

**KPMG Hazem Hassan
Public Accountants and Consultants**

**Deloitte.- Saleh, Barsoum & Abdel Aziz
Accountants and Auditors**

**Orascom Telecom, Media
And Technology Holding (S.A.E)**

Subject to the provisions of law no. 95 for year 1992

and its executive regulations

Separate Financial Statements

For the period from the incorporation date

till June 30, 2012

Together with Auditors' Review Report

KPMG Hazem Hassan
Public Accountants and Consultants

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Accountants and Auditors

Translation of Review Report
Originally Issued in Arabic

Review Report

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

Introduction

We have reviewed the accompanying separate balance sheet of Orascom Telecom, Media and Technology Holding – S.A.E as of June 30, 2012 and the related separate statements of income, changes in shareholders' equity and cash flows for the period from incorporation date November 29, 2011 till June 30, 2012, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these separate financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate financial statements do not give a true and fair view in all material respects of the financial position of the entity for the period from incorporation date till June 30, 2012, and of its financial performance and its cash flows for the financial period ended in this date in accordance with Egyptian Accounting Standards.

Explanatory Paragraph

We draw attention to Note (1-c) to the separate financial statements, the establishment of the Company was made a part of the demerger of Orascom Telecom Holding S.A.E based on September 30, 2010 net assets carrying amounts, and based on the proposed adjustments by the General Authority for Investment on the net assets carrying amounts.

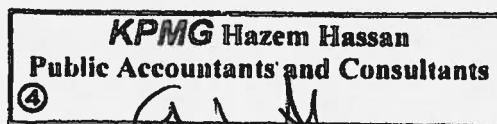
Our report on the separate financial statements for the period ended June 30, 2012 is not qualified with respect to this paragraph.

Cairo, August 14, 2012.

Auditors


Deloitte.- Saleh, Barsoum & Abdel Aziz

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



KPMG Hazem Hassan

Ehab Fawzy Akl, CPA
F.E.S.A.A. (R.A.A. 7177)
CMA Registration No "96"

Translation of Financial Statements

Originally Issued in Arabic

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

Subject to the provisions of law no. 95 for year 1992 and its executive regulations

Separate Balance Sheet as of June 30, 2012

	<u>Note</u>	<u>June 30, 2012</u>
(In thousand EGP)	<u>No.</u>	
<u>Current Assets</u>		
Cash and cash equivalent	(8)	6 076 304
Due from related parties - current	(9)	965 195
Other debit balances	(10)	13 632
Financial assets at fair value through profit or loss - financial derivatives	(11)	43 060
Total current assets		7 098 191
<u>Current liabilities</u>		
Accounts payable		1 602
Other credit balances	(12)	5 522 955
Due to related parties	(13)	568 264
Financial liabilities at fair value through profit or loss - financial derivatives	(11)	224 738
Total current liabilities		6 317 559
Working capital		780 632
<u>Non-current assets</u>		
Fixed assets (net)	(14)	44 414
Investments in subsidiaries (net)	(15)	2 033 022
Investments in associates	(16)	272 560
Due from related parties - non current	(9)	44 289
Total non-current Assets		2 394 285
Total Investment		3 174 917
Financed as follows:		
<u>Shareholders' equity</u>		
Issued and paid-up capital	(17)	2 203 190
Legal reserve		414 501
Retained earnings		557 226
Total shareholders' equity		3 174 917

- The accompanying notes form an integral part of these financial statements and should be read therewith

Chief Financial Officer

- Review report attached.

Board of Directors' Member

Chairman

✓ ✓ ✓

Translation of Financial Statements

Originally Issued in Arabic

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

Subject to the provisions of law no. 95 for year 1992 and its executive regulations

Separate Income statement for the period from the incorporation date till June 30, 2012

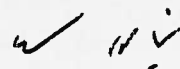
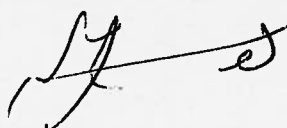
		<u>Financial Period from the incorporation date till June 30, 2012</u>
<u>(In thousand EGP)</u>	<u>Note No.</u>	
<u>Revenues</u>		
Technical support revenue	(4)	133 091
Dividends revenue from investments	(5)	2 954 728
Total revenues		3 087 819
<u>Add/(Deduct)</u>		
General and administrative expenses		(70 332)
Employees cost & board of directors' remuneration	(6)	(5 410)
Fixed assets depreciation	(14)	(459)
Foreign exchange revaluation differences		(15 486)
Interest income		18 465
Impairment in due from related parties	(9)	(61 050)
Losses on revaluation of financial derivatives at fair value	(11)	(423 934)
loss on sale of investments in associates	(16)	(346 572)
Profit on sale of investments in associates	(16)	2 388 054
Net profit for the period before tax		4 571 095
Taxes	(7)	-
Net profit for the period after tax		4 571 095
Earnings per share (EGP/share)		
Basic	(18)	0.87
Diluted	(18)	0.87

- The accompanying notes form an integral part of these financial statements and should be read therewith

Chief Financial Officer

Board of Directors' Member

Chairman



Translation of Financial Statements
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Orascom Telecom. Media and Technology Holding "S.A.E"

Subject to the provisions of law no. 95 for year 1992 and its executive regulations

Separate Statement of Changes in Shareholders' Equity for the period from incorporation date till June 30, 2012

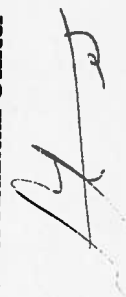
(In thousand EGP)	Note	issued and Paid-up .. ,	Legal reserve	General Reserve	Retained earnings	Total
Balance as of demerger date	(1-c)	2 203 190	186 711	(9 595)	1 741 491	4 121 797
Transferred to legal reserve		-	227 790	-	(227 790)	-
General reserve		-	-	9 595	(9 595)	-
Dividends distribution		-	-	-	(5 507 975)	(5 507 975)
Employee dividends		-	-	-	(10 000)	(10 000)
Net profit for the period		-	-	-	4 571 095	4 571 095
Balance as of June 30, 2012		2 203 190	414 501	-	557 226	3 174 917

- The accompanying notes form an integral part of these financial statements and should be read therewith.

