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 30th, 2018

KPMG

Translation of review report originally issued in Arabic

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Review Report on 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, 2018 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.

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 the amended Egyptian accounting standard No. (29) “Business combinations” which requires a measurement period of no longer than one year from the date of acquisition.

Qualified Conclusion

Except for the adjustments that we might been affected for the situation mentioned in the basis for qualified conclusion paragraph, based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2018 and of its consolidated financial performance and its consolidated cash flows for the six-month then ended in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Reporting".

Emphasis of matter

With reference to, what was indicated in detail in Note No. (9) of the notes to the consolidated financial statements, 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 Mobile Phone Network Services is considered as a public utility and this kind of project is likely to be excluded from this prohibition and allowed to continue in business.

At the present, the company's management submitted an official request through the Government of the Arab Republic of Egypt in order to be excluded from adhering to the said resolution and has not been decided as of the date of this report. In Addition, the company's management is of the opinion that in the absence of a clear mechanism for implementing the resolution, it is difficult to measure the impact of the said resolution on the recoverable value of the investment.

KPMG Hazem Hassan
Public accountants and consultants

Cairo August 14, 2018

KPMG Hazem Hassan
Public Accountants and Consultants
2

Translation of condensed interim consolidated financial statements originally issued in Arabic

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

Condensed Interim Consolidated Statement of Financial Position as at

(in thousand EGP)	Note	June 30, 2018	December 31, 2017
Non-current assets			
Property and equipment	10	1 382 949	2 467 478
Intangible assets and goodwill	10	740 209	874 479
Investments in equity accounted investees	9	678 836	614 712
Other non-current financial assets	12	202 538	168 457
Other non-financial assets	14	234 856	290 839
Investment property	11	1 165 324	1 367 553
Total non-current assets		**4 404 712**	**5 783 518**
Current assets			
Inventories		5 134	5 979
Trade receivables		539 403	641 750
Other financial assets	12	67 164	630 386
Other non-financial assets	14	242 098	223 069
Cash and cash equivalents	13	2 623 818	2 373 000
Assets held for sale	22	1 470 318	-
Total current assets		**4 947 935**	**3 874 184**
Total assets		**9 352 647**	**9 657 702**
Equity and Liabilities			
Issued and paid up capital	15	2 203 190	2 203 190
Reserves		2 261 416	2 473 609
Retained earnings		25 356	205 495
Equity attributable to shareholders' of the parent Company		**4 489 962**	**4 882 294**
Non-controlling interests		512 360	493 971
Total equity		**5 002 322**	**5 376 265**
Liabilities			
Noncurrent liabilities			
Borrowings non-current	16	1 050 874	1 140 913
Other non-current liabilities	17	70 180	261 485
Deferred tax liabilities		282 435	413 655
Total non-current liabilities		**1 403 489**	**1 816 053**
Current liabilities			
Borrowings current	16	363 901	266 847
Creditors and other credit balances	17	1 644 869	1 552 588
Tax liabilities – income tax		94 905	279 047
Provisions	19	259 219	366 902
Liabilities held for sale	22	583 942	-
Total current liabilities		**2 946 836**	**2 465 384**
Total liabilities		**4 350 325**	**4 281 437**
Total equity and liabilities		**9 352 647**	**9 657 702**

- The accompanying notes from (1) to (24) 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

Translation of condensed interim consolidated financial statements originally issued in Arabic

