

Fadaat Media Limited

Audited Consolidated Financial Statements
for the year ended 31 December 2017



Adam & Roger Limited t/a AFCL Auditors

Chartered Certified Accountants and Statutory Auditors
183 Edgware Road
London
NW9 6LP

Fadaat Media Limited

Financial Statements

Year ended 31 December 2017

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Fadaat Media Limited

Officers and Professional Advisers

The board of directors	Mr A M F Elshayyal Mr M A S Dib
Company secretary	Mr A M F Elshayyal
Registered office	7th Floor CP House 97-107 Uxbridge Road London W5 5TL
Auditor	Adam & Roger Limited t/a AFCL Auditors Chartered Certified Accountants and Statutory Auditors 183 Edgware Road London NW9 6LP
Bankers	Midland Bank Plc 345 Regents Street Bournemouth Dorset BH12 4EH

Fadaat Media Limited

Strategic Report

Year ended 31 December 2017

The directors present their strategic report of the group for the year ended 31 December 2017.

The group is required by the Companies Act 2006 to set out in this report, a fair review of the business of the group during the financial year ended 31 December 2017, the position of the group and the company at the end of the year and a description of the principal risks and uncertainties facing the group. This review is prepared solely to provide additional information to shareholders to assess the group's strategies and the potential for those strategies to succeed, and the business review should not be relied upon by any other party or for any other purpose.

Activities and business review

Fadaat Media Limited Group is the publisher of alaraby.co.uk, a fast-growing news and current affairs website, and responsible for running Al-Araby television channel, a general television network with varied programs and news covering political, social, cultural and recreational fields.

The group also carries out a separate activity of data research and analysis. This part of the group has secured contracts from government-based organisations and is currently in negotiations with securing a new contract with the BBC.

The group's media offerings are focused on a younger audience which is dictated by the consumption of different media platforms. As a result, the business ensures that it is present and highly visible across all major platforms with production and operations taking into account the importance of cross-platform visibility and ensuring that all content is as accessible on social media, mobile media and non-linear media as it is on the website and television.

During the year the television and production activities moved into newly built studios in Park Royal saving studio rental cost. The in-built studio is one of the largest studios in London for an international station and facilitates state of the art technology with some of the most advance satellite broadcasting facilities. Technological advanced, the studio allows the business to ensure that content is produced in the most attractive way and enables competition with older established media houses and also ensures that it is as multi-platform as possible.

Alongside the move to the studios, the television business has launched a new branding strategy for the enhancement of brand equity. The new channel branding is aimed to re-establish the creative mission and focus on projecting the flagship programmes across all media platforms.

Fadaat Media Limited

Strategic Report *(continued)*

Year ended 31 December 2017

Operating and financial performance

The results for the group are set out in the Consolidated Statement of Comprehensive Income on page 14.

The key performance indicators used by the directors to monitor the progress of the group are set out below:

	2017 £	2016 £
Turnover	(1,829,979)	685,683
Gross loss	(26,032,848)	(29,514,752)
Operating loss	(43,449,705)	(81,653,489)
Loss for the financial year	(43,536,529)	(81,695,116)

The directors consider the results to be as expected given that the group is a nascent one in its initial years of operation. The television channel commenced its first broadcasting in January 2015. The group has continued to focus heavily on creating and developing its brand awareness. For this reason there is not much to show in the way of revenue. 2018 projections show revenues from production and viewing rights purchased by its Qatari parent. With increase in revenue in 2018, the group has reduced its dependence on shareholders and improved its balance sheet position.

Fadaat Media Limited

Strategic Report *(continued)*

Year ended 31 December 2017

Principal risks and uncertainties

Changes with time

The group operates in a challenging sector which is experiencing both structural and cyclical changes. There is an accelerating rate of migration from print to online, and from desktop to mobile consumption of news, with resultant revenue implications for both print and digital business models. To mitigate this risk the group continues to invest in a variation of digital products and mobile offerings.

Technological

Online medium of distributing news and television shows are highly evolving method of delivery. It is exposed to precipitous change and development. Operating under such conditions means high reliance on correctly and accurately running technology. Any malfunction can take down the whole operation until it is resolved. The group has competitive advantage over its competitors by selecting this method of delivery considering the current changing customer behaviour where increasing number of individuals are using laptops, phones and iPad. To mitigate this risk the group's IT teams constantly explore new technological opportunities and keep all divisions of the business rationalised with latest technological innovations.

Market share

The business is new entrant into a highly competitive market. Given the current customer spending patterns, it is extremely difficult to generate advertising revenue. The business development team are constantly exploring distinctive ways of increasing viewership in order to secure new advertising contracts.

Key management and staff retention

Talented management and staff have been employed within the business however it is difficult to retain high quality management and workforce. Lucrative pay package and benefits are offered to staff members. The HR department regularly conducts appraisals and rewards worthy members of staff as part of succession planning. The company purchased insurance for its directors and officers in respect of their duties.

Legal and regulatory

The group operates in many countries with various legislation and regulation in the jurisdictions in which they operate. These include: copyrights, licenses, employment law, health & safety, privacy, and data protection. With the UK Bribery Act extending to other jurisdictions, all subsidiaries and associates have to conform. Additionally, the television business is regulated by Ofcom. Violation of legislation or regulations could result in additional costs, management time in defending legal cases and reputation damage. The group has an engagement with various legal advisors who assist in ensuring compliance with laws and regulations. In addition to this, the group employs an in-house solicitor to deal with various legal matters and compliance. Regular training is provided to staff members on all areas of compliance.