Chief Financial Officer

Board of Directors' Member

Chairman




Translation of Financial Statements

Originally Issued in Arabic

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

Subject to the provisions of law no. 95 for year 1992 and its executive regulations

Separate Statement of Cash Flows for the period from incorporation date till June 30, 2012

<u>Period from</u>	
<u>the incorporation date</u>	
<u>Till June 30, 2012</u>	
(In thousand EGP)	
Net profit before tax	4 571 095
Adujsted as:	
Fixed assets depreciation	459
Impairment in due from related parties	61 050
Losses on revaluation of financial derivatives at fair value	423 934
Foreign exchange revaluation differences	(6 125)
Interest income	(18 075)
loss on sale of investments in associates	346 572
Profit on sale of investments in associates	(2 388 054)
Dividends revenue from investments	(2 954 728)
Net operating income before changes in working capital	36 128
(Increase) in due from related parties - current	(286 567)
(Increase) in other debit balances	(2 401)
Increase in accounts payable	1 602
Increase in other credit balances	4 980
Increase in due to related parties	633 245
Increase in due from related parties - non current	(43 647)
Net cash flows generated from operating activities	343 340
<u>Cash flows from investing activities</u>	
Payments for purchase of fixed assets	(130)
Net payments for financial derivatives	(242 256)
Payments for investments in associates	(56 073)
Proceeds from sale of investments in associates	3 186 419
Dividends received from investments	2 845 004
Net cash flows generated from investing activities	5 732 964
Net change in cash and cash equivalent during the period	6 076 304
Cash at the beginning of period	-
Cash at the end of the period	(8) 6 076 304

- The accompanying notes form an integral part of these financial statements and should be read therewith

Chief Financial Officer

Board of Directors' Member

Chairman



Orascom Telecom, Media and Technology Holding
Notes to the Separate Financial Statements
For the period from incorporation date to June 30, 2012

1- General information

a- Legal Status

Orascom Telecom Media and Technology Holding S.A.E "the Company" is an Egyptian Joint Stock Company pursuant to the provisions of the capital market law No. 95 of 1992 and its executive regulations. The Company was registered at Cairo Commercial Register on November 29, 2011 under No 394061. The Company's head office located at Nile City Towers, Ramlet Boulak – Cairo –Egypt. The Company's duration is 25 years starting from November 29,2011.

b- Purpose of the Company

The Company's purpose is to participate in establishing the joint stock and limited liability companies that issue securities or to increase its share capital of these companies, and considering the provisions of Article 127 of the executive regulations and the regulations of the Capital Market Law. The Company may have interest or participate, by any mean, in companies and other enterprises that have activities similar to those of the Company or those that may assist the Company to achieve its objectives in Egypt or abroad. It may also merge into those companies and enterprises purchase them or affiliate them pursuant to the provisions of the law and its executive regulations.

c- Brief over the incorporation of the Company

The Company was established by way of legal demerger from Orascom Telecom Holding S.A.E as part of the VimpelCom transaction. In October 2010, VimpelCom Ltd and Wind Telecom announced that both groups had signed a merger agreement, and where Wind Telecom (previously Wind Investment) owns 51.7% of shares of Orascom Telecom Holding SAE – OTH. On April 14, 2011 the demerger plan was concluded, in order to transfer certain assets to the demerged Company that are not intended to form part of the VimpelCom – Wind Telecom group going forward. Those assets represent mainly OTH investments in the Egyptian Company for Mobile Services, CHEO Technology in North Korea, Orascom Telecom Ventures SAE, as well as other investments in the media and technology sectors, including undersea cable assets.

Accordingly the demerger plan provided that the split of OTH will be executed by way of legal demerger, and the incorporation of Orascom Telecom, Media and Technology Holding S.A.E - OTMT (demerged Company), which will acquire the investments excluded from the transaction. The demerger resulted in existing shareholders of OTH holding the same percentage interest in OTMT as they hold in OTH as of the execution date of the demerger.

On April 14, 2011, the Extra Ordinary General Assembly of OTH approved the demerger of OTH, through the continuation of OTH business and the incorporation of OTMT, where the demerger as approved by the Extra Ordinary General Assembly aims to enable each shareholder to trade on the shares of each entity separately and independently, and to increase the liquidity of shares traded in the market without violation of any restrictions imposed on certain shareholders according to the laws and regulations enacted in foreign countries.

The Extra Ordinary General Assembly of OTH has also approved the split of assets, liabilities, shareholders equity, revenue and expenses of OTH between OTH and OTMT according to the assumptions and terms of the detailed split plan, the split was executed based on the carrying amounts as reported in OTH's separate financial statements as of September 30, 2010 and taking into consideration any significant transactions that took place since that date.

On October 23, 2011 the Extra Ordinary General Assembly of OTH approved the proposed adjustments that was previously approved by extra ordinary general assembly of OTH on April 14, 2011 as included in the report issued by the General Authority for Investment to the net assets' carrying amounts of each holding company.