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

Condensed Interim Consolidated Statement of Income for

(in thousand EGP)	Note	The six months ended June 30, 2018	Represented The six months ended June 30, 2017	The three months ended June 30, 2018	Represented The three months ended June 30, 2017
Continuing Operations					
Operating revenues	5	823 525	716 589	415 084	435 700
Other income		17 415	17 254	10 002	9 879
Purchases and services cost	6	(364 002)	(330 417)	(186 285)	(211 922)
Other expenses and provisions		(90 072)	(79 249)	(24 014)	(50 244)
Personnel costs		(312 419)	(258 144)	(128 992)	(135 705)
Depreciation and amortization		(59 648)	(50 518)	(31 957)	(28 574)
Capital (loss) / gain		(1 205)	688	(8)	114
Operating (loss)		**13 594**	**16 203**	**53 830**	**19 248**
Finance income	7	62 007	32 839	38 209	18 732
Finance cost	7	(77 961)	(60 272)	(42 217)	(33 580)
(loss)/gain from Foreign currency exchange differences	7	(2 141)	(22 147)	8 717	(14 508)
Net Share of profit of investment in associates	9	1 547 923	2 363 725	921 576	1 066 422
Net impairment in associates	9	(1 547 966)	(1 743 703)	(921 596)	(1 066 448)
(Loss)/profit for the period before income tax		**(4 544)**	**586 645**	**58 519**	**(10 134)**
Income taxes	8	(36 739)	(141 640)	(16 875)	22 728
(Loss)/profit from the continuing operations after tax for the period		**(41 283)**	**445 005**	**41 644**	**12 594**
Discontinued Operations					
(Losses) / profit from discontinuing operations after tax	22	(99 997)	(85 684)	(61 400)	(41 733)
Net (loss) / profit for the period		**(141 280)**	**359 321**	**(19 756)**	**(29 139)**
Attributable to:					
Shareholders of the parent Company		(149 831)	350 428	(38 996)	(34 643)
Non-controlling interests		8 551	8 893	19 240	5 504
		(141 280)	**359 321**	**(19 756)**	**(29 139)**
Basic and diluted (losses) /earnings per share for the period (EGP)	18	(0.029)	0.067	(0.007)	(0.01)

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Chief Financial Officer	Chief Executive Officer	Chairman

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

Condensed Interim Consolidated Statement of Comprehensive Income for

(in thousand EGP)	The six months ended June 30, 2018	Represented The six months ended June 30, 2017	The three months ended June 30, 2018	Represented The three months ended June 30, 2017
Net (Loss) / profit for the period	**(141 280)**	359 321	**(19 756)**	**(29 139)**
Items that may be subsequently reclassified to income statement				
Company's share from revaluation of available for sale investments	2 003	449	651	259
Translation differences of financial statements	(274 947)	(8 811)	(225 125)	(713 620)
Total comprehensive income for the period	**(414 224)**	**350 959**	**(244 230)**	**(742 500)**
Attributable to:				
Shareholders of the parent Company	(392 332)	342 779	(249 316)	(748 005)
Non-controlling interest	(21 892)	8 180	5 086	5 505
Total comprehensive income for the period	**(414 224)**	**350 959**	**(244 230)**	**(742 450)**

- The accompanying notes from (1) to (24) 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 Interim Consolidated Statement of Changes In Equity's
For the six months ended June 30, 2018, 2017

(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
Net of Profit for the period	-	-	-	-	350 428	350 428	8 893	359 321
Total comprehensive income for the period	-	-	(8 098)	449	350 428	342 779	8 180	350 959
Acquisition of a subsidiary	-	-	-	-	-	-	137 239	137 239
Dividends		-	-	-	(569 061)	(569 061)	-	(569 061)
Transfer to reserves	-	54 236	-	-	(54 236)	-	-	-
Total	-	54 236	-	-	(623 297)	(569 061)	137 239	(431 822)
As at June 30, 2017	2 203 190	556 309	1 850 468	65 187	109 755	4 784 909	497 076	5 281 985
As at January 1, 2018	2 203 190	556 308	1 731 444	185 857	205 495	4 882 294	493 971	5 376 265
Translation differences of the financial statements	-	-	(243 903)	-	-	(243 893)	(31 044)	(274 947)
Revaluation of available for sale investments	-	-	-	1 402	-	1 402	601	2 003
(Loss) for the period	-	-	-	-	(149 831)	(149 831)	8 551	(141 280)
Total comprehensive income for the period	-	-	(243 903)	1 402	(149 831)	(392 332)	(21 892)	(414 224)
Transfer to reserves	-	30 308	-	-	(30 308)	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	40 281	40 281
Total	-	30 308	-	-	(30 308)	-	40 281	40 281
As at June 30, 2018	2 203 190	586 616	1 487 541	187 259	25 356	4 489 962	512 360	5 002 322

