

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

Condensed Consolidated

Interim Financial Statements

Together with Review Report

For the nine months ended 30 September, 2013



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

**Condensed consolidated interim
Financial statements together with review report**

**Nine Months ended
30 September, 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 September 2013 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the nine 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 512 million of the Group's consolidated net assets amounting to USD 1,136 million as of 30 September 2013. Also Koryolink assets include cash balances in North Korean currency equivalent to USD 422 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 September 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 September 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 30 September, 2013 is not qualified in respect to the above paragraphs.

Cairo, 13 November, 2013

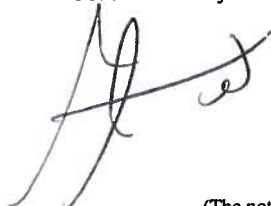


Kamel Magdy Saleh ACA
F.E.S.A.A. (R.A.A. 8510)


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

	Note	As of 30 September 2013	As of 31 December 2012
(in thousands of US\$)			
Assets			
Property and equipment	11	416,815	396,861
Intangible assets	11	64,329	75,676
Investments in associates	9	107,410	121,736
Other non-current financial assets	12	620,614	444,590
Other non-current assets		4,813	3,578
Total non-current assets		1,213,981	1,042,441
Inventories		454	587
Trade receivables		57,790	55,641
Other current financial assets	12	3,884	4,705
Other current assets		23,137	16,530
Cash and cash equivalents	17	111,513	309,764
Total current assets		196,778	387,227
Total assets		1,410,759	1,429,668
Equity and liabilities			
Share capital		366,148	366,148
Other reserves		19,436	40,004
Retained earnings		615,004	686,083
Equity attributable to equity holders of the Company		1,000,588	1,092,235
Non-controlling interest		135,905	95,349
Total equity		1,136,493	1,187,584
Liabilities			
Non-current borrowings	14	3,144	2,531
Other non-current liabilities	15	6,111	5,601
Deferred tax liabilities		10,617	10,200
Total non-current liabilities		19,872	18,332
Current borrowings	14	7,136	8,296
Trade payables	15	172,434	145,710
Current income tax liabilities		3,999	18,352
Provisions	16	70,825	51,394
Total current liabilities		254,394	223,752
Total liabilities		274,266	242,084
Total equity and liabilities		1,410,759	1,429,668

Chief Financial Officer
Youssef Shoukry



Chief Executive Officer
Karim Beshara



Review report 'attached'

(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 September 2013

(in thousands of US\$)		For the Period ended 30 September 2013	Period from inception (29 November 2011) to 30 September 2012	Three Months ended 30 September 2013	Three Months ended 30 September 2012
	Note				
Revenues	6	316,021	255,786	106,155	87,078
Other income		3,813	2,169	1,745	1,482
Purchases and services	7	(92,137)	(90,644)	(32,095)	(28,506)
Other expenses		(24,081)	(5,900)	180	397
Personnel cost		(29,069)	(28,807)	(9,109)	(12,325)
Depreciation and amortization		(23,417)	(18,011)	(7,842)	(6,671)
Impairment charges		(1)	-	(1)	-
Gain on partial disposal of associate		1	254,981	0	(618)
Operating income		151,130	369,574	59,033	40,837
Financial income	8	39,388	4,800	(19,282)	1,411
Financial expense	8	(4,888)	(47,915)	(2,652)	(2,955)
Foreign exchange (loss) gain	8	12,442	(37,608)	2,753	(5,254)
Share of loss of associates	9	(6,070)	(14,383)	(2,009)	(1,368)
Profit before income tax		192,002	274,468	37,843	32,671
Income tax expense	10	(12,891)	(8,861)	(2,703)	(1,776)
Profit for the period		179,111	265,607	35,140	30,895
Attributable to:					
Owners of the company	18	138,584	236,828	19,917	20,107
Non-controlling interests		40,527	28,779	15,223	10,788
		179,111	265,607	35,140	30,895
Earnings per share (basic and diluted) – (in US\$)		0.026	0.045	0.003	0.005

(in thousands of US\$)		For the Period ended 30 September 2013	Period from inception (29 November 2011) to 30 September 2012	Three Months ended 30 September 2013	Three Months ended 30 September 2012
Profit for the period		179,111	265,607	35,139	30,895
Currency translation differences		(33,293)	(14,296)	15,733	5,621
Total comprehensive income for the period		145,818	251,311	50,872	36,516
Attributable to:					
Owners of the Company		105,262	222,730	33,849	23,039
Non-controlling interest		40,556	28,581	17,023	13,477
Total comprehensive income for the period		145,818	251,311	50,872	36,516

