



Orascom Investment Holding S.A.E.
(Formerly Orascom Telecom Media and Technology Holding)
Consolidated Financial Statements
As of 31 December 2018 (IFRS)
Together with the Auditor's report

December 31, 2018
US\$



Hazem Hassan

Public Accountants & Consultants

B (105) – Avenue (2) – Smart Village
Km 28 Cairo – Alex Desert Road
Giza – Cairo – Egypt
Postal Code : 12577

Telephone : (202) 35 37 5000 – 35 37 5005
E-mail : Egypt@kpmg.com.eg
Fax : (202) 35 37 3537
P.O. Box : (5) Smart Village

Auditor's Report

To The shareholders' of Orascom Investment Holding (Formerly Orascom Telecom, Media and Technology Holding) (S.A.E)

Report on the Financial Statements

We have audited the consolidated financial statements of Orascom Investment Holding (Formerly Orascom Telecom,Media and Technology Holding) (S.A.E) which comprise the consolidated statement of financial position as at December 31, 2018 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.



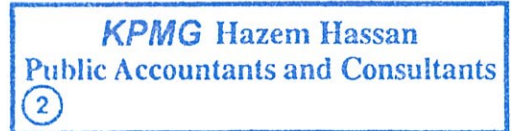
Hazem Hassan

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Orascom Investment Holding (Formerly Orascom Telecom,Media and Technology Holding) (S.A.E) as at December 31, 2018 and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with the International Financial Reporting Standards.


KPMG Hazem Hassan

Cairo November 3, 2019



CONSOLIDATED STATEMENT OF FINANCIAL POSITION
ORASCOM INVESTMENT HOLDING (FORMERLY ORASCOM TELECOM MEDIA AND
TECHNOLOGY HOLDING S.A.E.)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF

<i>(in thousands of US\$)</i>	Note	As Of 31 December 2018	Restated As Of 31 December 2017
Assets			
Property and equipment	14	80,941	139,482
Intangible assets	15	33,851	40,776
Investments in associates	12	123,439	34,748
Other non-current financial assets	17	14,086	9,524
Other Non current assets	20	13,224	16,441
Investment Property	16	64,290	76,973
Total non-current assets		329,831	317,944
Inventories		413	338
Trade receivables	19	53,269	53,716
Other current financial assets	17	105,126	35,646
Other current assets	20	11,114	12,603
Cash and balances at banks	21	106,565	134,142
Total current assets		276,487	236,445
Total Assets		606,318	554,389
Equity and Liabilities			
Share capital	22	366,148	366,148
Other reserves		(162,736)	(115,939)
Retained earnings		67,429	19,135
Equity attributable to equity holders of the Company		270,841	269,344
Non-controlling interest		18,738	24,900
Total equity		289,579	294,244
Liabilities			
Non-current borrowings	23	58,803	64,495
Other non-current liabilities		25,844	32,219
Deferred tax liabilities	18	15,265	24,116
Total non-current liabilities		99,912	120,830
Current borrowings	23	111,322	15,087
Trade payables and other liabilities	24	74,988	87,766
Current income tax liabilities		7,476	15,739
Current provisions	25	23,041	20,723
Total current liabilities		216,827	139,315
Total Liabilities		316,739	260,145
Total Equity and Liabilities		606,318	554,389

Chief Financial Officer
Khalid Ellaicy



Chief Executive Officer
Tamer Mahdi



Auditor's report 'attached'

Executive Chairman
Naguib Sawiris

(The notes 1 to 34 are an integral part of these Consolidated Financial Statements)

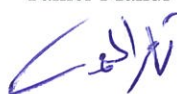
ORASCOM INVESTMENT HOLDING (FORMERLY ORASCOM TELECOM MEDIA AND
TECHNOLOGY HOLDING S.A.E.)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(in thousands of US\$)		For the Period ended 31 December 2018	Restated For the Period ended 31 December 2017
	Note		
<u>Continued operations</u>			
Revenues	6	98,289	83,506
Other income		12,579	4,247
Purchases and services	7	(48,109)	(43,107)
Other expenses	8	(15,053)	10,242
Personnel cost	9	(38,914)	(33,348)
Depreciation and amortization	10	(8,627)	(7,365)
Impairment charges		(1,102)	-
Disposal of non-current assets		(187)	176
Operating income		(1,124)	14,351
Financial income	11	3,453	3,530
Financial expense	11	(9,923)	(7,312)
Foreign exchange (loss) gain	11	(2,434)	(1,795)
Share of profits of investment in associates	12	159,093	145,132
Impairment of investments in associate		(159,093)	(110,289)
(Loss)/ Profit before income tax		(10,028)	43,617
Income tax expense	13	(5,887)	(11,039)
(Loss)/ Profit for the year		(15,915)	32,578
<u>Discontinued operations</u>			
(Loss) from discontinued operation (net of income tax)		(46,128)	(9,614)
(Loss)/ Profit for the year		(62,043)	22,964
Attributable to:			
Owners of the company		(59,249)	22,109
Non-controlling interests		(2,794)	855
		(62,043)	22,964
Earnings per share - basic and diluted (in US\$)	26	(0.011)	(0.004)
(Loss)/ profit for the year		(62,043)	22,964
Other comprehensive loss:			
Items that may be subsequently reclassified to profit or loss, net of tax			
Change in fair value of Investments		(203)	61
Currency translation differences		54,590	(2,232)
Total comprehensive (loss)/ income for the year		(7,656)	20,793
Attributable to:			
Owners of the Company		64	19,938
Non-controlling interest		(7,720)	855

Chief Financial Officer
Khalid Ellaicy



Chief Executive Officer
Tamer Mahdi



Executive Chairman
Naguib Sawiris

(The notes 1 to 34 are an integral part of these Consolidated Financial Statements)

ORASCOM INVESTMENT HOLDING (FORMERLY ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING S.A.E.)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(in thousands of US\$) - Restated

	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to equity holders of the company	Non-controlling Interest	Total equity
As of 1 January 2017	366,148	81,329	(203,182)	3,560	29,672	277,527	19,232	296,759
Currency translation differences	-	-	(2,232)	-	-	(2,232)	-	(2,232)
Change in fair value of Investments	-	-	-	61	-	61	-	61
Profit for the year	-	-	-	-	22,109	22,109	855	22,964
Total comprehensive income	-	-	(2,232)	61	22,109	19,938	855	20,793
Adjustments to opening balance	-	-	367	(5,631)	(119)	(5,383)	(3,348)	(8,731)
Transferred to legal reserve	-	3,044	-	-	(3,044)	-	-	-
Dividends to shareholders	-	-	-	-	(29,483)	(29,483)	-	(29,483)
Change in the scope of consolidation-Outgoing	-	-	-	6,745	-	6,745	1,466	8,211
Change in the scope of consolidation-in coming	-	-	-	-	-	-	6,695	6,695
Total transactions with owners	-	3,044	367	1,114	(32,646)	(28,121)	4,813	(23,308)
As of 31 December 2017	366,148	84,373	(205,047)	4,735	19,135	269,344	24,900	294,244

(in thousands of US\$)

	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non-Controlling Interest	Total equity
As at December 31, 2017	366,148	86,078	(256,076)	7,262	67,429	270,841	24,900	294,244
Restatement Effect of IFRS15 / IFRS 9	-	-	-	-	(1,236)	(1,236)	(191)	(1,427)
As at January 1, 2018	366,148	84,373	(205,047)	4,735	17,899	268,108	24,709	292,817
Currency translation differences	-	-	(51,029)	-	110,484	59,455	(4,865)	54,590
Change in fair value of Investments	-	-	-	(142)	-	(142)	(61)	(203)
(Loss) for the year	-	-	-	-	(59,249)	(59,249)	(2,794)	(62,043)
Total comprehensive income	-	-	(51,029)	(142)	51,235	64	(7,720)	(7,656)
Transferred to Legal reserve	-	1,705	-	-	(1,705)	-	-	-
Derivatives	-	-	-	2,213	-	2,213	948	3,161
Other Reserves	-	-	-	456	-	456	-	456
Change in the scope of consolidation-In coming	-	-	-	-	-	-	801	801
As of 31 December 2018	366,148	86,078	(256,076)	7,262	67,429	270,841	18,738	289,579

(The notes 1 to 34 are an integral part of these Consolidated Financial Statements)

Chief Financial Officer
Khalid Ellaicy

Chief Executive Officer
Tamer Mahdi

Executive Chairman
Naguib Sawiris

ORASCOM INVESTMENT HOLDING (FORMERLY ORASCOM TELECOM MEDIA AND
TECHNOLOGY HOLDING S.A.E.)
CONSOLIDATED STATEMENT OF CASH FLOWS FOR

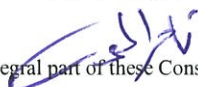
(in thousands of US\$)

	Year Ended 31 December 2018	<u>Restated</u> Year Ended 31 December 2017
(Loss)/ profit for the year before tax	(10,028)	43,617
<i>Adjustments for</i>		
Depreciation, amortization and impairment charges	8,627	7,365
Interest expense	9,923	7,312
Finance income	(3,453)	(3,530)
Foreign exchange (gain) /loss	2,434	1,795
Impairment of financial assets	1,102	-
Gain (Loss) form disposal of assets	187	(176)
Share of profit of associate	(159,093)	(145,132)
Impairment of associate	159,093	110,289
Changes in other assets	(11,416)	(16,493)
Change in deferred income	(11,030)	-
Changes in other liabilities	2,976	15,232
Cash flows (used in)/ generated by operating activities	(10,678)	20,279
Income taxes paid	(20,770)	(5,599)
Interest collected	3,454	3,536
Dividends to employees	(888)	(826)
Net Cash flows (used in)/ generated by operating activities	(28,882)	17,390
<i>Cash out flow for investments in</i>		
Property and equipment	(6,704)	(15,272)
Intangible assets	(764)	(1,560)
Acquisitions of new investments	(88,793)	(7,970)
Change in Deposits and financial assets	(3,142)	(9,329)
<i>Proceeds from disposal of</i>		
Property and equipment	46	46
Intangible assets	193	-
Other Financial Assets	-	4,256
Cash acquired from new investment - Riza	519	22,749
Receipts from dividends distribution	-	18,552
Cash flows (used in)/ generated by investing activities	(98,645)	11,472
Cash flows from financing activities		
Interest Paid	(9,607)	(8,548)
Proceeds from loan and bank facilities	110,142	4,271
Payments for loans and bank facilities	(22,680)	(11,886)
Cash received form disposal of Beltone stake	-	8,393
Dividends to shareholders	-	(29,485)
Change in restricted deposits	(66,757)	(33,835)
Cash flows generated/ (used in) by financing activities	11,098	(71,090)
Net cash (used in) continuing operations	(116,429)	(42,228)
<u>Discontinued operations</u>		
Net cash generated by operating activities	15,789	12,735
Net cash generated by / (used in) investing activities	75,034	(249)
Net cash generated by discontinued operations	90,823	12,486
Net decrease in cash and cash equivalents	(25,606)	(29,742)
Cash and cash equivalents at the beginning of the period	134,142	165,717
Effect of exchange rates on cash and cash equivalents	(1,971)	(1,833)
Cash and cash equivalents at the end of the year	106,565	134,142

Chief Financial Officer
Khalid Ellaicy



Chief Executive Officer
Tamer Mahdi



Executive Chairman
Naguib Sawiris

(The notes 1 to 34 are an integral part of these 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.

The consolidated financial statements as of and for the year ended 31 December 2018 (the “Consolidated Financial Statements”) were approved for issue by the Board of Directors of the Company on November 3, 2019.

2. Significant accounting policies

2.1 Basis of preparation

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and its interpretations as adopted by the International Accounting Standards Board (“IASB”) and all interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and all interpretations of the Standing Interpretations Committee (“SIC”).

The Consolidated Financial Statements have been prepared under the historical cost basis except for certain financial assets and liabilities, including derivative instruments that are measured at fair value.

For presentational purposes, the current/non-current distinction has been used for the statement of financial position. The statement of comprehensive income is presented using the one-statement approach, dividing items of comprehensive income between a separate income statement and a separate statement of comprehensive income. Expenses are analysed in the income statement using a classification based on their nature. The indirect method has been selected to present the cash flow statement.