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

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

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

(in thousand EGP)	2018	Represented 2017
Cash flow from operating activities		
(Loss) / profit for the period before tax	(4 544)	586 645
Adjustments for:		
Depreciation, amortization	59 648	50 518
Finance expense	77 961	60 272
Finance income	(62 007)	(32 839)
Foreign currencies exchange differences	2 141	22 147
Capital loss	1 205	688
Share of (profit) / loss of investment in associates	(1 547 923)	(2 363 725)
Net impairment of investments in associate	1 547 966	1 743 703
Change in provisions	50 972	40 755
Changes in current assets reported in working capital	(182 260)	(285 938)
Changes in current liabilities reported in working capital	187 516	156 842
Cash flows generated from / (used in) operating activities	130 033	(20 932)
Income taxes paid	(380 856)	(24 037)
Interests paid	(465)	-
Interests received	62 472	32 840
Net Cash flows(used in) operating activities	(188 816)	(12 129)
Cash flow from investing activities		
Net cash payments from investing in:		
Property and equipment	(37 277)	(137 436)
Intangible assets	(4 536)	(2 577)
Payments under investments in companies	(3 979)	(377)
Other financial assets	(53 131)	(294 484)
Acquiring investment after deducting cash	-	390 653
Net cash proceeds of:		
Property and equipment	2 472	-
Other financial assets	579 534	22 183
Dividends distribution from associate companies	-	342 079
Cash generated from acquisition of subsidiaries	31 192	75 792
Net cash flows generated from investing activities	514 275	395 833
Cash flows from financing activities		
Interests paid	(78 180)	(68 054)
Net proceeds from non-current borrowings	126 572	25 298
Net payments to financial liabilities	(70 189)	(172 381)
Proceeds from selling assets - Beltone	1 403	-
Dividends paid	-	(539 280)
Non-controlling interest – in associates dividends	(246)	-
Net cash flows (used in) financing activities	(20 640)	(754 417)
Net change in cash and cash equivalent during the period from continued operations	304 819	(370 713)
Discontinuing operations		
Net cash flow generated from operating activities	103 120	74 816
Net cash flow generated from / (used in) investing activities	2 150	(17 915)
Net cash and cash equivalent for the period from	105 270	56 901
Net cash and cash equivalent for the period	410 089	(313 812)
Cash and cash equivalents at beginning of the period	2 373 000	2 931 528
Effect of exchange rate fluctuations on cash held	(5 567)	(10 113)
Cash and cash equivalent for the assets held for sale	(153 704)	-
Cash and cash equivalents at end of the period	2 623 818	2 607 603

- The accompanying notes from (1) to (24) 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 30th, 2018 were approved by the board of directors on August 14th, 2018.

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, 2017.

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, 2017.

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- Bases 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, 2017. 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 Bases of preparing the condensed interim consolidated financial statements

The condensed interim 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.

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 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	% 70
Beltone Investment Funds "S.A.E"	Financial services	Egypt	%70
Beltone Promotion and Underwriting"S.A.E"	Financial services	Egypt	%70
Beltone Investments Holding- free zone "S.A.E"	Financial services	Egypt	%70
Auerbach Grayson for Securities Brokerage	Financial services	USA	43,4%
Beltone Information Technology "S.A.E"	Financial services	Egypt	%70
Beltone Securities Holding "S.A.E"	Financial services	Egypt	%70
Beltone Securities Brokerage "S.A.E"	Financial services	Egypt	%70
Beltone Financial – Emirates	Financial services	UAE	%70
Beltone Securities Brokerage "S.A.E"	Financial services	Egypt	%70
International For Securities Company – Libya	Financial services	Libya	%34,3
Beltone Market Maker "S.A.E"	Financial services	Egypt	%70
Beltone Financial – USA	Financial services	USA	%70
Beltone Financial – UK	Financial services	UK	%70
Riza Capital for financial consulting and investing	Financial services	Brazil	%57.5
OTMT – Brazil	Other	Luxembourg	%100
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
Orascom prisme pyramids Entertainment "S.A.E"	Other	Egypt	%70

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	%23.7
Electronic Fund Administration Services	Mutual funds and management services	Egypt	%14
Global Fund Administration Services	Mutual funds and management services	Egypt	%14

3-4 Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use is classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

3-5 Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

3-6 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

3-7 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.