Security

The group is at risk of suffering significant business interruption as a result of a security vulnerability, cyber-attack or breach of privacy. Mitigations to the risks include experienced information security and data protection teams, robust policies and procedures and mature incident management plans.

Brand

The group depends on creating a strong brand in "Al-Arab Al-Jaded" or "The New Arab" that is reputable and respected by both peers and viewers alike. Any failure to maintain, protect and strengthen the brand would reduce the group's ability to retain or grow its business. To mitigate this risk the group adheres to comprehensive editorial and commercial legal guidelines and has a strong communication team operating within the business.

Fadaat Media Limited

Strategic Report *(continued)*

Year ended 31 December 2017

Strategy and future developments

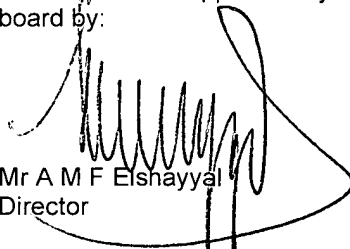
Over the coming years, the group's strategy will focus on growing viewers and readership by forging a closer relationship with their audience. The group will continue to invest heavily in building brand awareness for Al-Araby to the extent that they become household names amongst the general population within the Arab world.

Independent, objective journalism and level-headed news analysis is essential to the group and to achieve this the group will continue employing good quality and experienced personnel who are well motivated with a proven track record. The employees will also be provided with ample opportunity to train and progress further professionally and personally.

The newly fitted stated of the art studios gives the television operations complete advantage and publicity as it is one of the few international broadcast studios within the M25.

The television business was restructured in 2017 which resulted in reduced costs. Together with the restructuring programme, the television business has implemented effective cost reduction strategies, which included downsizing some activities and terminating over budget office premises.

This report was approved by the board of directors on 21 February 2019 and signed on behalf of the board by:



Mr A M F Elshayyal
Director

Registered office:
7th Floor CP House
97-107 Uxbridge Road
London
W5 5TL



Mr M A S Dib
Director

Fadaat Media Limited

Directors' Report

Year ended 31 December 2017

The directors present their report and the financial statements of the group for the year ended 31 December 2017.

Directors

The directors who served the company during the year were as follows:

Mr A M F Elshayyal

Mr M A S Dib

Mr E L Shalaby (Resigned 23 June 2017)

Dividends

The directors do not recommend the payment of a dividend.

Future developments

Future developments have been discussed in the strategic report on page 5.

Employment of disabled persons

The group gives full and fair consideration to applications for employment by the group made by disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for continuing the employment of, and for arranging appropriate training for, employees of the group who have become disabled persons during the period when they were employed by the group, and otherwise for the training, career development and promotion of disabled persons employed by the group.

Employee involvement

The group systematically provides employees with information on matters of concern to them as employees, consulting employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests, encouraging the involvement of employees in the group's performance through an employees' share scheme or by some other means achieving a common awareness on the part of all employees of the financial and economic factors affecting the performance of the group.

Fadaat Media Limited

Directors' Report *(continued)*

Year ended 31 December 2017

Financial instruments

The group has adopted risk management policies that seek to protect the group from events that would hinder the achievement of the group's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management risk at a business unit level.

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans with related parties and investments in non-puttable ordinary shares.

Exposure to price, credit, liquidity and cash flow risk

Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices. The group's main associate investment is held at net asset value and is therefore not exposed to price risk. The group is exposed to currency exchange rate risk due to a significant proportion of operating expenses being denominated in non-sterling currencies. The group does not enter into prior commitments or speculative contracts in these currencies and majority is paid within 30 days therefore its exposure is limited. In addition the net exposure of each currency is managed by currency loans from the ultimate parent company, Fadaat Media W.L.L on which no interest is payable.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. The group has minimal exposure with trade debtors. Details of the group's debtors are shown in note 17 to the financial statements. Group policies are aimed at minimising losses with credit risk by offering deferred terms to only those who demonstrate and satisfy appropriate credit worthiness procedures.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The group aims to mitigate liquidity risk with careful cash management and the support of investments and loans from the ultimate parent company and in turn the ultimate beneficial owner, who have both undertaken to support the group's working capital requirements and business operations for the foreseeable future. During and after the year additional shares were issued and loans raised to support the group.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variability rate debt. The group does not have significant exposure to this risk as no interest is payable on any of the related party loans existing at year end.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 28 to the financial statements.

Overseas branches

The group, through various subsidiaries, has established branches in a number of different jurisdictions in which the business operates.

Fadaat Media Limited

Directors' Report *(continued)*

Year ended 31 December 2017

Going concern

The group's activities have been financed to date by its ultimate parent company, Fadaat Media W.L.L, and in turn the ultimate beneficial owner, who have both undertaken to support the group and company's working capital requirements and business operations for the foreseeable future. Based on this and after making enquiries the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

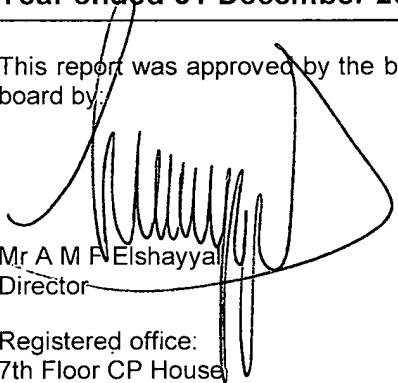
- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

