Orascom Telecom Holding
S.A.E

Condensed consolidated interim financial information

Nine months ended
September 30, 2012
US$

ERNST & YOUNG

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Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF Orascom Telecom Holding (S.A.E)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of **Orascom Telecom Holding (S.A.E)** and its subsidiaries as at 30 September 2012, comprising of the interim consolidated statement of financial position as at 30 September 2012 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements No. 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of a matter

Without qualifying our opinion, we draw your attention to note (21) describing the uncertain tax positions relating to Orascom Telecom Algeria ("OTA") resulting from certain tax claims made by the Algerian tax authority and management's considerations as to the recording of a tax receivable net of a provision to reflect the possibility of not recovering the full amount.

We also draw attention to the same note describing the uncertainty relating to the judgment of the Algerian Court against Orascom Telecom Algeria ("OTA") in respect of alleged breaches of foreign exchange regulations and management's position that they have acted in compliance with the law and have not committed any violation of foreign exchange regulations and that the court decision is not based on the application of the Algerian law and should be overturned on appeal.

Emad H. Ragheb
FESAA – FEST
RAA 3678
EFSAR 42

Cairo: 14 September 2012

Consolidated Interim Balance Sheet
As of September 30, 2012

(in millions of US$)	Note	30-Sep-12	31-Dec-11
Assets			
Property and equipment	15	2,506	2,902
Intangible assets	15	1,466	1,558
Other non-current financial assets	16	1,185	1,024
Deferred tax assets		68	65
Total non-current assets		**5,225**	**5,549**
Inventories		30	33
Trade receivables		306	205
Other current financial assets		153	230
Current income tax receivables		95	99
Other current assets		840	825
Cash and cash equivalents	17	1,687	1,014
Total current assets		**3,111**	**2,406**
Total assets		**8,336**	**7,955**
Equity and liabilities			
Share capital	18	598	598
Reserves		(304)	(192)
Retained earnings		1,671	1,450
Equity attributable to equity holders of the Company		**1,965**	**1,856**
Non-controlling interests		69	57
Total equity		**2,034**	**1,913**
Liabilities			
Non-current borrowings	19	4,142	3,492
Other non-current liabilities		123	167
Provisions		11	8
Non-current income tax liabilities		2	9
Deferred tax liabilities		82	71
Total non-current liabilities		**4,360**	**3,747**
Current borrowings	19	526	544
Trade payables		614	738
Other current liabilities		581	592
Income tax liabilities		136	328
Provisions		85	93
Total current liabilities		**1,942**	**2,295**
Total liabilities		**6,302**	**6,042**
Total equity and liabilities		**8,336**	**7,955**

Group CFO
Khalid Ellaicy

Group CEO
Ahmed Abou Doma

Review report "attached"

Notes 1 to 24 are an integral part of these condensed consolidated interim financial information

Consolidated Interim Income Statement
For the nine months ended September 30, 2012

(in millions of US$)	Note	Nine months ended September 30		Three months ended September 30	
		2012	**2011**	**2012**	**2011**
			Represented		**Represented**
Continuing operations					
Revenues	7	**2,718**	2,740	**884**	926
Other income		**18**	21	**8**	6
Purchases and services	8	**(1,151)**	(1,195)	**(379)**	(395)
Other expenses	9	**(100)**	(100)	**(41)**	(35)
Personnel cost	10	**(156)**	(166)	**(45)**	(55)
Depreciation and amortization	11	**(531)**	(582)	**(184)**	(197)
Impairment Losses		**(5)**	(3)	**(3)**	(1)
(Loss) / gain from disposal of non - current assets		**(5)**	58	**(2)**	-
Operating income		**788**	**773**	**238**	**249**
Financial income		**56**	60	**20**	19
Financial expense		**(333)**	(443)	**(118)**	(88)
Foreign exchange gain (loss)		**15**	(100)	**71**	(110)
Net financing costs	12	**(262)**	**(483)**	**(27)**	**(179)**
Share of loss of associates	13	**(77)**	(83)	**(27)**	(29)
Profit before income tax		**449**	**207**	**184**	**41**
Income tax expense	14	**(186)**	(137)	**(73)**	(45)
Profit form continuing operations		**263**	**70**	**111**	**(4)**
Discontinued operations					
Profit from discontinued operation (net of income tax)	6	-	714	-	14
Profit for the period		**263**	**784**	**111**	**10**
Attributable to:					
Parent company		249	753	106	(1)
Non-controlling interests		14	31	5	11
		263	**784**	**111**	**10**
Basic Earnings per share - (US$)	20				
- from continuing operations		0.05	0.01	0.02	-
- from discontinuing operations		-	0.14	-	-

Notes 1 to 24 are an integral part of these condensed consolidated interim financial information

Consolidated Interim Statement of Comprehensive Income
For the nine months ended September 30, 2012

(in millions of US$)	Nine months ended September 30 2012	Nine months ended September 30 2011	Three months ended September 30 2012	Three months ended September 30 2011
Profit for the period	**263**	**784**	**111**	**10**
Other comprehensive income				
Changes in fair value of available-for-sale financial assets	1	-	1	-
Cash flow hedges, net of tax	-	57	-	-
Currency translation differences	(143)	(41)	(26)	(73)
Other comprehensive income / (loss) for the period	**(142)**	**16**	**(25)**	**(73)**
Total comprehensive income for the period	**121**	**800**	**86**	**(63)**
Attributable to:				
Equity holders of the Company	109	767	81	(66)
Non-controlling interests	12	33	5	3

Notes 1 to 24 are an integral part of these condensed consolidated interim financial information

Consolidated Interim Statement of Change in Equity
For the nine months ended September 30, 2012

(in millions of US$)	Attributable the equity holders of the Company						
	Share capital	Treasury shares	Other reserves	Retained earnings	Total	Non controlling interest	Total equity
As of January 1, 2012	**598**	**(1)**	**(191)**	**1,450**	**1,856**	**57**	**1,913**
Comprehensive income							
Profit for the period	-	-	-	249	249	14	263
Other comprehensive income	-	-	(140)	-	(140)	(2)	(142)
Total comprehensive income	-	-	**(140)**	**249**	**109**	**12**	**121**
Transfer to legal reserve	-	-	**28**	**(28)**	-	-	-
As of September 30, 2012	**598**	**(1)**	**(303)**	**1,671**	**1,965**	**69**	**2,034**

	Attributable to equity holders of the Company						
	Share capital	Treasury shares	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
As of January 1, 2011	**1,031**	**(44)**	**(235)**	**1,975**	**2,727**	**74**	**2,801**
Comprehensive income							
Profit for the period	-	-	-	753	753	31	784
Other comprehensive income	-	-	46	(32)	14	2	16
Total comprehensive income	-	-	**46**	**721**	**767**	**33**	**800**
Change in non – controlling interest	-	-	-	-	-	4	4
Transfer to legal reserve	-	-	5	(5)	-	-	-
Share based compensation	-	43	(24)	-	19	-	19
Total	-	**43**	**(19)**	**(5)**	**19**	**4**	**23**
As of September 30, 2011	**1,031**	**(1)**	**(208)**	**2,691**	**3,513**	**111**	**3,624**

Notes 1 to 24 are an integral part of these condensed consolidated interim financial information

