

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

Consolidated financial statements

and review report

for the period ended June 30, 2013



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

Condensed consolidated interim
Financial statements together with review report

Six Months ended
30 June, 2013
US\$

Report on Review of Interim Financial Information

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Orascom Telecom Media and Technology Holding S.A.E. and its subsidiaries (The Group) which comprise the condensed consolidated statement of financial position at 30 June 2013 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months 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 are not fairly presented, in all material respects, in accordance with IAS 34 – Interim Financial Reporting.

Emphasis of matters


We draw your attention to note (21) to the accompanying condensed consolidated interim financial statements which describes in more details that the net assets of Koryolink (subsidiary) stands at USD 464 million of the Group's consolidated net assets amounting to USD 1,084 million as of 30 June 2013. Also Koryolink assets include cash balances in North Korean currency equivalent to USD 366 million and are reported within non-current financial assets in the condensed consolidated interim statement of financial position due to the restrictions imposed on cash transfers from the local currency into foreign currency in North Korea.

We draw 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 Group's subsidiary in North Korea (Koryolink) that might result in the recognition of any deferred tax assets or liabilities at 30 June 2013.

Management believes that in 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 30 June 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 June 30, 2013 is not qualified in respect to the above paragraphs.

Cairo, 4 September 2013


Kamel Magdy Saleh / ACA
F.E.S.A.A. (R.A.A. 8510)

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS OF 30 June 2013

(in thousands of US\$)	Note	As of 30 June 2013	As of 31 December 2012
Assets			
Property and equipment	11	407,069	396,861
Intangible assets	11	64,250	75,676
Investments in associates		107,511	121,736
Other non-current financial assets	12	579,681	444,590
Other non-current assets		5,219	3,578
Total non-current assets		1,163,730	1,042,441
Inventories		426	587
Trade receivables		53,125	55,641
Other current financial assets	12	4,114	4,705
Other current assets		22,217	16,530
Cash and cash equivalents		105,890	309,764
Total current assets		185,772	387,227
Total Assets		1,349,502	1,429,668
Equity and Liabilities			
Share capital	13	366,148	366,148
Other reserves		5,595	40,004
Retained earnings		593,584	686,083
Equity attributable to equity holders of the parent Company		965,327	1,092,235
Non-controlling interests		118,883	95,349
Total equity		1,084,210	1,187,584
Liabilities			
Non-current borrowings	14	3,427	2,531
Other non-current liabilities	15	5,559	5,601
Deferred tax liabilities		9,083	10,200
Total non-current liabilities		18,069	18,332
Current borrowings	14	7,568	8,296
Trade payables	15	162,988	145,710
Current income tax liabilities		7,088	18,352
Current provisions	16	69,579	51,394
Total current liabilities		247,223	223,752
Total Liabilities		265,292	242,084
Total Equity and Liabilities		1,349,502	1,429,668

Chief Financial Officer
Youssef Shoukry

Chief Executive Officer
Karim Beshara

Auditor's review report

(The notes 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 30 June 2013

(in thousands of US\$)	Note	For the Period ended 30 June 2013	Period from inception (29 November 2011) to 30 June 2012	Three Months ended 30 June 2013	Three Months ended 30 June 2012
Revenues	6	209,866	168,708	104,901	78,584
Other income		2,068	687	926	505
Purchases and services	7	(60,042)	(62,138)	(31,129)	(30,852)
Other expenses		(24,260)	(6,297)	(18,847)	371
Personnel cost		(19,960)	(16,482)	(11,267)	(6,471)
Depreciation and amortization		(15,575)	(11,340)	(7,745)	(5,668)
Capital Losses		1		(43)	
Gain on partial disposal of associates			255,599		255,600
Operating income		92,098	328,737	36,796	292,069
Financial income	8	58,670	3,389	37,876	(137,421)
Financial expense	8	(2,236)	(44,960)	(1,788)	(39,875)
Foreign exchange (loss) gain	8	9,689	(32,354)	(2,108)	(36,183)
Share of loss of associates	9	(4,061)	(13,015)	(1,918)	(1,390)
Profit before income tax		154,160	241,797	68,858	77,200
Income tax expense	10	(10,188)	(7,085)	(2,349)	(1,424)
Profit for the period		143,972	234,712	66,509	75,776
Attributable to:					
Owners of the company		118,668	216,721	54,035	66,753
Non-controlling interests		25,304	17,991	12,474	9,023
		143,972	234,712	66,509	75,776
Earnings per share (basic and diluted) – (in US\$)	18				
Profit for the period		0.023	0.040	0.010	0.013
		For the Period ended 30 June 2013	Period from inception (29 November 2011) to 30 June 2012	Three Months ended 30 June 2013	Three Months ended 30 June 2012
(in thousands of US\$)					
Profit for the period		143,972	234,712	66,509	75,776
Currency translation differences		(49,026)	(19,917)	(16,683)	(18,726)
Total comprehensive income for the period		94,946	214,795	49,826	57,050
Attributable to:					
Owners of the Company		71,413	199,691	38,811	52,323
Non-controlling interests		23,533	15,104	11,015	4,727
Total comprehensive income for the period		94,946	214,795	49,826	57,050

