

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

Consolidated financial statements

and Auditor's Report

Period from inception (29 November 2011)

to 31 December 2012



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

**Consolidated financial statements and auditor's
report**

**Period from inception
(29 November 2011) to
31 December 2012
US\$**

INDEPENDENT AUDITOR'S REPORT

To: The Shareholders of Orascom Telecom Media and Technology Holding S.A.E.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Orascom Telecom Media and Technology Holding S.A.E. and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statements of comprehensive income, statement of changes in equity and statement of cash flows for the period from inception (November 29, 2011) till December 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Orascom Telecom Media and Technology Holding S.A.E. and its subsidiaries as at December 31, 2012, and their financial performance and cash flows for the period from inception (November 29, 2011) till December 31, 2012 in accordance with International Financial Reporting Standards.

Emphasis of matter

We draw your attention to note (1) to the accompanying consolidated financial statements which describes in more details the fact that the Parent company was established by a way of demerger from Orascom Telecom Holding, and that the demerger was effected based on the outstanding carrying amounts of net assets as of 30 September 2010 as adjusted by the General Authority for Investments.

We draw your attention to note (4) to the accompanying consolidated financial statements which describes in more details that the net assets of Koryolink (subsidiary) stand at USD 298 million of the Group's consolidated net assets amounting to USD 1,188 million as of December 31, 2012. Also Koryolink assets include cash balances in North Korean currency equivalent to USD 272 million and are reported within non-current financial assets in the consolidated financial statements due to the restrictions imposed on cash transfers from the local currency into foreign currency in North Korea.

We draw your attention to note (16) to the accompanying consolidated financial statements which highlights in more details the fact that a decree was issued by the President of the Arab Republic of Egypt at the end of the current reporting period, amending some provisions of the Egyptian Tax Laws, and was published in the Official Gazette on December 6, 2012, and that - one day after - an announcement was made for the freezing of that decree. Due to the absence of any conclusive and sufficient indicators or information indicating the suspension or continued operation of such amendments until the date on which these accompanying financial statements were authorized for issue, it was not possible to determine the financial impact, if any, on the Group's consolidated financial statements at the end of the current reporting period.

We draw your attention to note (20) to the accompanying consolidated 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 base and accounting base of the recognized assets and liabilities related to the company's subsidiary in North Korea (Koryolink) that might result in the recognition of any deferred tax assets or liabilities at December 31, 2012.

Management believes that in the case any additional information has developed in future periods, that would give rise to such differences on the assets or liabilities recognized in the financial statements as of December 31, 2012, management would revise its estimates and recognition of deferred taxes associated with those assets and liabilities might be required.

Our report on the accompanying consolidated financial statements as of and for the period ended December 31, 2012 is not qualified in respect to the above paragraphs.

Cairo, March 31, 2013.



Kamel Magdy Saleh, ACA
F.E.S.A.A. (R.A.A. 8510)
CMA Registration No "69"

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS OF 31 DECEMBER 2012

(in thousands of US\$)

	Note	<u>As of 31 December 2012</u>
Assets		
Property and equipment	17	396,861
Intangible assets	18	75,676
Investments in associates	14	121,736
Other non-current financial assets	19	444,590
Other non-current assets	22	3,578
Total non-current assets		<u>1,042,441</u>
Inventories		587
Trade receivables	21	55,641
Other current financial assets	19	4,705
Other current assets	22	16,530
Cash and balances at banks	23	309,764
Total current assets		<u>387,227</u>
Total assets		<u>1,429,668</u>
Equity and liabilities		
Share capital		366,148
Other reserves		40,004
Retained earnings		686,083
Equity attributable to the owners of the company	24	<u>1,092,235</u>
Non-controlling interest		95,349
Total equity		<u>1,187,584</u>
Liabilities		
Non-current borrowings	25	2,531
Other non-current liabilities	26	5,601
Deferred tax liabilities	20	10,200
Total non-current liabilities		<u>18,332</u>
Current borrowings	25	8,296
Trade payables and other current liabilities	26	145,710
Current income tax liabilities		18,352
Current provisions	27	51,394
Total current liabilities		<u>223,752</u>
Total liabilities		<u>242,084</u>
Total equity and liabilities		<u>1,429,668</u>

Chief financial officer
Youssef Shoukry

Chief executive officer
Karim Beshara

Auditor's report 'attached'

(The notes 1 to 34 are an integral part of these Consolidated Financial Statements)

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011) TO 31 DECEMBER 2012

<i>(in thousands of US\$)</i>	Note	Period from inception (29 November 2011) to 31 December 2012
Revenue	6	354,555
Other income		10,469
Purchases and services	7	(120,604)
Other expenses	8	(58,364)
Personnel costs	9	(43,002)
Depreciation and amortization	10	(25,269)
Impairment charges	11	(38,327)
Operating income		79,458
Financial income	13	179,200
Financial expense	13	(11,499)
Foreign exchange (loss)	13	(15,882)
Share of (loss) of investments in associates	14	(15,810)
Gain on partial disposal of associates	14	253,383
Gain on disposal of subsidiary	12	14,312
Other non-operating income	15	145,116
Profit before income tax		628,278
Income tax expense	16	(29,157)
Profit for the period		599,121
Attributable to:		
Owners of the Company		559,788
Non-controlling interest		39,333
		599,121
Earnings per share (basic and diluted) – (in US\$)	28	0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121
		0.11
		599,121
		39,333
		599,121

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011) TO 31 DECEMBER 2012

<i>(in thousands of US\$)</i>	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interest	Total equity
As of inception (29 November 2011)	366,148	30,959	-	(1,591)	288,825	684,341	-	684,341
Group's share in subsidiaries' and associates' reserves and combination adjustments at the demerger date	-	-	8,206	-	786,339	794,545	57,962	852,507
Initial equity balance	366,148	30,959	8,206	(1,591)	1,075,164	1,478,886	57,962	1,536,848
Comprehensive income								
Profit for the period	-	-	-	-	559,788	559,788	39,333	599,121
Other comprehensive income/(loss)	-	-	(36,791)	-	-	(36,791)	1,062	(35,729)
Total comprehensive income	-	-	(36,791)	-	559,788	522,997	40,395	563,392
Transactions with owners								
Share of non-controlling interests in capital increase of subsidiaries	-	-	-	-	-	-	3,209	3,209
Reclassification	-	37,630	-	1,591	(39,221)	-	-	-
Dividend payment	-	-	-	-	(909,648)	(909,648)	(6,217)	(915,865)
As of 31 December 2012	366,148	68,589	(28,585)	-	686,083	1,092,235	95,349	1,187,584

(The notes 1 to 33 are an integral part of these Consolidated Financial Statements)

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011) TO 31 December 2012

<i>(in thousands of US\$)</i>	<u>Period from inception (29 November 2011) to 31 December 2012</u>
Profit for the period before income tax	628,278
<i>Adjustments for</i>	
Depreciation, amortization and impairment charges	63,596
Impairment of financial assets	9,114
Interest expense	2,335
Investment income	(5,499)
Foreign exchange (gain) /loss	(13,632)
(Gain)on partial disposal of associate	(253,383)
Gain on disposal of subsidiary	(14,312)
Fair value gain on derivative instrument	(173,701)
Share of loss of investments in associates	15,810
Change in provisions	53,020
Changes in other assets	3,144
Changes in other liabilities	<u>(17,167)</u>
Cash flows generated by operating activities	<u>297,603</u>
Income taxes paid	(6,565)
Interest paid	(2,359)
Interest collected	<u>5,499</u>
Net Cash flows generated by operating activities	<u>294,178</u>
<i>Cash out flow for investments in</i>	
Property and equipment	(65,600)
Intangible assets	(13,099)
Investments in associates	(9,263)
<i>Proceeds from disposal of</i>	
Property and equipment	854
Investments in associates	983,782
Change in deposits and financial assets	(144,718)
Disposal of investment	<u>16,008</u>
Cash flows generated by investing activities	<u>767,965</u>
<i>Cash out flow for financing activities in</i>	
Proceeds from loan and bank facilities	2,980
Payments for loans and bank facilities	(3,951)
Dividends paid	(901,602)
Changes in non-controlling interest	<u>(6,239)</u>
Cash flows generated by financing activities	<u>(908,812)</u>
Net increase in cash and cash equivalents	153,330
Effect of exchange rates on cash and balances at banks	(16,840)
Cash and cash equivalents at the beginning of the period	<u>173,274</u>
Cash and cash equivalents at the end of the period	<u>309,764</u>

(The notes 1 to 33 are an integral part of these Consolidated Financial Statements)

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
 TO 31 DECEMBER 2012

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 effect 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.

In particular, on the Demerger, ownership of the following OTMT Assets was transferred from OTH to the Company:

- 28.76% ownership stake in Mobinil for Telecommunication S.A.E.
- 20.00% ownership stake in the Egyptian Company for Mobile Services S.A.E.
- 75.00% ownership stake in CHEO Technology Joint Venture Company, together with all other assets and businesses located in North Korea
- 100.00% direct and indirectly held ownership stake in Middle East and North Africa for Sea Cables
- 51.00% ownership stake in Trans World Associate (Private) Limited (Pakistan)
- 99.99% ownership stake in OT Ventures S.A.E. (a/k/a Intouch Communications Services Internet portals and other ventures in Egypt including Link Development, ARPU+ and LINKonLine) and
- 1% ownership stake in ARPU for Telecommunications Services S.A.E (direct and indirect holding in ARPU for Telecommunications Services S.A.E is 100%).

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 Weather Investments II S.à.r.l. ("Weather Investments" or the "Parent Company"). The Company's shares are listed on the Egyptian Stock Exchange and its GDRs are listed on the London Stock Exchange.