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

2.2 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)

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

On July 24, 2014, the IASB completed the draft revision of the standard relating to financial instruments, with the emission of the new IFRS 9 Financial Instruments (hereinafter "IFRS 9"), which includes a new logical approach in connection with:

- The classification and measurement of financial instruments driven by cash flow characteristics and the business model in which an asset is held;
- a single "expected loss" impairment model for financial assets, and
- a substantially reformed approach for hedge accounting.

IFRS 9 is effective from January 1, 2018 and replaces IAS 39 – Financial instruments. The impacts of the new standard from January 1, 2018 are described below.

Classification and measurement

More specifically the Group's financial assets, currently classified as "held to maturity" and "loans and receivables", measured at amortised cost meet all the conditions for classification at amortised cost under IFRS 9. As a result, the new approach had no influence on the classification and measurement of financial assets previously classified as held to maturity and loans and receivables. There was no impact on the Group's accounts in relation to financial liabilities, as the new requirements solely regard the accounting treatment of financial liabilities at fair value through profit or loss and the Group does not have such liabilities.

The Group has investments, previously classified as available for sale, in non-listed equity instruments that do not have a market price in an active market. IFRS 9 observes that in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if insufficient more recent information is available to measure fair value or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. Therefore the Group elected to measure equity investments for which there is no market price in an active market and there is insufficient financial information in order to determine fair value at cost as an estimate of fair value, as permitted by IFRS 9.

Impairment

The new impairment model requires the recognition of lifetime expected credit losses, rather than the incurred losses model, as required by IAS 39.

The model applies to financial assets classified at amortised cost, to debt instruments measured at fair value in other comprehensive income, contract assets as defined by IFRS 15, lease receivables, loan commitments and to certain financial guarantee contracts. Based on the analysis, the Group applied adjustments to trade receivables as detailed below.

Hedge accounting

The new hedge accounting rules consist in a greater alignment of the accounting treatment of hedges with the Group's approach to managing risk. In general, more hedge relationships could qualify for the application of hedge accounting, as the standard introduces a principle-based approach. The existing hedge relationships will continue to qualify as such following adoption of IFRS 9.

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

The new standard also introduces increased disclosure requirement. The Group expects this to alter the nature and extent of the Group's disclosures regarding its financial instruments, above all in the year in which the new standard is adopted.

The Group applied IFRS 9 using the modified retrospective approach for annual periods starting on or after January 1, 2018. The cumulated effects related to the implementation of the new standard are recorded in the "Retained Earnings" as of January 1, 2018, without presenting the comparative amounts, as shown in the following table:

<i>(in thousands of US\$)</i>	As reported	Adjustments	Amounts without adoption of IFRS 9
<i>Retained earnings</i>	270,841	(828)	271,669
<i>Non- controlling Interest</i>	18,738	(191)	18,929
<i>Total Equity</i>	289,579	(1,019)	290,598

The Group's updated accounting policy for financial instruments is provided further below.

B. IFRS 15 Revenue from Contracts with Customers

On May 28, 2014, the IASB published IFRS 15 "Revenue from Contracts with Customers" (hereinafter IFRS 15), which applies to all revenues arising from contracts with customers (unless those contracts are in the scope of other standards) and replaces IAS 18 - Revenue, IAS 11 - Construction Contracts and related interpretations. More specifically, IFRS 15 sets out that the recognition of the revenue is based on the following five steps:

- 1) identify the contract with the customer;
- 2) identify the contractual obligation to transfer goods and/or services (known as performance obligations);
- 3) determine the transaction price;
- 4) allocate the transaction price to the performance obligations identified on the basis of the stand-alone selling price of each good or service; and
- 5) recognise revenue when the related performance obligation is met.

In addition, IFRS 15 integrates the financial statement disclosure to be made, regarding the nature, amount, timing and uncertainty of revenues and of the related cash flows.

The new standard is effective from January 1, 2018. Management has assessed the impact of application of the new standard on the Group's financial statements, analysing each of its revenue streams by applying the five-step model, and concluded there was no significant impact given the nature of and the accounting policy adopted for the Group's current revenues, except for the cable segment where 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 amortised 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 was 15 years since inception (i.e. May 1, 2014).

The Group has adopted IFRS 15 using the cumulative effect method with the effect of initially applying this standard recognised at the date of initial application: January 1, 2018. Accordingly, comparative information has not been restated and presented as previously reported, under IAS 8, IAS 11 and related interpretations.

The following table summarizes the impact net of tax of transition to IFRS15 on retained earnings and Non-controlling interest as of January 1, 2018.

<i>(in thousands of US\$)</i>	Impact of adoption IFRS 15 at 1 January 2018
Retained Earnings	(408)
Non-controlling interest	-
Impact at 1 January 2018	(408)

Impact on the 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	98,289	738	97,551
Operating income		(1,124)	738	(1,862)
Financial expense	8	(9,923)	(567)	(9,356)
Foreign exchange (loss)	8	(2,434)	(22)	(2,412)
(Loss) before income tax		(10,028)	149	(10,177)
(Loss) for the period from continued operation		(15,915)	149	(16,064)
Profit for the period		(62,043)	149	(62,192)
Total comprehensive Loss for the period		(7,656)	149	(7,805)

Impact on the consolidated statement of financial position

(in thousands of US\$)	Note	As reported	Adjustments	Amounts without adoption of IFRS 15
Assets				
Total Assets		606,318	-	606,318
Equity				
Retained earnings		67,429	(408)	67,837
Equity attributable to equity holders of the Company		270,841	(259)	271,100
Non-controlling interest		18,738	-	18,738
Total equity		289,579	(259)	289,838
Liabilities				
Non-current borrowings	16	58,803	-	58,803
Other non-current liabilities	18	25,884	534	25,310
Deferred tax liabilities		15,265	(175)	15,440
Total non-current liabilities		99,912	359	99,553
Current borrowings	16	111,322	-	111,322
Trade payables and other current liabilities	18	74,988	(100)	75,088
Income tax liabilities		7,476	-	7,476
Provisions	19	23,041	-	23,041
Total current liabilities		216,827	(100)	216,927

The Group's updated accounting policy for revenue recognition is provided further below.

C. IFRS 16 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.

IFRS 16 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by IAS 17 and, instead, introduces a single lessee accounting model whereby a lessee is required to recognise assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognise depreciation of lease assets separately from interest on lease liabilities in the income statement.

The main effect on the Group is that IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for almost all leases and therefore resulted in an increase of property and equipment, and total current and non-current liabilities as of January 1, 2018.

The Group has early adopted IFRS 16 using the modified retrospective approach with the effect of initially applying this standard recognised as of the date of initial application: January 1, 2018. Accordingly, the information presented for 2017 has not been restated and presented as previously reported.

The Group elected to use the exemptions permitted on transition for short term leases (contracts in which the lease terms ends within 12 months of the date of initial application) and lease contracts for which the underlying asset is of low value.

The Group assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset.

The Group recognises a right of use (ROU) asset and a lease liability at the commencement of the lease. The ROU is initially measured based on the present value of lease payments, adjusted for any prepaid or accrued lease expenses. The ROU is subject to testing for impairment if there is an indicator for impairment.

Lease payments include fixed payments and variable payments that depend on an index (such as an inflation index). When the lease contains an extension or purchase option that the Group considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

ROU asset are included in the “property and equipment”, and the lease liability is included in the headings other current and non-current liabilities.

The Group has elected not to recognise ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or for leases of low value assets. The payments for such leases are recognised in the income statement on a straight-line basis over the lease term.

The main contracts within the scope of IFRS 16 for which the Group is lessee primarily relate to office rental.

<i>(in thousands of US\$)</i>	Adoption of IFRS 16 as of January 1, 2018
Operating lease commitments disclosed	12,487
Discounted using the lessee’s incremental borrowing rate of at the date of initial application	950
Lease liability recognised	11,537
<i>Of which are:</i>	
<i>Current lease liabilities</i>	<i>868</i>
<i>Non-current lease liabilities</i>	<i>10,669</i>

The Group’s updated accounting policy for leases is provided further below.

D. Other amendments and interpretations not yet effective

- In May 2017 the IASB issued *IFRS 17 - Insurance Contracts*, which establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued as well as guidance relating to reinsurance contracts held and investment contracts with discretionary participation features issued. IFRS 17 is effective on or after January 1, 2021 with early adoption allowed if IFRS 15 - Revenue from Contracts with Customers and IFRS 9 - Financial Instruments are also applied. The Group does not expect any impact from the adoption of this standard.
- In June 2017 the IASB issued *IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments*, which provides requirements regarding how to reflect uncertainties in accounting for income taxes. The interpretation is effective on or after January 1, 2019. The Group does not expect any material impact from the adoption of this interpretation.
- In October 2017 the IASB issued amendments to *IFRS 9 - Financial Instruments* that allow, under certain conditions, for a prepayable financial asset with negative compensation payments to be measured at amortised cost or at fair value through other comprehensive income. The amendments also contain a clarification relating to the accounting for a modification or exchange of a financial liability measured at amortised cost that does not result in the derecognition of the financial liability. The amendments are effective on or after January 1, 2019. The Group does not expect any impact from the adoption of these amendments.

- In October 2017 the IASB issued amendments to *IAS 28 - Long Term Interests in Associates and Joint Ventures* to clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The amendment is effective on or after January 1, 2019. The Group does not expect a material impact from the adoption of these amendments.
- In December 2017 the IASB issued *Annual Improvements to IFRSs 2015 - 2017 Cycle*, which has amendments to the following four Standards: IFRS 3 - Business Combinations, in relation to obtaining control of a business which was previously accounted for as an interest in a joint operation, IFRS 11- Joint Arrangements, in relation to obtaining joint control of a business which was previously accounted for as a joint operation, IAS 12 - Income Taxes, clarifying the treatment of taxes in relation to dividend payments and IAS 23 - Borrowing Costs, clarifying the treatment of borrowings which were previously capitalized when the related asset is ready for its intended use or sale. The amendments are effective on or after January 1, 2019. The Group does not expect any material impact from the adoption of these amendments.
- In February 2018 the IASB issued amendments to *IAS 19 - Employee Benefits*. When there is a change to a defined benefit plan (an amendment, curtailment or settlement) the amendments require that a company use the updated assumptions from the remeasurement of a net defined benefit liability or asset to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. These amendments are effective on or after January 1, 2019. The Group does not expect a material impact from the adoption of these amendments.
- In October 2018 the IASB issued narrow scope amendments to *IFRS 3 - Business Combinations* to improve the definition of a business. The amendments aim to help companies determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the definition of a business, supplementary guidance is provided. These amendments are effective on or after January 1, 2020. The Group does not expect any material impact from the adoption of these amendments.
- In October 2018 the IASB issued amendments to *IAS 1 - Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* to clarify the definition of 'material', as well as how materiality should be applied by including in the definition guidance that is included elsewhere in IFRS standards. In addition, the explanations accompanying the definition have been improved and the amendments ensure that the definition of material is consistent across all IFRS standards. These amendments are effective on or after January 1, 2020. The Group does not expect any material impact from the adoption of these amendments.
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E. Review of the Conceptual Framework for Financial Reporting

In March 2018 the IASB revised the Conceptual Framework for Financial Reporting, effective immediately for the IASB and the IFRS Interpretations Committee when setting future standards, and effective for annual reporting periods on or after January 1, 2020 for companies that use the Conceptual Framework to develop accounting policies when no IFRS Standard applies to a particular transaction, with early application permitted. Key changes include (i) increasing the prominence of stewardship in the objective of financial reporting; (ii) reinstating prudence as a component of neutrality, defined as the exercise of caution when making judgements under conditions of uncertainty; (iii) defining a reporting entity; (iv) revising the definitions of an asset and a liability; (v) removing the probability threshold for recognition, and adding guidance on derecognition; (vi) adding guidance on the information provided by different measurement bases, and explaining factors to consider when selecting a measurement basis; and (vii) stating that profit or loss is the primary performance indicator and income and expenses in other comprehensive income should be recycled where the relevance or faithful representation of the financial statements would be enhanced. The Group does not expect a material impact from the adoption of the revised Conception Framework for Financial Reporting.