(The notes 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 30 June 2013

<i>(in thousands of US\$)</i>	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Total equity attributable to owners of the parent company	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			(47,256)			(47,256)	(1,770)	(49,026)
Profit for the period					118,668	118,668	25,304	143,972
Total comprehensive income	-	-	(47,256)	-	118,668	71,412	23,534	94,946
Capital injection								
Dividends to shareholders					(198,320)	(198,320)	-	(198,320)
Employees dividends								
Share based compensation								
Reserves used		12,847						
Reclassification					(12,847)			
Total transactions with owners	-	12,847	-	-	(211,167)	(198,320)	-	(198,320)
As of 30 June 2013	366,148	81,436	(75,841)	-	593,584	965,327	118,883	1,084,210

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 June 2013

<i>(in thousands of US\$)</i>	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Total	Non-Controlling Interests	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 loss			(17,030)			(17,030)	(2,887)	(19,917)
Profit for the period					216,721	216,721	17,991	234,712
Total comprehensive income	-	-	(17,030)	-	216,721	199,691	15,104	214,795
Total transactions with owners								
Reclassifications		37,630		1,591	(39,221)	-		-
Share of non-controlling interests in capital increase of subsidiaries					(909,647)	(909,647)	2,522	2,522
Dividend payment							(5,232)	(914,879)
As at June 30, 2012	366,148	68,589	(8,824)	-	343,017	768,930	70,086	839,016

(The notes 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 30 June 2013

<i>(in thousands of US\$)</i>	For the period ended 30 June 2013	Period from inception (29 November 2011) to 30 June 2012
Profit for the period	154,160	241,797
<i>Adjustments for</i>		
Depreciation, amortization and impairment charges	15,575	11,340
Fair value loss / gains on derivative instrument	(57,790)	30,011
Interest expense	2,236	958
Investment income	(880)	(3,389)
Foreign exchange (gain) /loss	(9,689)	(2,992)
Impairment of financial assets	1,393	6,878
(Gain) on partial disposal of associate	-	(255,599)
Share of profit of associate	4,062	13,015
Change in provisions	23,549	2,875
Changes in other assets	(2,004)	(8,076)
Changes in other liabilities	27,084	(5,852)
Cash flows generated by operating activities	157,696	30,966
Income taxes paid	(22,010)	(4,679)
Interest paid	880	(429)
Interest collected	(2,236)	3,389
Net Cash flows generated by operating activities	134,330	29,247
<i>Cash out flow for investments in</i>		
Property and equipment	(17,392)	(30,588)
Intangible assets	(3,187)	(3,016)
Investments in associate	-	(9,263)
Change in Deposits and financial assets	(100,381)	(51,693)
<i>Proceeds from disposal of</i>		
Property and equipment	258	18
Intangible assets	172	-
Investments in associate	-	992,704
Cash flows generated by investing activities	(120,530)	898,162
Proceeds from loan and bank facilities	2,687	2,327
Payments for loans and bank facilities	(2,894)	(1,540)
Dividends to shareholders	(198,320)	-
Changes in non-controlling interests	-	(5,232)
Cash flows generated by financing activities	(198,527)	(4,445)
Net increase in cash and cash equivalents	(184,727)	922,964
Effect of exchange rates on cash and cash equivalents	(19,148)	(4,724)
Cash and cash equivalents at the beginning of the period	309,765	173,274
Cash and cash equivalents at the end of the period	105,890	1,091,514

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

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF 30 June 2013 AND FOR THE PERIOD ENDED 30 June 2013

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 30 June 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 19 August 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.

