ORASCOM TMT S.A.E

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

Condensed consolidated interim
Financial statements and auditor's report

**Three Months ended
31 March, 2013
US$**

Deloitte.

Saleh, Barsoum & Abdel Aziz
95c Merghany Street
Heliopolis,
Cairo, 11341
Egypt
Tel : +20 (2) 22 903 278
Fax: +20 (2) 22 903 276
www.deloitte.com

Report on Review of Interim Financial Information

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Orascom Telecom Media and Technology Holding S.A.E. and its subsidiaries (The Group) which comprise the interim consolidated statement of financial position at 31 March 2013 and the related interim consolidated income statement and statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 – Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly, in all material respects, the interim consolidated financial position of the Group at 31 March 2013, and its interim consolidated financial performance and cash flows for the three months period then ended in accordance with IAS 34 – Interim Financial Reporting.

Deloitte.

Saleh, Barsoum & Abdel Aziz
95c Merghany Street
Heliopolis,
Cairo, 11341
Egypt

Tel : +20 (2) 22 903 278
Fax: +20 (2) 22 903 276
www.deloitte.com

Other matters

We drive your attention to note (19) to the accompanying condensed consolidated interim financial statements which describes in more details that the net assets of Koryolink (subsidiary) stand at USD 425 million of the Group's consolidated net assets amounting to USD 1,033 million as of March 31, 2013. Also Koryolink assets include cash balances in North Korean currency equivalent to USD 333 million and are reported within non-current financial assets in the condensed consolidated interim financial statements due to the restrictions imposed on cash transfers from the local currency into foreign currency in North Korea.

We drive your attention to note (10) to the accompanying condensed consolidated interim 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 drive your attention to note (10) to the accompanying condensed consolidated interim financial statements which describes in more details that according to management's best estimate, and in light of the available information, there are no differences between the tax 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 March 31, 2013.
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 March 31, 2013, management would revise its estimates and recognition of deferred taxes associated with those assets and liabilities might be required.

Our conclusion on the accompanying condensed consolidated interim financial statements as of and for the period ended March 31, 2013 is not qualified in respect to the above paragraphs.

Cairo, 14 May 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.
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2013

	Note	As of 31 March 2013	As of 31 December 2012
(in thousands of US$)			
Assets			
Property and equipment	11	402,591	396,861
Intangible assets	11	74,188	75,676
Investments in associates	9	112,315	121,736
Other non-current financial assets	12	515,849	444,537
Other Non-current assets		4,919	3,578
Total non-current assets		**1,109,862**	**1,042,388**
Inventories		545	587
Trade receivables		52,695	55,641
Other current financial assets	12	5,372	4,705
Other current assets		13,129	16,585
Cash and balances at banks		319,945	309,764
Total current assets		**391,686**	**387,282**
Total Assets		**1,501,548**	**1,429,670**
Equity and Liabilities			
Share capital	13	366,148	366,148
Other reserves		20,884	40,004
Retained earnings		538,473	686,083
Equity attributable to equity holders of the Parent Company		**925,505**	**1,092,235**
Non-controlling interests		107,867	95,349
Total equity		**1,033,372**	**1,187,584**
Liabilities			
Non-current borrowings	14	4,166	2,531
Other non-current liabilities	15	5,683	5,601
Deferred tax liabilities		11,617	10,200
Total non-current liabilities		**21,466**	**18,332**
Current borrowings	14	9,526	8,296
Trade and other payables	15	363,322	145,710
Current income tax liabilities		20,862	18,354
Current provisions		53,000	51,394
Total current liabilities		**446,710**	**223,754**
Total Liabilities		**468,176**	**242,086**
Total Equity and Liabilities		**1,501,548**	**1,429,670**

Chief Financial Officer
Youssef Shoukry

Chief Executive Officer
Karim Beshara

Auditor's report 'attached'

(The notes 1 to 20 are an integral part of these Condensed Consolidated Interim Financial Statements)