Consolidated Interim Statement of Cash Flows
For the nine months ended September 30, 2012

(in millions of US$)	Nine months ended September 30, 2012	Nine months ended September 30, 2011 Represented
Profit for the period from Continuing operations	263	70
Adjustments for:		
Depreciation, amortization and impairment of non-current assets	536	585
Income tax expense	186	137
Net financial charges	277	383
Foreign exchange difference	(15)	100
loss / (Gain) on disposal of non-current assets	5	(58)
Share of loss of associates accounted for using the equity method	77	83
Change in assets carried as working capital	(185)	(393)
Provisions and allowances	13	15
Change in other liabilities carried as working capital	30	111
Income tax paid	(376)	(147)
Interest expense paid	(86)	(183)
Net cash generated by operating activities	**725**	**703**
Cash outflow for investments in:		
- Property and equipment	(246)	(299)
- Intangible assets	(79)	(4)
- Consolidated subsidiaries	-	(55)
Proceeds from disposals of:		
- Property and equipment	2	10
-Financial assets	(50)	14
Advances and loans made to associate and other parties	(149)	(126)
Dividends and interest received	8	85
Net cash (used in) investing activities	**(514)**	**(375)**
Proceeds from loans, banks' facilities and bonds	1,060	332
Payments for loans, banks' facilities and bonds	(649)	(1,461)
Net (payments) / proceeds from Current financial liabilities	(1)	(5)
Net change in cash collateral	122	(3)
Net cash generated by / (used in) financing activities	**532**	**(1,137)**
Discontinued operations		
Net cash generated by operating activities	-	88
Net cash used in investing activities	-	1,068
Net cash used in financing activities	-	(8)
Net cash generated by discontinued operations	-	**1,148**
Net increase in cash and cash equivalents	**743**	**339**
Cash included in assets held for sale and Spin-off Assets		
Effect of exchange rate changes on cash and cash equivalents	(70)	(10)
Cash and cash equivalents at the beginning of the period	1,014	824
Cash and cash equivalents at the end of the period	**1,687**	**1,153**

Notes 1 to 24 are an integral part of these condensed consolidated interim financial information

1. General information

Orascom Telecom Holding S.A.E. ("OTH" or the "Company") is a joint stock company with its head office in Cairo, Egypt. The Company, through its subsidiaries (together the "Group") is a leading mobile telecommunications company operating in high growth emerging markets in the Middle East, Africa, Europe, Canada and Asia, having a total population under license of approximately [415] million. The Company is listed on the Egyptian Stock Exchange and has Global Depository Receipts ("GDR") listed on the London Stock Exchange.

The Company's registered office is located in Nile City Towers Ramlet Beaulac, Cairo, Egypt. The majority of the company's shares are owned indirectly by Vimpelcom "The ultimate parent" through Wind Telecom " The parent".

2. Statement of compliance

This condensed consolidated interim financial information as of and for the nine months ended September 30, 2012 (the "Interim Consolidated Financial Statements") has been prepared in accordance with IAS 34 "Interim Financial Reporting". As permitted by IAS 34, the Company has opted to prepare a condensed version as compared to the consolidated financial statements as of and for the year ended December 31, 2011 (the "2011 Consolidated Financial Statements"). The Interim Consolidated Financial Statements do not include all of the information required for the full annual financial statements, and should be read in conjunction with the 2011 Consolidated Financial Statements.

The Interim Consolidated Financial Statements were approved for issue on 13 November 2012.

3. Significant accounting policies

The accounting policies adopted for the preparation of the condensed consolidated interim financial information are consistent with those used in the 2011 Consolidated Financial Statements. The accounting policies have been consistently applied to all the periods presented.

The following new standards, amendments to standards and interpretations have been issued but are not effective for these interim financial statements and have not been early adopted:

- IFRS 9, 'Financial instruments' effective January 1, 2015 - Addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact.

- IAS 1 (amendment) 'Financial statement presentation' effective July 1, 2012 - The main changes resulting from these amendment is a requirement for entities to group items presented in "other comprehensive income" on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in other comprehensive income. The Group is currently assessing the impact of this amendment.

- IFRS 10, 'Consolidated financial statements' effective January 1, 2013 - Builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact.

- IFRS 11, 'Joint arrangements' effective January 1, 2013 - Focuses on the rights and obligations of the joint arrangements rather than its legal from. Proportional consolidation of joint ventures is no longer allowed. The Group is not expecting a significant impact by its adoption.

- IFRS 12, 'Disclosures of interests in other entities' effective January 1, 2013 - Includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact.

- IFRS 13, 'Fair value measurement' effective on January 1, 2013 - Aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The Group is currently assessing the impact of this new standard.

- IAS 28 'Associates and joint ventures (revised') effective on January 1, 2013 - Includes requirements for joint ventures and associates accounted for using the equity method following the issue of IFRS 11. The Group is currently assessing the impact of this new standard.

- IAS 32 (amendment), 'Financial instruments: Presentation' effective January 1, 2014 – This amendment updates the application guidance to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Group is currently assessing the impact of this new standard.

- IAS 1 (amendment), 'Presentation of financial statements' effective January 1, 2013 – This amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either as required by IAS 8 'Accounting policies, changes in accounting estimates and errors. The Group is not expecting a significant impact on adoption of this amendment.

- IAS 16 (amendment), - 'Property, plant and equipment' effective January 1, 2013 – This amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. The Group is not expecting a significant impact on adoption of this amendment.

- IAS 32 (amendment), - Financial instruments: Presentation' effective January 1, 2013 – This amendment clarifies the treatment of income tax relating to distributions and transaction costs. The Group is not expecting a significant impact on adoption of this amendment.

4. Estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The presentation of the Interim Consolidated Financial Statements includes the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty which were the same as those that applied to the 2011 Consolidated Financial Statements.

5. Segment reporting

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

- Mobile telecommunication business in Algeria;
- Mobile telecommunication business in Pakistan;
- Mobile telecommunication business in Bangladesh;
- Other GSM which compress the mobile telecommunication business in Central and South Africa;
- Other telecom services (Non GSM Services) include territories in which the Group operates as a mobile telecommunication operator and provides other services.

The Group reports on operating segments which are independently managed. The board of directors assesses the performance of such operating segments based on:

- Total revenues
- EBITDA defined as profit from continuing operations net of income tax expense (or if applicable profit from continuing operation before income tax expenses), share of profit (loss) of associates, foreign exchange gains (losses), financial expense, financial income, gain (loss) from disposal of noncurrent assets, impairment charges, depreciation, amortization .

