2012 Annual Report

mobinil

Content

Overview

Political and Macroeconomic Outlook

Egypt's journey to democracy has not been an easy one. The popular uprising was a momentous event in Egypt's history. When the former president resigned at the beginning of 2011, Egyptians looked to the future with a sense of hope.

Nevertheless, the country's transition period has been contentious and complicated. Over the last two years, it was marked by many significant events that slowed the pace of reform and mounted the tension between different parties, which failed to bring calm to Egypt.

Throughout 2012, Egyptians saw their living standards steadily erode. The country has suffered a sharp reversal of capital flows, a continued decline in tourists' arrivals and an investment standstill. GDP growth remained anemic and was projected to reach only 1.5% for FY2011/2012, while the unemployment rate has increased to 12.4% from 9% a year earlier.

The outlook for FY2012/2013 portends a slow recovery of economic activity and continued balance of payments pressures. GDP is expected to pick up only gradually, reaching around 2.8% and despite the modest growth prospects, inflation is likely to increase, driven by higher global commodity prices whereas unemployment is expected to remain elevated, marked by a weak job creation.

Notwithstanding the high number of challenges that are heavily pressuring the Egyptian government, observers firmly believe that the fundamental attributes of the Egyptian economy, which made it such a target for foreign investment in the past, remain in place: a large, cost-effective and skilled workforce; a favorable geographical position; a range of natural resources and tourist-friendly beaches and coastlines; and an increasing amount of expertise in fields such as ICT (Information and communications technology) and other service industries.

Telecommunications in Egypt

The telecom market in Egypt is a fast-growing, intensely competitive market, open to international investment and dominated by the private sector. Egypt telecom’s industry is one of the country’s great success stories.

The mobile sector is predominantly driven by prepaid customers. According to Business Monitor International (BMI), the proportion of prepaid subscribers increased from 94.7% in 2007 to an average of 97.5% by the end of 2011 and then declined to around 96% in 2012.

The postpaid segment increased dramatically throughout 2012 as very aggressive postpaid tariffs were launched by the three operators, combining voice and data. Mobile firms contest this segment fiercely as although it is a small segment, it provides high earnings to telecom operators.

While the market is becoming increasingly saturated and mobile penetration rate is high (believed to have exceeded 120%), penetration statistics do not reflect the exact number of people with mobile phones. Due to the multi-SIM ownership, penetration rates are thought to reflect a certain number of registered, rather than active, users. In the meantime, rural areas that have relatively low penetration provide room for further improvement and promise good growth potential.

Compared to other emerging and developed markets, Egypt's telecom spending to GDP ratio is relatively high. Pricing is a key driver for the uptake of mobile services and the pressure due to price competition has resulted in the dilution of average revenue per user (ARPU). Nevertheless, quality of service has increasingly emerged as the major competitive differentiator amongst Egyptian operators and has become a key consideration for subscribers.

Market Highlights during 2012 included:

- Mobile sector is believed to have grown by 6 million, corresponding to 7% increase, compared to 17% in the previous year.
- The three mobile companies combined were able to increase revenues by 6% over 2011.
- Despite a penetration rate that probably exceeded 120%, ARPUs declined compared to 2011, affecting overall revenues.
- Fixed line subscriptions continued to decline dropping to 7.3 M compared to 8 M in 2011, while broadband is soaring.
- Internet and Broadband marked strong increase over 2011.

With fierce price competition on voice services and the resulted decrease in margins, Egypt's telecom firms are turning to value-added services (VAS) to develop new and lucrative revenue streams. The fundamentals, both on the demand and supply side, indicate that Egypt could be on cusp of rapid internet growth. A tech-savvy generation is coming and the social networking phenomenon is driving data offerings in a range of devices.

Moreover, Egypt is one of the most developed internet markets in Africa in terms of users, international bandwidth and services offered. It has some of the lowest prices for DSL services on the continent; the result of a highly competitive climate. It is worth noting that the strongest growth is currently seen in mobile broadband services, which offers to the mobile operators new revenue streams in an environment of falling ARPU.

Telecom Sector Challenges and Opportunities

The telecom industry, is relatively resilient both to political and economic unrest and is regarded as one of the more "recession-proof" sectors worldwide. Over the last two years, the Egyptian telecom sector has been less negatively affected than others. Nevertheless, it is being exposed to considerable challenges, including a slow-down in growth and potential investment.

The prolonged political and economic uncertainty and the increasingly complex business climate are likely to increase inflation and unemployment, which will have a direct impact on consumer's willingness to pay for telecom services.

Moreover, the possibility of having a new entrant in the mobile market will definitely increase the level of competition as well as spurring further changes in the sector.

Competition between players, backed by international telecom firms and the government, is unlikely to abate. With changes in firms ownership and strategies, the sector will likely remain fast paced.

2013 Projections

- Overall market slowdown compared to previous high growth phase.
- Market expansion driven by data usage uptake.
- Significant increase in data volumes.
- New investments in network evolution including infrastructure partnership/collaboration between operators to meet explosive demand for mobile and fixed broadband.
- Focus on cost reduction using potential infrastructure partnership between operators.

Who We Are

The Egyptian Company for Mobile Services (ECMS), launched in May 1998, provides a wide range of telecommunications services. ECMS operates under the brand name “Mobinil”.

Since its inception, Mobinil has strived to maintain a leading position in the telecommunications market in Egypt, honoring the trust of more than 32 million subscribers. Over the past ten years, Mobinil has delivered on its promise to millions of customers, whose confidence in the reliability of our services has reinforced our solid position.

Mobinil is committed to provide the best working environment for over *7314 employees. We offer an open, challenging and dynamic environment with opportunities of growth. Our well-trained and highly skilled employees experience the challenge of working in the most dynamic global industry - mobile communications.

Mobinil is owned by France Telecom Group (FT), Orascom Telecom Media and Technology (OTMT) and public market equity investors. FT-Orange has the major stake in Mobinil (93.9%) through its wholly-owned subsidiary MT Telecom. OTMT owns 5% economic interest in ECMS and the remaining 1.1% of shares is publicly traded on the Egyptian Exchange.

*This figure includes permanent, contractors, out-sourced, handicapped and LINKdotNET (LDN) employees

Vision and Mission

Vision

Become the preferred communication services provider in Egypt.

Mission

Providing the best customer experience, being a desired employer, creating value for our shareholders and proudly contributing to the development of our country.

Mobinil Key Figures

Revenues	**EBITDA**	**EBITDA%**
+1.6%	**+0.8%**	**31.8%**
2011: 10,182 MEGP	2011: 3,258 MEGP	2011: 32.0%
2012: 10,340 MEGP	2012: 3,285 MEGP	YoY: -0.2 pts
Gross Margin	**Net Profit/Loss**	**CAPEX**
-0.2%	**+8.6%**	**+10.4%**
2011: 7,639 MEGP	2011: -253 MEGP	2011: 1,935 MEGP
2012: 7,620 MEGP	2012: -231 MEGP	2012: 2,136 MEGP

Chairman's Letter

Welcome to 2012 Annual Report and Accounts of the Egyptian Company for Mobile Services (Mobinil).

The political events that erupted in Egypt two years ago seriously affected Egypt's trajectory of long-term economic progress. The turbulent process set in motion since 2011, has continued in 2012 and the macroeconomic environment has worsened. The year was marked by tough economic and political disruptions and many industries across Egypt have lagged growth.

In this adverse environment, I am glad to report that Mobinil's performance has been relatively solid. In 2012, the management team built on earlier initiatives and succeeded in driving consolidated revenues up, reaching 10,340 MEGP, a YoY growth of 1.4%. Thanks to systemic efforts to contain costs at all levels, Mobinil managed to achieve a consolidated EBITDA of 3,285 MEGP, a YoY increase of 0.9%, while EBITDA margin stabilized at 31.8%. Nevertheless, net income was heavily impacted by interest charges, amortization and depreciation, and significant Forex effect which resulted in a net loss of 231 MEGP.

Although the long-term goal of the Company is to provide its shareholders with a consistent and growing dividend stream, the BOD deemed necessary to maintain its recommendation on suspending the distribution of dividends until Mobinil delivers marked improvement in its net results.

FY2012 continued to be difficult from a financial perspective; however, we are quite positive about Mobinil's performance. The Company was able to secure revenue growth and margin stabilization, despite difficult economic conditions, which reflects tribute to its highly qualified management team that was able to address and manage various complex issues in a difficult environment.

Throughout the year, both management and employees have carefully examined every single operating cost element to insure resource are used in the most cost-effective and productive way.

Management kept its promise to strengthen Mobinil's position in the market by continuing to invest in Mobinil's network, systems and platforms to protect its core business and build new revenue streams.

On April 12, 2012, MT Telecom, a wholly-owned subsidiary of France Telecom-Orange, submitted a Mandatory Tender Offer (MTO) to the Egyptian Financial Supervisory Authority to acquire up to 100 million shares, or 100% of ECMS shares at a share price of 202.5 EGP. MT Telecom successfully settled the MTO and was able to acquire 93,922,559 shares of ECMS, increasing its indirect economic ownership in the Company from 36.36% to 93.92% while Orascom Telecom Media and Technology (OTMT) have retained directly 5% of the capital of ECMS. The remaining 1.1% of shares continued to be publicly traded on the Egyptian Exchange.

It must be noted that the legal teams of both France Telecom-Orange and OTMT have exerted significant effort in developing the adequate structure of the board and its committees which would allow the Company to meet its obligations while maintaining the needed flexibility to respond to the various challenges of the industry. Some members decided to step down from the board, while others, equally qualified, were

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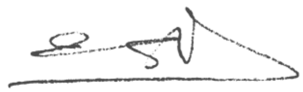
appointed. We have created an excellent blend of executive, non-executive and independent talents, drawing on the strengths of our shareholders and bringing in valuable expertise from international companies, while ensuring that the appropriate governance and oversight are maintained.

The role Mobinil plays in our society is equally important. We firmly believe that while serving our customers and delivering results to our shareholders, it is critically important to give back to the community we serve and to contribute to its economic growth. Mobinil as a socially responsible company, capitalized on its 2011 Corporate Social Responsibility (CSR) initiatives by continuing to train and create employment opportunities for almost 100,000 Egyptians.

Looking forward, it is clear that Mobinil's future is closely linked to the economic and social wellbeing of the Egyptian market. However, without becoming complacent about the potential challenges in the future, I continue to be optimistic. Mobinil has the strategy, focus and capability to become much more competitive. The Company is well equipped to face and overcome the challenges that lie ahead for our industry.

The strength of our brand and the quality of our network coupled with the dedication of our employees are the key assets of our Company. We face the future with real confidence. Reinforcing and supporting our leadership team is a top priority and I can assure you that we will continue to take full advantage of every opportunity to delight our customers, serve our community, and drive profitability to our shareholders.

Sincerely,



Alex Shalaby
Chairman, ECMS

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> “The strength of our brand and the quality of our network coupled with the dedication of our employees are the key assets of our Company”

Chief Executive Officer's Letter

Last year, in my first interview as Mobinil's CEO, I talked about management decision to drive operational excellence and to continually develop newer, better and faster ways to deliver what customers really want.

Today, I am pleased by the rising performance of the company even though the political and macroeconomic environment, remain a high challenge.

In 2012, the economic conditions deteriorated further across Egypt. Consumers and businesses had hard time meeting their obligations, which led them decrease overall spending due to tighter credit, unemployment, declines in income, etc… Inflation rates reached 8.65% (according to the IMF) while GDP, according to the median estimate of 11 economists on Bloomberg, may expand only 2.8%. Tourism industry continued to be adversely affected dropping substantially roaming revenues for telecom operators.

However, how a business responds during difficult times is a true measure of its resilience and a test of its strategy! Mobinil's financial results for 2012 show both the progress we have made and the challenges that remain.

For the full year, our consolidated revenues grew 1.4%, reaching 10,340 MEGP, compared to the 3.7% YoY decline witnessed in 2011. Consolidated EBITDA rose 0.9% YoY recording 3,285 MEGP, vs. the -24.3% reported by end of 2011. The increase in EBITDA was due to the management's continuous efforts to improve efficiency at all levels, which stabilized consolidated EBITDA margin at 31.8%. We fulfilled our commitment to further invest in sites rollout and network enhancement, increasing our yearly Capex by 10.4% with an amount reaching 2,136 MEGP. It is important to note that LINKdotNET performance has been remarkable. It continued to partially offset any decline in mobile voice revenue through the development of different revenue streams, paving the way for greater synergies. Nevertheless, the pressure on the net income remained severe throughout 2012. Many factors are heavily weighting on Mobinil's profitability, among which I can mention the interest rates, the amortization and depreciation and the high Forex effect that hit the Egyptian pound by the end of the year. All of which led to a net loss of 231 MEGP.

Throughout the year, while we were managing the effects of different adverse conditions, we have focused on re-engineering our business and re-positioning Mobinil in the Egyptian market. We laid the foundations that enabled us to emerge stronger compared to last year. We primarily focused on the factors that we can influence, irrespective of the obstacles and external pressures. We worked hard on strengthening the Mobinil brand, maintaining our edge on network quality and rationalizing our operating expenditure.

In the middle of a highly tensed atmosphere, where many controversies and diverse ideologies were tearing the

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country apart, we proudly launched our corporate song “Ma3 Ba3d”. The song succeeded to bring together all the different social and ethnic groups, blending them under one unity while using their different styles in music and entertainment. The success of “Ma3 Ba3d” was quite impressive and we are delighted that we have taken part in this success story, which revived the Mobinil brand.

As we strive to bring the best to everyone, we continued to invest heavily in network enhancement, customer retention and product development initiatives. Quality differentiation was one of our targets and our quest to maintain network superiority prevailed!

We took all necessary measures to ensure that our advanced wireless and broadband networks are the best in Egypt, consistently delivering fast, reliable and proven network experiences. Moreover, Mobinil was the first operator to offer High Definition Voice Technology. This technology offers customers holding HD devices to enjoy the highest level of voice purity and quality under Mobinil 3G across Egypt.

We closely followed global innovations in order to provide creative solutions, particularly tailored to satisfy the needs of our customers. We increased the penetration of Internet usage through our smartphone bundled offers and through easier mobile access to social networking sites. We introduced new products, offering our customers the most convenient services they are in dire need of. At the beginning of 2012, we launched our prepaid portfolio that was the first of its kind in Egypt, which stimulated usage and market penetration.

We restored the trust of our customers by enhancing their overall experience. We addressed our operational expenditure and succeeded to streamline Mobinil overall cost structure. We have also restored our liquidity situation and in September 2012 we concluded a loan financing amounting to EGP 2.9 Billion, arranged by a consortium of Egyptian banks (NBE, Banque Misr, CIB, HSBC, NSGB).

We knew that Egypt is, and will be, in a fast-changing environment. Thus, we decided, not only to embrace the change, but to “be the change”! We embarked into an exciting journey of reshaping our culture while adopting new traits. We forged a culture where Mobinil has not only the agility to react to a changing environment, but also the ability to anticipate and plan for the change. I am confident that the measures we have taken will enable us to overcome the challenges and to promote an efficient company with modern and simple processes, policies, structures and evaluation systems.

“We introduced new products, offering our customers the most convenient services they are in dire need of”

“We knew that Egypt is, and will be, in a fast-changing environment. Thus, we decided, not only to embrace the change, but to be the change!”

“We forged a culture where Mobinil has not only the agility to react to a changing environment, but also the ability to anticipate and plan for the change”

In 2013, we will once again face a host of significant challenges. The year will bring its own mix of successes and difficulties. Mobinil's operations carry social, environmental, political and economic impact. Therefore, any attempt to make reliable predictions is sure to be challenged. However, my team and I are perfectly aware of the risks we face and we have set our goal: we will remain focused on what we can control. Despite the turbulences and the overall uncertainty, we will go beyond the ordinary to achieve the extraordinary. Although the economic climate is likely to remain difficult, we will make progress to rebuild profitability, to secure cost savings without reducing our investments so that Mobinil becomes more effective, customer-centric and a high-performance company.

As we proceed, I would like to recognize the hard work and motivation of Mobinil and LINKdotNET employees. Their commitment in such a difficult year continues to be a remarkable feature and remains fundamental to our future success. I would like to warmly thank our customers for their confidence in our ability to serve them and our shareholders for supporting us on our journey.

Sincerely

Yves Gauthier
CEO, ECMS

“My team and I are perfectly aware of the risks we face and we have set our goal: we will remain focused on what we can control. Despite the turbulences and the overall uncertainty, we will go beyond the ordinary to achieve the extraordinary”

Governance

Our Board

Standing from left to right

Alex Shalaby	ECMS Chairman - OTMT representative, Non-Executive Member.
Michel Monzani	ECMS Vice-Chairman - MTT SCRL representative, Non-Executive Member - Sr. VP AMEA Division - France Telecom/Orange.
Yves Gauthier	ECMS CEO - MTT SCRL representative, Executive Member.
Ahmed Bardai	Public Shareholders Representative, Non-Executive Member - CEO REEFY Company.
Sheikh Fahd Shobokshi	Public Shareholders Representative, Non-Executive Member - Chairman of Nile City Investments.
Gérard Ries	MTT SCRL Representative, Non-Executive Member - Sr. VP International Operations of France Telecom/Orange.
Hugues Foulon	MTT SCRL Representative, Non-Executive Member - Chief Financial Officer of AMEA region - France Telecom/Orange.

*See full BOD biographies on www.mobinil.com

Our Board

Standing from left to right

Jean-Michel Thibaud	MTT SCRL Representative, Non-Executive Member – Sr. VP Finance, Strategy and General Services for Orange Business Services, France Telecom/Orange.
Khaled Bichara	MTT SCRL Representative, Non-Executive Member - Co-CEO of Accelero Capital.
Marc Rennard	MTT SCRL Representative, Non-Executive Member - EVP International - in charge of AMEA - France Telecom/Orange.
Nadia Makram Ebeid	Public Shareholders Representative, Non-Executive Member - Executive Director, CEDARE.
Naguib Sawiris	MTT SCRL Representative, Non-Executive Member - Chairman OTMT.
Nayla Khawam	MTT SCRL Representative, Non-Executive Member - Operators France Director at France Telecom - France Telecom/Orange.

*See full BOD biographies on www.mobinil.com

Our Management Team

Standing from left to right

Kais Ben Hamida	Vice President, Finance
Yasser Shaker	Vice President, Technology
Ashraf Halim	Vice President, Commercial
Sherif Hanna	Vice President, Human Resources and Administration
Yves Gauthier	Chief Executive Officer
Magdy Gabra	Vice President, Customer Service
Rana Abbadi	Vice President, Regulatory and Wholesale
Waseem Arsany	Chief Executive Officer, LINKdotNET
Mohamed Nabih	Vice President, Strategy and Business Development

*See full VPs biographies on www.mobinil.com

Corporate Governance

Mission Statement

We aspire to promote best-in-class governance practices, to attain the highest level of transparency, accountability and integrity and consequently, to ensure that the interests of the Board and management are aligned with those of the Company and the shareholders.

We Are Responsible to:

- Promote and strengthen transparency, accuracy and efficiency as the governing drivers of Mobinil;
- Protect and facilitate the exercise of shareholders' rights;
- Ensure equitable treatment of all shareholders;
- Ensure that timely and accurate disclosure is made on all material matters, including the financial situation, performance, ownership and governance;
- Recognize the rights of stakeholders established by law or through mutual agreements;
- Encourage active co-operation between Mobinil and its stakeholders in creating wealth, jobs, and the sustainability of financially sound and profitable enterprise.

Policies

Related Parties Transactions

- Any Related Parties Transactions where the amount included exceeds EGP 1 million requires the Board's review, approval or ratification.
- Conflicted Board members cannot participate in discussions on transactions in which they are a conflicted party and must abstain from voting on such issues.
- Approval on any related party transaction involving a Board member occurs in the absence of that member.

Insider Transactions

- Insiders are required to register any Mobinil shares they hold at the time of their appointment, as well as any shares acquired during their tenure as Board Members
- They are prohibited from performing transactions on their shares in Mobinil during "blackout" period.
- The Corporate Secretary confirms the start and end dates of "blackout" periods and notifies the Board and/or Permanent Insiders in timely fashion.

External Auditor

The principle role of the external auditor is to report that the financial accounts, produced by the BOD for the shareholders, truly reflect the state of the company finances.

Ernst and Young

2012 Annual audit fees: EGP 220K

General Assembly

The final decision-making authority of the Company is exercised at the assembly of its shareholders during their general meetings, "the GA". The GA is the forum where shareholders meet Mobinil Board and senior management to, among others, discuss the Company's performance, voice, opinions and concerns, and review/approve accounts and reports.

Throughout 2012, Mobinil held two ordinary GA meetings (OGAM) and two extraordinary meeting (EGAM). Shareholders had effective participation and exercised their voting rights freely (each share carries one vote).