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
INTERIM CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2013

(in thousands of US$)	Note	For the Period ended 31 March 2013	Period from inception (29 November 2011) to 31 March 2012
Revenues	6	104,965	90,124
Other income		1,142	182
Purchases and services	7	(28,913)	(31,286)
Other expenses		(5,413)	(6,668)
Personnel cost		(8,693)	(10,011)
Depreciation and amortization	11	(7,830)	(5,672)
Gains (Losses) from disposal of non-current assets		44	(1)
Operating income		55,302	36,668
Financial income	8	20,794	140,810
Financial expense	8	(448)	(5,085)
Foreign exchange (loss) gain	8	11,797	3,829
Share of loss of associates	9	(2,143)	(11,625)
Profit before income tax		85,302	164,597
Income tax expense	10	(7,839)	(5,661)
Profit from continuing operations		77,463	158,936
Attributable to			
Owners of the Parent Company		64,633	149,968
Non-controlling interests		12,830	8,968
		77,463	158,936
Earnings per share (basic and diluted) – (in US$)			
From continuing operations	16	0.012	0.029

(in thousands of US$)	For the Period ended 31 March 2013	Period from inception (29 November 2011) to 31 March 2012
Profit for the period	77,463	158,936
Other comprehensive income /(loss):		
Currency translation differences	(32,343)	(1,191)
Total comprehensive income for the period	45,120	157,745
Attributable to:		
Owners of the Parent Company	32,602	147,368
Non-controlling interests	12,518	10,377
Total comprehensive income for the period	45,120	157,745

(The notes 1 to 20 are an integral part of these Condensed Consolidated Interim Financial Statements)

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2013

(in thousands of US$)	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Total	Non-Controlling Interests	Total equity
As at January 1, 2013	366,148	68,589	(28,585)	-	686,083	1,092,235	95,349	1,187,584
Comprehensive income								
Other comprehensive income			(32,031)			(32,031)	(312)	(32,343)
Profit for the period					64,633	64,633	12,830	77,463
Total comprehensive income	-	-	(32,031)	-	64,633	32,602	12,518	45,120
						-		-
Dividends to shareholders					(199,332)	(199,332)		(199,332)
Transferred to legal reserves		12,911			(12,911)	-		-
Total transactions with owners	-	12,911	-	-	(212,243)	(199,332)	-	(199,332)
As at March 31, 2013	366,148	81,500	(60,616)	-	538,473	925,505	107,867	1,033,372

(in thousands of US$)	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Total	Non-Controlling Interest	Total equity
As of Inception (29 November 2011)	366,148	30,959	-	(1,591)	288,825	684,341		684,341
Group Share in Subsidiaries and associates reserves and combination adjustments at 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						-		-
Other comprehensive income			(2,600)			(2,600)	1,409	(1,191)
Profit for the period			149,968		-	149,968	8,968	158,936
Total comprehensive income	-	-	147,368	-	-	147,368	10,377	157,745
Total transactions with owners						-		-
Share of non-controlling interest in capital Increase of subsidiaries						-	482	482
Dividend payment						-	(5,353)	(5,353)
	-	-	-	-	-	-	(4,871)	(4,871)
As at March 31, 2012	366,148	30,959	155,574	(1,591)	1,075,164	1,626,254	63,468	1,689,722

(The notes 1 to 20 are an integral part of these Condensed Consolidated Interim Financial Statements)