2.3 Summary of main accounting principles and policies

The main accounting principles and policies adopted in preparing these Consolidated Financial Statements are set out below. These policies have been applied consistently by the Group entities.

Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Consolidated Financial Statements include the financial statements of the Company and the financial statements of those entities over which the Company has control, both directly or indirectly, from the date on which control is transferred to the Group until the date such control ceases.

The financial statements used in the consolidation process are those prepared by the individual Group entities in accordance with IFRS.

The consolidation procedures used are as follows:

- The assets and liabilities and income and expenses of subsidiaries are included on a line-by-line basis, allocating to non-controlling interests, where applicable, the share of equity and profit or loss for the year that is attributable to them. The resulting balances are presented separately in equity and the consolidated income statement; the acquisition method of accounting is used to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets;
- Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity;
- Goodwill represents the excess of the cost of an acquisition over the interest acquired in the net fair value at the acquisition date of the assets and liabilities of the entity or business acquired. Goodwill relating to investments accounted for using the equity method is included in the carrying amount of the investment. Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair values of non-controlling interest over the net identifiable assets acquired and the liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss;
- Acquisition costs on business combinations are expensed as incurred;
- The purchase of equity holdings from non-controlling holders are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration received and the relevant share of the carrying value of net assets of the subsidiary is recorded in equity;
- Unrealised gains and losses on transactions carried out between companies consolidated on a line-by-line basis and the respective tax effects are eliminated if material, as are corresponding balances for receivables and payables, income and expense, and finance income and expense.

Associates

Associates are investments in companies where the Group exercises a significant influence, which is presumed to exist when the Group holds voting rights between 20% and 50%. Associates are accounted for using the equity method.

The equity method is as follows:

- The Group's share of the profit or loss of an investee is recognised in the income statement from the date when significant influence begins up to the date when that significant influence ceases or when the investment is classified as held for sale. Investments in associates with negative shareholders' equity are impaired and a provision for its losses is accrued only if the Group has a legal or constructive obligation to cover such losses. Equity changes in investees accounted for using the equity method that do not result from profit or loss are recognised directly in consolidated equity reserves;

- The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value;
- if the ownership interest in an associate is reduced, but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit and loss;
- Unrealised gains and losses generated from transactions between the Company or its subsidiaries and its investees accounted for using the equity method are eliminated on consolidation for the portion pertaining to the Group; unrealised losses are eliminated unless they represent impairment.

Management fees received from associates are included within revenue.

Appendix A includes a list of the entities included in the scope of consolidation.

Interests in joint operations

A joint operation is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities of the joint operation require the unanimous consent of the parties sharing control.

Joint operation arrangements that involve the establishment of a separate entity in which each venture has an interest are referred to as jointly controlled entities. The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses except when the entities are in the incorporation phase or have not started significant operations until the date of the consolidated financial statements. Investments classified as held for sale, are accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, where they are stated at the lower of their carrying amount or fair value less costs to sell.

The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the corresponding items in the consolidated financial statements on a line-by-line basis.

Where the Group transacts with its jointly controlled entities, unrealized profits and losses are eliminated to the extent of the Group's interest in the joint operation.

The following table provides a list of the jointly controlled entities, in which Beltone Financial Holding holds direct and indirect interests:

	Interest percentage		
	<u>Segment</u>	<u>Country</u>	<u>Direct and indirect interest in entity</u>
Misr Beltone Asset Management	Mutual funds management	Egypt	50%

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company is Egyptian pound. The Consolidated Financial Statements are presented in 'US Dollars' (US\$), which is the Group's presentation currency.

Transactions and balances

Transactions in foreign currencies are translated into the functional currency of the relevant entity at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated, at the reporting date, into the prevailing exchange rates at that date. Foreign currency exchange differences arising on the settlement of transactions and the translation of the statement of financial position are recognised in the income statement. Gains and losses on long-term financing provided to Group subsidiaries by the parent company, for which settlement is neither planned nor likely to occur, are initially recognised in other comprehensive income and reclassified to the income statement on disposal of the relevant entity.

Group companies

The financial statements of the Group entities are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rate;
- Income and expenses are translated at the average exchange rate for the year;

- All resulting exchange differences are recognised as a separate component of equity in the “translation reserve” until the group loses control of the relevant subsidiary. When the group disposes of a foreign operation the translation reserve, previously recognised in equity, is transferred to the income statement;
- Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate; and
- In the preparation of the consolidated cash flow statement, the cash flows of foreign subsidiaries are translated at the average exchange rate for the year.

The exchange rates applied in relation to the US\$ are as follows:

	Average for the year ended December 31, 2018	Closing rate as of December 31, 2018	Average for the year ended December 31, 2017	Closing rate as of December 31, 2017
Egyptian Pound (EGP)	0.056	0.056	0.056	0.057
Pakistan Rupee (PKR)	0.0083	0.0072	0.010	0.009
Euro (EUR)	1.1811	1.1469	1.1296	1.1996
DRRK Won (KPW)	0.009	0.009	0.009	0.010

Property and equipment

Property and equipment are stated at purchase cost or production cost, net of accumulated depreciation and any impairment losses. Cost includes expenditure directly attributable to bringing the asset to the location and condition necessary for use and any dismantling and removal costs which may be incurred because of contractual obligations, which require the asset to be returned to its original state and condition.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Each asset is treated separately if it has an autonomously determinable useful life and value. Depreciation is charged at rates calculated to write off the costs over their estimated useful lives on a straight-line basis from the date the asset is available and ready for use.

The useful lives of property and equipment and their residual values are reviewed and updated, where necessary, at least at each year-end. Land is not depreciated. When a depreciable asset is composed of identifiable separate components whose useful lives vary significantly from those of other components of the asset, depreciation is calculated for each component separately, applying the “component approach”.

The useful lives estimated by the Group for the various categories of property and equipment are as follows.

	<u>Number of years</u>
<u>Land and buildings</u>	
Buildings	50
Leasehold improvements and renovations	3-8
<u>Plant and machinery</u>	8-15
<u>Cable system and equipment</u>	4-20
<u>Commercial and other tangible assets</u>	
Tools	5-10
Computer equipment	3-5
Furniture and fixtures	5-10
Vehicles	3-6

Gains or losses arising from the sale or retirement of assets are determined as the difference between the net disposal proceeds and the net carrying amount of the asset sold or retired and are recognised in the income statement in the period incurred under “Disposal of non-current assets”.

Leases

With the adoption of IFRS 16, the Group recognises a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use. Each lease payment is allocated between the principal liability and finance costs. Finance costs are charged to the income statement over the lease period using the effective interest rate method. The right-of-use asset is depreciated on a straight-line basis over the lease term.

Right-of-use assets are measured at cost comprising the following: (i) the amount of the initial measurement of lease liability; (ii) any lease payments made at or before the commencement date less any lease incentives received;

(iii) any initial direct costs and, if applicable, (iv) restoration costs. Payments associated with short-term leases and leases of low-value assets are recognised as an expense in the income statement on a straight-line basis.

Lease liabilities are measured at the net present value of the following: (i) fixed lease payments, (ii) variable lease payment that are based on an index or a rate and, if applicable, (iii) amounts expected to be payable by the lessee under residual value guarantees, and (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option. Lease liabilities do not include any non-lease components that may be included in the related contracts.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

Licenses

Costs for the purchase of telecommunication licenses are capitalised. Amortisation is charged on a straight-line basis such as to write off the cost incurred for the acquisition of a right over the shorter of the period of its expected use and the term of the underlying agreement, starting from the date on which the acquired license may be exercised.

Software

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Software licenses are amortised on a straight-line basis over their useful life (between 3 to 8 years), while software maintenance costs are expensed in the income statement in the period in which they are incurred.

Costs incurred on development of software products are recognised as intangible assets when the Group has intentions to complete and use or sell the assets arising from the project, considering the existence of a market for the asset, its commercial and technological feasibility, its costs can be measured reliably and there are adequate financial resources to complete the development of the asset. Other development expenditures are recognised in the income statement in the period in which they are incurred.

Directly attributable costs that are capitalised as part of a software product include software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

	<u>Number of years</u>
Rights of use	17- 20
Trademarks	20
<i>Contractual agreements with customers</i>	20
<i>Computer software</i>	5

Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. In determining an asset's value in use the estimated future cash flows are discounted using a pre-tax rate that reflects the market's current assessment of the cost of money for the investment period and the specific risk profile of the asset. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, "CGU"). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Investment Property

Investment properties are property (land or a building or part of a building or both) held by the Group to earn rental income or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in supply of goods or services or for administrative purposes. Investment properties are initially measured at cost. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure.

Directly attributable expenditure includes, for example, professional fees for legal services, property transfer taxes and other transaction costs. Subsequent to initial recognition, the Group has elected to measure investment properties at cost less accumulated depreciation and accumulated impairment losses, if any. Investment property is derecognised upon disposal, when it is permanently withdrawn from use and no future economic benefits expected from its disposal. Gains or losses arising from the retirement or disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period of the retirement or disposal. Reclassifications to / from investment property are made when, and only when, there is a change of use.

Revenue from operating lease rentals is recognised on a straight-line basis over the relevant term of the lease. The rental income generated by investment properties is recognised within revenue in the consolidated income statement.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each component of the investment properties. The estimated useful lives of leased units are estimated at 50 years.

Financial assets

Trade receivables, current assets and current financial assets and other receivables are originated in the ordinary course of business and held within a business model with the objective to hold the receivables in order to collect contractual cash flows that meet the 'solely payments of principal and interest' criterion under IFRS 9. Consequently, they are initially recognised at fair value adjusted by directly attributable transaction costs and subsequently recognised at amortised cost on the basis of the effective interest rate method (namely the interest rate that, at the time of initial recognition, renders the present value of future cash flows and the carrying amount equal), appropriately adjusted to take any write-downs into account, through the recognition of a provision for doubtful accounts. Receivables due from customers and other financial receivables are included in current assets. Should be the expiry date over twelve months from the reporting date, they are classified as non-current assets. Receivables with maturities greater than twelve months and no significant financing component are discounted to present value.

Equity investments for which there is no quoted market price in an active market and there is insufficient financial information in order to determine fair value may be measured at cost as an estimate of fair value, as permitted by IFRS 9. The Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI") upon the initial recognition of an equity investment that is not held to sell. This election is made on an investment-by-investment basis. Generally, any dividends from these investments are

recognised in other income from investments within Result from investments when the Group's right to receive payment is established. Other net gains and losses are recognised in OCI and will not be reclassified to the Consolidated Income Statement in subsequent periods. Impairment losses (and the reversal of impairment losses) on equity investments measured at fair value through OCI are not reported separately from other changes in fair value in OCI.

Investments are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through OCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

The Group measures equity investments at fair value. When there is no quoted market price in an active market and there is insufficient financial information in order to determine fair value may be measured at cost as an estimate of fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Assets that do not meet the criteria for amortised cost or fair value through OCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment of financial assets

At the end of each reporting period, all financial assets, other than those measured at fair value with a balancing entry in the income statement, are analysed to assess whether there is objective evidence that financial assets may be impaired. Under IFRS 9, a forward-looking expected credit loss model must be applied when assessing impairment. In making impairment assessments, the Group applies the standard simplified approach to estimate the lifetime expected credit losses and considers its historical credit loss experience, adjusted for forward-looking factors specific to the nature of the Group's receivables and economic environment. If any such evidence exists, an impairment loss is recognised within financial expenses.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a significant period of time. For financial assets recognised at amortised cost, when an impairment loss has been identified, the value of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted on the basis of the original effective interest rate. This amount is recognised in the income statement.

Financial liabilities

Financial liabilities consisting of borrowings, trade payables and other obligations are recognised when the Group becomes a party to the related contractual clauses and are initially recognised at fair value, adjusted by any directly attributable transaction costs.

Financial liabilities and trade payables, with the exception of derivative financial instruments, are measured at amortised cost using the effective interest rate method.

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.