The Demerger of OTH was based on the reported carrying amounts in its separate financial statements as at 30 September 2010, which were restated by the proposed adjustments made by the General Authority for Investments to certain outstanding balances, The adjusted net assets value as of that date were split between OTH and the Company. The company's adjusted net asset values determined as at 30 September 2010 were reported as equity at inception.

As of the establishment date of the Company (29 November 2011), the resulting equity which was approved by the extra ordinary general assembly meeting of OTH and the General Authority for Investments amounted to EGP 4,121,798 thousand equivalent to US\$ 684,341 thousand. The equity of the holding company at the inception date was distributed as follow:

(In thousands of US\$)

	As of inception (29 November 2011)
Paid in share capital	366,148
Other reserves	29,368
Retained earnings	288,825
Total equity at inception	684,341

The Company prepares its separate and consolidated financial statements for statutory purposes in accordance with applicable Egyptian laws and regulations and Egyptian Accounting Standards. The IFRS consolidated financial statements are prepared for the convenience of international shareholders and to meet the continuing obligations of the Company's GDR listing on the London Stock Exchange.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
TO 31 DECEMBER 2012

The Consolidated Financial Statements were approved for issue by the board of directors of the Company on 31 March 2013.

2. Significant accounting policies

2.1 Basis of presentation

These consolidated financial statements ("Consolidated Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations as adopted by the International Accounting Standards Board ("IASB") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and all interpretations of the Standing Interpretations Committee ("SIC").

The Consolidated Financial Statements have been prepared under the historical cost basis except for the following:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value.

For presentational purposes, the current/non-current distinction has been used for the statement of financial position. The statement of comprehensive income is presented using the two statement approach, dividing items of comprehensive income between a separate income statement and a separate statement of comprehensive income. Expenses are analysed in the income statement using a classification based on their nature. The indirect method has been selected to present the cash flow statement.

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

2.2 Change in accounting policy and disclosures

a) New standards, amendments and interpretations issued but not effective and not early adopted.

- *IAS 19 (amendment), 'Employee benefits'* was amended in June 2011 and will be effective on 1 January 2013. The impact on the Group will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in other comprehensive income as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Group is not expecting a significant impact by its adoption.
- *IFRS 9, 'Financial instruments'*, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The Group is currently assessing the impact of this new standard.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
TO 31 DECEMBER 2012

- *IAS 1 (amendment) 'Financial statement presentation'* will be effective for annual periods starting on or after 1 July 2012. The main changes resulting from this amendment is a requirement for entities to group items presented in "other comprehensive income" on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in other comprehensive income. The Group is currently assessing the impact of this amendment.
- *IFRS 10, 'Consolidated financial statements'* builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013.
- *IFRS 11, 'Joint arrangements'* effective on 1 January 2013 focuses on the rights and obligations of the joint arrangements rather than its legal form. Proportional consolidation of joint ventures is no longer allowed. The Group is not expecting a significant impact by its adoption.
- *IFRS 12, 'Disclosures of interests in other entities'* includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.
- *IFRS 13, 'Fair value measurement'* will be effective on 1 January 2013 and aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The Group is currently assessing the impact of this new standard.
- *IAS 28 'Associated and joint ventures (revised)'* will be effective on 1 January 2013 and includes requirements for joint ventures and associates accounted for using the equity method following the issue of IFRS 11. The Group is currently assessing the impact of this new standard.
- *IAS 32 (amendment), 'Financial instruments: Presentation'* – This amendment updates the application guidance to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. This amendment will be effective for periods beginning on or after 1 January 2014. The Group is currently assessing the impact of this new standard.
- *IAS 1 (amendment), 'Presentation of financial statements'* – This amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either as required by IAS 8 'Accounting policies, changes in accounting estimates and errors', or voluntary. The amendment will be effective retrospectively for periods beginning on or after 1 January 2013. The Group is not expecting a significant impact on adoption of this amendment.
- *IAS 16 (amendment), - 'Property, plant and equipment'* – This amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. The amendment will be effective retrospectively for periods beginning on or after 1 January 2013. The Group is not expecting a significant impact on adoption of this amendment.
- *IAS 32 (amendment), - Financial instruments: Presentation'* – This amendment clarifies the treatment of income tax relating to distributions and transaction costs. The amendment will be effective retrospectively for periods beginning on or after 1 January 2013. The Group is not expecting a significant impact on adoption of this amendment.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
TO 31 DECEMBER 2012

2.3 Summary of main accounting principles and policies

The main accounting principles and policies adopted in preparing these Consolidated Financial Statements are set out below. These policies have been applied consistently by the Group entities.

Basis of consolidation

As disclosed in Note-1, the Company was established by a way of demerger from OTH, the new legal status represents continued economic body starting from the date on which the demerging company acquired or established the subsidiaries and associates and then ownership was transferred to the resulting demerged company.

The Company considers that the substance of the demerger and establishment of the company with the objective of transferring ownership of certain businesses (subsidiaries and associates) and continuation of its activities under the umbrella of a new legal entity, is out of scope of IFRS 3 Business Combinations, however management believes that the transaction is considered a common control transaction. The transferred entities pursuant to the demerger plan were under the control of same main shareholders both before and after the demerger and control are not considered temporary.

Business reorganizations under Common control are scoped out of IFRS 3. In the absence of a specific guidance in IFRSs, IAS 8 requires management to select and apply an appropriate accounting policy. Management used its judgement in developing and applying an accounting policy to account for its investments in subsidiaries and associates transferred as part of the demerger as follow:

The Consolidated Financial Statements include the financial statement of the Company and the financial statements of those entities over which the Company has control, both directly or indirectly, as if the Company had always existed, from the date of acquisition to the date when such control ceases. Accordingly, the group's equity include the group's share in the change in the book value of net assets of the transferred subsidiaries and associates since date of having control or significant influence over each group entity. Control may be exercised through direct or indirect ownership of shares with majority voting rights, or by exercising a dominant influence expressed as the direct or indirect power, based on contractual agreements or statutory provisions, to determine the financial and operational policies of the entity and obtain the related benefits, regardless of any equity relationships. The existence of potential voting rights that are exercisable or convertible at the reporting date is also considered when determining whether there is control or not.

The financial statements used in the consolidation process are those prepared by the individual Group entities in accordance with IFRS.

The consolidation procedures used are as follows:

- the assets and liabilities and income and expenses of subsidiaries are included on a line-by-line basis, allocating to non-controlling interests, where applicable, the share of equity and profit or loss for the period that is attributable to them. The resulting balances are presented separately in equity and the consolidated income statement; the acquisition method of accounting is used to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets;

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
TO 31 DECEMBER 2012

- any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity;
- goodwill represents the excess of the cost of an acquisition over the interest acquired in the net fair value at the acquisition date of the assets and liabilities of the entity or business acquired. Goodwill relating to investments accounted for using the equity method is included in the carrying amount of the investment. Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair values of non-controlling interest over the net identifiable assets acquired and the liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss;
- acquisition costs on business combinations are expensed as incurred;
- the purchase of equity holdings from non-controlling holders are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration received and the relevant share of the carrying value of net assets of the subsidiary is recorded in equity;
- unrealised gains and losses on transactions carried out between companies consolidated on a line-by-line basis and the respective tax effects are eliminated if material, as are corresponding balances for receivables and payables, income and expense, and finance income and expense.

Associates

Associates are investments in companies where the Group exercises a significant influence, which is presumed to exist when the Group holds voting rights between 20% and 50%. Associates are accounted for using the equity method.

The equity method is as follows:

- the Group's share of the profit or loss of an investee is recognised in the income statement from the date when significant influence begins up to the date when that significant influence ceases or when the investment is classified as held for sale. Investments in associates with negative shareholders' equity are impaired and a provision for its losses is accrued only if the Group has a legal or constructive obligation to cover such losses. Equity changes in investees accounted for using the equity method that do not result from profit or loss are recognised directly in consolidated equity reserves;
- the Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value;
- if the ownership interest in an associate is reduced, but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit and loss;
- unrealised gains and losses generated from transactions between the Company or its subsidiaries and its investees accounted for using the equity method are eliminated on consolidation for the portion pertaining to the Group; unrealised losses are eliminated unless they represent impairment.

Management fees received from associates are included within revenue.

Appendix A includes a list of the entities included in the scope of consolidation.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
 TO 31 DECEMBER 2012

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company is Egyptian pound. The Consolidated Financial Statements are presented in 'US Dollars' (US\$), which is the Group's presentation currency.

Transactions and balances

Transactions in foreign currencies are translated into the functional currency of the relevant entity at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated, at the reporting date, into the prevailing exchange rates at that date. Foreign currency exchange differences arising on the settlement of transactions and the translation of the statement of financial position are recognised in the income statement. Gains and losses on long term financing provided to Group subsidiaries by the parent company, for which settlement is neither planned nor likely to occur, are initially recognized in other comprehensive income and reclassified to the income statement on disposal of the relevant entity.

Group companies

The financial statements of the Group entities are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing exchange rate;
- income and expenses are translated at the average exchange rate for the period;
- all resulting exchange differences are recognised as a separate component of equity in the "translation reserve" until the Group loses control of the relevant subsidiary. When the Group disposes of a foreign operation the translation reserve, previously recognized in equity, is transferred to the income statement ;
- goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate; and
- in the preparation of the consolidated cash flow statement, the cash flows of foreign subsidiaries are translated at the average exchange rate for the period.