The net assets' carrying amounts of the demerged company – OTMT – as adjusted by the General Authority for Investments report and approved by the shareholders on October 23, 2011 amounted to EGP 4 121 797 685. The resolution approved by the shareholders stipulated that the Company's authorized capital will be EGP 22 billion, and issued capital amount to EGP 2 203 190 060 distributed over 5 245 690 620 shares, EGP 0.42 per share. It was also agreed that the difference between net assets of the Company as approved by the General Authority for Investment and the issued capital to be distributed over the components of shareholder's equity according the schedule presented and approved in the Extra Ordinary General Assembly meeting as follows:

Issued and paid up capital	2 203 190 060
Legal reserve	186 711 022
General reserve	(9 595 320)
Retained earnings	1 741 491 923
Shareholder's equity (net assets) of the demerged Company	4 121 797 685

2- Basis of preparation of separate financial statements

a- Statement of compliance with the Egyptian Accounting Standards

The separate financial statements have been prepared in accordance with the Egyptian Accounting Standards issued by the Minister of Investment's decree No. 243 of 2006 and the applicable Egyptian laws and regulations. The Egyptian Accounting Standards require referral to International Financial Reporting Standards "IFRS" for certain types of transactions or events when no Egyptian Accounting Standard or legal requirement exists to address treatment for these transactions or events.

b- Basis of measurement

These separate financial statements are prepared on the historical cost convention, except for the following assets and liabilities, which are measured at fair value, financial instruments at fair value through profit or loss.

Investments in subsidiaries and associates are accounted for in the accompanying separate financial statements at cost, which represents the Company's direct ownership interest in equity and, not on the results of operations and net assets of the subsidiaries. The consolidated financial statements provide more understanding of the consolidated financial position, results of operations and the consolidated cash flows of the Company and its subsidiaries (The Group).

c- Functional and presentation currency

The Company's functional and reporting currency is the Egyptian Pound. All the financial information presented in Egyptian pound has been rounded to thousands, except earnings per share and unless otherwise stated in the separate financial statements or notes.

d- Use of estimates and judgments

According to Egyptian Accounting Standards, in the application of the Company's accounting policies, the management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments and estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the separate financial statements:

- **Valuation of financial assets**

Management uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments that are not traded in active market and included in the separate financial statements.

Valuation techniques used during the period represented in discounted cash flow models. Use of such models requires management to use assumptions related to appropriate discount rate to determine the fair value of financial instruments. Management also performs sensitivity analysis for changes in inputs specifically to discount rate used to evaluate the results of the estimated fair value.

- **Recognition of current and deferred tax assets and liabilities**

The company profit is subject to income tax, which require using of significant estimates to determine the total income tax liability. As determining the final tax liability for some transactions could be difficult during the period, the company record current tax liability according to its' best estimate about the taxable treatment of that transactions and the possibility of incurring of additional tax charges that may result from the tax inspection. And when a difference arising between the final tax liability and what is being recorded, such difference is recorded as income tax expense and current tax liability in the current period and to be considered as change in accounting estimates.

For recording deferred tax assets, Management use assumptions about the availability of sufficient taxable profits allowing use of recognized tax assets in the future.

Management also uses assumptions related to the determination of the applicable tax rate at the financial statements date, at which deferred tax assets and liabilities are expected to be settled in the future.

- **Provisions and contingent liabilities.**

Management assess events and circumstances that might led to a commitment on the company's side from performing its normal economic activities, the assessment process involve exercise of judgment in the determination of whether the provision's recognition conditions have been met, and expectation about it's commitment and the possibility to be measured reliably.

- **Estimating the useful lives for fixed assets**

Management reviews the estimated useful lives of fixed assets at the end of each year, the review process involve assessment of the surrounding circumstances and factors affecting fixed assets' useful lives e.g. developments in technology and change in the pattern those assets are used, if the rates used are determined to be inappropriate, rates are adjusted accordingly.

- **Amount due to Orascom Telecom Holding Company**

Management estimated the liability due to Orascom Telecom Holding for the transactions that took place during the period from the date selected as the basis for the demerger September 30, 2010 up to the date of execution of the demerger end of December 2011. In estimating the liability balance, management considered both signed and preliminary agreements with Orascom Telecom Holding as shown in more details in note 13.

3- Significant accounting policies applied

a. Foreign currencies' translation

The Company's functional and reporting currency is the Egyptian Pound, the currency in which most of the Company's cash flows are usually generated or retained. Transactions in currencies other than the Egyptian Pound are recorded at the exchange rates prevailing at the transactions dates. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated to the Egyptian Pound at the rates ruling at the balance sheet date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated to Egyptian Pound at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise in a separate item, except for exchange differences arising on non-monetary assets and liabilities carried at fair value, where translation differences are recognized as part of changes in fair value.

b. Fixed assets

All items of fixed assets are shown in the balance sheet at historical cost, less any accumulated depreciation and impairment losses. Cost of an item of fixed assets includes expenditures that are directly attributable to the acquisition of the item.

Subsequent costs are included in the assets carrying amount or recognized separately, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit or loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with relevant carrying amount, and are included in the profit or loss.

Depreciation is charged to the income statement over the estimated useful-life of each asset using the straight-line method.

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

<u>Asset</u>	<u>Years</u>
Furniture & fixtures	3-10 Years
Buildings	50 Years
Computers	3 Years

c. Investments in subsidiaries

A subsidiary company is an entity controlled by another entity (known as the Parent Company). Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Control is presumed to exist if the Parent Company owns directly or indirectly through subsidiaries, more than half of the voting power of the entity invested in, unless in exceptional circumstances, it can be clearly determined that such ownership does not constitute control.

