Translation of condensed interim consolidated financial statements and review report originally issued in Arabic

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

Subject to provisions of law no. 95
for the year 1992 and its executive regulations
Condensed Interim Consolidated Financial Statements
for the six-month
Period ended June 30, 2017
Together with Review Report

ORASCOM
T M T . S A E

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

Condensed Interim Consolidated Financial Statements and Review Report

The financial period ended June 30, 2017

Translation of review report originally issued in Arabic

KPMG

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Review Report on of Condensed Interim Consolidated Financial Statements

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

Introduction

We have performed a review for the accompanying condensed interim consolidated statement of financial position of Orascom Telecom, Media and Technology Holding (S.A.E) as of June 30, 2017 and the related condensed interim consolidated statements of income, comprehensive income, changes in equity, and cash flows for the six-month period 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 Egyptian Accounting Standard No. (30) "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Egyptian Standard on Review Engagements 2410, " Review of Interim Financial 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.

Conclusion

Based on our review, 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 June 30, 2017 and of its consolidated financial performance and its consolidated cash flows for the six-month period then ended in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Reporting".

KPMG Hazem Hassan

Cairo August 14, 2017

KPMG Hazem Hassan
Public Accountants and Consultants
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ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.

Condensed Consolidated Statement of Financial Position as at

(in thousand EGP)	Note	30 June 2017	31 December 2016
Assets			
Non-current assets			
Property and equipment (net)	10	2,580,003	2,405,047
Intangible assets (net)	10	869,786	641,235
Investment property (net)	11	1,414,936	1,446,831
Investments in associates (net)	9	614,817	614,922
Other non-current financial assets	12	260,783	25,741
Other non-current assets (net)	14	193,415	606,677
Total non-current assets		**5,933,740**	**5,740,453**
Current assets			
Inventories (net)		2,980	2,468
Trade receivables (net)		623,834	407,981
Other current financial assets	12	159,340	143,855
Other current assets (net)	14	245,463	268,080
Cash and cash equivalents	13	2,607,603	2,931,528
Total current assets		**3,639,220**	**3,753,912**
Total assets		**9,572,960**	**9,494,365**
Equity and liabilities			
Issued and paid up capital	15	2,203,190	2,203,190
Reserves		2,471,963	2,425,377
Retained earnings		109,759	382,624
Equity attributable to shareholders' of the parent Company		**4,784,912**	**5,011,191**
Non-controlling interests		497,076	351,657
Total equity		**5,281,988**	**5,362,848**
Liabilities			
Non-current liabilities			
Borrowings	16	824,931	882,588
Other non-current liabilities	17	274,639	243,214
Deferred tax liabilities		458,234	505,154
Total non-current liabilities		**1,557,804**	**1,630,956**
Current liabilities			
Borrowings	16	641,329	736,474
Creditors and other credit balances	17	1,051,879	935,168
Tax liabilities – income tax		285,011	106,807
Provisions	19	754,949	722,112
Total current liabilities		**2,733,168**	**2,500,561**
Total liabilities		**4,290,972**	**4,131,517**
Total equity and liabilities		**9,572,960**	**9,494,365**

- The accompanying notes are an integral part of these condensed interim consolidated financial statements and should be read therewith.

Chief Financial Officer **Chief Executive Officer** **Chairman**

*Review report attached.

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

Condensed Consolidated Statement of Income for

(in thousand EGP)	Note	The six months ended June 30,2017	The six months ended June 30,2016	The three months ended June 30,2017	The three months ended June 30,2016
Operating revenues	5	750,601	215,359	417,963	104,609
Other income		17,253	7,009	9,757	5,136
Purchases and services cost	6	(379,938)	(129,053)	(208,001)	(64,477)
Other expenses and provisions		(79,276)	(55,961)	(43,001)	(15,139)
Personnel costs		(266,305)	(129,277)	(139,762)	(67,368)
Depreciation and amortization		(116,994)	(44,482)	(62,184)	(24,842)
Capital gains		688	10,258	114	10,220
Operating (Loss)		**(73,971)**	**(126,147)**	**(25,114)**	**(51,861)**
Finance income	7	32,840	10,025	18,732	5,605
Finance expense	7	(60,422)	(29,057)	(33,527)	(14,762)
Foreign exchange (loss)/ gain	7	(18,035)	191,216	(11,320)	24,324
Share of profit of investment in associates	9	2,363,725	571,090	1,066,422	307,985
Net impairment in associates	9	(1,743,703)	(571,090)	(1,066,448)	(307,985)
Profit/(loss) for the period before income tax		**500,434**	**46,037**	**(51,255)**	**(36,694)**
Income taxes	8	(141,113)	(37,995)	22,116	(3,997)
Profit/(loss) for the period		**359,321**	**8,042**	**(29,139)**	**(40,691)**
Attributable to:					
Shareholders of the parent Company		350,428	(3,635)	(34,643)	(44,596)
Non-controlling interests		8,893	11,677	5,504	3,905
		359,321	**8,042**	**(29,139)**	**(40,691)**
Basic and diluted earnings/(losses) per share for the period (EGP)	18	**0.067**	**(0.0007)**	**(0.007)**	**(0.008)**

- The accompanying notes are an integral part of these condensed interim consolidated financial statements and should be read therewith.