	Algeria	Pakistan	Bangladesh	Other GSM	Other Telecom services (Non GSM)	Holdings & Others	Elimination of discontinued operation effects	Consolidated
Nine months ended September 30, 2012								
Nine months ended September 30, 2011								
Total segment revenue - current year	**1,375**	**851**	**416**	**68**	**8**	-	-	**2,718**
Total segment revenue - previous year	1,403	849	383	173	165	-	(221)	2,752
(Inter-segment revenue - current year)	-	-	-	-	-	-	-	-
(Inter-segment revenue - previous year)	-	(1)	-		(11)	-	-	(12)
Total revenue from external customers - current year	**1,375**	**851**	**416**	**68**	**8**	-	-	**2,718**
Total revenue from external customers - previous year	1,403	848	383	173	154	-	(221)	2,740
EBITDA - current year	**739**	**260**	**140**	**26**	**(7)**	**171**	-	**1,329**
EBITDA - previous year	789	292	143	93	10	68	(95)	1,300
Depreciation, amortization & Impairment - current year	**(186)**	**(200)**	**(135)**	**(12)**	-	**(3)**	-	**(536)**
Depreciation, amortization & Impairment - previous year	(241)	(211)	(113)	(25)	(6)	(6)	17	(585)
(Loss) / Gain from disposal of non current assets - current year	-	-	**(5)**	-	-	-	-	**(5)**
(Loss) / Gain from disposal of non current assets - previous year	(3)	2	-	57	2	-	-	58
Financial Income - current year	**3**	**4**	**1**	**(2)**	-	**50**	-	**56**
Financial Income - previous year	1	9	1	3	3	46	(3)	60
Financial expense - current year	**(1)**	**(55)**	**(36)**	**(2)**	-	**(239)**	-	**(333)**
Financial expense - previous year	(1)	(72)	(36)	(7)	(2)	(327)	2	(443)
Share of (losses) of associates - current year	-	-	-	-	-	**(77)**	-	**(77)**
Share of (losses) of associates - previous year	-	-	-	-	-	(121)	38	(83)
Foreign exchange gain (losses)- current period	**(7)**	**(16)**	**3**	**(2)**	-	**37**	-	**15**
Foreign exchange gain (losses)- pervious period	-	(20)	(20)	(5)	2	(54)	(3)	(100)
Profit (loss) before income tax - current year	**548**	**(7)**	**(32)**	**8**	**(7)**	**(61)**	-	**449**
Profit (loss) before income tax - previous year	546	-	(25)	116	9	(405)	(34)	207

	Algeria	Pakistan	Bangladesh	Other GSM	Other Telecom services (Non GSM)	Holdings & Others	Elimination of discontinued operation effects	Consolidated
Three months ended September 30, 2012								
Three months ended September 30, 2011								
Total segment revenue - current year	**447**	**270**	**144**	**21**	**2**	-	-	**884**
Total segment revenue - previous year	487	281	129	63	52	-	(83)	929
(Inter-segment revenue - current year)	-	-	-	-	-	-	-	-
(Inter-segment revenue - previous year)	-	-	-	-	(3)	-	-	(3)
Total revenue from external customers - current year	**447**	**270**	**144**	**21**	**2**	-	-	**884**
Total revenue from external customers - previous year	487	281	129	63	49	-	(83)	926
EBITDA - current year	**209**	**45**	**42**	**10**	**(4)**	**125**	-	**427**
EBITDA - previous year	273	98	43	38	7	22	(34)	447
Depreciation, amortization & Impairment - current year	**(57)**	**(69)**	**(57)**	**(4)**	-	-	-	**(187)**
Depreciation, amortization & Impairment - previous year	(79)	(74)	(40)	(8)	(3)	(2)	8	(198)
(Loss) / Gain from disposal of non current assets - current year	-	**1**	**(3)**	-	-	-	-	**(2)**
(Loss) / Gain from disposal of non current assets - previous year	-	1	-	-	-	-	(1)	-
Financial Income - current year	**1**	**2**	**1**	-	-	**16**	-	**20**
Financial Income - previous year	1	1	-	1	1	17	(2)	19
Financial expense - current year	-	**(19)**	**(9)**	-	-	**(90)**	-	**(118)**
Financial expense - previous year	-	(22)	(13)	4	(1)	(57)	1	(88)
Share of (losses) of associates - current year	-	-	-	-	-	**(27)**	-	**(27)**
Share of (losses) of associates - previous year	-	-	-	-	-	(37)	8	(29)
Foreign exchange (losses)- current period	**(2)**	**(3)**	-	-	**2**	**74**	-	**71**
Foreign exchange (losses)- pervious period	(3)	(6)	(2)	(2)	(5)	(96)	4	(110)
Profit (loss) before income tax - current year	**151**	**(43)**	**(26)**	**6**	**(2)**	**98**	-	**184**
Profit (loss) before income tax - previous year	192	(2)	(12)	33	(1)	(153)	(16)	41

6. Discontinued operations

2011 discontinued operations

Discontinued operations in 2011 relate to the Spin-Off Assets (as defined below) and Orascom Telecom Tunisia S.A. ("OTT"). There were no discontinued operations in the nine months ended September 30, 2012.

Spin Off Assets

As a result of the demerger completed in 2011 (refer to the 2011 Consolidated Financial Statements), the ownership of the following "Spin-Off Assets" were transferred from the Company to Orascom Telecom Media and Technology Holding S.A.E ("OTMT"):

- 28.755% ownership stake in Mobinil for Telecommunications S.A.E.
- 20.00% ownership stake in the Egyptian Company for Mobile Services
- 75% ownership stake in CHEO Technology Joint Venture Company, together with all other assets and businesses located in North Korea
- 95% ownership in Orabank NK
- 100% direct and indirectly held ownership stake in Middle East and North Africa for Sea Cables
- 51% ownership stake in Trans World Associate (Private) Limited (Pakistan)
- 100% ownership of Med Cable Limited (UK)
- 99.99% ownership stake in Intouch Communications Services S.A.E. (a/k/a OT Ventures Internet portals and other ventures in Egypt including Link Development, ARPU+ and LINKonLine) and
- 1% ownership stake in ARPU for Telecommunications Services S.A.E.

Orascom Telecom Tunisia S.A.

In November 2010, the Company announced that it had entered into a share purchase agreement with Qatar Telecom Q.S.C., pursuant to which the Company sold its entire 50% shareholding of OTT for a total cash consideration of US$ 1.2 billion. The transaction was completed on January 2, 2011.

The following provides a breakdown of discontinued operations for the nine months ended September 30, 2011:

USD

	Spin off Assets	OTT	Total
Revenues	221	-	**221**
Expenses	(149)	-	**(149)**
Share of profit / (Loss) from Associate	(38)	-	**(38)**
Profit before tax from discontinued operations	**34**	-	**34**
Income Tax	(15)	-	**(15)**
Profit after tax from discontinued operations	**19**	-	**19**
Gain from disposal of OTT	-	952	**952**
Income tax on gain	-	(257)	**(257)**
Profit from discontinued operations	**19**	**695**	**714**

7. Revenues

(in millions of US$)	Nine months ended September 30, 2012	Nine months ended September 30, 2011	Three months ended September 30, 2012	Three months ended September 30, 2011
		Represented		Represented
Telephony services	2,384	2,376	779	808
Interconnection traffic	290	287	91	98
International and national roaming	12	14	4	4
Other income from services	18	20	6	6
Total revenues from services	**2,704**	**2,697**	**880**	**916**
Total revenues from sale of goods	14	**43**	4	**10**
Total	**2,718**	**2,740**	**884**	**926**