Asset	Years
User rights	17-20 Years
Trademarks	20 Years
Contractual agreements with customers	20 Years
Computer software	5 Years

3-8 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 Years

3-9 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

(In thousand EGP)	June 30, 2018				June 30, 2017			
	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	32 643	-	32 643	(55 859)	34 511	-	34 511	19 703
Management fees	63 671	-	63 671	48 148	64 585	-	64 585	33 945
Financial services	353 358	-	353 358	5 272	309 882	-	309 882	2 934
Marine cables	373 853	-	373 853	185 475	305 300	-	305 300	134 272
Other	11 204	(11 204)	-	(108 589)	13 796	(11 485)	2 311	(124 821)
Total	**834 729**	**(11 204)**	**823 525**	**74 447**	**728 074**	**(11 485)**	**716 589**	**66 033**

(In thousand EGP)	June 30, 2018					December 31, 2017				
	Property and equipment	Intangible assets	Investment property	Equity instruments	Total	Property and equipment	Intangible assets	Investment property	Equity instruments	Total
Financial services	170 014	697 251	-	-	867 265	138 482	622 387	-	-	760 869
Investment property	-	-	1 165 324	-	1 165 324	-	-	1 367 553	-	1 367 553
Marine cables	1 160 523	22 892	-	-	1 183 415	2 275 257	232 599	-	-	2 507 856
Other	52 412	20 066	-	678 836	751 314	53 739	19 493	-	614 712	687 944
Total	**1 382 949**	**740 209**	**1 165 324**	**678 836**	**3 967 318**	**2 467 478**	**874 479**	**1 367 553**	**614 712**	**5 324 222**

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, investor relationships and internal audit.

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

(In thousand EGP)	For the six months ended June 30, 2018	For the six months ended June 30, 2017
Financial services	11 284	74 414
Marine cable	39 824	188 879
Other	13 195	13 768
Total	**64 303**	**277 061**

5- Operating revenues

(In thousand EGP)	The six months ended June 30, 2018	The six months ended June 30, 2017	The three months ended June 30, 2018	The three months ended June 30, 2017
Revenue form financial services	353 358	312 193	172 337	228 142
Interconnection traffic	373 853	305 300	162 999	157 830
Management contracts –Fees	63 671	64 585	63 671	32 485
Revenue from investment property	32 643	34 511	16 077	17 243
Total	**823 525**	**716 589**	**415 084**	**435 700**

6- Purchases and services costs

(In thousand EGP)	The six months ended June 30, 2018	The six months ended June 30, 2017	The three months ended June 30, 2018	The three months ended June 30, 2017
Cost of retaining and obtaining customers and subscribers	406	3 475	406	2 977
Rental of civil and technical telecommunication areas and other leases	84 733	72 119	43 156	37 865
Purchases of goods, materials cost and consumables	9 236	3 281	4 339	1 856
International telecommunication cost	35 350	41 904	18 740	18 518
Maintenance costs	19 152	19 559	10 307	10 784
Utilities and energy costs	9 066	9 512	4 145	4 845
Brokerage commission	82 764	81 307	35 781	81 307
Advertising and promotional services	14 387	26 000	5 264	16 615
Consulting and professional services	75 990	52 675	44 997	25 486
Insurance expenses	1 248	874	618	421
Bank charges	4 215	4 744	2 508	3 256
Airplane expenses	5 475	727	4 951	411
Travel, accommodation and flight expense	6 917	1 750	2 575	741
IT supplies and expense	3 157	1 260	2 003	669
Sites expense	5 274	4 844	2 774	2 424
Security expenses	1 851	1 520	877	785
Other service costs	4 781	4 866	2 844	2 962
Total	**364 002**	**330 417**	**186 285**	**211 922**