Derecognition of financial assets and liabilities

Financial assets are derecognised when one of the following conditions is met:

- the contractual right to receive the cash flows from the asset has expired;
- the Group has substantially transferred all of the risks and rewards related to the asset, transferring its rights to receive the cash flows from the asset or assuming a contractual obligation to pass the cash flows received to one or more beneficiaries by virtue of an agreement that meets the requirements set out in IFRS 9 (pass through test);
- the Group has not transferred nor substantially maintained all of the risks and rewards related to the financial asset, but has transferred control.

The financial liabilities are derecognised when they are extinguished, namely when the contractual obligation has been met, cancelled or prescribed. An exchange of debt instruments with substantially different contractual terms, must be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial variation of the contractual terms of an existing financial liability must be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Offsetting financial assets and liabilities

The Group offsets financial assets and liabilities if and only if:

- there is a legally exercisable right to offset the amounts recognised in the financial statements;
- there is an intention either to offset or to dispose of the asset and settle the liability at the same time.

Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash-flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Inventories

Inventories are stated at the lower of purchase cost or production cost and net realisable value. Cost is based on the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. When necessary, obsolescence allowances are made for slow-moving and obsolete inventories.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred income tax is not accounted for if it arises from initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates

(and laws) that have been enacted or substantially enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the near future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Business Combination

The acquisition method of accounting is used to account for all business combination, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- Fair values of the assets transferred;
- Liabilities incurred to the former owners of the acquired business;
- Equity interests issued by the group;
- Fair value of any asset or liability resulting from a contingent consideration arrangement and;
- Fair value of any pre-existing equity interest in the subsidiary;

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the:

- Consideration transferred;
- Amount of any non-controlling interest in the acquired entity, and
- Acquisition date fair value of any previous equity interest in the acquired entity

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly on profit or loss as a bargain purchase.

Where the settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

In case that initial treatment of business combination is not complete at the end of financial period consolidated, the group recognises temporary amounts for accounts and during the measurement period not to exceed one year from the date of acquisition. The adjustment is performed retrospectively for completion of new information (Intangible assets, deferred taxes/provisions and others).

Provisions

Provisions are only recognised when the Group has a present legal or constructive obligation arising from past events that will probably result in a future outflow of resources, and the amount has been reliably estimated. Provisions are not recognised for future operating losses. The amount provided represents the best estimate of the present value of the outlay required to meet the obligation. The interest rate used in determining the present value of the liability reflects current market rates and takes into account the specific risk of each liability.

Revenue recognition

Revenue is recognised when the control over a product or service is transferred to a customer. Revenue is measured at the transaction price, which is based on the amount of consideration that the Group expects to receive in exchange for transferring the promised goods or services to the customer and excludes any sales incentives as well as taxes collected from customers that are remitted to government authorities. The transaction price will include estimates of variable consideration to the extent it is probable that a significant reversal of revenue recognised will not occur.

Where a contract includes multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Management has exercised judgment in determining performance obligations, variable consideration, allocation of transaction price and the timing of revenue recognition.

The Group does not recognise any assets associated with the incremental costs of obtaining a contract with a customer that are expected to be not recovered. The majority of revenue is recognised at a point-in-time or over a period of one year or less, and the Group applies the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that would otherwise be recognised is one year or less.

Specifically, the Group mainly recognises revenue from financial services, cables and mobile traffic. The criteria followed by the Group in recognising ordinary revenue are as follows:

Revenue of the financial services

Revenue of the financial services mainly refer to Investment banking and management fees. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised over time by reference to the stage of completion of the transaction at the end of the reporting period. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

More specifically, investment banking revenue refers to security and investment banking fees recognised when complete the implementation of the service.

Management fees of funds and portfolios are recognised as revenue, 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.

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

Custodian fees are recognised as the difference between fees collected from clients and those incurred or paid to custodians. They are recognised i) over time according to contracts signed with clients; ii) at point in time as commissions for collecting coupons for customers (the collection of these coupons are on behalf of the customers).

Revenue from cable segment

Revenue from bandwidth capacity sales is recognised over time 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. Otherwise the transaction price is adjusted for the effects of a significant financing component included in advance payments such as IRU contracts.

Revenue from mobile traffic

Revenue arising from post-paid traffic, interconnection and roaming is recognised over time 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 over time 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. Revenue from mobile (prepaid or subscription) activation and/or substitution, prepaid recharge fees and the activation of new services and tariff plans is recognised at a point in time for the full amount at the moment of activation independently of the period in which the actual services are rendered by the Group.

Revenue from rental

Rental income from the investment property owned by the Company is recognised over time based on the maturity lease agreements.

Earnings per share

Basic: Basic earnings per share are calculated by dividing the profit for the year attributable to equity holders of the Company, both from continuing and discontinued operations, by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares.

Diluted: Diluted earnings per share are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares of the Company outstanding during the year where, compared to basic earnings per share, the weighted average number of shares outstanding is modified to include the conversion of all dilutive potential shares, while the profit for the year is modified to include the effects of such conversion net of taxation. Diluted earnings per share are not calculated when there are losses as any dilutive effect would improve earnings per share.

Segment reporting

Operating segments are reported in a manner which is consistent with the internal reporting information provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the Company.

Non-current assets and liabilities held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are re-measured in accordance with the Group's accounting policies. Thereafter the assets and liabilities held for sale (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent losses on re-measurement are recognised in the income statement. Subsequent increase in fair value less costs to sell may be recognised in the income statement only to the extent of the cumulative impairment loss that has been recognised previously.

Discontinued operations

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

3. Use of estimates and critical judgements

The preparation of the Consolidated Financial Statements requires that the directors apply accounting policies and methodologies that, in some circumstances, are based upon complex and subjective judgments and estimates that are based on historical experience and assumptions that are considered reasonable and realistic at the time, considering the relevant circumstances. The application of such estimates and assumptions affects the amounts recorded in the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income and cash flows, as well as in the notes. Actual results might differ from such estimates due to the uncertainty surrounding the assumptions and conditions upon which estimates are based. The accounting estimates that require the more subjective judgment of management in making assumptions or estimates regarding the effects of matters that are inherently uncertain and for which changes in conditions may significantly affect the results reported in these Consolidated Financial Statements are summarised below.

Valuation of financial instruments

For some financial instruments that are not traded in an active market and included in the financial statements such as financial derivatives, Management estimates fair value using valuation techniques based on inputs and assumptions, some of which are linked to quoted market prices and others on management's estimations. Management applied reasonable option valuation models during the period in estimating the fair value of these financial instruments. Management also conducted a sensitivity analysis for changes in the estimated fair value of these instruments and changes in inputs used for assessing the reasonableness of results reached using the acceptable valuation models.

Impairment of non-current assets

Non-current assets are reviewed to determine whether there are any indications that the net carrying amount of these assets may not be recoverable and that they have suffered an impairment loss that needs to be recognised. In order to determine whether any such elements exist, it is necessary to make subjective measurements, based on information obtained within the Group, in the market and on past experience. When indicators are identified that an asset may have become impaired, the Group estimates the impairment loss using suitable valuation techniques. The identification of elements indicating that a potential impairment exists and estimates of the amount of the impairment, depend on factors that may vary in time, affecting management's assessments and estimates.

Impairment of financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The Group assesses whether there is an objective evidence that, as a result of one or more events (a "loss event") that occurred after the initial recognition of a financial asset or a group of financial assets, the estimated future cash flows of an asset or a group of assets have been affected.

The Group monitors impairment losses recognised, and where an impairment loss subsequently reverses, the carrying amount of a financial asset or a group of financial assets is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset.

Intangibles

Intangible assets constitute a significant part of the Group's total assets and the scheduled amortisation charges from a significant part of the annual operation expenses. The useful economic lives arrived at, on the basis of management's estimates and assumptions, have a major impact on the valuation of intangible assets.

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the intangible asset is estimated, in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, intangible assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Depreciation of non-current assets

The cost of property and equipment is depreciated on a straight-line basis throughout the useful economic life of the relevant asset. The useful economic life is determined by management at the time the asset is acquired and is based upon historical experience for similar assets, market conditions, and forecasts regarding future events that could have an impact on useful life, including changes in technology. Therefore, the actual useful economic life may differ from the estimated useful life. The Group periodically evaluates sector and technology changes in order to update the remaining useful life. Such periodic updates could result in a change during the depreciation period, and therefore also in the depreciation in future periods.

Taxes

Income taxes (both current income tax and deferred taxes) are determined in each country where the Group operates in accordance with a prudent interpretation of the applicable tax regulations.

This process results in complex estimates in determining taxable and deductible income and taxable temporary differences between accounting and tax values. In particular, deferred tax assets are recognised when it is probable that there will be future taxable income against which the temporary differences can be utilised. The assessment of the recoverability of deferred tax assets, in relation to tax losses that can be used in future periods and deductible temporary differences, considers the estimated future taxable income on the basis of a prudent tax planning.

Goodwill

The impairment test on goodwill is carried out by comparing the carrying amount of cash-generating units and their recoverable amount. The recoverable amount of a cash-generating unit is the higher of fair value, less costs to sell, and its value in use. This complex valuation process entails the use of methods such as the discounted cash flow method which uses assumptions to estimate cash flows. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model as well as the expected future cash flows and the growth rate used for the extrapolation.

Provisions and contingent liabilities

Management assess events and circumstances indicating that the Group may have an obligation resulting in the ordinary course of business, Management applies its judgment in determining whether the recognition criteria have been met through assessing the probability of the obligation, making assumptions about timing and amounts of future cash outflows expected to settle the obligation.

4. Financial risk management

Financial risk factors

The Group is exposed to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. In particular, the Group is exposed to risks from movements in exchange rates, interest rates and market prices. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's performance through ongoing operational and finance activities. The management has overall responsibility for the establishment and oversight of the Group's risk management framework.

Market Risk

i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising when its business transactions are in currencies other than its functional currency. The main currencies to which the Group is exposed are the US dollar ("US\$"), the Pakistani Rupee ("PKR"), the Euro ("EUR"), DPRK Won ("KPW") and the Egyptian Pound ("EGP").

The Group is exposed to foreign currency risk arising in two separate ways:

a) Foreign exchange operations risk

The Group entities predominantly execute their operating activities in their respective functional currencies. Some Group subsidiaries are, however, exposed to foreign currency risks in connection with scheduled payments in currencies that are not their functional currencies. In general, this relates to foreign currency denominated supplier payables due to capital expenditures and receivables. The Group monitors the exposure to foreign currency risk arising from operating activities and in general does not use derivative financial instruments to hedge foreign exchange exposure in relation to ordinary operating activities.

At year end, major net assets / (net liabilities) foreign currencies positions presented in 'US Dollars' (US\$), were as follows:

<u>(In thousand \$US)</u>	<u>2018</u>	<u>2017</u>
USD	93,903	82,103
Euro	(5,414)	(4,834)
PKR	(15,920)	(29,785)
GBP	(468)	472
Other	11,386	10,514

The increase in other net assets as of December 31, 2018 refer to positions in Brazilian Reals.

b) As of December 31, 2018, if the functional currencies had increased/(decreased) by 10% against the US\$, Euro, Egyptian pound, and DPRK Won, with all other variables held constant, the translation of foreign currency receivables and payables would have resulted in an increase/(decrease) of US\$ 7,506 thousand of net profit (2017: US\$ 4,745 thousand of net profit).

c) Foreign exchange translation risk

Due to its international presence, the Group's Consolidated Financial Statements are exposed to foreign exchange fluctuations, as these affect the translation of subsidiaries' assets and liabilities denominated in foreign currencies to the US\$ (the Group's presentational currency). The currencies concerned are mainly the Egyptian pound, the Pakistani Rupee, DPRK Won and the Euro. This represents a translational risk rather than a financial risk given that these movements are posted directly to equity in the cumulative translation reserve.

ii) Price risk

The Group has limited exposure to equity instruments of other entities that are publicly traded.

iii) Cash flow and fair value interest rate risk

The Groups interest rate risk arises from borrowings. Borrowings received at variable interest rates expose the Group to cash flow interest rate risk. The Group has not entered into any derivative financial instruments to hedge its exposure to cash flow interest rate risk.