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2013

(in thousands of US$)	For the Period ended 31 March 2013	Period from inception (29 November 2011) to 31 March 2012
Profit for the period before income tax	85,302	164,593
Adjustments for		
Depreciation, amortization and impairment charges of non-current assets	7,830	5,671
Impairment of financial assets	-	27,976
Interest expense	407	338
Investment income	(591)	(1,534)
Foreign exchange (gain) /loss	(8,566)	(3,139)
(Gains) losses on disposal of non-current assets	(44)	1
Fair value loss on derivative instrument	(20,203)	(139,276)
Share of loss of investments in associates	2,143	11,625
Change in provisions	4,526	4,622
Changes in other assets	3,344	(22 806)
Changes in other liabilities	17,556	(12,307)
Cash flows generated by operating activities	91,704	35,764
Income taxes paid	(2,511)	(3,573)
Interest paid	(407)	(338)
Interest collected	591	1,534
Net cash flows generated by operating activities	89,377	33,387
Cash out flow for investments in		
Property and equipment	(12,712)	(33,362)
Intangible assets	(1,883)	(598)
Proceeds from disposal of		
Property and equipment	299	126
Change in deposits and financial assets	(62,411)	(9,835)
Cash flows used in investing activities	(76,707)	(43,669)
Proceeds from loan and bank facilities	2,560	792
Payments for loans and bank facilities	(1,428)	90
Change in minority	–	(5,353)
Cash flows generated by financing activities	1,132	(4,471)
Net change in cash and cash equivalents	13,802	(14,753)
Effect of exchange rates on cash and cash equivalents	(3,621)	4,329
Cash and cash equivalents at the beginning of the period	309,764	173,249
Cash and cash equivalents at the end of the period	319,945	162,825

(The notes 1 to 20 are an integral part of these Condensed Consolidated Interim Financial Statements)

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.

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

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

2. Statement of compliance

These condensed consolidated interim financial statements as of 31 March 2013 have been prepared in accordance with IAS 34 "Interim Financial Reporting". As permitted by IAS 34, the Company has opted to prepare a condensed version as compared to the consolidated financial statements as of 31 December 2012. The condensed consolidated interim financial statements do not include all of the information required for the full annual financial statements, and should be read in conjunction with the consolidated financial statements for the period ended 31 December 2012, which have been prepared in accordance with IFRSs.

This condensed consolidated interim financial information was approved for issue on 14 May 2013.

3. Significant accounting policies

The accounting policies adopted for the preparation of the condensed consolidated interim financial information are consistent with those used in the consolidated financial statements as of and for the period ended December 31, 2012. The accounting policies have been consistently applied to all the periods presented.

A. *Adoption of new & revised international financial reporting standards*

A.1 Standards and interpretations effective in the current period

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

Revised Standards	
IFRS 7	Financial Instruments – Offsetting financial assets and liabilities (amendment)
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 1	Presentation of Financial Statements— Amendments to revise the way other comprehensive income is presented
IAS 19	Employee Benefits— Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects
IAS 27	Separate Financial Statements (2011)
IAS 28	Investments in Associates and Joint Ventures (2011) - Amendment for conforming changes based on the issuance of IFRS 10, IFRS 11 and IFRS 12
Various	Amendments resulting from annual improvement project

New Interpretations	
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

A.2 Standards and interpretations not yet adopted

At the date of authorization of these condensed consolidated interim financial statements, the Group has not adopted the following standards and interpretations that have been issued but are not yet effective. They will be effective for annual periods beginning on or after the dates described below.

New and Revised Standards		Effective from
IFRS 10	Consolidated Financial Statements – Amendments for investment entities	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities – Amendments for investment entities	1 January 2014
IAS 27	Separate Financial Statements (2011) – Amendments for investment entities	1 January 2014
IAS 32	Financial Instruments – Offsetting financial assets and liabilities (amendment)	1 January 2014

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

4. Use of estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2012.

5. Segment reporting

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

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

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

- Total revenue
- EBITDA, defined as profit for the period before income tax expense /(benefit) (or if applicable profit from continuing operations for the period before income tax expense /(benefit)), gain on partial disposal of investments in associate , share of profit of equity investments, foreign exchange gains /(loss), financial expense, financial income, disposal of non-current assets, impairment charges and depreciation and amortisation, and
- Segment capital expenditure which is the total cost incurred during the period to acquire property and equipment and intangible assets other than goodwill.