The exchange rates applied in relation to the US\$ are as follows:

	Average for the period from inception (29 November 2011) to 31 December 2012	Closing rate as of 31 December 2012
Egyptian Pound (EGP)	0.1637	0.1557
Pakistan Rupee (PKR)	0.0105	0.0097
Euro (EUR)	1.2975	1.3277
DRRK Won (KPW)	0.01	0.01

Property and equipment

Property and equipment are stated at purchase cost or production cost, net of accumulated depreciation and any impairment losses. Cost includes expenditure directly attributable to bringing the asset to the location and condition necessary for use and any dismantling and removal costs which may be incurred as a result of contractual obligations which require the asset to be returned to its original state and condition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Each asset is treated separately if it has an autonomously determinable

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
 TO 31 DECEMBER 2012

useful life and value. Depreciation is charged at rates calculated to write off the costs over their estimated useful lives on a straight-line basis from the date the asset is available and ready for use.

The useful lives of property and equipment and their residual values are reviewed and updated, where necessary, at least at each year end. Land is not depreciated. When a depreciable asset is composed of identifiable separate components whose useful lives vary significantly from those of other components of the asset, depreciation is calculated for each component separately, applying the "component approach".

The useful lives estimated by the Group for the various categories of property and equipment are as follows.

	Number of years
<i>Land and buildings</i>	
Buildings	50
Leasehold improvements and renovations	3-8
<i>Plant and machinery</i>	8-15
<i>Cable system and equipment</i>	4-20
<i>Commercial and other tangible assets</i>	
Tools	5-10
Computer equipment	3-5
Furniture and fixtures	5-10
Vehicles	3-6

Gains or losses arising from the sale or retirement of assets are determined as the difference between the net disposal proceeds and the net carrying amount of the asset sold or retired and are recognised in the income statement in the period incurred under "Disposal of non-current assets".

Leases

The Group leases certain property and equipment. Leases of property and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
TO 31 DECEMBER 2012

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Licenses

Costs for the purchase of telecommunication licenses are capitalised. Amortisation is charged on a straight-line basis such as to write off the cost incurred for the acquisition of a right over the shorter of the period of its expected use and the term of the underlying agreement, starting from the date on which the acquired license may be exercised.

Software

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Software licenses are amortised on a straight-line basis over their useful life (between 3 to 8 years), while software maintenance costs are expensed in the income statement in the period in which they are incurred.

Costs incurred on development of software products are recognised as intangible assets when the Group has intentions to complete and use or sell the assets arising from the project, considering the existence of a market for the asset, its commercial and technological feasibility, its costs can be measured reliably and there are adequate financial resources to complete the development of the asset. Other development expenditures are recognised in the income statement in the period in which they are incurred.

Directly attributable costs that are capitalised as part of a software product include software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. In determining an asset's value in use the estimated future cash flows are discounted using a pre-tax rate that reflects the market's current assessment of the cost of money for the investment period and the specific risk profile of the asset. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, "CGU"). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or Groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
TO 31 DECEMBER 2012

Financial instruments

Financial instruments consist of financial assets and liabilities whose classification is determined on their initial recognition and on the basis of the purpose for which they were purchased. Purchases and sales of financial instruments are recognised at their settlement date.

Financial assets

With the exception of derivative financial assets, the Group does not hold any financial assets at fair value through profit or loss, see "Derivative financial instruments" for the accounting policy on derivatives.

Financial assets are initially recognised at fair value, classified in the category of available for sale or loans and receivables and subsequently measured as described:

Loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position. Loans and receivables are non-derivative financial instruments which are not traded on an active market and which are expected to generate fixed or determinable repayments. They are included as current assets unless they are contractually due more than twelve months after the reporting date in which case they are classified as non-current assets. These assets are measured at amortised cost using the effective interest method.

The Group has one investment classified as available for sale. As the fair value cannot be reliably determined, the investment is measured at cost. Cost is adjusted for impairment losses if necessary, as described in the paragraph "Impairment of Financial Assets".

The classification of an asset as current or non-current is the consequence of strategic decisions regarding the estimated period of ownership of the asset and its effective marketability, with those which are expected to be realised within twelve months from the reporting date being classified as current assets.

Financial assets are derecognised when the right to receive cash flows from them expires or have been transferred and the Group has effectively transferred all risks and rewards related to the instrument and its control.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
TO 31 DECEMBER 2012

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Financial liabilities and equity instruments

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities consisting of borrowings, trade payables and other obligations are measured at amortised cost using the effective interest method. Financial liabilities are classified as current liabilities except where the Group has an unconditional right to defer payment until at least twelve months after the reporting date.

Financial liabilities are derecognised when settled and the Group has transferred all the related costs and risks relating to an instrument.

Derivative financial instruments and embedded derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The Group has entered into foreign currency forwards for the purposes of hedging the risk on foreign exchange rates in relation to the receivable on the partial disposal of ECMS. In addition, the agreement between the Company and France Telecom in relation to ECMS also includes put and call options. The fair value of the derivative instruments used to hedge against foreign exchange is disclosed in Note 13, and the fair value of the options on ECMS is disclosed in Note 19. Fair value gains and losses on all of the Groups derivative financial instruments are recognised in the income statement within finance income and expense.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

Inventories

Inventories are stated at the lower of purchase cost or production cost and net realisable value. Cost is based on the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. When necessary, obsolescence allowances are made for slow-moving and obsolete inventories.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
TO 31 DECEMBER 2012

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred income tax is not accounted for if it arises from initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Additional income taxes that arise from the distribution of dividends are recognised at the same time that the liability to pay the related dividend is recognised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Provisions

Provisions are only recognised when the Group has a present legal or constructive obligation arising from past events that will probably result in a future outflow of resources, and the amount has been reliably estimated. Provisions are not recognised for future operating losses. The amount provided represents the best estimate of the present value of the outlay required to meet the obligation. The interest rate used in determining the present value of the liability reflects current market rates and takes into account the specific risk of each liability.

Employee benefits

Short-term employee benefits, including any payments made by the Group entities under state-defined contribution schemes, are recognized in the income statement in the period in which an employee renders service that entitles the employee to the benefit

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, rebates and discounts and after eliminating sales within the Group.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
TO 31 DECEMBER 2012

Revenue from the sale of goods is recognised when the Group transfers the risks and rewards of ownership of the goods. Revenue from services is recognised in the income statement by reference to the stage of completion and only when the outcome can be reliably estimated.

More specifically, the criteria followed by the Group in recognising ordinary revenue are as follows:

- revenue arising from post-paid traffic, interconnection and roaming is recognised on the basis of the actual usage made by each subscriber and telephone operator. Such revenue includes amounts paid for access to and usage of the Group network by customers and other domestic and international telephone operators;
- revenue from the sale of prepaid cards and recharging is recognised on the basis of the prepaid traffic actually used by subscribers during the period. The unused portion of traffic at period end is recognised as deferred income;
- one-off revenue from mobile (prepaid or subscription) activation and/or substitution, prepaid recharge fees and the activation of new services and tariff plans is recognised for the full amount at the moment of activation independent of the period in which the actual services are rendered by the Group. In the case of promotions with a cumulative plan still open at the end of the period, the activation fee is recognised on an accruals basis so as to match the revenue with the period in which the service may be used.
- Revenue from bandwidth capacity sales (Cable segment revenue) is recognised over the period of the contract on the basis of usage of bandwidth by the customers. Advances received from customers, for which the service has not yet been provided is disclosed as deferred income.

Dividend income from investments recorded at cost is recognised when the right to receive payment is established.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

Earnings per share

Basic

Basic earnings per share are calculated by dividing the profit for the period attributable to equity holders of the Company, both from continuing and discontinued operations, by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Company and held as treasury shares.

Diluted

Diluted earnings per share are calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average of the number of ordinary shares of the Company outstanding during the period where, compared to basic earnings per share, the weighted average number of shares outstanding is modified to include the conversion of all dilutive potential shares, while the profit for the period is modified to include the effects of such conversion net of taxation. Diluted earnings per share are not calculated when there are losses as any dilutive effect would improve earnings per share.

Segment reporting

Operating segments are reported in a manner which is consistent with the internal reporting information provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the Company.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
TO 31 DECEMBER 2012

Non-current assets and liabilities held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter the assets and liabilities held for sale (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent losses on remeasurement are recognised in the income statement. Subsequent increase in fair value less costs to sell may be recognised in the income statement only to the extent of the cumulative impairment loss that has been recognised previously.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

Fair value estimation

The fair value of a financial instrument traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active, if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

The fair value of instruments that are not traded in an active market (for example privately negotiated derivatives between two parties) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include quoted market prices or dealer and broker quotes for similar instruments and other techniques such as option valuation models and discounted cash flows.

[3]. Use of estimates

The preparation of the Consolidated Financial Statements requires that the directors apply accounting policies and methodologies that, in some circumstances, are based upon complex and subjective judgments and estimates that are based on historical experience and assumptions that are considered to be reasonable and realistic at the time, considering the relevant circumstances. The application of such estimates and assumptions impacts the amounts recorded in the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income and cash flows, as well as in the notes. Actual results might differ from such estimates due to the uncertainty surrounding the assumptions and conditions upon which estimates are based. The accounting estimates that require the more subjective judgment of management in making assumptions or estimates regarding the effects of matters that are inherently uncertain and for which changes in conditions may significantly affect the results reported in these Consolidated Financial Statements are summarised below.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
TO 31 DECEMBER 2012

Valuation of financial instruments

For some financial instruments that are not traded in an active market and included in the financial statements such as financial derivatives, Management estimate fair value using valuation techniques based on inputs and assumptions, some of which are linked to quoted market prices and others on management's estimations. Management applied reasonable option valuation models during the period in estimating the fair value of these financial instruments. Management also conducted a sensitivity analysis for changes in the estimated fair value of these instruments and changes in inputs used for the purpose of assessing the reasonableness of results reached using the acceptable valuation models.