The Most Significant Decisions Adopted by the Shareholders during the Ordinary GA Meetings Were:

- The approval of FY 2011 accounts, balance sheet, Board and External Auditors reports;
- The approval of the determination of remuneration and allowances for the board members and audit committee members for 2012.
- The appointment of External Auditor and the determination of its fee;
- The approval of 2012 donations budget;
- The authorization for the Board to undertake related parties transactions.

The Extraordinary GA Meeting Covered Mainly the Following Particular Matter:

- The approval of modifications made to the Company Articles of Association.

Description	Date	Attendance Percentage
Ordinary General Assembly Meeting (Annual)	March 22, 2012	71. 36%
Extraordinary General Assembly Meeting	March 22, 2012	71.27%
Ordinary General Assembly Meeting	September 6, 2012	98.92%
Extraordinary General Assembly Meeting	September 6, 2012	98.92%

(OGAM and EGAM summary of resolutions on Mobinil website www.mobinil.com)

The Board is Responsible to:

- Provide entrepreneurial leadership within a framework of prudent and effective controls, enabling risks to be assessed and managed;
- Ensure that the obligations towards the stakeholders are understood and met;
- Ensure the integrity of the accounting and financial reporting systems;
- Oversee and assesses the company performance;
- Uphold responsibilities towards the environment, community, employees, customers, government authorities, media bodies and suppliers.

The Board is composed of thirteen (13) members - a majority of whom are non-executive directors who meet the rules and requirements of the Egyptian Financial Supervisory Authority (EFSA) and the Egyptian Exchange (EGX) - and an honorary Chairman who has no voting rights.

The Board's members are representatives nominated from various shareholders and in accordance with the capital ownership structure.

Shareholder	ECMS Capital Ownershi	Representatives
MT Telecom	93.92%	9
Orascom Telecom Media and Technology Holding	5%	1
Public Shareholders	1.08%	3

Board Meetings

The Board meets a minimum of four times a year (at least once each quarter), on a schedule adopted by the members, and as many additional times as it deems necessary.

In 2012:

The Board held a total of nine sessions, one was held via conference call and three were held by circulation.

Board Members names	Attendance in person	Attendance in proxy	Total Attendance
Onsi Sawiris (Honorary Chairman)	5	-	5/9
Alex Shalaby (non-executive chairman)	9	-	9/9
Michel Monzani (non-executive Vice-Chairman)	9	-	9/9
Yves Gauthier (CEO)	9	-	9/9
Marc Rennard	9	-	9/9
Naguib Sawiris	7	2	9/9
Gérard Ries	8	1	9/9
Claude Benmussa ▲▲	6	-	6/6
Hugues Foulon ▲	3	-	3/3
Jean-Michel Thibaud	9	-	9/9
Aldo Mareuse ▲▲	6	-	6/6
Khaled Bishara ▲	3	-	3/3
Henri de Joux ▲▲	6	-	6/6
Nayla Khawam ▲	3	-	3/3
Ahmed Bardai	9	-	9/9
Sheikh Fahd Shobokshi	6	3	9/9
Nadia Makram Ebeid	9	-	9/9

▲ Appointed on July 23, 2012

▲▲Resigned on July 23, 2012

Board Remuneration

Board Remuneration throughout 2012	Description
Annual Compensation to Chairman	EGP 600,000
Annual Compensation to Board Members	EGP 100,000
Board Attendance fee per member /per session (physical or conference call)	EGP 20,000
Profit Share remuneration per member	

*Attendance fee is granted only to Board sessions either held by physical meeting or conference call

NB: BOD representing FT/Orange decline from receiving personally such remuneration and relinquish it to FT/Orange.

Board Committees

The Board sets up committees, with specific charters, to assist the Directors in carrying out their role. The Board appoints the Committee's Chairman and members, and defines its scope of responsibilities. Within this scope, each committee is to formulate proposals and recommendations. Mobinil currently has two board committees.

Audit Committee

The Audit Committee assists the Board in, among others, the oversight of both the internal and external audit functions. It receives its authority and its assignments from the Board which holds the final decision-making authority and action.

Audit Committee Meetings

The Audit Committee meets at least four times per year (once each quarter), physically or via conference call, on a schedule adopted by the Committee, and as many additional times as deemed necessary.

During 2012, the Audit Committee held five meetings/conference calls. It also held a closed meeting with the external and internal auditors, i.e. without management.

Audit Committee Remuneration

ECMS Audit Committee members do not have a remuneration plan. However, at the Annual General Assembly held on March 22, 2012, the Shareholders approved an attendance fee per meeting and/or conference call.

Compensation Committee

The Compensation Committee was created to, among others; benchmark Mobinil as an employer against other companies in the Egyptian market. It receives its authority and its assignments from the Board which holds the final decision-making authority and action.

Compensation Committee Meetings

The Committee meets at least two scheduled times per year, and as many additional times as deemed necessary.

Audit Committee Composition

Claude Benmussa ▲▲ Senior Advisor PricewaterhouseCoopers (PwC). MT Telecom Representative.	Chairman
Jean-Michel Thibaud ■ SR.VP Finance, Strategy and General Services for Orange Business Services. MT Telecom SCRL Representative.	Member
Ahmed Bardai Chief Executive Officer – REEFY. Public Shareholders Representative.	Member
Aldo Mareuse ▲▲ Co-CEO Accelero Capital. OTMT Representative.	Member
Khaled Bishara▲ Co-CEO of Accelero Capital. MT Telecom SCRL Representative	Member
Hugues Foulon ▲ Chief Financial Officer of AMEA region France Telecom–Orange MT Telecom SCRL Representative.	Member

Audit Committee Members	Attendance in person	Attendance by proxy	Attendance
Claude Benmussa (Chairman) ▲▲	2	-	2/2
Jean-Michel Thibaud (Chairman) ■	5	-	5/5
Ahmed Bardai	5	-	5/5
Aldo Mareuse▲▲	1	-	1/2
Khaled Bishara	3	-	3/3
Hugues Foulon ▲	3	-	3/3

▲ Appointed on July 23, 2012

▲▲Resigned on July 23, 2012

■ Appointed as AC Chairman on July 23, 2012

Audit Committee Attendance Fee for 2012	Description
Attendance fee for Chairman	EGP 25,000
Attendance fee per member / session	EGP 20,000

Compensation Committee Composition

Marc Rennard EVP AMEA region - France Telecom/Orange.	Chairman
Naguib Sawiris Chairman – Orascom Telecom, Media and Technology	Member

The Compensation Committee Members do not have a remuneration package nor attendance fee.

Our Shareholders

Our commitment to our shareholders is to maximize our earnings and build long term success responsibly. Maintaining a strong financial position depends on providing the best service to our customers. It is our responsibility to provide our shareholders with honest and accurate information about our financial position based on Egyptian Stock Exchange laws and regulations. All of us, as Mobinil employees, are committed to preserving our company's assets, information and resources.

Protecting Company Resources and Assets

We treat and handle all of our assets and resources with extreme care as if they were our own. We are all making every effort to ensure that intellectual property and Mobinil's know-how and projects are protected. We are accountable to our shareholders for safeguarding our company's assets.

Accurate Financial Reporting

As part of our commitment to having accuracy in communication, we record all financial transactions according to the proper accounting rules and standards as required by Egyptian laws and regulations. All of our financial books and records properly account for all assets, liabilities, revenues, and expenses. Our financial statements reflect our financial position accurately and honestly. Mobinil complies with the rules and regulations of the Egyptian Stock Exchange.

Complying with Laws and Regulations

Mobinil is committed to adhering to the highest standards of business practices, and abiding by all laws and regulations that we are subject to. Mobinil is also committed to complying with all corporate governance and internal control rules that we are subject to as well as all legal obligations as required by our shareholders.

France Telecom-Orange

France Telecom-Orange is one of the world's leading telecommunications operators with annual sales of 43.5 billion euros. The Group has 170,000 employees worldwide at 31 December 2012, including 105,000 employees in France. Present in 32 countries, the Group has a total customer base close to 231 million customers at 31 December 2012, including 172 million mobile customers and 15 million broadband internet (ADSL, fibre) customers worldwide. Orange is one of the main European operators for mobile and broadband internet services and, under the brand Orange Business Services, is one of the world leaders in providing telecommunication services to multinational companies.

With its industrial project, "conquests 2015", Orange is simultaneously addressing its employees, customers and shareholders, as well as the society in which the company operates, through a concrete set of action plans. These commitments are expressed through a new vision of human resources for employees; through the deployment of a network infrastructure upon which the Group will build its future growth; through the Group's ambition to offer a superior customer experience thanks in particular to improved quality of service; and through the acceleration of international development.

France Telecom (NYSE:FTE) is listed on NYSE Euronext Paris (compartment A) and on the New York Stock Exchange.

For more information (on the internet and on your mobile): www.orange.com, www.orange-business.com, www.orange-innovation.tv or to follow us on Twitter: @presseorange.

Orascom Telecom Media and Technology Holding S.A.E. (OTMT)

OTMT is a holding company that has investments in companies with operations mainly in Egypt, North Korea, Pakistan, Lebanon and other North African and Middle-Eastern countries. The activities of OTMT are mainly divided into its GSM, Media and Technology, and Cable businesses. The GSM activities include mobile telecommunications operations in Egypt, North Korea and Lebanon. The Media and Technology division consists of OT Ventures/Intouch Communications Service and the OT Ventures Internet portals and other ventures in Egypt, including LINK Development, ARPU+ and LINKonLINE. The Cable business focuses on the management of cable networks.

OTMT is traded on the Egyptian Exchange under the symbol (OTMT.CA, OTMT EY).

For more information visit www.OTMT.com

Control Environment

Driven by its determination to promote best-in-class governance practices and to ensure a fraud-free and well controlled environment within Mobinil, the Board established clear processes to monitor the systems of internal audit, internal control and risk management.

Internal Audit

The objectives of the internal audit are to provide assurance that the controls needed for effective operational continuity are in place for both Mobinil and LINKdotNET. It is also responsible to address any risk issues and to define mitigation plans, business improvements, and operational enhancements.

The internal audit provides unbiased, objective, risk-based audits and investigations for operational and financial activities, in both scheduled and unplanned manners. Whenever significant weaknesses are identified throughout the year, appropriate remedial actions are taken.

It also promotes consistent corporate integrity, honesty and ethical behavior with zero-tolerance to fraud. To achieve this mission, the internal audit has rolled out anti-fraud modules tackling several areas including finance, payroll and recruitment activities, along with assessment of management and anti-corruption measures deployed. In addition, the internal audit rolled out the anti-fraud activities across LINKdotNET aiming to promote a sound fraud-control environment.

Moreover, the internal audit conducted audits such as supply chain, treasury, marketing, receivables, and commissions, ISO 27001 security and oracle access, in addition to several ad hoc assignments.

Internal Control

Mobinil maintains a comprehensive system of internal control which has been designed to ensure the safeguarding of assets, proper financial and operational controls and compliance with laws and regulations. This Internal Control system comprises the holistic set of management systems, organizational structures, processes, standards and behaviors that are employed to conduct our business and deliver returns for shareholders.

Mobinil internal controls provide reasonable, rather than absolute, assurance against material loss or misstatement and are designed to manage, rather than eliminate, the risk of failure to achieve business objectives.

Mobinil continues to review its control framework and systems and a yearly compliance certification process is conducted in accordance with Sarbanes-Oxley Act (SOX) as set by France Telecom Group.

For the seventh consecutive year, Mobinil achieved compliance on the financial reporting, closing process as well as control environment. LINKdotNET also witnessed a significant improvement in its controls compliance.

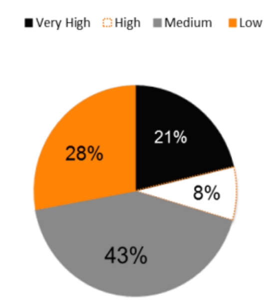
Risk Management

The risk management exercise remains important to the management and the shareholders of the company as it provides a consolidated view of the challenges facing the company and the required attentions needed to deal with them, this exercise is conducted semiannually and presented in the audit committee`s meetings in July and December.

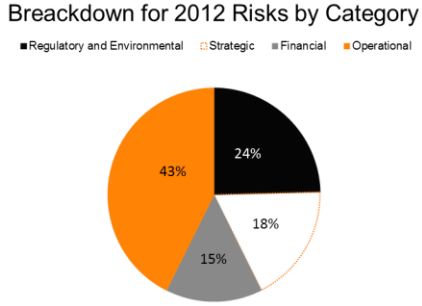
2012 risk management practice has been aligned with the directions of the group risk committee to reflect the contribution of Mobinil and LINKdotNET revenue to the AMEA countries revenue, which is estimated by 32% of the overall revenue.

The exercise has been extended during H2-2012 to include LINKdotNET which represented around 5% of Mobinil's global revenue.

Breakdown of 2012 Risks by magnitude



Breackdown for 2012 Risks by Category



Business

Business Innovation

2012 Focuses

Despite the economic, political and social challenges that 2012 presented to the Egyptian market, Mobinil held its own on all its market proposition fronts. Mobinil continued its mission to offer strong commercial activities throughout the year without slowdowns, taking into consideration budgets while preserving shareholders' value.

Our aim in 2012 was to maintain subscriber base by improving quality of service and enhancing customer experience in ways that were tangible to every customer in Mobinil's portfolio. Mobinil strived to reach out to a wide spectrum of consumer segments though innovative and unique value propositions.

The highlights of 2012 centered around data service evolution and availability as the company focused on offering a wide range of mobile broadband (MBB) and value added services (VAS) that address the diverse needs of the Egyptian consumer. Nevertheless, cost optimization remained at the heart of all commercial activities throughout the year.

Mobinil was proud to be the first mobile operator in Egypt, the Middle East and North Africa to offer high definition (HD) voice on its network for the highest level of voice purity, noise reduction and quality under its 3G network that covers the entire country.

Despite the challenging environment facing the country and the industry, 2012 was a solid year for Mobinil adding to the company's long history of success and milestones in the Egyptian market.

Business Innovation

Maintain Mobinil Subscriber Base

To maintain the subscriber base, Mobinil engaged its valued customers in a rewarding competition as it introduced "2012 Gold Pounds Competition" to kick off 2012. This was a general knowledge competition that covered various topic areas such as history, geography, entertainment, football...etc. A total of 1,757 winners were awarded 2012 gold pounds worth a total cash value of EGP 4,426,400.

Mobinil launched a unique recharge platform for 2012 "Recharge Means Win" by availing various promotions to boost and maximize customer satisfaction and loyalty. Various rewards were available upon recharging each month where customers enjoyed extra credit, bonus minutes, free SMS as well as aspirational gifts.

Capitalizing on the success of former reconnection promotions and to retain prepaid customers and boost their activity, prepaid customers who have not been using their lines for more than one month, were granted free hours to call all Mobinil numbers all day long after reconnecting their lines.

The loyalty and rewards program "SPECIAL" was no exception to the continuous efforts of improvement; with the collaboration between Mobinil and LINKDSL to permit loyal customers to collect SPECIAL points for their LINKDSL subscription. Mobinil customers

enrolled on the SPECIAL loyalty and rewards program were awarded points for every pound paid towards their LINKDSL subscription. Accumulated points would be added to their account on SPECIAL.

The "Happy Friday" promo continued into 2012 to celebrate special occasions in the lives of Mobinil customers by availing a different promotion every Friday. The generous offers included VSMS, RBT, on-net minutes as well as SMS.

Enhancing Customer Experience

Consumer Market

Prepaid

The prepaid segment of the consumer market enjoyed a total revamp of the ALO portfolio with the launch of the most comprehensive tariff families to date with the introduction of four ALO family members to meet customers' diverse communication needs, including pay as you go, on-net communication, cross-net communication and all inclusive (voice, SMS and data). The family consists of ALO Bort2any (on-net minutes and SMS), ALO Kalamngy (cross-net minutes and SMS), ALO Netawy (cross-net minutes, SMS and data) and ALO Raw2ngy (pay as you go) with both its nationwide version and tailored regional version.

A mega recharge promotion, announcing the launch of the prepaid successful recharge platform, was launched at the start of the Omra season where new and existing customers who recharge with EGP 15 during the promotion period could win one of 100 Omra trips. The trip included travel, accommodation, internal transfers as well as greeting the pilgrims at the airport.

Mobinil stood out by offering its customers the micro-scratch cards "El-Faddah," with two new values of

EGP 0.50 and EGP 1. El-Faddah cards offered actual credit to the customers, an edge over competition, which limit the usage of their micro recharges to on-net minutes only and with a rather short validity.

To accommodate for the needs of hearing/speech-impaired, vision-impaired and senior citizens, a complete end-to-end solution “Ma3ak” was availed in a keen attempt to facilitate their lives and make communication as easy as possible. The complete end-to-end solution bundles combine suitable handsets, applications and customized prepaid plans.

Postpaid

To address the various needs of postpaid customers with innovative and unique value propositions, the “Star Control” family introduced Star Control 75 and Star Control MAX for guaranteed value on voice call, SMS and mobile Internet in addition to a revamped version of the existing Star Control 25 and 50 with more generosity in the inclusive minutes.

Business Market

The Enterprise department was restructured to better cater to (SME) Small and Medium Enterprises and (SOHO) Small Office Home Office market segments. The department managed to achieve an increase in annual revenues equal to 7% despite the current challenging macroeconomic conditions, fewer spending on telecom by most of the key accounts and the tough competitive situation.

In alignment with its goal to become the Small and Medium Enterprises (SME) and Small Office Home Office (SOHO) champion of the Egyptian telecom industry, Mobinil Business launched “mini i-Control” to help the segment better facilitate its telecom needs. This is an extension of the original i-Control product that was launched earlier in 2011 targeting small enterprises of one to four employees only with the flexibility of distributing credit on their business lines/employees as per business needs and consumption. This product was a first of several that aimed at shifting the perception balance of "technically innovative operators" for the customer more towards Mobinil's side. This particular product took the competition almost 12 months to copy and introduce due to its technical complexity and strategic importance. Hence cementing Mobinil as a market “Pioneer”.

To cater to the medical field, Mobinil was the first telecom operator to launch the exclusively tailored “e-clinic” smart application for doctors, pharmacists, laboratories, clinics, hospitals...etc. The application allows doctors to manage their day-to-day activities more efficiently by being able to communicate with patients via SMS, manage appointments, monitor patients’ conditions as well as customize greeting SMS for occasions.

Mobinil witnessed a high growth in the acquisition of Machine to Machine “M2M” lines serving different verticals in the industry typically the Fleet Management, Surveillance and Field Force Automation solutions. Mobinil worked closely with LDN to provide advanced reliable connectivity solutions to key accounts especially the financial sector using the state-of-the-art IPMPLS network of LDN with 3G backup from Mobinil.

To maximize customer satisfaction and expand the existing enterprise customer base, new Postpaid and Call and Control customers were granted free points upon buying a new Mobinil Business line. The points varied in relation to the purchased bucket and could be redeemed from any Mobinil Shop, CompuMe or Rizkallah offering more convenience to the customers.

Mobinil also launched “Bulk SMS” service that allowed customers to send campaigns to their suppliers, partners and customers using SMS.

Value Added Services

On the value added services (VAS) front, Mobinil introduced new services and enhanced existing ones to offer its customers a new level of convenience. “Mobinil 8000”, which continues to be the leading directory assistance service in Egypt, witnessed a few new additions and enhancements in 2012. Capitalizing on its mission to ease customers' lives, services were expanded to include “Go Bus” ticket reservation to and from Cairo, North Coast, Alexandria, Hurghada, Sharm El Sheikh, Safaga, Al Quseir, Marsa Alam, and Monofeya.

In a new initiative to delight and entertain cinema fans, Mobinil's “Monday for 2” was launched in collaboration with SPECIAL to give customers free cinema tickets when they book through 8000 service on Mondays.

On the political front, Egypt witnessed several elections in 2012 and many citizens were uncertain regarding the location of their polling stations. To address this need and as part of its commitment to serve society, “Mobi-elect (5151)” service was availed in cooperation with the Ministry of State for Administrative and Development (MSAD) to help customers know their voting eligibility, date of voting, assigned election committee as well as the polling station.

“Block” services were introduced to offer customers the ability to filter incoming calls. Through the service, customers can control who calls them and when by creating white and black lists as well as a “do not disturb” option.

Gameloft, one of the best publishing houses for leading international mobile games, collaborated with Mobinil to launch “Gameloft ASP” gaming portal, where customers can download and enjoy games without the need for a credit card, since the cost is deducted from their credit.

“Salefny Shokran” service was revamped to facilitate and increase the usage of the service by offering prepaid customers more borrowed credit.

All football fans also enjoyed the newly revamped “1111” service that engages customers with an attractive catalog of products and services through all the platforms (Application, SMS, Voice, Social Media, USSD, Web, WAP, Widget,) as well as competitions and games.

