

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.



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

**Condensed Interim  
Consolidated Financial Statements  
As of and for the three-month periods  
ended March 31, 2018 (IFRS)  
Together with the review report**

**Three months ended  
March 31, 2018  
US\$**



## Hazem Hassan

Public Accountants & Consultants

Pyramids Heights Office Park  
Km 22 Cairo/Alex Road  
P.O. Box 48 Al Ahram  
Giza - Cairo - Egypt

Telephone : (202) 35 36 22 00 - 35 36 22 11  
Telefax : (202) 35 36 23 01 - 35 36 23 05  
E-mail : [egypt@kpmg.com.eg](mailto:egypt@kpmg.com.eg)  
Postal Code : 12556 Al Ahram

### Report on Review of Condensed Interim Consolidated Financial Statements

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

#### *Introduction*

We have reviewed the accompanying condensed interim consolidated statement of financial position of Orascom Telecom, Media and Technology Holding (S.A.E) as of March 31, 2018 and the related condensed interim consolidated statements of profit and loss and other comprehensive income, changes in equity, and cash flows for the three-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard No. (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our limited review.

#### *Scope of Limited Review*

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

#### Base of qualified conclusion

- As disclosed in more details in note (23) Beltone Financial Holding one of the company's subsidiaries is in the process of completing the final accounting treatment relating to the business combination of Auerbach Grayson Company which was acquired on 1 February 2017, despite the override of the allowed measurement period as required by IFRS (3) "Business combinations" which requires a measurement period of no longer than one year from the date of acquisition.
- The group Management did not perform an assessment of the expected credit losses for its subsidiaries upon initial application of IFRS 9.

**Conclusion**

Based on our review, except for the possible effects of such adjustments, as might have been determined to be necessary had we performed procedures to address the items set out above, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the company as at March 31, 2018 and of its consolidated financial performance and its consolidated cash flows for the three-month period then ended in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".



**KPMG Hazem Hassan**

**Public Accountants & Consultants**

Cairo January 30, 2019

**KPMG Hazem Hassan**  
**Public Accountants and Consultants**  
②

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

<i>(in thousands of US\$)</i>	Note	March 31, 2018	December 31, 2017
<b>Assets</b>			
Property and equipment	11	146,041	139,482
Intangible assets	11	53,835	48,568
Investment Property	12	76,910	76,973
Equity-accounted investees	10	37,687	34,748
Other financial assets	13	9,872	9,544
Other non-financial assets	17	16,471	16,421
<b>Total non-current assets</b>		<b>340,816</b>	<b>325,736</b>
Inventories		428	338
Trade receivables		31,834	36,275
Other financial assets	13	38,338	35,635
Other non-financial assets	17	14,428	12,603
Cash and balances at banks	14	106,690	134,142
<b>Total current assets</b>		<b>191,718</b>	<b>218,993</b>
<b>Total Assets</b>		<b>532,534</b>	<b>544,729</b>
<b>Equity and Liabilities</b>			
Share capital	15	366,148	366,148
Other reserves		(109,019)	(110,674)
Retained earnings		13,726	19,716
<b>Equity attributable to equity holders of the Company</b>		<b>270,855</b>	<b>275,190</b>
Non-controlling interest		28,183	27,528
<b>Total equity</b>		<b>299,038</b>	<b>302,718</b>
<b>Liabilities</b>			
Non-current borrowings	16	72,448	64,495
Other non-current liabilities	18	24,081	14,781
Deferred tax liabilities		22,713	23,385
<b>Total non-current liabilities</b>		<b>119,242</b>	<b>102,661</b>
Current borrowings	16	18,591	15,087
Trade payables and other liabilities	18	61,335	87,766
Current income tax liabilities		17,032	15,774
Current provisions	19	17,296	20,723
<b>Total current liabilities</b>		<b>114,254</b>	<b>139,350</b>
<b>Total Liabilities</b>		<b>233,496</b>	<b>242,011</b>
<b>Total Equity and Liabilities</b>		<b>532,534</b>	<b>544,729</b>

Chief Financial Officer

Khalid Ellaicy



Chief Executive Officer

Tamer Mahdi



Review report 'attached'

Chairman

Naguib Sawiris



The accompanying notes from (1) to (24) are an integral part of these condensed interim consolidated financial statements

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR

(in thousands of US\$), except per share information		For the Period ended 31 March 2018	For the Period ended 31 March 2017
	Note		
Revenues	6	24,279	16,803
Other income		359	458
Purchases and services	7	(11,183)	(8,127)
Other expenses		(1,307)	(1,644)
Personnel cost		(10,642)	(7,155)
Depreciation and amortization		(3,591)	(3,100)
Disposal of non-current assets		(68)	-
<b>Operating income</b>		<b>(2,153)</b>	<b>(2,765)</b>
Financial income	8	1,355	797
Financial expense	8	(2,184)	(1,514)
Foreign exchange (loss) gain	8	(509)	(378)
Share of profit of equity- accounted investees	10	35,538	38,281
Impairment of profit of equity- accounted investees		(35,538)	(3,230)
<b>(Loss)/Profit before income tax</b>		<b>(3,491)</b>	<b>31,191</b>
Income tax expense	9	(1,072)	(9,226)
<b>(Loss)/Profit for the period</b>		<b>(4,563)</b>	<b>21,965</b>
Attributable to:			
Owners of the company		(3,901)	21,774
Non-controlling interests		(662)	191
		<b>(4,563)</b>	<b>21,965</b>
<b>(Losses)/Earnings per share from continuing operation (basic and diluted) – (in US\$)</b>	20	<b>(0.0007)</b>	<b>0.004</b>
<b>(Loss)/ Profit for the period</b>		<b>(4,563)</b>	<b>21,965</b>
Other comprehensive (loss)/ income:			
Items that may be sequent reclassified to profit or loss net of tax			
Change in fair value for available for sale investments		81	17
Share of OCI of equity- accounted investees		-	52
Currency translation differences		(909)	38,559
<b>Other comprehensive (loss)/ income for the period net of tax</b>		<b>(828)</b>	<b>38,628</b>
<b>Total comprehensive (loss) / income for the period</b>		<b>(5,391)</b>	<b>60,593</b>
Attributable to:			
Owners of the parent		(3,963)	60,471
Non-controlling interest		(1,428)	122
<b>Total comprehensive (loss) / income for the period</b>		<b>(5,391)</b>	<b>60,593</b>