All borrowings outstanding as of December 31, 2018 (US\$ 170,125 thousand) and December 31, 2017 (US\$ 79,579 thousand) are at a fixed interest rate, at a variable interest rate and interest rate free.

The Group analyses its interest rate exposure on a dynamic basis. The Group calculates the impact on profit or loss of a defined interest rate shift. The same interest rate shift is used for all currencies.

The impact of a 1% interest rate shift would be a maximum increase/decrease in 2018 finance costs of US\$ 520 thousand (2017: US\$ 763 thousand).

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 level1.
- The fair value of instruments that are not traded in an active market (for example privately negotiated derivatives between two parties) 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, instrument is included in Level2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level3.

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

(in thousands of US\$)

Assets
Financial assets at fair value through OCI
Financial assets at fair value through profit or loss
Financial assets available for sale at fair value
Total assets

December 31, 2018	December 31, 2017
Level 1	Level 1
2,672	-
2,053	61
-	488
4,725	549

The Group did not measure any financial assets or liabilities as level 2 or level 3 fair value estimates in 2017, whereas they measure in 2018 certain unlisted financial assets at fair value through OCI for a total amount of US\$ 821 thousand as Level 2 fair value estimate. For further details, refer to Note (17) 'Other financial assets'.

The carrying amount of short-term trade and other receivables and payables reasonably approximates fair value as of December 31, 2018 and December 31, 2017.

Credit Risk

The Group considers that it is not exposed to major concentrations of credit risk in relation to trade receivables. However, credit risk can arise in the event of non-performance of a counterparty, particularly in relation to credit exposures for trade and other receivables, financial instruments and cash and cash equivalents.

The credit risk to which the Group is exposed to be analysed by segment as follows:

- i) Financial Services
In general, all costumers are relating to the financial services of Beltone financial group as follows: financial segment of Investment Banking, Asset Management, Brokerage and Other financial Services.
- ii) Cable
In general, cable customers are offered maximum payment terms of 30 days. Customers are checked for credit worthiness before offering credit terms.
- iii) GSM
Substantially all customers in Lebanon are prepaid customers meaning that there is a low credit risk associated with this GSM operation.
- iv) Investment property:
Substantially there is only one significant international client.
- v) Other
Customers' credit worthiness is reviewed before credit terms are offered. Accounts receivable are monitored and outstanding balances are followed up until the balance is received.

The Group tries to mitigate credit risk by adopting specific control procedures, including assessing the credit worthiness of the counterparty and limiting the exposure to any one counterparty. Accruals to the allowance of doubtful receivables amounted to US\$ 28,793 thousand during 2018 (US\$ 28,480 thousand for the year ended December 31, 2017). See also Note (19).

Credit risk relating to cash and cash equivalents and financial deposits arises from the risk that the counterparty becomes insolvent and accordingly is unable to return the deposited funds or execute the obligations under the derivative transactions as a result of the insolvency.

In general, the receivables and financial receivables included in financial assets relate to a variety of small amounts due from a wide range of counterparties, therefore, the Group does not consider that it has a significant concentration of credit risk.

Liquidity Risk

The Group monitors and mitigates liquidity risk arising from the uncertainty of cash inflows and outflows by maintaining sufficient liquidity of cash balances. In general, liquidity risk is monitored at entity level whereby each subsidiary is responsible for managing and monitoring its cash flows and rolling liquidity reserve forecast in order to ensure that it has sufficient committed facilities to meet its liquidity needs.

Laws and regulations in certain countries, such as North Korea, in which the Group operates limit the conversion of current cash balances into foreign currency. Given the nature of the business, Group companies may have to make payments in foreign currencies (for example capital expenditures), the lack of individual entity foreign currency reserves means that these companies are largely dependent on the Company to make these payments on its behalf.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the tables are the gross contractual, undiscounted cash flows including interest, charges and other fees.

(in thousands of US\$)	Carrying amount	Expected cash flows (*)	Less than 1 year	Between 1 and 5 years	More than 5 years
Liabilities					
Liabilities to banks	156,343	164,637	105,001	55,346	4,290
Trade payables	59,891	59,891	59,891	-	-
Finance lease liability	11,038	11,038	369	7,764	2,905
Other borrowings	2,744	2,941	1,725	1,216	-
As Of 31 December 2018	230,016	238,507	167,974	63,338	7,195

As of 31 December 2017 (in thousands of US\$)	Carrying amount	Expected cash flows (*)	Less than 1 year	Between 1 and 5 years	More than 5 years
Liabilities					
Liabilities to banks	76,422	84,433	13,333	71,100	-
Other borrowings	3,160	3,160	1,754	1,406	-
Trade payables	75,598	75,598	75,598	-	-
As of 31 December 2017	155,180	163,191	90,685	72,506	-

* Expected cash flows are the gross contractual undiscounted cash flows including interest, charges and other fees.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

Other risks

Governmental authorisations

Certain future Group activities, including the GSM operations in Lebanon or the cable segment, are dependent on obtaining appropriate government authorisations. Should these authorisations not be obtained or delayed, there could be an adverse impact on the future operations of the Group, such as a decrease in revenues or penalty payments due to contractual counterparties.

Political and economic risk in emerging countries

A significant amount of the Group's operations is conducted in Egypt, North Korea and Pakistan. The operations of the Group depend on the market economy of the countries in which the subsidiaries or associate operate. In particular, these markets are characterised by economies that are in various stages of development or are undergoing restructuring. Therefore, the operating results of the Group are affected by the current and future economic and political developments in these countries. In particular, the results of operations could be unfavourably affected by changes in the political or governmental structures or weaknesses in the local economies in the countries where it operates. These changes could also have an unfavourable impact on financial condition, performance and business prospects.

Regulatory risk in emerging countries

Due to the nature of the legal and tax jurisdictions in the emerging countries where the Group operates, it is possible that laws and regulations could be amended. This could include factors such as the current tendency to withhold tax on the dividends of these subsidiaries, receiving excessive tax assessments, granting of relief to certain operations and practices relating to foreign currency exchange. These factors could have an unfavourable effect on the financial activities of the Group and on the ability to receive funds from the subsidiaries.

Revenue generated by the majority of the Group subsidiaries is expressed in local currency. The Group expects to receive most of this revenue from its subsidiaries and therefore it relies on their ability to be able to transfer funds. The regulations in the various countries, such as North Korea, where Koryolink operates could reduce the ability to pay interest and dividends and to repay loans, credit instruments and securities expressed in foreign currency through the transfer of currency. In addition, in some countries it could be difficult to convert large amounts of foreign currency due to central bank regulations. The central banks may amend regulations in the future and therefore the ability of the Company to receive funds from its subsidiaries may change.

Government Approvals

Some of the activities of the Group, including the telecommunications activity in Lebanon and the marine cable business, depend heavily on obtaining the approval of the concerned government authorities. The telecommunications activity in Lebanon is in accordance with the agreement with the Ministry of Telecommunications for the management of Mobile Interim Company One (MIC1) which expired in January 31, 2013 and are regularly updated.

In the event that such approvals cannot be obtained, this could have a negative effect on the Group's future activities, such as lower revenues or fines by contracting parties.

Classes of financial instrument

The tables below present the Groups financial assets and liabilities by category.

	As of December 31, 2018			As of December 31, 2017		
	At Amortised Cost	FVOCI	Total	Loans and receivables	Available for sale	Total
Assets per statement of financial position						
Other financial assets	115,719	3,493	119,212	43,894	1,285	45,179
Trade receivables	31,642	-	31,642	36,275	-	36,275
Other current assets ¹	2,071	-	2,071	1,442	-	1,442
Cash and cash equivalents	106,565	-	106,565	134,142	-	134,142
Total	255,997	3,493	259,490	215,753	1,285	217,038

¹ Excludes prepaid expenses, advances to suppliers, other receivables, employee loans and assets from current tax as these do not meet the definition of a financial asset.

	As of December 31, 2018		As of December 31, 2017	
	Other financial liabilities at amortized cost	Total	Other financial liabilities at amortized cost	Total
<i>(in thousands of US\$)</i>				
Borrowings	170,125	170,125	79,582	79,582
Other non-current liabilities ²	12	12	1,351	1,351
Trade payable and other current liabilities ²	71,494	71,494	81,963	81,963
Total	241,631	241,631	162,896	162,896

² Excludes Due to local authorities Prepaid traffic and deferred income, as these do not meet the definition of a financial liability.

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.

Pursuant to the decision to dispose of entities previously included in the Media and Technology segment, OIH management has changed its internal reporting as analysed by the chief operating decision-maker and revised the reportable operating segments as follows:

- *Financial Service*: relating to the financial services of Beltone financial group represented in the group of different financial segment of Investment Banking, Asset Management, Brokerage and Other financial Services.
- *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.
- *Other*: includes 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) and the Group's equity investments 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), impairment of associate, share of profit/(loss) of investment in associates, foreign exchange gains /(loss), financial expense, financial income, disposal of non-current assets, impairment charges and depreciation and amortisation; and
- Segment capital expenditure is the total cost incurred during the period to acquire property and equipment and intangible assets other than goodwill.

Revenue and EBITDA disclosure per segment

The following information is regularly provided to the chief operating decision maker and is measured consistently with that of the financial statements.

	For the Period ended 31 December 2018				For the Period ended 31 December 2017			
	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA
Investment Property	3,683	-	3,683	(3,253)	3,914	-	3,914	2,333
GSM Lebanon	7,200	-	7,200	10,530	7,426	-	7,426	4,036
Financial Services	42,360	-	42,360	(4,097)	35,799	-	35,799	(249)
Cable	45,046	-	45,046	24,317	36,367	-	36,367	15,516
Other	1,235	(1,235)	-	(20,413)	1,264	(1,264)	-	(96)
Total	99,524	(1,235)	98,289	7,084	84,770	(1,264)	83,506	21,540

Reconciliation of EBITDA to profit before income tax

	For the Period ended 31 December 2018	For the Period ended 31 December 2017
EBITDA	8,792	21,540
Depreciation and amortization	(8,627)	(7,365)
Impairment charges	(1,102)	0
Disposal of non-current assets	(187)	176
Financial income	3,453	3,530
Financial expense	(9,923)	(7,312)
Foreign exchange gain /(loss)	(2,434)	(1,795)
Share of profit (loss) of equity investments	159,093	145,132
Impairment of associate	(159,093)	(110,289)
(Loss)/ Profit before income tax	(10,028)	43,617

Assets per segment

The following table illustrates assets for each reportable segment as they are regularly provided to the board of directors.

