



**Orascom Investment Holding
S.A.E.
(Formerly Orascom Telecom Media and Technology Holding)**

**Condensed Interim
Consolidated Financial Statements
As of and for the nine and three- month periods
ended September 30, 2018 (IFRS)
Together with the review report**

**Nine months ended
September 30, 2018
US\$**



Hazem Hassan

Public Accountants & Consultants

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Report on Review of Condensed Interim Consolidated Financial Statements

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

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Orascom Investment Holding (Formerly Orascom Telecom, Media and Technology Holding (S.A.E)) as of September 30, 2018 and the related condensed interim consolidated statements of profit and loss and other comprehensive income, changes in equity, and cash flows for the nine-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard No. (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our limited review.

Scope of Limited Review

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

Base of qualified conclusion

As disclosed in more details in note (24) Beltone Financial Holding one of the company's subsidiaries is in the process of completing the final accounting treatment relating to the business combination of Auerbach Grayson Company which was acquired on 1 February 2017, despite the override of the allowed measurement period as required by IFRS (3) "Business combinations" which requires a measurement period of no longer than one year from the date of acquisition.

Management did not perform an assessment of the Expected credit losses for Beltone Financial Holding and its subsidiaries upon initial application of IFRS 9.



Hazem Hassan

Conclusion

Based on our review, except for the possible effects of such adjustments , as might have been determined to be necessary had we performed procedures to address the items set out above, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the company as at September 30, 2018 and of its consolidated financial performance and its consolidated cash flows for the nine-month period then ended in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

KPMG Hazem Hassan

Public Accountants & Consultants

Cairo July 8, 2019

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF

<i>(in thousands of US dollars)</i>	Note	September 30, 2018	December 31, 2017
Assets			
Property and equipment	11	86,318	139,482
Intangible assets	11	44,224	48,568
Investment Property	12	61,912	76,973
Equity-accounted investees	10	34,280	34,748
Other non-financial assets	17	13,806	16,421
Other financial assets	13	11,577	9,544
Total non-current assets		252,117	325,736
Inventories		365	338
Trade receivables		37,700	36,275
Other financial assets	13	8,567	35,635
Other non-financial assets	17	12,935	12,603
Cash and cash equivalents	14	187,627	134,142
Total current assets		247,194	218,993
Total Assets		499,311	544,729
Equity and Liabilities			
Share capital	15	366,148	366,148
Other reserves		(159,506)	(110,674)
Retained earnings		77,130	19,716
Equity attributable to equity holders of the Company		283,772	275,190
Non-controlling interest		27,109	27,528
Total equity		310,881	302,718
Liabilities			
Non-current borrowings	16	69,380	64,495
Other non-current liabilities	18	4,899	14,781
Deferred tax liabilities		15,839	23,385
Total non-current liabilities		90,118	102,661
Current borrowings	16	19,529	15,087
Trade payables and other current liabilities	18	53,979	87,766
Current income tax liabilities		6,857	15,774
Provisions	19	17,947	20,723
Total current liabilities		98,312	139,350
Total liabilities		188,430	242,011
Total Equity and Liabilities		499,311	544,729

Chief Financial Officer

Chief Executive Officer

Chairman

Khalid Ellaicy



Tamer Mahdi



Naguib Sawiris



Review report 'attached'

The accompanying notes from (1) to (25) are an integral part of these condensed interim consolidated financial statements