Control is also considered to exist when the Parent Company does not own a majority of the voting rights while there is:

- a. Power over more than half of the voting rights by virtue of an agreement with other investors. or
- b. Power to govern the financial and operating policies of the entities under a statute or agreement. or
- c. Power to appoint or remove the majority of the Board of Directors members, and the control of entity is by that Board. or
- d. Power to direct the majority of votes at the Board of Directors meetings and the control of the entity is by that Board.

Potential voting rights:

The Parent Company shall consider the existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity when assessing whether an entity has the power to govern the financial and operating policies of another entity. Potential voting rights are not currently exercisable or convertible when they cannot be exercised or converted until a future date or until the occurrence of a future event.

Investments in subsidiaries are carried at cost, unless classified as non-current investments held-for-sale in which case, they are measured at the lower of the carrying amount or fair value less cost to sell. In case of an objective evidence that an impairment loss has been incurred on investments in subsidiaries at the date of the financial statements, the carrying amount of the investment is reduced to the recoverable amount with impairment losses recognized immediately in profit or loss.

d. Investments in associates

An associate is an entity over which the Company has a significant influence to participate in the financial and operating policy decisions of this entity but is not control or joint control over these policies.

Investments in Associates are carried at cost, unless classified as non-current investments held-for-sale in which case, they are measured at the lower of the carrying amount or fair value less cost to sell. The Company does not measure the investment in Associates using the equity method in these separate financial statements according to paragraph (13) in the Egyptian Accounting Standard no (18).

In case of an objective evidence that an impairment loss has been incurred on investments in associates at the date of the financial statements, the carrying amount of the investment is reduced to the recoverable amount with impairment losses recognized immediately in profit or loss.

e. Non current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non current asset (or disposal group) is available for immediate sale in its present condition without any conditions other than the sales conditions.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Unless the delay is due to events beyond the control of the company and if there is sufficient evidence that confirms the continuation of the company in its commitment to sell the asset.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less cost to sell.

f. Taxation

A provision for potential tax claims is generally recognized based on management comprehensive study in light of current tax assessments and disputes.

An estimated income tax expense is recognized in profit or loss in each reporting period, while actual income tax expense is recognized in profit or loss at year-end. Income tax expense represents the sum of the tax currently payable and deferred tax.

Deferred tax assets and liabilities are recognized on the temporary differences between the assets and liabilities tax basis set by the Egyptian Tax Law and its executive regulations, and their reported amounts per the accounting principles used in the preparation of the financial statements.

Current tax payable is calculated based upon taxable profit of the year as determined in accordance with applicable local laws and regulations using tax rates enacted on the balance sheet date. Deferred tax is calculated at the tax rates that are expected to apply

in the period when the liability is settled or the asset is realized, based on tax rates and tax laws prevailing at the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax liabilities are generally recognized for all taxable temporary differences while deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax assets and liabilities are accounted for using the balance sheet method and are reported in the balance sheet as non-current assets and liabilities.

g. Provisions

Provisions are recognized when the company has a present obligation (legal or constructive), arising from past event, the settlement of which is expected to result in an outflow of the enterprise resources embodying economic benefits, the cost to settle related obligations are probable and a reliable estimate is made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as finance cost in profit or loss.

h. Cash and cash equivalents

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

i. Revenue recognition

Dividends income from its equity investments is recognized when the company's rights to receive payment have been established; the cost of the investment is reduced by the dividends related to the pre-acquisition period which represents recovery of the acquisition cost.

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

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable until maturity.

j. Financial instruments

Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) financial derivatives, debt instrument including investments in treasury bills which represent cash and cash equivalent, due from related parties 'and other debit balances'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Derivative financial instruments

When needed, the company enter in some financial derivatives' Contracts to hedge the risks of fluctuation in exchange rates, in addition to embedded derivatives resulting from contractual terms contained in agreements in which the company may enter as a party with respect of both financial or non-financial instruments. Embedded derivatives that meet recognition criteria are recognized separately from the host contract and are measured at fair value through profit or loss in accordance with the accounting requirements.

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

Changes in fair value of derivatives during each financial period are charged to the income statement. For the financial derivatives designated as hedging instruments at initial recognition in a documented and effective relationship, the time of recognition of fair value change in the income statement depends on the coverage relationship type and the nature of hedged item.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL where the interest enters within the net change in fair value.

Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

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

Financial liabilities

The Company has stated all its liabilities as other financial liabilities including accounts payable, due to related parties and other credit balances and they are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

k. Impairment of assets

Non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount or the cash-generating unit is the fair value less costs to sell or value in use whichever is higher.

In assessing value in use, the estimated future cash flows from use of assets or cash-generating unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been if the impairment had not been recognized.

l. Short term employees benefits

Salaries, wages, paid vacations, sick leaves; bonus and other non-cash benefits in favor of employees' services for the Company are recognized according to the accrual basis in the same period these services were rendered.

m. Dividends

Dividends declared to the shareholders, Board of Directors and employees are recognized as a liability in the financial statements in the period in which these dividends have been approved by the Company's shareholders.

n. Borrowing costs

Borrowing costs are charged in the profit or loss as expenses during the period in which they incurred.

o. Earnings per share

Basic and diluted earnings per share calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period.

p. Estimation of fair value

Applying the accounting policies stated in Note No. (3) requires from management to use estimates and assumptions for determining the carrying amount for assets and liabilities that can not be measured reliably from other sources.