Chief Financial Officer	Chief Executive Officer	Chairman

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

Condensed Consolidated Statement of Comprehensive Income for

(in thousand EGP)	The six months ended June 30,2017	The six months ended June 30,2016	The three months ended June 30,2017	The three months ended June 30,2016
Net profit/(loss) for the period	**359,324**	**8,042**	**(29,136)**	**(40,691)**
Items that may be subsequently reclassified to income statement				
Translation differences of financial statements	(8,811)	125,280	(713,620)	53,083
Company's share from revaluation of available for sale investments	449	(133)	258	(243)
Total comprehensive income for the period	**350,962**	**133,189**	**(742,498)**	**(12,154)**
Attributable to:				
Shareholders of the parent Company	342,782	108,140	(748,003)	(5,121)
Non-controlling interest	8,180	25,049	5,505	17,275
Total comprehensive income for the period	**350,962**	**133,189**	**(742,498)**	**(12,154)**

- The accompanying notes are an integral part of these condensed interim consolidated financial statements and should be read therewith.

Chief Financial Officer **Chief Executive Officer** **Chairman**

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

Condensed Consolidated Statement of Changes In Equity
For the six months ended June 30, 2017 and June 30, 2016

(in thousand EGP)	Paid up capital	Legal reserve	Translation reserve	Other reserves	Carried forward losses	Equity attributable to shareholders' of the parent Company	Non-controlling Interests	Total equity
As at January 1, 2016	2,203,190	502,073	340,935	-	(477,339)	2,568,859	132,985	2,701,844
Translation differences of the financial statements	-	-	111,908	-	-	111,908	13,372	125,280
Revaluation of available for sale investments	-	-	-	(133)	-	(133)	-	(133)
Profit for the period	-	-	-	-	(3,635)	(3,635)	11,677	8,042
Total comprehensive income for the period	-	-	111,908	(133)	(3,635)	108,140	25,049	133,189
As at June 30, 2016	2,203,190	502,073	452,843	(133)	(480,974)	2,676,999	158,034	2,835,033

(in thousand EGP)	Paid up capital	Legal reserve	Translation reserve	Other reserves	Retained earnings	Equity attributable to shareholders' of the parent Company	Non-controlling Interests	Total equity
As at January 1, 2017	2,203,190	502,073	1,858,566	64,738	382,624	5,011,191	351,657	5,362,848
Translation differences of the financial statements	-	-	(8,098)	-	-	(8,098)	(713)	(8,811)
Revaluation of available for sale investments	-	-	-	449	-	449	-	449
Profit for the period	-	-	-	-	350,431	350,431	8,893	359,324
Total comprehensive income for the period	-	-	(8,098)	449	350,431	342,782	8,180	350,962
Transfer to reserves	-	54,235	-	-	(54,235)	-	-	-
Dividends	-	-	-	-	(569,061)	(569,061)	-	(569,061)
Acquisition of a subsidiary	-	-	-	-	-	-	137,239	137,239
Total	-	54,235	-	-	(623,296)	(569,061)	137,239	(431,822)
As at June 30, 2017	2,203,190	556,308	1,850,468	65,187	109,759	4,784,912	497,076	5,281,988

- The accompanying notes are an integral part of these condensed interim consolidated financial statements and should be read therewith.

Chief Financial Officer **Chief Executive Officer** **Chairman**

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

Condensed Consolidated Statement Of Cash Flows
For the six months ended June 30,

(in thousand EGP)	2017	2016
Cash flow from operating activities		
Profit before tax	500,434	46,037
Adjustments for:		
Depreciation, amortization and impairment in non-current assets	116,994	44,482
Finance expense	60,422	29,057
Finance income	(32,840)	(12,099)
Foreign currencies exchange differences	18,035	(191,216)
Loss / (gain) from disposal of assets	688	(10,258)
Share of (profit) / loss of investment in associates	(1,743,703)	571,090
Net impairment of investments in associate	1,123,681	(571,090)
Change in provisions	40,755	30,348
Changes in current assets reported in working capital	(211,978)	36,623
Changes in current liabilities reported in working capital	181,399	55,808
Cash flows generated from operating activities	**53,887**	**28,782**
Income taxes paid	(24,040)	(72,357)
Credit interests received	32,840	12,099
Net Cash flows generated from/(used in) operating activities	**62,687**	**(31,467)**
Cash flow for investing activities		
Net cash(payments)/proceeds from investing in:		
-Property and equipment	(146,877)	(168 876)
-Intangible assets	(11,051)	(4,430)
Other financial assets	(294,861)	(22,677)
Investment in new acquisition after deduction of cash	390,653	-
Net cash proceeds from disposal of:		
-Property and equipment	-	2,070
Other financial assets	97,975	92,256
Dividends distribution from associate companies	342,079	-
Net cash flows generated from/(used in) investing activities	**377,918**	**(101,657)**
Cash flows from financing activities		
Interests paid	(68,054)	(31,762)
Net proceeds from non-current borrowings	25,298	130,621
Net payments to financial liabilities	(172,381)	(53,555)
Dividends paid	(539,280)	-
Net cash flows (used in)/generated from financing activities	**(754,417)**	**45,304**
Net change in cash and cash equivalent during the period	(313,812)	(87,829)
Cash and cash equivalents at beginning of the period	2,931,528	1,585,219
Effect of exchange rate fluctuations on cash held	(10,113)	187,400
Cash and cash equivalents at end of the period	**2,607,603**	**1,684,790**

- The accompanying notes are an integral part of these condensed interim consolidated financial statements and should be read therewith.