8. Purchases and services

(in millions of US$)	Nine months ended September 30, 2012	Nine months ended September 30, 2011	Three months ended September 30, September 30, 2012	Three months ended September 30, September 30, 2011
		Represented		Represented
Raw, ancillary and consumable materials and goods	8	9	2	3
Mobile Finish Good Purchases	51	83	14	23
Interconnection traffic	239	254	79	85
Customer acquisition costs	154	150	50	52
National and international roaming	7	7	2	2
Advertising and promotional services	67	71	27	27
Rental of civil and technical sites	56	56	18	19
Rental of local network	24	27	5	8
Other leases and rentals	25	28	7	9
Maintenance costs	115	123	36	40
Utilities	104	105	36	36
Consulting and professional services	16	21	7	4
Other service expenses	62	60	21	21
Telephony cost	223	201	75	66
Total	**1,151**	**1,195**	**379**	**395**

9. Other expenses

(in millions of US$)	Nine months ended September 30, 2012	Nine months ended September 30, 2011	Three months ended September 30, 2012	Three months ended September 30, 2011
		Represented		Represented
Write-down of current receivables and liquid assets	10	4	6	(1)
Provisions for risks	4	5	4	4
Annual contributions for licenses	23	23	8	7
Promotion and gifts	51	52	19	20
Other operating expenses	12	16	4	5
Total	**100**	**100**	**41**	**35**

10. Personnel costs

(in millions of US$)	Nine months ended September 30, 2012	Nine months ended September 30, 2011	Three months ended, September 30, 2012	Three months ended, September 30, 2011
		Represented		Represented
Wages and salaries	110	123	36	41
Social security	7	6	1	2
Pension costs	9	6	3	2
Other personnel costs	30	31	5	10
Total	**156**	**166**	**45**	**55**

11. Depreciation and amortization

(in millions of US$)	Nine months ended September 30, 2012	Nine months ended September 30, 2011	Three months ended September 30, 2012	Three months ended September 30, 2011
Depreciation of tangible assets		Represented		Represented
Buildings	7	10	2	3
Plant and machinery	423	468	151	161
Commercial and industrial equipment	2	2	1	-
Other tangible assets	23	24	6	7
Amortization of intangible assets			-	-
Licenses, TM & similar rights	76	76	24	26
Other intangible assets	-	2	-	-
Total	**531**	**582**	**184**	**197**

12. Net financing cost

(in millions of US$)	Nine months ended September 30, 2012	Nine months ended September 30, 2011	Three months ended September 30, 2012	Three months ended September 30, 2011
		Represented		**Represented**
Interest Income - Deposits	7	11	2	3
Other Interest Income	49	49	18	16
Financial income	**56**	60	**20**	19
Interest expense. - Banks	(59)	(66)	(21)	23
Interest on shareholder's loan	(234)	-	(85)	-
Interest expense - Bonds	(22)	(94)	(7)	(12)
Other financial expenses	(4)	(90)	(1)	27
Arrangement fee amortization - Banks	(5)	(64)	(1)	(40)
Arrangement fee amortization - Bonds	(1)	(37)	-	-
Loss from IR derivatives val. FVH	-	(1)	-	(79)
Loss from IR derivatives val. CFH ineffective portion	-	(79)	-	-
Discounting of provision	(8)	(7)	(3)	(7)
Fair value losses from derivatives no hedging	-	(5)	-	-
Financial expenses	**(333)**	**(443)**	**(118)**	(88)
Net Foreign exchange gain (losses)	**15**	**(100)**	**71**	(110)
Net Financing Cost	**(262)**	**(483)**	**(27)**	(179)

13. Share of loss of associates

Share of loss of associates during the nine months ended September 30, 2012 and 2011 includes the investment in Globalive Canada Investment Holdings Corp. and Globalive Canada Holdings Corp. (collectively "Globalive"). The Group holds a 65.4% investment in Globalive which comprises a combination of voting and non-voting rights. Considering direct and indirect interests, the Group holds 65.4% of the outstanding shares and holds 33.2% of the voting rights. The Group has significant influence over this investment and does not have control over the financial and operating policies of Globalive. Therefore the investment is equity accounted.

The following table provides selected financial information of the Group's associate as of September 30, 2012 and 2011.

(in millions of US$)	Sep 30 , 2012	Sep 30 , 2011
Current assets	103	63
Non-current assets	957	832
Current liabilities	223	141
Non-current liabilities	1,830	1,239
Revenue	218	47
Net loss	(259)	(249)
% shareholding	65.4%	65.4%
Proportional share of net loss	(170)	(163)
Equity Accounting and other adjustments	93	80
Share of loss in associate	(77)	(83)

14. Income tax expense

(in millions of US$)	Nine months ended September 30, 2012	Nine months ended September 30, 2011	Three months ended September 30, 2012	Three months ended September 30, 2011
		Represented		Represented
Current tax	178	120	56	36
Deferred tax	8	17	17	9
Total	**186**	**137**	**73**	**45**

15. Property, equipment and intangible assets

(in millions of US$)	Property and equipment	Intangible assets
Opening net book value as of January 1, 2011	**3,763**	**1,487**
Additions	374	9
Disposals	(35)	-
Depreciation and amortization	(515)	(82)
Impairment	(5)	-
Currency translation differences	(79)	(13)
Other movements and reclassification	(28)	28
Closing net book value as of September 30, 2011	**3,475**	**1,429**
Opening net book value as of January 1, 2012	**2,902**	**1,558**
Additions	190	9
Disposals	(7)	(1)
Depreciation and amortization	(455)	(76)
Impairment	(5)	-
Currency translation differences	(119)	(24)
Closing net book value as of September 30, 2012	**2,506**	**1,466**

16. Other financial assets

Other financial assets as of September 30, 2012 and December 31, 2011 mainly relate to financial receivables provided to Globalive Management Corp ("GWMC"), a subsidiary of Globalive (see Note 13 "Share of loss of associates").

During 2008 the Company entered into two loan agreements with Globalive Management Corp ("GWMC", a subsidiary of Globalive) to borrow an amount of up to CAD 508 million. Both loans are non-revolving term loans bearing interest of Libor plus 18%. In 2009 the loan agreements were amended to increase the facility to CAD 608 million and were further amended during 2010 to increase the facility to CAD 970 million. Effective from January 1, 2011 the interest rate was reduced to 10.8% and a further amount of CAD 131 million was advanced during 2011.

Globalive was awarded spectrum licenses with a cost of CAD 442 million in March 2009 and the loans are secured on a subordinated basis by an assignment of these licenses and are guaranteed on a non recourse basis.

Globalive launched its wireless network in the Canadian market in December 2009 and is therefore in the start-up phase of operations and has incurred losses to date. The Group's share of these losses is in excess of the carrying value of the investment. As of September 30, 2012 the amount outstanding under such loan agreements, including accrued interest, was CAD 1,727 million equivalent to US$ 1,756 million, the Group's share of the excess losses of Globalive compared to the carrying value of the investment have therefore been disclosed together with the long term receivable. After considering the share of such losses and management fees, the amount recorded in financial receivables is US$ 1,104 million .

17. Cash and cash equivalents

Cash and cash equivalents as of September 30, 2012 includes an amount of US$ 1,559 million of restricted cash.

18. Share capital

The aggregate nominal value of shares issued by OTH as of December 31, 2011 and September 30, 2012 is L.E. 3,043 million divided into 5,245,690,620 shares each having a par value of L.E. 0.58.

The shareholders voted an increase in OTH's authorized share capital from L.E. 7.5 billion to L.E. 14.0 billion during the April 14, 2011 general meeting, with the issued and paid-in capital remaining unchanged.