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

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

(in thousands of US dollars, except per share amounts)	Note	Nine- month period 2018	Represented Nine- month period 2017	Three-month period 2018	Represented Three- month period 2017
Continued operations					
Revenues	6	68,791	59,023	21,850	18,934
Other income		4,644	1,779	3,659	814
Purchases and services	7	(31,701)	(28,738)	(11,558)	(10,304)
Other expenses		(7,311)	(5,291)	(4,663)	(859)
Personnel cost		(26,276)	(23,703)	(8,605)	(6,774)
Depreciation and amortization		(6,780)	(4,443)	(2,648)	(1,616)
Disposal of non-current assets		34	38	102	-
Operating income/ (loss)		1,401	(1,335)	(1,863)	195
Financial income	8	4,708	2,463	1,203	626
Financial expense	8	(7,009)	(5,226)	(2,298)	(1,853)
Foreign exchange (loss)	8	(711)	(3,691)	(616)	(2,453)
Share of profit of equity – accounted investees	10	115,180	133,988	27,635	36,440
Impairment of profit of equity-accounted investees		(115,180)	(99,301)	(27,639)	(36,439)
(Loss)/ Profit before income tax		(1,611)	26,898	(3,578)	(3,484)
Income tax expense	9	(3,961)	(8,855)	(1,720)	(960)
(Loss)/profit for the period		(5,572)	18,043	(5,298)	(4,444)
Discontinued operations					
(Loss) from discontinued operation (net of income tax)	23	(45,156)	(7,098)	(39,664)	(2,225)
(Loss)/ Profit for the period		(50,728)	10,945	(44,962)	(6,669)
Attributable to:					
Owners of the company		(50,602)	9,941	(44,462)	(7,176)
Non-controlling interests		(126)	1,004	(500)	507
(Losses)/ Earnings per share (basic and diluted) (in USD per share)	20	(0.01)	0.0019	(0.009)	(0.0014)
Other comprehensive income /(loss):					
Items that may be sequent reclassified to profit or loss net of tax					
Change in fair value of available for sale investments		(197)	52	(309)	10
Share of OCI of equity-accounted investees		-	1,429	-	1,560
Currency translation differences		57,463	1,915	75,404	3,378
Total comprehensive (loss)/ income for the period		6,538	14,341	30,133	(1,721)
Attributable to:					
Owners of the parent		8,932	13,481	30,885	(2,216)
Non-controlling interest		(2,394)	860	(752)	495
Total comprehensive (loss)/ income for the period		6,538	14,341	30,133	(1,721)


Chief Financial Officer

Khalid Ellalaj


Chief Executive Officer

Tamer Mahdi


Chairman

Naguib Sawiris


The accompanying notes from (1) to (25) are an integral part of these condensed interim consolidated financial statements

Orascom Investment Holding S.A.E. (Formerly Orascom Telecom Media and Technology Holding)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non-Controlling Interest	Total equity
<i>(in thousands of US dollars)</i>								
As of January 1, 2017	366,148	81,329	(203,182)	3,560	29,672	277,527	19,232	296,759
Total comprehensive income for the period	-	-	3,505	-	-	3,505	(1,590)	1,915
Currency translation differences	-	-	-	-	-	35	17	52
Change in fair value of available for sale investments	-	-	-	35	-	-	-	1,429
Share of OCI of equity-accounted investees	-	-	-	-	-	-	-	10,945
Profit for the period	-	-	-	-	9,941	9,941	1,004	10,945
Total comprehensive income for the period	-	-	3,505	35	9,941	13,481	860	14,341
Transactions with owners of the company	-	-	-	-	-	-	-	-
Transferred to Legal reserve	-	3,037	-	-	(3,037)	-	-	-
Dividends to shareholders	-	-	-	-	(29,377)	(29,377)	-	(29,377)
Change in scope of consolidation	-	-	-	-	-	-	7,689	7,689
Total transactions with owners of the company	-	3,037	-	-	(32,414)	(29,377)	7,689	(21,688)
As of 30 September 2017	366,148	84,366	(199,677)	3,595	7,199	261,631	27,781	289,412

(in thousands of US dollars)

	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non-Controlling Interest	Total equity
As of January 1, 2018	366,148	84,373	(205,414)	10,367	19,716	275,190	27,528	302,718
Total comprehensive (loss)/ income for the period	-	-	(50,345)	-	110,076	59,731	(2,268)	57,463
Currency translation differences	-	-	-	(197)	-	(197)	-	(197)
Change in fair value of available for sale investments	-	-	-	-	(50,602)	(50,602)	(126)	(50,728)
(Loss) for the period	-	-	(50,345)	(197)	59,474	8,932	(2,394)	6,538
Total comprehensive (loss)/ income for the period	-	-	(50,345)	(197)	59,474	8,932	(2,394)	6,538
Transactions with owners of the company	-	1,710	-	-	(1,710)	-	-	-
Transferred to Legal reserve	-	-	-	-	(350)	(350)	(312)	(662)
Adjustments arising due to new accounting standards	-	-	-	-	-	-	2,287	2,287
Change in the scope of consolidation-In coming company	-	1,710	-	-	(2,060)	(350)	1,975	1,625
Total transactions with owners of the company	-	86,083	(255,759)	10,170	77,130	283,772	27,109	310,881
As of 30 September 2018	366,148	86,083	(255,759)	10,170	77,130	283,772	27,109	310,881