Chief Financial Officer	**Chief Executive Officer**	**Chairman**

1- General information about the Holding Company of the Group

a- Legal form

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

b- Purpose of the Company

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

c- Brief over the incorporation of the Company

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

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

d- Approval of the condensed interim consolidated financial Statements

The condensed interim consolidated financial statements of the Company for the period ended June 30, 2017 were approved by the board of directors on August 14, 2017.

2- Basis of preparation of condensed interim consolidated financial statements

a- Statement of compliance with the Egyptian Accounting Standards

These condensed interim consolidated financial statements have been prepared in accordance with The Egyptian Accounting Standard (EAS 30) "Interim Financial Reporting" and relevant Egyptian laws and regulations. Accordingly, the financial statements were prepared in a condensed version as compared to consolidated financial statements for the year ended December 31, 2016.

These condensed interim consolidated financial statements do not include all of the information and disclosures required for a complete set of consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2016.

The Egyptian Accounting Standards require referral to International Financial Reporting Standards "IFRS" for certain types of transactions or events when no Egyptian Accounting Standard or legal requirement exists to address treatment for these transactions or events.

b- Basis of measurement

The condensed interim consolidated financial statements are prepared on the historical cost basis, except for financial assets and liabilities, which are stated at fair value represented in financial derivatives and other financial assets and liabilities. The historical cost depends mainly on the fair value of the consideration transferred to obtain assets.

c- Presentation currency

These condensed interim consolidated financial statements are prepared and presented in Egyptian pound, which is the Company's functional currency and most of the parent transactions done with. Except for the earnings per share for the period which are presented with the Egyptian pound without rounding, all financial information presented in Egyptian pound has been rounded to the nearest thousand, unless otherwise stated.

d- Critical accounting judgments and key sources of uncertainty estimates

The preparation of the condensed interim consolidated financial statements in conformity with the Egyptian accounting standards and applying of the Group's accounting policies referred to in note (3) below, requires management to make judgments, estimates and assumptions about the presentation of these statements and about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on management historical experience and various other factors that are considered relevant under current circumstances and conditions in which carrying amounts of assets and liabilities are determined. Actual results may differ from these estimates significantly if surrounding conditions and factors changed. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3- Significant accounting policies applied

The accounting policies and presentation adopted in the preparation of this condensed interim consolidated financial statements are consistent with those of the previous year complete set of the consolidated financial statements for the year ended December 31, 2016. It's worth mentioning that the group activities are not normally the kind that faces significant seasonal effects. The significant accounting policies applied for the condensed interim consolidated financial statements are as follows:

3-1 Basis of preparing the consolidated financial statements

The consolidated financial statements of the Group incorporate the financial statements of the Company (Parent) and entities controlled by the Company (its Subsidiaries) as of the financial position date. Control is achieved where the Group is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

When the Group lose control, or joint control over a subsidiary or a project jointly controlled, while retains a significant influence over it. Then the remaining investment should be recognized as investment in associate and measured at fair value on the date of losing control or joint control. The remaining investment fair value on the date of losing control or joint control represents the cost of investment in associate at initial recognition.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination. Losses applicable to owners of the non-controlling interests in a consolidated subsidiary including components of other comprehensive income are allocated to interests of the group and non-controlling interests even if this causes the non-controlling interests to have deficit balances and retroactive application is prohibited.

The group recognize transactions with non-controlling interests that do not result in loss of control as equity transactions.

3-2 Business combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method unless the transaction in which assets acquired does not constitute a business. Application of the acquisition method involves the following steps:

- Identifying an acquirer; and
- Determining the acquisition date; and
- Recognizing and measuring the identifiable assets acquired , the liabilities, contingent liabilities assumed and any non-controlling interest in the acquiree; and
- Recognize and measuring goodwill or a gain from a bargain purchase.

The cost of the business combination is measured based on fair value of the consideration transferred which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer.

Regarding acquisition-related costs that acquirer incurs to affect a business combination which include advisory,legal,accounting and registering fees and others shall be accounted as expenses in the periods in which the costs are incurred and the service are rendered.

The acquirer recognizes the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under EAS 29 "Business Combination" at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with EAS 32 "Non-current Assets Held for Sale and Discontinued Operations", that are recognized and measured at carrying amount or fair value less costs to sell whichever is lower.

Goodwill arising on acquisition date is recognized as an asset and initially measured at cost, representing in the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in income statement.

For common control transactions in step acquisitions in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination, and that control is not transitory, the Group recognizes the difference between purchase consideration and the fair value of the acquired entities or businesses net assets as an adjustment to the reserve for transactions under common control in equity. This policy is also applied in case of the groups' full or partial acquisition of shares held by the non-controlling interests in a subsidiary or the partial disposition of the Group's interest in a subsidiary while retaining control over that subsidiary.

In this case, fair value for those transactions is determined based on the fair value of net assets, liabilities and contingent liabilities previously recognized by the acquirer at the date on which initial control was obtained, taking into consideration changes in equity components that have occurred during the period from the date of initial control till the date on which the controlling stake has increased.

Since entities or businesses under common control are scoped out of EAS (29) and IFRS (3) "Business Combinations" management applied the requirements of EAS (5) and IAS (8), which allows it to set and implement an appropriate accounting policy that results in relevant information to the needs of the financial statements users and reliable to the economic decisions making, when no standard or interpretation is available to specifically address certain transaction, event or other circumstances.