Dividends

No dividends were distributed during 2011 or the nine months ended September 30, 2012.

19. Borrowings

(in millions of US$)	Current	Non-current	Total
As of September 30, 2012			
As of December 31, 2011			
Liabilities to banks	455	211	666
	496	332	828
Bonds	46	221	267
	30	208	238
Shareholder loan	-	3,669	3,669
	-	2,912	2,912
Other borrowings and derivative instruments	25	41	66
	18	40	58
Total as of September 30, 2012	526	4,142	4,668
Total as of December 31, 2011	**544**	**3,492**	**4,036**

The following table provides the movements in borrowings for the nine months ended September 30, 2012 and 2011.

(in million of US$)	2012	2011
Opening balance January 1	**4,036**	**4,832**
of which current portion	544	973
Repayment of borrowings and movements in current borrowings	**(664)**	**(1,498)**
New borrowings	**1,322**	**542**
Exchange rate differences	**(26)**	**(25)**
Liabilities of disposal subsidiaries	**-**	**(39)**
Fair value adjustments of derivative instruments	**-**	**8**
Closing balance September 30	**4,668**	**3,820**
of which current portion	526	465
of which non- current portion	4,142	3,355

New borrowings during the nine months ended September 30, 2012 mainly relate to a new five year credit facility which the Company entered into with VimpelCom. The amount of the facility was for a total of US$ 2.5 billion, and as of September 30, 2012 the amount outstanding, including accrued interest was US$ 582 million. The credit facility is primarily to finance working capital and investment requirements. The loan, which is repayable in a single payment on maturity in May 2017, bears fixed rate interest of 12.50% per annum, payable in kind prior "PIK" to maturity by automatic addition to the principal balance.

Liabilities to banks	Current	Non-current	Total	Currency	Nominal	Line of credit	Maturity	Securities
		Millions of USD			Millions of contract currency			
Orascom Telecom Holding S.A.E.								
NSGB Car Loan	1	-	1	EGP	5	15	28/2/2013	unsecured
NSGB Car Loan Ext2	-	1	1	EGP	6	9	31/7/2015	unsecured
Credit Agricole	8	-	8	USD	49	22	30-4-2013	unsecured
	9	1	10					
Pakistan Mobile Communications Limited								
Faysal Bank Limited	1	27	28	PKR	2,600	2,600	29/7/2016	secured
Habib Bank Limited - Islamabad - Pakistan (2007)	11	5	16	PKR	1,500	3,000	18/12/2013	secured
Royal Bank of Scotland, London - Citibank London - ECGD - ECA	11	5	16	USD	17	70	28/02/2014	secured
Citibank International plc; Sumitomo Mitsui Banking Corporation Europe Limited -	14	3	17	EUR	13	85	31/12/2013	secured
DEG - Germany	6	-	6	EUR	8	20	15/08/2013	secured
FMO - Netherlands	6	-	6	EUR	8	20	15/08/2013	secured
MCB Bank Limited (PKR 22.060 Billion) - Islamabad - Pakistan	83	39	122	PKR	11,030	22,060	01/04/2014	secured
SCB Bank Limited STFA (PKR 5.1 Billion) - Islamabad Pakistan	19	-	19	PKR	1,700	5,100	05/09/2013	secured
Dubai Islamic Bank (Pakistan) Ltd Ijara Facility PKR 1 Billion	-	10	10	PKR	1,000	1,000	03/09/2017	secured
Silkbank Limited PKR 400 Million	1	3	4	PKR	380	400	30/07/2015	secured
MCB Syndication PKR 7.08 Billion Facility	13	38	51	PKR	4,651	4,651	13/10/2016	secured
MCB PKR 900 Million	-	9	9	PKR	900	900	12/06/2016	secured
Citibank N.A OPIC	1	21	22	PKR	2,000	3,251	15/06/2019	secured
United Bank Limited	2	-	2	PKR	-	200	Within one year	secured
	168	160	328					

	Current	Non-current	Total	Currency	Nominal	Line of credit	Maturity	Securities
		Millions of USD			Millions of contract currency			
Orascom Telecom Bangladesh Limited								
Hermes Facility	16	16	32	USD	33	120	01/07/2014	Secured
USD Commercial Facility	32	-	32	USD	33	130	01/08/2013	Secured
DFI Facility	7	6	13	USD	13	30	15/06/2014	Secured
BDT B Facility	3	2	5	BDT	357	1,030	30/06/2014	Secured
Standard Chartered Bank, London	6	20	26	USD	29	50	30/09/2016	Secured
Commercial Bank of Ceylon	1	-	1	BDT	100	100	To be renewed	UnSecured
Citibank, N.A.	12	-	12	BDT	1,200	1,235	24/04/2013	UnSecured
Standard Chartered Bank	18	-	18	BDT	1,200	1,600	To be renewed	UnSecured
BRAC Bank Ltd.	10	-	10	BDT	600	600	29/10/2012	UnSecured
Eastern Bank Ltd.	10	-	10	BDT	1,350	1,350	31/05/2013	UnSecured
The City Bank	11	-	11	BDT	1,050	1,150	14/08/2013	UnSecured
The City Bank	4	-	4	BDT	300	300	20/12/2012	UnSecured
Mutual Trust Bank Limited	7	-	7	BDT	750	750	30/11/2012	UnSecured
Trust Bank Limited	5	-	5	BDT	400	400	31/05/2013	UnSecured
Dutch Bangla Bank Limited	9	-	9	BDT	1,000	1,000	31/10/2012	UnSecured
Pubali Bank Limted	12	-	12	BDT	1,000	1,000	31/01/2013	UnSecured
One Bank Limited	4	-	4	BDT	350	350	30/04/2013	UnSecured
Working capital syndication(standard Chartered) CS - SCB 2.14 bln	31	-	31	BDT	-	2,500	21/10/2012	UnSecured
Working capital syndication(standard Chartered)- SCB 2.5 bln	29	-	29	BDT	-	2,345	18/11/2012	UnSecured
	227	44	271					
Orascom Telecom Algeria S.P.A.								
Hermes loan 2006 'Secured by pledge over OTA's business undertaking; pledge over OTA' s bank account	46	-	46	USD	86	86	15/11/2012	Secured
	46	-	46					

	Current	Non-current	Total	Currency	Nominal	Line of credit	Maturity	Securities
		Millions of USD			Millions of contract currency			
Telecel Globe Limited								
Banque de development des etats de l'af rique Central March 2007	1	2	3	XAF	3	2,464	30/06/2015	Secured
Ecobank CentrAfrique S.A	1	2	3	XAF	3	3,000	08/10/2014	Secured
Banque Sahélo Sahalienne pour le Comm erce et l'Investissement	1	2	3	XAF	3	1,500	31/01/2016	Secured
Banque Populaire Maroco Centrafricaine	1	-	1	XAF	1	-	12 months revolving	Secured
Commercial Bank Centrafrique	1	-	1	XAF	1	-	12 months revolving	Secured
	5	6	11					
Total - liabilities to banks	455	211	666					

Bonds	Current	Non-current	Total	Currency	Nominal	Maturity	Securities
		Millions of USD			Millions of contract currency		
Royal Bank of Scotland and Deutsche Bank Securities Inc. (Euro Bond)	4	112	116	USD	250	13/11/2013	Unsecured
Pak Oman Investment Company Limited - Karachi - Pakistan (Trustee - Public Listed TFC)	12	-	12	PKR	3,262	31/05/2013	Secured
Allied Bank Limited - Karachi - Pakistan (2007)	2	37	39	PKR	4,257	28/10/2013	Unsecured
MCB PPTFC Facility of PKR 2.4	7	20	27	PKR	2,430	13/10/2016	Unsecured
JS Bank - TFC (Listed)-Karachi-Pakistan	3	18	21	PKR	1,736	18/04/2016	Secured
Orascom Telecom Bangladesh Limited	-	-	-				
Senior Secured Bonds Due 2014	18	34	52	BDT	7,070	30/06/2014	Secured
Total Bonds	46	221	267				
Financing from banks and bonds	501	432	933				
Financing from other lenders	25	41	66				
Vimpelcom new shareholder loan	-	3,669	3,669				
Total financial borrowings	526	4,142	4,668				

20. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period, excluding ordinary shares purchased by the Company and held as treasury shares or for the purposes of the share based compensation.