(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 September 2013

<i>(in thousands of US\$)</i>	Share capital	Legal reserves	Translation reserves	Retained earnings	Total equity attributable to owners of the parent company"	Non-Controlling Interest	Total equity
As at January 1, 2013	366,148	69,589	(28,585)	686,083	1,092,235	95,349	1,187,584
Comprehensive income							
Other comprehensive income	-	-	(33,322)	-	(33,322)	29	(33,293)
Profit for the period	-	-	-	138,584	138,584	40,527	179,111
Total comprehensive income	-	-	(33,322)	138,584	105,262	40,556	145,818
Dividends to shareholders	-	-	-	(196,909)	(196,909)	-	(196,909)
Reclassification	-	12,754	-	(12,754)	-	-	-
Total transactions with owners	-	12,754	-	(209,663)	(196,909)	-	(196,909)
As of 30 September 2013	366,148	81,343	(61,907)	615,004	1,000,588	135,905	1,136,493

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

(in thousands of US\$)	Share Capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Total equity attributable to owners of the parent company	Non-controlling Interest	Total equity
At 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	-	-	-	-	236,828	236,828	28,779	265,607
Profit for the period	-	-	(14,098)	-	-	(14,098)	(198)	(14,296)
Other comprehensive income/(loss)	-	-	(14,098)	-	-	(14,098)	(198)	(14,296)
Total comprehensive income	-	-	(14,098)	-	236,828	222,730	28,581	251,311
Transactions with owners	-	-	-	-	-	-	-	-
Share of non-controlling interests in capital increase of subsidiaries	-	-	-	-	-	-	3,209	3,209
Dividends	-	-	-	-	(907,305)	(907,305)	(6,217)	(913,522)
Reclassification	-	37,523	-	1,591	(39,114)	-	-	-
As of 30 September 2012	366,148	68,482	(5,892)	-	365,573	794,311	83,535	877,846

(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 September 2013

	For the period ended 30 September 2013	Period from inception (29 November 2011) to 30 September 2012
<i>(in thousands of US\$)</i>		
Profit for the period	192,002	274,468
Adjustments for		
Depreciation, amortization and impairment charges	23,418	18,010
Fair value loss / gains on derivative instrument	(38,225)	39,252
Interest expense	1,350	1,865
Investment income	(1,163)	(4,800)
Foreign exchange (gain) /loss	(12,442)	(4,983)
Impairment of financial assets	3,538	6,799
(Gain) on partial disposal of associate	-	(254,981)
Share of profit of associate	6,070	14,383
Change in provisions	21,924	2,080
Changes in other assets	(554)	(20,049)
Changes in other liabilities	28,011	20,178
Cash flows generated by operating activities	223,929	92,222
Income taxes paid	(26,544)	(5,136)
Interest paid	(1,350)	(1,865)
Interest collected	1,163	4,800
Net cash flows generated by operating activities	197,198	90,021
Cash out flow for investments in		
Property and equipment	(29,954)	(29,481)
Intangible assets	(2,705)	(5,258)
Investments in associate	-	(9,263)
Change in deposits and financial assets	(145,929)	(101,604)
Proceeds from disposal of		
Property and equipment	306	163
Intangible assets	495	-
Investments in associate	-	990,045
Cash flows (used in) generated by investing activities	(177,787)	844,602
Proceeds from loans and bank facilities	1,969	2,582
Payments for loans and bank facilities	(3,973)	(2,171)
Dividends to shareholders	(196,909)	(907,305)
Changes in non controlling interest	-	(6,217)
Cash flows(used in) financing activities	(198,913)	(913,111)
Net (decrease) increase in cash and cash equivalents	(179,502)	21,512
Effect of exchange rates on cash and cash equivalents	(18,749)	(2,716)
Cash and cash equivalents at the beginning of the period	309,764	173,275
Cash and cash equivalents at the end of the period	111,513	192,071

(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 September 2013 AND FOR THE PERIOD ENDED 30 September 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 Orascom Telecom Media and Technology Investments II S.à.r.l. (the "Ultimate Parent Company").

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

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

2. Statement of compliance

These condensed consolidated interim financial statements as of 30 September 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 year ended 31 December 2012, which have been prepared in accordance with IFRSs.