7- Net finance (cost) / income

(In thousand EGP)	The six months ended June 30, 2018	The six months ended June 30, 2017	The three months ended June 30, 2018	The three months ended June 30, 2017
Finance income from:				
Credit interest	62 007	32 839	38 209	18 732
Total finance income	**62 007**	**32 839**	**38 209**	**18 732**
Finance cost from:				
Debit interest	(69 066)	(55 130)	(33 322)	(30 840)
Other finance expenses	(8 895)	(5 142)	(8 895)	(2 740)
Total Finance cost	**(77 961)**	**(60 272)**	**(42 217)**	**(33 580)**
Foreign exchange (loss) / gain	(2 141)	(22 147)	8 717	(14 508)
Total foreign exchange (loss) / gain	**(2 141)**	**(22 147)**	**8 717**	**(14 508)**
Net finance (cost) / income	**(18 095)**	**(49 580)**	**4 709**	**(29 356)**

8- Income taxes

(In thousand EGP)	The six months ended June 30, 2018	The six months ended June 30, 2017	The three months ended June 30, 2018	The three months ended June 30, 2017
Current income tax expense	56 975	185 107	30 694	33 217
Deferred tax	(20 236)	(43 467)	(13 819)	(55 945)
Total income tax	**36 739**	**141 640**	**16 875**	**(22 728)**

9- Investments in equity accounted investees

(In thousand EGP)	June 30, 2018	December 31, 2017
Investment in associates(9-1)	5 730 625	4 182 871
Investment in joint ventures	64 179	-
(Deduct):Impairment loss in investment in associates(9-1)	(5 115 968)	(3 568 159)
Total	**678 836**	**614 712**

9-1 Investment in associates

(In thousand EGP)	Country	Ownership percentage	June 30, 2018	December 31, 2017
Cheo JV Technology-Koryolink (*)	North Korea	75%	5 718 415	4 170 449
Electronic Fund Administration Services	Egypt	14%	323	332
Global Fund Administration Services	Egypt	14%	732	748
Axes Holding Company	United states of America	23.7%	11 155	11 342
(Deduct):Impairment loss in investment			(5 115 968)	(3 568 159)
Total			**614 657**	**614 712**

(*) Koryolink Company

(In thousand EGP)	**June 30, 2018**	**December 31, 2017**
Total assets	27 529 727	26 431 520
Total liabilities	(3 969 012)	(4 818 552)
Net assets	**23 560 715**	**21 612 968**

(In thousand EGP)	**For the six months ended June 30, 2018**	**For the six months ended June 30, 2017**
Total revenues	3 258 507	3 243 140
Expenses	(1 194 552)	(918 202)
Net profit after taxes	**2 063 955**	**2 324 938**
Group's share in profits of associates	**1 547 966**	**1 743 703**

* The Company's investments in North Korea related primarily to the 75% voting rights in the local telecom operator Koryolink. The accounting treatment has been modified during year ended December 31, 2015. Through, recognizing it as an investment in associates instead of investment in subsidiaries, as the group management believes that the existence of significant influence instead of control. This reflects 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 seek to find solutions for this situation 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 merger. This may lead to the presence of possible future solutions that would remove some of the obstacles.

In light of the change in the results of those negotiations which indicates a disagreement from the Korean side to grant the management the rights to control in case of the merger and due to the increase in aforementioned restrictions during the period ended September 30, 2015, in the group's management view, the control over the Koryolink's activities was lost according to the requirements of EAS (42), which led to modify the accounting treatment to be accounted for as investment in associates instead of investment in subsidiaries starting from the date that management considered it has lost the control at September 30, 2015, Management believes that through losing of control, it has a significant influence over Koryolink. The investment in CHEO Technology JV (Koryolink) was measured at cost that represents the fair value on the date of loss control based on independent valuator report.

During the current period and in the light of new international sanctions that the United States administration has decided to impose on the North Korean government and its various departments, the Group's management to follow up ongoing activities to make sure that the sanctions are not violated, and the two sides reached some understandings of the organizational and commercial frameworks which works on organizing the work of telecommunications market in North Korea These arrangements will guarantee the fair allocation of subscribers between Koryolink and the Government telecom operator "Kang Song NET" and initially handling some other issues faced by Koryolink, such as; the transfer of the cash balances in local currency to Euro using the parallel market rate (parallel market rate: 1 Euro is equivalent to 8,650 of the local currency, official rate: 1 Euro is equivalent to 118 of the local currency). This is conditional that the Korean party will fulfill its obligations. In addition the arrangements setting rules allows the transfer of profits "repatriate funds", in case of the availability of retained earnings and foreign currency balances, needed for the profit distribution process.