Chief Financial Officer

 Khalid Ellalcy

Chief Executive Officer

 Tamer Mahdi

Chairman

 Naguib Sawiris

The accompanying notes from (1) to (25) are an integral part of these condensed interim consolidated financial statements

Orascom Investment Holding S.A.E. (Formerly Orascom Telecom Media and Technology Holding)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30

<i>(in thousands of US dollars)</i>	Represented	
	2018	2017
Continued operations		
Operating activities		
(Loss)/Profit for the period before income tax	(1,611)	26,898
Adjustments for:		
Depreciation and amortization	6,780	4,443
Interest expense	7,009	5,241
Investment income	(4,708)	(2,463)
Foreign exchange loss	711	3,691
Loss/(Gain) from disposal of assets	(34)	(38)
Share of profit of equity-accounted investees	(115,180)	(133,988)
Impairment of profit of equity-accounted investees	115,180	99,301
	8,147	3,085
Change in provisions	5,278	3,661
Changes in other assets	(37,111)	(20,096)
Changes in other liabilities	(14,067)	3,468
Cash flows (used in) operating activities	(37,753)	(9,882)
Income tax paid	(21,271)	(2,257)
Interest received	4,713	2,462
Net cash flows (used in) operating activities	(54,311)	(9,677)
Investing activities		
Purchase of property and equipment and intangible assets	(3,420)	(15,338)
Payment under investment	-	(4,776)
Intangible assets	(310)	-
Change in Deposits and financial assets	(3,159)	(13,477)
Proceeds from sale of property and equipment	140	77
Proceeds from other financial assets	27,981	720
Cash acquired from new investment	1,595	21,893
Receipts from dividends distribution	-	18,485
Net cash flows from investing activities	22,827	7,584
Financing activities		
Interest Paid	(5,778)	(4,546)
Proceeds from loan and bank facilities	5,798	3,809
Payments for loans and bank facilities	(3,855)	(8,801)
Cash received from disposal of Beltone stake	(280)	-
Dividends to shareholders	-	(27,712)
Payment for non-controlling interest in equity-accounted investees	(26)	-
Net cash flows (used in) financing activities	(4,141)	(37,250)
Net cash flows (used in) continued operations	(35,625)	(39,343)
Discontinued Operations		
Net cash from operating activities	15,864	2,685
Net cash from/(used in) investing activities	80,668	(1,542)
Net cash flows from discontinued operations	96,532	1,143
Net increase in cash and cash equivalents	60,907	(38,200)
Cash and cash equivalents at the beginning of the period	134,142	162,863
Effect of exchange rates on cash and cash equivalents	(7,422)	1,699
Cash and cash equivalents at the end of the period	187,627	126,362

Chief Financial Officer

Chief Executive Officer

Chairman

Khalid Eljaicy



Tamer Mahdi



Naguib Sawiris



The accompanying notes from (1) to (25) are an integral part of these condensed interim consolidated financial statements

1. General information

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

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

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

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

2. Statement of compliance

These condensed interim consolidated financial statements as of September 30, 2018 have been prepared in accordance with IAS 34 "Interim Financial Reporting". As permitted by IAS 34, the Company has opted to prepare a condensed version as compared to the consolidated financial statements as of December 31, 2017. The condensed interim consolidated financial statements do not include all of the information required for the full annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

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

These condensed interim consolidated financial information was approved for issue on July 8, 2019. The financial statements are not the statutory financial statements of the Company, as the statutory financial statements are prepared in accordance with the Egyptian Accounting Standards (EAS).

2.1 Significant accounting policies

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

2.2 Application of new and revised International Financial Reporting Standards ("IFRSs")

2.2.1 New currently effective requirements

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

2.2.2 Forthcoming requirements

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

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

3. Use of estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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

4. Changes in significant accounting policies

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

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

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

A. IFRS 9 Financial Instruments

Classification and measurement

As of September 30, 2018, no significant impact has been identified for the classification and measurement except for equity instruments of Beltone Group which classified as available for sale (AFS) currently measured at fair value.

Impairment

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

Expected Credit Loss

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

Hedge accounting

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

Fair value estimation

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

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

The following table sets forth the Group's financial assets and liabilities that are measured at fair value as of 30 September 2018 and 31 December 2017.