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

	For the Period ended 31 March 2013	Period from inception (29 November 2011) to 31 March 2012
Revenue		
Telephony Services	76,598	50,072
Interconnection traffic - revenue	9,505	8,497
Other income from services and sale of goods	18,862	31,555
Total	**104,965**	**90,124**

Revenue and EBITDA disclosure per segment for the period ended 31March 2013

	Period ended 31 March 2013				Period from inception (29 November 2011) to 31 March 2012			
	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA
GSM North Korea	74,799		74,799	61,343	47,134		47,134	35,764
GSM Lebanon	4,829		4,829	4,039	9,282		9,282	1,728
Media & Technology	19,661		19,660	3,008	17,519		17,519	2,964
Cable	5,677		5,677	1,386	5,106		5,106	(789)
Other	2,811	(2,812)	-	(6,689)	12,747	(1,664)	11,083	2,670
Total	107,777	(2,812)	104,965	63,087	91,788	(1,664)	90,124	42,337

Assets per segment as of 31 March 2013

	As of March 2013				As of March 2012			
	Property and equipment	Intangible assets	Investment in associate	Total	Property and equipment	Intangible assets	Investment in associate	Total
GSM North Korea	132,675	67,348	-	200,023	103,521	71,417		174,938
Media & Technology	11,651	5,570	-	17,221	10,280	5,312		15,592
Cable	251,764	1,190	-	252,954	291,633	1,343		292,976
Other	6,501	80	112,315	118,896	7,324		130,936	138,260
Total	402,591	74,188	112,315	589,094	412,758	78,072	130,936	621,766

Capital expenditure

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

	For the Period ended 31 March 2013	Period from inception (29 November 2011) to 31 March 2012
GSM North Korea	13,875	17,024
Media & Technology	462	609
Cable	140	9,368
Other	85	6,960
Total	14,562	33,961

There has no change in reportable segments since December 31, 2012.

6. Revenue

	For the Period ended 31 March 2013	Period from inception (29 November 2011) to 31 March 2012
Revenue from services		
Telephony Services	76,598	50,072
Interconnection traffic	9,505	8,497
Content downloads	10,933	7,880
Management contract –Fees	4,829	20,365
Other income from services	3,100	3,310
Total	104,965	90,124

Total revenues from services increased in the first quarter of 2013 mainly due to the increase in revenues from telephony services as a result of an increase in the subscriber numbers, mainly in North Korea.

Management contract-fees decreased mainly due to cancellation of management service agreement which was cancelled during November 2012. For more details refer to December 31, 2012 consolidated financial statements.

7. Purchases and services

	For the Period ended 31 March 2013	Period from inception (29 November 2011) to 31 March 2012
Rental of local network, technical sites and other leases	4,982	6,773
Customer acquisition costs	3,410	3,422
Purchases of goods and changes in inventories	4,518	4,162
Maintenance costs	1,693	2,195
Telephony cost	7,405	5,649
Utilities	614	1,244
Interconnection traffic	171	53
Advertising and promotional services	454	538
Consulting and professional services	3,361	4,901
Bank and post office charges	85	228
Insurance	143	725
Other service expenses	2,077	1,396
Total	28,913	31,286

Purchases and services costs decreased in the first quarter of 2013 primarily due to the decrease in Rental of local network, technical sites and other leases.

8. Net financing costs

	For the Period ended 31 March 2013	Period from inception (29 November 2011) to 31 March 2012
Fair value gains on derivative instrument	20,203	139,276
Interest income on deposits	533	700
Other interest income	58	834
Financial income	**20,794**	**140,810**
Interest expense on borrowings	(279)	(310)
Other interest expense and financial charges	(169)	(463)
Impairment of financial asset	-	(4,312)
Financial expense	**(448)**	**(5,085)**
Foreign exchange gain/ (loss)	11,797	3,829
Foreign exchange gain/ (loss)	**11,797**	**3,829**
Total	32,143	**139,554**

Financial expense during 2012 includes the impairment of a financial asset relating to the Group's investment in North Korea due to uncertainties regarding its recoverability.