Mobinil was the first operator in the Middle East and Egypt to launch "Facebook #125#", which enables customers to log on Facebook through any handset model via USSD platform, without the use of Internet. Through this easy and innovative service customers are able to update their status, check their news feed, send Facebook messages and much more.

2012 also witnessed the introduction of many apps such as the “Ramadan Gana” application where customers enjoyed Ramadan content and activities, as well as a “Coptic” and “Islamic” application for downloading and searching for rich content at the press of a button.

Digital Marketing and Online Portals

Social Media

To celebrate with its more than one million fans, Mobinil launched a new “Instant Win” Facebook app where thousands of fans won services like call tones, ringtones, wallpapers, infotainment services and Ghanily buckets. All winners also entered a draw to win valuable grand prizes every week including iPads, iPhones and a variety of handsets.

Mobinil's Facebook fan page has been ranked number one Top Socially Devoted brand in Egypt (most responsive page) according to Social bakers for the three consecutive months of October, November and December 2012. The CS Digital Support team, who are part of the Customer Service Department, started operation back in 2010 and continue to offer full 24/7 customer support to the growing fan base on Facebook and Twitter.

On the international scale, Mobinil's fan page is the number one fastest moving brand page in the Middle East North Africa (MENA) region according to Social Bakers. This ranking is calculated based on three key performance indicators: Growth rate, engagement rate and active fans.

Web

In an effort to simplify and enhance customer online experience, Mobinil embarked on unifying its previously existing websites (namely Mobinil.com, MyMobinil.com and

MyShop.com) into one online Portal Mobinil.com encompassing all corporate information, product and service details, in addition to self-provisioning of services and online shopping for devices. With a simple registration that takes no more than a few minutes, online users are able to access their line information, conduct online bill payment and line recharge as well as add or remove a variety of services to their line or lines. This project demanded a high degree of coordination with Mobinil departments and yielded a single digital home for Mobinil, where the customer can get information and manage his/her line with ease.

Data Evolution and Availability

MBB and MI

In 2012 Mobinil revolutionized the Internet market in Egypt by revamping the entire Internet portfolio and launching "Online" packages. The new unified Internet packages granted customers the highest value for money with the simplest, fastest and most flexible Internet experience whether on mobile, tablet, PC or laptop.

Additionally during summer, Mobinil led the market by offering a very aggressive Internet promotion that addressed all customer segments across MBB and MI by doubling the volumes offered by all data Packages.

Mobinil paid a lot of attention to quality of acquisition by settling most pending issues regarding commission payments and changing its commission scheme for sales distribution to a more rewarding one. This change encouraged Mobinil distributors to heavily promote the monthly data buckets, which reflected in the acquisition of customers with higher ARPU.

Mobinil also revamped and introduced innovative tariffs like the "Annual MBB" which offers the best value proposition in the market as well as increasing USB modem sales and enhancing the customer lifecycle.

To increase prepaid mobile broadband base, Mobinil launched "Prepaid USB modem Double Bonus" promotion, where all prepaid USB modem customers can get double their recharged amount when they recharge.

To cater to enterprise needs, a 12 months promotion was launched for Business customers to enjoy a new promotion on USB and Mobile Internet data packages every month.

To boost Internet usage (MBB and MI), in addition to USB modem sales, a competition to win five MINI Coopers was launched, where every EGP 1 customers spent online increased their chances to win one of the five cars. Customers could also participate via mobile or LINKDSL.

With the growing role that social networks play today connecting friends and families and providing the latest sports, political and entertainment news, "Facebook Daily Package" was launched at a very competitive price where Mobinil customers can enjoy unlimited access to Facebook for only EGP 0.50/day.

With regards to smartphones, Mobinil launched a series of upscale and affordable smartphones with attractive promotions throughout the year amid the introduction of leading-edge technologies and the ever increasing MBB usage. Mobinil and Android offered the optimum smartphone experience with three months of free Mobile Internet combined with free minutes every month, making it the best Mobile Internet offer in the Egyptian market.

Regarding upscale smartphones, RIM BlackBerry® Bold 9900 as well as Apple's iPhone 5 were also launched with competitive prices as well as diverse tariffs to suit the various needs of Mobinil subscribers.

Mobinil's Song "Always Together"

The idea of this campaign to stress on the slogan created last year "always together " emphasizing on " the power of togetherness" , the purpose was to show the Egyptians from all regions and how by bringing all these people together we will feel house genuine and great our country is. It is a call to believe in oneself and in others and their talents.

The four-minute video clip featured real local talents from all over Egypt, each singer in the clip is a real celebrity in his/her own region.

The song reflects the togetherness of the Egyptian people all over the country from North to South. The song also shows groups and minorities of different interests in music and sports, having these groups in the commercial made the youth feel good about themselves, as they were recognized and featured.

Music trends and groups that exist now in our Egyptian society cannot be ignored as they are all blending together to reflect the greatness of our country and its talents.

After the song was released, it took only a couple of days for the song to become a cultural phenomenon. It reached more than 8 million views on YouTube and on other uploaded versions, and renewed the people's love for the brand, igniting some to switch telecom operators. People were singing it on the streets, and television shows were praising how the song shows the essence of Egypt, it was played at weddings, parties and graduation ceremonies. Some people even made up their own version of the song.

Mobinil's Dayman M3a B3ad song won Five main international Awards, two Awards in MENA crystal festival event which rewards the best advertising creations with the famous "Crystal" trophy, and three more awards including a Grand Prix Award at Dubai Lynx International Advertising Festival, which is a yearly event that awards creative excellence in advertising and related fields in the Middle East and North Africa (MENA).

Technical Highlights 2012

Introduction

The year 2012 was tough and challenging year, full of political events and legal decisions that had impacted many sectors in the nation. However, we as Technology, managed together to overcome the difficult challenges that came in our way and we were able to accomplish exceptional milestones.

Throughout the year, the whole outdoor activities like rollout expansion and maintenance operation were impacted by many factors: the power cutoff, the diesel shortage and the weak security situation in the whole country. It has also been affected by other challenges such as the increased level of health and safety concerns, the inconsistency of decisions due to the frequent changes of governors and the blockage of land transfer official permissions from the minister of agriculture.

We have maintained the main operating principles that are leading the technology department, which primarily focus on transparency, quality, unity, expediency and accountability.

Technology Focuses

- Although the network rollout usually faces great challenges, especially after the January 2011 revolution, the technology teams have managed to achieve its aggressive rollout target in 2012 despite the critical security condition and the increased level of health and safety concerns. It is worth noting that Mobinil continued its plan to share sites with the other mobile operators in Egypt. Throughout 2012, we were able to deploy around third of the total already shared sites since the start of the project in 2009.
- Since the end of 2010, the technology teams have worked on suburban coverage focus and have positioned our coverage in the market. We proudly exerted a huge effort and were able to improve our position and to increase Mobinil's footprint by adding new sites and making the best utilization of the existing infrastructure aiming to enhance the customer satisfaction and loyalty to Mobinil according to the benchmark data inside suburban areas.
- Data focus was one of our main pillars in 2012. We continued our Modernization streams in every network layer which enabled us to cater for the increasing demand of data usage across the network and hence provide better experience to our customers.
- Modernization is always in progress for our customers through swapping the legacy elements to provide the latest state of the art technology, which will improve quality and will optimize cost.
- Mobinil has launched a major network energy optimization project called: "Go Green". This project primarily aims to conserve power and apply renewable energy solutions, which will save up more than 30% of current power consumption and will reduce carbon emissions by around 30K tons annually upon completion.
- We have also succeeded in increasing the level of redundancy in many platforms in order to enhance our quality and reliability.
- We focused on customer management and automation in order to have major steps toward customer "360" coverage, after merging with loyalty introducing point's calculation and redemption on Mobinil`s shops.
- We ensured that the products and services launched to our customer were indeed suiting all the customers according to their usage patterns and behavior to facilitate payments, entertainment, information…etc.
- Although our network expansion was kept aligned with the customer's demands, the total cost of ownership was optimized and kept sustained.

LINKdotNET (LDN)

Mobinil acquired LINKdotNET in September 2010 in light of expanding the scope of its services, providing better experience to its customers and catering to the increasing demand for broadband services.

2012 has been characterized by unstable political and economic conditions, which caused repetitive business interruption.

This was reflected in slow decision making from all government bodies, lack of clear direction on some of the key fundamental operational issues.

Given those difficult conditions, LINKdotNET has set strategic priorities to be able to compete in such environment.

Those priorities were:

1. Enhancing ARPU for existing customers.
2. Operational efficiency.
3. Innovation leadership.
4. Rational competition for new customers.

On the commercial front, LINKdotNET managed to improve ARPU (average revenue per user) of existing customers. This was achieved though different programs those encouraged customers to upgrade their speed. Those upgrade programs managed to increase the DSL ARPU in 2012 by 13% compared to 2011.

LINKdotNET has undertaken several operational efficiency initiatives to be able to compete in such environment. Those initiatives were in the area of billing and dunning, contract negotiations, commercial distribution and integration of the support functions. Those initiatives helped improving EBITDA margin to achieve 5% in 2012 rising from 2% in 2011.

As innovation leader in Egypt, LINKdotNET has introduced triple play services in three residential compounds, from the top real estate developers in Egypt, also first to introduce the English Premier League online exclusive to its ADSL customers.

This is among numerous releases and updates on a wide portfolio of value added services to both the consumer, and enterprise segment.

LINKdotNET also managed to extend its network in the hospitality sector, despite the hard tourism sector situation through 2012.

2013 Projections for LINKdotNET

LINKdotNET key strategic priorities for 2013 will be focused on improving customer experience at all touch points, customers will witness improvement in network speed, customer service response and in billing as well.

LINKdotNET will continue on delivering innovative products that suit the needs of its customers.


Our People

“Be the Change” Culture Shift Program

Building on our new strategic priorities, vision and mission, Mobinil has sensed the need for a culture change within the organization that would enable us to embrace our challenges and attain our corporate aspirations. Accordingly, we embarked on a company-wide culture-shift program “Be the Change.” Our people defined Mobinil’s desired culture traits:

“Be the Change” highlights

- 4 certified Master Trainers
- 16 Champions to roll-out the program
- 1,911 and 283 trained employees in Mobinil and LDN respectively

HR a Strategic Business Partner

The Human Resources announced the launch of the HR Business Partner (HRBP) module for the first time in Mobinil. This new reorganization of the HR function is designed specifically to better serve our people by working closely and deliver a consistent yet personalized internal customer experience.

Job Evaluation Exercise - Taking your career to another level

In alignment with our 2012 HR strategy to enable us to have a new grading and compensation structure, Mobinil launched a Job Grading and Salary Structuring Project across Mobinil and LINKdotNET. Job Evaluation is a systematic process for defining the relative worth/size of jobs within an organization in order to establish career growth and development opportunities for our people.

Investing in Our People

In keeping with our promise to nurture talent and build partnerships, investing in the development of our people has always been a top priority for Mobinil, as one of our ultimate aims is to turn jobs into successful careers. To ensure we empower and retain our best caliber and catch up with our fast-paced environment, we have successfully launched various Training Academies specifically tailored to suit specific job needs, including Sales Academy, Customer Service Academy, HR Academy...etc., and more to come soon to cover other departments.

We have also launched the Leadership Academy designed to leverage our leaders' capabilities (all people managers, at each layer, from Team Leader up to Head of Department), skills and know-how to better equip them to lead and inspire their teams to deliver top notch performance. The focus in 2012 was on "'Leading High Performance Teams.

Establishing Compliance Department

The new department is responsible for coordination and supervision of compliance actions deployed inside Mobinil according to our Code of Conduct. Our target is to establish an organization that guarantees the respect of standards of compliance and the deployment of the corresponding programs, all to be done under the supervision of FT Group Chief Compliance Officer.

Mobinil HR maintained 100% compliance level in the SOX auditing exercise through closing..

Mobinil and LINKdotNET Integration

During 2012 we have successfully fully integrated the HR, Legal and Regulatory functions. Now LINKdotNET employees enjoy the same medical insurance plan in addition to the benefits and employee services available for Mobinilians. They can also voice their opinions/concerns through "People Share," Mobinil's whistle-blowing tool.

Mobinil youth foundation (formerly Mobinil Academy)

Our direction to support youth by empowering them with knowledge and business skills continued in 2012; our Mobinil youth foundation's activities included scholarships at American University in Cairo and the French University; business awareness programs such as SIFE Egypt and INJAZ volunteers program; field visits/lectures and seminars by Mobinilians; supporting Faculty of Engineering students in Ain Shams University; in addition to sponsoring students competitions at Nahdet El Mahrousa and Port Said University.

HR Monthly Dashboard

To improve our HR productivity we have established a new HR corporate reporting channel to monitor vital Key Performance Indicators designed to supply human resources personnel with important data - not just human capital management metrics in support of workforce optimization, but also information concerning the effectiveness, functionality and morale of our organization.

HR at a glance

Culture

How do we drive a common purposeful, value-based culture inspired by leadership?

Organization

How do we address organizational capability gaps at all fronts? How do we ensure our capability does not hinder our growth plans?

Vision

Thrive to be a great place to work driven by passion, innovation and pride in the Mobinil brand

Talent

How do we develop a clear adventure in acquiring and developing talent of the future?

Systems

How will we design and implement our systems effectively to support "HR excellence"

Mission

Provide the best work environment for our people through: attracting, developing and retaining talent, promoting an open culture based on equal opportunity, empowerment, innovation, diversity, and transparency. Rewarding high performance that enables Mobinil to achieve its objectives and exceed its customers'' expectations

PEOPLE AT THE HEART HR

Nurturing Talent

Building Partnerships

7314* Employees

*This figure includes permanent, contractors, out-sourced, handicapped and LINKdotNET (LDN) employees.

Social Responsibility

Mobinil Succeeded in Collaboration with Major NGOs to Employ and Train Thousands of Egyptians.

Mobinil's corporate social responsibility (CSR) initiative launched in Ramadan 2011 aiming to employ and train 200 thousand Egyptian hands, continues to achieve its goals reinforcing the company's long history in supporting diverse corporate social responsibility (CSR) initiatives in the past 15 years, with investments close to EGP 200 million.Mobinil's national CSR initiative for employing Egyptians was conducted in collaboration with five major NGOs in Egypt, namely El Orman foundation, Ebtessama foundation, Awtad organization, Injaz-Egypt and DAESN.

Support Students University Projects

Through this corporate social responsibility (CSR) initiative Mobinil continued its support to youth in cooperation with Injaz Egypt by sponsoring the 6th Annual Egypt's Young Entrepreneur Competition 2012 "Dare and Dream" that was held in Cairo on the 24th of November 2012 at the American University's new premises, 23 teams participated in the contest and 10 teams won seed funding and incubation for their companies with the most distinguished company receiving an EGP 100,000 seed funding, Mr. Amr Ahmed, CEO of SIMPION company, one of the winning companies in 2011 Dare and Dream contest stated "After our team won, we managed to legally establish our company and currently we manufacture 12 different products on top of which are the 3D eyeglasses that are manufactured for the first time in Egypt, we also have the Grab-it holder that is a plastic made product that helps its user to hold more than one bag at the same time with minimum weight and pain on the holder's hand, we managed to sign several contracts

to sell our products at well-known outlets in the market and this increased investor's evaluation of our company".

Supporting Technical and Vocational Training for Youth

Mobinil also continued to implement its corporate social responsibility (CSR) project in collaboration with Awtad organization by training students from technical and industrial schools as well women workers and artists working on handcrafts while providing them with the essential raw material they need to start producing high quality handcrafts that can generate for them a decent income, through this initiative thousands of jobs were offered to those working on handcrafts in El Nuba, Aswan, Sinai, Siwa, Marsa-Matrouh, Alexandria and Cairo, Mr. Ahmed Shafik, a student who also works in one of the workshops manufacturing traditional copper products said: " After joining Awtad's program, our workshop began to produce copper products of a higher level of finishing with prices that suit the local market, we also managed to market our products in a better way by participating in different exhibitions and this helped us increase the number of craftsmen in our workshop to five people".

Micro-Financing and Classes to Teach Using the Loom

Through this initiative El Orman foundation offered thousands of micro-financing loans that enabled Egyptians at different governorates to start their small business. El Orman foundation also organized teaching lessons for sewing and working on loom for hundreds of girls from different Egyptian governorates, Mrs. Farag Allah Saad who is married to an old sick man with two children still in education levels said: "I used to live on the financial support of kind people in my village, but after learning how to manufacture carpet using the loom, I began to have a monthly income and can now spend on my family".

Employing those with Disabilities and the Blind

Mobinil also cooperated with Ebtessama foundation in this charitable initiative through its program "A Right for an Equal Life" that aims to create a process and a system for empowering Young Adults with Disability, offering them an equal opportunity for employment and involving them in society, through this initiative, Ebtessama foundation succeeded to rehabilitate hundreds of young adults with disability and employ tens of them in big hotels in Egypt, Mr. Sherif Gameel, who suffers from disability, said: "Before joining Ebtessama's program I was unable to walk on my own and could not go out except with the company of one of my parents, I also had no source of income or social relations, but after joining the program I was trained to walk alone and conduct work that matches my abilities and this enabled me to be employed as an assistant gardener in Rotana Hotel, Hurghada branch, I am living a normal social life in Hurghada and now having a health insurance and a pension".

At the same time, Mobinil continued its cooperation with the development foundation to empower blind people (DAESN) in training blind members on communication and computer skills to prepare them for proper employment and become an integral part in society, tens of blind members were trained and employed in Egypt and Alexandria in different fields, Mr. Mahmoud Hassan, who lost his eyesight at the age of three said: "I received my school and university education at private entities in Egypt and can speak fluent English, despite this, the community's perception of me was different and this made me unable to find a job, but after receiving training at (DAESN) my computer and communication skills increased and this enabled me to find a job in TEDATA's human resources department and fulfill my dream to work in the field of corporate social responsibility (CSR).

Mobinil thus, continues its efforts to achieve the goals of its social responsibility initiative that aims to employ 100,000 Egyptians in the coming few years.

Environmental Sustainability

Taking Environmental Sustainability Seriously

In 2001, Mobinil received the ISO14001 certification for its environmental management system making it the first mobile operator in the region with such an achievement.

Operating in a dynamic industry and a world of challenges is not easy, to succeed we must do the right things for our people and our planet, we must conserve resources, reduce operational impact and raise level of awareness among the communities.

Cellular Network Regulatory Compliance

Cellular network inspection started 12 years ago, this is an activity supervised by ministry of ICT aiming to ensure compliance with the Egyptian protocols.

In 2012, over 900 sites were inspected all of which complied with national and international limits of Electro Magnetic Field [EMF] emissions, a 100% success rate that we were proud to maintain through the years.

Awareness and Public Dialogue

Communicating the right knowledge about cellular networks and Electro Magnetic Field [EMF] is an integral part of mobile operations. We believe that public dialogue and open discussions are essential for sustainable network expansion.

Our awareness program continues to evolve and diversify covering topics of renewable energies and electronic waste management as well.

Energy Use and Carbon Emissions, Our First CDM Project Ever.

Mobinil launched a major project aiming to conserve network consumption, it's a multi-phase initiative extending to 2015 that will cut down energy use by a full third and reduce carbon emissions by 32,000 tons every year, the project includes equipment upgrade, consolidation of systems and more use of solar power.

The project gained preliminary approval from United Nations Framework Climate Change Convention and will be registered as one of the energy efficiency projects in Egypt.

Visit UNFCCC at this link: http://unfccc.int/2860.php

Promoting Online Safety and Cyberethics in Middle East

Mobinil was invited by Family Online Safety Institute [FOSI] to share its experience about using of mobiles among children at an international conference in Doha, Qatar. FOSI is the leading organization in child protection and cybersafety.

Mobinil strongly advocates child protection and safe internet in Egypt, we will also celebrate the 10th anniversary of Safe Internet Day in February 2013 by spreading the word and continuing to offer free parental control tools to all customers.

The Yearly SIFE Competition

In line with Mobinil's directions of youth development, the company was a diamond sponsor of Students In Free Enterprise competition this year.

3200 students from 26 universities competed at the national competition. This is the largest number of participants so far, as 10 Mobinil employees were part of the judging panel who selected the winners.

Throughout the year, university student teams work on projects addressing issues of sustainable development and business ethics.

Digital Inclusion

This year, Mobinil continued to refurbish and donate computers and other IT equipment, this program started five years ago and has donated hundreds of units to charitable purposes.

As a technology company we see we should help people overcome the barriers preventing them from being digitally literate.

Our NGO partners helped us overcome the challenges of distribution and reaching the right recipient.

Orange Africa Star Competition. Celebrating the Egyptian Winners

Every year, Orange group makes a competition especially for African minds. It aims to promote social development via ICT and offers winners cash prizes plus an excellent chance for exposure.

400 projects were competed from 15 African countries, making it a very tough round this time.

One project from Egypt received over 50,000 votes, the highest of all projects. It addressed an innovative idea of 'electronic employment'

Mobinil's CEO, with company executives and members of the competition will personally award the project team in Cairo.