	As Of 31 December 2018				As Of 31 December 2017					
	Property and equipment	Intangible assets	Investment Property	Equity investments	Total	Property and equipment	Intangible assets	Investment Property	Equity investments	Total
Financial Services	14,047	32,462	-	-	46,509	7,830	26,600	-	-	34,430
Investment Property	-	-	64,290	-	64,290	-	-	-	-	-
Cable	62,196	1,422	-	-	63,618	128,616	13,149	76,973	-	218,738
Other	4,698	(33)	-	123,439	128,104	3,036	1,027	-	34,748	38,811
Total	80,941	33,851	64,290	123,439	302,521	139,482	40,776	76,973	34,748	291,979

Reconciliation of assets allocated to total assets

	As Of 31 December 2018	As Of 31 December 2017
Assets allocated	302,521	291,979
Other non-current financial assets	14,086	9,524
Other non-current assets	13,224	16,441
Inventories	413	338
Trade receivables	53,269	53,716
Other current financial assets	105,126	35,646
Other current assets	11,114	12,603
Cash and cash equivalents	106,565	134,142
Total assets	606,318	554,389

Capital expenditure

The table below illustrates the capital expenditure incurred by each segment for the year ended 31 December 2018 and the year ended 31 December 2017:

<i>(in thousands of US\$)</i>	Year ended December 31, 2018	Year ended December 31, 2017
Financial Services	1,032	7,672
Cable	5,745	14,114
Other	1,139	69
Total	7,916	21,855

6. Revenue

	For the Period ended 31, December 2018	For the Period ended 31 December 2017
Revenue form Financial services	42,360	35,799
Interconnection traffic	45,046	36,367
Management contract -Fees	7,200	7,426
Investment Property Revenue	3,683	3,914
Total	98,289	83,506

Disaggregation of revenue from contracts with customers

	Investment Property		Cables		Financial		Management		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Primary geographical markets										
Brazil	3,683	3,914							3,683	3,914
US					17,061	17,423			17,061	17,423
Pakistan			45,046	36,367					45,046	36,367
Lebanon							7,200	7,426	7,200	7,426
Egypt					25,299	18,376			25,299	18,376
	3,683	3,914	45,046	36,367	42,360	35,799	7,200	7,426	98,289	83,506
Major service Lines										
Rental revenues	3,683	3,914							3,683	3,914
Management Fees - Funds					1,603	784			1,603	784
Performance Fees - Funds					1,079	800			1,079	800
Other Financial management Revenues					1,186	1,552			1,186	1,552
Success Fees					5,868	3,233			5,868	3,233
Retainer Fees					145	-			145	-
Brokerage Revenues					32,479	29,430			32,479	29,430
Cable rental			45,046	36,367					45,046	36,367
GSM Management Agreement							7,200	7,426	7,200	7,426
Others									-	-
	3,683	3,914	45,046	36,367	42,360	35,799	7,200	7,426	98,289	83,506
Timing of revenue recognition										
Products transferred at point of sale					42,360	35,799			42,360	35,799
Services transferred over period of time	3,683	3,914	45,046	36,367			7,200	7,426	55,929	47,707
	3,683	3,914	45,046	36,367	42,360	35,799	7,200	7,426	98,289	83,506

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	2019	2020	2021	2022	2023	More than 5 year
IRU LDN (TWA)	171	196	224	256	2932	440

7. Purchases and services

	For the Period ended 31 December 2018	For the Period ended 31 December 2017
Rental of local network, technical sites and other leases	9,241	9,817
Customer acquisition costs	384	216
Purchases of goods and changes in inventories	881	552
Band width cost	4,086	4,740
Maintenance costs	2,323	2,719
Utilities	1,099	989
Brokerage Commissions	7,944	9,665
Advertising and promotional services	2,352	1,735
Consulting and professional services	15,055	7,684
Bank and post office charges	782	445
Insurance	164	131
Airfare	788	2,789
Accommodation, Meals and Per diem	751	265
IT Supplies and expense	385	177
Sites expense	122	541
Security Guards	210	189
Other service expenses	1,542	453
Total	48,109	43,107

The group has elected not to recognise right of use assets and lease liabilities for short term lease and low value assets to be recognise as an expense on straight line basis over the lease term which amounted to US\$ 47.

8. Other expenses

(in thousands of US\$)

	For the Period ended 31 December 2018	For the Period ended 31 December 2017
Accruals for provisions ,write downs and penalties	2,328	7,712
Provisions for risks	8,839	(19,916)
Promotion and gifts	33	30
Other operating expenses	3,853	1,932
Total	15,053	(10,242)

9. Personnel costs

	For the Period ended 31 December 2018	For the Period ended 31 December 2017
Wages and salaries	34,617	30,175
Social security	941	348
Pension costs	764	552
Other benefits	746	522
Subscription & Membership Dues	331	177
Contractual bonuses	1,227	1,150
Other personnel costs	288	424
Total	38,914	33,348

10. Depreciation and Amortisation

	For the Period ended 31 December 2018	For the Period ended 31 December 2017
Depreciation of tangible assets		
Buildings	406	161
Plant and machinery	35	6
Cable system and equipment	3,185	3,242
Commercial and other tangible assets	2,972	874
Depreciation of Investment property		
Buildings	1,432	1,697
Amortization of intangible assets		
License	327	27
Right of use	24	-
Other	246	1,358
Total	8,627	7,365

11. Net financing (costs)

	For the Period ended 31 December 2018	For the Period ended 31 December 2017
Interest income on deposits	3,453	3,530
Financial income	3,453	3,530
Interest expense on borrowings	(7,965)	(6,778)
Interest expense on trade and other liabilities	(3)	-
Interest on lease liabilities	(99)	-
Other interest expense and financial charges	(1,680)	(534)
Impairment of financial assets	(176)	-
Financial expense	(9,923)	(7,312)
Foreign exchange (loss)	(2,434)	(1,795)
Foreign exchange (loss)	(2,434)	(1,795)
Total	(8,904)	(5,577)

12. Investment in associates

Investment in associates primarily relate to the investment in the telecommunication operator in North Korea (Cheo Technology Koryolink).

The following table provides a breakdown of investments in associates:

Company	Country	Ownership	As of	As of
			December 31, 2018	December 31, 2017
Cheo Technology-Koryolink (12-1)	DPRK	75.00%	391,804	235,752
SARWA Capital (12-2)	Egypt	30.00%	89,042	-
Electronic Fund Administration Services	Egypt	15.30%	18	19
International Fund Administration Services	Egypt	15.30%	37	42
Axes Holding company	Egypt	26.01%	625	640
Impairment			(358,087)	(201,705)
			135,695	34,748

(12-1) Koryolink

The tables below sets forth-summary financial information of the associate.

Summarised balance sheet

(in thousands of US\$)

Assets
 Liabilities
 Net assets

As of	As Of
December 31, 2018	December 31, 2017
1,653,133	1,494,150
(260,822)	(272,388)
1,392,311	1,221,762

(in thousands of US\$)

Revenues
 Total Expense
 Post tax profit from continuing operations
 Share of profit of associates

For the year ended	For the year ended
December 31, 2018	December 31, 2017
375,963	360,964
(163,839)	(167,454)
212,124	193,510
159,093	145,132

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 year:

(in thousands of US\$)

As of 1 January
 Share of income of associate before impairment
 Dividends
 Impairment
 Reversal of impairment
 Exchange differences
As of 31 December

	2018	2017
	34,748	34,163
	159,093	145,132
	-	(34,838)
	(159,093)	(145,132)
	-	34,838
	(351)	585
	34,397	34,748

(12-2) Sarwa

On 20 December 2018, the company purchased number of 216,032,608 share from shares of Sarwa capital, which represents 30% of total equity by price per share 7.36 by total price EGP 1,590 million and it was financed by the contract related to open credit facility with bank Audi by amount of USD 90 million during December 2018.

13. Income tax expense

(in thousands of US\$)

		For the year ended December 31, 2018	For the year ended December 31, 2017
Current tax expense		7,725	15,851
Deferred tax	(18)	(1,838)	(4,812)
Total Income Tax Expenses		5,887	11,039

14. Property and equipment

(in thousands of US\$)

	Land and Buildings	Cable system and equipment	Commercial and other tangible assets	Assets under Construction	Total
Cost	13,673	346,045	9,693	3,730	373,141
Accumulated depreciation and impairment	(1,695)	(225,475)	(4,630)	(1,859)	(233,659)
As of January 1, 2018	11,978	120,570	5,063	1,871	139,482
Impact of IFRS 16:					
Additions of ROU	-	-	11,678	-	11,678
Depreciation of ROU	-	-	(1,577)	-	(1,577)
Net impact of IFRS 16	-	-	10,101	-	10,101
Additions	475	983	3,350	2,457	7,265
Disposals	-	-	(62)	-	(62)
Change in scope of consolidation-In coming	1,991	-	-	-	1,991
Depreciation	(465)	(5,956)	(3,007)	-	(9,428)
Exchange differences	(1,068)	(6,596)	(5,755)	(289)	(13,708)
Assets held for sale	(2,190)	(50,546)	(3)	(1,961)	(54,700)
Reclassifications	-	(1,923)	2,310	(387)	-
As of 31 December 2018	10,721	56,532	11,997	1,691	80,941
Cost	11,838	69,735	18,581	1,752	101,906
Accumulated depreciation and impairment	(1,117)	(13,203)	(6,584)	(61)	(20,965)

(in thousands of US\$)

	Land and Buildings	Cable system and equipment	Commercial and other tangible assets	Assets under Construction	Total
Cost	7,369	294,083	6,566	49,297	357,315
Accumulated depreciation and impairment	(1,402)	(216,384)	(4,062)	(1,854)	(223,702)
As of 1 January 2017	5,967	77,699	2,504	47,443	133,613
Additions	6,786	10,833	3,124	592	21,335
Disposals	(554)	-	(576)	-	(1,130)
Change in scope of consolidation	-	-	171	15	186
Depreciation	(309)	(9,652)	(883)	-	(10,844)
Currency translation differences	88	(3,215)	(166)	(385)	(3,678)
Reclassifications	-	44,905	889	(45,794)	-
As of 31 December 2017	11,978	120,570	5,063	1,871	139,482
Cost	13,673	346,045	9,693	3,730	373,141
Accumulated depreciation and impairment	(1,695)	(225,475)	(4,630)	(1,859)	(233,659)

The assets include pledged assets of amount of USD 68 Million against credit facilities obtained for the expansion in marine cables SMW5.

15. Intangible assets

(in thousands of US\$)

	License	Goodwill	Right of use	Customer Base	Trade Mark	Other	Total
<i>Cost</i>	2,502	20,522	21,956	4,421	1,409	2,044	52,854
<i>Accumulated amortization and impairment</i>	(719)	(458)	(10,254)	(442)	(140)	(65)	(12,078)
	1,783	20,064	11,702	3,979	1,269	1,979	40,776
Additions	267	-	238	-	-	136	641
Amortization	(327)	-	(24)	(220)	(26)	-	(597)
Impairment loss	(1,163)	-	-	-	-	-	(1,163)
Disposals	(193)	-	-	-	-	-	(193)
Change in the scope of consolidation in coming	217	6,699	-	-	-	-	6,916
Reclassifications	(174)	-	292	-	-	(118)	-
Assets held for sale	(242)	-	(11,702)	-	-	(66)	(12,010)
Exchange differences	251	(2,304)	(78)	(30)	-	1,642	(519)
As of 31 December 2018	419	24,459	428	3,729	1,243	3,573	33,851
<i>Cost</i>	2,628	24,917	10,706	4,391	1,409	3,638	47,689
<i>Accumulated amortization and impairment</i>	(2,209)	(458)	(10,278)	(662)	(166)	(65)	(13,838)

(in thousands of US\$)

	License	Goodwill	Right of use	Customer base	Trademark	Other	Total
<i>Cost</i>	1,113	16,877	21,914	4,344	1,383	65	45,696
<i>Accumulated amortization and impairment</i>	(695)	(450)	(9,429)	(217)	(70)	(63)	(10,924)
As of 1 January 2017	418	16,427	12,485	4,127	1,313	2	34,772
Adjustments to opening balance	-	(9,644)	-	-	-	1,852	(7,792)
Additions	344	-	42	-	-	134	520
Amortization	(55)	-	(825)	(220)	(70)	(2)	(1,172)
Change in the scope of consolidation	1,093	13,021	-	-	-	-	14,114
Exchange differences	(17)	260	-	72	26	(7)	334
Net book value as of 31 December 2017	1,783	20,064	11,702	3,979	1,269	1,979	40,776
<i>Cost</i>	2,502	20,522	21,956	4,421	1,409	2,044	52,854
<i>Accumulated amortization and impairment</i>	(719)	(458)	(10,254)	(442)	(140)	(65)	(12,078)

The following table provides an analysis of goodwill by segment reporting:

(in thousands of US\$)

	Media and Technology	Cable	Financial sector	Total	Media and Technology	Cable	Financial sector	Total
As of 1 January								
<i>Cost</i>	458	638	19,426	20,522	450	675	15,752	16,877
<i>Accumulated impairment</i>	(458)	-	-	(458)	(450)	-	-	(450)
Change in scope	-	-	6,699	6,699	-	-	13,021	13,021
Adjustment to the opening balance	-	-	-	-	-	-	(9,644)	(9,644)
Exchange differences-Cost	-	(48)	(2,256)	(2,304)	-	(37)	297	260
As of 31 December	-	590	23,869	24,459	-	638	19,426	20,064
<i>Cost</i>	458	590	23,869	24,917	450	638	19,426	20,514
<i>Accumulated impairment</i>	(458)	-	-	(458)	(450)	-	-	(450)

16. Investment Property

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

(in thousands of US\$)

	Year ended December 31, 2018	Year ended December 31, 2017
Cost	82,067	83,562
Accumulated amortization and impairment	(5,094)	(3,514)
As of 1 January,	76,973	80,048
Depreciation	(1,429)	(1,697)
Exchange differences	(11,254)	(1,378)
As of 31 December	64,290	76,973
Cost	69,993	82,067
Accumulated amortization and impairment	(5,703)	(5,094)

The fair value for the asset on December 31, 2018 amounted to US\$ 90 million.