The non-controlling interest in an acquire is initially measured at the non-controlling interest proportionate share in the fair value of the assets, liabilities and contingent liabilities recognized.

The acquirer shall recognize at the acquisition-date the fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree. If some changes occurs in the fair value of contingent consideration that the acquirer recognizes after the acquisition date may be the result of additional information that the acquirer obtained after that date about facts and circumstances that existed at the acquisition date, such changes are measurement period adjustments. However, changes resulting from events after the acquisition date are not measurement period adjustments.

Orascom Telecom Media and Technology Holding currently holds the following direct and indirect interests in its subsidiaries:

Entity name	Segment	Country	Direct and indirect interest in the entity
Orabank NK	Media and technology	North Korea	95 %
Trans World Associates (Pvt) Ltd	Media and technology	Pakistan	51 %
Oracap Holding Co. (Free zone)	Media and technology	Egypt	99,96%
Oracap Far East Ltd	Media and technology	Malta	100 %
Orascom Telecom Lebanon	Management services	Lebanon	99,8 %
Beltone Financial Holding "S.A.E"	Financial services	Egypt	76,73%
Beltone Asset Management "S.A.E"	Financial services	Egypt	76,73%
Beltone Investment Banking	Financial services	Egypt	76,73%
Beltone Investments Holding- free zone "S.A.E"	Financial services	Egypt	76,73%
International Administrative Services for Mutual Funds "S.A.E"	Financial services	Egypt	76,73%
Beltone Information Technology "S.A.E"	Financial services	Egypt	76,73%
Beltone Securities Holding "S.A.E"	Financial services	Egypt	76,73%
Beltone Securities Brokerage "S.A.E"	Financial services	Egypt	76,73%
Beltone Financial – Emirates	Financial services	UAE	76,73%
Beltone Fixed Income "S.A.E"	Financial services	Egypt	76,73%
International For Securities Company – Libya	Financial services	Libya	37,5%
Beltone Market Maker "S.A.E"	Financial services	Egypt	76,73%
Beltone Financial – USA	Financial services	USA	76,73%
Beltone Financial – UK	Financial services	UK	76,73%
New Frontier Securities LLC	Financial services	USA	76,73%
Auerbach Grayson company	Financial services	USA	46%
Victoire coop Investment Holding	Investment property	Netherlands	100 %
Victoire BV	Investment property	Netherlands	100 %
Victorie 2 (Brazil)	Investment property	Brazil	100 %
Victorie 9 (Brazil)	Investment property	Brazil	100 %
Victorie 11 (Brazil)	Investment property	Brazil	100 %
Victorie 13 (Brazil)	Investment property	Brazil	100 %
Victorie 17 (Brazil)	Investment property	Brazil	100 %
Victorie 18 (Brazil)	Investment property	Brazil	100 %
Victorie 19 (Brazil)	Investment property	Brazil	100 %
O Capital for energy	Energy	Egypt	99,2%
O Capital for services and construction	Energy	Egypt	99,2%
Middle East & North Africa for Marines cables	Marines cable	Egypt	100 %
Orascom Telecom Venture co. "S.A.E"	Media and technology	Egypt	100 %

3-3 Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but doesn't reach to control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Investments classified as held for sale, are accounted for in accordance with EAS 32 "Non-current Assets Held for Sale and Discontinued Operations", where they are stated at the lower of their carrying amount or fair value less cost of selling.

Under the equity method, investments in associates are stated in the consolidated balance sheet at cost and adjusted for post-acquisition changes in the Group's share in the net assets of the associate, less any impairment in the value of each individual investment. Losses of an associate in excess of the Group's interest in that associate are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

On acquisition of the investment, any difference between the cost of the investment and the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is accounted for in accordance with EAS 29 Business Combination, Therefore:

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is excluded from the carrying amount of the investment and is instead recognized immediately in income statement in the determination of the group's share of the associate's profit or loss in the period in which the investment was acquired.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred, in which case appropriate provision is made for impairment for that asset.

The following table provides a list of the Group's associates:

	Segment	Country	Direct and indirect interest in entity
CHEO Technology JV (Koryolink)	GSM	North Korea	75%
Axes Holding	Information system for financial services	USA	26.01%
Electronic Fund Administration Services	Mutual funds and management services	Egypt	15.3%
Global Fund Administration Services	Mutual funds and management services	Egypt	15.3%

3-4 Property, equipment and depreciation

Property and equipment are stated at historical cost and presented in the statement of financial position at cost less any accumulated depreciation and accumulated impairment losses.

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

Any gains or losses arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in the income statement.

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

The following are estimated useful lives for fixed assets that are used to calculate depreciation:

Asset	Years
Buildings	50 Years
Cellular equipment	8 – 15 Years
Machines	5 – 10 Years
Computer equipment	3 – 5 Years
Furniture and fixtures	5 – 10 Years
Vehicles	3 – 6 Years
Leasehold improvements	3 – 8 Years

3-5 Intangible assets

Non-monetary assets that don't have physical substance, but can be identified separately, acquired for operating purpose, and expected to generate future economic benefits is treated as intangible assets. Intangible assets (excluding goodwill) include; computer systems, telecom network licenses, right of use, and trademarks. Intangible assets are measured at cost, which represents the cash price at the initial recognition. In case of deferral of payments for periods exceed the normal credit terms, difference between cash price and total amount is recognized as interest. Intangible assets are carried at cost net of amortization and impairment losses, subsequent expenditures on intangible assets are capitalized over the carrying amount of the asset, when and only when, these expenditures increase the future economic benefits of the asset or assets, while other expenditures are charged to income statement.