The fair value of current financial instruments in the active market depends on the market prices declared as of the financial statements date, while the fair value of non-current financial instruments is determined using the evaluation methods (depending on the market conditions) as of the financial statements date while it could be adjusted as necessary in accordance with the events and circumstances surrounding the company and its dealings with others.

q. Legal reserves

In accordance with the articles of association, 5% of the annual net income is required to be transferred to a legal reserve until its balance reaches 50% of issued capital. The company is required to resume transfer of net profit to the legal reserve once its balance falls below this percentage. This reserve can be used for covering the incurred losses and for the increase of the Company capital subject to the approval of the shareholders in general assembly.

r. Employees' profit share

The Company pays 10% of its cash dividends as profit sharing to its employee to the sum of their annual salaries. Profit sharing is recognized as a dividend distribution through equity and as a liability in the provision which distribution has approved by shareholders. And since the dividends is the right of the company shareholders so the liabilities is not recognized for the employee dividends in the profits that are reclassified for distribution till the financial statements date (Retained earnings).

s. Cash flows statement

The statement of cash flows is prepared using the indirect method.

4- Technical support revenue

(in thousand EGP)

For the period from
the
incorporation date till
June 30, 2012

Egyptian Company for Mobile services
CHEO Technology (KoryoLink)

85 026

48 065

133 091

According to the demerger agreement referred to in Note 1-c, technical support revenue is recognized starting from April 15, 2011. The amount due to the company for the financial period till December 2011 amounting to EGP 72 881 thousand was settled against the balance due to Orascom Telecom Holding note No. 13

5- Dividends revenue from investments

(in thousand EGP)

For the period from
the
incorporation date till
June 30, 2012

Egyptian Company for Mobile services
CHEO Technology (KoryoLink)
Mobinil Telecommunications

109 724

22 294

2 822 710

2 954 728

According to the demerger agreement referred to in Note 1-c, dividends income, which had been declared in the general assemblies of the subsidiaries and associates companies, are recognized starting from April 15, 2011. The amount due to the company for the financial period till December 31, 2011 is settled by EGP 109 724 thousand against the amount due to Orascom Telecom Holding – Note 13.

-As of June 4, 2012, the General Assembly Meeting of Mobinil for Telecommunications (associate) decided to distribute dividends resulted from the sale of its share in the Egyptian Company for Mobile Services. The Company's share in the declared dividends amounted to EGP 2 822 710 thousand recorded in the income statement as dividends revenue from investments, the declared dividends were collected during June 2012.

6- Employees cost & board of directors' remuneration

(in thousand EGP)

**For the period from
the
incorporation date till
June 30, 2012**

Employees cost	3 752
Board of directors' remuneration and bonuses	1 658
	<u>5 410</u>

7- Taxes

(in thousand EGP)

**For the period from
the
incorporation date till
June 30 , 2012**

Current income tax	--
Deferred income tax	--
	<u>--</u>

Adjustments to calculate the effective tax rate:

(in thousand EGP)

**For the period from
the
incorporation date till
June 30, 2012**

Net profit before tax		4 571 095
Non deductible expense		61 050
Tax exemptions		(5 320 488)
Net taxable profit (Tax losses)		(688 343)
Income tax according to Tax Law (Up to EGP 10 million from taxable profit)	20%	--
Taxable profit above EGP 10 million	25%	--
		<u>--</u>
Effective tax rate		<u>--</u>

8- Cash and cash equivalent
(In thousand EGP)

June 30, 2012

Cash on hand	44
Banks local currency	3 997
Banks foreign currency	1 408 468
Deposits local currency	1 007 000
Deposits Foreign currency	3 161 710
Treasury bills	495 085
	<u>6 076 304</u>

9- Due from related parties

a- Current

June 30, 2012

(In thousand EGP)

CHEO Technology (Koryolink)	23 593
Link Egypt	216
Egyptian Company for Mobile Service	19 863
Orascom Telecom Lebanon	4 027
Arpu Communication Services	3 250
Middle East and North Africa Submarine Cable – MENA Cable	891 154
Med Cable Limited – United Kingdom	232 577
Trans World Associate Ltd – Pakistan	23 092
Oracap Holding **	283 469

Impairment

Oracap Holding	(283 469)
Med Cable Limited – United Kingdom *	(232 577)

965 195

b- Non-current

(In thousand EGP)

Arpu Communication Services	27 785
Trans World Associate Ltd - Pakistan	16 504
	<u>44 289</u>

On September 30, 2010 which is the date used as basis of the demerger, due from related parties reached EGP 844 129 thousand. The company recognized impairment loss during the period (from the date of demerger till June 30, 2012) amounted to EGP 61 050 thousand charged to the income statement. The net movement of the transactions recorded during the period from the date used as a basis of the demerger till the execution date of the demerger and the transfer of the outstanding balances to the company's books, was settled against the due to Orascom Telecom Holding balance-Note 13.

*Major portion of the impairment balance relates to the transferred balances from Orascom Telecom Holding to the Company's books on the execution date of the dermger.

** During the period the Company recognized impairment losses with an amount of EGP 55 million based on the current estimate of the expected recoverable value for the amounts transferred to Oracap Holding and according to the outstanding circumstances till the financial statements date.

10- Other debit balances

(In thousand EGP)

	<u>June 30 , 2012</u>
Prepaid expenses	1 476
Other debit balances	925
Accrued interest	11 231
	<u>13 632</u>

11- Financial derivatives at fair value throught profit or loss

Derivative instruments as of June 30, 2012 represented in the following:

	<u>Liability</u>	<u>Assets</u>	<u>Charged to income statement income/ (loss)</u>
Fair value of call options *	224 738	—	(224 738)
Financial liability arising from currency forward deals	<u>—</u>	<u>43 060</u>	<u>(199 196)</u>
	<u>224 738</u>	<u>43 060</u>	<u>(423 934)</u>

Call options with France Telecom

*The fair value of call options represent the Company's financial liability measured at fair value as a result of the call option granted to France Telecom over the company's direct interest in its associates at the balance sheet date. According to the amended and restated shareholders agreement between the Company and France Telecom dated April 11, 2012, and as disclosed in Note 25, 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 separate 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.