Visit the official 'Star Africa' site for more information.

Financials

February 14, 2013

The Egyptian Company for Mobile Services S.A.E (Mobinil)

Board of Directors Report

On the separate and the consolidated financial statements

For the period Started January 1, 2012 ended December 31, 2012

The Egyptian Company for Mobile Services S.A.E. (the “Company” or “ECMS”) Board of Directors has the honor to announce the Company results to its shareholders for the year ended December 31, 2012.

It is Company policy to develop the mobile market through the introduction of new offers that cater to the needs of all the mobile market segments in the Egyptian market.

First: The separate financial statements

- Total revenues for the year ended December 31, 2012 reached 9,832 MEGP, compared to 9,768 MEGP over the same period last year, with an increase of 0.7%.
- EBITDA (Earnings before interest, taxes, depreciation, and amortization) for the year ended December 31, 2012 were 3,258 MEGP, compared to 3,245 MEGP during the same period last year, with an increase of 0.4%.
- Transactions with related parties during the year were similar to non-related entities on an arm’s length basis. These transactions correspond to: purchase of network equipment, provision of technical and accounting assistance for different periods, network operation and maintenance, network construction activities, computer supplies, internet services, provision of advertising campaigns, payment and collection of roaming revenues on behalf of related parties, sales, purchases, commissions, sponsorship, training and hotel services. Total transactions with related parties during the year ended December 31, 2012 reached 745 MEGP, compared to 1,388 MEGP over the same period last year.

Management fee agreements:

The management fees relate to the services provided by each of Orascom Telecom Holding S.A.E (“OTH”) and France Telecom- Orange (“FT”) to the Company in accordance with General Service Agreement (“GSA”) effective July 1, 2002, for a consideration of 0.75% of the Company’s gross service revenue (excluding taxes) payable to each of FT and OTH. Such fees are invoiced and paid on a monthly basis. The GSA have been automatically renewed since their entry into force and therefore are long term, continuing and on-going contractual arrangements.

Orascom Telecom Media and Technology Holding S.A.E. (“OTMT”) replaced OTH in all its rights and obligations under the GSA as from December 29, 2011, the date upon which OTH ownership in the ECMS and Mobinil for Telecommunication S.A.E shares were transferred to OTMT.

Based on the GSA signed July 3, 2003 (effective retroactively since July 1, 2002) and amended by and between OTMT and ECMS dated September 10, 2012, as approved by ECMS Ordinary General Meeting on September 6, 2012, both parties agreed that (i) OTMT has the right to assign its rights and obligations under the GSA or any part thereof to any entity controlled by OTMT, to FT or to any entity controlled by FT with immediate effect upon written notification to ECMS, and (ii) ECMS consents to any such assignment.

On October 15, 2012, ECMS received a joint notification from FT and OTMT informing ECMS of the transfer to FT of all rights and obligations of OTMT under the GSA between OTMT and ECMS with immediate effect.

This transfer does not affect FT and ECMS rights and obligations under the GSA entered into between FT and ECMS on July 3, 2003 (effective retroactively since July 1, 2002) and amended by and between FT and ECMS on September 10, 2012 following the approval of ECMS Ordinary General Meeting on September 6, 2012.

Major transaction details are described in note (15) of Notes to the financial Statements.

- Net debts as of December 31, 2012 reached 7,108 MEGP compared to net debts of 7,204 MEGP at December 31, 2011, with a decrease of 1.3%.

Second: The consolidated financial statements

- Total revenues for the year ended December 31, 2012 reached 10,340 MEGP, compared to 10,182 MEGP over the same period last year, with an increase of 1.6%.
- EBITDA (Earnings before interest, taxes, depreciation, and amortization) for the year ended December 31, 2012 were 3,285 MEGP, compared to 3,258 MEGP during the same period last year, with an increase of 0.8%.
- Transactions with related parties during the year were similar to non-related entities on an arm's length basis as stated in the unconsolidated financial statements. Total transactions with related parties during the year ended December 31, 2012 reached 620 MEGP, compared to 1,146 MEGP over the same period last year.
- Net debts as of December 31, 2012 reached 7,090 MEGP compared to net debts of 7,156 MEGP at December 31, 2011, with a decrease of 0.9%.

Alex Shalaby
Chairman

Separate Financial Statements

Ernst & Young
Allied for Accounting & Auditing
Ring road , Zone # 10A-Rama Tower,
kattameya

Auditors' Report to the Shareholders of

The Egyptian Company for Mobile Services

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of **The Egyptian Company For Mobile Services (S.A.E),** represented in the separate balance sheet as of 31 December 2012, and the related separate statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

These separate financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the separate financial statements referred to above, give a true and fair view, in all material respects, of the separate financial position of **The Egyptian Company For Mobile Services (S.A.E),** as of 31 December 2012, and of its separate financial performance and its separate cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note (29) to the separate financial statements, the Company filed a lawsuit against the National Telecommunication Regulatory Authority (NTRA) to cancel NTRA's decision relating to the amendments of the interconnect prices between the fixed and mobile network companies.

The Company and its external legal counselor believe that the possibility of winning the lawsuit is probable as NTRA's decision does not have legal or contractual ground, therefore the Company continued to recognize interconnect revenue and costs from and to Telecom Egypt and other mobile companies based on the existing agreements.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records that comply with the laws and the Company's articles of association and the separate financial statements agree with the Company's records. The physical inventory count was undertaken by the Company's Management in accordance with the proper norms.

The financial information included in the Board of Directors' Report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the books of the Company insofar as such information is recorded therein.

Ashraf Emil Botros

FESAA - FEST

RAA (9259)

EFSA (81)

Cairo: 18 February 2013

Separate Balance Sheet as at December 31, 2012

	Note No.	31/12/2012 L.E	31/12/2011 L.E
Long term assets			
Fixed assets (net)	(2c,3)	8 938 948 916	9 046 350 400
Assets under construction	(5)	843 296 418	891 210 909
Licenses fees (net)	(2e,4,22)	3 179 585 932	3 502 862 596
Investments in subsidiaries	(2f,6)	306 850 433	306 865 366
Rent deposits		20 817 957	18 801 407
Total long term assets		**13 289 499 656**	**13 766 090 678**
Current assets			
Inventory	(2g,7)	98 321 593	117 275 432
Accounts and notes receivable	(8)	934 328 156	524 643 743
Other debit balances	(9)	1 131 360 989	965 460 650
Prepaid expenses		173 330 674	195 244 604
Cash at banks and on hand	(10)	969 834 774	1 208 032 808
Total current assets		**3 307 176 186**	**3 010 657 237**
Current liabilities			
Provisions	(2m,11)	333 295 369	432 643 725
Banks credit facilities	(12)	157 137 270	376 738 934
Current portion of long term loans	(2k,16)	1 801 109 819	1 734 453 333
Creditors	(13)	2 714 029 096	2 234 712 667
Other credit balances	(14)	826 927 249	953 470 089
Accrued expenses		1 246 712 708	1 157 934 600
Total current liabilities		**7 079 211 511**	**6 889 953 348**
Excess of current liabilities over current assets		**(3 772 035 325)**	**(3 879 296 111)**
Net Investments		**9 517 464 331**	**9 886 794 567**
Financed as follows:			
Equity			
Paid up capital	(18)	1 000 000 000	1 000 000 000
Legal reserve		200 000 000	200 000 000
Equity settled share based payments	(2L,25)	(457 300)	12 810 269
Retained earnings		1 427 693 531	1 598 649 291
Net losses for the year		(165 744 830)	(170 955 760)
Total equity		**2 461 491 401**	**2 640 503 800**
Long term liabilities			
Fixed assets suppliers		—	45 706 225
Loans	(2k,16)	4 636 762 133	4 825 294 236
Bonds	(17)	1 482 579 871	1 475 459 420
Deferred tax liabilities	(2j,20)	936 630 926	899 830 886
Total long term liabilities		**7 055 972 930**	**7 246 290 767**
Total equity and long term liabilities		**9 517 464 331**	**9 886 794 567**

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

Separate Income Statement for the Financial Year Ended December 31, 2012

	Note No.	Financial year ended 31/12/2012 L.E	Financial year ended 31/12/2011 L.E
Operating revenues	(2d)	9 831 885 468	9 767 996 233
Expenses and cost of operation			
Cost of services (excluding depreciation & amortization)		(2 479 920 557)	(2 339 885 394)
Other operating costs		(1 815 802 839)	(1 766 450 167)
Depreciation & amortization		(2 519 065 059)	(2 324 771 240)
Selling, general and administrative expenses		(2 124 936 805)	(2 167 841 927)
Remuneration, allowances and salaries of board members		(9 258 362)	(9 461 593)
Impairment losses of accounts receivable		(57 975 460)	(45 938 658)
Provisions	(2m,11)	(109 977 089)	(245 217 980)
Provisions no longer required	(2m,11)	23 669 569	52 124 483
Total operating costs		(9 093 266 602)	(8 847 442 476)
Net operating profits		**738 618 866**	**920 553 757**
Add / (deduct)			
Interest income		68 420 566	42 584 069
Other income		13 362 057	19 361 469
Interest expense		(876 640 873)	(838 816 525)
Capital loss		(8 924 112)	(36 592 310)
Net foreign currencies exchange differences	(2b)	(64 928 667)	(6 067 836)
Net (losses) / profits for the year before income taxes		**(130 092 163)**	**101 022 624**
Current tax	(2j)	1 147 373	(59 271 503)
Deferred tax	(2j,20)	(36 800 040)	(212 706 881)
Income taxes	(19)	**(35 652 667)**	**(271 978 384)**
Net losses for the year		**(165 744 830)**	**(170 955 760)**
Losses per share	(21)	**(1.66)**	**(1.71)**

The accompanying notes form an integral part of these financial statements and are to be read therewith

Separate Statement of Changes in Equity for the Financial Year Ended December 31, 2012

	Paid up Capital	Legal reserve	Equity settled share based payments	Retained earnings	Net profit / (losses) for the year	Total
	L.E	L.E	L.E	L.E	L.E	L.E
Balance as at 31/12/2010	1 000 000 000	200 000 000	15 958 132	1 632 995 517	1 378 012 462	4 226 966 111
Profits of 2010 transferred to retained earnings	—	—	—	1 378 012 462	(1 378 012 462)	—
Dividends during 2011	—	—	—	(1 412 358 688)	—	(1 412 358 688)
Equity settled share based payments	—	—	(3 147 863)	—	—	(3 147 863)
Net (losses) for the financial year ended December 31, 2011	—	—	—	—	(170 955 760)	(170 955 760)
Balance as at 31/12/2011	**1 000 000 000**	**200 000 000**	**12 810 269**	**1 598 649 291**	**(170 955 760)**	**2 640 503 800**
Balance as at 31/12/2011	1 000 000 000	200 000 000	12 810 269	1 598 649 291	(170 955 760)	2 640 503 800
(Losses) of 2011 transferred to retained earnings	—	—	—	(170 955 760)	170 955 760	—
Equity settled share based payments	—	—	(13 267 569)	—	—	(13 267 569)
Net (losses) for the financial year ended December 31, 2012	—	—	—	—	(165 744 830)	(165 744 830)
Balance as at 31/12/2012	1 000 000 000	200 000 000	(457 300)	1 427 693 531	(165 744 830)	2 461 491 401

Separate Cash Flows Statement for the Financial Year Ended December 31, 2012

	Note No.	Financial year ended 31/12/2012 L.E	Financial year ended 31/12/2011 L.E
Cash flows from operating activities			
Net (losses) / profits for the year before income taxes		(130 092 163)	101 022 624
Adjustments to reconcile net (losses) / profits to cash flows from operating activities			
Depreciation & amortization		2 519 065 059	2 324 771 240
Provisions	(2m,11)	86 307 520	193 093 497
Write-off of accounts receivable		(65 857 553)	(9 302 036)
Impairment losses of accounts receivable		57 975 460	45 938 658
Write-down of inventory		—	8 804 189
Reversal of write-down of inventory		(11 119 836)	—
Interest income		(68 420 566)	(42 584 069)
Interest expense		876 640 873	838 816 525
Capital loss		8 924 112	36 592 310
Equity settled share based payments transactions		(13 267 569)	(3 147 863)
Income taxes paid		(35 274 032)	(266 786 311)
Unrealized foreign exchange differences		76 934 045	5 838 259
Changes in working capital			
Rent deposits		(2 016 550)	(700 991)
Inventory		30 073 675	7 002 978
Accounts and notes receivable		(396 151 618)	(161 999 532)
Other debit balances		(128 996 848)	9 658 402
Prepaid expenses		21 913 930	14 215 460
Provision used	(2m,11)	(185 655 876)	(179 739 933)
Creditors		247 825 751	4 374 033
Other credit balances		(126 542 839)	139 265 214
Accrued expenses		92 854 461	93 167 740
Interest paid		(925 525 045)	(825 278 077)
Net cash provided from operating activities		**1 929 594 391**	**2 333 022 317**
Cash flows from investing activities			
Payments for the purchase of fixed assets and fixed assets under construction	(28)	(1 918 636 873)	(1 707 727 891)
Proceeds from sale of fixed assets and fixed assets under construction		4 346 152	9 605 597
Payments in investments		—	(428 884)
Interest received		67 953 411	44 026 739
Net cash used in investing activities		**(1 846 337 310)**	**(1 654 524 439)**
Cash flows from financing activities			
Banks credit facilities		(219 601 664)	174 563 975
Proceeds from loans		1 596 986 000	2 621 100 000
Payments of loans		(1 734 453 334)	(1 386 386 667)
Dividends paid		—	(1 412 358 688)
Net cash used in financing activities		**(357 068 998)**	**(3 081 380)**
Effect of exchange rate on cash and cash equivalents		35 613 883	(13 679 459)
Net changes in cash and cash equivalents		(238 198 034)	661 737 039
Cash and cash equivalents at beginning of the year		1 208 032 808	546 295 769
Cash and cash equivalents at end of the year	(2p,10)	**969 834 774**	**1 208 032 808**

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

Notes to the Separate Financial Statements for the Financial Year Ended December 31, 2012

Note 1 Company's Background

- Egyptian Company for Mobile Services S.A.E. is an Egyptian Joint Stock Company established under the Investment Incentives and Guarantees Law No. 8 of 1997 and was registered in the commercial registry under No. 312032 on 4/3/1998 which was later modified to No.2231 on 14/1/1999. The purpose of the company is to execute, manage, operate, develop, maintain a digital cellular mobile telecommunication system (G.S.M), selling and distributing mobile lines, scratch cards, mobile equipment and mobile maintenance and accessories. The company provides its services to subscribers inside and outside the Arab Republic of Egypt.
- The company's duration is 25 years starting from the date of registration in the commercial registry.
- The company started operations on May 21, 1998.

Note 2 Significant Accounting Policies

a) Basis of Financial Statements Preparation

- The Separate financial statements are prepared in accordance with Egyptian Accounting Standards (E.A.S) and related Egyptian laws and regulations.
- The company has subsidiaries and in accordance with Egyptian Accounting Standard No.17 (Consolidated and Separate Financial Statements) and article 188 of the executive regulations of law 159 of 1981, the company prepares consolidated financial statements for the group that present the financial position, results of operation and cash flows of the group as a whole

b) Foreign Currency Translation

- The company maintains its books of accounts in Egyptian Pound. Transactions denominated in foreign currencies are recorded using monthly fixed exchange rates, while balances of monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the prevailing exchange rates at that date. Exchange differences are recorded in the income statement.
- Nonmonetary items that are measured at historical cost in foreign currency are translated using the exchange rates prevailing at the date of the initial recognition.
- Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value is determined.

c) Fixed Assets and Depreciation

- Fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. The assets are depreciated using the straight-line method over the estimated useful lives of each type of assets.
- The estimated useful lives are as follows:

Buildings	50 years
Network equipment	5-15 years
Computers	2-5 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehicles	5 years
Leasehold improvements	5 years

- Subsequent cost is recognized if it is probable that the future economic benefits embodied and can be measured reliably. All other costs are recognized in the income statement as an expense as incurred .

d) Revenue Recognition

Revenue from the sale of goods or services rendered is recorded at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue recognition for major revenue streams are as follows:

1- Airtime, SMS and other value added services are recognized when services are rendered.

- For postpaid subscribers revenue is recorded based on billed services, and an accrual is recorded for services rendered and unbilled at year end.
- For prepaid subscribers initial sale of scratch cards is recorded as deferred revenue, revenue is recorded based on usage of Airtime and other services.

2- Interconnect and roaming revenue is recognized based on the terms and conditions agreed with other operators and when services are rendered and billed. Accruals are recorded for unbilled revenue resulting from services rendered until the year end.

3- Handsets and accessories revenue is recognized upon delivery and when persuasive evidence exists, in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, there is no continuing management involvement with the goods, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and the amount of revenue can be measured reliably.

4- Connection fees are recognized based on activation.

e) Licenses Fees

The existing licenses fees are amortized over the period of license using the straight line method and accounted for as follows::

a. The license fee is recorded at cost.

b. The fees to access the 7.5 MHZ of the 1 800 MHZ spectrum are recorded at the cash price using its net present value.

c. The fees to acquire the 3G license and the 10 MHZ of the 2 GHZ spectrum are recorded at the cash price using its net present value.

d. All licenses agreements are extended to October 2022.

e. Amortization commences at the commercial launch date.

f) Investments

- Investments in subsidiaries

Investments in subsidiaries are recorded using the cost method. In case of any permanent decline in its values, the amount of the decline is charged to the income statement.

g) Inventory

Inventory is valued at the lower of cost or net realizable value. Cost is determined using the moving average method.

h) Capitalization of Borrowing Cost

The company capitalizes the borrowing costs related to the acquisition or establishment of an eligible asset.

i) Impairment of Assets

- The carrying amounts of the company's assets - other than (inventory 2g) and (deferred tax assets 2j) - are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.
- An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

j) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax is the expected tax payable on the net taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is measured using tax rates enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Interest - Bearing Borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest rate basis.

l) Share Based Payments

The Company has equity settled share based compensation plan. Equity settled share based payments are measured at fair value determined at the grant of the equity settled share based payments. The fair value of the share based payment is charged over the vesting period.

m) Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows. Provisions are reviewed at the balance sheet date and amended (when necessary) to reflect the best current estimate.

n) Employee Pension Plan

The Company operates a defined contribution pension plan for its employees, in addition to the statutory social insurance scheme required by law. Employees who choose to subscribe to this plan pay 3% of their basic salary into the plan. The Company will then contribute an amount equal to 10% of that employee's basic salary to the plan.

The Company has no liability or commitment to the plan beyond its defined contribution. Employees receive their entitlements for the pension plan according to its terms and based on years of service.

o) Lease

Lease payments under operating lease are charged to the income statement on a straight-line basis over the period of the lease, commencing on the date of the lease.

p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and deposits with original maturities of three months or less and cheques under collection (draft cheques or certified cheques). Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

q) Cash Flows Statement

Cash flows statement is prepared using the indirect method.

Note 3 Fixed Assets (net)

	Land	Buildings	Network Equipments	Computers	Office Equipments	Furniture & Fixtures	Vehicles	Leasehold Improvements	Total
	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Cost									
Cost as at 1/1/2012	* 19 816 612	** 561 117 685	17 220 046 866	1 393 509 099	63 524 463	83 183 892	94 725 836	167 065 688	19 602 990 141
Adjustment on 1/1/2012	–	(11 326 604)	–	–	–	–	–	–	(11 326 604)
Additions for the year	–	1 189 183	1 908 904 402	190 056 152	2 202 221	1 314 412	4 795 910	4 521 499	2 112 983 779
Disposals	–	–	(398 071 969)	(1 814 715)	(507 746)	(791 369)	(2 113 250)	(5 431 427)	(408 730 476)
Total cost as at 31/12/2012	**19 816 612**	**550 980 264**	**18 730 879 299**	**1 581 750 536**	**65 218 938**	**83 706 935**	**97 408 496**	**166 155 760**	**21 295 916 840**
Accumulated depreciation									
Accumulated depreciation as at 1/1/2012	–	53 883 238	9 311 739 039	903 390 571	49 821 531	51 170 213	55 502 833	131 132 316	10 556 639 741
Adjustment on 1/1/2012	–	(148 819)	–	–	–	–	–	–	(148 819)
Depreciation for the year	–	10 770 961	1 960 452 863	181 394 288	7 434 460	5 593 520	14 609 784	15 681 338	2 195 937 214
Accumulated depreciation of disposals	–	–	(387 096 566)	(1 675 197)	(480 436)	(752 342)	(1 446 758)	(4 008 913)	(395 460 212)
Accumulated depreciation as at 31/12/2012	–	**64 505 380**	**10 885 095 336**	**1 083 109 662**	**56 775 555**	**56 011 391**	**68 665 859**	**142 804 741**	**12 356 967 924**
Net book value as at 31/12/2012	**19 816 612**	**486 474 884**	**7 845 783 963**	**498 640 874**	**8 443 383**	**27 695 544**	**28 742 637**	**23 351 019**	**8 938 948 916**
Net book value as at 31/12/2011	**19 816 612**	**507 234 447**	**7 908 307 827**	**490 118 528**	**13 702 932**	**32 013 679**	**39 223 003**	**35 933 372**	**9 046 350 400**

*This item includes an amount of L.E 11 677 123 which is represented in the purchase price of pieces of land in different areas according to a preliminary contracts which have not yet been registered in the notarization office.