Impairment of non-current assets

Non-current assets are reviewed to determine whether there are any indications that the net carrying amount of these assets may not be recoverable and that they have suffered an impairment loss that needs to be recognised. In order to determine whether any such elements exist it is necessary to make subjective measurements, based on information obtained within the Group and in the market and also on past experience. When indicators are identified that an asset may have become impaired, the Group estimates the impairment loss using suitable valuation techniques. The identification of elements indicating that a potential impairment exists and estimates of the amount of the impairment, depend on factors that may vary in time, affecting management's assessments and estimates.

Depreciation of non-current assets

The cost of plant and equipment is depreciated on a straight-line basis throughout the useful economic life of the relevant asset. The useful economic life is determined by management at the time the asset is acquired and is based upon historical experience for similar assets, market conditions, and forecasts regarding future events that could have an impact on useful life, including changes in technology. Therefore, the actual useful economic life may differ from the estimated useful life. The Group periodically evaluates sector and technology changes in order to update the remaining useful life. Such periodic updates could result in a change during the depreciation period, and therefore also in the depreciation in future periods.

Taxes

Income taxes (both current income tax and deferred taxes) are determined in each country where the Group operates in accordance with a prudent interpretation of the applicable tax regulations.

This process results in complex estimates in determining taxable income and deductible and taxable temporary differences between accounting and tax values. In particular, deferred tax assets are recognised when it is probable that there will be future taxable income against which the temporary differences can be utilised. The assessment of the recoverability of deferred tax assets, in relation to tax losses that can be used in future periods and deductible temporary differences, consider the estimated future taxable income on the basis of a prudent tax planning.

Goodwill

The impairment test on goodwill is carried out by comparing the carrying amount of cash-generating units and their recoverable amount. The recoverable amount of a cash-generating unit is the higher of fair value, less costs to sell, and its value in use. This complex valuation process entails the use of methods such as the discounted cash flow method which uses assumptions to estimate cash flows. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model as well as the expected future cash flows and the growth rate used for the extrapolation.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
TO 31 DECEMBER 2012

Provisions and contingent liabilities

Management assess events and circumstances indicating that the Group may have an obligation resulting in the ordinary course of business, Management applies its judgment in determining whether the recognition criteria have been met through assessing the probability of the obligation, making assumptions about timing and amounts of future cash outflows expected to settle the obligation.

[4]. Financial risk management

Financial risk factors

The Group is exposed to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. In particular the Group is exposed to risks from movements in exchange rates, interest rates and market prices. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's performance through ongoing operational and finance activities. The management has overall responsibility for the establishment and oversight of the Group's risk management framework.

Market Risk

i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising when its business transactions are in currencies other than its functional currency. The main currencies to which the Group is exposed are the US dollar ("US\$"), the Pakistani Rupee ("PKR"), the Euro ("EUR"), DPRK Won ("KPW") and the Egyptian Pound ("EGP").

The Group is exposed to foreign currency risk arising in two separate ways:

a) Foreign exchange operations risk

The Group entities predominantly execute their operating activities in their respective functional currencies. Some Group subsidiaries are, however, exposed to foreign currency risks in connection with scheduled payments in currencies that are not their functional currencies. In general this relates to foreign currency denominated supplier payables due to capital expenditures and receivables. The Group monitors the exposure to foreign currency risk arising from operating activities and in general does not use derivative financial instruments to hedge foreign exchange exposure in relation to ordinary operating activities. However, in order to hedge the exposure to exchange-rate risk associated with the proceeds from the partial sale of ECMS (see note [14] for further details), the Group entered into currency swaps.

As of 31 December 2012, if the functional currencies had strengthened/weakened by 10% against the US\$, Euro, Egyptian pound, DPRK Won and Pakistani Rupee, with all other variables held constant, the translation of foreign currency receivables and payables would have resulted in an increase/decrease of US\$ 4,301 thousand of profit for the period under analysis.

b) Foreign exchange translation risk

Due to its international presence, the Group's Consolidated Financial Statements are exposed to foreign exchange fluctuations, as these affect the translation of subsidiaries' assets and liabilities denominated in foreign currencies to the US\$ (the Group's presentational currency). The currencies concerned are mainly the Egyptian pound, the Pakistani Rupee DPRK Won and the Euro. This represents a translational risk rather than a financial risk given that these movements are posted directly to equity in the cumulative translation reserve.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
 TO 31 DECEMBER 2012

ii) Price risk

The Group has limited exposure to equity instruments of other entities that are publicly traded.

iii) Cash flow and fair value interest rate risk

The Groups interest rate risk arises from borrowings. Borrowings received at variable interest rates expose the Group to cash flow interest rate risk. Borrowings received at fixed interest rates expose the Group to fair value interest rate risk. The Group has not entered into any derivative financial instruments to hedge its exposure to fair value or cash flow interest rate risk.

The following table illustrates the total borrowings outstanding as of 31 December 2012 indicating the percentage of borrowings received at a fixed interest rate, at a variable interest rate and interest rate free.

	As of 31 December 2012
Total borrowings	10,827
of which % is at a fixed interest rate	0%
of which % is at a variable interest rate	52%
of which % is interest rate free	48%

The Group analyses its interest rate exposure on a dynamic basis. The Group calculates the impact on profit or loss of a defined interest rate shift. The same interest rate shift is used for all currencies.

The impact of a 0.1% interest rate shift would be a maximum increase/decrease in finance costs of US\$ 576 thousand for the period under analysis.

Credit Risk

The Group considers that it is not exposed to major concentrations of credit risk in relation to trade receivables. However, credit risk can arise in the event of non-performance of a counterparty, particularly in relation to credit exposures for trade and other receivables, financial instruments and cash and cash equivalents.

The credit risk to which the Group is exposed to can be analysed by segment as follows:

- i) GSM
Substantially all customers in North Korea are prepay customers meaning that there is a low credit risk associated with this GSM operation.
- ii) Cable
In general, cable customers are offered maximum payment terms of 30 days. Customers are checked for credit worthiness before offering credit terms.
- iii) Media & Technology
Customers credit worthiness is reviewed before credit terms are offered. Accounts receivable are monitored and outstanding balances are followed up until the balance is received.

The Group tries to mitigate credit risk by adopting specific control procedures, including assessing the credit worthiness of the counterparty and limiting the exposure to any one counterparty. Accruals to the allowance of doubtful receivables amounted to US\$ 4,300 thousand for the period from inception to 31 December 2012 mainly related to the Cable segment. See also Notes [21] and [22].

Credit risk relating to cash and cash equivalents and financial deposits arises from the risk that the counterparty becomes insolvent and accordingly is unable to return the deposited funds or execute the obligations under the derivative transactions as a result of the insolvency.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
 TO 31 DECEMBER 2012

In general the receivables and financial receivables included in financial assets relate to a variety of small amounts due from a wide range of counterparties, therefore, the Group does not consider that it has a significant concentration of credit risk.

Liquidity Risk

The Group monitors and mitigates liquidity risk arising from the uncertainty of cash inflows and outflows by maintaining sufficient liquidity of cash balances. In general, liquidity risk is monitored at entity level whereby each subsidiary is responsible for managing and monitoring its cash flows and rolling liquidity reserve forecast in order to ensure that it has sufficient committed facilities to meet its liquidity needs.

Laws and regulations in certain countries, such as for example North Korea, in which the Group operates limit the conversion of current cash balances into foreign currency. Given the nature of the business, Group companies may have to make payments in foreign currencies (for example capital expenditures), the lack of individual entity foreign currency reserves means that these companies are largely dependent on the Company to make these payments on its behalf.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the tables are the gross contractual, undiscounted cash flows including interest, charges and other fees.

As of 31 December 2012	Carrying amount	Expected cash flows (*)	Less than 1 year	Between 1 and 5 years
Liabilities				
Liabilities to banks	3,382	3,677	2,944	733
Finance lease liability	234	268	77	191
Other borrowings	7,211	7,526	5,275	2,251
Trade payables	83,596	83,596	83,596	-
	94,423	95,067	91,892	3,175

* Expected cash flows are the gross contractual undiscounted cash flows including interest, charges and other fees.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

Other risks

Governmental authorisations

Certain future Group activities, including the GSM operations in Lebanon or the cable segment, are dependent on obtaining appropriate government authorisations. Should these authorisations not be obtained or delayed, there could be an adverse impact on the future operations of the Group, such as a decrease in revenues or penalty payments due to contractual counterparties.

Political and economic risk in emerging countries

A significant amount of the Group's operations are conducted in Egypt, North Korea and Pakistan. The operations of the Group depend on the market economies of the countries in which the subsidiaries operate. In particular, these markets are characterised by economies that are in various stages of development or are undergoing restructuring. Therefore the operating results of the Group are affected by the current and future economic and political developments in these countries. In particular, the results of operations could be unfavourably affected by changes in the political or governmental structures or weaknesses in the local economies in the countries where it operates. These changes could also have an unfavourable impact on financial condition, performance and business prospects.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
TO 31 DECEMBER 2012

Regulatory risk in emerging countries

Due to the nature of the legal and tax jurisdictions in the emerging countries where the Group operates, it is possible that laws and regulations could be amended. This could include factors such as the current tendency to withhold tax on the dividends of these subsidiaries, receiving excessive tax assessments, granting of relief to certain operations and practices relating to foreign currency exchange. These factors could have an unfavourable effect on the financial activities of the Group and on the ability to receive funds from the subsidiaries.

Revenue generated by the majority of the Group subsidiaries is expressed in local currency. The Group expects to receive most of this revenue from its subsidiaries and therefore it relies on their ability to be able to transfer funds. The regulations in the various countries, such as for example North Korea, where the subsidiaries operate could reduce the ability to pay interest and dividends and to repay loans, credit instruments and securities expressed in foreign currency through the transfer of currency. In addition, in some countries it could be difficult to convert large amounts of foreign currency due to central bank regulations. The central banks may amend regulations in the future and therefore the ability of the Company to receive funds from its subsidiaries may be changed.