- Investment Property Revenue:

(in thousands of US\$)

	Year ended December 31, 2018	Year ended December 31, 2017
Rental income	3,683	3,934
Direct operating expenses from property that generated rental income	1,655	1,468
Direct operating expenses from property that did not generate rental income	1,220	1,828

Leasing arrangement

A substantial part of the investment properties are leased to tenants under long-term operating leases with rentals payable (monthly – in advance or in arrears). Minimum lease payments receivable on leases of investment properties are as follows:

(in thousands of US\$)

	As of December 31, 2018	As of December 31, 2017
Within one year	3,670	4,056
Later than one year but not later than 5 years	14,680	10,211

17. Other financial assets

(in thousands of US\$)

	As Of 31 December 2018			As Of 31 December 2017		
	Non-current	Current	Total	Non-current	Current	Total
Financial receivables	3,043	1,091	4,134	206	195	401
Deposits	-	-	-	57	1,967	2,024
Restricted Cash	7,550	101,982	109,532	7,976	33,423	41,399
Financial assets at fair value through OCI	3,493	-	3,493	-	-	-
Financial assets at fair value through profit or loss	-	2,053	2,053	-	61	61
Financial assets available for sale -At Fair value	-	-	-	1,285	-	1,285
Total	14,086	105,126	119,212	9,524	35,646	45,170

The following table shows the ageing analysis of financial receivables and long-term deposits:

	As Of December 31, 2018		As Of December 31, 2017	
	Deposits	Financial receivables	Deposits	Financial receivables
(in thousands of US\$)				
Not past due	-	1,063	163	152
Past due 0-30 days	-	-	-	-
Past due 31-120 days	-	-	-	-
Past due 121-150 days	-	-	-	-
Past due more than 150 days	-	3,071	1,861	249
	-	4,134	2,024	401

17-1 Restricted cash

(in thousands of US\$)	As Of December 31, 2018			As Of December 31, 2017		
	Non-current	Current	Total	Non-current	Current	Total
Pledged deposits	608	101,982	102,590	613	33,423	34,036
Cash on banks in North Korea	6,942	-	6,942	7,363	-	7,363
Total	7,550	101,982	109,532	7,976	33,423	41,399

17-2 Financial assets at fair value through OCI and available for sale

(in thousands of US\$) Company name	As of December 31, 2018	As of December 31, 2017
Egypt Opportunities Fund	2,252	-
Misr for Central Clearing Depository and Registry	429	436
EGX 30	420	488
Guarantee Settlement Fund	375	342
El Arabi for Investment	11	11
MENA Capital	172	174
(Less) Impairment loss	(166)	(166)
Total	3,493	1,285

17-3 Financial assets at Fair Value Through profit or Loss

(in thousands of US\$)	As of December 31, 2018	As of December 31, 2017
Investment in cash investment funds	816	43
Investment in investment funds	813	18
Treasury Bills	424	-
Total	2,053	61

18. Deferred taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred income tax assets and liabilities relate to income taxes due to the same tax authority.

(in thousands of US\$)	As Of 31 December 2018	As Of 31 December 2017
Deferred tax liabilities, gross	(15,653)	(24,361)
Deferred tax assets offset	388	245
Deferred tax liabilities	(15,265)	(24,116)

The movement in deferred income tax liabilities is as follows:

(in thousands of US\$)	As Of 31 December 2018	As Of 31 December 2017
As of January 1,	(24,116)	(28,064)
Adjustments on beginning balances	-	(731)
Exchange differences	1,928	(133)
(Charged) / credited to the income statement	1,838	4,812
Change in scope of consolidation	5,085	-
As of December 31,	(15,265)	(24,116)

A breakdown of the movement in deferred tax liabilities is provided in the tables below:

Deferred tax liabilities (in thousands of US\$)	Depreciation and amortization	Unremitted earnings	Forex	Other	Total
As of January 1st, 2018	(12,145)	(959)	(11,271)	259	(24,116)
(Charged) / credited to the income statement	(58)	(1,329)	2,399	826	1,838
Change in scope of consolidation	-	-	5,085	-	5,085
Exchange differences	1,857	16	263	(208)	1,928
As of December 31, 2018	(10,346)	(2,272)	(3,524)	877	(15,265)

	Depreciation and amortization	Unremitted earnings	Forex	Other	Total
Deferred tax liabilities					
<i>(in thousands of US\$)</i>					
As of 1 January 2017	(11,255)	(959)	(15,850)	-	(28,064)
Adjustments to the opening balance	-	-	(531)	(200)	(731)
(Charged)/ credited to the income statement	(1,195)	-	5,748	259	4,812
Exchange differences	305	-	(638)	200	(133)
As of December 31, 2017	(12,145)	(959)	(11,271)	259	(24,116)

Generally, the Group does not recognise deferred tax assets for temporary differences related to accruals for provisions, due to uncertainties in connection with the tax treatment of such expenses, as they might be challenged by local tax authorities.

No deferred tax liability has been recognised in respect of temporary differences associated with investments in subsidiaries, branches and associates, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Should additional information arise in future periods resulting in differences between the tax base and accounting base of recorded assets and liabilities in the financial statements as at December 31, 2018, Management will reassess its estimate in a way that might result in the recognition of deferred taxes related to those assets and liabilities.

19. Trade receivables

(in thousands of US\$)

	As Of 31 December 2018	As Of 31 December 2017
Receivables due from customers	61,704	60,831
Receivables due from telephone operators	20,466	20,281
Other trade receivables	689	1,084
Allowance for doubtful receivables	(29,590)	(28,480)
Total	53,269	53,716

The following table shows the movement in the allowance for doubtful receivables:

(in thousands of US\$)

	As of December 31, 2018	As of December 31, 2017
At January 1	28,480	19,902
Additions (allowances recognized as an expense)	4,382	9,596
Used	17	(36)
Reversal	(2,859)	(1,884)
Exchange differences	(430)	902
At December 31,	29,590	28,480

The following table shows the ageing analysis of trade receivables as of 31 December 2018 and 2017, net of the relevant allowance for doubtful receivables:

(in thousands of US\$)

	As of December 31, 2018	As of December 31, 2017
Not past due	38,398	22,991
Past due 0-30 days	1,005	709
Past due 31-120 days	2,376	2,715
Past due 121 - 150 days	106	720
Past due more than 150 days	11,384	26,581
Trade receivables	53,269	53,716

The maximum exposure to credit risk at the reporting date is the carrying value of the receivable. The Group does not hold any collateral as security.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2018:

31-Dec-18	Equivalent to external credit rating	Weighted- average loss rate	Gross carrying amount	ECL
Grade 1-6: low risk	BBB- to AAA	0.32%	5,978	19
Grade 10: Substandard	B- to CCC-	3.16%	9,219	291
Grade 12: Loss	D	100%	4,072	4,072
Allowance for doubtful			19,269	4,382

20. Other non-financial assets

(in thousands of US\$)

	As Of 31 December 2018			As Of 31 December 2017		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	13,224	2,848	16,072	16,441	3,214	19,655
Advances to suppliers		343	343		2,189	2,189
Receivables due from tax authority		401	401		341	341
Employee loans		518	518			
Assets from current tax		5,453	5,453		5,335	5,335
Other non trade receivables		1,551	1,551		1,900	1,900
Allowance for doubtful current assets		-	-		(376)	(376)
Total	13,224	11,114	24,338	16,441	12,603	29,044

21. Cash and cash equivalent

	As Of 31 December 2018	As Of 31 December 2017
Bank accounts and Deposits	106,491	134,058
Cash on hand	74	84
Total	106,565	134,142

22. Equity attributable to the owners of the Company

Share capital

On 29 November 2011, the Company was incorporated with an authorised and issued share capital amounting to EGP 2,203,190,060 Million (equivalent to US\$ 366,148 thousand at date of transactions) distributed over 5,245,690,620 shares, each with a nominal value of EGP 0.42.

Non-distributable earnings

Retained earnings include an amount of US\$ 1,511 thousand as of December 2018 compared to US\$ 1,041 thousand as of December 2017, which is not available for distribution representing a legal and special reserves at the subsidiaries level.

23. Borrowings

	As Of 31 December 2018			As Of 31 December 2017		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities to banks	109,335	47,008	156,343	13,333	63,089	76,422
Finance lease liability	369	10,669	11,038	325	36	361
Other borrowings	1,618	1,126	2,744	1,429	1,370	2,799
	111,322	58,803	170,125	15,087	64,495	79,582

Loans for Trans World associate

Borrowings include loans obtained from the shareholders of Trans World associate private by an amount of USD 2.7 Million of which USD 1.6 Million due within one year and USD 1.1 Million due after more than one year with an interest rate of 1.335% per annum.

Borrowings also include loans obtained from banks amounted to USD 28.5 Million from which USD 5 Million due within one year and USD 23.5 Million due after more than one year these borrowings were obtained by Trans World Associate Private with interest rates ranges between 8.6% to 11%.

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

On September 28, 2015 the company borrowed non-current loan from a foreign bank by a maximum amount of USD 35 Million for the sole purpose of financing 50% of the purchase price of seven floors in the “Patio Malzoni Faria Lima Tower A” in Sao Paolo, Brazil through the direct or indirect acquisition of the shares of the following companies incorporated in Brazil: Victoire 2, Victoire 9, Victoire 11, Victoire 13, Victoire 17, Victoire 18, and Victoire 19.

- Finance cost USD 100 Thousand, worth on the date of signing the contract.

Interest and interest period

Interest shall be set at a variable rate of US Dollar the subjected bank reference rate +1%, currently set at 7.82% per annum.

The interest shall be calculated on the basis of a year of Three hundred Sixty (360) days and the actual number of days elapsed.

Financial covenants

The loan shall be covered at 200% by the real estate value of the floors during the financing period, and valuation of the floors should occur every 6 months at the borrower’s expenses.

In the event the coverage falls at or below 175%, and at the option of the borrower, the loan will either be reduced to maintain the ratio of 200%, or the borrower must grant an additional security acceptable to the lender in order to maintain the coverage ratio at 200%.

Securities

- In favor of the lender of the total acquired shares in the capital of the companies owning the floors, and the borrower shall deliver the certificates of the shares pledged.
- A chattel mortgage on all floors duly registered at the relevant real estate register in Sao Paolo Brazil.
- The borrower pledges to assign in favor of the lender of rental proceeds of the floors. The proceeds will be transferred to the borrower’s account with the lender to cover interest and constitute a reserve account covering one interest payment.
- An irrevocable undertaking by the borrower to cover by the second anniversary of the first drawdown, the balance of the loan in principal and interest by a pledge account opened in his name.
- On October 18, 2017 Orascom Investment 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, Provided that the total amount of the loan is mortgaged until the Company fulfills the above mentioned guarantees.

Other credit facilities:

- On December 13, 2018, the Company made an agreement to open credit facility amounted to USD 90,000,000 secured by USD time deposits, where the percentage of finance makes up 90% of the secured time deposits.
- The credit bank facilities granted to Beltone Financial Holding 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.