Chief Financial Officer

Khalid Ellaicy



Chief Executive Officer

Tamer Mahdi



Chairman


Naguib Sawiris



The accompanying notes from (1) to (24) are an integral part of these condensed interim consolidated financial statements

ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.  
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE-MONTH ENDED MARCH 31, 2018

(in thousands of US\$)	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non Controlling Interest	Total equity
<b>As at January 1, 2017</b>	366,148	81,329	(203,182)	3,560	29,672	277,527	19,232	296,759
Change in fair value of available for sale investments	-	-	-	17	-	17	-	17
Share of OCI of equity-accounted investee	-	-	52	-	-	52	-	52
Currency translation differences	-	-	38,628	-	-	38,628	(69)	38,559
Profit for the period	-	-	-	-	21,774	21,774	191	21,965
<b>Total comprehensive income</b>	-	-	38,680	17	21,774	60,471	122	60,593
Transferred to Legal reserve	-	3,066	-	-	(3,066)	-	-	-
Change in the scope of consolidation	-	-	-	-	-	-	7,704	7,704
<b>Total transactions with owners</b>	-	3,066	-	-	(3,066)	-	7,704	7,704
<b>As of March 31, 2017</b>	366,148	84,395	(164,502)	3,577	48,380	337,998	27,058	365,056
<b>(in thousands of US\$)</b>	<b>Share capital</b>	<b>Legal reserves</b>	<b>Translation reserves</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Equity attributable to shareholders of the parent company</b>	<b>Non Controlling Interest</b>	<b>Total equity</b>
<b>As at January 1, 2018</b>	366,148	84,373	(205,414)	10,367	19,716	275,190	27,528	302,718
Currency translation differences	-	-	(120)	-	-	(120)	(789)	(909)
Change in fair value of available investments for sale	-	-	-	58	-	58	23	81
Profit for the period	-	-	-	-	(3,901)	(3,901)	(662)	(4,563)
<b>Total comprehensive income</b>	-	-	(120)	58	(3,901)	(3,963)	(1,428)	(5,391)
Transferred to Legal reserve	-	1,717	-	-	(1,717)	-	-	-
Adjustments arising due to new accounting standards	-	-	-	-	(372)	(372)	(361)	(733)
Change in the scope of consolidation	-	-	-	-	-	-	2,444	2,444
<b>Total transactions with owners</b>	-	1,717	-	-	(2,089)	(372)	2,083	1,711
<b>As of March 31, 2018</b>	366,148	86,090	(205,534)	10,425	13,726	270,855	28,183	299,038

Chief Financial Officer  
  
Khalid Elliacy

Chief Executive Officer  
  
Tamer Maftdi

Chairman  
  
Naguib Sawiris

The accompanying notes from (1) to (24) are an integral part of these condensed interim consolidated financial statements

**ORASCOM TELECOM, MEDIA AND TECHNOLOGY HOLDING S.A.E.**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED**

(in thousands of US\$)	<b>Period Ended 31 March 2018</b>	<b>Period Ended 31 March</b>
<b>Operating activities</b>		
(loss)/ Profit for the period before income tax	<b>(3,491)</b>	<b>31,191</b>
<b>Non-cash adjustments to reconcile profit before income tax to net cash flows used in operating activities:</b>		
Depreciation, amortization	3,591	3,100
Interest expense	2,184	1,514
Investment income	(1,355)	(797)
Foreign exchange loss	509	378
Loss from disposal of assets	68	-
Share of profit of equity-accounted investees	(35,538)	(38,281)
Impairment of profit of equity-accounted investees	35,538	3,230
Change in provisions	430	1,034
Changes in other assets	(7,340)	(5,488)
Changes in other liabilities	(18,143)	8,930
<b>Cash flows (used in)/ from operating activities</b>	<b>(23,547)</b>	<b>4,811</b>
Income tax paid	(4,378)	(1,822)
Interest received	1,368	797
<b>Net Cash flows (used in)/ from operating activities</b>	<b>(26,557)</b>	<b>3,786</b>
<b>Investing activities</b>		
Purchases of property and equipment	(1,340)	(7,407)
Purchases of intangible assets	(596)	(428)
Payment for new investment in Joint ventures	(623)	-
Change in Deposits and financial assets	145	(4,751)
Proceeds from sale of property and equipment	102	899
Proceeds from other financial assets	(2,750)	4,718
Cash acquired from new investment	1,763	13,775
Receipts from dividends distribution	-	565
<b>Net cash flows (used in)/ from investing activities</b>	<b>(3,299)</b>	<b>7,371</b>
<b>Financing activities</b>		
Interest Paid	(1,208)	(1,372)
Proceeds from loan and bank facilities	3,355	2,344
Payments for loans and bank facilities	(30)	(8,793)
<b>Net cash flows from/ (used in) financing activities</b>	<b>2,117</b>	<b>(7,821)</b>
<b>Net change in cash and cash equivalents</b>	<b>(27,739)</b>	<b>3,336</b>
Cash and cash equivalents at the beginning of the period	134,142	162,863
Effect of exchange rates on cash and cash equivalents	287	477
<b>Cash and cash equivalents at the end of the period</b>	<b>106,690</b>	<b>166,676</b>

Chief Financial Officer

  
Khalid Ellaicy

Chief Executive Officer

  
Tamer Mabdi

Chairman

  
Naguib Sawiris

The accompanying notes from (1) to (24) are an integral part of these condensed interim consolidated financial statements

**1. General information**

Orascom Telecom, Media and Technology Holding S.A.E. (“OTMT” or the “Company”) is a joint stock company with its head office in Cairo, Egypt. The Company was established on 29 November 2011 (the “inception”) and until this date the businesses of the Company were performed under various entities which were controlled by Orascom Telecom Holding, S.A.E. (“OTH”). As part of a larger transaction pursuant to which VimpelCom Ltd had acquired OTH, its shareholders agreed to affect the demerger, whereby, OTH was split into two companies, OTH and the Company (“Demerger”). The Demerger resulted in the transfer of certain telecom, cable and media and technology assets (the “OTMT Assets”) to the Company.