On September 11, 2017, the United Nations Security Council issued a resolution on September 11, 2017 obliging member states of the United Nations to pass laws prohibiting joint ventures and existing partnerships with the North Korean Republic unless approval is obtained to continue such joint ventures. The management of the Company believes that its investments in North Korea's network for mobile services is a utility and that is similar to the type of project likely to be approved to continue. At the present, the company's management submitted an official request through the Government of the Arab Republic of Egypt in order to be excluded from adhering to the said resolution. In Addition, the company's management also believes that, in the absence of a clear mechanism for implementing the resolution, it is difficult to measure its impact on the recoverable value of the investment.

The following table presents the movement on the investment in North Korea during the period:

(In thousand EGP)	For the six months ended June 30, 2018	For the six months ended June 30, 2017
Opening balance	4 170 449	2 208 326
Group share of profit of associates	1 547 966	1 743 703
Dividends	-	(620 045)
Ending balance	**5 718 415**	**3 331 984**
Opening impairment	**(3 556 817)**	**(1 594 694)**
Reversal of dividends impairment	-	620 045
Impairment of group share of profit	(1 547 966)	(1 743 703)
Ending impairment	**(5 104 783)**	**(2 718 352)**
	613 632	**613 632**

10- Property, equipment and intangible assets

(In thousand EGP)	Property and equipment	Intangible assets
Balance as at January 1, 2018	2 467 478	874 479
Additions*	59 539	85 659
Disposals	(2 471)	(1)
Depreciation and amortization **	(93 642)	(10 432)
Foreign currency exchange translation differences	(103 554)	(8 339)
Transferred to Assets held for sale	(975 883)	(205 469)
Change in scope of consolidation for subsidiaries	31 482	4 312
Balance as at June 30, 2018	**1 382 949**	**740 209**
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)
Foreign currency exchange translation differences	10 180	848
Change in scope of consolidation for subsidiaries	-	235 537
Balance as at June 30, 2017	**2 580 003**	**869 786**

- There are pledged assets for Transworld company equivalent to EGP 1,043 million, and this in exchange for facilities for the Company to expand in marine cable SMW(5).

* The additions include the goodwill arising from the acquisition of Riza Capital in January 2018, with a goodwill value of EGP 83,8 million (note 23).

** Depreciation and amortization include amount EGP 44,4 million in discontinued operations which related to Middle East & North Africa for Marines cables (note 22).

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)	2018	2017
Cost as at January 1,	1 457 655	1 510 081
Accumulated amortization and impairment as at January 1,	(90 102)	(63 250)
	1 367 553	1 446 831
Depreciation during the period	(13 432)	(30 184)
Foreign currency exchange translation differences	(188 797)	(49 094)
Net book value as at June 30 / December 31	**1 165 324**	**1 367 553**
Cost	1 255 880	1 457 655
Accumulated amortization and impairment	(90 556)	(90 102)

12- Other financial assets

	June 30, 2018			December 31, 2017		
(In thousand EGP)	Non-current	Current	Total	Non-current	Current	Total
Financial assets	4 435	11 779	16 214	3 653	3 451	7 104
Restricted cash (12-1)	141 366	32 939	174 305	142 105	625 865	767 970
Investment through profit or loss (12-4)	-	22 446	22 446	-	1 070	1 070
Financial assets available for sale -at cost (12-2)	47 197	-	47 197	14 063	-	14 063
Financial assets available for sale -at fair value (12-3)	9 540	-	9 540	8 636	-	8 636
Total	202 538	67 164	269 702	168 457	630 386	798 843

12-1 Restricted cash

(In thousand EGP)	As of June 30, 2018			As of December 31, 2017		
	Non-current	Current	Total	Non-current	Current	Total
Pledged deposit	14 505	32 939	47 444	10 850	625 865	636 715
Cash at bank in North Korea	126 861	-	126 861	131 403	-	131 403
	141 366	32 939	174 305	142 105	625 865	767 970

12-2 Financial assets available for sale – at cost

(In thousand EGP)

Company name	June 30, 2018	December 31, 2017
Egypt opportunities fund	31 077	-
Misr for Central Clearing Depository and Registry	7 718	7 718
Guarantee Settlement Fund	8 108	6 051
El Arabi for Investment	194	194
MENA Capital	2 963	2 934
BMG	100	100
(Less):		
Impairment loss of available for sale investments	(2 963)	(2 934)
Total	47 197	14 063

- 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.