Intangible assets are amortized on a straight line basis over their useful lives, unless the useful lives of intangible assets are not identified, an impairment test is performed annually.

3-6 Investment property

a) Recognition and initial measurement

This item includes buildings leased to lessee under operating leases. Investments property are carried at cost including transaction costs less the accumulated depreciation and impairment, the carrying amount of investment property, useful life and depreciation method is reviewed on annual basis. The fair value of these investments are disclosed at the balance sheet date unless it is not practical to be determined in a reliable manner. In this case such fact shall be disclosed.

b) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each component of the investment properties. The estimated useful lives are as follows:

Investment assets	Years
Leased units	50

3-7 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized costs; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for its intended use or sale.

Borrowing costs includes the foreign exchange differences relating to borrowings to the extent that they are regarded as an adjustment to interest costs. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred on foreign currency borrowings.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in income statement in the period in which they are incurred.

4- Segment reporting

For the six months ended (In thousand EGP)	June 30, 2017				June 30, 2016			
	Operating revenue	Inter segment revenue	Operating revenue from parties outside the group	EBITDA	Operating revenue	Inter segment revenue	Revenue from parties outside the group	EBITDA
Investment property	34,511	-	34,511	19,703	12,354	-	12,354	7,645
Management fees	64,585	-	64,585	33,945	30,708	-	30,708	14,357
Financial services	309,882	-	309,882	2,934	50,542	-	50,542	(12,439)
Marine cables	339,312	-	339,312	110,575	121,755	-	121,755	17,658
Other	13,796	(11,485)	2,311	(124,822)	9,152	(9,152)	-	(121,262)
Total	**762,086**	**(11,485)**	**750,601**	**42,335**	**224,511**	**(9,152)**	**215,359**	**(94,041)**

(In thousand EGP)	June 30, 2017					December 31, 2016				
	Property and equipment	Intangible assets	Investment property	Equity instruments	Total	Property and equipment	Intangible assets	Investment property	Equity instruments	Total
Financial services	82,458	629,261	-	-	712,239	13,310	396,816	-	-	410,126
Investment property	-	-	1,414,936	-	1,414,936	-	-	-	-	-
Marine cables	2,434,315	239,889	-	-	2,674,204	2,328,063	244,198	1,446,831	-	4,019,092
Other	63,230	116	-	614,817	678,163	63,674	221	-	614,922	678,817
Total	**2,580,003**	**869,786**	**1,414,936**	**614,817**	**5,479,542**	**2,405,047**	**641,235**	**1,446,831**	**614,922**	**5,108,035**

Unallocated items are represented in revenues and costs related to activities provided centrally from the headquarter to subsidiaries, and these activities also include functions of employees with extensive responsibilities within the Group, such as legal services, financial consultation, communications and investor relationships.

The table below illustrates the capital expenditure incurred by each segment:

(In thousand EGP)	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Financial services	74,414	-
Marine cable	188,879	164,229
Other	13,768	20,422
Total	**277,061**	**184,651**

5- Operating revenues

(In thousand EGP)	The six months ended June 30, 2017	The six months ended June 30, 2016	The three months ended June 30, 2017	The three months ended June 30, 2016
Revenue form financial services	309,882	50,542	190,465	17,387
Interconnection traffic	339,312	121,755	175,459	64,196
Management contracts –Fees	64,585	30,708	32,485	15,984
Revenue from investment property	34,511	12,354	17,243	7,042
Other revenues	2,311	-	2,311	-
Total	**750,601**	**215,359**	**417,963**	**104,609**

6- Purchases and services costs

(In thousand EGP)	The six months ended June 30, 2017	The six months ended June 30, 2016	The three months ended June 30, 2017	The three months ended June 30, 2016
Cost of retaining and obtaining customers and	3,475	318	2,977	200
Rental of civil and technical telecommunication	72,473	25,247	38,046	13,262
Purchases of goods, materials cost and	3,295	1,763	1,862	965
International telecommunication cost	41,904	16,658	18,518	8,320
Maintenance costs	56,942	38,288	29,663	17,495
Telecommunications cost	10,254	4,829	4,541	2,499
Utilities and energy costs	9,733	5,009	4,961	2,473
Brokerage commission	81,307	-	53,207	-
Advertising and promotional services	26,043	3,736	16,615	2,079
Consulting and professional services	53,711	20,910	26,096	13,150
Network rent		-	(1,532)	(1,798)
Bank charges	4,794	3,062	4,290	2,485
Insurance expenses	1,050	630	696	(2,044)
Travel , accommodation and flight expense	3,112	2,126	1,982	1,530
IT supplies and expense	1,326	939	699	381
Sites expense	4,844	2,183	2,424	1,183
Security expenses	1,520	660	785	367
Other service costs	4,155	2,695	2,171	1,930
Total	**379,938**	**129,053**	**208,001**	**64,477**

7- Net finance income (finance cost)