The Company and the OTMT Assets (together the “Group”) are a mobile telecommunications business operating in high growth emerging markets in the Middle East, Africa and Asia. The Company is a subsidiary of Orascom Telecom Media and Technology Investments S.à.r.l. (the “Ultimate Parent Company”).

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

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

**2. Statement of compliance**

These condensed interim consolidated financial statements as of March 31, 2018 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. As permitted by IAS 34, the Company has opted to prepare a condensed version as compared to the consolidated financial statements as of December 31, 2017. The condensed 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 consolidated financial statements for the year ended December 31, 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

This is the first set of the group's financial statements where IFRS 9, IFRS 15, IFRS 16 have been applied. Changes to significant accounting policies are described in Note 4.

These condensed interim consolidated financial information was approved for issue on January 30, 2019. The financial statements are not the statutory financial statements of the Company, as the statutory financial statements are prepared in accordance with the Egyptian Accounting Standards (EAS).

**2.1 Significant accounting policies**

The accounting policies adopted for the preparation of the condensed interim consolidated financial information are consistent with those used in the consolidated financial statements as of and for the period ended December 31, 2017 except for the impact of the new accounting policies related to the application of IFRS 9, IFRS 15 and IFRS 16 which are described in Note 4.

**2.2 Application of new and revised International Financial Reporting Standards (“IFRSs”)**

**2.2.1 New currently effective requirements**

Effective date	New standards or amendments
1 January 2018	IFRS 15 Revenue with contracts with customers
1 January 2018	IFRS 9 Financial Instruments
1 January 2019 (Early adopted by the Group from January 1, 2018)	IFRS 16 Leases
1 January 2018	Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
1 January 2018	Transfers of Investment Property (Amendments to IAS 40)
1 January 2018	Annual Improvements to IFRSs 2014–2016 Cycle (Amendments to IFRS 1 and IAS 28)
1 January 2018	IFRIC 22 Foreign Currency Transactions and Advance Consideration



**2.2.2 Forthcoming requirements**

Effective date	New standards or amendments
1 January 2019	IFRIC 23 Uncertainty over Income Tax Treatments
1 January 2019	Prepayment Features with Negative Compensation (Amendments to IFRS 9)
1 January 2019	Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
1 January 2019	Plan Amendments, Curtailment or Settlement (Amendments to IAS 19)
1 January 2019	Annual Improvements to IFRSs 2015–2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)
1 January 2021	IFRS 17 Insurance Contracts
Available for optional adoption/ Effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The Group is currently assessing whether these changes will affect the consolidated financial statements in the period of initial application.

**3. Use of estimates**

In preparing these interim financial statements, management has made judgements and estimates 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 significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 9, IFRS 15 and IFRS 16 which are described in Note 4

**4. Changes in significant accounting policies**

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

The Group has initially adopted IFRS 9 Financial Instruments (see A), IFRS 15 Revenue from Contracts with Customers (see B) and IFRS 16 Leases (see C) from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group's financial statements

**A. IFRS 9 Financial Instruments**

**Classification and measurement**

As of March 31, 2018, no significant impact has been identified for the classification and measurement except for equity instruments of Beltone Group which classified as available for sale (AFS) currently measured at Fair value

**Impairment**

As of January 1, 2018, TWA might be impacted from the implementation of IFRS 9 for the new impairment rules related to the financial assets. The financial assets impacted should be trade receivables. However, considering the limited losses incurred in the past, the impact might not be significant.

**Expected Credit Loss**

The management could not finalize the liability ECL during interim period and will conclude the assessment by year-end financials where the expected effect of changes in liability's credit risk will be recognized in OCI.

**Hedge accounting**

The Group doesn't apply hedge accounting and accordingly it is not applicable at transition date.

**Fair value estimation**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- The fair value of a financial instrument traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active, if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.
- The fair value of instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.
- If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The following table sets forth the Group's financial assets and liabilities that are measured at fair value as of 31 March 2018 and 31 December 2017.

(in thousands of US\$)	March 31, 2018	December 31, 2017
	Level 1	Level 1
<b>Assets</b>		
Financial assets available for sale –at Fair value	1,392	1,285
Financial assets at fair value through profits or losses	2,685	61
<b>Total assets</b>	<b>4,077</b>	<b>1,346</b>

The Group did not measure any financial assets or liabilities as level 2 or level 3 fair value estimates

**Assets carried at amortised cost**

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

**Financial liabilities and equity instruments**

Debt and equity instruments issued by a Group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments**

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

**Financial liabilities**

Financial liabilities consisting of borrowings, trade payables and other obligations are measured at amortised cost using the effective interest method. Financial liabilities are classified as current liabilities except where the Group has an unconditional right to defer payment until at least twelve months after the reporting date.

Financial liabilities are derecognised when settled and the Group has transferred all the related costs and risks relating to an instrument.

**Derivative financial instruments and embedded derivatives**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Fair value gains and losses on all of the Groups derivative financial instruments are recognised in the income statement within finance income and expense.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

**B. IFRS 15 Revenue from Contracts with Customers**

The new Standard IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue.

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of IFRS 15. Instead, they are within the scope of IAS 39 Financial Instruments.

The Group has adopted IFRS 15 using the cumulative effect method (Without practical expedients), with the effect of initially applying this standard recognized at the date of initial application, 1 January 2018. Accordingly, the information presented for 2017 has not been restated and presented as previously reported, under IAS 8, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS15 has not generally been applied to comparative information.

The following summarizes the impact of net of tax of transition to IFRS15 on retained earnings and NCI. Mainly from Cable segment as originally TWA received an upfront payment against an IRU contract for a term of 15 years with its customer in 2014. The payment received was being amortized monthly on a straight line basis as per IAS 18. After, transition to IFRS 15, an implicit financing rate was calculated comparing the upfront payment received and the market value of services of similar nature. The contract term for the working was taken as 15 years since inception i.e. May 01, 2014.