(in thousands of US\$)	September 30, 2018	December 31, 2017
Assets	Level 1	Level 1
Financial assets available for sale – at fair value	460	488
Financial assets at fair value through profits or losses	6,037	61
Total assets	6,497	549

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

Assets carried at amortized cost

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

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

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

Derivative financial instruments and embedded derivatives

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

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

B. IFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

(in thousands of US\$)	Impact of adoption IFRS 15 at 1 January 2018
Retained Earnings	350
Non-controlling interest	312
Impact at 1 January 2018	<u>662</u>

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

(in thousands of US\$)	Note	As reported	Adjustments	Amounts without adoption of IFRS 15
Continued operations				
Revenues	6	68,791	287	68,504
Operating income		1,401	287	1,114
Financial expense	8	(7,009)	(442)	(6,567)
Foreign exchange (loss)	8	(711)	52	(763)
(Loss) before income tax		(1,611)	(103)	(1,508)
(Loss) for the period from continued operation		(5,572)	(103)	(5,465)
(Loss) for the period		(50,728)	(103)	(50,625)
Total comprehensive profit for the period		6,538	(103)	6,641

Impact on the condensed interim consolidated statement of financial position

(in thousands of US\$)	Note	As reported	Adjustments	Amounts without adoption of IFRS 15
Assets				
Total Assets		499,311	-	499,311
Equity				
Retained earnings		231,511	(662)	232,173
Equity attributable to equity holders of the Company		283,772	(350)	284,122
Non-controlling interest		27,109	(312)	27,421
Total equity		310,881	(662)	311,543
Liabilities				
Non-current borrowings	16	69,380	-	69,380
Other non-current liabilities	18	4,899	891	4,008
Deferred tax liabilities		15,839	-	15,839
Total non-current liabilities		90,118	891	89,227
Current borrowings	16	19,529	-	19,529
Trade payables and other current liabilities	18	53,979	(126)	54,105
Income tax liabilities		6,857	-	6,857
Provisions	19	17,947	-	17,947
Liabilities held for sale	23-a	-	-	-
Total current liabilities		98,312	(126)	98,438
Total Liabilities		188,430	765	187,665
Total Equity and Liabilities		499,311	103	499,208

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

Interconnection traffic

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

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

Revenue of the financial service section

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

Investment banking revenue

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

Management fees of funds and portfolios

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

Commissions

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

Custodian fees

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

C. IFRS Leases

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

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

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

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

Segment	Effect in million USD
Cables	4.4 M
Financial services	5.6 M
Total	10M

5. Segment reporting

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

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

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

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

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

Revenue and EBITDA disclosure per segment for the period ended September 30

	Nine- month period 2018			Nine- month period 2017			
	Total segment revenue	Inter segment revenue	Revenue from external customers	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA
Investment Property	2,656	-	2,656	2,892	-	2,892	1,632
GSM Lebanon	5,400	-	5,400	5,399	-	5,399	1,899
Financial Services	27,819	-	27,819	23,799	-	23,799	(1,018)
Cable	32,916	-	32,916	26,717	-	26,717	12,012
Other	938	(938)	-	1,167	(951)	216	(11,565)
Total	69,729	(938)	68,791	59,974	(951)	59,023	2,960

Assets per segment as of September 30, 2018

	As of September 30, 2018				As of December 31, 2017				
	Property and equipment	Intangible assets	Investment Property	Equity investments	Property and equipment	Intangible assets	Investment Property	Equity investments	Total
Financial Services	14,153	41,804	-	-	7,830	34,318	-	-	42,148
Investment Property	-	-	61,912	-	-	-	76,973	-	76,973
Cable	69,291	1,301	-	-	128,616	13,148	-	-	141,764
Other	2,874	1,119	-	34,280	3,036	1,102	-	34,748	38,886
Total	86,318	44,224	61,912	34,280	139,482	48,568	76,973	34,748	299,771

Capital expenditure

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

	Nine- month ended September 30, 2018	Nine- month ended September 30, 2017
Financial Services	571	6,608
Cable	3,003	11,669
Other	911	1,662
Total	4,485	19,939

6. Revenues

(In thousand US\$)	Nine- month ended September 30, 2018	Nine- month ended September 30, 2017	Three - month ended September 30,2018	Three - month ended September 30, 2017
Revenue form Financial services	27,819	24,015	7,670	6,550
Interconnection traffic	32,916	26,717	11,571	9,637
Management contract -Fees	5,400	5,399	1,799	1,786
Investment Property Revenue	2,656	2,892	810	961
Total	68,791	59,023	21,850	18,934