12-3 Financial assets available for sale – at fair value

(In thousand EGP)

Company name	June 30, 2018	December 31, 2017
EGX 30	9 540	8 636
Total	9 540	8 636

12-4 Fair value investment through profit or loss.

(In thousand EGP)	June 30, 2018	December 31, 2017
Investment in cash investment in funds	2 648	757
Investment in investment funds	13 931	313
Treasury Bills	5 867	-
Total	**22 446**	**1 070**

13- Cash and cash equivalents

(In thousand EGP)	June 30, 2018	December 31, 2017
Banks – current accounts	2 553 344	2 371 504
Cash on hand	70 474	1 496
Total	**2 623 818**	**2 373 000**

14- Other non-financial assets

(In thousand EGP)	June 30, 2018			December 31, 2017		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	234 856	56 260	291 116	290 839	56 881	347 720
Advances to suppliers	-	37 450	37 450	-	38 738	38 738
Receivables due from tax authority	-	6 432	6 432	-	6 041	6 041
Employee loans	-	9 187	9 187	-	-	-
Income tax	-	126 566	126 566	-	94 376	94 376
Auerbach Grayson acquisition	-	90	90	-	-	-
Other debt balance	-	12 354	12 354	-	33 676	33 676
Allowance for doubtful current assets	-	(6 241)	(6 241)	-	(6 643)	(6 643)
Total	**234 856**	**242 098**	**476 954**	**290 839**	**223 069**	**513 908**

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, 2018	June 30, 2017
Opening balance	**1 407 760**	**1 619 062**
Current borrowings	266 847	736 474
Non-current borrowings	1 140 913	882 588
Repayment of borrowings	(99 029)	(214 033)
Proceeds from borrowings	155 193	59 318
Foreign currency exchange translation differences	(49 149)	1 913
Ending balance	**1 414 775**	**1 466 260**
Current borrowings	363 901	641 329
Non-current borrowings	1 050 874	824 931

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 49 Million including EGP 25 Million due within one year and EGP 24 Million due after more than one year with an interest rate of 1.335% per annum.

Borrowings balances also include loans obtained from banks by an amount equivalent to EGP 610 Million from which EGP 184 Million due within one year and EGP 426 Million due after more than one year to 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 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 595 million as at June 30, 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.

On May 24, 2018 the pledge of the deposit amounted 587 876 has been released and mortgage of the tower and pledge of Victoire BV company shares has been made in favor of Libano Francis bank.

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, In addition to the financing granted to the Holding Company during the period.

17- Creditors and other credit balances

(In thousand EGP)	June 30, 2018			December 31, 2017		
	Non-current	Current	Total	Non-current	Current	Total
Fixed assets payable	-	97 529	97 529	-	104 723	104 723
Trade payables	-	131 086	131 086	-	185 482	185 482
Customers' credit balance	-	1 151 033	1 151 033	-	913 296	913 296
Mobile operators' accruals	-	29 962	29 962	-	14 449	14 449
Other trade creditors	-	61 859	61 859	-	119 298	119 298
	-	1 471 469	1 471 469	-	1 337 248	1 337 248
Prepaid traffic and deferred income	55 751	8 231	63 982	237 583	23 838	261 421
Due to governmental authorities	-	44 150	44 150	-	78 819	78 819
Personnel expenses accrued	-	35 490	35 490	-	49 360	49 360
Customers deposits	-	708	708	-	749	749
Other credit balance	14 429	84 821	99 250	23 902	62 574	86 476
	70 180	173 400	243 580	261 485	215 340	476 825
Total	70 180	1 644 869	1 715 049	261 485	1 552 588	1 814 073

18- (Losses)/earnings per basic and diluted 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.