Fadaat Media Limited

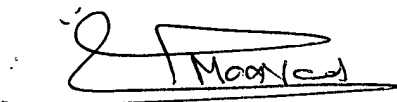
Directors' Report *(continued)*

Year ended 31 December 2017

This report was approved by the board of directors on 21 February 2019 and signed on behalf of the board by:



Mr A M F Elshayya
Director



Mr M A S Dib
Director

Registered office:
7th Floor CP House
97-107 Uxbridge Road
London
W5 5TL

Fadaat Media Limited

Independent Auditor's Report to the Member of Fadaat Media Limited

Year ended 31 December 2017

Opinion

We have audited the financial statements of Fadaat Media Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 3 to the financial statements concerning the group's ability to continue as a going concern. The group incurred a net loss of £43,536,529 during the year to 31 December 2017 and, as at that date, the group's current liabilities exceeded its total assets by £156,377,727. These conditions, along with the other matters explained in note 3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

Fadaat Media Limited

Independent Auditor's Report to the Member of Fadaat Media Limited (continued)

Year ended 31 December 2017

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Fadaat Media Limited

Independent Auditor's Report to the Member of Fadaat Media Limited (continued)

Year ended 31 December 2017

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
 - Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
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Fadaat Media Limited

Independent Auditor's Report to the Member of Fadaat Media Limited *(continued)*

Year ended 31 December 2017

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Sajjad Rajan FCCA ACA CTA (Senior Statutory Auditor)

For and on behalf of
Adam & Roger Limited t/a AFCL Auditors
Chartered Certified Accountants and Statutory Auditor
183 Edgware Road
London
NW9 6LP

21 February 2019

Fadaat Media Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	4	1,829,979	685,683
Cost of sales		27,862,828	30,200,435
Gross loss		(26,032,849)	(29,514,752)
Administrative expenses		32,356,677	31,774,445
Other operating income	5	–	47,355
Foreign exchange differences		(14,939,821)	20,411,647
Operating loss	6	(43,449,705)	(81,653,489)
Share of loss of associates	15	(16,732)	(4)
Other interest receivable and similar income	10	1,984	2,169
Interest payable and similar expenses	11	21,669	3,079
Loss before taxation		(43,486,122)	(81,654,403)
Tax on loss	12	50,407	40,713
Loss for the financial year and total comprehensive income		(43,536,529)	(81,695,116)
Loss for the financial year attributable to:			
The owners of the parent company		(43,539,501)	(81,696,461)
Non-controlling interests		2,972	1,345
		(43,536,529)	(81,695,116)

All the activities of the group are from continuing operations.

The notes on pages 21 to 42 form part of these financial statements.

Fadaat Media Limited

Consolidated Statement of Financial Position

31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	13	213,532	176,827
Tangible assets	14	38,022,508	33,781,109
Investments	15	—	16,732
		<u>38,236,040</u>	<u>33,974,668</u>
Current assets			
Stocks	16	947,538	2,375,337
Debtors	17	4,813,387	3,627,905
Cash at bank and in hand		859,069	3,778,965
		<u>6,619,994</u>	<u>9,782,207</u>
Creditors: amounts falling due within one year	19	<u>201,233,761</u>	<u>165,251,355</u>
Net current liabilities		<u>194,613,767</u>	<u>155,469,148</u>
Total assets less current liabilities		<u>(156,377,727)</u>	<u>(121,494,480)</u>
Creditors: amounts falling due after more than one year	20	1,559,382	949,945
Provisions	22	55,585	32,180
Net liabilities		<u>(157,992,694)</u>	<u>(122,476,605)</u>
Capital and reserves			
Called up share capital	25	49	35
Share premium account	26	25,813,259	17,792,833
Profit and loss account	26	(183,810,997)	(140,271,496)
Equity attributable to the owners of the parent company		<u>(157,997,689)</u>	<u>(122,478,628)</u>
Non-controlling interests		<u>4,995</u>	<u>2,023</u>
		<u>(157,992,694)</u>	<u>(122,476,605)</u>

The consolidated statement of financial position
continues on the following page.

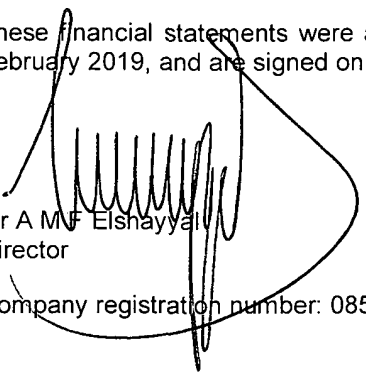
The notes on pages 21 to 42 form part of these financial statements.

Fadaat Media Limited

Consolidated Statement of Financial Position *(continued)*

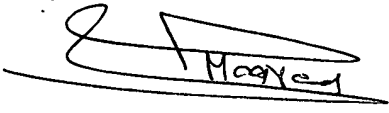
31 December 2017

These financial statements were approved by the board of directors and authorised for issue on 21 February 2019, and are signed on behalf of the board by:



Mr A M F Elshayyal
Director

Company registration number: 08549289



Mr M A S Dib
Director

The notes on pages 21 to 42 form part of these financial statements.