** This item includes:

1. An amount of L.E 280 713 676 which is represented in the purchase price of the administrative offices in the Nile City building and the registration at the notarization office is in process.
2. An amount of L.E 32 076 155 which is represented in the purchase price of a building for Switches in 6th of October City according to a preliminary contract which has not yet been registered in the notarization office.

Note 4 Licenses Fees (Net)

	License Fee	Fees to access the 7.5 MHZ of the 1800 MHZ spectrum	Fees of the 3G license and access the 10 MHZ of the 2 GHZ spectrum	Total licenses fees
	L.E.	L.E.	L.E.	L.E.
Cost as at 1/1/2012	1 755 000 000	643 101 265	3 340 000 000	5 738 101 265
Deduct:				
Accumulated amortization as at 1/1/2012	1 283 832 857	331 389 242	620 016 570	2 235 238 669
Amortization for the year	43 654 839	28 546 432	251 075 393	323 276 664
Accumulated amortization as at 31/12/2012	1 327 487 696	359 935 674	871 091 963	2 558 515 333
Balance as at 31/12/2012	**427 512 304**	**283 165 591**	**2 468 908 037**	**3 179 585 932**
Balance as at 31/12/2011	**471 167 143**	**311 712 023**	**2 719 983 430**	**3 502 862 596**

Note 5 Assets under Construction

This item includes network equipment, letters of credit, advance payments related to assets and the capitalized borrowing cost directly related to the acquisition of the fixed assets amounting to L.E 74 616 988 (L.E 60 246 254 during 2011) as stated in note (2-h, 28).

The average borrowing rate for the company which is used to capitalize interest is 10.462 % during the financial year ended December 31, 2012 (9.903 % during 2011).

Note 6 Investments in Subsidiaries

Company	Country of registration	Percentage Shareholding	31/12/2012 L.E	31/12/2011 L.E
Mobinil Services	Egypt	96%	240 000	240 000
Mobinil For Importing	Egypt	98%	245 000	245 000
Link Dot Net	Egypt	99.99%	239 040 398	239 046 158
Link Egypt for Trading and Services	Egypt	99.99%	67 325 035	67 334 208
			306 850 433	**306 865 366**

Note 7 Inventory

Inventory is represented in postpaid and prepaid SIMs and scratch cards in addition to other cell phone sets and telecommunication equipment.

Note 8 Accounts and Notes Receivable

	31/12/2012 L.E	31/12/2011 L.E
Service receivables	410 622 379	196 508 003
Distributor receivables	167 597 327	81 693 392
Roaming receivables	52 885 127	39 340 804
National roaming receivables	14 438 888	14 438 888
Interconnect receivable	283 334 454	185 282 162
Notes receivable	1 173 602	1 500 537
Others	4 276 379	5 879 957
	934 328 156	524 643 743

Note 9 Other Debit Balances

	31/12/2012 L.E	31/12/2011 L.E
Suppliers - advance payments	9 281 023	12 204 885
Deposits with others	561 589	512 622
Accrued revenues	514 045 923	341 831 335
Mobinil Services	24 178 125	30 453 788
Mobinil For Telecommunication	115 692	1 206 622
Mobinil For Importing	9 616 771	–
Link Dot Net	302 232 862	237 636 230
Link Egypt for Trading and Services	123 479 312	123 481 330
Trust	22 596 129	41 772 717
Taxes - advance payments	61 835 271	112 848 079
Others	63 418 292	63 513 042
	1 131 360 989	965 460 650

Note 10 Cash at banks and on hand

	31/12/2012 L.E	31/12/2011 L.E
a- **Cash on hand**	3 995 881	4 151 886
b- **Cash at banks**		
Current accounts	692 480 561	769 380 922
Time deposits	273 358 332	434 500 000
	969 834 774	1 208 032 808

Note 11 Provisions

Description	Balance as at 1/1/2012 L.E	Formed L.E	No longer required L.E	Used L.E	Balance as at 31/12/2012 L.E
Provisions	432 643 725	109 977 089	(23 669 569)	(185 655 876)	333 295 369

The Company has not disclosed some of the information required by the Egyptian Accounting Standard No.28 (Provisions, Contingent Liabilities and Contingent Assets), as the Company believes that it can prejudice seriously the position of the Company in disputes with other parties on the subject matter of the provisions.

Note 12 Banks Credit Facilities

As at December 31, 2012 the company has short term banks facilities, all of which are in Egyptian pounds with various local banks amounting to L.E 999 000 000 of which utilized as at December 31, 2012 is L.E 157 137 270.

Note 13 Creditors

	31/12/2012 L.E	31/12/2011 L.E
Fixed assets suppliers	1 240 398 409	1 167 401 284
*Licenses' fees liability	750 000 000	750 000 000
Trade suppliers	555 467 950	278 244 417
Creditors – Roaming	33 968 899	13 683 416
Orange Group	77 403 969	11 675 990
Orascom Group	36 825 038	12 897 700
Orascom Telecom Media and Technology Holding	19 772 007	–
Mobinil For Importing	–	284 309
Others	192 824	525 551
	2 714 029 096	2 234 712 667

* This item represents the liability of the 3G license fees to access the first 5 MHZ of the 3G spectrum.

Based on correspondence with NTRA, this amount which was due on January 2009 has been postponed until receiving the additional 2.5 MHZ of the 1800 MHZ spectrum.

Note 14 Other Credit Balances

	31/12/2012 L.E	31/12/2011 L.E
Taxes and Stamps	279 150 645	277 398 518
Deposits from customers	52 487 498	54 709 545
Deferred revenue	464 787 309	610 141 994
Employees share based liability (note -25)	22 210 064	–
Others	8 291 733	11 220 032
	826 927 249	**953 470 089**

Note 15 Related Party Transactions

Transactions with related parties during the year were similar to non-related entities on an arm's length basis.

These transactions are represented in buying network equipment, providing technical and accounting assistance for network operation and maintenance, network equipment construction activities, supplying computers to the company, internet services, mobile services, providing advertising campaigns, paying and collecting the roaming revenues on behalf of related parties, sales, purchases, commission, sponsorship, training and hotel services.

The following is a summary of the related parties, the type and amount of transactions with the company and their outstanding balances at the end of the year.

		Total transactions during the financial year ended	
Description	**Transaction type**	**31/12/2012 L.E**	**31/12/2011 L.E**
Orascom Group	All above mentioned transactions	142 246 646	927 507 312
Orascom Telecom Media and Technology Holding	Management fees / Sales/ Purchases / Commission / Technical assistance	237 084 797	–
Orange Group	Management fees / Technical assistance/ Roaming Services	182 545 516	174 540 378
Nile City Investment	Rent	21 495 645	18 043 474
Nile City for Tourism and Hotels	Hotel services	1 117 528	1 163 798
Mobinil Services	Rent / Payments on behalf of the company	108 375	260 144
Mobinil For Telecommunication	Rent / Payments on behalf of the company	300 772	405 133
Mobinil For Importing	Purchases /Rent / Payments on behalf of the company	72 409 471	163 842 021
Trust	Trustee of employee stock plan	26 310	11 123
Link Dot Net	Internet services / Leased lines / sales / Payments on behalf of the company/ Mobile services	87 511 894	101 690 474
Link Egypt for Trading and Services	Mobile services	299 545	627 914
Others	Sponsorship / Training	53 600	–

The Outstanding Balances as at 31/12/2012 are as Follows:

Description	Balance type	31/12/2012 L.E	31/12/2011 L.E
Orascom Group	Creditors/ Suppliers-advance payments	32 716 560	29 900 981
Orascom Telecom Media and Technology Holding	Creditors /Accounts and notes receivable	3 528 093	–
Orange Group	Creditors /Suppliers-advance payments /Accounts and notes receivable	73 631 668	9 214 308
Nile City Investment	Creditors	18 750	18 750
Nile City for Tourism and Hotels	Creditors	86 182	26 061
Mobinil Services	Other debit balances	24 178 125	30 453 788
Mobinil For Telecommunication	Other debit balances	115 692	1 206 622
Mobinil For Importing	Other debit balances	9 616 771	284 309
Trust	Other debit balances	22 596 129	41 772 717
Link Dot Net	Accrued expenses / Other debit balances / Accounts and notes receivable	288 502 247	229 666 562
Link Egypt for Trading and Services	Other debit balances / Accounts and notes receivable	123 556 703	123 555 818

Summary of Major Related Party Contracts:

Management Fee Agreements:

- The management fees related to the services provided by each of Orascom Telecom and Orange to the company in accordance with the contracts effective since July 1, 2002, for a consideration of 0.75% of the company's gross service revenue (excluding taxes) payable to each of Orange and Orascom Telecom. Such fees are invoiced and paid on a monthly basis. The contracts have been automatically renewed since their entry into force and therefore are long term, continuing and on-going contractual arrangements.
- Orascom Telecom Media and Technology Holding (OTMT) replaced Orascom Telecom in all its rights and obligations for the management agreement starting from December 29, 2011 the date in which Orascom Telecom ownership in the Egyptian Company for Mobile Services and Mobinil For Telecommunication shares were transferred to Orascom Telecom Media and Technology Holding.
- Based on the General Service Agreement (GSA) signed July 3, 2003 (effective retroactively July 1, 2002) and amended by and between OTMT and ECMS dated September 10, 2012 both parties agreed that OTMT has the right to assign its right and obligations under the GSA or any part thereof to any entity controlled by OTMT , to FT or to any entity controlled by FT after a written notification is sent to ECMS for information purposes , and ECMS hereby consents to any such assignment .
- Following to this update ECMS received a written notification on October 15, 2012 from OTMT to transfer OTMT GSA rights to FT and FT will be entitled to receive the consultancy fee as provided in the OTMT GSA.

Distribution Service Contract:

The company has a distribution agreement with Multimedia Mega Stores a subsidiary of Orascom Telecom by which the related party distributes the company's products in return for commissions. The commissions received are based on the same formula as other non-related distributors.

Roaming Agreements:

The company has roaming agreements with Orange and Orascom Telecom groups. The amounts due on these contracts are previously included in this note.

The Nature of the Relationships is as Follows:

- MT Telecom: Direct shareholder with 93.92 % in the company.
- Orascom Telecom Media and Technology Holding: Direct shareholder with 5 %.
- France Telecom (Orange): Principle shareholder with 100 % in MT Telecom the principal shareholder of the company.
- Orascom Group
  - Sister companies to Orascom Telecom Media and Technology Holding as some of its shareholders are members of the board of directors of the company.
  - One of its Board of directors members is a member in the board of directors of the company.
- Nile City Investment: Sister company as some of its shareholders are members of the board of directors of the company.
- Mobinil Services: Subsidiary company (note 6).
- Mobinil For Importing: Subsidiary company (note 6).
- Link Dot Net: Subsidiary company (note 6).
- Link Egypt for Trading and Services: Subsidiary company (note 6).

Note 16 Loans

The company has unsecured loans, all of which are in Egyptian pounds, to finance its capital expenditure, 3G license fees and general purposes. These loans are all from local banks, the terms and details of the loans are summarized as follows:

Contract date	Grace period	Initial agreement amount	Carrying amount	Current portion of long term loans	Long term loans due 2014/2019	Maturity Date	Interest payment	Terms of Payment	Interest Rate Factors
April 17,2005	3 years	1 800 000 000	163 866 486	163 866 486	–	30/4/2013	Semi-annually	11 semi-annual installments start after the grace period and due on April 30 & October 30 every year.	CBE Discount Rate (CDR). The corporate time deposit rate. CBE Mid Corridor rate. Margin.
August 15,2007	5 years	2 300 000 000	1 835 414 821	690 000 000	1 145 414 821	14/8/2014	Semi-annually	• 20 % of the facility (460 million Egyptian Pounds) at the end of fifth year. • 30 % of the facility (690 million Egyptian Pounds) at the end of sixth year. • 50 % of the facility (1 150 million Egyptian Pounds) at the end of seventh year.	
February 27,2008	2.5 years	2 200 000 000	1 174 755 211	471 110 000	703 645 211	3/3/2015	Semi-annually	• 80 million Egyptian Pounds at the first business day after expiry of the grace period that expires on September 2, 2010. • 2 120 million Egyptian Pounds over 9 semi-annual installments due on March 3 & September 3 every year.	
April 23,2009	2 years	1 000 000 000	498 051 316	333 333 333	164 717 983	22/4/2014	Semi-annually	6 semi-annual installments start after 6 months from the expiry of the grace period and due on October 22 & April 22 every year.	
April 11,2011	–	2 000 000 000	1 668 510 235	142 800 000	1 525 710 235	10/4/2018	Semi-annually	14 semi-annual installments starting after 6 months from the contract signing date and due on October 11 & April 11 every year.	CBE Mid Corridor rate. Margin.
September 2,2012	2 Years	2 900 000 000	1 097 273 883	–	1 097 273 883	9/1/2019	Semi-annually	12 semi-annual installments starting after 21 months from the contract signing date and due on June 20 & December 20 every year.	
			6 437 871 952	**1 801 109 819**	**4 636 762 133**				

Note 17 Bonds

The main terms and conditions of the bonds are as follows:

- Type of issuance: Par value bonds (second issuance) with a fixed interest rate, marketable but non-convertible into shares.
- Interest rate: 12.25% fixed annual interest rate due every 6 months.
- Issuance price: 100% of the 15 million bonds par value, which amounts to L.E 100 each and for a total amount of L.E 1 500 million.
- Payment: The bonds will be repaid in one installment at the final maturity date of the bonds after 5 years from the closing date of the public offering and the issuer has the right to repay the bonds before their final maturity date.

Note 18 Capital

The company's authorized share capital amounts to L.E 1 500 million divided into 150 million shares with a nominal value L.E 10 each. The company's issued and fully paid up capital amounts to L.E 1 000 million. On October 12, 2003, the Company’s Extraordinary General Assembly approved the increase of the authorized capital to L.E 3 000 million. This increase was recorded in the commercial registry on February 23, 2004.

Note 19 Reconciliation of Effective Income Tax Rate

		31/12/2012 L.E		31/12/2011 L.E
Net (losses) / profits for the year before income taxes		(130 092 163)		101 022 624
Income tax using the domestic corporation tax rate	20 %	–	20 %	2 000 000
Income tax using the domestic corporation tax rate	25 %	(32 523 041)	25 %	22 755 656
Non- deductible expenses		31 391 065		66 540 082
Impact of tax law amendment		–		171 781 002
Under provided in prior periods		693 455		8 901 644
Carried forward tax losses		36 091 188		–
	(27.41)%	**35 652 667**	**269.23%**	**271 978 384**

Note 20 Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	31/12/2012 L.E	31/12/2011 L.E	31/12/2012 L.E	31/12/2011 L.E
Fixed assets	–	–	664 106 104	686 879 457
Employee share plan	3 065 349	1 422 767	–	–
Intangible assets	–	–	330 829 985	268 137 656
Provisions	19 700 818	15 786 843	–	–
Others	35 538 996	37 976 617	–	–
Total deferred tax asset / liability	58 305 163	55 186 227	994 936 089	955 017 113
Net deferred tax liabilities			936 630 926	899 830 886

Unrecognized Deferred Tax Assets

	31/12/2012 L.E	31/12/2011 L.E
Deductible temporary differences	22 109 576	24 080 099

Deferred tax assets have not been recognized in respect of this item because of the uncertainty associated with the recoverability of this deferred tax asset.

Note 21 Losses per Share

	Financial year ended 31/12/2012	Financial year ended 31/12/2011
Net losses for the year	(165 744 830)	(170 955 760)
Number of shares	100 000 000	100 000 000
Losses per share	**(1.66)**	**(1.71)**

a) License Agreement

A license agreement was signed between the company and National Telecommunication Regulatory Authority. This agreement gives the company the right to establish and operate a digital cellular Mobile Telephone network in Egypt, for duration of 15 years starting from May 21, 1998 subject to renewal. The company paid L.E 1 755 Million as a license fee for this agreement for the 15 years period. In addition, the company is liable to pay annual fees to the National Telecommunication Regulatory Authority.

Note 22 License Agreements

b) License Agreement Appendix no. (2)

- The Company signed an agreement with both Vodafone Egypt and Telecom Egypt. Based on this agreement, the company and Vodafone Egypt have committed to make total payments of EGP 1 240 Million each over 4 years to the National Telecommunication Regulatory Authority (NTRA). Accordingly, each company was granted access to 7.5 MHZ of the 1 800MHZ spectrum that will be supplied by Telecom Egypt, which surrendered its 1 800 MHZ GSM license.
- The fees to access the 7.5 MHZ of the 1 800 MHZ spectrum are recorded at the cash price using its net present value.

c) License Agreement Appendix no. (4)

- On October 17, 2007, the company has signed an agreement with National Telecommunication Regulatory Authority (NTRA) to acquire the 3G license, 10 MHZ spectrum and extension of the old licenses for a new 15 years starting from the date of signature against L.E 3 668 M and a charge of 2.4% of mobile revenue. An amount of L.E 2 918 M paid up till now and the remaining L.E 750 M will be paid when receiving the additional 2.5 MHZ of the 1800 MHZ spectrum. Accordingly, the company has revised the useful life of old licenses to end October 2022.
- The 3G license fees are recorded at the cash price of the license agreement due to receiving the first 5 MHZ of the 2 GHZ spectrum during March 2008 and receiving the second 5 MHZ of the 2 GHZ spectrum during December 2010.

Note 23 Capital Commitments

Capital commitments represent the fixed assets and intangible assets contracts entered into and not yet executed at the balance sheet date which amounts to L.E 764 M as at December 31, 2012 (L.E 572 M as at December 31, 2011).

Note 24 Contingent Liabilities

Contingent liabilities amount to L.E 26 M as at December 31, 2012. These contingent liabilities represent the uncovered amounts of letters of guarantee issued for the benefit of third parties as at December 31, 2012.

The company is a party in a number of legal cases which resulted from carrying out its activities. Based on the legal advice obtained, the company’s management believes that the outcome of these lawsuits - individually or in aggregate - would not be material to the company’s results.

Note 25 Employees Share Plan

The extraordinary general assembly meeting of the company held on March 11, 2007 approved the establishment of the employee share plan (ESP) as per the corporate law by granting the employees free shares of the company. This plan will be applied to the company's employees, managers and executive members of the company's board that qualified according to certain conditions regarding their performance, position, years of experience at the company and anticipated accomplishments.

The company's Board of Directors approved the allocation of 409 000 shares owned by Mobinil Invest in the company in order to proceed with the employee share plan. Furthermore, the extraordinary general assembly meeting of the company held on September 3, 2007 approved the increase of allocated shares to 450 000 shares by purchasing the required shares from the stock market.

On March 10, 2010 the company's extraordinary general assembly meeting approved extending the employee share plan for four years and also approved the allocation of additional 884 160 shares in order to proceed with the plan.

The plan can be summarized as follows:

1- The plan's beneficiaries will be granted free shares that will be allocated over a number of years. Furthermore, supervising committee will nominate the beneficiaries, according to the plan's criteria, the number and dates of granted shares.

2- During the vesting period the ESP's shares will be in the custody of the trustee. Thus, the beneficial employee has no right to attend or vote in the company's ordinary & extraordinary general assembly meetings of the company. Hence, the beneficial employee cannot exercise his or her rights till the date of transferring shares' ownership. However, the beneficial employee will have the right of profit distributed on his or her allocated shares from the granting date.

The granted shares according to the plan are as follows:

	31/12/2012 Shares	31/12/2011 Shares
Allocated Shares at the beginning of the plan	409 000	409 000
Purchased & allocated shares to the plan	413 528	409 800
Granted shares balance (not exercised)	(232 915)	(252 895)
Exercised	(673 235)	(549 150)
Available shares	**(83 622)**	**16 755**

3- The following summarizes the exercise dates of the allocated share :

	Share
December 31, 2007 (Exercised)	126 384
December 31, 2008 (Exercised)	131 205
December 31, 2009 (Exercised)	133 886
During 2010 (Exercised)	12 390
During 2011 (Exercised)	145 285
During 2012 (Exercised)	124 085
* December 31, 2012	148 613
December 31, 2013	145 935
December 31, 2014	86 980

*During December 2012, it was mutually agreed between the company and employees who have the right to exercise 148 613 shares on December 31, 2012 to cancel the transfer of the shares and in return the company will pay them in cash.

- The income statement has been charged with L.E 28 790 323 representing the employee share plan expenses for the financial year ended December 31, 2012.