(In thousand EGP)	The six months ended June 30, 2018	The six months ended June 30, 2017	The three months ended June 30, 2018	The three months ended June 30, 2017
Net (Loss)/ Profit for the period	(149 831)	350 428	(38 996)	(34 643)
Weighted average number of shares outstanding during the period	5 245 690	5 245 690	5 245 690	5 245 690
(Losses)/Earnings per share – basic and diluted (in EGP)	**(0.029)**	**0.067**	**(0.007)**	**(0.01)**

19- Provisions

(In thousand EGP)	January 1, 2018	Formed	Used	Reclassification	Change in scope of consolidation	Forex	June 30, 2018
Provision for claims (current)	366 902	3 946	(107 754)	-	(3 918)	43	259 219
Total provisions presented separately	**366 902**	**3 946**	**(107 754)**	**-**	**(3 918)**	**43**	**259 219**

(In thousand EGP)	January 1, 2017	Formed	Used	Reclassification	Change in scope of consolidation	Forex	June 30, 2017
Provision for claims (current)	722 112	31 639	-	1 090	158	(50)	754 949
Total provisions presented separately	**722 112**	**31 639**	**-**	**1 090**	**158**	**(50)**	**754 949**

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, 2018	December 31, 2017
Commitments related to property and equipment	18 848	228 015
Other commitments	258 948	304 818
Total	**277 796**	**532 833**

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 Trans World associates.

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.

Trans World Associates (Subsidiary)

- The amount equivalent to EGP 411 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 EGP 73 thousand in favor of Shell Pakistan valid until September 25, 2018.
- There is a letter of credit amounting to USD 285 thousand (The amount equivalent to EGP 5 Million) in favor of Premier Systems valid until September 30, 2018.
- There is a letter of credit amounting to USD 177 thousand (The amount equivalent to EGP 3 Million) in favor of Broadband Australia valid until September 30, 2018.

22- Assets held for sale and discontinuing operations

On May 21, 2018 Orascom Telecom Media and Technology Holding 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 Cable ("MENA Cable") for a total value of USD 90 million. OTMT holds a 100% stake in MENA Cable.

22-A The net assets for sale in June 30, 2018 and discontinued operations amounted as the followings:

(In thousand EGP)	June 30, 2018
Assets held for sale	
Property and equipment	975 883
Intangible assets	205 469
Other non-current financial assets	50 510
Inventory	1 156
Customers	52 730
Other assets	30 866
Cash and cash equivalent	153 704
	1 470 318
Liabilities held for sale	
Other creditors	142 130
Other non-current assets	350 002
Deferred tax liability	91 810
	583 942
Net assets held for sale	**886 376**

Discontinued operation (In thousand EGP)	June 30, 2018	June 30, 2017
Operating revenue	35 819	34 012
Cost of purchase, service and other expenses	(134 383)	(120 223)
Operating loss	**(98 564)**	**(86 211)**
Income Tax	(1 433)	527
Net loss from discontinued operation	**(99 997)**	**(85 684)**

22-B Capital commitments

The capital commitments are as follows:

(In thousand EGP)	June 30, 2018
Commitments related to property and equipment	217 512
Other commitments	20 521
Total	**238 033**

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).

22-C Contingent liabilities

Middle East, North Africa for Sea Cables Company (Subsidiary)

- 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.
- An amount equivalent to EGP 1.7 million held by the bank in favor of 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.

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 EGP)	**January 01, 2018**
Assets	
Property and equipment	31 482
Intangible assets	4 312
Investment in joint control	38 003
Other assets	18 044
Cash and cash equivalents	31 192
Total assets	**123 033**
Liabilities	
Other liabilities	(21 302)
Total liabilities	**(21 302)**
Net assets	**101 731**
Holding Company's share of net assets acquired 57.5%	58 495
Consideration paid	(142 320)
Goodwill	**83 825**

The Company's financial statements have been compiled on the basis of the carrying amount of the assets and liabilities and in accordance with Egyptian accounting 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 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.).

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

Chief Financial Officer	Chief Executive Officer	Chairman