Fadaat Media Limited

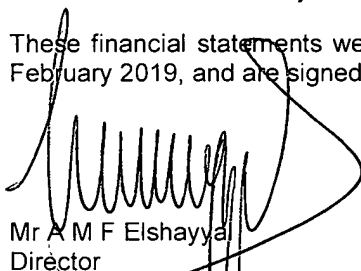
Company Statement of Financial Position

31 December 2017

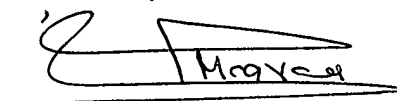
	Note	2017 £	2016 £
Fixed assets			
Intangible assets	13	5,570	6,962
Tangible assets	14	60,610	114,702
Investments	15	8,022,949	4
		<u>8,089,129</u>	<u>121,668</u>
Current assets			
Debtors	17	17,201,215	4,212,414
Cash at bank and in hand		86,140	625,604
		<u>17,287,355</u>	<u>4,838,018</u>
Creditors: amounts falling due within one year	19	13,201,951	347,216
Net current assets		<u>4,085,404</u>	<u>4,490,802</u>
Total assets less current liabilities		<u>12,174,533</u>	<u>4,612,470</u>
Net assets		<u>12,174,533</u>	<u>4,612,470</u>
Capital and reserves			
Called up share capital	25	49	35
Share premium account	26	25,813,259	17,792,833
Profit and loss account	26	(13,638,775)	(13,180,398)
Shareholder funds		<u>12,174,533</u>	<u>4,612,470</u>

The loss for the financial year of the parent company was £458,376 (2016: £5,139,418).

These financial statements were approved by the board of directors and authorised for issue on 21 February 2019, and are signed on behalf of the board by:



Mr A M F Elshayya
Director



Mr M A S Dib
Director

Company registration number: 08549289

The notes on pages 21 to 42 form part of these financial statements.

Fadaat Media Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2017

	Called up share capital £	Share premium account £	Profit and loss account £	Equity attributable to the owners of the parent company £	Non- controlling interests £	Total £
At 1 January 2016	20	8,847,287	(58,575,035)	(49,727,728)	678	(49,727,050)
Loss for the year	—	—	(81,696,461)	(81,696,461)	1,345	(81,695,116)
Total comprehensive income for the year	—	—	(81,696,461)	(81,696,461)	1,345	(81,695,116)
Issue of shares	15	8,945,546	—	8,945,561	—	8,945,561
Total investments by and distributions to owners	15	8,945,546	—	8,945,561	—	8,945,561
At 31 December 2016	35	17,792,833	(140,271,496)	(122,478,628)	2,023	(122,476,605)
Loss for the year	—	—	(43,539,501)	(43,539,501)	2,972	(43,536,529)
Total comprehensive income for the year	—	—	(43,539,501)	(43,539,501)	2,972	(43,536,529)
Issue of shares	14	8,020,426	—	8,020,440	—	8,020,440
Total investments by and distributions to owners	14	8,020,426	—	8,020,440	—	8,020,440
At 31 December 2017	49	25,813,259	(183,810,997)	(157,997,689)	4,995	(157,992,694)

The notes on pages 21 to 42 form part of these financial statements.

Fadaat Media Limited

Company Statement of Changes in Equity

Year ended 31 December 2017

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 January 2016	20	8,847,287	(8,040,980)	806,327
Loss for the year	—	—	(5,139,418)	(5,139,418)
Total comprehensive income for the year	—	—	(5,139,418)	(5,139,418)
Issue of shares	15	8,945,546	—	8,945,561
Total investments by and distributions to owners	15	8,945,546	—	8,945,561
At 31 December 2016	35	17,792,833	(13,180,399)	4,612,469
Loss for the year	—	—	(458,376)	(458,376)
Total comprehensive income for the year	—	—	(458,376)	(458,376)
Issue of shares	14	8,020,426	—	8,020,440
Total investments by and distributions to owners	14	8,020,426	—	8,020,440
At 31 December 2017	49	25,813,259	(13,638,775)	12,174,533

The notes on pages 21 to 42 form part of these financial statements.

Fadaat Media Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Loss for the financial year		(43,536,529)	(81,695,116)
<i>Adjustments for:</i>			
Depreciation of tangible assets		3,416,903	1,394,084
Amortisation of intangible assets		24,258	31,943
Share of loss of associates		16,732	4
Other interest receivable and similar income		(1,984)	(2,169)
Interest payable and similar expenses		21,669	3,079
Loss on disposal of tangible assets		—	3,026
Gains on disposal of intangible assets		(66,261)	—
Tax on loss		50,407	40,713
Accrued (income)/expenses		(2,297,068)	1,351,637
<i>Changes in:</i>			
Stocks		1,427,799	1,993,329
Trade and other debtors		(450,732)	2,288,650
Trade and other creditors		(1,226,281)	4,890,750
Provisions and employee benefits		23,405	12,656
Cash generated from operations		(42,597,682)	(69,687,414)
Interest paid		(21,669)	(3,079)
Interest received		1,984	2,169
Tax paid		(50,407)	(40,713)
Net cash used in operating activities		<u>(42,667,774)</u>	<u>(69,729,037)</u>
Cash flows from investing activities			
Purchase of tangible assets		(7,658,302)	(21,354,482)
Proceeds from sale of tangible assets		—	3,563
Purchase of intangible assets		(184,000)	(109,762)
Proceeds from sale of intangible assets		189,298	—
Net cash used in investing activities		<u>(7,653,004)</u>	<u>(21,460,681)</u>
Cash flows from financing activities			
Proceeds from issue of ordinary shares		8,020,440	8,945,561
Proceeds from loans from group undertakings		39,349,335	85,337,099
Payments of finance lease liabilities		(5,371)	8,056
Net cash from financing activities		<u>47,364,404</u>	<u>94,290,716</u>
Net (decrease)/increase in cash and cash equivalents		<u>(2,956,374)</u>	<u>3,100,998</u>
Cash and cash equivalents at beginning of year		<u>3,778,965</u>	<u>677,967</u>
Cash and cash equivalents at end of year	18	<u>822,591</u>	<u>3,778,965</u>

The notes on pages 21 to 42 form part of these financial statements.