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 European Union and the United States, among others, 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, the Company's operating subsidiary in North Korea, as it is a domestic mobile operator with minimal foreign interaction, there can be no assurance that if international sanctions are changed or subject to enhanced enforcement, the Company's operating subsidiary in North Korea will be able to finance its operations, transfer funds to and from the Company or operate its mobile network in North Korea. If the Group becomes unable to continue to operate its business in North Korea, then this could adversely affect the business, financial condition and results of operations of the Company.

North Korea has implemented currency control restrictions and, in particular, rules surrounding the repatriation of dividends to foreign investors, additionally the local currency of North Korea is not tradable outside the country. Such restrictions limit the level of dividends that can be paid to the Company from its North Korea operations. The Group has interests in a diverse range of business and is not currently dependent on, and does not expect to become dependent on its operations in North Korea to provide cash flow to service its obligations, meet committed capex, obligations or continue its operations. In addition such currency control restrictions do not currently have a material impact on the Group and do not materially impact on the ability of the Group to service its liabilities which are currently outstanding and the Company does not expect the impact of these restrictions on the Group to become material to the Group and the Company does not expect these restrictions to have a material effect on the ongoing business of the Group.

Total net assets of the Group amounted to US\$ 1,188 million, of which Koryolink net assets amounted to US\$ 298 million. Also Koryolink assets included cash balances in local currency equivalent to an amount of US\$ 272 million that has been included within long-term financial assets in the consolidated financial statements due to the restrictions on cash transfers from the local currency into foreign currency as mentioned in the preceding paragraphs. The financial statements of the subsidiary have been translated using the official exchange rate announced by banks operating in North Korea on December 31, 2012, which is determined by the government.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
 TO 31 DECEMBER 2012

Classes of financial instrument

The tables below present the Groups financial assets and liabilities by category.

As of 31 December 2012	Derivatives	Loans and receivables	Available for sale	Total
Assets per statement of financial position				
Other financial assets	165,194	277,212	6,889	449,295
Trade receivables		55,641	-	55,641
Other current assets ¹		5,157	-	5,157
Cash and cash equivalents		309,764	-	309,764
Total		812,968	6,889	819,857

¹ Excludes prepaid expenses, advances to suppliers and receivables due from tax authority, as these do not meet the definition of a financial asset.

As of 31 December 2012	Liabilities at fair value through the profit and loss	Other financial liabilities at amortised cost	Total
Liabilities as per statement of financial position			
Borrowings	-	10,827	10,827
Other non-current liabilities	-	3,457	3,457
Trade payables and other current liabilities ¹	-	98,754	98,754
Total	-	113,038	113,038

¹ Excludes Prepaid traffic and deferred income, and trade payables due to local authorities, as these do not meet the definition of a financial liability

[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 investment and income and expenses related to OTMT.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
 TO 31 DECEMBER 2012

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 equity investments, 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 is the total cost incurred during the period to acquire property and equipment and intangible assets other than goodwill.

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

	Period from inception (29 November 2011) to 31 December 2012
Revenue	
Telephony Services	242,573
Interconnection traffic - revenue	32,046
Other income from services and sale of goods	79,936
Total	354,555

Revenue and EBITDA disclosure per segment for the period from inception (29 November 2011) to 31 December 2012

	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA
GSM North Korea	228,146	-	228,146	183,037
GSM Lebanon	21,075	-	21,075	14,254
Media & Technology	68,873	-	68,873	(6,269)
Cable	19,668	-	19,668	(374)
Other	25,715	(8,922)	16,793	(47,594)
Total	363,477	(8,922)	354,555	143,054

Assets per segment as of 31 December 2012

	Property and equipment	Intangible assets	Investments in Associate	Total
GSM North Korea	126,287	68,463	-	194,750
Media & Technology	12,629	5,956	-	18,585
Cable	250,996	1,257	-	252,253
Other	6,949	-	121,736	128,685
Total	396,861	75,676	121,736	594,273

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
 TO 31 DECEMBER 2012

Reconciliation of EBITDA to profit before income tax

	Period from inception (29 November 2011) to 31 December 2012
EBITDA	143,054
Depreciation and amortization	(25,269)
Impairment charges	(38,327)
Financial income	179,200
Financial expense	(11,499)
Foreign exchange (loss)	(15,882)
Share of (loss) of investments in associates	(15,810)
Net unusual Items	145,116
Gain on partial disposal of associate	253,383
Gain on disposal of subsidiary	14,312
Profit before income tax	628,278

Reconciliation of assets allocated to total assets

	As of 31 December 2012
Assets allocated	594,273
Other non-current financial assets	444,590
Other non-current assets	3,578
Inventories	587
Trade receivables	55,641
Other current financial assets	4,705
Other current assets	16,530
Cash and cash equivalents	309,764
Total assets	1,429,668

Capital expenditure

The table below illustrates the capital expenditure incurred by each segment for the period from inception to 31 December 2012:

	Period from inception (29 November 2011) to 31 December 2012
GSM North Korea	54,929
Media & Technology	7,995
Cable	11,067
Other	7,397
Total	81,388

[6]. Revenue

	Period from inception (29 November 2011) to 31 December 2012
Telephony services	242,573
Interconnection traffic - revenue	32,046
Management contract - fees	37,867
Content downloads	30,223
Other income from services and sale of goods	11,846
Total	354,555

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
 TO 31 DECEMBER 2012

[7]. Purchases and services

	Period from inception (29 November 2011) to 31 December 2012
Rental of local network, technical sites and other leases	20,299
Customer acquisition costs	11,189
Purchases of goods and changes in inventories	21,622
Maintenance costs	5,272
Telephony cost	28,540
Utilities	1,704
Interconnection traffic	601
Advertising and promotional services	2,692
Consulting and professional services	18,276
Bank and post office charges	308
Insurance	1,737
Other service expenses	8,364
Total	120,604

[8]. Other expenses

	Period from inception (29 November 2011) to 31 December 2012
Accruals for provisions, write downs and penalties	53,107
Promotion and gifts	190
Other operating expenses	5,067
Total	58,364

[9]. Personnel costs

	Period from inception (29 November 2011) to 31 December 2012
Wages and salaries	29,564
Social security	4,397
Pension costs	966
Other personnel costs	8,075
Total	43,002

Other personnel costs mainly relate to bonus, including expatriate costs.

[10]. Depreciation and Amortisation

	Period from inception (29 November 2011) to 31 December 2012
Depreciation of tangible assets	
Buildings	405
Plant and machinery	18,392
Cable system and equipment	1,323
Commercial and other tangible assets	1,876
Amortisation of intangible assets	
License	3,253
Other	20
Total	25,269

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF 31 DECEMEBR 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
 TO 31 DECEMBER 2012

[11.] Impairment of non-current assets

Impairment charges of US\$ 38,327 relate to the main asset of MENA Cable, a submarine cable which was impaired following an appraisal of the asset performed by the company, which indicated that the expected recoverable value was less than the book value as of December 31, 2012.

[12.] Disposal of subsidiary

During November 2012 the company sold its entire holding in Med Cable Limited-United Kingdom ("Medcable"), for total consideration of EUR 12.3 million, (equivalent to US\$ 16,054 thousand). Based on the book value of the net assets disposed of, the related sale consideration and the effect of recycling of foreign exchange, the gain on disposal of Medcable is summarised below:

	Book value at date of disposal
<i>(in thousands of US\$)</i>	
Trade receivables	85
Financial assets – current	68
Other current assets	275
Cash and cash equivalents	33
Trade payables	(2,644)
Provisions	(756)
Other current liabilities-current	(6)
Net assets disposed of	(2,945)
Sale proceeds	
Cash	16,054
Profit on disposal before recycling of foreign exchange	18,999
Recycling of Foreign exchange	(4,687)
Gain on disposal	14,312

[13.] Net financing costs

	Period from inception (29 November 2011) to 31 December 2012
Fair value gains on derivative instrument	173,701
Interest income on deposits	5,127
Other interest income	372
Financial income	179,200
Interest expense on borrowings	(1,386)
Interest expense on trade and other liabilities	(46)
Other interest expense and financial charges	(903)
Fair value loss on derivative instrument	(50)
Impairment of financial asset	(9,114)
Financial expense	(11,499)
Foreign exchange gain/ (loss)	11,456
Fair value loss on derivative instrument	(27,338)
Foreign exchange gain/ (loss)	(15,882)
Net financing costs	151,819

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
 TO 31 DECEMBER 2012

Financial income

Contract	Income (losses)	Fair value asset/ (liability)
Fair value of call options	173,701	165,194

See also note [19] for additional description of the derivative instruments

Financial expense

Financial expense includes the impairment of other amounts paid in relation to the Group's investment in North Korea due to uncertainties regarding its recoverability.

Foreign exchange

Derivative financial instruments

During the period, the Company entered into foreign currency forward deal contracts, the following analysis shows details of currency forward deals contracted:

Contract	Notional amounts payable	Notional amount receivable	Income (losses)
EGP to Euro	EGP 3 037 500	Euro 378 764	(19,182)
EGP to Euro	EGP 2 823 876	Euro 350 946	(23,607)
Euro to US Dollar	Euro 194 734	USD Dollar 250 000	4,016
Euro to US Dollar	Euro 177 195	USD Dollar 227 520	5,095
Euro to US Dollar	Euro 370 000	USD Dollar 467 378	5,254
US Dollar to Euro	Dollar 25 240	Euro 20 000	1,086
			<u>(27,338)</u>

[14.] Investment in associates

Investment in associates relate to the Egyptian Company for Mobile Services S.A.E. ("ECMS"), a mobile telecommunication operator in Egypt which provides a range of prepaid and post-paid voice and data telecommunication services under the brand name of Mobinil.