(in thousands of US\$)	Impact of adoption IFRS 15 at 1 January 2018
Retained Earnings	372
Non-controlling interest	361
Impact at 1 January 2018	733

Impact on the condensed interim consolidated statement of profit or loss and OCI

(in thousands of US\$)	Note	As reported	Adjustments	Amounts without adoption of IFRS 15
<b>Continued operations</b>				
Revenues	6	24,279	106	24,173
Operating income		(2,153)	106	(2,047)
Financial expense	8	(2,184)	(157)	(2,027)
Foreign exchange (loss)	8	(509)	10	(519)
Profit before income tax		(3,491)	(41)	(3,450)
(Loss) for the period from continued operation		(4,563)	(41)	(4,522)
(Loss) for the period		(4,563)	(41)	(4,522)
Total comprehensive Loss for the period		(5,391)	(41)	(5,350)

Impact on the condensed interim consolidated statement of financial position

(in thousands of US\$)	Note	As reported	Adjustments	Amounts without adoption of IFRS 15
<b>Assets</b>				
Total Assets		532,534	-	532,534
<b>Equity</b>				
Retained earnings		13,726	(372)	14,098
Equity attributable to equity holders of the Company		270,855	(379)	271,234
Non-controlling interest		28,183	(361)	28,544
Total equity		299,038	(740)	299,778
<b>Liabilities</b>				
Non-current borrowings	16	72,448	-	72,448
Other non-current liabilities	18	24,081	862	23,219
Deferred tax liabilities		22,713	-	22,713
Total non-current liabilities		119,242	862	118,380
Current borrowings	16	18,591	-	18,591
Trade payables and other current liabilities	18	61,335	(122)	61,457
Income tax liabilities		17,032	-	17,032
Provisions	19	17,296	-	17,296
Total current liabilities		114,254	(122)	114,376
Total Liabilities		233,496	740	232,756
Total Equity and Liabilities		532,534	-	532,534

Moreover IFRS 15 did not have a significant impact on the policies followed by the Group in recognising other revenue streams represented in:

**Interconnection traffic**

- Revenue arising from post-paid traffic, interconnection and roaming is recognised on the basis of the actual usage made by each subscriber and telephone operator. Such revenue includes amounts paid for access to and usage of the group network by customers and other domestic and international telephone operators;
- Revenue from the sale of prepaid cards and recharging is recognised on the basis of the prepaid traffic actually used by subscribers during the period. The unused portion of traffic at period end is recognised deferred income;

- One-off revenue from mobile (prepaid or subscription) activation and/or substitution, prepaid recharge fees and the activation of new services and tariff plans is recognised for the full amount at the moment of activation independent of the period in which the actual services are rendered by the Group. In the case of promotions with a cumulative plan still open at the end of the period, the activation fee is recognised on an accruals basis so as to match the revenue with the period in which the service may be used;
- Revenue from bandwidth capacity sales (Cable segment revenue) is recognised over the period of the contract on the basis of usage of bandwidth by the customers. Advances received from customers, for which the service has not yet been provided is disclosed as deferred income.

#### **Revenue of the financial service section**

- Revenue is recognized when performance obligation is met in financial service sector as follows:

##### **Investment banking revenue**

- The activities revenue is recognised that represented in security and investment banking fees for the companies when complete the implementation of the service.

##### **Management fees of funds and portfolios**

- Management fees are recognised as revenue on an accrual basis, as the services are rendered, in accordance with the contractual terms of each fund and portfolio.
- Incentive fees are recognised as revenue based on predetermined percentages agreed with clients, calculated by reference to the annual return on each fund or portfolio, but only to the extent that the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Group.

##### **Commissions**

- Sale commissions: represent commissions on sale of securities for clients in local or global stock exchanges, calculated at specified rates agreed with clients as a percentage of the sale transaction.
- Purchase commissions: represent commissions on purchase of securities for clients in local or global stock exchanges, calculated at specified rates agreed with clients as a percentage of the purchase transaction.

##### **Custodian fees**

- Custodian fees are recognised as the difference between fees collected from clients and those incurred or paid to custodians.
- They are recognised according to contracts signed with clients on accrual basis.
- They are recognised the commissions for collecting coupons for customers, the collection of these coupons are on behalf of the customers.

**C. IFRS Leases**

The new Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17 Leases and its associated interpretative guidance.

IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast, the Standard does not include significant changes to the requirements for accounting by lessors.

The Group has early adopted IFRS 16 using the modified retrospective approach with the effect of initially applying this standard recognized at the date of initial application, 1 January 2018. Accordingly, the information presented for 2017 has not been restated and presented as previously reported. Based on the data gathering information and assumptions provided, the preliminary impact quantification of the lease liability is as follows:

Segment	Effect in million USD
Cables	5.5
Financial services	4
Other	0.2
<b>Total</b>	<b>9.7</b>

**5. Segment reporting**

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

- *Investment property*: investment properties relate to real estate property the Group owns in Sao Paolo, Brazil
- *GSM – Lebanon*: relating to the management contract of the Lebanese mobile telecommunications operator Alfa which is owned by the Republic of Lebanon.
- *Cable*: relating to the provision of direct broadband and high-speed connectivity to telecom operators, internet service providers and major corporations through submarine fibre optic cables.
- *Media & Technology*: relating mainly to the provision of online advertising and content to corporate customer, mobile value added services and software development and hosting of corporate clients.
- *Other*: relating to the Group's equity accounting investment and income and expenses related to OTMT.

The Group reports on operating segments which are independently managed. The chief operating decision-maker assesses the performance of such operating segments based on:

- Total revenue ;
- EBITDA, defined as profit for the period before income tax expense /(benefit) , share of profit of equity investments, foreign exchange gains/(loss), financial expense, financial income, disposal of non-current assets, impairment charges and depreciation and amortisation ;
- Segment capital expenditure which is the total cost incurred during the period to acquire property and equipment and intangible assets other than goodwill.

The information provided to the chief operating decision-maker is measured consistently with that of the interim financial statements.