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 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 AS OF 30 June 2013 AND FOR THE PERIOD ENDED 30 June 2013

A. Adoption of new and revised International Financial Reporting Standards

A.1 Standards and interpretations effective in the current period

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

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
IFRS 9	Financial Instrument	1 January 2015
IFRS 9	Mandatory effective date of IFRS 9 and transition disclosures	1 January 2015
IFRS 7	Mandatory effective date of IFRS 9 and transition disclosures	1 January 2015
IAS 36	Impairment of assets – Recoverable amount disclosures for Non-financial assets (amendment)	1 January 2014
IAS 39	Financial instruments – Recognition and Measurement – Amendments on novation of derivatives	1 January 2014
IFRIC 21	Levies	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

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 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 AS OF 30 June 2013 AND FOR THE PERIOD ENDED 30 June 2013

- 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 30 June 2013	Period from inception (29 November 2011) to 30 June 2012
Revenue		
Telephony Services	146,996	103,531
Interconnection traffic - revenue	26,245	18,095
Other income from services and sale of goods	36,625	47,082
Total	209,866	168,708

Revenue and EBITDA disclosure per segment for the period ended 30 June 2013

	For the Period ended 30 June 2013				Period from inception (29 November 2011) to 30 June 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	149,400		149,400	116,398	95,578		95,578	76,845
GSM Lebanon	7,736		7,736	5,602	11,082		11,082	6,029
Media & Technology	43,810	(2,143)	41,667	(2,877)	36,341		36,341	1,933
Cable	11,063		11,063	2,112	11,662		11,662	(493)
Other	6,042	(6,042)	-	(13,563)	17,852	(3,807)	14,045	164
Total	218,051	(8,185)	209,866	107,672	172,515	(3,807)	168,708	84,478

Assets per segment as of 30 June 2013

	As of 30 June 2013				As of 30 June 2012			
	Property and equipment	Intangible assets	Investments in associates	Total	Property and equipment	Intangible assets	Equity investments	Total
GSM North Korea	138,681	57,402	-	196,083	98,048	70,302		168,350
Media & Technology	10,801	5,521	-	16,322	9,905	5,455		15,360
Cable	251,305	1,152	-	252,457	291,174	1,314		292,488
Other	6,282	175	107,511	113,968	7,412	-	131,675	139,087
Total	407,069	64,250	107,511	578,830	406,539	77,071	131,675	615,285

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 AS OF 30 June 2013 AND FOR THE PERIOD ENDED 30 June 2013

Capital expenditure

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

	For the Period ended 30 June 2013	Period from inception (29 November 2011) to 30 June 2012
GSM North Korea	28,243	23,998
Media & Technology	694	1,521
Cable	724	10,262
Other	195	7,511
Total	29,856	43,292

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

6. Revenue

	For the Period ended 30 June 2013	Period from inception (29 November 2011) to 30 June 2012
Revenue from services		
Telephony Services	146,996	103,531
Interconnection traffic	26,245	18,095
Content downloads	23,075	14,916
Management contract –Fees	7,796	25,128
Other income from services	5,814	7,038
Total	209,866	168,708

Total revenues from services increased in the first half 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. In addition to the increase in content downloads revenue (SMS services) which increased directly as a result of competition programs during the period

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.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 AS OF 30 June 2013 AND FOR THE PERIOD ENDED 30 June 2013