The change in foreign exchange gain is mainly attributable to the devaluation of the Egyptian Pound against foreign currencies which is mainly contributed from the translation of monetary assets and liabilities in the subsidiaries whose functional currency is Egyptian Pound

Fair value gain on derivative instrument amounting to US$ 20 million and 139 million during Q1 2013 and 2012 respectively related to the put option on the investment in ECMS. See Note 9 for further information.

9. Investment in associates

Company	Country	%	As of 31 March 2013	As of 31 December 2012
Egyptian Company For Mobile Services	Egypt	5	8,206	8,729
MT Telecom SCRL	Belgium	28.75	104,109	113,007
			112,315	**121,736**
Assets			2,409,863	2,589,722
Liabilities			(2,105,069)	(2,240,768)
Net assets			304,794	348,954

	For the Period ended 31 March 2013	Period from inception (29 November 2011) to 31 March 2012
Revenues	377,780	417,411
Share of profit/(loss) of associates	(2,143)	(11,625)

The following table provides the movements in the Group's investment in ECMS and MT Telecom SCRL for current and comparative periods:

	For the Period ended 31 March 2013	Period from inception (29 November 2011) to 31 March 2012
Beginning of the period	121,736	893,951
Share of (loss) of associate	(2,143)	(11,625)
Reclassified to assets held for sale	-	(733,024)
Dividends	-	(15,528)
Exchange differences	(7,278)	(2,838)
End of the period	112,315	130,936

10. Income tax expense

	For the Period ended 31 March 2013	Period from inception (29 November 2011) to 31 March 2012
Current Income Tax	5,938	4,904
Deferred tax expenses	1,901	757
Total income tax expenses	7,839	5,661

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 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 March 2013, accordingly no deferred tax assets or liabilities have been recognized.

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 March 2013, Management will reassess its estimate in a way that might result in the recognition of deferred taxes related to those assets and liabilities.

The president of the Arab Republic of Egypt issued "a decree by law" on December 6, 2012, amending some provisions of the Egyptian Tax Laws, 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 March 31, 2013.

11. Property and equipment and intangible assets

The detail of the property and equipment acquired and disposed of during the current and comparative period is detailed in the following table:

	Property and equipment	Intangible assets
Balance as of January 1, 2013	396,861	75,676
Additions	13,454	1,141
Disposals	(256)	-
Depreciation and amortization and impairment	(6,508)	(1,322)
Currency translation differences	(960)	(1,307)
Balance as of 31 March 2013	402,591	74,188
As of inception (29 November 2011)	**381,001**	**77,516**
Additions	33,362	599
Disposals	(127)	-
Depreciation and amortization	(4,709)	(963)
Currency translation differences	3,231	920
Balance as of 31 March 2012	**412,758**	**78,072**

Property and equipment

Additions to plant and machinery 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.

12. Other financial assets

	As of 31 March 2013			As of 31 December 2012		
	Non-current	Current	Total	Non-current	Current	Total
Financial receivables	333	483	816	45	479	**524**
Derivative financial instruments	175,351	-	175,351	165,194	-	**165,194**
Deposits	333,716	4,889	338,605	272,406	4,226	**276,632**
Financial assets available for sale - Fair value	6,449	-	6,449	6,892	-	**6,892**
	515,849	5,372	521,221	**444,537**	**4,705**	**449,242**

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] in December 31, 2012 financial statements the amended agreement states 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 agreement also provides 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.

The fair value of both the put and call options is determined by an independent appraisal, using one of the valuation techniques acceptable in practice. The appraisal study has resulted in a derivative asset with a fair value of US$ 175 million at the end of the current reporting period compared to 165 million in December 2012.