(In thousand US\$)

For the nine months ended
september30,

Primary geographical markets

	Investment		Cables		Financial Services		Management		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Brazil	2,656	2,892	-	-	-	-	-	-	2,656	2,892
US	-	-	-	-	17,061	17,423	-	-	17,061	17,423
Pakistan	-	-	32,916	26,717	-	-	-	-	32,916	26,717
Lebanon	-	-	-	-	-	-	5,400	5,399	5,400	5,399
Egypt	-	-	-	-	10,758	6,592	-	-	10,758	6,592
	2,656	2,892	32,916	26,717	27,819	24,015	5,400	5,399	68,791	59,023

Major service Lines

Rental revenues	2,656	2,892	-	-	-	-	-	-	2,656	2,892
Management Fees – Funds	-	-	-	-	1,008	538	-	-	1,008	538
Performance Fees – Funds	-	-	-	-	1,024	580	-	-	1,024	580
Other Financial management Revenues	-	-	-	-	651	972	-	-	651	972
Success Fees	-	-	-	-	2,007	1,280	-	-	2,007	1,280
Retainer Fees	-	-	-	-	419	139	-	-	419	139
Brokerage Revenues	-	-	-	-	22,710	20,506	-	-	22,710	20,506
Cable rental	-	-	32,916	26,717	-	-	-	-	32,916	26,717
GSM Management Agreement	-	-	-	-	-	-	5,400	5,399	5,400	5,399
	2,656	2,892	32,916	26,717	27,819	24,015	5,400	5,399	68,791	59,023

Timing of revenue recognition

Products transferred at point of time	-	-	-	-	27,819	24,015	-	-	27,819	24,015
Services transferred over period of time	2,656	2,892	32,916	26,717	-	-	5,400	5,399	40,972	35,008
	2,656	2,892	32,916	26,717	27,819	24,015	5,400	5,399	68,791	59,023

7. Purchases and services

(In thousand US\$)	Nine- month ended September 30, 2018	Nine - month ended September 30, 2017	Three - month ended September 30,2018	Three - month ended September 30, 2017
Rental of local network, technical sites and other leases	6,789	7,241	2,362	3,206
Customer acquisition costs	290	141	101	(53)
Purchases of goods/ materials and consumables	764	335	242	153
Band width cost	3,033	3,554	1,034	1,210
Maintenance costs	1,736	1,678	653	584
Utilities	714	804	201	272
Brokerage Commissions	6,217	6,645	1,536	2,096
Advertising and promotional services	1,779	1,229	966	(225)
Consulting and professional services	7,469	5,454	3,175	2,506
Bank and post office charges	372	347	133	83
Insurance	108	78	37	29
Airfare	412	74	102	33
Accommodation, Meals and Per diem	560	160	169	61
IT Supplies and expense	216	111	38	40
Sites expense	60	406	2	135
Security Guards	162	135	57	50
Other service expenses	1,020	346	750	124
Total	31,701	28,738	11,558	10,304

8. Net financing (cost) income

(In thousand US\$)	Nine- month ended September.30. 2018	Nine - month ended September 30, 2017	Three - month ended September.30.2018	Three - month ended September 30, 2017
Interest income on deposits	4,708	2,463	1,203	626
Financial income	4,708	2,463	1,203	626
Interest expense on borrowings	(5,902)	(4,740)	(2,064)	(1,656)
Other interest expense and financial charges	(1,107)	(486)	(234)	(197)
Financial expense	(7,009)	(5,226)	(2,298)	(1,853)
Foreign exchange (loss)/ gain	(711)	(3,691)	(616)	(2,453)
Foreign exchange (loss)/ gain	(711)	(3,691)	(616)	(2,453)
	(3,012)	(6,454)	(1,711)	(3,680)

9. Income tax expense

	Nine- month ended September 30, 2018	Nine - month ended September 30, 2017	Three - month ended September 30,2018	Three - month ended September 30, 2017
Current tax expense	4,858	12,210	1,635	(2,581)
Deferred tax liabilities (expenses)	(897)	(3,355)	85	3,541
Total Income Tax Expenses	3,961	8,855	1,720	960

10. Equity-accounted investees

-Investments in Associates

Details of investments in Associates is as follows:

(In thousand US\$)	Country	%	September 30, 2018	December 31, 2017
Cheo JV Technology-Koryolink *	North Korea	75%	346,542	235,752
Electronic Fund Administration Services	Egypt	14%	19	19
International Fund Administration Services	Egypt	14%	42	42
Axes Holding company	Egypt	23.7%	640	640
Deduct: Impairment			(312,963)	(201,705)
			34,280	34,748

(In thousand US\$)	September 30, 2018	December 31, 2017
Assets	1,582,149	1,494,150
Liabilities	(230,768)	(272,388)
Net assets	1,351,381	1,221,762

(In thousand US\$)	Nine- month ended September 30, 2018	Nine - month ended September 30, 2017
Revenues	277,054	279,380
Total expense	(123,481)	(100,730)
Net profit after tax	153,573	178,650
Share of profit in associates	115,180	133,988

* 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. 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 of America, 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. In addition to, the restrictions implemented on the company that affect the ability of the subsidiary to transfer profits to the parent (return of funds to its native) and the absence of a free-floating currency exchange market in North Korea, announced by the Central Bank of North Korea, other than launching a competing local telecom operator wholly owned by the North Korean Government.

On September 11, 2017 the United Nations Security Council issued a resolution 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. 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.

On December 26, 2018, the request to the Security Council Committee established to follow up the implementation of sanctions on North Korea was approved, with the exception of Koryolink, to ban foreign investment in North Korea and to allow Orascom Investment Holding to continue its activities in North Korea. And Consider the company as a telecommunications infrastructure company offering a public service.

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

(In thousand US\$)	Nine- month ended September 30, 2018	Nine - month ended September 30, 2017
Beginning balance	235,752	122,685
Share of profit of associates	115,180	133,988
Dividends	-	(34,687)
Currency translation differences	(4,390)	1,429
Reversal of impairment		34,687
Impairment	(312,262)	(223,296)
Ending balance	34,280	34,806

11. Property & equipment and intangible assets (net)

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

	Property and equipment	Intangible assets
Balance as of January 1, 2018	139,482	48,568
Additions	4,211	9,175
Disposals	(137)	-
Depreciation and amortization	(8,264)	(677)
Adjustments arising due to new accounting standards	11,886	
Currency translation differences	(7,175)	(1,432)
Change in scope of consolidation	(53,685)	(11,410)
Balance as of September 30, 2018	86,318	44,224
Balance as of January 1, 2017	133,613	34,772
Additions	19,456	483
Disposals	(590)	-
Change in scope of consolidation	195	13,658
Depreciation and amortization	(7,956)	(875)
Currency translation differences	(88)	(187)
Balance as of September 30, 2017	144,630	47,851

- There is a pledged assets for Transworld equivalent to US\$ 58 Million, in exchange for facilities related to marine cables SMW5.
- Additions of Intangible Assets includes US\$4.7 M as goodwill from the acquisition of Riza Capital in January 2018 (Note 24)
- Depreciation and Amortization includes US\$ 3.3 M represents the depreciation of cable presented in discontinued operation in the P&L (Note 23).

12. Investment property

The investment property balance comprise of the value of seven floors owned by Victoire Company in Brazil. The investment property is carried at its historical cost (with fair value US\$ 64,021 thousand) on the date of acquisition.

(in thousands of US\$)

	September 30, 2018	December 31, 2017
Cost	82,067	83,562
Accumulated amortization and impairment	(5,093)	(3,514)
	76,974	80,048
Depreciation	(1,099)	(1,697)
Exchange differences	(13,963)	(1,378)
As of end of period / year	61,912	76,973
Cost	67,086	82,067
Accumulated amortization and impairment	(5,174)	(5,094)

13. Other financial assets

(in thousands of US\$)

	September 30, 2018			December 31, 2017		
	Non-current	Current	Total	Non-current	Current	Total
Financial receivables	237	628	865	226	195	421
Deposits	-	-	-	57	1956	2013
Financial assets available for sale -at cost (13-4)	3,020	-	3,020	797	-	797
Restricted cash (13-1)	7,860	1,902	9,762	7,976	33,423	41,399
Financial assets through profit or loss (13-2)	-	6,037	6,037	-	61	61
Financial assets available for sale -at fair value (13-3)	460	-	460	488	-	488
Total	11,577	8,567	20,144	9,544	35,635	45,179

13-1 Restricted cash

The non-current balance includes an amount of USD 7.9 Million cash balances at the Company's accounts in North Korea banks as there is a restriction for using or recovering it only in a limited scope under North Korea laws and regulations.