**Revenue and EBITDA disclosure per segment for the period ended March 31, 2018**

	For the Period ended 31 March 2018			For the Period ended 31 March 2017		
	Total segment revenue	Inter segment revenue	Revenue from external customers	Total segment revenue	Inter segment revenue	Revenue from external customers
Investment Property	1,002	-	1,002	976	-	976
GSM Lebanon	1,798	-	1,798	1,814	-	1,814
Financial Services	10,271	-	10,271	4,664	-	4,664
Cable	11,208	-	11,208	9,261	-	9,261
Other	324	(324)	-	434	(346)	88
<b>Total</b>	<b>24,603</b>	<b>(324)</b>	<b>24,279</b>	<b>17,149</b>	<b>(346)</b>	<b>16,803</b>
						<b>307</b>
						<b>EBITDA</b>
						<b>456</b>
						<b>740</b>
						<b>(614)</b>
						<b>2,797</b>
						<b>(3,072)</b>

**Assets per segment as of March 31, 2018**

	As Of 31 March 2018				As Of 31 December 2017			
	Property and equipment	Intangible assets	Investment Property	Equity investments	Property and equipment	Intangible assets	Investment Property	Equity investments
Financial Services	13,816	39,705	-	-	7,830	34,318	-	-
Investment Property	-	-	76,910	-	-	-	76,973	-
Cable	129,198	13,023	-	-	128,616	13,148	-	-
Other	3,027	1,107	-	37,687	3,036	1,102	-	34,748
<b>Total</b>	<b>146,041</b>	<b>53,835</b>	<b>76,910</b>	<b>37,687</b>	<b>139,482</b>	<b>48,568</b>	<b>76,973</b>	<b>34,748</b>
								<b>299,771</b>
								<b>Total</b>
								<b>42,148</b>
								<b>76,973</b>
								<b>141,764</b>
								<b>38,886</b>

**Capital expenditure**

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

	For the Period ended 31 March 2018	For the Period ended 31 March 2017
Financial Services	468	4,245
Cable	1,368	3,042
Other	100	5,230
<b>Total</b>	<b>1,936</b>	<b>12,517</b>

**6. Revenues**

	For the Period ended 31 March 2018	For the Period ended 31 March 2017
Revenue form Financial services	10,271	4,752
Interconnection traffic	11,208	9,261
Management contract – Fees	1,798	1,814
Investment Property Revenue	1,002	976
<b>Total</b>	<b>24,279</b>	<b>16,803</b>

**For the period ended 31  
March 2018**

	Investment Property		Cables		Financial Services		Management Agreement		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Primary geographical markets</b>										
Brazil	1,002	976							1,002	976
US					6,325	4,398			6,325	4,398
Pakistan			11,208	9,261					11,208	9,261
Lebanon							1,798	1,814	1,798	1,814
Egypt					3,946	354			3,946	354
	<b>1,002</b>	<b>976</b>	<b>11,208</b>	<b>9,261</b>	<b>10,271</b>	<b>4,752</b>	<b>1,798</b>	<b>1,814</b>	<b>24,279</b>	<b>16,803</b>
<b>Major service Lines</b>										
Rental revenues	1,002	976							1,002	976
Management Fees - Funds					227	145			227	145
Performance Fees - Funds					296	222			296	222
Other Financial management Revenues					379	320			379	320
Success Fees					34	-			34	-
Retainer Fees					20	34			20	34
Brokerage Revenues					9,315	4,031			9,315	4,031
Cable rental			11,208	9,261					11,208	9,261
GSM Management Agreement							1,798	1,814	1,798	1,814
Others									-	-
	<b>1,002</b>	<b>976</b>	<b>11,208</b>	<b>9,261</b>	<b>10,271</b>	<b>4,752</b>	<b>1,798</b>	<b>1,814</b>	<b>24,279</b>	<b>16,803</b>
<b>Timing of revenue recognition</b>										
Produces transferred at point of sale					10,271	4,752			10,271	4,752
Services transferred over period of time	1,002	976	11,208	9,261			1,798	1,814	14,008	12,051
	<b>1,002</b>	<b>976</b>	<b>11,208</b>	<b>9,261</b>	<b>10,271</b>	<b>4,752</b>	<b>1,798</b>	<b>1,814</b>	<b>24,279</b>	<b>16,803</b>



**7. Purchases and services**

	For the Period ended 31 March 2018	For the Period ended 31 March 2017
Rental of local network, technical sites and other leases	2,186	1,946
Customer acquisition costs	-	28
Purchases of goods, materials cost and consumables	279	79
Band width cost	942	1,322
Maintenance costs	1,590	1,540
Telephony cost	299	322
Utilities	285	271
Brokerage Commissions	2,666	-
Advertising and promotional services	518	532
Consulting and professional services	1,788	1,562
Bank and post office charges	80	87
Insurance	-	28
Airfare	31	20
Accommodation, Meals and Per diem	257	64
IT Supplies and expense	68	35
Sites expense	22	137
Security Guards	55	41
Other service expenses	117	113
<b>Total</b>	<b>11,183</b>	<b>8,127</b>

**8. Net financing (cost) income**

	For the Period ended 31 March 2018	For the Period ended 31 March 2017
Interest income on deposits	1,355	797
<b>Financial income</b>	<b>1,355</b>	<b>797</b>
Interest expense on borrowings	(1,870)	(1,377)
Other interest expense and financial charges	(314)	(137)
<b>Financial expense</b>	<b>(2,184)</b>	<b>(1,514)</b>
Foreign exchange (loss)	(509)	(378)
Foreign exchange (loss)	(509)	(378)
<b>Total</b>	<b>(1,338)</b>	<b>(1,095)</b>

**9. Income tax expense**

	For the Period ended 31 March 2018	For the Period ended 31 March 2017
Current tax expense	1,492	8,585
Deferred tax expenses	(420)	641
<b>Total Income Tax Expenses</b>	<b>1,072</b>	<b>9,226</b>

**10. Equity-accounted investees**

**A-Investments in Joint ventures**

(In thousand US\$)	Country	%	March 31, 2018	December 31, 2017
Investments in Riza Wealth	Brazil	50%	2,722	-
			<b>2,722</b>	-

**B-Investments in Associates**

(In thousand US\$)	Country	%	March 31, 2018	December 31, 2017
Cheo JV Technology-Koryolink *	North Korea	75%	271,507	235,752
Electronic Fund Administration Services	Egypt	14%	19	19
International Fund Administration Services	Egypt	14%	42	42
Axes Holding company	Egypt	23.7%	640	640
Deduct: Impairment			(237,243)	(201,705)
			<b>34,965</b>	<b>34,748</b>

(In thousand US\$)	March 31, 2018	December 31, 2017
Assets	1,513,143	1,494,150
Liabilities	(235,163)	(272,388)
Net assets	<b>1,277,980</b>	<b>1,221,762</b>