Deposits

Deposits as of 31 March 2013 include an amount of US$ 333 million relating to cash held in North Korea in local currency which is subject to restrictions on use for certain operating and capital expenses in local currency only. The funds cannot be converted into Euro and cannot be repatriated overseas.

As of 31 March 2013 deposits with amounts of US$ 2 million are pledged or blocked as security against related bank borrowings or others commitments.

13. Equity attributable to the owners of the Parent Company

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

14. Borrowings

	As of 31 March 2013	For the Period ended 31 March 2013
At the beginning of the period	10,827	12,807
of which current portion	8,296	7,559
of which noncurrent portion	2,531	5,248
Repayment of borrowings and movements in current borrowings	(1,428)	(453)
New borrowings	2,568	1,357
Exchange rate differences	1,725	(334)
Balance at end of the period	13,692	13,377
of which current portion	9,526	7,811
of which noncurrent portion	4,166	5,566

Other Borrowings

Other borrowings mainly include loans from non-controlling shareholders in subsidiaries.

Financial liabilities include secured liabilities of US$ 6,010 thousand as of 31 March 2013. In general, the financial liabilities are secured on property and equipment of the relevant subsidiary, pledged shares and receivables.

15. Trade payables and other liabilities

	As of 31 March 2013			As of 31 December 2012		
	Current	Non-current	Total	Current	Non-current	Total
Trade Payable						
Capital expenditure payables	27,561		**27,561**	17,906		**17,906**
Trade payables due to suppliers	25,008		**25,008**	25,343		**25,343**
Other trade payables	39,681		**39,681**	40,320		**40,320**
Sub total	**92,250**	**-**	**92,250**	**83,569**	**-**	**83,569**
Other payable						
Prepaid traffic and deferred income	56,696	2,226	**58,922**	47,295	2,144	**49,439**
Due to local authorities	3,871		**3,871**	3,119	-	**3,119**
Personnel payables	4,800		**4,800**	6,567	-	**6,567**
Dividends payable	197,860	-	**197,860**	-	-	**-**
Other credit balances	7,845	3,457	**11,302**	5,160	3,457	**8,617**
Sub total	**271,072**	**5,683**	**276,755**	**62,141**	**5,601**	**67,742**
Total	**363,322**	**5,683**	**369,005**	**145,710**	**5,601**	**151,311**

The Major increase in Payable movement during the period represents the dividends payable to shareholder. 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

16. Earnings per share

Basic and diluted

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

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

	For the Period ended 31 March 2013	For the Period ended 31 March 2013
Profit attributable to equity holders of the Parent Company	64,633	149,968
Weighted average number of shares (in thousands of shares)	5,245,690	5,245,690
Earnings per share – basic and diluted (in US$)		
From continuing operations	**0.012**	**0.029**

17. Commitments

The capital commitments are provided in the table below:

	March 31, 2013	December 31, 2012
Property and equipment	421	317
Other	21,250	20,453
Total	**21,671**	**20,770**

Commitments for the purchase of property and equipment mainly relate to MenaCable as a result of the purchase of marine cables and related equipment, while other commitments relate mainly to the maintenance and insurance of the cable asset in MenaCable.

18. Contingent assets and liabilities

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 case is still pending and there was no major change compared to what was presented in 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:

- 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 March 2013.

19. 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. Whilst 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 Parent Company does not expect the impact of these restrictions on the Group to become material to the Group does not expect these restrictions to have a material effect on the on-going business of the Group.

Total net assets of the Group amounted to US$ 1,033 million , of which Koryolink net assets amounted to US$ 425 million. Also Koryolink assets included cash balances in local currency equivalent to an amount of US$ 333 million that has been reported 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 March 31, 2013, which is determined by the government.

20. Comparative figures

As shown in more details in Note 1, The Company was legally established on 29 November 2011, accordingly the comparative figures presented in the statements of income and comprehensive income, cash flow and changes of equity are from inception till March 31, 2102

Chief Financial officer
Youssef Shoukry

Chief Executive Officer
Karim Beshara