13-2 Financial assets through profit or loss.

	September 30, 2018	December 31, 2017
Investments in Cash investments funds	787	43
Investments in investments funds	4,814	18
Treasury Bills	436	-
Total	6,037	61

13-3 Financial assets available for sale – at Fair value

	September 30, 2018	December 31, 2017
EGX -30	460	488
Total	460	488

13-4 Financial assets available for sale – at cost

Egypt opportunities fund	2,127	-
Misr for Central Clearing Depository and Registry	480	436
Guarantee Settlement Fund	396	342
El Arabi for Investment	11	11
MENA Capital	165	168
BMG	6	6
(Less):		
Impairment loss of available for sale investments	(165)	(166)
Total	3,020	797

14. Cash and balances at banks

(in thousands of US\$)

	September 30, 2018	December 31, 2017
Bank accounts and deposits	187,539	134,058
Cash on hand	88	84
Total	187,627	134,142

15. Share capital

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

16. Borrowings

	September 30, 2018			December 31, 2017		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities to banks	16,971	57,086	74,057	13,333	63,089	76,422
Finance lease liability *	380	10,773	11,153	325	36	361
Other borrowings	2,178	1,521	3,699	1,429	1,370	2,799
	19,529	69,380	88,909	15,087	64,495	79,582

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

Right of Use of Assets	balance at 30/9/2018
Additions	11,642
Depreciation Charge of the period	(1,677)
Balance at 30 September 2018	<u>9,965</u>

Loans for Trans World associate

Borrowings balances include loans granted by the shareholders of Trans World Associate private to Trans World associate private (limited) Pakistan by an amount equivalent to USD 2.9 Million of which USD 1.4 M due within one year and USD 1.5 M due more than one year with an interest rate of 1.335% per annum.

Borrowings also include loans obtained from banks amounted to US\$ 34.6 million from which US\$ 11 million due within one year and US\$ 23.7 million due after more than one year these borrowings were obtained by Trans World Associate Private with interest rates ranges between 8% to 9%.

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

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

(in thousands of US\$)

	September 30, 2018			December 31, 2017		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	13,806	3,672	17,478	16,421	3,214	19,635
Advances to suppliers	-	50	50	-	2,189	2,189
Receivables due from tax authority	-	514	514	-	-	-
Employee loans	-	573	573	-	341	341
Assets from current tax	-	7,832	7,832	-	5,335	5,335
Other non receivables related to Victoire aquisition	-	-	-	-	1,442	1,442
Other non trade receivables	-	642	642	-	458	458
Allowance for doubtful current assets	-	(348)	(348)	-	(376)	(376)
Total	13,806	12,935	26,741	16,421	12,603	29,024

18. Trade payables and other liabilities

(in thousands of US\$)

	September 30, 2018			December 31, 2017		
	Current	Non-current	Total	Current	Non-current	Total
Trade Payable						
Capital expenditure payables	5,087	-	5,087	5,920	-	5,920
Trade payables due to suppliers	7,472	-	7,472	10,483	-	10,483
Customers credit balance	27,853	-	27,853	51,628	-	51,628
Trade payables to investment property sector	2,019	-	2,019	818	-	818
Other trade payables	4,177	-	4,177	6,743	-	6,743
Total	46,608	-	46,608	75,592	-	75,592
Other Liabilities						
Prepaid traffic and deferred income	365	3,901	4,266	1,347	13,430	14,777
Due to local authorities	3,200	-	3,200	4,456	-	4,456
Personnel payables	(94)	-	(94)	2,791	-	2,791
Subscriber deposits	39	-	39	42	-	42
Other credit balances	3,861	998	4,859	3,538	1,351	4,889
Total other liabilities	7,371	4,899	12,270	12,174	14,781	26,955
Total	53,979	4,899	58,878	87,766	14,781	102,547

19. Provisions

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

	2018	2017
As of January,1	20,723	40,113
Additions	3,892	2,659
Currency translation differences	(303)	886
Provision used	(6,142)	-
Change in the scope of consolidation	(223)	-
As of September 30,	17,947	43,658

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

Basic:

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

Diluted:

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

	Nine-month ended September 30, 2018	Nine-month ended September 30, 2017	Three-month ended September 30, 2018	Three-month ended September 30, 2017
(Loss)/Profit attributable to equity holders of the Parent Company	(50,728)	9,941	(44,962)	(7,176)
Weighted average number of shares (in thousands of shares)	5,245,691	5,245,691	5,245,691	5,245,691
Earnings per share – basic and diluted (in US\$)	0.01	0.0019	0.009	(0.0014)

21. Capital Commitments

The capital commitments are provided in the table below:

	September 30, 2018	December 31, 2017
Property and equipment	1,046	12,889
Other	14,411	17,231
Total	15,457	30,120

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.