Fadaat Media Limited

Notes to the Financial Statements

Year ended 31 December 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 7th Floor CP House, 97-107 Uxbridge Road, London, W5 5TL.

2. Statement of compliance

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Fadaat Media Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Going concern

The group made a loss before tax of £43,536,529 for the year and had net current liabilities as at 31 December 2017 of £156,377,727.

These conditions, along with the other matters set out below, indicated that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern.

During the year the group continued to invest in the studio infrastructure and programming.

The group is part of a much larger group whose activities have been financed to date by its immediate and ultimate parent company, Fadaat Media W.L.L, and supported by the ultimate beneficial owner, who have both undertaken to continue to support the group and company's working capital requirements and business operations for the foreseeable future.

The group's major creditor is the debt of £187,561,639 owed to the immediate and ultimate parent company as shown in note 29. The immediate and ultimate parent company has confirmed that they shall not recall, demand or request any repayment of the loans provided; except that insofar as the funds of the group and company permits repayment and the such repayment will not adversely affect the ability of the group and company to carry on their business operations as a going concern.

The forecast for the following year shows losses are expected to continue and that ongoing support from the immediate and ultimate parent and beneficial owner will be required.

As with any entity placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reason to believe it will not do so based on the letter of support provided.

Based on this and after making enquiries, the directors have reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future and at least for twelve months from the date of signing.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements. As such the financial statements do not contain adjustments that would be required in the result the company was unable to continue as a going concern.

Consolidation

The financial statements consolidate the financial statements of Fadaat Media Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Fadaat Media Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Non-controlling interests

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcome may differ.

The stock valuation depends on a variety of factors which include whether or not a television show is likely to be broadcast in the future. These considerations are made on an annual basis. Judgement is required in determining whether there is any provision against finished goods and returns.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Fadaat Media Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Income tax *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign Currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Leases and hire purchase contracts

Leases are classified as finance leases when they transfer substantially all the risks and rewards of ownership of the leased assets to the group. Other leases that do not transfer substantially all the risks and rewards of ownership of the leased assets to the group are classified as operating leases.

The group has entered into some hire purchase agreements for certain assets that include the option to purchase the items at the end of the lease term for a nominal amount, which is expected to be much lower than their fair value at that date. The hire purchase agreements have been classified as finance leases as it is reasonably certain that the option will be exercised.

Rights to use assets and corresponding obligations to lessors under finance leases are recognised in the statement of financial position as assets and liabilities at the lower of fair value of the assets and the present value of the minimum lease payments, determined at the inception of the lease.

Finance lease payments are apportioned between finance charges and reduction of outstanding lease liabilities using the effective interest method, so as to produce a constant rate of interest on the remaining balance of liabilities. Finance charges are recognised in profit or loss.

Assets held under finance leases and hire purchase are included in tangible fixed assets and are depreciated and reviewed for impairment in the same way as assets owned outright.

Operating lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Fadaat Media Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Goodwill and negative goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the group's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Where the cost of the business combination exceeds the fair value of the group's interest in the assets, liabilities and contingent liabilities acquired, negative goodwill arises. The group, after consideration of the assets, liabilities and contingent liabilities acquired and the cost of the combination, recognises negative goodwill on the balance sheet and releases this to profit and loss, up to the fair value of non-monetary assets acquired, over the periods in which the non-monetary assets are recovered and any excess over the fair value of non-monetary assets in the income statement over the period expected to benefit.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	20% straight line
Patents, trademarks and licences	-	20% straight line
Negative goodwill	-	20% straight line

In the case of negative goodwill, it is released to profit and loss over the period expected to benefit as above.

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Fadaat Media Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Tangible assets *(continued)*

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Short leasehold property	-	Over the lease term
Fixtures and fittings	-	20% straight line
Studio equipment	-	20% straight line
Computer and IT equipment	-	33.33% straight line
Motor vehicles	-	33.33% straight line

If there is an indication that there has been a significant change in useful life or residual value of a tangible asset, the depreciation is revised prospectively to reflect new estimates.

Depreciation commences from the date the asset comes into use.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Investments in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent company. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Investments in associates

Investments in associates are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate.

Fadaat Media Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks represent acquired and commissioned television programme stocks for broadcast.

Programme stocks for broadcast are stated at the lower of cost and net realisable value.

Such programming rights are included as stock when the legally enforceable licence period commences and all of the following conditions have been met: a) the cost of each programme is known or reasonable determinable; b) the programme material has been accepted by the group in accordance with the conditions of the rights, and c) the programme is available for its first showing.

Payments made upon receipt of commissioned and acquired programming, but in advance of the legal right to broadcast the programmes, are treated as prepayments.

The cost of television programme inventories is recognised in the operating expense line of the profit and loss account, primarily as described below:

News and current affairs - the cost is recognised in the profit and loss account on first broadcast.

Movies and general entertainment - The cost is recognised in the profit and loss account either on a straight line basis over the period of broadcast rights or on full utilisation thereof where appropriate.

Where programme broadcast rights are surplus to the group's requirements, and no gain is anticipated through a disposal of the rights, or where the programme will not be broadcast for any other reason, a write-down to the profit and loss account is made.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk to changes in value.

Fadaat Media Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset.

Fadaat Media Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans with related parties and investments in non-puttable ordinary shares.