On the other side the agreement, provide for the Company 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 last exercise of such put option will lead to the sale of the 28.75% voting rights in MT Telecom.

Management estimated fair value of call and put option, which resulted in a liability on the company with an amount of EGP 224 million which represent the present value of the excess resulting from the expected market price over the pre-determined exercise price. Consequently there is no value resulting from the valuation of the call option due to the fact that the estimated market price will exceed the pre-determined exercise price which indicate that the company would not exercise the put option.

Forward deals contract

During the period, the Company entered into foreign currency forward deal contracts, the following analysis shows details of currency forward deals contracted, gains / losses on re-measurement to fair value, and fair value of financial assets / liabilities of outstanding contracts as of the financial statements date.

<u>Contract</u> <u>(Million)</u>	<u>Liability</u>	<u>Purchased currency</u>	<u>Income (Losses)</u>	<u>Fair Value asset/ (Liability)</u>
EGP to Euro	3 037 500 EGP	378 764 Euro	(117 227)	--
EGP to Euro	2 823 876 EGP	350 946 Euro	(180 697)	--
Euro to US Dollar	194 734 Euro	250 000 USD Dollar	24 538	--
Euro to US Dollar	177 195 Euro	227 520 USD Dollar	31 130	--
Euro to US Dollar	370 000 Euro	467 378 USD Dollar	45 340	45 340
US Dollar to Euro	25 240 Dollar	20 000 Euro	(2 280)	(2 280)
			<u>(199 196)</u>	<u>43 060</u>

12- Other credit balances

(In thousand EGP)

June 30, 2012

Withholding tax	131
Social insurance authority	35
Payroll tax	500
Stamp tax	13
Accrued expenses	4 301
Shareholders dividends payable	5 507 975
Employees dividends payable	10 000
	<u>5 522 955</u>

* General Assembly Meeting held on June 28, 2012 approved the dividends distribution according to the Borad Of Directors proposed for the results covering the period from the incorporation date till June 7, 2012, and which earning per share amounted to EGP 1.05 per each outstanding share (5 245 690 620 shares) , also the General Assembly Meeting approved employee dividends with total amount of EGP 10 million.

13- Due to related parties

(In thousand EGP)

June 30 , 2012

Orascom Telecom Holding (Demerging company)*	294 989
Orascom Telecom Ventures	273 275
	<u>568 264</u>

- The balance due to Orascom Telecom Holding - OTH represent the net amount due to OTH as a result of the transactions that took place on investments and the balances due from / to subsidiaries starting from the date used as a basis of the demerger on September 30, 2010 and up to the date of execution and completion of the demerger, the date on which the spined-off assets were transferred and recognized in the Company's books. Through November 2011 and December 2011 the net amounts due for the transactions took place till September 30, 2011 was determined and agreed upon, agreement over the period from October 1, 2011 till December 31, 2011 is still in progress. Management estimated and recognized the amount due till reaching a final agreement with OTH.

14- Fixed Assets (net)
(In thousand EGP)

	<u>Buildings</u>	<u>Computers</u>	<u>Furniture and Fixture</u>	<u>Total</u>
Cost				
At demerger date	--	--	--	--
Additions during the period	44 743	116	14	44 873
As of June 30, 2012	<u>44 743</u>	<u>116</u>	<u>14</u>	<u>44 873</u>
Accumulated depreciation				
At demerger date	--	--	--	--
Depreciation for the period	447	11	1	459
As of June 30, 2012	<u>447</u>	<u>11</u>	<u>1</u>	<u>459</u>
Net book value as of June 30, 2012	<u>44 296</u>	<u>105</u>	<u>13</u>	<u>44 414</u>

During the first quarter of 2012, the company reached a preliminary agreement with Orascom Telecom Holding to purchase the administrative premises located in the 26th floor in Nile city towers- Ramlet Bolaq, Cairo-Egypt . The Company estimated the premises's acquisition cost based on the terms of the preliminary agreement with total amount of EGP 44 743 thousand. The amount due to OTH was reported in the amount due to Orascom Telecom Holding balance-Note 13.

15- Investments in subsidiaries (Net)

(In thousand EGP)

	<u>Country</u>	<u>%</u>	<u>June 30, 2012</u>
CHEO Technology (Koryo link)	North Korea	75	613 632
Middle East and North Africa Submarine Cable – MENA Cable	Egypt	100	752 766
Med Cable Limited – United Kingdom	United Kingdom	100	5 600
Trans World Associate Ltd Pakistan	Pakistan	51	60 862
Orascom Telecom Ventures S.A.E	Egypt	99.9	605 602
Arpu for Telecommunications**	Egypt	1	160
Impairment in investment in subsidiaries			
Med Cable Limited – United Kingdom *			(5 600)
			<u>2 033 022</u>

On September 30, 2010 the date used as a basis of the demerger, investments in subsidiaries amounted to EGP 1 872 180 thousand, transactions took place during the period represent the increase in CHEO Technology (Koryolink) capital equivalent to EGP 131 610 thousand that had been paid in cash by Orascom Telecom Holding, and an amount of EGP 29 232 thousand was increased through capitalization of a receivable balance from the subsidiary resulted from transactions between the Holding Company and its subsidiary.

* The impairment in investment in subsidiaries represents the transferred balance as of the completion of demerger date.