22. Contingent liabilities

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

Orascom Telecom, Media and Technology Holding

- A Letter of guarantee in favour of Lebanon Ministry of Telecommunication to guarantee Orascom Telecom Lebanon in the payment of any amount due by the selected participants amounting to US\$ 40 Million.

Transworld Associates (Subsidiary)

- The amount equivalent to USD 23 thousand pounds held by the bank for the sake of the Higher Education Commission (HEC) until December 31 2018.
- There is a restricted at balance at the bank of USD 4k in favour of Shell Pakistan valid until September 25, 2018.
- There is a letter of credit amounting to USD 285k in favour of Premier Systems valid until September 30, 2018.
- There is a letter of credit amounting to USD 177k in favour of proud band Australia valid until September 30, 2018.

23. Discontinued operation

On May 21, 2018 Orascom Investment Holding S.A.E. (Formerly Orascom Telecom Media and Technology Holding). ("OIH") 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. OIH holds a 100% stake in MENA Cable.

23-A Discontinued operations calculated as the followings:

(In thousand EGP)	30 September 2018
Proceeds from sale	87,633
<u>Less:</u>	
Selling expenses	(326)
Liabilities held for sale	27,587
Assets held for sale	(82,417)
Mena Cable Losses for the period	(5,485)
Foreign exchange differences excluded	(77,375)
Deferred taxes	5,227
Group profits from disposal	(45,156)

23-B Mena Cable Losses for the period

(In thousand EGP)	30 September 2018	30 September 2017
Operating revenue	2,019	3,191
Cost of purchases, service and other expense	(7,541)	(10,289)
Operating Loss	(5,522)	(7,098)
Income tax	-	-
Total	(5,522)	(7,098)

24. 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 USD)	January 1st, 2018
Assets	
Property and equipment	1,756
Intangible assets	240
Investment in joint control	2,120
Other assets	1,006
Cash and cash equivalents	1,740
Total assets	6,862
Liabilities	
Other liabilities	(1,188)
Total liabilities	(1,188)
Net assets	5,674
Holding Company's share of net assets acquired 57.5%	3,263
Consideration paid	(7,938)
Goodwill	4,675

The Company's financial statements have been compiled on the basis of the carrying amount of the assets and liabilities and in accordance with IFRS. 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 IFRS3 (Business Combinations).

Goodwill

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

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

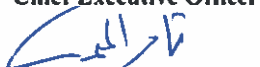
In accordance with the Investment Agreement, an amount of USD 2 million has been set aside and the Company is entitled to deduct any unrecognized obligations from this amount that may arise (including but not limited to: judicial claims or any other events causing financial damage, customer issues, suppliers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

25. Subsequent events

- 1- On Dec 18, 2018, OIH announced that it has acquire 216,032,608 shares of Sarwa Capital Holding for financial investment S.A.E Shares with resembling a 30 % shareholding in the issued capital share of Sarwa capital.
- 2- On April 3, 2019, the board of directors approved, as a concept, with the abstention of the related board members from voting, the acquisition of all of Nile Sugars shares according to certain conditions and method of payment .This transaction is a transaction of consideration that shall be executed by the Company and related party to a shareholder. The board approved, with the abstention of the related board members from voting, to call for the Ordinary General Assembly to convene to discuss and approve the acquisition of Nile Sugar S.A.E. As of July 8, 2019 the board resolved to withdraw the offer presented for the acquisition of the entire share capital of Nile Sugar S.A.E. and all the procedures in this regard.
- 3- The board of directors unanimously approved the ESOP to be applied with respect to the company's employees, managers and board members and prepare form 50 and the documents related thereto to be submitted to EGX for the purpose of the extraordinary general assembly's invitation in order to vote on the ESOP.

Chief Financial Officer

 Khalid Ellaicy

Chief Executive Officer

 Tamer Mahdi

Chairman

 Naguib Sawiris