7. Purchases and services

	For the Period ended 30 June 2013	Period from inception (29 November 2011) to 30 June 2012
Rental of local network, technical sites and other leases	10,988	10,804
Customer acquisition costs	6,226	5,384
Purchases of goods and changes in inventories	10,510	10,100
Maintenance costs	3,478	3,698
Telephony cost	16,323	13,504
Utilities	1,335	1,892
Interconnection traffic	354	215
Advertising and promotional services	651	801
Consulting and professional services	5,075	11,051
Bank and post office charges	134	494
Insurance	-	1,270
Other service expenses	4,968	2,925
Total	60,042	62,138

Purchases and services costs decreased in the first half 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 30 June 2013	Period from inception (29 November 2011) to 30 June 2012
Fair value gains on derivative instrument	57,790	-
Interest income on deposits	880	3,290
Other interest income	-	99
Financial income	58,670	3,389
Interest expense on borrowings	(669)	(650)
Interest expense on trade and other liabilities	(1)	(36)
Other interest expense and financial charges	(173)	(272)
Fair value loss on derivative instrument	-	(37,124)
Impairment of financial asset	(1,393)	(6,878)
Financial expense	(2,236)	(44,960)
Foreign exchange gain/ (loss)	9,689	552
Fair value loss foreign currency derivatives	-	(32,906)
Foreign exchange gain/ (loss)	9,689	(32,354)
Total	66,123	(73,925)

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.

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 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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In addition to the company didn't enter into any forward deals contracts during the current period whereas several foreign currency contracts were outstanding during the comparative period from 29 November 2012 to 30 June 2012 that had resulted in a recognized foreign currency loss in that period in the total amount of US\$ 33 million.

Fair value gain on derivative instrument amounting to US\$ 58 million and (37) million during first half 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 30 June 2013	As of 31 December 2012
MT Telecom SCRL	Belgium	28.75	7,991	8,729
Egyptian company for mobile services	Egypt	5	99,520	113,007
			107,511	121,736

	As of 30 June 2013	As of 31 December 2012
Assets	2,334,388	2,589,722
Liabilities	(2,056,282)	(2,240,768)
Net assets	278,106	348,954
	For the Period ended 30 June 2013	Period from inception (29 November 2011) to 30 June 2012
Revenues	771,571	840,526
Share of profit/(loss) of associates	(4,061)	(13,015)

10. Income tax expense

	For the Period ended 30 June 2013	Period from inception (29 November 2011) to 30 June 2012
Current Income Tax	10,983	1,796
Deferred tax liabilities (expenses)	(795)	5,289
Total Income Tax Expenses	10,188	7,085

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.

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 AS OF 30 June 2013 AND FOR THE PERIOD ENDED 30 June 2013

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 30 June 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 30 June 2013, Management will reassess its estimate in a way that might result in the recognition of deferred taxes related to those assets and liabilities.

On April 29, 2013, the Law No. 9 of 2013 was issued to amend certain provisions of the Stamp Tax Law No.111 of 1980 and to replace the law No. 104 of 2012. The Egyptian president issued the law on April 29, 2013 and it was published in the same date to be effective the day following its publishing date.

On May 18, 2013 the Law No.11 of 2013 was issued to amend certain provisions of the Income Tax Law issued by Law No. 91 of 2005 and replaces Law No. 101 of 2012. The law was published in the same date of issuance to be effective the day following its publishing date.

The change in deferred tax represents settlement of deferred tax liabilities resulting from the retained earnings for one of the Group's subsidiaries where this Group entity distributed dividends in the current period relating to the net profits accumulated during the prior years, and as consequence, led to an increase in current income tax associated with these dividends in the current period."

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	26,746	3,110
Disposals	(258)	(8,532)
Depreciation and amortization	(13,428)	(2,147)
Currency translation differences	(2,852)	(3,857)
Balance as of 30 June 2013	407,069	64,250
As of inception (29 November 2011)	381,001	77,515
Additions	40,276	3,016
Disposals	(21)	-
Depreciation and amortization	(9,394)	(1,946)
Currency translation differences	(5,323)	(1,514)
Other movements		
Balance as of 30 June 2012	406,539	77,071

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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 30 June 2013			As of 31 December 2012		
	Non-current	Current	Total	Non-current	Current	Total
Financial receivables	-	703	703	45	479	524
Derivative financial instruments	207,393	-	207,393	165,194	-	165,194
Deposits	365,988	3,411	369,399	272,462	4,226	276,688
Financial assets available for sale -At Cost	6,300	-	6,300	6,889	-	6,889
	579,681	4,114	583,795	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] 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\$ 207 million at the end of the current reporting period compared to 165 million in December 2012.