(In thousand US\$)	For the period ended March 31, 2018	For the period ended March 31, 2017
Revenues	89,692	89,639
Total expense	(42,307)	(38,598)
Post tax profit	<b>47,385</b>	<b>51,041</b>
Share of profit in associates	<b>35,538</b>	<b>38,281</b>

On September 11, 2017 the United Nations Security Council issued a resolution binding all Member States to prohibit all Joint Ventures or cooperative entities or expanding existing Joint Ventures with Democratic People's Republic of Korea (DPRK) entities or individuals unless an approval by the Security Council Committee is given to the effect of continuing to work as a Joint Venture. The company's management is of the opinion that its investments in North Korea represented in Etisalat Network for Mobile Phone Services is considered as a public utility and this kind of projects is likely to be excluded from this prohibition and allowed to continue in business. Subsequently Koryolink Company obtained an exception from the ban of foreign investments in North Korea pursuant to Paragraph no. 18 of the resolution of the Security Council no. 2375/2017, and permitting the company to continue its activity in North Korea, together with stipulating its consideration as an infrastructure company in the field of communications that provides a public service.

The following table presents the movement on the investment of koryolink during the period:

(In thousand US\$)	For the period ended March 31, 2018	For the period ended March 31, 2017
Beginning balance	235,752	122,685
Share of profit of associates	35,538	38,281
Dividends	-	(35,051)
Currency translation differences	217	(52)
Impairment balance	(236,542)	(91,772)
Ending balance	<b>34,965</b>	<b>34,091</b>

**11. Property & equipment and intangible assets (net)**

The details of the property & equipment and intangibles acquired and disposed of during the current and comparative period are detailed in the following table:

	Property and equipment	Intangible assets
<b>Balance as of January 1, 2018</b>	<b>139,482</b>	<b>48,568</b>
Additions**	1,339	5,351
Disposals	(102)	-
Depreciation and amortization	(3,030)	(297)
Currency translation differences	(3,205)	45
Change in scope of consolidation	1,786	168
Adjustments arising due to new accounting standards	9,779	-
<b>Balance as of March 31, 2018</b>	<b>146,049</b>	<b>53,835</b>
<b>Balance as of January 1, 2017</b>	<b>133,613</b>	<b>34,772</b>
Additions	12,517	-
Disposals	(866)	-
Depreciation and amortization	(2,385)	(304)
Currency translation differences	(238)	(226)
Adjustments arising due to new accounting standards	181	13,284
<b>Balance as of March 31, 2017</b>	<b>142,822</b>	<b>47,526</b>

- There is a pledged assets for Transworld equivalent to US\$ 6.1 Million, in exchange for facilities related to expand in marine cables SMW(5).
- \* The additions of include the goodwill arising from the acquisition of Riza Capital in January 2018, with a goodwill value of US\$4.8 M (Note 23).

**12. Investment property**

The investment property balance comprise of the value of seven floors owned by Victoire company in Brazil. The investment property is carried at its historical cost.

(in thousands of US\$)

	March 31, 2018	December 31, 2017
Cost	82,067	83,562
Accumulated amortization and impairment	(5,093)	(3,514)
	<b>76,974</b>	<b>80,048</b>
Depreciation	(264)	(1,697)
Exchange differences	200	(1,378)
<b>As of end of period / year</b>	<b>76,910</b>	<b>76,973</b>
Cost	87,061	82,067
Accumulated amortization and impairment	(10,151)	(5,094)

### 13. Other financial assets

<i>(in thousands of US\$)</i>	March 31, 2018			December 31, 2017		
	Non-current	Current	Total	Non-current	Current	Total
Financial receivables	215	220	435	226	195	421
Deposits	63	1,986	2,049	57	1,956	2,013
Restricted cash (13-1)	8,202	33,447	41,649	7,976	33,423	41,399
Financial assets through profit or loss (13-2)	-	2,685	2,685	-	61	61
Financial assets available for sale -At Fair value (13-3)	1,392	-	1,392	1,285	-	1,285
<b>Total</b>	<b>9,872</b>	<b>38,338</b>	<b>48,210</b>	<b>9,544</b>	<b>35,635</b>	<b>45,179</b>

#### 13-1 Restricted cash

The balance includes an amount of USD 7.6 Million cash balances at the Company's accounts in North Korea banks, as there is a restriction for using or recovering it only in a limited scope under North Korea laws and regulations.

#### 13-2 Financial assets through profit or loss.

	March 31, 2018	December 31, 2017
Investments in Cash investments funds	2,332	43
Investments in investments funds	52	18
Treasury Bills	301	-
<b>Total</b>	<b>2,685</b>	<b>61</b>

#### 13-3 Financial assets available for sale – at Fair Value

	March 31, 2018	December 31, 2017
EGX-30	568	488
Misr for Central Clearing Depository and Registry	439	436
Guarantee Settlement Fund	369	342
El Arabi for Investment	11	11
MENA Capital	166	174
BMG	5	-
(Less): Impairment loss of available for sale investments	(166)	(166)
<b>Total</b>	<b>1,392</b>	<b>1,285</b>

### 14. Cash and balances at banks

	March 31, 2018	December 31, 2017
Bank accounts and Deposits	106,609	134,058
Cash on hand	81	84
<b>Total</b>	<b>106,690</b>	<b>134,142</b>

### 15. Share capital

The Company was incorporated On 29 November 2011 with an authorised share capital amounting to EGP 22 billion, equivalent to US\$ 3.66 Billion, of which, the issued amounts to EGP 2,203,190,060, equivalent to US\$ 366 Million distributed over 5,245,690,620 shares, each with a nominal value of EGP 0.42 par value each, according to the approvals of the General Authority for Investment and of the Extraordinary General Assembly of Orascom Telecom Holding (Demerging Company).