	Nine months ended		Three months ended September 30	
	September 30 2012	September 30 2011	September 30 2012	September 30 2011
Attributable to equity holders of the Company				
Profit from continuing operations	249	58	106	(1)
Profit from discontinued operations	-	695	-	-
Profit attributable to equity holders	249	753	106	(1)
Weighted average number of shares (in million shares)	5,246	5,231	5,246	5,231
Basic earnings per share from continuing operations (in US$)	0.05	0.01	0.02	-
Basic earnings per share from discontinued operations (in US$)	-	0.14	-	-
Total earnings per share (in US$)	**0.05**	**0.15**	**0.02**	-

21. Contingent assets and liabilities

The Group is subject to various legal proceedings and claims which arise in the ordinary course of business due to the nature of the operations of the Group and the nature of the markets where the Group operates.

The Group recognizes a provision for losses and liabilities when the existence is certain or probable. As of September 30, 2012 the Company is a party in a number of legal disputes which resulted from carrying out its activities. Based on the legal advice obtained, the Company's management considers based on the information available to them at the date hereof that the outcome of these disputes, individually or in aggregate, should not be material to the Group's results (except as otherwise disclosed).

PMCL tax claims

Up to Tax year 2011, the ACIR has levied tax amounting Rs. 32,568 million (equivalents to USD 343 million for alleged short payment of tax under section 162/205 of the Ordinance. The commissioner Inland Revenue (Appeals [CIR (A)] has decided the matter against the parent Company. The parent Company has filed an appeal with appellant tribunal Inland Revenue (ATIR)

DCIR has ordered PMCL to pay Federal Excise Duty (FED) on technical services fees accrued in respect of Tax Year 2010 in an amount of approximately Rs. 574 million (equivalent to USD 6 million).

For the tax year 2009, tax authorities have curtailed expenditure claimed by the Company, and raised a demand amounting to Rs. 3,631 million (equivalent to USD 38 million).. The Company has filed the appeal before CIR(A) against the order. Further, stay order has been obtained from High Court till the decision of CIR(A).

Appeals filed by the Company, for Tax Years 2006 and 2007 have been decided in favor of the Company by Commissioner Inland Revenue [CIR (A)]. The tax authorities had contested the decision of CIR (A) before Appellate Tribunal Inland Revenue (ATIR). In this respect an appeal effect order has been issued, whereby certain expenses have been disallowed. The Company has filed appeal before CIR (A) against the order.

Appeals up to and including Tax Year 2005 have been decided up to the level of the ATIR, whereby, the assessments were set aside for fresh consideration. Re-assessment orders for up to Tax Year 2005 have also been issued. Against appeals filed by the Company on re-assessment orders:

- For assessment year 1995-1996 to 1999-2000, substantial relief has been allowed by the ATIR. However, appeal effect orders are awaited from tax authorities.

- For assessment year 2000-2001 to 2002-2003, the Company and Department has filed the appeal before ATIR against the decision of CIR (A).

- For tax year 2003, department appeal is pending before ATIR on the issue of taxation of income from sale of imported equipment and accessories. Further, PMCL appeal is pending before CIR (A) on the issue of brought forward losses.

- For tax year 2004, department appeal is pending before ATIR on the issue of Salary Commission. Further, PMCL appeal is pending before CIR (A) on the issue of brought forward losses.

For assessment year 1997-1998 and 1998-1999, tax authorities levied taxes by alleging that the company had not made tax deductions required while making certain payments. Against appeal filed by tax authorities the issue has been decided against the company by the High Court. Company is contesting the issue in the Supreme Court.

SALES TAX

Sales Tax Authorities of Azad Jammu & Kashmir Territory (AJK) have levied Federal Excise Duty (FED) and penalties in an amount of approximately Rs. 86.5 million (equivalent to USD 912 K) based on an allegation that PMCL has sold connections in AJK that are liable to FED. The appeal is pending before Appellate Tribunal (Custom, Excise and Sales Tax) for AJK. A writ petition has been filed with the High Court and a stay against the recovery of this amount has been granted by the High Court.

The tax authorities levied Sales tax/FED under various heads aggregating Rs. 3,254 million (equivalent to USD 34 M) for the year 2008. The Company has filed the appeal against the order before CIR (A). The Company has also filed Writ petition before High Court and stay against the recovery proceedings has been obtained till the filing of appeal before ATIR.

Sales tax authorities issued show cause amounting to Rs 389 Million (equivalent to USD 4M) in respect of apportionment of Input tax.

The tax authorities issued order by alleging non-payment of FED amounting to Rs 266 million (equivalent to USD 3 M) on Connection Charges & Equipment Revenue for the years 2002 and 2003. The Company has filed the appeal against the order before CIR (A). A writ petition has also been filed before the High Court and stay against recovery of tax demand has been granted in this respect.

The tax authorities issued orders for the years 2007 to 2009 creating aggregate demand of Rs 838 million (equivalent to USD 9M on account of FED by contending that the company was franchisee of IWCPL. The Company is in process of filing appeal with (ATIR) against CIR (A) order. The Company has also filed Writ petition before High Court and stay against the recovery proceedings has been obtained till the filing of appeal before ATIR.

Management of the Company believes that all the above cases will be decided in the Company's favor in the appellate forums as the demands raised against the Company are illegal and without lawful authority.

Income tax contingency of LDI

The Company is contesting income tax deducted on payments made to foreign inter-connect telecommunication service Operators, with the income tax authorities. The Company believes that the matter will be decided in its favor. However, in the interest of prudence, it has made a provision of Rs. 2,029 million (equivalent to USD 21 million). in this regard, which is included under accrued liabilities.

For tax year 2008 and 2009 tax authorities have framed assessment by curtailing expenditure claimed by the company, thereby creating a disputed amount of Rs. 177M (equivalent to USD 2M) and Rs. 217M (equivalent to USD 2.3M) respectively. The Company has filed the appeal with Appellate Tribunal Inland Revenue (ATIR) against the decision of Commissioner Inland Revenue [CIR (A)]. Management of the company believes that the case will be decided in the company's favor in the appellate forums.