As a consequence of a binding agreement entered on 12 April 2012 with France Telecom - Orange ("France Telecom"), the Company sold its 29.67% direct and indirect holding in ECMS at a price of EGP 202.5 per share for a total cash consideration of approximately US\$ 933 million and retained a 5% direct economic interest in ECMS. Additionally, the Company acquired from France Telecom 28.75% of voting rights in MT Telecom Srl ("MT Telecom" the controlling shareholder of ECMS) for a total cash consideration of approximately US\$9 million. The transaction was completed on 14 June 2012.

Furthermore, France Telecom and the Company have amended certain provisions under their existing shareholders agreement in order to adjust the governance structure to the new shareholding interests and to put in place mechanisms to protect minority shareholder's interest and leave the Company with similar voting rights and board representations as previously in place.

In particular, the Company remains France Telecom's strategic partner in Egypt and continues to participate in the management of ECMS, including through its appointment of three out of thirteen directors in the board of directors of ECMS, its participation in the audit committee and in the nomination and compensation committee of ECMS. The chief operating officer of ECMS will be appointed by ECMS's board of directors after consultations with ECMS's nomination and compensation committee. The chief operating officer of ECMS will appoint the other senior management of ECMS, always after consultations with ECMS's nomination and compensation committee. The Company will continue to

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
 TO 31 DECEMBER 2012

provide services to ECMS under the general service agreement renewed on 22 March 2012, subject to possible future changes that may be decided by ECMS for that agreement or its assignment to France Telecom, at France Telecom's discretion, against compensation of Euro 110 million to the Company.

Furthermore, the Company and France Telecom have agreed to the following put and call options with respect to the Company's direct economic stake in ECMS and voting rights in MT Telecom.

- In order to grant France Telecom increased flexibility to maintain Egyptian shareholding in ECMS, France Telecom and the Company have agreed to limit the Company's put option for its 5% remaining direct stake in ECMS to 1.67% per annum over a three-year period from 2015 to 2017, subject to the trading rules and the then applicable law. This option is exercisable in January-February of each such year at accreting prices determined based on the date of exercise ranging from EGP 268.5 in 2015 to EGP 296 in 2017 per ECMS share, the last exercise of such put option leading to the sale of the 28.75% voting rights in MT Telecom. The Company will also have certain agreed exit rights in the event France Telecom involves another local partner in the ECMS business.
- To give France Telecom additional control over a potential future divestment by the Company, France Telecom will have the option to call all (but not less than all) of the Company's remaining direct stake in ECMS and voting rights in MT Telecom. This option is exercisable during a January-February exercise period in each year from 2013 to 2017, at prices accreting at a rate similar to that for the put option granted to the Company and described above, ranging from EGP 243.5 to EGP 296 per ECMS share. The agreement also provides France Telecom with call option rights in certain other circumstances, including upon a change of control of the Company.

The Company also granted France Telecom a right of first refusal over any sale by the Company of its stake in ECMS.

See also note [19]. Other financial assets.

The following table provides the movements in the Group's investment in ECMS for the period from inception to 31 December 2012:

	<u>Period from inception (29 November 2011) to 31 December 2012</u>
As of inception	876,280
Share of (loss) of associate	(15,810)
Partial sale	(730,322)
Consideration for voting rights	9,179
Exchange differences	(17,591)
As of 31 December 2012	<u>121,736</u>

The table below sets forth summary financial information of the associate:

Assets	<u>2,589,722</u>
Liabilities	(2,240,768)
Revenues	1,692,544
Net loss of the period	(37,815)

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
 TO 31 DECEMBER 2012

[15.] Other non-operating income

Other non-operating income includes the settlement fee relating to the transfer of general service agreement governing the provision of services by OTMT to the Egyptian Company for Mobile Services to France Telecom. During the year, France Telecom exercised its right to transfer the service agreement according to the amended master agreement on 11 April 2012 between the Company and FT in which it is stated that FT will pay OTMT a transfer fee of EUR 110 Million equivalent to US\$ 145,116 thousand in addition to including accrued management fees for the period from 1 July 2012 till the transfer date of the contract with amount EUR 2.2 million equivalent to US\$ 2.8 million which is recorded as technical services revenue, and also includes the settlement of the receivable balance from ECMS amounting EUR 1.6 million equivalent to US\$ 2.1 million) to the company for transferring the contract.

[16.] Income tax expense

	Period from inception (29 November 2011) to 31 December 2012
Current tax expense	20,667
Deferred tax expense	8,490
Income tax expense	29,157

The president of the Arab Republic of Egypt issued "a decree by law" on December 6, 2012, amending some provisions of the Egyptian Tax Law, including income tax, general sales tax, stamp tax, as well as real-estate tax, where the decree's effective date starts from the day following its publication date.

On the day following that on which the decree was published, an announcement was made for the freezing of the decree, but no formal decision was taken by the competent legislative authority to support the suspension or continued operation of such amendments.

Hence, in the light of available information and to the best estimate of the company's management and advisors, it has been concluded that no significant impact exists from this event on the company's financial statements as of December 31, 2012.

[17.] Property and equipment

	Land and Buildings	Plant and machinery	Cable system and equipment	Commerci al and other tangible assets	Assets under Constructi on	Total
As of inception (29 November 2011)	5,592	97,392	23,069	5,017	259,572	390,642
Cost	6,210	128,606	60,329	11,769	259,572	466,486
Accumulated depreciation and impairment	(618)	(31,214)	(37,260)	(6,752)	-	(75,844)
Additions	7,548	45,620	3,913	1,994	9,216	68,291
Disposals	-	-	-	(62)	(792)	(854)
Depreciation	(405)	(18,392)	(1,323)	(1,876)	-	(21,996)
Impairment charges	-	-	(14)	(1)	(38,312)	(38,327)
Exchange differences	(491)	2,471	(2,696)	(248)	69	(895)
Reclassifications			494	14	(508)	-
As of 31 December 2012	12,244	127,091	23,443	4,838	229,245	396,861
Cost	13,210	177,409	29,326	12,971	267,556	500,472
Accumulated depreciation and impairment	(966)	(50,318)	(5,883)	(8,133)	(38,311)	(103,611)

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

Additions to land and building mainly related to the acquisition of the administrative premises from OTH.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
 TO 31 DECEMBER 2012

Borrowings, primarily of Trans World Associated Private Limited ("TWA"), are secured on property and equipment for the value of US\$ 6,762 thousand as of 31 December 2012.

	Media and Technology	Cable	Total
As of inception (29 November 2011)	3,683	831	4,514
<i>Cost</i>	6,287	831	7,118
<i>Accumulated impairment</i>	(2,604)	-	(2,604)
Exchange differences	(224)	(52)	(276)
As of 31 December 2012	3,459	779	4,238
<i>Cost</i>	5,904	779	6,683
<i>Accumulated impairment</i>	(2,445)	-	(2,445)

[18.] Intangible assets

	License	Goodwill	Other	Total
As of inception (29 November 2011)	62,405	4,514	956	67,875
<i>Cost</i>	70,112	7,118	1,342	78,572
<i>Accumulated amortization and impairment</i>	(7,707)	(2,604)	(386)	(10,697)
Additions	4,314	-	8,783	13,097
Amortization	(3,253)	-	(20)	(3,273)
Exchange differences	(1,863)	(276)	116	(2,023)
As of 31 December 2012	61,603	4,238	9,835	75,676
<i>Cost</i>	72,137	6,683	10,219	89,039
<i>Accumulated amortization and impairment</i>	(10,534)	(2,445)	(384)	(13,363)

The following table provides an analysis of goodwill by segment:

[19.] Other financial assets

	As of 31 December 2012		
	Non - current	Current	Total
Derivative financial instruments	165,194	-	165,194
Deposits	272,462	4,226	276,688
Investments	6,889	-	6,889
Financial receivables	45	479	524
Total	444,590	4,705	449,295

Derivatives

Call / Put options with France Telecom

Represents the fair value of the put-option by which the company can sell its stake in the Egyptian Company for Mobile Services including the voting rights to France Telecom.

According to the amended and restated shareholders agreement between the Company and France Telecom dated 11 April 2012, and as disclosed in Note [14] the amended agreement states that France Telecom has the option to call all (but not less than all) of the Company's remaining direct stake in Egyptian Company for Mobile Services - ECMS and in MT Telecom, which are reported in the consolidated financial statements as investments in associates with direct ownership interest of 5% and 28.75% respectively. This option is exercisable during a January-February exercise period in each year from 2013 to 2017, ranging from EGP 243.5 to EGP 296 per ECMS share.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
 TO 31 DECEMBER 2012

The agreement also provides that the Company has the option to put 1.67% per annum of its direct interest in the ECMS over a three-year period from 2015 to 2017 subject to the trading rules of the Egyptian Stock Exchange - EGX and the then applicable law.

This option is exercisable in January-February of each such year at accreting prices determined based on the date of exercise ranging from EGP 268.5 in 2015 to EGP 296 in 2017 per ECMS share.

The fair value of both the put and call options is determined by an independent appraisal, which stated that the fair value of the asset to the company as at 31 December 2012 amounted to US\$ 165 million.

Deposits

Deposits as of 31 December 2012 also include an amount of US\$ 272,343 thousand 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.

As of 31 December 2012 deposits amounting to US\$ 940 thousand are pledged or blocked as security against related bank borrowings or others commitments.

The following table shows the ageing analysis of financial receivables and long term deposits as of 31 December 2012:

	As of 31 December 2012	
	<i>Deposits</i>	<i>Financial receivables</i>
Not past due	276,688	524
Past due 0-30 days	-	-
Past due 31-120 days	-	-
Past due 121-150 days	-	-
Past due more than 150 days	-	-
Total	276,688	524

AFS investments

Company name	% ownership	As of 31 December 2012
Smart Village Company	10.5%	6,889

Smart Village Company is an Egyptian company with offices in Giza which establishes and manages a branded chain of technology cluster and business parks located in Giza as well as variety of other products and services.