**16. Borrowings**

	March 31, 2018			December 31, 2017		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities to banks	16,798	62,024	78,822	13,333	63,089	76,422
Finance lease liability	343	9,054	9,397	325	36	361
Other borrowings	1,450	1,370	2,820	1,429	1,370	2,799
	<b>18,591</b>	<b>72,448</b>	<b>91,039</b>	<b>15,087</b>	<b>64,495</b>	<b>79,582</b>

The Group has early adopted IFRS 16 starting 1 January 2018 resulting the below new assets and liabilities together with the profit or loss effect as follows:

Right of Use of Assets	<b>balance at 31.3.2018</b>
Additions	<b>9,568</b>
Depreciation Charge of the period	<b>(385)</b>
Balance at 31 March 2018	<b>9,183</b>

**Loans For Trans World associate**

Borrowings balances include loans granted by the shareholders of Trans World Associate private to Trans World associate private (limited) Pakistan by an amount equivalent to USD 2.7 Million of which USD 1.4 M due within one year and USD 1.4 M due more after than one year with an interest rate of 1.335% per annum.

Borrowings balances also include loans obtained from banks amounted to US\$ 39 million from which US\$ 11 million due within one year and US\$ 28 million due after more than one year these borrowings were obtained by Trans World Associate Private (limited) Pakistan with interest rates ranges between 8% to 9%.

**Loan for the purpose of financing the acquisition of Victoire Group:**

On September 28, 2015 the company borrowed long-term loan from a foreign bank by a maximum amount US\$ 35 Million for the sole purpose of financing 50% of the purchase price of seven floors in the "Patio Malzoni Faria Lima Tower A" in Sao Paulo, Brazil through the direct or indirect acquisition of the shares of the following companies incorporated in Brazil: Victoire 2, Victoire 9, Victoire 11, Victoire 13, Victoire 17, Victoire 18, and Victoire 19 with a balance of USD 33 million as at March 31, 2018.

On October 18, 2017 Orascom Telecom ,Media and Technology Holding company performed a reschedule agreement with bank Libano Francaise through which the loan amounted USD 33 million will be long term loan due on three installments starts from October 2019 and ends October 2021.

**Other credit facilities (Beltone financial holding company):**

The credit bank facilities granted to one of Group components for financing the settlement of guarantee against payment concerning brokerage sector and these facilities are unsecured and bearing average interest market rate.

**17. Other non-financial assets**

(in thousands of US\$)

	March 31, 2018			December 31, 2017		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	16,471	3,604	20,448	16,421	3,214	19,635
Advances to suppliers	-	2,325	2,325	-	2,189	2,189
Receivables due from tax authority	-	339	339	-	341	341
Employee loans	-	490	490	-	458	458
Assets from current tax	-	5,847	5,847	-	5,335	5,335
Other non-receivables of investment property sector	-	119	119	-	-	-
Other non-trade receivables	-	2,055	2,038	-	1,442	1,442
Allowance for doubtful current assets	-	(351)	(351)	-	(376)	(376)
	<b>16,471</b>	<b>14,428</b>	<b>31,136</b>	<b>16,421</b>	<b>12,603</b>	<b>29,024</b>

**18. Trade payables and other liabilities**

(in thousands of US\$)	March 31, 2018			December 31, 2017		
	Current	Non-current	Total	Current	Non-current	Total
<i>Trade Payable</i>						
Capital expenditure payables	5,562	-	5,562	5,920	-	5,920
Trade payables due to suppliers	10,422	-	10,422	10,483	-	10,483
Customers credit balance	22,248	-	22,248	51,628	-	51,628
Trade payables to Telephone operator	899	-	899	818	-	818
Other trade payables	5,116	-	5,116	6,743	-	6,743
<b>Total trade payables</b>	<b>44,247</b>	<b>-</b>	<b>44,247</b>	<b>75,592</b>	<b>-</b>	<b>75,592</b>
<i>Other liabilities</i>						
Prepaid traffic and deferred income	1,952	23,249	25,201	1,347	13,430	14,777
Due to local authorities	6,923	-	6,923	4,456	-	4,456
Personnel payables	3,790	-	3,790	2,791	-	2,791
Subscriber deposits	42	-	42	42	-	42
Other credit balances	4,381	832	5,213	3,538	1,351	4,889
<b>Total other liabilities</b>	<b>17,088</b>	<b>24,081</b>	<b>41,169</b>	<b>12,174</b>	<b>14,781</b>	<b>26,955</b>
<b>Total</b>	<b>61,335</b>	<b>24,081</b>	<b>85,416</b>	<b>87,766</b>	<b>14,781</b>	<b>102,547</b>

**19. Provisions**

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

	2018	2017
As of January, 1	20,723	40,113
Additions	86	876
Provision used	(3,626)	(4)
Currency translation differences	113	54
As Of March, 31	17,296	41,039

**20. (Losses)/ Earnings per share (basic and diluted)**

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

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

	For the Period ended 31 March 2018	For the Period ended 31 March 2017
Profit attributable to equity holders of the Parent Company	(3,901)	21,774
Weighted average number of shares (in thousands of shares)	5,245,690	5,245,690
Earnings per share – basic and diluted (in US\$)	(0.0007)	0.004

## 21. Capital Commitments

The capital commitments are provided in the table below:

	March 31, 2018	December 31, 2017
Property and equipment	15,058	12,889
Other	15,580	17,231
<b>Total</b>	<b>30,638</b>	<b>30,120</b>

Commitments related to property and equipment arising from the Group commitments of the installation of property and equipment related to the supply of marine communication cable, equipment, and technical equipment related to the contract of Middle East, North Africa for Sea Cables Company (subsidiary) and Transworld associates (subsidiary).

## 22. Contingent liabilities

The contingent liabilities, are represented in guarantees issued by the holding company and related to the activities of its subsidiaries, as follows:

### Orascom Telecom, Media and Technology Holding

- A Letter of guarantee in favour of Lebanon Ministry of Telecommunication to guarantee Orascom Telecom Lebanon in the payment of any amount due by the selected participants amounting to US\$ 40 Million.
- A guarantee issued to one of the subsidiary's clients a of middle east and north Africa for sea cables- MENA cables (subsidiary) amounting to US\$ 82 Million to guarantee the subsidiary to fulfil its contractual obligations represented in performing the contracted services.

### Transworld Associates (Subsidiary)

- The amount equivalent to USD 24k thousand pounds held by the bank for the sake of the Higher Education Commission (HEC) until December 31 2018.
- There is a restricted at balance at the bank of USD 4k in favour of Shell Pakistan valid until September 25, 2018.
- There is a letter of credit amounting to USD 285k in favour of Premier Systems valid until June 30, 2018.
- There is a letter of credit amounting to USD 177k in favour of broadband Australia valid until May 31, 2018.