(In thousand EGP)	The six months ended June 30, 2017	The six months ended June 30, 2016	The three months ended June 30, 2017	The three months ended June 30, 2016
Finance income from:				
Credit interest	32,840	10,025	18,732	5,605
Total finance income	**32,840**	**10,025**	**18,732**	**5,605**
Finance cost from:				
Debit interest	(55,279)	(26,271)	(28,384)	(13,214)
Other finance expenses	(5,143)	(2,786)	(5,143)	(1,408)
Total Finance cost	**(60,422)**	**(29,057)**	**(33,527)**	**(14,622)**
Foreign exchange (loss) / gain	(18,035)	191,216	(11,320)	24,324
Total foreign exchange (loss) / gain	**(18,035)**	**191,216**	**(11,320)**	**24,324**
Net finance (cost) / income	**(45,617)**	**172,184**	**(26,115)**	**15,167**

8- Income tax

(In thousand EGP)	The six months ended June 30, 2017	The six months ended June 30, 2016	The three months ended June 30, 2017	The three months ended June 30, 2016
Current income tax expense	227,717	20,707	75,827	6,848
Prior periods settlement	(40,558)	-	(40,558)	-
Deferred tax	(46,046)	17,288	(57,385)	(2,851)
Total income tax expenses	**141,113**	**37,995**	**(22,116)**	**3,997**

9- Investment in associates

(In thousand EGP)	Country	Ownership percentage	June 30, 2017	December 31, 2016
Cheo JV Technology-Koryolink (*)	North Korea	75%	2,265,535	2,208,326
Electronic Fund Administration Services	Egypt	15.3%	455	547
Global Fund Administration Services	Egypt	15.3%	730	743
Axes Holding Company	Egypt	26.01%	11,342	11,342
Impairment loss			(1,663,245)	(1,606,036)
Total			**614,817**	**614,922**

(*) Koryolink Company

(In thousand EGP)	June 30, 2017	December31, 2016
Total assets	24,620,728	22,130,689
Total liabilities	(3,584,684)	(3,850,471)
Net assets	**21,036,044**	**18,280,218**

(In thousand EGP)	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Total revenues	3,243,140	1,451,347
Expenses	(918,202)	(689,894)
Net profit after taxes	**2,324,938**	**761,453**
Group's share in profits of associates	**1,743,703**	**571,090**

The Group's investments in North Korea related for 75% of the voting rights in the local telecom operator Koryolink. The accounting treatment has been modified during the period ended September 30, 2015, through recognizing it as an investment in associates instead of investment in subsidiaries. Thus in light of the increase of the restrictions, financial and operating difficulties facing Koryolink due to the international sanction imposed by the international community including the United States, the European Union and the United Nations. These sanctions have the effect of restricting financial transactions and the import and export of goods and services, including goods and services required to operate, maintain and develop mobile networks, the absence of a free-floating currency exchange market in North Korea, whereas the Group's management has no exchange rate available other than the official exchange rate announced by the Central Bank of North Korea, other than launching a competing local telecom operator wholly owned by the North Korean Government.

The group's management seeks to find solutions for this and effect through negotiations with the Korean side including merging Koryolink with the second local telecom operator, wholly owned by the North Korean Government. According to the Group's management estimates, there is an initial consent from the Korean side regarding the merger. This may lead to the presence of possible future solutions that would remove some of the obstacles.

The management of the group is currently monitoring the execution of the arrangements, and following up on the remaining issues faced by the company to reach a solution, in light of the new international sanctions.

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

(In thousand EGP)	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Beginning balance	**2,208,326**	**847,488**
Group's share in investment in associates profits	1,743,703	571,090
Dividends	(620,045)	-
Impairment		
Reversal of impairment in group's share of dividends	620,045	-
Impairment on groups share in profits	(3,338,397)	(804,946)
Ending balance	**613,632**	**613,632**

10- Property, equipment and intangible assets

(In thousand EGP)	Property and equipment	Intangible assets
Balance as at January 1, 2017	2,405,047	641,235
Additions	274,484	2,577
Disposals	(17,640)	-
Depreciation and amortization	(92,068)	(10,411)
Currency translation differences	10,180	848
Change by increase in scope of consolidation for subsidiaries	-	235,537
Balance as at June 30, 2017	**2,580,003**	**869,786**
Balance as at January 1, 2016	**881,727**	**454,700**
Additions	180,033	4,618
Disposals	(1,134)	-
Depreciation and amortization	(36,039)	(4,048)
Currency translation differences	117,472	13,687
Balance as at June 30, 2016	**1,142,059**	**468,957**

There are pledged assets for Transworld company equivalent to EGP 1,267 million, and this in exchange for facilities for the Company to expand in marine cable SMW(5).

11- Investment property

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

(In thousand EGP)	2017	2016
Cost as at January 1,	1,510,081	505,011
Accumulated amortization and impairment as at January 1,	(63,250)	(2,441)
	1,446,831	502,570
Additions during the period	-	-
Depreciation during the period	(14,556)	(5,518)
Foreign currency exchange differences	(17,339)	73,159
Net book value as at June 30,	**1,414,936**	**570,211**
Cost	1,491,597	592,213
Accumulated amortization and impairment	(76,661)	(22,002)

12- Other financial assets

	June 30, 2017			December 31, 2016		
(In thousand EGP)	Non-current	Current	Total	Non-current	Current	Total
Financial assets	41,080	3,035	44,115	3,559	6,417	9,976
Restricted cash and deposits(12-1)	197,832	126,056	323,888	978	59,910	60,888
Fair value investment through profit or loss (12-2)	-	30,249	30,249	-	77,528	77,528
Financial assets available for sale -at cost (12-3)	14,030	-	14,030	13,945	-	13,945
Financial assets available for sale -at fair value (12-4)	7,841	-	7,841	7,259	-	7,259
Total	**260,783**	**159,340**	**420,123**	**25,741**	**143,855**	**169,596**

12-1 Restricted cash and deposits

The balance includes an amount of EGP 196.8 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.