The above investment is stated at cost as it represents unlisted securities that do not have quoted market prices and its fair value cannot be reliably measured.

[20]. Deferred taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred income tax assets and liabilities relate to income taxes due to the same tax authority.

	As of 31 December 2012
Deferred tax liability	(10,200)
Deferred tax asset	-
Net deferred tax (liability)	(10,200)

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
TO 31 DECEMBER 2012

The movement in the deferred income tax account is as follows:

As of inception (29 November 2011)	(2,392)
(Charged) / credited to the income statement	(8,489)
Exchange differences	681
As of 31 December 2012	(10,200)

The movement of deferred tax assets and liabilities during the period, without taking into consideration any offsetting is provided in the tables below:

Deferred Tax Assets

	Depreciation and amortization	Other	Total
Deferred tax assets			
As of inception (29 November 2011)	12	3,471	3,483
Credited/(charged) to the income statement	(12)	(3,426)	(3,438)
Exchange differences	-	(45)	(45)
As of 31 December 2012	-	-	-

	Depreciation and amortization	Unremitted earnings	Total
Deferred tax liabilities			
As of inception (29 November 2011)	332	5,543	5,875
Charged / (credited) to the income statement	882	4,169	5,051
Exchange differences	(183)	(543)	(726)
As of 31 December 2012	1,031	9,169	10,200

Generally the Group does not recognise deferred tax assets for temporary differences related to accruals for provisions, due to uncertainties in connection with the tax treatment of such expenses, as they might be challenged by local tax authorities.

No deferred tax liability has been recognised in respect of temporary differences associated with investments in subsidiaries, branches and associates, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Koryolink, the Group subsidiary in North Korea enjoys a tax exemption for a period of five years ending on 15 December 2013. After the exemption period the subsidiary net profits will be 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.

Management believes that pursuant to the agreement signed with the government of North Korea which organizes shareholders relationship in the operator of mobile phone service, the Company's financial statements prepared in accordance with IFRS will be the base used to determine taxable profits following the tax 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 base and the accounting base of assets and liabilities recorded in the financial statements of Koryolink at 31 December 2012, accordingly no deferred tax assets or liabilities have been recognized.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
 TO 31 DECEMBER 2012

Should additional information arise in future periods resulting in differences between the tax base and accounting base of recorded assets and liabilities in the financial statements at 31 December 2012, Management will reassess its estimate in a way that might result in the recognition of deferred taxes related to those assets and liabilities.

[21]. Trade receivables

	As of 31 December 2012
Trade receivables	61,747
Allowance for doubtful receivables	(6,106)
Total	55,641

The following table shows the movement in the allowance for doubtful receivables

As of inception (29 November 2011)	8,507
Exchange differences	(392)
Additions (allowances recognized as an expense)	2,979
Use	(1,080)
Change in scope of consolidation	(3,908)
Total	6,106

The allowance for doubtful receivables mainly relate to customers of the Media & Technology segment.

The following table shows the ageing analysis of trade receivables as of 31 December 2012, net of the relevant allowance for doubtful receivables:

	As of 31 December 2012
Not past due	32,754
Past due 0-30 days	4,380
Past due 31-120 days	5,289
Past due 121 - 150 days	3,777
Past due more than 150 days	9,441
Total	55,641

The maximum exposure to credit risk at the reporting date is the carrying value of the receivable. The Group does not hold any collateral as security.

[22]. Other assets

	As of 31 December 2012		
	<i>Non - current</i>	<i>Current</i>	<i>Total</i>
Prepaid expenses	3,578	2,513	6,091
Advances to suppliers	-	7,779	7,779
Receivables due from tax authority	-	2,072	2,072
Other receivables	-	5,157	5,157
Allowance for doubtful current assets	-	(991)	(991)
Total	3,578	16,530	20,108

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
 TO 31 DECEMBER 2012

The following table shows the movement in the impairment of other current assets:

At inception (29 November 2011)	504
Additions	1,081
Reversal of provisions	(541)
Exchange differences	(53)
As of 31 December 2012	991

[23]. Cash and balances at banks

	As of 31 December 2012
Bank accounts and deposits	309,459
Cash on hand	305
Total	309,764

[24]. Equity attributable to the owners of the Company

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

On 28 June 2012 at the OTMT shareholders meeting, a dividend payment of EGP 1.05 per share, for an aggregate amount of US\$ 910 million was approved. The dividend was paid on 16 July 2012.

[25]. Borrowings

	As of 31 December 2012						Total
	Within one year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	after 5 years	
Liabilities due to banks	2,944	348	-	-	-	-	3,292
Finance lease	77	77	80	-	-	-	234
Other borrowings	5,275	509	506	506	505	-	7,301
Total	8,296	934	586	506	505	-	10,827

Liabilities due to banks

Liabilities due to banks are detailed in Appendix B – “Liabilities due to banks”.

Finance lease liabilities

	As of 31 December 2012
Gross finance lease liabilities - Minimum lease payments	
Within one year	100
Between 1-5 years	169
After 5 years	-
Future charges on finance leases	(35)
Present value of finance lease liability	234

The present value of finance lease liabilities is as follows:

Within one year	77
Between 1-5 years	157
After 5 years	-
	234

Other Borrowings

Other borrowings mainly include loans from non-controlling shareholders in subsidiaries. The detail of “Other borrowings” is included in Appendix C – “Other borrowings”.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
 TO 31 DECEMBER 2012

Currency Information of current and non-current borrowings

The following table provides the breakdown of total borrowings by currency of issue:

	US\$	Egyptian Pound	Pakistan Rupee	Total
As of 31 December 2012	6,067	1,235	3,525	10,827

Financial liabilities include secured liabilities of US\$ 5,449 thousand as of 31 December 2012. In general, the financial liabilities are secured on property and equipment of the relevant subsidiary, pledged shares and receivables.

[26.] Trade payables and other liabilities

	As of 31 December 2012		
	Current	Non-current	Total
<i>Trade Payable</i>			
Capital expenditure payables	17,906		17,906
Trade payables due to suppliers	25,335		25,335
Other trade payables	40,355		40,355
Total trade payable	83,596	-	83,596
<i>Other liabilities</i>			
Prepaid traffic and deferred income	47,294	2,144	49,438
Due to local authorities	3,119		3,119
Personnel payables	6,547		6,547
Other credit balances	5,154	3,457	8,611
Total other liabilities	62,114	5,601	67,715
Total trade payables and other liabilities	145,710	5,601	151,311

[27.] Provisions

	Non-current Provisions	Current Provisions	Total
Period from inception (29 November 2011) to 31 December 2012	731	5,003	5,734
Additions	24	49,388	49,412
Disposals	-	(450)	(450)
Currency translation differences	1	(2,547)	(2,546)
Change in the scope of consolidation	(756)	-	(756)
As of 31 December 2012	-	51,394	51,394

[28.] Earnings per share

Basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. For the purposes of the earnings per share calculation, it has been assumed that the number of issued shares at the date of incorporation (5,245,690 thousand) had been outstanding during the entire period.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
 TO 31 DECEMBER 2012

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.

	Period from inception (29 November 2011) to 31 December 2012
Profit attributable to equity holders of the Company	559,788
Total	559,788
Weighted average number of shares (in thousands of shares)	5,245,690
Earnings per share – basic and diluted (in US\$)	
From profit for the period	0.11

[29.] Commitments

The commitments as of 31 December 2012 are provided in the table below:

	As of 31 December 2012
Purchase of property and equipment	317
Others	15,989
Total	16,306

Commitments for purchase of property and equipment mainly relate to MenaCable commitments to purchase marine cables and related equipment. Other commitments mainly relate to maintenance and insurance for MenaCable submarine cable

[30]. Related party transactions

Transactions with subsidiaries, associates, with the Parent Company and its subsidiaries and other related parties are not considered atypical or unusual, as they fall within the Group's normal course of business and are conducted under market conditions that would be performed by independent third parties. The main related party transactions are summarised as follows:

	Period from inception (29 November 2011) to 31 December 2012	
	<i>Revenue</i>	<i>Purchase of services and goods</i>
ECMS	8,955	-
Total	8,955	-

Revenues with ECMS mainly relate to management fees for services rendered by the Company.

	As of 31 December 2012	
	<i>Receivables</i>	<i>Payables</i>
LDN	2,759	776
ECMS	4,937	-
Total	7,696	776

Revenues with ECMS mainly relate to management fees for services rendered by the Company.

The LDN receivable balance is a legacy balance, from the the Spin Off process.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
 TO 31 DECEMBER 2012

Key management compensation

Key management includes executive and non-executive directors, the chief financial officer and other managing directors considered key personnel.

The compensation paid or payable to key management for employee services is shown below:

	Period from inception (29 November 2011) to 31 December 2012
Key management compensation	771

[31]. Contingent assets and liabilities

The Group 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 Group and the nature of the markets where the Group operates.

The Group recognises a provision for losses and liabilities when the existence of an economic outflow is certain or probable. As of 31 December 2012 the Company is a party in a number of legal cases which resulted from carrying out its activities. Based on the legal advice obtained, the Company's management believe that the outcome of these lawsuits, individually or in aggregate, would not be material to the Group's results.

Telecom Egypt Interconnection Prices

Telecom Egypt filed a complaint with the National Telecommunication Regulatory Authority (NTRA), with the purpose of changing its interconnect prices with the mobile operators, with which it has existing contracts. ECMS responded to the complaint before the NTRA Dispute Resolution Committee asking to honour the existing effective contract between ECMS and Telecom Egypt. The NTRA issued a ruling on the dispute in favour of Telecom Egypt on 3 September 2008. Furthermore, on 31 December 2009 NTRA issued a decree making new changes to the interconnect prices among operators to be retroactively applied from 1 September 2009 (subsequently amended on 14 January 2010).