Egyptian tax dispute in relation to license payments during the period 2000-2004

The Egyptian tax authorities have conducted a review and assessed taxes of approximately EGP 2.4 Billion(equivalent to USD 394 million). relating to alleged liabilities for withholding taxes on certain investments made by OTH during the tax years of 2000 to 2004. The tax authority alleges that certain investments made by OTH in its subsidiaries were payments of license fees to foreign governments on which a 32% Egyptian withholding tax was due.

OTH challenged these assessments at the internal tax committee which rejected OTH's challenge. OTH appealed the case to the high appeal committee of the tax authority.
The high appeal committee of the tax authority rendered its ruling dated May 15, 2012 and the decision was notified to OTH on May 23, 2012.

The high appeal committee of the tax authority reduced the tax assessment from approximately 2.4 Billion to an amount of approximately EGP 393.5 M (equivalent to USD 65 million)..
The high appeal committee rejected the argument of the tax authority that investments in existing mobile operators could be treated as license fee payments but upheld the assessment of the tax authority where it related to OTH first "greenfield" operations in which a new license was granted by a foreign government (in particular, in relation to OTH's investment in its subsidiary in Algeria and its former subsidiary in Syria).

OTH has appealed the decision of the high appeal committee of the tax authority to the court of first instance.

The Company has made an advance payment to the tax authority of EGP 99M (equivalent to USD 16 million), though such amount will be fully recoverable in the event that the Company's appeal is successful. The Company has reached the view, on the basis of tax and legal advice, that the tax assessments lack sufficient legal basis. However, the Company has made a provision of EGP 43 M to reflect the possibility of not recovering the full amount.

OTA tax claims

Orascom Telecom Algeria ("OTA") has been subject to tax claims by the Algerian tax authorities with respect to payment of taxes during taxation periods between 2002 and 2009.

Claims in relation to the period from 2002 and August 2007

In 2002, when OTA signed its investment agreement with the Algerian Investment Promotion Organization in connection with its GSM license, OTA was granted favorable tax treatment for a period of five years starting in July 2002 and ending in August 2007. OTA has received a final tax reassessment for 2004 and has been ordered to pay an amount equal to DZD 4,532 Million (equivalent to USD 57 M) including penalties by the Algerian Directions des Grandes Entreprises (Tax Department for Large-Scale Companies or "DGE").While a tax claim remains outstanding and as a consequence of an order by the Bank Of Algeria (which OTA has challenged in the Algerian courts), OTA is unable to repatriate dividends to foreign investors, including OTH and its related parties.

With respect to the 2004 tax assessment, OTA filed a claim against the DGE and has paid a deposit equal to 100% of the reassessed amount for 2004, in order to repatriate 50% of OTA 's 2008 dividend to foreign investors.

In November 2009, OTA received a further final tax reassessment for the years 2005 through 2007 from the DGE ordering it to pay an amount equal to DZD 50,310 M (equivalent to USD 633 M) including penalties. The DGE has alleged that (i) OTA did not keep proper manual accounts during these years notwithstanding that OTA's accounts were fully audited and approved by both OTA's international auditors and its local statutory auditors (this claim accounts for 78% of the tax claim), and (ii) OTA failed to deduct certain expenses, such as technical services and bad debt expenses and therefore understated the taxable income.

The Algerian tax authorities are able to raise additional tax assessments for four years after the end of the relevant tax period. However, once a preliminary tax claim is received by a company the four year statute of limitation no longer applies. OTA has received the final tax assessments for the years 2004, 2005, 2006 and 2007.

OTA has appealed all of the tax claims. On January 28, 2010 OTA received rejection on its submitted administrative appeal filed on June 6th, 2009 in respect of the 2004 tax claim. On March 4, 2010 OTA received a rejection on its submitted administrative appeal filed on December 24, 2009 against the notice of reassessment dated 16 November 2009 received from the DGE in respect of the tax years 2005, 2006 and 2007. On March 09, 2010, OTA filed an appeal in respect of the 2004-2007 tax claims before the Commission de Recours before bringing the matter before the courts.

OTA's administrative appeal in relation to the 2004 -2007 tax reassessment has also been rejected. On April 4, 2010, OTA filed appeals before the Algerian Administrative Court ("Tribunal Administrative") against 2004-2007 tax assessments. OTA's tax claims were rejected by the Tribunal Administrative on 18 April 2012. OTA intends to appeal the decision of the Tribunal Administrative.

Tax claims in relation to the 2008 and 2009 tax years
In September 2010 OTA received a preliminary tax notification from the DGE in respect of the 2008 and 2009 tax years. -The DGE claimed further taxes in an amount of DZD 17,064 (equivalent to USD 215 M) in respect of those tax years notwithstanding the fact that OTA has already paid the taxes due for these years.
This reassessment was based primarily on the unfounded allegation that OTA did not keep proper accounts for the years 2008 and 2009 notwithstanding that OTA's accounts were fully audited.

OTA received a final tax notification from the DGE in respect of the years 2008 and 2009 in December 2010 which was appealed in January 2011 before DGE. On April 20, 2011, OTA received the rejection of its appeal before the DGE.

On August 17, 2011, OTA decided to exercise the option of filing an appeal of the 2008-2009 tax claims before the (Commission de Recours) before bringing the matter before the Court. OTA's tax claims were rejected by the Commission de Recours on 8 March 2012. OTA intends to appeal the decision of the Commission de Recours.

Without prejudice to OTA's and it's related companies' rights under the Investment Agreement, applicable bilateral investment treaty and applicable laws, OTA has paid all claimed amounts and penalties totaling DZD 71,906 (equivalent to USD 905 M) as at December 31, 2011 under protest.

Management views the amounts paid to the DGE as uncertain tax positions and have accounted for them using a two step approach in accordance with IAS 24. In recording the receivable, management has considered the technical merits of the assessments, including input in the form of a technical report prepared by an independent external expert and management's belief that the tax assessments are unjustified.
Orascom Telecom Holding has commenced international arbitration procedures against the Algerian State.

Other Algerian claims
A- Central Bank of Algeria Case

OTA filed a petition against the Central Bank of Algeria's injunction restraining all Algerian banks from making any transfers abroad in foreign currency to OTA's suppliers, and putting on hold any custom clearance of imported goods. On June 13, 2010, this petition was rejected by the Algerian Civil Court for lack of jurisdiction. OTA also filed a new petition before the Algerian administrative court (State Council) on June 24, 2010. During September 2010, the Central Bank of Algeria verbally presented a complaint against OTA for not respecting the ban on foreign trade transactions. This complaint is under investigation by the Algerian Authority.

The Bank of Algeria brought a claim in 2010 alleging breaches of foreign exchange regulations. On March 28, 2012, the Algerian Court of First Instance handed down a judgment against OTA, and a member of OTA's senior executive team. The judgment consisted of fines of 99 billion Algerian Dinar (approximately US$ 1.3 Billion) including a criminal sentence against a member of OTA's senior executive team. On appeal, the Court of Appeal suspended the prison sentence against the OTA senior executive, maintained the fine against OTA and ordered OTA to pay the fine previously ordered again its senior executive. OTA submitted an appeal of this decision on 31 May 2012 to the Supreme Court.

OTA maintains that OTA and its senior executive have acted in compliance with the law. The lodging of the appeal will provisionally suspend the judgment. OTH has received legal advice stating that this decision is not based on an application of Algerian law, and further confirming that the decision of the court should be overturned on appeal since OTA and its senior executive have not committed any violation of foreign exchange legislation.