### MENA Cable (Subsidiary)

- The amount equivalent to USD 96k thousand pounds held by the bank in favour of GAFI General authority for investment and free zones.

## 23. Business Combination

### Riza Capital:

Based on the Board of Directors' unanimous decision held on August 14, 2017, the initial approval was given to the company to acquire Riza Capital for financial advisory and investment and the company started business combination of Riza in January 2018. The company based in Sao Paulo-Brazilian, and created in accordance with Brazilian law, to provide financial and technical advice in the areas of acquisition, mergers, capital raising and debt scheduling. The total investment in Risa USD 8 million in exchange for preferred shares represent a share of 57.5% of the capital. The investment shall be through the subscription to increase the capital of Riza in two phases in return for fulfilling certain conditions, guarantees and key performance indicators and signing binding contracts with the parties to the transaction.

The acquisition contract includes two rights of option as follows:

**First option:** Under the right of purchase option, the partner of the company is entitled to buy 77 thousand shares of the shares owned by the holding company at any time and in case of failure of the holding company to complete its share in the capital, which entitles the partner to acquire ordinary shares instead of preferred shares and to pay USD 5 million as collateral for the option contract.

**Second option:** Under the right of the sale option, the ownership of the shares shall be transferred to the partner in the event of the failure of the holding company to complete its share in the capital of USD 8 million, the failure of the partner to deposit the security of USD 5 million or the resignation of the CEO, which The shares of the holding company of the partner are entitled to sell their shares in full.

The net assets and liabilities of Riza Capital as well as the goodwill arising from the acquisition are as follows:

(In thousand USD)	<b>January 1st, 2018</b>
<b>Assets</b>	
Property and equipment	1,780
Intangible assets	244
Investment in joint control	2,148
Other assets	1,020
Cash and cash equivalents	1,763
<b>Total assets</b>	<b>6,955</b>
<b>Liabilities</b>	
Other liabilities	(1,204)
<b>Total liabilities</b>	<b>(1,204)</b>
<b>Net assets</b>	<b>5,751</b>
<b>Holding Company's share of net assets acquired 57.5%</b>	<b>3,307</b>
<b>Consideration paid</b>	<b>(8,045)</b>
<b>Goodwill</b>	<b>4,738</b>

The Company's financial statements have been compiled on the basis of the carrying amount of the assets and liabilities and in accordance with International financial reporting standards. The Company has a 12 month grace period ending in January 2019 to prepare a Purchase Price Allocation (PPA) to determine the fair value of assets and liabilities acquired, The Company determines that value to make the necessary adjustments.

- **Auerbach Grayson Company (AGCO)**

On September 25, 2016, the Board of Directors of Beltone Financial Holding has approved the acquisition of 60% of Auerbach Grayson Company (AGCO) through one of its subsidiaries (New Frontier Securities - USA) for USD 24 million. The acquisition contract includes three option rights as follows:

**First option:** The seller is entitled to purchase 9% of (AGCO) shares, which is owned by New Frontier Securities, within one year starting from the contract date, at a specified price and terms stated in the contract.

**Second option:** New Frontier is entitled to buy all or part of the seller's share in (AGCO) starting from the third year of the contract date and at a specified price and terms stated in the contract.

**Third option:** The seller is entitled to sell the rest of his interest (40%) in (AGCO), which is owned by New Frontier Securities starting from the fifth year of the contract date and at a specific price and terms stated in the contract.

On January 30, 2017, regulatory approval was obtained upon securities brokerage activity in the United States of America to acquire a stake in (AGCO). The acquisition procedures were completed on February 1, 2017, so this date to be considered as the date of acquisition.

The provisional value of the identifiable net assets acquired amounting to USD 18,299 thousand at the acquisition date, resulting in a temporary calculated goodwill of USD 13,021 thousand equivalent to EGP 230,725 thousand.

The Company has determined the initial accounting of the business combination concerning the acquisition of (AGCO) in February 1, 2017 in a temporary manner until the completion of fair value study for assets and liabilities acquired including any acquired intangible assets (If any), provided that the adjustments relating to the provisional value of the assets and liabilities are recognized within 12 months from the date of the acquisition in accordance with International Financial Reporting Standard no. 3 (Business Combinations).

**Goodwill**

The Goodwill arise from the business combination is calculated as follows:

(in thousand USD)	<b>January 31, 2017</b>
Consideration	22,000
Liabilities assumed	2,000
Non-controlling interest	7,320
Net assets acquired	(18,299)
<b>Goodwill</b>	<b>13,021</b>



In accordance with the Investment Agreement, an amount of USD 2 million has been set aside and the Company is entitled to deduct any unrecognized obligations from this amount that may arise (including but not limited to: judicial claims or any other events causing financial damage, customer issues, suppliers etc.).

**24. Subsequent events**

- On June 5, 2018 the Ordinary General Assembly Meeting decided to change the company name to be Orascom Investment Holding instead Orascom Telecom Media and Technology Holding "S.A.E" and this was approved in the commercial registry on July 3, 2018 .
- On May 21, 2018 Orascom Telecom Media and Technology S.A.E (OTMT) announced that it has executed a Sale and Purchase Agreement with Egyptian International Submarine Cables Company, a 50% owned Subsidiary of Telecom Egypt, for the sale of its entire direct and indirect shareholding of its subsidiary Middle East and North Africa Submarine (MENA) for a total value of USD 90 M. The sale took place and completed in September 2018.
- On Dec 18, 2018 , OTMT announced that it has acquire 216,032,608 shares of Sarwa Capital Holding for financial investment S.A.E Shares with resembling a 30 % shareholding in the issued capital share of Sarwa capital .
- The Security Council Committee established pursuant to resolution 1718 (2006) has decided to approve an exemption to the measures in accordance with paragraph 18 of Security Council resolution 2375 (2017), to allow the continuation of the operations of Koryolink, a joint venture public utility operating a telecommunications infrastructure in the Democratic People's Republic of Korea.

**Chief Financial Officer**

**Chief Executive Officer**

**Chairman**

**Khalid Ellaicy**



**Tamer Mahdi**



**Naguib Sawiris**