ECMS filed various law suits against the NTRA rulings and decrees in the Administrative Court at the State Counsel asking for staying and nullifying the NTRA decision and decrees.

On 5 June 2010 the Administrative Court accepted the summary request in the lawsuits filed by ECMS against the NTRA decision and decrees and ruled in favour of ECMS, referring the lawsuit also to the State Commissioners' Authority to prepare a legal opinion concerning the request to nullify the said decisions and decrees of NTRA.

The NTRA appealed the ruling of the Administrative Court before the High Administrative Court, which referred it to the State Commissioners' Authority. The State Commissioners' Authority issued its advisory report on 6 December 2010 recommending the ruling against ECMS. The High Administrative Court adjourned verdict to May 4, 2013.

ECMS and its external legal counsel believe that it has a strong legal position as the NTRA's decisions do not have legal or contractual ground, hence interconnect revenue and costs continued to be recorded based on the existing agreement with Telecom Egypt and other mobile operators.

If ECMS had applied the NTRA rulings and decrees it would have recorded less interconnect revenue and cost with a net negative impact on the Group's share of the associate profit before income tax of US\$ 10,830 thousand for period from inception to 31 December 2012.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2012 AND FOR THE PERIOD FROM INCEPTION (29 NOVEMBER 2011)
TO 31 DECEMBER 2012

Letters of credit and guarantee

The Group has provided guarantees and letters of credit in the ordinary course of business of the Group's activities. Guarantees include the following:

- Letter of Guarantee amounting to US\$ 1.0 million in favour of NTRA to guarantee MenaCable execution of its entire obligation related to constructing, operating and renting sea cables networks and its infrastructure for international communications.
- Letters of guarantee in a favour of Lebanon Ministry of Telecommunication (ROL) to guarantee the Company in the payment of any amount due by the selected Participant to ROL, one amounting to US\$ 30.0 million, and the other amounting to US\$ 10.0 million.
- Guarantee for the obligation of Mena Cable with Gulf Bridge International Inc. (GBI) under the "The fibre pair and capacity acquisition agreement" amounting to US\$ 82.5 million as of 31 December 2012.

[32]. Comparative figures

As discussed in further detail in Note [1], The Company was legally established on 29 November 2011, therefore, the consolidated financial results are shown from the inception date to the 31 December 2012

[33]. Subsequent events

The ordinary General Assembly Meeting ("OGM"), dated 18 March 2013 approved the distribution of dividends of EGP1,352 million. Approx. EGP 0.25 per share

[34]. Non-distributable earnings

Retained earnings include an amount of US\$ 21,361 thousand which is not available for distribution representing a legal and special reserves at the subsidiaries level.

Appendix A - Subsidiaries, associates and investments as of 31 December 2012

Segment	Country	Entity name	Direct and indirect interest in entity
GSM North Korea	North Korea	CHEO Technology JV Company	75.000%
GSM Lebanon	Lebanon	Orascom Telecom Lebanon S.A.L	99.790%
Cable	Pakistan	Trans World Associates (Pvt) Ltd	51.000%
Cable	Pakistan	Trans World Enterprise Services (Private) Ltd	51.000%
Cable	Italy	Mena Srl	100.000%
Cable	Free Zone II	Middle East and North Africa for Sea Cables	99.630%
Media and Technology	Egypt	Orascom Telecom Ventures S.A.E.	99.990%
Media and Technology	Egypt	Dare N' Deal	60%
Media and Technology	Egypt	Link Development S.A.E.	99.790%
Media and Technology	Egypt	ARPU for Telecommunication Services S.A.E.	99.490%
Media and Technology	Pakistan	Mobi Zone Pakistan (Pvt) Ltd	99.490%
Media and Technology	Tunisia	Mobi Zone Tunisia	98.495%
Media and Technology	Algeria	Mobi Zone Algeria Ltd	99.490%
Media and Technology	Italy	Mobi Zone Italy	98.495%
Media and Technology	UAE	Mobi Zone FZ LLC	99.490%
Media and Technology	Bangladesh	Mobi Zone Bangladesh	99.490%
Media and Technology	Saudi Arabia	Mobi Zone Saudi Arabia	99.490%
Media and Technology	Canada	Mobi Zone Canada Inc	99.490%
Media and Technology	Egypt	Global Telecom S.A.E.	95.361%
Media and Technology	Morocco	Rosten Investments Ltd	99.490%
Media and Technology	Egypt	Egypt Call Communications S.A.	99.470%
Media and Technology	Algeria	Algeria Win Call	99.490%
Media and Technology	Palestine	Palestine Call	99.490%
Media and Technology	British Virgin Islands	Arab Call Group Ltd	99.490%
Media and Technology	Pakistan	Call Pak Pakistan	99.490%
Media and Technology	Egypt	Skill Link	37.496%
Media and Technology	Egypt	Data Tech	33.997%
Media and Technology	Egypt	Intonet	50.995%
Media and Technology	Saudi Arabia	LinkDotNet KSA	94.991%
Media and Technology	UAE	LinkDotNet LLC	99.990%
Media and Technology	Egypt	Link Online S.A.E.	98.990%
Media and Technology	Egypt	Arab Finance Securities	99.870%
Media and Technology	Egypt	Link for Domain Registration S.A.E.	99.968%
Media and Technology	Egypt	Connect Ads	97.990%
Media and Technology	Qatar	Link Dot Net Qatar	48.995%
Media and Technology	Egypt	Into Development ECP	50.995%
Other	Free Zone I	Oracap Holding Co.	99.950%
Other	Malta	Oracap Far East Limited	99.900%
Other	North Korea	Orabank NK Ltd	94.905%
Other	Belgium	MT Telecom SCRL	28.755%
Other	Egypt	Egyptian company for Mobile Services S.A.E.	5.000%
Other	Egypt	Smart Village ECDMV	10.459%
Other	Egypt	Orascom Telecom for Mobile Infrastructure	99.2%

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E

Appendix B

Bank	US\$ Thousand		Total	Currency	Denomination currency			Secured / Unsecured
	Current	Non-current			Nominal	Maturity	Interest	
TransWorld Associates (Private) Ltd								
<u>Banks</u>								
United Bank Limited (Syndicated facility)	473	-	473	PKR	69.04	27-Nov-13	6M KIBOR + 3% (15.01%)	Secured
Habib Bank Limited (Syndicated facility)	345	-	345	PKR	50.42	27-Nov-13	6M KIBOR + 3% (15.01%)	Secured
Allied Bank Limited (Syndicated facility)	274	-	274	PKR	40.00	27-Nov-13	6M KIBOR + 3% (15.01%)	Secured
Askari Bank Limited (Syndicated facility)	236	-	236	PKR	31.78	27-Nov-13	6M KIBOR + 3% (15.01%)	Secured
Standard Chartered Bank Pakistan Limited (Syndicated facility)	236	-	236	PKR	44.38	27-Nov-13	6M KIBOR + 3% (15.01%)	Secured
Pak Oman Investment Company Limited (Syndicated facility)	206	-	206	PKR	20.14	27-Nov-13	6M KIBOR + 3% (15.01%)	Secured
The Bank of Punjab (Syndicated facility)	157	-	157	PKR	25.74	27-Nov-13	6M KIBOR + 3% (15.01%)	Secured
Bank Alfalah Limited (Syndicated facility)	137	-	137	PKR	20.00	27-Nov-13	6M KIBOR + 3% (15.01%)	Secured
Saudi Pak Industrial & Agricultural Co. (Pvt) Limited (Syndicated facility)	137	-	137	PKR	20.00	27-Nov-13	6M KIBOR + 3% (15.01%)	Secured
Pak Oman Investment Company Limited (Medium term syndicated finance facility)	243	60	303	PKR	43.75	20-Mar-14	6M KIBOR + 3% (14.95%)	Secured
Pak Oman Investment Company Limited (Medium term syndicated finance facility)	246	121	367	PKR	50.00	31-May-14	6M KIBOR + 3% (15.02%)	Secured
Saudi Pak Industrial & Agricultural Co. (Pvt) Limited (Medium term syndicate finance facility)	254	167	421	PKR	69.00	4-Jun-14	6M KIBOR + 3% (15.01%)	Secured
Total	2,944	348	3,292					

	US\$ Thousand		Currency	Denomination currency		Interest	Maturity
	Current	Non-current		Total	Nominal		
Other borrowings							
Orastar Limited / long term loan from sponsors	404	1,612	2,016	USD	196.81	1-Jan-13	Interest -free Unsecured
Orastar Limited / short term loan-1 from sponsors	944	-	944	USD	94.43	19-Jun-12	Interest -free Unsecured
Orastar Limited / short term loan-2 from sponsors	1,887	-	1,887	USD	170.79	23-Dec-12	3M LIBOR + 1% (1.4610%) Unsecured
Dr. Omar Bin Abdul Muniem Al Zawawi / long term loan from sponsors	103	414	517	USD	50.46	1-Jan-13	Interest -free Unsecured
Dr. Omar Bin Abdul Muniem Al Zawawi / short term loan-1 from sponsors	242	-	242	USD	24.21	19-Jun-12	Interest -free Unsecured
Dr. Omar Bin Abdul Muniem Al Zawawi / short term loan-2 from sponsors	461	-	461	USD	43.79	23-Dec-12	3M LIBOR + 1% (1.4610%) Unsecured
Total TWA (Private) Ltd	4,041	2,026	6,067				
Notes payable	1,235	-	1,235				
Total other borrowings	5,276	2,026	7,302				
Finance lease	77	157	234				
	8,296	2,531	10,827				