department was also to dismiss FT's complaint and confirmed the EFSA rejection to the offer.

The management of OTH, currently, cannot estimate the financial impact of this event on the financial statements of the company.

Globalive Wireless Management Corp

Globalive Wireless Management Corp. (GWMC) received its spectrum licenses from Industry Canada on March 13, 2009. GWMC sought clearance on its status as a Canadian carrier from the Canadian Radio-television and Telecommunications Commission (CRTC) on April 3, 2009. The CRTC informed GWMC on July 20 that, further to Telecom Regulatory Policy CRTC 2009-428 dated 20 July 2009, an ownership and control review will be conducted and that Globalive will be invited to a public hearing on September 23 and 24, 2009. The CRTC has indicated that it will issue a decision on GWMC's status as a Canadian carrier within 30 days of the hearing.

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26- Reclassification for comparative figures

Management reclassified some items in financial statements to match with financial statements for the parent company.

	31 December	Reclassifications			31 December
	2008	A	B	C	2009
<i>In million of L.E</i>	as reported				reclassified
Assets					
Investments in subsidiaries and joint ventures	10,024	-	-	-	10,024
Other investments	119	-	-	-	119
Property and equipment	122	-	-	-	122
Intangible assets	9	-	-	-	9
Receivables from related parties	2,305	-	(72)	514	2,747
Other long term financial assets	-	-	72	-	72
Deferred tax assets	252	-	-	-	252
Total non current assets	12,831	-	-	514	13,345
Receivables from related parties	8,965	-	-	(514)	8,451
Other current assets	976	-	-	-	976
Cash and cash equivalents	461	-	-	-	461
Total current assets	10,402	-	-	(514)	9,888
Total Assets	23,233	-	-	-	23,233
Equity					
Total equity	1,759	-	-	-	1,759
Liabilities					
Borrowings	13,611	399	-	-	14,010
Payable to related parties	4,080	-	-	-	4,080
Non-Current income tax liability	237	-	-	-	237
Other non-current payables	399	(399)	-	-	-
Total non current liabilities	18,327	-	-	-	18,327
Borrowings	165	354	-	-	519
Payable to related parties	1,276	-	-	(17)	1,259
Provisions	32	-	-	-	32
Current income tax liability	818	-	-	-	818
Other payable	856	(354)	-	17	519
Total current liabilities	3,147	-	-	-	3,147
Total equity and liabilities	23,233	-	-	-	23,233

A – Reclassification to short and long term derivative balances with an amount of LE 354 Million and LE 399 million from other payable and other non-current payable respectively to current borrowing and non-current borrowing respectively to match with parent company presentation to borrowing caption in the consolidation financials.

B – Reclassification to L.E. 72 million Ryugyoung building in North Korea from receivable from related parties to other long term financial assets

C- Reclassification to Globalive current account with an amount of LE. 514 million from current to non-current receivable from related parties. Also, reclassification to Orasinvest payable current account from current payable to related parties to other payable with an amount of LE. 17 million due to sale of Orasinvest in 31 December 2008.

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(Annex - A)

Non Current Borrowings

In million of L.E / USD / EURO

<u>Lending Institution</u>	<u>Principle in Currency</u>	<u>No. of remaining installments</u>	<u>Maturity Date last installment</u>	<u>Interest Rate</u>	<u>June 30, 2009</u>	<u>December 31, 2008</u>
<u>A- financing from Banks</u>						
Fortis Bank	€ 20	2 semiannually	June 2010	6.30%	-	13
National Societe Generale Bank (1 & 2)	L.E 30	44 monthly 57 monthly	March 2013	12.5% 11.5%	15	16
<u>Syndication of foreign and Egyptian banks</u>						
Term A1	\$987		April 2013	2 %+ Libor	5 273	5 464
Term A2	\$513	After a grace period 2 years ending April 2010 7 semiannually	April 2013	2 %+ Libor	2 740	2 840
Supplement Revolving	\$ 1 000		April 2013	2.25 %+ Libor	5 623	5 535
Total					13 651	13 868
Net issuance costs					(243)	(257)
Total Long-term borrowings					13 408	13 611
<u>B- Long Term derivative</u>						
BNP-Calyon-Standard chartered bank	\$ 1 500				209	399
Total Long-term borrowings					13 617	14 010

Pledging (20%) in ECMS , (28.75% in Mobilil.
57.51% in OTA, 100% in Orascom Tunisia Holding ,
Cathage Consortium, Oratel International
and Orascom Iraq Holding Ltd in orascom Telecom
iraq and 11 % in OFA through Oratel international

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(Annex B)**Current borrowings***In million of L.E*

<u>Lending Institution</u>	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Bank Facilities in L.E.	308	133
Total	308	133
<u>Current portion of long term loan</u>		
Term A1	277	-
Term A2	144	-
Fortis Bank	30	29
National Socite Generale Bank - Loan 1	2	2
National Socite Generale Bank - Loan 2	1	1
Total	454	32
<u>Accrued Financial Interest</u>	62	129
<u>Short Term Derivatives</u>	347	225
Total Short-term borrowings	1 171	519