B- SIM Card Users

In 2010, the Algerian government issued a new finance law, where in case of failure to identify the SIM card user, a penalty amounting to DZD 100,000 (equivalent to USD 1,259) for each unidentified SIM is paid for the first year and increase to DZD 150 thousand (equivalent to USD 1,888) for the second year. Although the exposure cannot currently be estimated, it is not expected to have a material impact on the financial statements.

Consortium Algerian Telecommunication S.P.A. "CAT"

CAT was formerly a landline operator in Algeria which ceased operations and has no assets. Since November 2008 it has been the intention of the management of CAT to liquidate this company. Therefore the Group has fully written down all assets relating to this business. CAT has applied for bankruptcy and has been rejected by the Algerian Courts. Currently the bankruptcy file is before the Algerian Appeal Courts.

Pioneer Investment Ltd

The Jordanian Tax Authority has claimed JD 59.7 million (equivalent to EGP 509 million) income tax against Pioneer Investment Ltd in connection with the sale of Fastlink (Jordan Mobile Telecommunication Services) to MTC in 2002. The court issued a final judgment against Pioneer Investment Ltd on May 19, 2011 confirming the assessment by the Jordanian Tax Authority. No further appeals are available to Pioneer Investment Ltd. Pioneer Investment Ltd has no business operations or assets in Jordan and is a limited liability company with shareholders liability limited to the capital of the company.

Orascom Telecom Iraq Corp Limited

Upon the disposal of its investment in Iraqna for Mobile Services, Orascom Telecom Iraq Corp Limited provided a warranty to the purchaser. Liability under this warranty in respect of tax covenant claims is limited to US$ 60 million.
In December 2011 and March 2012, Iraqna received a tax claims for an amount of approximately 219 billion Iraqi Dinars that is allegedly imposed on OTH as a guarantor and in May 2012, Iraqna received another tax claim for an amount of approximately 96 billion Iraqi Dinars. OTH's position in respect of those tax claims is that OTH is not liable for any such amount.

Ring Algeria

During 2009 Ring Algeria received tax claims amounting to US$ 46 million relating to the tax periods from 2005 to 2008. No further appeals were made and the amount became payable. No further payments have been made and management has not made any provision as the parent company of Ring Algeria, Ring Distribution SAE (and ultimately the entire Ring group) is under liquidation.

Telecel Globe Group

Telecel CAR

In August 2009, Telecel CAR received from the Post and Telecommunication Ministry a license revaluation document requesting payment of an amount of 577 M XAF (equivalent to USD 1 million). Telecel did not pay this amount and no provision has been booked.

U-Com

In January 2010, UCOM received a preliminary assessment from the tax administration amounting to US$ 11 million. U-Com disputed this assessment and booked a total provision with an amount US$ 7 million in this respect. On August 2010, a settlement was signed between U-COM and the local tax authority, in which U –Com agreed to pay US$ 3.1 million of which US$ 1.9 million were paid on 30 September 2010 in order to resolve all pending issues relating to the tax due relating to financial years 2008 and 2009.

22. Commitments

The commitments are provided in the table below:

(In million of US$)	September 30, 2012	December 31, 2011
Tangible assets	92	90
Intangible assets	1	-
Total	**93**	**90**

23. Related party transactions

Transactions with subsidiaries, associates, with the Parent Company and its subsidiaries and other related parties are not considered atypical or unusual, as they fall within the Group's normal course of business and are conducted under market conditions that would be performed by independent third parties.

The main related party transactions are summarized as follows:

Transactions with Wind Telecom Group

Transactions with Wind Telecom SpA and its subsidiaries mainly relate to management fees charged by the Company and interconnection traffic between the Group and the subsidiaries of Wind Telecom SpA.

As of September 30, 2012 the Group had receivables due from Wind Telecom Group in an amount of US$ 27 million and payables due to Wind Telecom Group in an amount of US$ 1 million. During the nine months ended September 30, 2012, transactions with Wind Telecom Group generated revenues of US$ 8 million and costs of US$ 1 million.

Transactions with associates of the Group

During the year 2008, OTH provided financing to Globalive, an associate of the Group, in connection with the funding of the acquisition of spectrum licenses. The outstanding balance as at September 30, 2012 was US$ 1,104 million after deducting the Group's share of losses from associates and including the accrued interest income and management fees.

Transactions with Vimpelcom

The Company has obtained shareholder's loans from the Vimpelcom Group. As of September 30, 2012 an amount of US$ 3,669 million was outstanding on such loans and interest expense on the shareholder's loans for the nine month period ended September 30, 2012 amounted to US$ 233 million.

Sale Agreement

As a result of the demerger completed in 2011 (refer to the 2011 consolidated financial statements), the Company and OTMT also entered into a Preliminary Sale Agreement of an Administrative Unit providing for the sale of the entire 26th floor located at 2005A – Nile City Towers – South Tower – Corniche Elnil – Ramlet Beaulac – 11221 Cairo. This transaction has not been finalized yet.

24. Subsequent Events

Orascom Telecom Holding S.A.E. (the "Company") announces that a Board of Directors meeting was held on Friday, 19 October 2012 and resolved to present the following items to the Company's shareholders for approval at an Ordinary General Assembly and Extraordinary General Assembly, which is expected to convene during November 2012:

1. To change the Company's name from "Orascom Telecom Holding S.A.E." to "Global Telecom Holding S.A.E.". As a part of the VimpelCom acquisition and demerger, the Company and its subsidiaries are required to cease using the Orascom name, designs and logos before the end of 2012.

2. To approve changes to the Company's investment in Orascom Telecom Holding Canada Limited, which currently owns 32.02% of the total outstanding voting shares and 65.08% of the total outstanding shares of Globalive Investment Holding Corp. ("GIHC"), the parent company of WIND Canada and Globalive Canada. With the change in Canada's foreign ownership laws announced in mid-2012, Orascom Telecom Holding Canada is permitted to convert its non-voting shares into voting shares, and thus take a voting participation in GIHC of 65.08%. The conversion will result in OTH taking control of GIHC; therefore an approval from the Canadian investment authorities is required. Management expects such approval to be obtained by the close of 2012 or early 2013. The changes will involve, amongst other things, the restructuring of OTH's shareholder loans to the GIHC group and the cancellation of accrued interest of approximately CAD 450 million.

3. To approve a proposed mutual service agreement between the Company and VimpelCom Ltd, with the purpose of creating synergies and operational efficiencies among the Group entities and managing costs. The services will be provided both ways between the parties and will include advice and assistance in respect of a wide variety of technical, commercial and business matters. The mutual service agreement continues for two years with fees of actual accounting cost of providing the services plus a markup of 5%. Fees payable by the Company to Vimpelcom Ltd. are capped at a maximum of USD 3.5 million per annum.

   The general assembly approved the above items on November 12, 2012.

On October 30th 2012 Orascom Telecom Holding S.A.E. ("OTH") announces that it is currently performing a strategic review and valuation assessment of its operations in Burundi, Zimbabwe and Central African Republic (the "Sub-Saharan African Operations") to identify, examine and consider a range of strategic alternatives. Those strategic options include, but are not limited to, a sale of all or a material part of the Sub-Saharan African Operations either in one transaction or in a series of transactions.