This condensed consolidated interim financial information was approved for issue on 13 November 2013. The financial statements are not the statutory financial statements of the company, as the statutory financial statements are prepared in accordance with the Egyptian Accounting Standards.

3. Significant accounting policies

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

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF 30 September 2013 AND FOR THE PERIOD ENDED 30 September 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
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A.2 Standards and interpretations not yet adopted

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

New and Revised Standards		Effective from
IFRS 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

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

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

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF 30 September 2013 AND FOR THE PERIOD ENDED 30 September 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 September 2013	Period from inception (29 November 2011) to 30 September 2012
Telephony Services	229,794	171,083
Interconnection traffic - revenue	37,994	23,821
Other income from services and sale of goods	48,233	60,882
Total	316,021	255,786

Revenue and EBITDA disclosure per segment for the period ended 30 September

	For the Period ended 30 September 2013				Period from inception (29 November 2011) to 30 September 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	230,443		230,443	178,962	160,307		160,307	127,638
GSM Lebanon	9,533		9,533	5,420	12,882		12,882	7,386
Media & Technology	61,792	(3,193)	58,599	(7,125)	51,132		51,132	77
Cable	16,483		16,483	2,262	14,567		14,567	(658)
Other	10,181	(9,218)	963	(4,972)	20,699	(3,801)	16,898	(1,839)
Total	328,432	(12,411)	316,021	174,547	259,587	(3,801)	255,786	132,604

Assets per segment as of 30 September 2013

	As of 30 September 2013			
	Property and equipment	Intangible assets	investment in associates	Total
GSM North Korea	149,404	57,709	-	207,113
Media & Technology	11,030	5,303	-	16,333
Cable	250,020	1,143	-	251,163
Other	6,361	174	107,410	113,945
Total	416,815	64,329	107,410	588,554

Capital expenditure

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

	For the Period ended 30 September 2013	Period from inception (29 November 2011) to 30 September 2012
GSM North Korea	40,931	38,167
Media & Technology	2,111	2,676
Cable	1,144	10,557
Other	204	7,493
Total	44,390	58,893

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

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

8. Net financing costs

	For the Period ended 30 September 2013	Period from inception (29 November 2011) to 30 September 2012
Fair value gains on derivative instrument	38,225	-
Interest income on deposits	1,163	4,591
Other interest income	-	209
Financial income	39,388	4,800
Interest expense on borrowings	(1,033)	(1,005)
Interest expense on trade and other liabilities	-	(45)
Other interest expense and financial charges	(317)	(815)
Fair value loss on derivative instrument	-	(39,251)
Impairment of financial asset	(3,538)	(6,799)
Financial expense	(4,888)	(47,915)
Foreign exchange gain/ (loss)	12,442	(4,084)
Fair value loss on derivative instrument	-	(33,524)
Foreign exchange gain/ (loss)	12,442	(37,608)
Total	46,942	(80,723)

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 company did not 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 September 2012 that had resulted in a recognized foreign currency loss in that period in the total amount of US\$ 34 million.

Fair value gain (loss) on derivative instrument amounting to US\$ 38 million and (39) million during nine months 2013 and 2012 respectively related to the put option on the investment in ECMS. See Note 9 for further information.

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

9. Investment in associates

Company	Country	%	As of 30 September 2013	As of 31 December 2012
Egyptian Company For Mobile Services	Egypt	5	99,275	113,007
MT Telecom SCRL	Belgium	28.75	8,135	8,729
			107,410	121,736
			As of 30 September 2013	As of 31 December 2012
Assets			2,285,473	2,589,722
Liabilities			(2,023,847)	(2,240,768)
Net assets			261,626	348,954
			For the Period ended 30 September 2013	Period from inception (29 November 2011) to 30 September 2012
Revenues			1,146,794	1,274,149
Share of profit/(loss) of associates			(6,070)	(14,383)

10. Income tax expense

	For the Period ended 30 September 2013	Period from inception (29 November 2011) to 30 September 2012
Current income Tax	12,193	2,395
Deferred tax liabilities (expenses)	698	6,466
Total income tax Expense	12,891	8,861

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 income tax returns according to the tax laws applicable in North Korea”

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

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

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	75,677
Additions	41,685	2,705
Disposals	(306)	(8,734)
Depreciation and amortization	(20,900)	(2,517)
Impairment	(1)	-
Currency translation differences	(524)	(2,802)
Balance as of 30 September 2013	416,815	64,329
As of inception (29 November 2011)	381,001	77,515
Additions	53,635	5,258
Disposals	(167)	-
Depreciation and amortization	(14,650)	(3,361)
Currency translation differences	(1,773)	(580)
Balance as of 30 September 2012	418,046	78,832

Property and equipment

Additions to Property and equipment are mainly related 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.