Note 26 Financial Instruments and Management of its Related Risk

The financial instruments of the company are represented in the financial assets, (cash at banks and on hand, accounts receivable, some of the accounts in debtors and other debit balances), the financial liabilities (banks credit facilities, some of the suppliers balances, some of the accounts in creditors and other credit balances).

a) Credit Risk

This risk is represented in the inability of customers to pay their debts. The company retains deposits from them and may suspend services for delinquent customers.

b) Liquidity Risk

This risk represents the Company's inability to fulfill its financial obligations when mature.

The Company managed this risk through continuous monitoring of the liquidity position to make sure (with acceptable degree) of the adequacy of cash balances available to meet its financial obligations when mature, whether in normal or difficult cases and without incurring any unacceptable losses or damaging its reputation.

c) Foreign Currencies Exchange Risk

The foreign currencies risk is represented in the fluctuations in exchange rates, which in turn affect the company's cash inflows and outflows as well as the value of its foreign currency assets and liabilities. As at the date of the balance sheet, the company has foreign currency assets and liabilities equivalent to L.E 584 609 590 and L.E 1 455 951 209 respectively. The company's net exposure in foreign currencies is as follows:

	Shortage
U.S Dollars	11 087 452
Euro	93 987 726
GBP	55 598
CHF	104 967

As disclosed in note (2-b) the company has used the prevailing exchange rates at the balance sheet date to retranslate monetary assets and liabilities.

d) Interest Rate Risk

The interest rate risk is represented in the fluctuations in the interest rates which in turn affects the related monetary assets and liabilities. During 2012 the interest rate increased by 100 base points and the possibility of moving the interest rate in future is possible according to the political and economical situation in the country.

e) Fair Value

Based on the valuation basis used for the company's assets and liabilities described earlier, the fair value of the financial instruments does not materially differ from the book value as at the balance sheet date.

Note 27 Tax Status

e) Corporate Tax

▸ From inception till 2006

Tax inspection was performed for this period and all disputes have been finalized according to the internal committee decisions.

▸ Years 2007 to 2011

These years have been inspected and the company has not yet been informed by the results.

f) Payroll Tax

▸ From inception till 2000

A tax inspection was performed for this period and the resulting differences were paid according to the resolution of the appealing committee except special increase item which were transferred to the appealing court.

▸ Years 2001 to 2006

These years have been inspected and settled with tax authority.

▸ Years 2007 to 2011

These years are currently being prepared for tax inspection.

a) Stamp Tax

▸ From inception till July 31, 2006

A tax inspection was performed and disputes were settled except for tax on Alo connection fees and in-kind tax which were transferred to the preliminary court but not yet resolved for the period from inception till 2001 and to appealing committee for years from 2002 to July 31, 2006.

▸ From August 1, 2006 till December 31, 2011

This period is currently being prepared for tax examination.

b) Sales Tax

▸ From inception till 2004

This period has been inspected and differences were paid.

▸ Year 2005

This year has been inspected and currently being revisited with tax authority.

▸ Years 2006 to 2009

These years have been inspected and differences were paid.

▸ Years 2010 and 2011

These years have not yet been inspected.

c) Withholding Tax

- Years 2003 and 2004

The company applies withholding taxes according to the available documents and these years have been inspected and settled with tax authority.

- Years 2005 to 2011

These years have not yet been inspected.

d) Other Tax Matters

Several laws were issued to amend certain provisions of taxes and were published in the Official Gazette on December 6, 2012.

As the enactment of these laws have been suspended the effect of such amendments were not reflected in the financial statements until a final resolution is issued in this respect.

Note 28 Payments for the Purchase of Fixed Assets and Fixed Assets under Construction

For the purpose of the preparation of the cash flows statement, the fixed assets additions and net movement of fixed assets under construction are reconciled to the cash outflow resulting from these transactions as follows:

Description	L.E
Fixed assets additions during the year	2 112 983 779
Net movement of fixed assets under construction	(47 914 491)
Non cash reconciliations	
Adjustment on 1/1/2012	(11 326 604)
Interest capitalized during the year on fixed assets under construction	(74 616 988)
Fixed assets and fixed assets under construction suppliers	(60 488 823)
Payments for the purchase of fixed assets and fixed assets under construction	**1 918 636 873**

Note 29 Interconnect Dispute

Telecom Egypt (TE) filed a complaint with the National Telecommunication Regulatory Authority (NTRA), with the purpose of changing its interconnect rates with the mobile operators, with which it has existing interconnection agreements, for calls made by TE's subscribers from its fixed lines to mobile lines. Mobinil (or the Company) responded to the complaint, before the NTRA Dispute Resolution Committee, by asking TE to honor the Interconnection Agreement it had in place therewith. The NTRA issued a ruling on such dispute on September 3, 2008 which came in favor of TE, as it instructed a revision of interconnection rates between fixed and mobile lines to come in force as of the same date.

The Company informed the NTRA of its objection to the latter's ruling as it had no legal or contractual basis and its intention to bring the matter to the courts in order to protect its interests.
On November 1, 2008 a lawsuit against the NTRA was filed before the Administrative Court at the State Counsel asking for staying and nullifying the NTRA resolution on interconnection rates and cancels all its implications.

On September 3, 2009, and based on the Interconnection Agreement (First Paragraph of Clause No. 25), the Company filed an arbitration claim against TE according to the rules of the Cairo Regional Center for International Commercial Arbitration in order to settle the existing dispute between the two parties. On October 9, 2009 TE submitted its initial response to the Company's claim and a counter claim.

On December 31, 2009, the NTRA issued a resolution (which was amended by another resolution on January 14, 2010) providing new changes to the interconnection rates between the different operators and applicable retroactively as of September 1, 2009. The resolutions were based on the NTRA's resolution of September 3, 2008. The Company informed the NTRA of its refusal of such resolutions and filed a casual lawsuit before the Administrative Court under No. 20220 of Judicial No. 64 against the NTRA for the nullification of the latter's resolutions.

On June 5, 2010, the Administrative Court rendered its ruling with regard to the Company casual claims as follows:

First:

Staying the implementation of items No. 2, 8 and 9 of the NTRA's challenged resolution of September 3, 2008, which set the interconnection rates for outgoing calls made from TE and terminated on Mobinil at 11.3 Egyptian Piaster per minute and outgoing calls made from Mobinil and terminated on TE at 6.5 Egyptian Piaster per minute and ordering the second defendant to bear all litigation expenses.

Second:

Staying the implementation of the NTRA resolution of December 31, 2009, as amended on January 14, 2010, which sets the interconnection rates for outgoing calls made from Vodafone Egypt, Etisalat Misr and TE and terminated on Mobinil at 8.5 Egyptian Piaster per minute (with the adoption of seconds as billing units) and outgoing calls made from Mobinil and terminated on Vodafone Egypt at 10 Egyptian Piaster per minute, Etisalat Misr at 11 Egyptian Piaster per minute and TE at 6.5 Egyptian Piaster per minute (all with the adoption of seconds as billing units), denying the NTRA claimed right of setting interconnection rates on a regular basis and accordingly ordering the second defendant to bear all litigation expenses.

The administrative court has referred the lawsuit to the state commissioners' authority to prepare a legal opinion concerning the request to nullify the said decisions.

The NTRA appealed the staying decision before the Supreme Administrative Court. The State Commissioner rendered its advisory report on December 6, 2010 in the summary appeal, recommending the reversing of the summary decision rendered on June 5, 2010 in favor of the Company. The Supreme Administrative Court shall decide on the appeal after hearing the parties reply to the State Commissioners' report.

In the last court hearing of December 10, 2011, the Court postponed the case to the hearing of February 4, 2012. On the hearing of February 4, 2012, the Court postponed the case again to the hearing of April 12, 2012. On the session of April 12, 2012, the Court postponed the case to the hearing of May 5, 2012. On the hearing of May 5, 2012, the Court postponed the case again to the hearing of July 1, 2012, the court decided to postpone the case to the hearing of October 20, 2012. Further, the Court in its session of October 20, 2012 postponed the case to its session of January 12, 2013 in which session the court, based on the request of the company to the court to order the NTRA to submit its Telecom License of 2006, the court ordered NTRA for such submission and postponed the case until February 23, 2013 for the NTRA to submit the requested document.

The company and its external legal counsel believe that the Company has a strong legal position as the NTRA's decisions do not have legal or contractual ground, hence we continue to record interconnect revenue and costs based on the existing agreement with Telecom Egypt and other mobile operators.

Had we applied these decisions we would have recorded less interconnect revenue and less interconnect cost as follows:

	Revenue	**Cost**
Financial year ended December 31, 2008	100 482 767	34 413 465
Financial year ended December 31, 2009	344 408 227	82 612 435
Financial year ended December 31, 2010	503 367 350	122 217 441
Financial year ended December 31, 2011	522 275 406	114 718 049
Financial year ended December 31, 2012	317 641 346	111 039 206

Note 30 Major Events

During the first quarter of year 2011, some major events took place in Egypt that impacted the economic environment which in turn exposed the Company to various risks including sustainability of revenues, growth of business, fluctuations in foreign currencies exchange rates and valuation / impairment of assets.

These events had a negative impact on the financial statements for the year ended December 31, 2012 and may continue to have impact on the financial statements of future periods. While it is difficult to quantify this effect at this point of time, the impact will become visible in the future financial statements. The significance of such an impact will depend on the extent and length until which these events and its effect will end.

Note 31 Comparative Figures

Some of the comparative figures in the financial statements have been reclassified to be consistent with the classification of the financial statements as at December 31, 2012.

Consolidated Financial Statements

Ernst & Young
Allied for Accounting & Auditing
Ring road , Zone # 10A-Rama
Tower, kattameya

Auditors' Report to the Shareholders Of
The Egyptian Company for Mobile Services (S.A.E.)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **The Egyptian Company For Mobile Services (S.A.E),** represented in the consolidated balance sheet as of 31 December 2012, and the related consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above, give a true and fair view, in all material respects, of the consolidated financial position of **The Egyptian Company For Mobile Services (S.A.E),** as of 31 December 2012, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note (29) to the consolidated financial statements, the Company filed a lawsuit against the National Telecommunication Regulatory Authority (NTRA) to cancel NTRA's decision relating to the amendments of the interconnect prices between the fixed and mobile network companies.

The Company and its external legal counselor believe that the possibility of winning the lawsuit is probable as NTRA's decision does not have legal or contractual ground, therefore the Company continued to recognize interconnect revenue and costs from and to Telecom Egypt and other mobile companies based on the existing agreements.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records that comply with the laws and the Company's articles of association and the consolidated financial statements agree with the Company's records. The physical inventory count was undertaken by the Company's Management in accordance with the proper norms.

The financial information included in the Board of Directors' Report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the books of the Company insofar as such information is recorded therein

Ashraf Emil Botros
FESAA - FEST
RAA (9259)
EFSA (81)

Cairo: 18 February 2013

Consolidated Balance Sheet as at December 31, 2012

	Note No.	31/12/2012 L.E	31/12/2011 L.E
Long term assets			
Fixed assets (net)	(2d,3)	9 099 569 615	9 188 144 908
Assets under construction	(5)	864 336 115	905 370 979
Intangible assets (net)	(2f,4,22)	3 369 057 428	3 733 498 996
Goodwill	(2q)	277 715 446	277 715 446
Notes receivable		–	343 749
Rent deposits		20 819 957	18 803 407
Total long term assets		**13 631 498 561**	**14 123 877 485**
Current assets			
Inventory	(2g,6)	118 182 555	124 546 813
Accounts and notes receivable	(7)	1 023 319 522	592 034 108
Other debit balances	(8)	695 355 640	581 400 499
Prepaid expenses		179 867 806	202 104 445
Cash at banks and on hand	(9)	987 375 731	1 255 921 706
Total current assets		**3 004 101 254**	**2 756 007 571**
Current liabilities			
Provisions	(2m,10)	384 470 571	478 487 248
Banks credit facilities	(11)	157 137 270	376 859 718
Current portion of long term loans	(2k,15)	1 801 109 819	1 734 453 333
Creditors	(12)	2 788 434 332	2 318 992 410
Other credit balances	(13)	891 593 561	1 032 867 269
Accrued expenses		1 277 443 842	1 180 579 251
Total current liabilities		**7 300 189 395**	**7 122 239 229**
Excess of current liabilities over current assets		**(4 296 088 141)**	**(4 366 231 658)**
Net Investments		**9 335 410 420**	**9 757 645 827**
Financed as follows:			
Equity			
Paid up capital	(17)	1 000 000 000	1 000 000 000
Treasury shares	(25)	(22 781 725)	(38 815 228)
Reserve (gains from Treasury Shares)		59 363 966	56 149 077
Legal reserve		200 000 000	200 000 000
Equity settled share based payments	(2L,25)	(457 300)	12 810 269
Retained earnings		1 237 404 573	1 490 202 838
Net losses for the year (equity holders of the Company)		(231 016 439)	(252 804 068)
Total equity attributable to equity holders of the Company		**2 242 513 075**	**2 467 542 888**
Minority Interest		**(937 365)**	**(940 756)**
Total equity		**2 241 575 710**	**2 466 602 132**
Long term liabilities			
Fixed assets suppliers		–	46 259 581
Loans	(2k,15)	4 636 762 133	4 825 294 236
Bonds	(16)	1 482 579 871	1 475 459 420
Deferred tax liabilities	(2j,20)	974 492 706	944 030 458
Total long term liabilities		**7 093 834 710**	**7 291 043 695**
Total equity and long term liabilities		**9 335 410 420**	**9 757 645 827**

The accompanying notes form an integral part of these financial statements and are to be read therewith

Consolidated Income Statement for the Financial Year Ended December 31, 2012

	Note No.	Financial year ended 31/12/2012 L.E	Financial year ended 31/12/2011 L.E
Operating revenues	(2e)	10 339 922 838	10 181 977 239
Expenses & cost of operation			
Cost of services (excluding depreciation & amortization)		(2 719 612 137)	(2 542 737 303)
Other operating cost		(1 798 939 122)	(1 767 753 540)
Depreciation & amortization		(2 604 655 704)	(2 408 323 782)
Selling, general and administrative expenses		(2 364 010 802)	(2 357 655 996)
Remunerations, allowances and salaries of board members		(9 258 362)	(9 461 593)
Impairment losses of accounts receivable		(67 355 512)	(55 688 658)
Provisions	(2m,10)	(119 001 089)	(247 941 980)
Provisions no longer required	(2m,10)	23 669 569	57 389 142
Total operating costs		(9 659 163 159)	(9 332 173 710)
Net operating profits		**680 759 679**	**849 803 529**
Add / (deduct)			
Interest income		59 631 605	40 406 565
Other income		13 403 148	19 600 323
Interest expense		(878 605 404)	(841 185 432)
Capital loss		(9 105 458)	(36 592 310)
Net foreign currencies exchange differences	(2c)	(67 811 534)	(9 518 848)
Net (losses) / profits for the year before income taxes		**(201 727 964)**	**22 513 827**
Current tax	(2j)	1 172 997	(59 764 453)
Deferred tax	(2j,20)	(30 462 248)	(215 527 284)
Income taxes	(19)	(29 289 251)	**(275 291 737)**
Net losses for the year after income taxes		**(231 017 215)**	**(252 777 910)**
Attributable to:			
Equity holders of the Company		(231 016 439)	(252 804 068)
Minority interest		(776)	26 158
Net losses for the year		**(231 017 215)**	**(252 777 910)**
Losses per share	(21)	**(2.32)**	**(2.54)**

The accompanying notes form an integral part of these financial statements and are to be read therewith

Consolidated Statement of Changes in Equity for the Financial Year Ended December 31, 2012

	Paid up capital	Treasury shares	Reserve of gains from treasury shares	Legal reserve	Equity settled share based payments	Retained earnings	Net profits / (losses) for the year (Equity holders of the Company)	Total	Minority Interest	Total equity
	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Balance as at 31/12/2010	1 000 000 000	(38 223 906)	53 277 840	200 000 000	15 958 132	1 542 814 441	1 359 298 033	4 133 124 540	(966 914)	4 132 157 626
Profits of 2010 transferred to retained earnings	–	–	–	–	–	1 359 298 033	(1 359 298 033)	–	–	–
Dividends during 2011	–	–	–	–	–	(1 411 909 636)	–	(1 411 909 636)	–	(1 411 909 636)
Purchase of treasury shares	–	(23 082 967)	–	–	–	–	–	(23 082 967)	–	(23 082 967)
Equity settled share based payments	–	22 491 645	2 871 237	–	(3 147 863)	–	–	22 215 019	–	22 215 019
Net (losses) for the financial year ended December 31, 2011	–	–	–	–	–	–	(252 804 068)	(252 804 068)	26 158	(252 777 910)
Balance as at 31/12/2011	**1 000 000 000**	**(38 815 228)**	**56 149 077**	**200 000 000**	**12 810 269**	**1 490 202 838**	**(252 804 068)**	**2 467 542 888**	**(940 756)**	**2 466 602 132**
Balance as at 31/12/2011	1 000 000 000	(38 815 228)	56 149 077	200 000 000	12 810 269	1 490 202 838	(252 804 068)	2 467 542 888	(940 756)	2 466 602 132
(Losses) of 2011 transferred to retained earnings	–	–	–	–	–	(252 804 068)	252 804 068	–	–	–
Purchase of treasury shares	–	(589 505)	–	–	–	–	–	(589 505)	–	(589 505)
Equity settled share based payments	–	16 623 008	3 214 889	–	(13 267 569)	–	–	6 570 328	–	6 570 328
Net (losses) for the financial year ended December 31, 2012	–	–	–	–	–	–	(231 016 439)	(231 016 439)	(776)	(231 017 215)
Change in minority interest	–	–	–	–	–	5 803	–	5 803	4 167	9 970
Balance as at 31/12/2012	**1 000 000 000**	**(22 781 725)**	**59 363 966**	**200 000 000**	**(457 300)**	**1 237 404 573**	**(231 016 439)**	**2 242 513 075**	**(937 365)**	**2 241 575 710**

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

Consolidated Cash Flows Statement for the Financial Year Ended December 31, 2012

	Note No.	Financial year ended 31/12/2012 L.E	Financial year ended 31/12/2011 L.E
Cash flows from operating activities			
Net (losses) / profits for the period before income taxes		(201 727 964)	22 513 827
Adjustments to reconcile net (losses) / profits to cash flows from operating activities			
Depreciation & amortization		2 604 655 704	2 408 323 782
Provisions	(2m,10)	95 331 520	190 552 838
Write-off of accounts receivable		(66 370 723)	(10 680 122)
Impairment losses of accounts receivable		67 355 512	53 688 658
Write-down of inventory		–	8 804 189
Reversal of write-down of inventory		(11 119 836)	–
Interest income		(59 631 605)	(40 406 565)
Interest expense		878 605 404	841 185 432
Capital loss		9 105 458	36 592 310
Equity settled share based payment transactions		6 570 328	22 215 020
Income taxes paid		(35 274 032)	(266 786 311)
Unrealized foreign exchange differences		79 460 756	9 407 520
Changes in working capital			
Rent deposits		(2 016 550)	(700 991)
Inventory		17 484 094	157 482
Accounts and notes receivable		(426 275 753)	(176 329 659)
Other debit balances		(77 039 646)	101 307 288
Prepaid expenses		22 236 639	17 926 093
Provision used		(189 348 197)	(182 050 556)
Creditors		235 009 148	(20 691 183)
Other credit balances		(141 273 708)	148 941 400
Accrued expenses		100 940 944	72 318 152
Interest paid		(927 489 577)	(827 646 984)
Net cash provided from operating activities		**1 979 187 916**	**2 408 641 620**
Cash flows from investing activities			
Payments for the purchase of fixed assets and assets under construction	(28)	(1 983 690 087)	(1 750 343 242)
Proceeds from sale of fixed assets and fixed assets under construction		4 641 461	9 623 804
Payment for intangible assets		(5 555 000)	(16 482 000)
Payments in investments		—	(428 884)
Interest received		59 173 109	41 845 684
Net cash used in investing activities		**(1 925 430 517)**	**(1 715 784 638)**
Cash flows from financing activities			
Banks credit facilities		(219 722 448)	171 094 154
Proceeds from loans		1 596 986 000	2 621 100 000
Payments of loans		(1 734 453 334)	(1 390 761 667)
Payments for the purchase of treasury shares		(589 505)	(23 082 967)
Dividends paid		—	(1 411 909 636)
Net cash used in financing activities		**(357 779 287)**	**(33 560 116)**
Effect of exchange rate on cash and cash equivalents		35 475 913	(13 830 747)
Net changes in cash and cash equivalents		(268 545 975)	645 466 119
Cash and cash equivalents at beginning of the year		1 255 921 706	610 455 587
Cash and cash equivalents at end of the year	(2p,9)	987 375 731	1 255 921 706

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

Notes to the Consolidated Financial Statements for the Financial Year Ended December 31, 2012

Note 1 Company's Background

- Egyptian Company for Mobile Services S.A.E. is an Egyptian Joint Stock Company, established under the Investment Incentives and Guarantees Law No. 8 of 1997 and was registered in the commercial registry under No. 312032 on 4/3/1998 which was later modified to No. 2231 on 14/1/1999. The purpose of the company is to execute, manage, operate, develop, maintain a digital cellular mobile telecommunication system (G.S.M), selling and distributing mobile lines, scratch cards, mobile equipment and mobile maintenance and accessories. The company provides its services to subscribers inside and outside the Arab Republic of Egypt.
- The company's duration is 25 years starting from the date of registration in the commercial registry.
- The company started its operation on May 21, 1998.