12-2 Financial assets at fair value through profit or loss.

	June 30, 2017	December31, 2016
Investments in cash investments fund	30,249	77,528
Total	**30,249**	**77,528**

12-3 Financial assets available for sale – at cost

Company name	June 30, 2017	December 31, 2016
Misr for Central Clearing Depository and Registry	8,006	7,718
Guarantee Settlement Fund	5,730	5,933
El Arabi for Investment	194	194
MENA Capital	3,000	3,014
NRG for trade & distribution	100	100
(Less):		
Impairment loss of available for sale investments- at cost	(3,000)	(3,014)
Total	**14,030**	**13,945**

- The above investments are measured at cost as they represent non-listed investments that do not have quoted market prices and their fair value cannot be reliably measured.

12-4 Financial assets available for sale – at fair value

Company name	June 30, 2017	December 31, 2016
EGX 30	7,841	7,259
Total	**7,841**	**7,259**

13- Cash and cash equivalents

(In thousand EGP)	June 30, 2017	December 31, 2016
Banks – current accounts	2,603,297	2,860,736
Cash on hand	4,306	4,961
Treasury bills	-	65,831
Total	**2,607,603**	**2,931,528**

14- Other assets

(In thousand EGP)	June 30, 2017			December 31, 2016		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	193,415	61,362	254,777	207,817	68,070	275,887
Advances to suppliers	-	27,758	27,758	-	43,321	43,321
Amounts due from tax authority	-	2,576	2,576	-	3,635	3,635
Employees' advances	-	8,449	8,449	-	-	-
Income tax	-	125,596	125,596	-	110,414	110,414
Auerbach Grayson acquisition	-	-	-	398,860	-	398,860
Other receivables	-	26,488	26,488	-	49,504	49,504
Doubtful debts	-	(6,766)	(6,766)	-	(6,864)	(6,864)
Total	**193,415**	**245,463**	**438,878**	**606,677**	**268,080**	**874,757**

15- Issued and paid up capital

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

16- Borrowings

(In thousand EGP)	June 30, 2017	June 30, 2016
Opening balance	**1,619,062**	**685,551**
Current borrowings	736,474	82,440
Non-current borrowings	882,588	603,111
Repayment of borrowings	(214,033)	(61,544)
Proceeds from borrowings	59,318	140,681
Foreign currency exchange differences	1,913	64,250
Ending balance	**1,466,260**	**828,938**
Current borrowings	641,329	72,196
Non-current borrowings	824,931	756,742

Trans World Associate loans

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 EGP 52 Million due within one year with an interest rate of 1.85% per annum.

Borrowings balances also include loans obtained from banks by an amount equivalent to EGP 723 Million from which EGP 42 Million due within one year and EGP 681 Million due after more than one year to Trans World Associate Private (limited) Pakistan with interest rates ranges between 8% to 9%.

Syndicated loan for the purpose of financing the acquisition of Beltone Financial Holding Company:

On November 12, 2015 the Company obtained a syndicated loan from a group of financial institutions represented in a non-current loan with a maximum limit of EGP 250 Million for the purpose of financing part of acquisition cost within the limits of 87% from the shares of Beltone Financial Holding. The loan has been settled during January 2017.

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

On September 28, 2015 the company borrowed non-current loan from a foreign bank by a maximum amount of USD 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 Paolo, 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 EGP 604 million as at June 30, 2017.

Other credit facilities:

The Company has signed two credit facilities as a medium term loan agreement to finance the purchase of assets related to the Company from one of the Egyptian banks, It provides the Company with credit facilities amounted to EGP 5 million, EGP 2 million respectively with available duration of sixty-seven months, and the balance as at June 30, 2017 is amounting to EGP 6.7 Million.

17- Creditors and other credit balances

(In thousand EGP)	June 30, 2017			December 31, 2016		
	Non-current	Current	Total	Non-current	Current	Total
Capital fixed assets suppliers	-	137,849	137,849	-	48,072	48,072
Trade payables	-	203,274	203,274	-	171,716	171,716
Customers' credit balance	-	354,735	354,735	-	203,397	203,397
Mobile operators' accruals	-	13,355	13,355	-	281,406	281,406
Other trade creditors	-	156,322	156,322	-	54,706	54,706
	-	**865,535**	**865,535**	**-**	**759,297**	**759,297**
Prepaid traffic and deferred income	255,134	24,337	279,471	214,203	20,383	234,586
Due to governmental authorities	-	44,903	44,903	-	67,274	67,274
Personnel expenses accrued	-	38,647	38,647	-	11,315	11,315
Customers deposits	-	11,337	11,337	-	12,740	12,740
Other credit balances	19,505	67,120	86,625	29,011	64,159	93,170
	274,639	**186,344**	**460,983**	**243,214**	**175,871**	**419,085**
Total	**274,639**	**1,051,879**	**1,326,518**	**243,214**	**935,168**	**1,178,382**

18- Earnings per share

Basic: Basic earnings per share is calculated by dividing the net profit attributable to 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 assuming conversion of all convertible financial instruments and share options. The net profit is adjusted by omission of the cost of convertible debt instruments taking tax effect into consideration. As there are no debt instruments that are convertible to shares or share option, so diluted and basic earnings per share are equal.