Debt instruments like loans and other debtors and creditors are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method; Debt instruments that are payable or receivable within one year, typically trade creditors or debtors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- i. At fair value with changes recognised in profit or loss if the shares are publicly traded or their fair value can otherwise be measured reliably;
- ii. At cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Fadaat Media Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

4. Turnover

Turnover arises from:

	2017	2016
	£	£
Sale of goods	41,538	25,946
Rendering of services	1,788,441	659,737
	<u>1,829,979</u>	<u>685,683</u>

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2017	2016
	£	£
United Kingdom	852,046	81,691
Rest of the world	977,933	603,992
	<u>1,829,979</u>	<u>685,683</u>

5. Other operating income

	2017	2016
	£	£
Insurance claims	—	47,355

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2017	2016
	£	£
Amortisation of intangible assets	24,258	31,943
Depreciation of tangible assets	3,416,903	1,394,084
Loss on disposal of tangible assets	—	3,026
Gains on disposal of intangible assets	(66,261)	—
Impairment of trade debtors	—	69
Foreign exchange differences	14,939,821	20,411,647

7. Auditor's remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>44,162</u>	<u>58,200</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>5,000</u>	<u>5,000</u>

Fadaat Media Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2017 No.	2016 No.
Production staff	392	381
Administrative staff	76	88
Marketing and development staff	2	4
	<u>470</u>	<u>473</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017 £	2016 £
Wages and salaries	16,154,907	15,978,977
Social security costs	1,895,015	1,776,472
Other pension costs	95,906	—
	<u>18,145,828</u>	<u>17,755,449</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2017 £	2016 £
Remuneration	<u>405,749</u>	<u>489,428</u>

Remuneration of the highest paid director in respect of qualifying services:

	2017 £	2016 £
Aggregate remuneration	<u>248,085</u>	<u>378,133</u>

10. Other interest receivable and similar income

	2017 £	2016 £
Interest on cash and cash equivalents	295	241
Interest on bank deposits	<u>1,689</u>	<u>1,928</u>
	<u>1,984</u>	<u>2,169</u>

Fadaat Media Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

11. Interest payable and similar expenses

	2017 £	2016 £
Interest on banks loans and overdrafts	18,671	1,366
Interest on obligations under finance leases and hire purchase contracts	—	18
Other interest payable and similar charges	2,998	1,695
	<u>21,669</u>	<u>3,079</u>

12. Tax on loss

Major components of tax income

	2017 £	2016 £
Foreign current tax expense	50,407	40,713
Tax on loss on ordinary activities	<u>50,407</u>	<u>40,713</u>

Reconciliation of tax expense

The tax assessed on the loss on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

	2017 £	2016 £
Loss on ordinary activities before taxation	(43,486,122)	(81,654,403)
Loss on ordinary activities by rate of tax	(8,382,332)	(16,367,663)
Effect of expenses not deductible for tax purposes	(3,374)	75,225
Effect of capital allowances and depreciation	653,926	268,021
Effect of revenue exempt from tax	24,763	—
Utilisation of tax losses	(13,631)	(2,721)
Unused tax losses	7,720,648	16,027,137
Foreign tax	50,407	40,714
Tax on loss	<u>50,407</u>	<u>40,713</u>

Factors that may affect future tax expense

The group has corporate tax losses of £174m (2016: £138m) available to carry forward. No deferred tax asset has been provided due to the uncertainty over the timing of recovery on these losses or other timing differences.

Fadaat Media Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

13. Intangible assets

Group	Goodwill £	Branding and trademarks £	Negative goodwill £	Total £
Cost				
At 1 January 2017	34,127	324,281	(120,202)	238,206
Additions	–	184,000	–	184,000
Disposals	–	(189,298)	–	(189,298)
At 31 December 2017	34,127	318,983	(120,202)	232,908
Amortisation				
At 1 January 2017	8,390	83,181	(30,192)	61,379
Charge for the year	6,825	41,473	(24,040)	24,258
Disposals	–	(66,261)	–	(66,261)
At 31 December 2017	15,215	58,393	(54,232)	19,376
Carrying amount				
At 31 December 2017	18,912	260,590	(65,970)	213,532
At 31 December 2016	25,737	241,100	(90,010)	176,827
Company				Branding and trademarks £
Cost				
At 1 January 2017 and 31 December 2017				9,747
Amortisation				
At 1 January 2017				2,785
Charge for the year				1,392
At 31 December 2017				4,177
Carrying amount				
At 31 December 2017				5,570
At 31 December 2016				6,962

Fadaat Media Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

14. Tangible assets

Group	Land and buildings £	Fixtures fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2017	25,899,601	10,212,207	122,338	36,234,146
Additions	1,990,201	5,633,053	35,048	7,658,302
At 31 December 2017	27,889,802	15,845,260	157,386	43,892,448
Depreciation				
At 1 January 2017	120,349	2,266,508	66,180	2,453,037
Charge for the year	972,301	2,405,665	38,937	3,416,903
At 31 December 2017	1,092,650	4,672,173	105,117	5,869,940
Carrying amount				
At 31 December 2017	26,797,152	11,173,087	52,269	38,022,508
At 31 December 2016	25,779,252	7,945,699	56,158	33,781,109
Company				
	Land and buildings £	Fixtures fittings and equipment £		Total £
Cost				
At 1 January 2017 and 31 December 2017	111,526	234,096		345,622
Depreciation				
At 1 January 2017	66,619	164,302		230,921
Charge for the year	22,305	31,786		54,091
At 31 December 2017	88,924	196,088		285,012
Carrying amount				
At 31 December 2017	22,602	38,008		60,610
At 31 December 2016	44,907	69,794		114,701

Fixtures, fittings and equipment comprises of studio equipment, plant and machinery and fixtures and fittings.