Deposits

Deposits as of 30 June 2013 include an amount of US\$ 366 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.

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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

	For the Period ended 30 June 2013	Period from inception (29 November 2011) to 30 June 2012
Opening balance	10,828	12,712
of which current portion	8,296	7,537
of which non-current portion	2,532	5,175
Repayment of borrowings and Movements in current borrowings	(2,886)	(1,969)
New borrowings	2,687	2,536
Exchange rate differences	366	(456)
Balance as of 30 June	10,995	12,823
of which current portion	7,568	7,962
of which non-current portion	3,427	4,861

Other Borrowings

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

Financial liabilities include secured liabilities of US\$ 9,616 thousand as of 30 June 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 30 June 2013			As of 31 December 2012		
	Current	Non-current	Total	Current	Non-current	Total
Trade Payable						
Capital expenditure payables	26,961		26,961	17,906		17,906
Trade payables due to suppliers	22,247		22,247	25,335		25,335
Other trade payables	44,912		44,912	40,355		40,355
Total	94,120	-	94,120	83,596	-	83,569
Other payable						
Prepaid traffic and deferred income	56,027	2,102	58,129	47,294	2,144	49,438
Due to local authorities	540		540	3,119		3,119
Personnel payables	1,097	3,457	4,554	6,547	-	6,547
Other credit balances	11,204	-	11,204	5,154	3,457	8,611
Total	68,868	5,559	74,427	62,114	5,601	67,715
Total	162,988	5,559	168,547	145,710	5,601	151,311

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The significant increase in trade payables and other liabilities represents capital expenditure payables related to the Group activities in North Korea.

The significant increase in prepaid traffic and deferred income relates to the increase in Koryolink subscribers' balance in the amount of US\$ 6.8 million.

16. Provisions

Provisions are recognized according to the best estimate of the amount expected to settle the present obligations, at the end of the reporting period, arising as result from the Group's operations and contractual relationships with third parties. Provisions recognized during the period are reported among other expenses in the statement of comprehensive income and are subject to an annual review by management and are revised based on the most recent developments, negotiations and agreements with the relevant counterparties.

	Current Provisions
January 1, 2013	51,394
Additions	24,016
Assets held for sale	-
reversal of provisions	-
Currency translation differences	(5,364)
Provision used	(467)
Reclassifications	-
As of 30 June 2013	69,579

17. Cash and cash equivalent

Decrease in cash and cash equivalent represented mainly in dividends paid to the Group shareholders with an amount of USD 198 million during April 2013.

18. Earnings per share

Basic and diluted

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

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

	For the Period ended 30 June 2013	Period from inception (29 November 2011) to 30 June 2012	Three Months ended 30 June 2013	Three Months ended 30 June 2012
Profit attributable to equity holders of the Parent Company	118,668	216,721	54,035	66,753
Weighted average number of shares (in thousands of shares)	5,245,690	5,245,690	5,245,690	5,245,690
Earnings per share – basic and diluted (in US\$)				
From continuing operations	0.023	0.04	0.010	0.01

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19. Commitments

The capital commitments are provided in the table below:

	June 30, 2013	December 31, 2012
Property and equipment	196	317
Other	20,123	15,989
Total	20,319	16,306

Commitments for the purchase of property and equipment mainly relate to Mena Cable 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 Mena Cable.

20. 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 30 June 2013.

21. Group's activities in North Korea

The Groups operations in North Korea relate primarily to the 75% holding in the local telecom operator Koryolink.

North Korea is subject to international sanctions imposed by the 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.

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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\$ 1,084 million, of which Koryolink net assets amounted to US\$ 464 million. Also Koryolink assets included cash balances in local currency equivalent to an amount of US\$ 366 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 June 30, 2013, which is determined by the government.

22. 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 June 30, 2102.

Chief Financial officer
Youssef Shoukry



Chief Executive Officer
Karim Beshara