	The six months ended June 30, 2017	The six months ended June 30, 2016	The three months ended June 30, 2017	The three months ended June 30, 2016
Profit/(loss) attributable to equity holders of the Parent Company (in thousand EGP)	350,428	(3,635)	(34,643)	(44,596)
Weighted average number of shares outstanding during the period (in thousand)	5,245,690	5,245,690	5,245,690	5,245,690
Earnings/(losses) per share – basic and diluted (in EGP)	**0.067**	**(0.0007)**	**(0.007)**	**(0.008)**

19- Provisions

(In thousand EGP)	January 1,	Formed	Reclassification	Change in scope of consolidation	Translation differences	June 30
Presented separately in current liabilities						
Provision for claims (current)	722,112	31,639	1,090	158	(50)	754,949
Total provisions presented separately as at June 30, 2017	**722,112**	**31,639**	**1,090**	**158**	**(50)**	**754,949**
Presented separately in current liabilities						
Provision for claims (current)	619,187	27,666	1,553	-	1,135	649,541
Total provisions presented separately as at June 30, 2016	**619,187**	**27,666**	**1,553**	**-**	**1,135**	**649,541**

Provisions are related to expected claims resulting from the Group companies' ordinary course of business. The required information about these provisions were not disclosed, according to the Egyptian Accounting Standards, because the management of the Group believes that doing so, will strongly affect the final settlement of these expected claims.

20- Capital commitments

The capital commitments are as follows:

(In thousand EGP)	June 30, 2017	December 31, 2016
Commitments related to property and equipment	267,122	243,262
Other commitments	241,457	180,941
Total	**508,579**	**424,203**

The main capital commitments are 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 Trans World associates (subsidiary).

21- 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 favor of Lebanon Ministry of Telecommunication to guarantee Orascom Telecom Lebanon in the payment of any amount due by the selected participants amounting to USD 40 Million.
- A guarantee issued to one of the customers of Middle East and North Africa for Sea Cables – MENA cables (subsidiary) amounting to USD 82 Million to guarantee the subsidiary to fulfill its contractual obligations represented in performing the contracted services.

Trans World Associates (Subsidiary)

- An a amount of EGP 43 million restricted at NIB bank for the approved credit facility valid until September 17, 2017.
- An amount equivalent to EGP 431 thousand held by the bank for the sake of the Higher Education Commission (HEC) valid until December 31, 2017.
- There is an amount equivalent to EGP 73 million restricted as a bank guarantee issued to LINKDOTNET Telecom Limited. Extending validity still under negotiation till the financial position date.
- An amount equivalent to EGP 187 thousand held by Habib bank for the sake of Higher Education Authority under the renewal at the financial position date.

22- Business Combination

Beltone Company (subsidiary company)

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 235,543 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 Egyptian Accounting Standard no. 29 (Business Combinations).

Goodwill

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

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

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.).

23- Legal case

Beltone Financial Holdings (SAE) and its subsidiary Auerbach Grayson & Co LLC (AGCO) were sued for securities trading in the State of New York in the United States of America. Beltone Financial Holding is primarily exposed as the main shareholder of (AGCO), the dispute is related to contracted service fees which could end up with an amount of USD 2.1 million in case they loss the case. The dispute is still in preliminary stage, however the management believes that the Company has strong position to gain the case.

Taking into consideration, under the investment agreement which accordingly Beltone Financial Holdings (SAE) acquired 60% from the shares of Auerbach Grayson Company (AGCO), 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

The Board of Directors of the Company in its meeting held on August 14, 2017 unanimously have initially approved the recommendation of the investment committee to invest in the following projects:

1- The development and management of the sound and light show in the Pyramids and Sphinx area, the development of the designated show area and management of the activities and services related thereto for 20 years for a total investment of USD 10 million (or its equivalent in EGP) in partnership with Prisme International (a UAE Company) which has been awarded the exclusive right to develop and manage the sound and light show by virtue of the Public Tender (by closed envelopes) accordingly signed the Development and Management Contract of Sound & Light in the Pyramids and Sphinx Area with Misr Company for Sound, Light and Cinema S.A.E. A new company will be established and Orascom shall own 70% of the issued share capital thereof whereby the all the rights and obligations under the Development and Management Contract will be assigned and transferred to the new company. OTMT has signed a preliminary agreement with Prisme Entertainment (an affiliate company of Prisme International) for the production and development of the sound and light show subject to the satisfaction of certain conditions and guarantees.

2- The investment and subscription in the capital increase of Riza Capital Consultoria de Investimentos S.A., a corporation organized and existing under the laws of Brazil, headquartered in the city of São Paulo providing financial advisory services related to mergers and acquisitions, capital raisings and debt-restructurings for a total investment amounting to USD 15 million against preferred shares representing approximately 52% of the share capital of Riza Capital.

   The subscription and investment will be executed on two phases subject to the satisfaction of certain conditions and KPIs and the execution of definitive agreements.

Chief Financial Officer	Chief Executive Officer	Chairman