Note 2 Significant Accounting Policies

a) Basis of Financial Statements Preparation

The consolidated financial statements are prepared in accordance with Egyptian Accounting Standards (E.A.S) and related Egyptian laws and regulations.

b) Basis of Consolidation

The accompanying consolidated financial statements include the assets, liabilities and results of operations of the company (Egyptian Company for Mobile Services) and its subsidiaries (thereafter referred to as "the Group") which are controlled by the Company. The bases of the preparation of the consolidated financial statements are as follows:

- All intra-group balances and transactions have been eliminated.
- Minority interest in the equity and results of operations of the subsidiaries controlled by the Company is shown as a separate item in the consolidated financial statements and is calculated based on their share in the assets and liabilities of the subsidiaries.

As at December 31, 2012, the company directly owns the following consolidated subsidiaries:

Company Name	**Ownership**
* Mobinil Services (Egyptian Joint Stock Company)	96%
* Mobinil for Importing (Egyptian Joint Stock Company)	98%
LINKdotNET (Egyptian Joint Stock Company)	99.99%
Link Egypt for Trading and Services (Egyptian Joint Stock Company)	99.99%
Link One for Telecommunication Services (Egyptian Joint Stock Company)	99.75 %
** Employees share plan (Trust)	Controlled

* Mobinil for Telecommunication owns 2% in Mobinil Services and 1% in Mobinil for Importing. Mobinil Services owns 1% in Mobinil for Importing.

** The Trust established for the employees share plan of the company.

c) Foreign Currency Translation

- The group maintains its books of accounts in Egyptian Pounds. Transactions denominated in foreign currencies are recorded using monthly fixed exchange rates, while balances of monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are retranslated at the prevailing exchange rates at that date. Exchange differences are recorded in the income statement.
- Nonmonetary items that are measured at historical cost in foreign currency are translated using the exchange rates prevailing at the date of the initial recognition.
- Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value is determined.

d) Fixed Assets and Depreciation

- Fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. The assets are depreciated using the straight-line method over the estimated useful lives of each type of assets.
- The estimated useful lives are as follows:

Buildings	50 years
Telecommunication and networks equipment	3-15 years
Computers	2-5 years
Office equipment	5-10 years
Furniture & fixtures	8-10 years
Vehicles	5 -7 years
Leasehold improvements	5 years

- Subsequent cost is recognized if it is probable that the future economic benefits embodied and can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

e) Revenue Recognition

i. GSM Revenue

Revenue from the sale of goods or services rendered is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue recognition for major revenue streams are as follows:

1- Airtime, SMS and other value added services are recognized when services are rendered.

- For postpaid subscribers revenue is recorded based on billed services, and an accrual is recorded for services rendered and unbilled at period end.
- For prepaid subscribers initial sale of scratch cards is recorded as deferred revenue, revenue is recorded based on usage of Airtime and other services.

2- Interconnect and roaming revenue is recognized based on the terms and conditions agreed with other operators and when services are rendered and billed. Accruals are recorded for unbilled revenue resulting from services rendered until the period end.

3- Handsets and accessories revenue is recognized upon delivery and when persuasive evidence exists, in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, there is no continuing management involvement with the goods, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and the amount of revenue can be measured reliably.

4- Connection fees are recognized based on activation.

ii. Internet Revenue: Revenue is recognized once the service is rendered to the client.

f) Intangible Assets

The existing licenses fees are amortized over the period of license using the straight line method and accounted for as follows:

a. The license fee is recorded at cost.

b. The fees to access the 7.5 MHZ of the 1 800 MHZ spectrum are recorded at the cash price using its net present value.

c. The fees to acquire the 3G license and the 10 MHZ of the 2 GHZ spectrum is recorded at the cash price using its net present value.

d. All GSM licenses agreements are extended to October 2022.

e. Amortization commences at the commercial launch date.

f. Internet Services Provider class A license and other intangibles are recorded at their acquisition cost.

– Right of the utilizing the international circuit (ROU) is amortized using the double declining method over the period of 15 years.

g) Inventory

Inventory is valued at the lower of cost or net realizable value. Cost is determined using the moving average method.

h) Capitalization of Borrowing Cost

The company capitalizes the borrowing costs related to the acquisition or establishment of an eligible asset.

i) Impairment

- The carrying amounts of the company's assets - other than (inventory 2g) and (deferred tax assets 2j) - are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.
- An impairment loss is recognized whenever the carrying amount of an asset or its Cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.
- An impairment loss in respect of goodwill is not reversed.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

j) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax is the expected tax payable on the net taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is measured using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Interest - Bearing Borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest rate basis.

l) Share Based Payments

The Company has equity settled share based compensation plan. Equity settled share based payments are measured at fair value determined at the grant of the equity settled share based payments. The fair value of the share based payment is charged over the vesting period.

m) Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows. Provisions are reviewed at the balance sheet date and amended (when necessary) to reflect the best current estimate.

n) Employee Pension Plan

The Company operates a defined contribution pension plan for its employees, in addition to the statutory social insurance scheme required by law. Employees who choose to subscribe to this plan pay 3% of their basic salary into the plan. The Company will then contribute an amount equal to 10% of that employee's basic salary to the plan.

The Company has no liability or commitment to the plan beyond its defined contribution. Employees receive their entitlements for the pension plan according to its terms based on years of service.

o) Lease

Lease payments under operating lease are charged to the income statement on a straight-line basis over the period of the lease, commencing on the date of the lease.

p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and deposits with original maturities of three months or less and cheques under collection (draft cheques or certified cheques). Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

q) Goodwill

Goodwill is represented in the excess of the cost of acquisition over the parent's interest in the fair value of the identifiable assets and liabilities owned by the subsidiaries acquired as of the date of acquisition less any impairment losses.

r) Cash Flows Statement

Cash flows statement is prepared using the indirect method.

Note 3 Fixed Assets (Net)

	Land	Buildings	Network Equipments	Computers	Office Equipments	Furniture & Fixtures	Vehicles	Leasehold Improvements	Total
	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Cost									
Cost as at 1/1/2012	* 19 816 612	** 561 221 685	17 421 674 202	1 483 953 720	72 392 883	124 775 394	94 792 736	168 492 888	19 947 120 120
Adjustment on 1/1/2012	–	(11 326 604)	–	–	–	–	–	–	(11 326 604)
Additions for the year	–	1 189 183	1 948 294 230	198 933 565	2 271 550	11 151 429	4 795 910	4 521 499	2 171 157 366
Disposals	–	–	(398 312 562)	(1 971 604)	(643 787)	(1 285 500)	(2 113 250)	(5 431 427)	(409 758 130)
Total cost as at 31/12/2012	**19 816 612**	**551 084 264**	**18 971 655 870**	**1 680 915 681**	**74 020 646**	**134 641 323**	**97 475 396**	**167 582 960**	**21 697 192 752**
Accumulated depreciation									
Accumulated depreciation as at 1/1/2012	–	53 937 871	9 427 076 880	966 488 922	54 869 441	68 797 771	55 547 931	132 256 396	10 758 975 212
Adjustment on 1/1/2012	–	(148 819)	–	–	–	–	–	–	(148 819)
Depreciation for the year	–	10 775 121	1 978 790 198	195 610 388	8 235 650	11 026 085	14 618 210	15 752 303	2 234 807 955
Accumulated depreciation of disposals	–	–	(387 194 170)	(1 788 218)	(538 810)	(1 034 342)	(1 446 758)	(4 008 913)	(396 011 211)
Accumulated depreciation as at 31/12/2012	**–**	**64 564 173**	**11 018 672 908**	**1 160 311 092**	**62 566 281**	**78 789 514**	**68 719 383**	**143 999 786**	**12 597 623 137**
Net book value as at 31/12/2012	**19 816 612**	**486 520 091**	**7 952 982 962**	**520 604 589**	**11 454 365**	**55 851 809**	**28 756 013**	**23 583 174**	**9 099 569 615**
Net book value as at 31/12/2011	**19 816 612**	**507 283 814**	**7 994 597 322**	**517 464 798**	**17 523 442**	**55 977 623**	**39 244 805**	**36 236 492**	**9 188 144 908**

*This item includes an amount of L.E 11 677 123 which is represented in the purchase price of pieces of land in different areas according to a preliminary contracts which have not yet been registered in the notarization office.

**This item includes:

1. An amount of L.E 280 713 676 which is represented in the purchase price of the administrative offices in the Nile City building and the registration at the notarization office is in process.
2. An amount of L.E 32 076 155 which is represented in the purchase price of a building for Switches in 6th of October City according to a preliminary contract which has not yet been registered in the notarization office.

Note 4 Intangible Assets (Net)

	License fee	Fees to access the 7.5 MHZ of the 1800 MHZ spectrum	Fees of the 3G license and access the 10 MHZ of the 2 GHZ spectrum	Fees of internet class A license	Right of utilizing international circuits (ROU)	Others	Total
	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Cost as at 1/1/2012	1 755 000 000	643 101 265	3 340 000 000	100 000 000	110 540 813	141 667 600	6 090 309 678
Additions for the year	–	–	–	–	5 000	5 550 000	5 555 000
Cost as at 31/12/2012	**1 755 000 000**	**643 101 265**	**3 340 000 000**	**100 000 000**	**110 545 813**	**147 217 600**	**6 095 864 678**
Less							
Accumulated amortization as at 1/1/2012	1 283 832 857	331 389 242	620 016 570	26 666 667	72 024 393	22 880 953	2 356 810 682
Amortization for the year	43 654 839	28 546 432	251 075 393	20 000 000	7 131 177	19 588 727	369 996 568
Accumulated amortization as at 31/12/2012	**1 327 487 696**	**359 935 674**	**871 091 963**	**46 666 667**	**79 155 570**	**42 469 680**	**2 726 807 250**
Balance as at 31/12/2012	**427 512 304**	**283 165 591**	**2 468 908 037**	**53 333 333**	**31 390 243**	**104 747 920**	**3 369 057 428**
Balance as at 31/12/2011	**471 167 143**	**311 712 023**	**2 719 983 430**	**73 333 333**	**38 516 420**	**118 786 647**	**3 733 498 996**

Note 5 Assets under Construction

This item includes telecommunication and networks equipment, letters of credit, advance payments related to assets and the capitalized borrowing cost directly related to the acquisition of the fixed assets amounting to L.E 74 616 988 (L.E 60 246 254 during 2011) as stated in note (2-i, 28).

The average borrowing rate for the company which is used to capitalize interest is 10. 462 % during the financial year ended December 31, 2012 (9.903 % during 2011).

Note 6 Inventory

Inventory is represented in postpaid and prepaid SIMs and scratch cards in addition to other cell phone sets and telecommunication equipment.

Note 7 Accounts and Notes Receivable

	31/12/2012 L.E	31/12/2011 L.E
Services receivables	484 246 181	257 034 678
Distributor receivables	167 597 327	81 693 392
Roaming receivables	52 885 127	39 340 804
National roaming receivables	14 438 888	14 438 888
Interconnect receivables	283 334 454	185 282 162
Notes receivable	16 541 166	8 364 227
Others	4 276 379	5 879 957
	1 023 319 522	592 034 108

Note 8 Other Debit Balances

	31/12/2012 L.E	31/12/2011 L.E
Suppliers – advance payments	11 005 543	12 718 619
Deposits with others	8 294 971	7 113 126
Accrued revenues	524 546 093	356 521 057
Mobinil For Telecommunication	115 692	1 206 622
Taxes - advance payments	61 812 099	112 848 079
Advance payments to lease contracts	8 248 773	16 341 048
Others	81 332 469	74 651 948
	695 355 640	581 400 499

Note 9 Cash at Banks and on Hand

	31/12/2012 L.E	31/12/2011 L.E
a- **Cash on hand**	5 804 108	5 785 898
b- **Cash at banks**		
Current accounts	708 176 112	792 068 342
Cheques under collection	37 179	37 179
Time deposits	273 358 332	451 792 757
Treasury bills	–	6 237 530
	987 375 731	1 255 921 706

Note 10 Provisions

Description	Balance as at 1/1/2012 L.E	Formed L.E	No longer required L.E	Used L.E	Balance as at 31/12/2012 L.E
Provisions	478 487 248	119 001 089	(23 669 569)	(189 348 197)	384 470 571

The Company has not disclosed some of the information required by the Egyptian Accounting Standard No.28 (Provisions, Contingent Liabilities and Contingent Assets), as the Company believes that it can prejudice seriously the position of the Company in disputes with other parties on the subject matter of the provisions.

Note 11 Banks Credit Facilities

As at December 31, 2012 the company has short term banks facilities, all of which are in Egyptian pounds with various local banks amounting to L.E 999 000 000 of which utilized as at December 31, 2012 is L.E 157 137 270.

Note 12 Creditors

	31/12/2012 L.E	31/12/2011 L.E
Fixed assets suppliers	1 240 398 409	1 167 401 284
*Licenses' fees liability	750 000 000	750 000 000
Trade suppliers	625 259 430	355 660 818
Creditors – Roaming	33 968 899	13 683 416
Orange Group	77 403 969	11 675 990
Orascom Group	36 825 038	12 897 700
Orascom Telecom Media and Technology Holding	19 772 007	–
Others	4 806 580	7 673 202
	2 788 434 332	2 318 992 410

*This item represents the liability of the 3G license fees to access the first 5 MHZ of the 3G spectrum.

Based on correspondence with NTRA, this amount which was due on January 2009 has been postponed until receiving the additional 2.5 MHZ of the 1800 MHZ spectrum.

Note 13 Other Credit Balances

	31/12/2012 L.E	31/12/2011 L.E
Taxes and Stamps	282 436 169	279 653 085
Deposits from customers	87 604 199	102 717 070
Deferred revenue	476 483 497	620 188 963
Income tax	–	533 026
Employees share based liability (note -25)	22 210 064	–
Others	22 859 632	29 775 125
	891 593 561	1 032 867 269

Note 14 Related Party Transactions

Transactions with related parties during the year were similar to non-related entities on an arm's length basis.

These transactions are represented in buying network equipment, providing technical and accounting assistance for network operation and maintenance, network equipment construction activities, supplying computers to the company, internet services, leased lines, providing advertising campaigns, paying and collecting the roaming revenues on behalf of related parties, sales, purchases, commission, sponsorship, training and hotel services.

The following is a summary of the related parties, the type and amount of transactions with the company and their outstanding balances at the end of the year.

		Total transactions during the financial year ended	
Description	**Transaction type**	**31/12/2012 L.E**	**31/12/2011 L.E**
Orascom Group	All above mentioned transactions	143 965 883	951 449 253
Orascom Telecom Media and Technology Holding	Management fees / Sales/ Purchases / Commission / Technical assistance	260 433 137	–
Orange Group	Management fees / Technical assistance/ Roaming Services	182 545 516	174 540 378
Nile City Investment	Rent	21 495 645	18 043 474
Nile City for Tourism and Hotels	Hotel services	1 117 528	1 163 798
Mobinil For Telecommunication	Rent / Payments on behalf of the company	300 772	405 133
Others	Sponsorship / Training	53 600	–

The outstanding balances as at 31/12/2012 are as follows:

Description	Balance type	31/12/2012 L.E	31/12/2011 L.E
Orascom Group	Creditors/ Suppliers-advance payments	42 265 881	42 495 554
Orascom Telecom Media and Technology Holding	Creditors /Accounts and notes receivable	1 835 853	–
Orange Group	Creditors /Suppliers-advance payments /Accounts and notes receivable	73 631 668	9 214 308
Nile City Investment	Creditors	18 750	18 750
Nile City for Tourism and Hotels	Creditors	86 182	26 061
Mobinil For Telecommunication	Other debit balances	115 692	1 206 622

Summary of Major Related Party Contracts:

Management Fee Agreements:

- The management fees related to the services provided by each of Orascom Telecom and Orange to the company in accordance with the contracts effective since July 1, 2002, for a consideration of 0.75% of the company's gross service revenue (excluding taxes) payable to each of Orange and Orascom Telecom. Such fees are invoiced and paid on a monthly basis. The contracts have been automatically renewed since their entry into force and therefore are long term, continuing and on-going contractual arrangements.
- Orascom Telecom Media and Technology Holding (OTMT) replaced Orascom Telecom in all its rights and obligations for the management agreement starting from December 29, 2011 the date in which Orascom Telecom ownership in the Egyptian Company for Mobile Services and Mobinil for Telecommunication shares were transferred to Orascom Telecom Media and Technology Holding.
- Based on the General Service Agreement (GSA) signed July 3, 2003 (effective retroactively July 1, 2002) and amended by and between OTMT and ECMS dated September 10, 2012 both parties agreed that OTMT has the right to assign its right and obligations under the GSA or any part thereof to any entity controlled by OTMT, to FT or to any entity controlled by FT after a written notification is sent to ECMS for information purposes, and ECMS hereby consents to any such assignment.
- Following to this update ECMS received a written notification on October 15, 2012 from OTMT to transfer OTMT GSA rights to FT and FT will be entitled to receive the consultancy fee as provided in the OTMT GSA.

Distribution Service Contract:

The company has a distribution agreement with Multimedia Mega Stores a subsidiary of Orascom Telecom by which the related party distributes the company's products in return for commissions. The commissions received are based on the same formula as other non-related distributors.

Roaming Agreements:

The company has roaming agreements with Orange and Orascom Telecom groups.

The amounts due on these contracts are previously included in this note.

The Nature of the Relationships is as Follows:

- MT Telecom: Direct shareholder with 93.92% in the company.
- Orascom Telecom Media and Technology Holding: Direct shareholder with 5 %.
- France Telecom (Orange): Principal shareholder with 100 % in MT Telecom the principal shareholder in the company.

- Orascom Group
  - Sister companies to Orascom Telecom Media and Technology Holding as some of its shareholders are members of the board of directors of the company.
  - One of its board of directors members is a member in the board of directors of the company.
- Nile City Investment: Sister company as some of its shareholders are members of the board of directors of the company.

Note 15 Loans

The company has unsecured loans, all of which are in Egyptian pounds, to finance its capital expenditure, 3G license fees and general purposes. These loans are all from local banks, the terms and details of the loans are summarized as follows:

Contract date	Grace period	Initial agreement amount	Carrying amount	Current portion of long term loans	Long term loans due 2014/2019	Maturity Date	Interest payment	Terms of Payment	Interest Rate Factors
April 17,2005	3 years	1 800 000 000	163 866 486	163 866 486	–	30/4/2013	Semi-annually	11 semi-annual installments start after the grace period and due on April 30 & October 30 every year.	CBE Discount Rate (CDR). The corporate time deposit rate. CBE Mid Corridor rate. Margin.
August 15,2007	5 years	2 300 000 000	1 835 414 821	690 000 000	1 145 414 821	14/8/2014	Semi-annually	• 20 % of the facility (460 million Egyptian Pounds) at the end of fifth year. • 30 % of the facility (690 million Egyptian Pounds) at the end of sixth year. • 50 % of the facility (1 150 million Egyptian Pounds) at the end of seventh year.	
February 27,2008	2.5 years	2 200 000 000	1 174 755 211	471 110 000	703 645 211	3/3/2015	Semi-annually	• 80 million Egyptian Pounds at the first business day after expiry of the grace period that expires on September 2, 2010. • 2 120 million Egyptian Pounds over 9 semi-annual installments due on March 3 & September 3 every year.	
April 23,2009	2 years	1 000 000 000	498 051 316	333 333 333	164 717 983	22/4/2014	Semi-annually	6 semi-annual installments start after 6 months from the expiry of the grace period and due on October 22 & April 22 every year.	
April 11,2011	–	2 000 000 000	1 668 510 235	142 800 000	1 525 710 235	10/4/2018	Semi-annually	14 semi-annual installments starting after 6 months from the contract signing date and due on October 11 & April 11 every year.	CBE Mid Corridor rate. Margin.
September 2,2012	2 Years	2 900 000 000	1 097 273 883	–	1 097 273 883	1/9/2019	Semi-annually	12 semi-annual installments starting after 21 months from the contract signing date and due on June 20 & December 20 every year.	
			6 437 871 952	**1 801 109 819**	**4 636 762 133**				

Note 16 Bonds

The main terms and conditions of the bonds are as follows:

- Type of issuance: Par value bonds (second issuance) with a fixed interest rate, marketable but non-convertible into shares.
- Interest rate: 12.25% fixed annual interest rate due every 6 months.
- Issuance price: 100% of the 15 million bonds par value, which amounts to L.E 100 each and for a total amount of L.E 1 500 million.
- Payment: The bonds will be repaid in one installment at the final maturity date of the bonds after 5 years from the closing date of the public offering and the issuer has the right to repay the bonds before their final maturity date.