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12. Other financial assets

	As of 30 September 2013			As of 31 December 2012		
	Non-current	Current	Total	Non-current	Current	Total
Financial receivables	-	669	669	45	479	524
Derivative financial instruments	192,037	-	192,037	165,194	-	165,194
Deposits	422,161	3,215	425,376	272,462	4,226	276,688
Financial assets available for sale -at cost	6,416	-	6,416	6,889	-	6,889
	620,614	3,884	624,498	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] of the notes to the financial statements as of December 31, 2012 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\$ 192 million at the end of the current reporting period compared to 165 million in December 2012.

Deposits

Deposits as of 30 September 2013 include an amount of US\$ 422 million relating to cash held in North Korea in local currency which is subject to restrictions on use for certain operating and capital expenses in local currency only. The funds cannot be converted into Euro and cannot be repatriated overseas.

13. 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.

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14. Borrowings

	For the Period ended 30 September 2013	Period from inception (29 November 2011) to 30 September 2012
Opening balance	10,827	12,713
Current portion	8,296	7,563
Non-current portion	2,531	5,150
Repayment of borrowings and Movements in current borrowings	(3,948)	(2,171)
New borrowings	1,969	2,582
Exchange rate differences	1,432	(917)
Balance as of 30 September	10,280	12,207
Classified as follows:		
Current portion	7,136	7,614
Non-current portion	3,144	4,593

Other Borrowings

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

Financial liabilities include secured liabilities of US\$ 3,522 thousand as of 30 September 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 September 2013			As of 31 December 2012		
	Current	Non-current	Total	Current	Non-current	Total
Trade Payable						
Capital expenditure payables	29,887		29,887	17,906		17,906
Trade payables due to suppliers	23,301		23,301	25,335		25,335
Other trade payables	42,070		42,070	40,355		40,355
Total	95,258	-	95,258	83,596	-	83,596
Other payables						
Prepaid traffic and deferred income	60,180	1,918	62,098	47,294	2,144	49,438
Due to local authorities	2,841		2,841	3,119		3,119
Personnel payables	5,079	4,193	9,272	6,547	3,457	10,004
Other credit balances	9,076	-	9,076	5,154	-	5,154
Total	77,176	6,111	83,287	62,114	5,601	67,715
Total	172,434	6,111	178,545	145,710	5,601	151,311

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

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The significant increase in prepaid traffic and deferred income relates to the increase in Koryolink subscribers' balance in the amount of US\$ 12 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	23,993
Currency translation differences	(3,556)
Provision used	(1,006)
As of 30 September 2013	70,825

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 September 2013	Period from inception (29 November 2011) to 30 September 2012	Three Months ended 30 September 2013	Three Months ended 30 September 2012
Profit attributable to equity holders of the Parent Company (in thousand US\$)	138,584	236,828	19,917	20,107
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\$)	0.026	0.045	0.003	0.005
From continuing operations				

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19. Commitments

The capital commitments are provided in the table below:

	30 September, 2013	31 December, 2012
Property and equipment	307	317
Other	21,874	15,989
Total	22,181	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 are mainly related 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), for 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 on 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 September 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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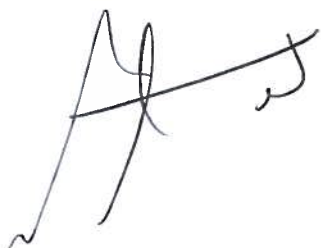
North Korea has implemented currency control restrictions and, in particular, rules surrounding the repatriation of dividends to foreign investors, additionally the local currency of North Korea is not tradable outside the country. Such restrictions limit the level of dividends that can be paid to the 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\$ 1,136 million, of which Koryolink net assets amounted to US\$ 512 million. Also Koryolink assets included cash balances in local currency equivalent to an amount of US\$ 422 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 September 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 September 30, 2102.

Chief Financial officer
Youssef Shoukry



Chief Executive Officer
Karim Beshara