** Arpu investment balance classified as investment in subsidiaries although the Company holds 1% direct interest in Arpu for Telecommunications company, and 99% indirect interest through its wholly owned subsidiary Orascom Telecom Ventures which is a subsidiary to OTMT through direct and indirect interest with 100%

16- Investment in associates

<u>(In thousand EGP)</u>	<u>Country</u>	<u>%</u>	<u>June 30, 2012</u> <u>EGP</u>
Egyptian Company For Mobile Services	Egypt	5	216 487
MT Telecom SCRL		28.75	56 073
Total			272 560

On September 30, 2010 the date used as basis of the demerger, the investments in associates balance reached EGP 1 361 424 thousand analyzed as follows:

	<u>%</u>	<u>June 30 ,2012</u>
Mobinil For Telecommunications	28.75%	495 496
Egyptian Company For Mobile Services	20%	865 928
		1 361 424

As disclosed in more detail in Note 25, the Company sold portion of its direct interest in ECMS representing 15% of ECMS's capital for total consideration of EGP 3 037 500 thousand, at date of sale the carrying amount of sold shares was EGP 649 446 thousand resulting in a gain on sale of investments amounting to EGP 2 388 054 thousand recognized in the income statement during the period.

The carrying amount of the retained direct interest in ECMS capital amounted to EGP 216 487 thousand.

Also the Company sold its direct interest 28.75% in Mobinil for Telecommunications for an amount of EGP 148 925 thousand, at the date of sale the carrying amount of sold shares was EGP 495 496 thousand, which resulted in a loss on sale amounting to EGP 346 572 thousand.

In addition to the above, and in order to retain its voting rights in ECMS, the Company acquired 28 750 thousand shares with total amount of Euro 6.9 million of MT Telecom SCRL, the shares acquired are (class B shares) entitling the Company to 28.75% voting rights of MT Telecom. After completion of the Mandatory Tender Offer over the shares of ECMS, MT Telecom acquired 93.9 % of ECMS shares.

17- Capital

The Company's authorized capital amounted to EGP 22 Billion, the issued and paid up capital amounted to EGP 2 203 190 060 distributed among 5 245 690 620 shares of EGP 0.42 par value each, according to the approval of the General Authority for Investment and the Extraordinary General Assembly of Orascom Telecom Holding (Demerging company) as described in more detail in Note (1-c).

18- Earnings per share

- a- **Basic:** Earnings per share calculated on the basis of weighted average number of ordinary shares outstanding during the period

	<u>For the period from</u> <u>the</u> <u>incorporation date till</u> <u>June 30, 2012</u>
Net profit of the period (In thousands EGP)	4 571 095
<u>Deduct</u>	
Employee dividends	(10 000)
	4 561 095
Weighted average number of shares during the period (in thousands)	5 245 691
Earning per share (EGP/share)	<u>0.87</u>

- b- **Diluted :** The diluted earnings per share is calculated by reconciling the weighted average number of ordinary shares, assuming the conversion of all financial instruments to shares and stock options and adjusting the net profit by excluding the cost of convertible debt instruments with regard to the tax effect.
Regarding the stock option, Probable shares to be issued are added to the weighted average number of ordinary shares and excluded from these probable shares subject to the relationship between stock option price and weighted average fair

19- Tax position

Corporate income tax

The Company is subject to the provisions of the Tax Law No. 91 of 2005 and its executive regulations. The company will submit the first tax return for the financial period from November 29, 2011 (incorporation date) to December 31, 2012 (extended financial period).

Payroll tax

The company pays payroll tax to the tax authority on due dates.

Withholding tax

The company pays withholding tax to the tax authority on due dates.

20- Significant transactions with related parties during the period

<u>In Thousand EGP</u>	<u>Nature of the relationship</u>	<u>Nature of the transactions</u>	<u>Volume of Transactions</u>	<u>Balance Debit(Credit)</u>
CHEO Technology (Koryo Link)	Subsidiary	Payments of expenses on behalf of related party Technical support revenue	3 528 48 065	23 593
The Egyptian Company for Mobile Services	Associate	Technical support revenue	85 026	19 863
Mobinil Telecommunications	Associate	Dividends distribution	2 822 710	
Orascom Telecom Lebanon	Subsidiary of Orascom Telecom Ventures	Payments of expenses on behalf of related party	243	4 027
Middle East and North Africa Submarine Cable – MENA Cable	Subsidiary	Cash transfer for related party Payments of expenses on behalf of related party	98 385 5 424	891 154
MED Cable Ltd-UK	Subsidiary	Payments of expenses on behalf of related party Credit loans interest	5 418 6 202	232 469
TransWorld Associate (private) Ltd-Pakistan	Subsidiary	Payments of expenses on behalf of related party Credit loans interest	12 606	23 092
Orascom Telecom Ventures	Subsidiary	Cash transfer from related party. Payments of expenses on behalf of company Payments of expenses on behalf of related party.	(425 439) (9 170) 411	(273 275)

21- Noncash transactions

Significant non-cash transactions eliminated in the separate statement of Cash Flows during the period ended June 30, 2012 are analyzed below:

In Thousand EGP

	<u>June 30, 2012</u>	
	<u>Increase</u>	<u>Decrease</u>
Fixed assets	44 743	
Due to related parties		(44 743)
Investment in subsidiaries	1 872 179	
Investment in associates	216 482	
Due from related parties	888 194	
Assets held for sale	1 144 943	
General reserve	9 595	
Issued and paid up capital		(2 203 190)
Legal reserve		(186 711)
Retained earnings		(1 741 492)
Investment in subsidiaries	158 755	
Due to related parties		(158 755)
Due from related parties	310 670	
Due to related parties		(310 670)
Due to related parties	109 723	
Dividends income		(109 723)
Due to related parties	92 337	
Technical support revenue		(92 337)
Due from related parties	2 822 252	
Dividends revenue		(2 822 252)

22- Financial instruments and management of associated risks

The Company's financial instruments comprise cash at banks, treasury bills, due from related parties and certain other debit balances .The financial liabilities comprise financial liabilities through profit and loss, certain other credit balances and due to related parties.