Note 17 Capital

The company's authorized share capital amounts to L.E 1 500 million divided into 150 million shares with a nominal value L.E 10 each.

The company's issued and fully paid up capital amounts to L.E 1 000 million. On October 12, 2003, the company's Extraordinary General Assembly approved the increase of the authorized capital to L.E 3 000 million. This increase was recorded in the commercial registry on February 23, 2004.

Note 18 Segment Reporting

The Company considers primary segment information by business activity. The method used to identify the business segments includes the factors used by the management to manage the Group and assign managerial responsibilities. The methodology adopted to identify the components of revenues and costs attributable to each business segment is based on the identification of each component of costs and revenues directly attributable to each segment. The operating activities of the Group are organized and managed separately based on the nature of the products and services provided. Each segment offers different products and services.

The following primary business segments have been identified:

a. GSM: covering the mobile telecommunications services activities of the Group, including the sale of pre-paid scratch cards, post-paid and monthly subscriptions packages, handsets, bundles and roaming services.

b. Internet: covering the internet services of the Group.

	GSM L.E	Internet L.E	Total L.E
Net revenue	9 829 456 619	510 466 219	10 339 922 838
Depreciation and amortization	(2 519 048 145)	(85 607 559)	(2 604 655 704)
Operating profits / (losses)	758 775 782	(78 016 103)	680 759 679
losses before income taxes	(121 293 533)	(80 434 431)	(201 727 964)
Losses for the year	(156 918 478)	(74 097 961)	(231 016 439)
Total assets	15 918 071 819	717 527 996	16 635 599 815
Total capital expenditure (Tangible & Intangible assets)	2 061 411 871	74 265 631	2 135 677 502
Total liabilities	14 127 064 482	266 959 623	14 394 024 105

Note 19 Reconciliation of Effective Income Tax Rate

		31/12/2012 L.E		31/12/2011 L.E
Net (losses) / profits for the year before income taxes		(201 727 964)		22 513 827
Income tax using the domestic corporation tax rate	**20 %**	–	**20 %**	2 000 000
Income tax using the domestic corporation tax rate	**25 %**	(50 431 991)	**25 %**	3 128 457
Non- deductible expenses		42 990 127		89 480 634
Impact of tax law amendment		–		171 781 002
Under provided in prior periods		642 302		8 901 644
Carried forward tax losses		36 088 813		–
	(14.52)%	**29 289 251**	**1 222.77%**	**275 291 737**

Note 20 Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	31/12/2012 L.E	31/12/2011 L.E	31/12/2012 L.E	31/12/2011 L.E
Fixed assets	–	–	675 079 214	696 294 266
Employee share plan	3 065 349	1 422 767	–	–
Intangible assets	–	–	357 718 655	302 922 419
Provisions	19 700 818	15 786 843	–	–
Others	35 538 996	37 976 617	–	–
Total deferred tax asset / liability	58 305 163	55 186 227	1 032 797 869	999 216 685
Net deferred tax liabilities			**974 492 706**	**944 030 458**

Unrecognized Deferred Tax Assets

	31/12/2012 L.E	31/12/2011 L.E
Deductible temporary differences	34 268 461	34 442 608

Deferred tax assets have not been recognized in respect of this item because of the uncertainty associated with the recoverability of this deferred tax asset.

Note 21 Losses per Share

	Financial year ended 31/12/2012	Financial year ended 31/12/2011
Net losses for the year attributable to equity holders of the company	(231 016 439)	(252 804 068)
Weighted average number of shares	99 487 576	99 375 857
Losses per share	**(2.32)**	**(2.54)**

Note 22 GSM License Agreements

a- License Agreement

A license agreement was signed between the company and National Telecommunication Regulatory Authority. This agreement gives the company the right to establish and operate a digital cellular Mobile Telephone network in Egypt, for a duration of 15 years starting from May 21, 1998 subject to renewal. The company paid L.E 1 755 Million as a license fee for this agreement for the 15 years period. In addition, the company is liable to pay annual fees to the National Telecommunication Regulatory Authority.

b- License Agreement Appendix no. (2)

- The Company signed an agreement with both Vodafone Egypt and Telecom Egypt. Based on this agreement, the company and Vodafone Egypt have committed to make total payments of EGP 1 240 Million each over 4 years to the National Telecommunication Regulatory Authority (NTRA). Accordingly, each company was granted access to 7.5 MHZ of the 1 800MHZ spectrum that will be supplied by Telecom Egypt, which surrendered its 1 800 MHZ GSM license.
- The fees to access the 7.5 MHZ of the 1 800 MHZ spectrum are recorded at the cash price using its net present value.

c- License Agreement Appendix no. (4)

- On October 17, 2007, the company has signed an agreement with National Telecommunication Regulatory Authority (NTRA) to acquire the 3G license, 10 MHZ spectrum and extension of the old licenses for a new 15 years starting from the date of signature against L.E 3 668 M and a charge of 2.4% of mobile revenue. An amount of L.E 2 918 M paid up till now and the remaining L.E 750 M will be paid when receiving the additional 2.5 MHZ of the 1800 MHZ spectrum. Accordingly, the company has revised the useful life of old licenses to end October 2022.
- The 3G license fees are recorded at the cash price of the license agreement due to receiving the first 5 MHZ of the 2 GHZ spectrum during March 2008 and receiving the second 5 MHZ of the 2 GHZ spectrum during December 2010.

Note 23 Capital Commitments

Capital commitments represent the fixed assets, intangible assets and lease contracts entered into and not yet executed at the balance sheet date which amounts to L.E 764 M as at December 31, 2012 (L.E 572 M as at December 31, 2011).

Note 24 Contingent Liabilities

Contingent liabilities amount to L.E 81 M as at December 31, 2012. These contingent liabilities represent the uncovered amounts of letters of guarantee issued for the benefit of third parties as at December 31, 2012.

The company is a party in a number of legal cases which resulted from carrying out its activities. Based on the legal advice obtained, the company's management believes that the outcome of these lawsuits - individually or in aggregate - would not be material to the group's results.

Note 25 Employees Share Plan (Treasury Shares)

The extraordinary general assembly meeting of the company held on March 11, 2007 approved the establishment of the employee share plan (ESP) as per the corporate law by granting the employees free shares of the company. This plan will be applied to the company's employees, managers and executive members of the company's board that qualified according to certain conditions regarding their performance, position, years of experience at the company and anticipated accomplishments.

The company's Board of Directors approved the allocation of 409 000 shares owned by Mobinil Invest in the company in order to proceed with the employee share plan. Furthermore, the extraordinary general assembly meeting of the company held on September 3, 2007 approved the increase of allocated shares to 450 000 shares by purchasing the required shares from the stock market.

On March 10, 2010 the company's extraordinary general assembly meeting approved extending the employee share plan for four years and also approved the allocation of additional 884 160 shares in order to proceed with the plan.

The plan can be summarized as follows:

1. The plan's beneficiaries will be granted free shares that will be allocated over a number of years. Furthermore, supervising committee will nominate the beneficiaries, according to the plan's criteria, the number and dates of granted shares.
2. During the vesting period the ESP's shares will be in the custody of the trustee. Thus, the beneficial employee has no right to attend or vote in the company's ordinary & extraordinary general assembly meetings. Hence, the beneficial employee cannot exercise his or her rights till the date of transferring shares' ownership. However, the beneficial employee will have the right of profit distributed on his or her allocated shares from the granting date.

The granted shares according to the plan are as following:

	31/12/2012 Shares	31/12/2011 Shares
Allocated Shares at the beginning of the plan	409 000	409 000
Purchased & allocated shares to the plan	413 528	409 800
Granted shares balance (not exercised)	(232 915)	(252 895)
Exercised	(673 235)	(549 150)
Available shares	**(83 622)**	**16 755**

The Following Summarizes the Exercise Dates of the Allocated Share :

	Shares
December 31, 2007 (Exercised)	126 384
December 31, 2008 (Exercised)	131 205
December 31, 2009 (Exercised)	133 886
During 2010 (Exercised)	12 390
During 2011 (Exercised)	145 285
During 2012 (Exercised)	124 085
* December 31, 2012	148 613
December 31, 2013	145 935
December 31, 2014	86980

*During December 2012, it was mutually agreed between the company and employees who have the right to exercise 148 613 shares on December 31, 2012 to cancel the transfer of the shares and in return the company will pay them in cash compensation.

– The income statement has been charged with L.E 28 790 323 representing the employee share plan expenses for the financial year ended December 31, 2012.

Note 26 Financial Instruments and Management of Related Risks

The financial instruments of the company are represented in the financial assets, (cash at banks and on hand, accounts receivable, some of the accounts in debtors and other debit balances), the financial liabilities (banks credit facilities, some of the suppliers balances, some of the accounts in creditors and other credit balances).

a- Credit Risk

This risk is represented in the inability of customers to pay their debts. The group retains deposits from them and may suspend services for delinquent customers.

b- Liquidity Risk

This risk represents the Company’s inability to fulfill its financial obligations when mature.

The Company managed this risk through continuous monitoring of the liquidity position to make sure (with acceptable degree) of the adequacy of cash balances available to meet its financial obligations when mature, whether in normal or difficult cases and without incurring any unacceptable losses or damaging its reputation.

c- Foreign Currencies Exchange Risk

The foreign currencies risk is represented in the fluctuations in exchange rates, which in turn affect the company’s cash inflows and outflows as well as the value of its foreign currency assets and liabilities. As at the date of the balance sheet, the company has foreign currency assets and liabilities equivalent to L.E 580 655 224 and L.E 1 487 646 002 respectively. The company’s net exposure in foreign currencies is as follows:

	Shortage
U.S Dollars	15 393 520
Euro	94 931 079
GBP	54 168
CHF	104 967

As disclosed in note (2-c) the company has used the prevailing exchange rates at the balance sheet date to retranslate monetary assets and liabilities.

The interest rate risk is represented in the fluctuations in the interest rates which in turn affects the related monetary assets and liabilities.

d- Interest Rate Risk

The interest rate risk is represented in the fluctuations in the interest rates which in turn affects the related monetary assets and liabilities. During 2012 the interest rate increased by 100 base points and the possibility of moving the interest rate in future is possible according to the political and economical situation in the country.

e- Fair Value

Based on the valuation basis used for the group's assets and liabilities described earlier, the fair value of the financial instruments does not materially differ from the book value as at the balance sheet date.

Note 27 Tax Status

The Egyptian Company for Mobile Services

a) Corporate Tax

- From inception till 2006

Tax inspection was performed for this period and all disputes have been finalized according to the internal committee decisions.

- Years 2007 to 2011

These years have been inspected and the company has not yet been informed by the results.

b) Payroll Tax

- From inception till 2000

A tax inspection was performed for this period and the resulting differences were paid according to the resolution of the appealing committee except special increase item which were transferred to the appealing court.

- Years 2001 to 2006

These years have been inspected and settled with tax authority.

- Years 2007 to 2011

These years are currently being prepared for tax examination.

c) Stamp Tax

- From inception till July 31, 2006

A tax inspection was performed and disputes were settled except for tax on Alo connection fees and in-kind tax which were transferred to the preliminary court but not yet resolved for the period from inception till 2001 and to appealing committee for years from 2002 to July 31, 2006.

- From August 1, 2006 till December 31, 2011

This period is currently being prepared for tax inspection.

d) Sales Tax

- From inception till 2004

This period has been inspected and differences were paid.

- Year 2005

This year has been inspected and currently being revisited with tax authority.

- Years 2006 to 2009

These years have been inspected and differences were paid.

- Years 2010 and 2011

These years have not yet been inspected.

e- Withholding Tax

- Years 2003 and 2004

The company applies withholding taxes according to the available documents and these years have been inspected and settled with tax authority.

- Years from 2005 to 2011

These years have not yet been inspected

Mobinil Services (a subsidiary)

a) Corporate Tax

- From inception till 2004

Tax inspection was performed and the company was notified with the legal forms and the dispute is currently being followed at the appealing committee.

- Years 2005 to 2011

Tax returns were provided for these years and have not yet been inspected.

b) Sales Tax

- From July 1, 2001 till December 31, 2006

This period had been inspected and settled with tax authority.

- Years 2007 to 2011

These years have not yet been inspected.

c) Stamp Tax

- From inception till July 31, 2006

Tax inspection was performed for this period and all disputes have been finalized and paid according to the committees' decisions.

- From August 1, 2006 till December 31, 2011

This period has not yet been inspected.

d) Withholding Tax

- From inception till 2002

A tax inspection was performed and differences were paid according to claim from the central collection department.

- Years 2003 to 2011

These years have not yet been inspected.

Mobinil for importing (a subsidiary)

a) Corporate Tax

- From inception till 2011

Tax return was provided for this period and has not yet been inspected.

b) Sales Tax

- From inception till 2011

This period has not yet been inspected.

Link Egypt for Trading and Services (a subsidiary)

a) Corporate Tax

- From inception till 2001

This period has been inspected and settled with tax authority.

- Years 2002 to 2008

Tax inspection was performed and the company objected on the assessment and currently being reinspected.

- Years 2009 to 2011

These years have not yet been inspected.

b) Payroll Tax

- From inception till 2007

This period has been inspected and settled with tax authority.

- Years 2008 to 2011

These years have not yet been inspected.

c) Stamp Tax

- From inception till 2005

This period has been inspected and settled with tax authority.

- Years 2006 to 2010

These years are currently being inspected.

- Year 2011

This year has not yet been inspected.

d) Sales Tax

- From inception till 2005

This period has been inspected and settled with tax authority.

- Years 2006 to 2011

These years have not yet been inspected.

LINKdotNET (a subsidiary)

a) Corporate Tax

The company is exempted from corporate tax for a period of 10 years ended 31/12/2011.

- From inception till 2004

This period has been inspected and settled with tax authority.

- Years 2005 to 2008

These years are currently being inspected.

- Years 2009 to 2011

These years have not yet been inspected.

b) Payroll Tax

- From inception till 2008

This period has been inspected and settled with tax authority.

- Years 2009 and 2011

These years are currently being inspected.

c) Stamp Tax

- From inception till July 31, 2006

This period has been inspected and settled with tax authority.

- From August 1, 2006 till December 31, 2011

This period has not yet been inspected.

d) Sales Tax

The company is currently being inspected.

Link One for Telecommunication Services (a subsidiary)

The company has not yet been inspected.

Other Tax Matters

Several laws were issued to amend certain provisions of taxes and were published in the Official Gazette on December 6, 2012.

As the enactment of these laws have been suspended the effect of such amendments were not reflected in the financial statements until a final resolution is issued in this respect.

Note 28 Payments for the Purchases of Fixed Assets and Fixed Assets under Construction

For the purpose of the preparation of the cash flows statement, the fixed assets additions and net movement of fixed assets under construction are reconciled to the cash outflow resulting from these transactions as follows:

Description	L.E
Fixed assets additions during the year	2 171 157 366
Net movement of fixed assets under construction	(41 034 864)
Non cash reconciliations	
Adjustment on 1/1/2012	(11 326 604)
Interest capitalized during the year on fixed assets under construction	(74 616 988)
Fixed assets and fixed assets under construction suppliers	(60 488 823)
Payments for the purchase of fixed assets and fixed assets under construction	1 983 690 087

Note 29 Interconnect Dispute

Telecom Egypt (TE) filed a complaint with the National Telecommunication Regulatory Authority (NTRA), with the purpose of changing its interconnect rates with the mobile operators, with which it has existing interconnection agreements, for calls made by TE's subscribers from its fixed lines to mobile lines. Mobinil (or the Company) responded to the complaint, before the NTRA Dispute Resolution Committee, by asking TE to honor the Interconnection Agreement it had in place therewith. The NTRA issued a ruling on such dispute on September 3, 2008 which came in favor of TE, as it instructed a revision of interconnection rates between fixed and mobile lines to come in force as of the same date.

The Company informed the NTRA of its objection to the latter's ruling as it had no legal or contractual basis and its intention to bring the matter to the courts in order to protect its interests.

On November 1, 2008 a lawsuit against the NTRA was filed before the Administrative Court at the State Counsel asking for staying and nullifying the NTRA resolution on interconnection rates and cancels all its implications.

On September 3, 2009, and based on the Interconnection Agreement (First Paragraph of Clause No. 25), the Company filed an arbitration claim against TE according to the rules of the Cairo Regional Center for International Commercial Arbitration in order to settle the existing dispute between the two parties. On October 9, 2009 TE submitted its initial response to the Company's claim and a counter claim.

On December 31, 2009, the NTRA issued a resolution (which was amended by another resolution on January 14, 2010) providing new changes to the interconnection rates between the different operators and applicable retroactively as of September 1, 2009. The resolutions were based on the NTRA's resolution of September 3, 2008. The Company informed the NTRA of its refusal of such resolutions and filed a casual lawsuit before the Administrative Court under No. 20220 of Judicial No. 64 against the NTRA for the nullification of the latter's resolutions.

On June 5, 2010, the Administrative Court rendered its ruling with regard to the Company casual claims as follows:

First:

Staying the implementation of items No. 2, 8 and 9 of the NTRA's challenged resolution of

September 3, 2008, which set the interconnection rates for outgoing calls made from TE and terminated on Mobinil at 11.3 Egyptian Piaster per minute and outgoing calls made from Mobinil and terminated on TE at 6.5 Egyptian Piaster per minute and ordering the second defendant to bear all litigation expenses.

Second:

Staying the implementation of the NTRA resolution of December 31, 2009, as amended on

January 14, 2010, which sets the interconnection rates for outgoing calls made from Vodafone Egypt, Etisalat Misr and TE and terminated on Mobinil at 8.5 Egyptian Piaster per minute (with the adoption of seconds as billing units) and outgoing calls made from Mobinil and terminated on Vodafone Egypt at 10 Egyptian Piaster per minute, Etisalat Misr at 11 Egyptian Piaster per minute and TE at 6.5 Egyptian Piaster per minute (all with the adoption of seconds as billing units), denying the NTRA claimed right of setting interconnection rates on a regular basis and accordingly ordering the second defendant to bear all litigation expenses.

The administrative court has referred the lawsuit to the state commissioners' authority to prepare a legal opinion concerning the request to nullify the said decisions.

The NTRA appealed the staying decision before the Supreme Administrative Court. The State Commissioner rendered its advisory report on December 6, 2010 in the summary appeal, recommending the reversing of the summary decision rendered on June 5, 2010 in favor of the Company. The Supreme Administrative Court shall decide on the appeal after hearing the parties reply to the State Commissioners' report.

In the last court hearing of December 10, 2011, the Court postponed the case to the hearing of February 4, 2012. On the hearing of February 4, 2012, the Court postponed the case again to the hearing of April 12, 2012. On the session of April 12, 2012, the Court postponed the case to the hearing of May 5, 2012. On the hearing of May 5, 2012, the Court postponed the case again to the hearing of July 1, 2012, the court decided to postpone the case to the hearing of October 20, 2012. Further, the Court in its session of October 20, 2012 postponed the case to its session of January 12, 2013 in which session the court, based on the request of the company to the court to order the NTRA to submit its Telecom License of 2006, the court ordered NTRA for such submission and postponed the case until February 23, 2013 for the NTRA to submit the requested document.

The company and its external legal counsel believe that the Company has a strong legal position as the NTRA's decisions do not have legal or contractual ground, hence we continue to record interconnect revenue and costs based on the existing agreement with Telecom Egypt and other mobile operators.

Had we applied these decisions we would have recorded less interconnect revenue and less interconnect cost as follows:

	Revenue	Cost
Financial year ended December 31, 2008	100 482 767	34 413 465
Financial year ended December 31, 2009	344 408 227	82 612 435
Financial year ended December 31, 2010	503 367 350	122 217 441
Financial year ended December 31, 2011	522 275 406	114 718 049
Financial year ended December 31, 2012	317 641 346	111 039 206

Note 30 Major Events

During the first quarter of year 2011, some major events took place in Egypt that impacted the economic environment which in turn exposed the Company to various risks including sustainability of revenues, growth of business, fluctuations in foreign currencies exchange rates and valuation / impairment of assets.

These events had a negative impact on the financial statements for the year ended December 31, 2012 and may continue to have impact on the financial statements of future periods. While it is difficult to quantify this effect at this point of time, the impact will become visible in the future financial statements. The significance of such an impact will depend on the extent and length until which these events and its effect will end.

Note 31 Comparative Figures

Some of the comparative figures have been reclassified to be consistent with the classification of the consolidated financial statements as at December 31, 2012.