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

Group	Motor vehicles £
At 31 December 2017	7,152
At 31 December 2016	10,696

Fadaat Media Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

14. Tangible assets *(continued)*

The company has no tangible assets held under finance lease or hire purchase agreements.

Capital commitments

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Contracted for but not provided for in the financial statements	—	1,329,890	—	—

15. Investments

Group	Interests in associates £
Share of net assets/cost	
At 1 January 2017	16,732
Share of profit or loss	(16,732)
At 31 December 2017	—
Impairment	
At 1 January 2017 and 31 December 2017	—
Carrying amount	
At 31 December 2017	—
At 31 December 2016	16,732
Company	Shares in group undertakings £
Cost	
At 1 January 2017	4
Additions	8,022,945
At 31 December 2017	8,022,949
Impairment	
At 1 January 2017 and 31 December 2017	—
Carrying amount	
At 31 December 2017	8,022,949
At 31 December 2016	4

Fadaat Media Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2017

15. Investments (continued)

Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

	Country of incorporation	Class of share	Percentage of shares held
Subsidiary undertakings			
Alaraby Television Network Limited	United Kingdom	Ordinary	100
One 2 One Research and Polling Ltd	United Kingdom	Ordinary	100
Alaraby Aljadeed Ltd	United Kingdom	Ordinary	100
Alaraby Television Network LLC	United States	Ordinary	100
One To One For Research and Polling International S.A.R.L	Tunisia	Ordinary	99
One To One For Research and Polling S.A.R.L	Tunisia	Ordinary	99
Syrian TV Limited	United Kingdom	Ordinary	100
Other significant holdings			
Al Araby Television Network W.L.L	Qatar	Ordinary	49

The remaining 51% of shares in Al Araby Television Network WLL is held by Fadaat Media WLL, the ultimate parent of the group.

The results and capital and reserves for group undertakings not included in the consolidated financial statements are as follows:

	Capital and reserves		Profit/(loss) for the year	
	2017	2016	2017	2016
	£	£	£	£
Subsidiary undertakings				
Alaraby Television Network Limited	(156,799,650)	(121,778,288)	(35,021,362)	(73,215,089)
One 2 One Research and Polling Ltd	75,310	4,500	70,810	18,101
Alaraby Aljadeed Ltd	(5,394,081)	(5,402,762)	(8,014,264)	(3,508,705)
Alaraby Television Network LLC	(421,854)	(36,061)	(385,794)	(27,840)
One To One For Research and Polling International S.A.R.L	457,125	237,364	291,029	136,789
One To One For Research and Polling S.A.R.L	(21,952)	(31,813)	6,216	(10,319)

The nature of business of the subsidiaries, Alaraby Television Network Limited and Alaraby Television Network LLC and the associate, Al Araby Television Network W.L.L were that of a media agency. The nature of business of Alaraby Aljadeed Ltd was that of a news agency and of One 2 One Research and Polling Ltd, One To One For Research and Polling International S.A.R.L and One To One For Research and Polling S.A.R.L was that of data research and analysis. Syrian TV limited has been dormant throughout the period.

Fadaat Media Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

16. Stocks

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Programmes for broadcast	<u>947,538</u>	<u>2,375,337</u>	<u>—</u>	<u>—</u>

17. Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	561,236	209,492	3,150	10,864
Amounts owed by group undertakings	—	—	16,409,083	4,090,924
Amounts owed by undertakings in which the company has a participating interest	90,756	136,916	—	—
Prepayments and accrued income	1,617,627	929,757	735,504	25,278
VAT receivable	725,941	664,098	11,160	43,030
Other debtors	<u>1,817,827</u>	<u>1,687,642</u>	<u>42,318</u>	<u>42,318</u>
	<u>4,813,387</u>	<u>3,627,905</u>	<u>17,201,215</u>	<u>4,212,414</u>

The debtors above include the following amounts falling due after more than one year:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Other debtors	<u>1,536,597</u>	<u>1,448,571</u>	<u>—</u>	<u>—</u>

18. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2017	2016
	£	£
Cash at bank and in hand	859,069	3,778,965
Bank overdrafts	<u>(36,478)</u>	<u>—</u>
	<u>822,591</u>	<u>3,778,965</u>

Fadaat Media Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2017

19. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts	36,478	—	—	—
Trade creditors	10,139,080	11,951,005	19,801	155,245
Amounts owed to group undertakings	189,167,723	149,818,388	13,125,683	—
Accruals and deferred income	1,159,932	2,722,250	55,632	152,388
Social security and other taxes	569,529	542,566	—	38,764
Obligations under finance leases and hire purchase contracts	2,685	4,933	—	—
Other creditors	158,334	212,213	835	819
	<u>201,233,761</u>	<u>165,251,355</u>	<u>13,201,951</u>	<u>347,216</u>

Other creditors of the group include the lease incentives due within one year of £73,407 (2016: £58,154) and the director's loan account balance of £Nil (2016: £96,921). Refer to related party transactions with directors at note 28.

20. Creditors: amounts falling due after more than one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Obligations under finance leases and hire purchase contracts	—	3,123	—	—
Lease incentives	945,312	946,822	—	—
Dilapidations	614,070	—	—	—
	<u>1,559,382</u>	<u>949,945</u>	<u>—</u>	<u>—</u>

21. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Not later than 1 year	2,685	4,933	—	—
Later than 1 year and not later than 5 years	—	3,123	—	—
	<u>2,685</u>	<u>8,056</u>	<u>—</u>	<u>—</u>

Fadaat Media Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

22. Provisions

Group	Provisions £
At 1 January 2017	32,180
Charge against provision	23,405
At 31 December 2017	<u>55,585</u>

The company does not have any provisions.

23. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £95,906 (2016: £Nil).

24. Financial instruments

The carrying amount for each category of financial instrument is as follows:

Financial assets measured at fair value through profit or loss

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Financial assets measured at fair value through profit or loss	<u>859,069</u>	<u>3,778,965</u>	<u>86,140</u>	<u>625,604</u>

Financial assets that are debt instruments measured at amortised cost

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Financial assets that are debt instruments measured at amortised cost	<u>3,195,760</u>	<u>2,698,148</u>	<u>16,465,711</u>	<u>4,187,136</u>

Financial liabilities measured at amortised cost

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Financial liabilities measured at amortised cost	<u>199,465,137</u>	<u>161,981,606</u>	<u>13,146,319</u>	<u>156,064</u>

Fadaat Media Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

24. Financial instruments *(continued)*

Financial assets measured at fair value comprise of cash.

Financial assets measured at cost comprise trade debtors, amounts owed by group undertakings, amounts owed by undertakings in which the company has a participating interest, VAT receivable and other debtors.

Financial liabilities measured at cost comprise trade creditors, amounts owed to group undertakings and other creditors.

25. Called up share capital

Authorised share capital

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>49</u>	<u>49</u>	<u>35</u>	<u>35</u>

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>49</u>	<u>49</u>	<u>35</u>	<u>35</u>

Share movements

	No.	£
Ordinary		
At 1 January 2017	35	35
Issue of shares	<u>14</u>	<u>14</u>
At 31 December 2017	<u>49</u>	<u>49</u>

During the year in December 2017 the company converted group loans from the ultimate parent company and issued 14 £1 ordinary shares at £572,888 per share. The loans converted during the year totalled £8,020,432.

Following the year end in February 2018 the company converted more group loans and issued 4 £1 ordinary shares at £499,245 per share. In December 2018 a further 14 £1 ordinary shares were issued at £404,337 per share and 85 £1 shares were issued at £402,442 per share. The additional loans converted after the year end totalled £41,865,305.

Fadaat Media Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

26. Reserves

Called up share capital - This represents the nominal value of shares that have been issued.

Share premium account - This reserve records the amount above the nominal value received for shares issued, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

27. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Not later than 1 year	1,708,346	5,648,925	78,820	78,820
Later than 1 year and not later than 5 years	3,773,644	7,270,786	62,399	220,039
Later than 5 years	4,721,805	8,724,089	—	—
	<u>10,203,795</u>	<u>21,643,800</u>	<u>141,219</u>	<u>298,859</u>

28. Events after the end of the reporting period

The company issued additional shares (see note 25 to the financial statements).

In February 2018 the group sold the 49% shareholding in its associate Al Araby Television Network W.L.L to its immediate and ultimate parent Fadaat Media W.L.L.

Fadaat Media Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

29. Related party transactions

Group

Amounts due to and from group undertakings at 31 December 2017 are aggregated as permitted by FRS 102 and shown separately in debtors and creditors.

In accordance with FRS 102, exemption is taken not to disclose transactions in the year between wholly owned group undertakings.

Included within debtors is an amount of £90,756 (2016: £136,916) which was due from Al Araby Television Network W.L.L., an associate undertaking incorporated in Qatar. The amount loaned was unsecured and interest free with no fixed repayment date.

As at 31 December 2017 an amount of £187,561,639 (2016: £148,107,526) was due to Fadaat Media W.L.L., the immediate and ultimate parent of the group, in respect of financing provided during the year. The amount loaned is unsecured and interest free with no fixed repayment date and is included within creditors owed to group undertakings.

During the year, the group leased premises from Rainbow Media SAL, a fellow group subsidiary based in Lebanon, rent free although it contributed costs relating to its use of the premises. The group was also provided with an unsecured, interest free loan by Rainbow Media SAL with no repayment terms in place. The amount due to the related party as at 31 December 2017 was £1,564,139 (2016: £1,710,861) and is included within the creditors owed to group undertakings.

Included within accruals and deferred income is an accrual of £Nil (2016: £1,528,096) with Metafora Production W.L.L., a fellow group subsidiary, in respect of production costs.

Included within other creditors is a balance of £Nil (2016: £96,921) due to Mr E L Shalaby, a director during the year. The amount loaned was interest free and there were no repayment terms in place.

Also included within creditors is a balance of £Nil (2016: £731,114) due to Wogooh Arabia an entity in which Mr E L Shalaby has an interest. In June 2018, the company successfully obtained an undertaking by High Court of Justice for Statutory Demand, raised for the balance by the related party, to be not presented again.

Company

As at 31 December 2017 an amount totalling £27,032 (2016: £27,032) was due from Fadaat Media W.L.L., the immediate and ultimate parent company of the group, in respect of costs recharged by the company. The amount owed is unsecured and interest free with no fixed repayment date and is included within debtors owed by group undertakings.

30. Controlling party

The group is part of a much larger group of which the immediate and ultimate parent company is Fadaat Media W.L.L., a company registered in Qatar whose registered office is situated at Al Fardan Towers, Dafna, Doha, Qatar.

The ultimate controlling party is Sultan Ghanim S A Al-Kuwari, by virtue of his controlling ownership of the ultimate parent company Fadaat Media W.L.L.