a- Liquidity risk

Liquidity risk represents the factors which may affect the Company's ability to pay part or all of its liabilities, management monitors its liquidity position and manage it through management of excess cash at subsidiaries level and through dividends distributions from the subsidiaries.

b- Interest rate risk

Interest rate risk represents fluctuations in interest rates which may affect the company's results of operations and cash flows as the company depend on it's own resources and finance from subsidiaries.This risk is considered limited as Management depends on equity finance.

c- Foreign currencies' risk

Foreign currencies' risk represents fluctuations in exchange rates of foreign currencies, which affect receipts and disbursements in foreign currencies as well as the value of assets and liabilities denominated in foreign currencies. Management monitors the foreign currencies positions and banks exchange rates on an ongoing basis and seeks to reduce uncovered positions of foreign currencies, the matter which may reduce this risk to an acceptable level.

23- Contingent liabilities

<u>Company Name</u>	<u>Guarantee</u>	<u>Maximum level for liability</u>	<u>Outstanding Liability till June 30, 2012</u>	<u>Expiry date of the guarantee</u>
			<u>EGP</u>	
Orascom Telecom Lebanon	Guarantee of the company to pay any due amount to participators	USD 10 Million	60 740 000	January 2013
Orascom Telecom Lebanon	Guarantee of the company to pay any due amount to participators	USD 30 Million	182 220 000	January 2013

In addition to the commitments arising from the unexecuted currency forward contracts as of June 30, 2012 (Note 11).

24- Comparative figures

As shown in note (1) the company was incorporated at November 29, 2011 so the comparative figures are not presented as the current financial period is the first period for the company.

25- Sale of shares of Egyptian Company for Mobile Services – ECMS Transaction

On 11 April 2012 the Company entered into a binding agreement with France Telecom to sell 29.67% from its direct and indirect interest in the capital of Egyptian Company for Mobile Services (ECMS) at a price of EGP 202.5 per share (15% of ECMS capital from its direct interest in ECMS, and 14,67% of ECMS capital through sale of all its interest in Mobinil For Telecommunications).

The Company retained significant influence over ECMS through its 5% direct economic interest in ECMS, and through the acquisition of 28.75% of voting rights in MT Telecom S.C.R.L which acquired 93.9% of ECMS shares at the completion of the Mandatory Tender Offer over ECMS shares. The 28.75% of voting rights in MT Telecom were acquired through subscription in class B shares for total consideration of Euro 6.9 million equivalent to EGP 56 million paid on May 31, 2012, the investment amount was recorded as investment in associates Note 16.

S.C.R.L which acquired 93.9% of ECMS shares at the completion of the Mandatory Tender Offer over ECMS shares. The 28.75% of voting rights in MT Telecom were acquired through subscription in class B shares for total consideration of Euro 6.9 million equivalent to EGP 56 million paid on May 31, 2012 , the investment amount was recorded as investment in associates Note 16.

Additionally the agreement amended certain provision under the current shareholders agreement in order to adjust the governance structure to the new shareholding interests and to put in place mechanisms to protect minority shareholder's interest and leave the Company with similar voting rights and board representations as currently in place.

In particular, the Company will remain France Telecom's strategic partner in Egypt and will continue to participate in the management of ECMS through its participation in the audit committee and in the nomination and compensation committee of ECMS.

Also The Company will continue to provide technical services to ECMS under the signed agreement on April 22, 2012, subject to possible future changes that may be decided by ECMS for that agreement or its assignment to France Telecom, at France Telecom's discretion, against a compensation of Euro 110 million.

Furthermore, the signed amended and restated shareholders' agreement includes conditions of the put and call options with respect to the Company's direct economic stake in ECMS and indirect voting rights in ECMS through its direct interest in voting rights in MT Telecom as follows:

- France Telecom and the Company have agreed to limit the Company's put option for its 5% remaining direct interest in ECMS to 1.67% per annum over a period of three years from 2015 to 2017, subject to the trading rules and the then applicable law.

This option is exercisable in January-February of each such year at accreting prices determined based on the date of exercise ranging from EGP 268.5 in 2015 to EGP 296 in 2017 per ECMS share, the last exercise of such put option leading to the sale of the 28.75% voting rights in MT Telecom.

- The Company will also have certain agreed exit rights in the event France Telecom involves another local partner in the ECMS business.
- France Telecom will have the option to call all (but not less than all) of the Company's remaining direct stake in ECMS and in MT Telecom.
- This option is exercisable during a January-February exercise period in each year from 2013 to 2017, at prices accreting at a rate similar to that for the put option granted to the Company and described above, ranging from EGP 243.5 to EGP 296 per ECMS share.

- The agreement also provides France Telecom with call option rights in certain other circumstances, including upon a change of control of the Company.
- On 22 April 2012, the Egyptian Financial Supervisory Authority- EFSA has announced its non-objection to publishing the tender offer from France Telecom through its subsidiary MT Telecom S.C.R.L to purchase 100% from ECMS shares at EGP 202.5 per share.
- On April 23 2012 MT Telecom announced a tender offer to purchase up to 100% from ECMS shares according to the provisions of chapter twelve from the executed regulation of Capital Market Law No. 95 for 1992 at EGP 202.5 per share for a period of twenty working days start from 24 April 2012 to the end of trading session on 23 May 2012 and the offer to be executed during ten days from the expiration date of the offer.
- On May 27, 2012 the mandatory Tender Offer was executed, and MT Telecom acquired 93.9% of ECMS shares at a price of EGP 202.5 per share.

Chief Financial Officer



Board of Directors' Member

Chairman