The following table shows the movement of borrowings during the year:

Liabilities due to banks

Liabilities due to banks are detailed in Appendix B – “Liabilities due to banks”.

	within one						Total
	year	1-2 years	2-3 years	3-4 years	4-5 years	after 5 years	
<i>(in thousands of US\$)</i>							
Liabilities to banks 2018	109,335	4,353	32,122	1,739	4,276	4,518	156,343
Liabilities to banks 2017	13,333	8,531	11,435	39,919	3,204	-	76,422
Finance lease liability 2018	369	2,460	1,692	1,821	1,791	2,905	11,038
Finance lease liability 2017	325	36	-	-	-	-	361
Other borrowings 2018	1,618	242	393	491	-	-	2,744
Other borrowings 2017	1,429	241	245	392	492	-	2,799
As Of 31 December 2018	111,322	7,055	34,207	4,051	6,067	7,423	170,125
As Of 31 December 2017	15,087	8,808	11,680	40,311	3,696	-	79,582

Finance lease liabilities

(in thousands of US\$)

	As of December 31, 2018	As of December 31, 2017
Gross finance lease liabilities – minimum lease payments		
Within one year	1,474	52
Between 1-5 years	7,359	312
Over 5 years	3,155	-
Future finance charges on finance leases	(950)	(3)
Present value of finance lease liabilities	11,038	361
The present value of finance lease liabilities is as follows:		
Within one year	369	325
Between 1-5 years	7,764	36
Over 5 years	2,905	-
	11,038	361

Other Borrowings

Other borrowings mainly include loans from non-controlling shareholders in subsidiaries. The detail of “Other borrowings” is included in Appendix B – “Other borrowings”.

Currency Information of current and non-current borrowings

The following table provides the breakdown of total borrowings by currency of issue:

<i>(in thousands of US\$)</i>	US\$	Egyptian Pound	Pakistan Rupee	Others	Total
As of 31 December 2018	131,914	5,589	32,622	-	170,125
As of 31 December 2017	36,131	3,522	39,929	-	79,582

The following table illustrate the movements in the borrowings during the period

<i>(in thousands of US\$)</i>	As of December 31, 2018	As of December 31, 2017
Balance at the beginning of the period	79,582	89,947
Current borrowings	15,087	40,911
Non-current borrowings	64,495	49,036
payments of loans	(22,680)	(11,886)
Proceeds from loans	110,142	4,271
Accrued interest	-	7,330
interest paid	(9,607)	(8,548)
Foreign exchange differences	12,688	(1,532)
Balance at the end of the period	170,125	79,582
Current borrowings	111,322	15,087
Non-current borrowings	58,803	64,495

-Details of borrowings are included in appendix B.

24. Trade payables and other liabilities

<i>(in thousands of US\$)</i>	As Of 31 December 2018			As Of 31 December 2017		
	Current	Non-current	Total	Current	Non-current	Total
<i>Trade Payable</i>						
Capital expenditure payables	4,752	-	4,752	5,920	-	5,920
Trade payables due to suppliers	8,439	-	8,439	10,514	-	10,514
Customers credit balance	41,038	-	41,038	51,628	-	51,628
Trade payables to Telephone operator	2,835	-	2,835	125	-	125
Other trade payables	2,827	-	2,827	7,411	-	7,411
Total	59,891	-	59,891	75,598	-	75,598
<i>Other payable</i>						
Prepaid traffic and deferred income	339	3,408	3,747	1,347	13,430	14,777
Due to local authorities	3,155	-	3,155	4,456	-	4,456
Personnel payables	3,022	-	3,022	2,791	-	2,791
Subscriber deposits	38	-	38	42	-	42
Other credit balances	8,543	22,436	30,979	3,532	18,789	22,321
Total	15,097	25,844	40,941	12,168	32,219	44,387
Total	74,988	25,844	100,832	87,766	34,559	119,985

The other credit balance includes the balance of long term employee benefits where OIH by virtue of the Management Agreement signed with the Ministry of Telecommunications manages MIC1 SAL on behalf of the republic of Lebanon owner of both mobile networks operators. Orascom Telecom Lebanon SAL (OTL) is created in order to manage the personnel of MIC, as employer, yet all personnel costs are charged to and reimbursed by the Lebanese Government as per the term of the management agreement.

<i>(in thousands of US\$)</i>	As of December 31, 2018	Reversal of held for sale recognition	Benefits paid/ disbursements	Contributions	As of December 31, 2017
Employees termination benefits	12,754	15	360	(1,911)	11,218
Other defined benefit obligations	9,670	6,220	-	(9,670)	6,220
Total employee benefits	22,424	6,235	360	(11,581)	17,438

The following table illustrate the movements in prepaid traffic and deferred income during the year:

<i>(in thousands of US\$)</i>	As of December 31, 2018	Liability held for sale	Other Changes	Amounts recognised within Revenue	Additional amounts arising over the year	As of January 1, 2018
Deferred Revenue - current	339	1,344	(56)	176	(220)	1,583
Deferred Revenue - non-current	3,408	9,957	(171)	-	-	13,194
	3,747	11,301	(227)	176	(220)	14,777

25. Provisions

(in thousands of US\$)

	As of December 31, 2018	As of December 31, 2017
As of 1 January	20,723	40,113
Additions	8,833	168
Currency translation differences	118	529
Change in scope	(6,633)	
No longer required	-	(20,087)
As of 31 December	23,041	20,723

Provisions no longer required for the year ended 2017 referred to discontinued operations of Mena Cables

26. Earnings per share

Basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. For the purposes of the earnings per share calculation, it has been assumed that the number of issued shares at the date of incorporation (5,245,690 thousand) had been outstanding during the year.

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 from continuing operations and from discontinued operations are equal.

	For the year ended December 31, 2018	For the year ended December 31, 2017
Profit attributable to equity holders of the Company <i>(in thousands of US\$)</i>	(59,249)	22,109
Weighted average number of shares <i>(in thousands of shares)</i>	5,245,690	5,245,690
Earnings per share – basic and diluted (in US\$)	(0.011)	(0.004)

27. Business Combination

27-A MENA Cable

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.

Discontinued operations calculated as the followings:

(In thousand USD)	30-Sep-18
Proceeds from sale	87,633
<u>Less:</u>	
Selling expenses	(327)
Liabilities held for sale	27,583
Assets held for sale	(82,417)
Mena Cable Losses for the period	(5,485)
Foreign exchange differences excluded	(78,342)
Deferred taxes	5,227
Group profits from disposal	(46,128)

Mena Cable Losses for the period

(In thousand USD)	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)

27-B 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:

- 1- 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.
- 2- 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	1,991
Other assets	998
Cash and cash equivalents	518
Total assets	3,507
Liabilities	
Other liabilities	(1,184)
Total liabilities	(1,184)
Net assets	2,323
Holding Company's share of net assets acquired 57.5%	1,336
Consideration paid	(8,000)
Goodwill	6,664

The Company's financial statements have been adjusted with the Purchase Price Allocation (PPA) and determined the fair value of goodwill of USD 6.67M and were not identifiable assets according to the study made.

27-C Auerbach Grayson Company

On 25 September 2016, the BOD of Beltone Financial Holding approved the acquisition of 60 % of AGCO Company through one of subsidiaries (New Frontier securities –USA) by USD 24 million. The acquisition agreement includes three call / put options as follows:

- 1- Within one year from the agreement date , the seller has the right to purchase 9% of AGCO shares which is owned by New Frontier Securities company against an agreed upon consideration and conditions.
- 2- Commencing 3 years from the agreement date. The buyer has the option to buy part or all of Non-Controlling Interest (NCI) against an agreed upon consideration and conditions.
- 3- Commencing 5 years from the agreement date, the seller has the option to exercise a right to sell all of its shares against an agreed upon consideration and conditions.

On 30 January 2017 the company had the USA regulatory approval to practice brokerage activity in USA and to acquire a share in Auerbach Grayson & Company –USA (AGCO) and the rest of procedures were followed till 1 February 2017 which is considered as the “acquisition date”.

The company determined the primary accounting for business combination for acquiring AGCO temporarily on 1 February 2017. and to continue the study of the fair value of determined identifiable assets and liabilities including the intangible assets in the acquisition date (if exists)

According to the agreement, an amount of USD 2 million were escrowed as the group has the right of deducting any unrecorded liabilities could arise (For example but not limited to : Law suits or any events result in Financial damage , customer troubles, Vendors etc.). It was subsequently agreed that this value amounted to 676 500 USD.

The Group has prepared the Purchase Price Allocations (PPA) and relevant fair value adjustments of assets, liabilities and related adjustments in the last quarter of 2018. The comparative figures for 2017 have been restated to reflect the final figures (note no 33) which results in a final value of goodwill of 3 300 385 USD as follows:

	As of February 1, 2017 USD 000
Intangible assets	3 013
Net owned assets	16 975
	19 988
Acquisition percentage	60%
	11 993
Derivatives	8 070
Deferred tax liability	(687)
Holding Company's share of net assets acquired	19,376
Consideration	
Cash	(22 000)
Deferred consideration	(676)
Total Considerations	(22 676)
Goodwill	(3 300)

The balance of financial derivatives represented at fair value of the right of the second option of New Frontier company is as follows:

	31 December 2018 USD	31 December 2017 USD
Derivatives – options	4,862	8,083
	4862	8,083

28. Subsidiaries

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Company do not differ from the proportion of ordinary shares held. The Company does not have any shareholdings in preference share of subsidiaries included in the Group.

Summarised financial information of non-wholly owned subsidiaries with material non-controlling interests.

(in thousands of US\$)	Trans World Associates (Pvt) Ltd		Beltone financial management	
	As of 31 December		As of 31 December	
	2018	2017	2018	2017
Current				
Current assets	20,082	19,159	66,151	84,417
Current liabilities	(25,874)	(33,004)	(75,516)	(82,339)
Total current net assets	(5,792)	(13,845)	(9,365)	2,078
Non-current assets	72,526	85,968	24,729	12,014
Non-current liabilities	(33,788)	(40,349)	(1,021)	(316)
Total non-current net assets	38,738	45,619	23,708	11,698
Net assets	32,946	31,774	14,343	13,776

The above information is the amount before intercompany eliminations.

(in thousands of US\$)	Trans World Associates (Pvt) Ltd		Beltone financial management	
	For the year ended December 31, 2018	For the year ended December 31, 2017	For the year ended December 31, 2018	For the year ended December 31, 2017
	Revenue	44,820	36,367	39,548
Profit (loss) before income tax	12,704	7,999	(5,345)	(268)
Income tax expense	(3,581)	(3,678)	(1,495)	(532)
Post tax profit (loss) from continuing operations	9,123	4,321	(6,840)	(801)
Other comprehensive (loss) \ income	(7,344)	(107)	(3,699)	4
Total comprehensive income	1,779	4,214	(10,539)	(797)
Total comprehensive income allocated to non-controlling interests	36	2,065	2,226	(186)

The above information is the amount before intercompany eliminations.

(in thousands of US\$)	Trans World Associates (Pvt) Ltd		Beltone Financial Management	
	For the year ended December 31,		For the year ended December 31,	
	2018	2017	2018	2017
Net cash flows generated by / (used in) operating activities	13,933	5,471	(13,642)	30,705
Net cash flows generated by / (used in) investing activities	(8,185)	(6,951)	(3,232)	15,545
Net cash flows generated by / (used in) financing activities	(3,367)	2,909	1,642	(2,028)
Net change in cash during the year	2,381	1,429	(15,232)	44,222
Effect of exchange rates on cash and cash equivalents	(277)	3,881	(363)	(1,533)
Cash and cash equivalent at the beginning of the year	4,321	(282)	64,222	21,533
Cash and cash equivalent at the end of the year	6,425	5,028	48,627	64,222

The above information is the amount before intercompany eliminations.

29. Commitments

The commitments as of 31 December 2018 and 2017 are provided in the table below:

<i>(in thousands of US\$)</i>	As of 31 December 2018	As of 31 December 2017
Purchase of property and equipment	5,214	12,889
Others	12,054	17,231
Total	17,268	30,120

Other capital engagements are the group's obligations arising from the lease commitment of Auerbach Grayson & Co for the amount equivalent to 6.4 \$ million , plus the amount equivalent to 4.4 \$ million pounds to the contract of Trans World associates (subsidiary).

30. Related party transactions

Transactions with subsidiaries, associates, with the Parent Company and its subsidiaries and other related parties are not considered atypical or unusual, as they fall within the Group's normal course of business and are conducted under market conditions that would be performed by independent third parties.

The main related party transactions are summarised as follows:

<i>(in thousands of US\$)</i>	Year ended 31-Dec-18			Year ended 31-Dec-17		
	<i>Revenue</i>	<i>Purchase of services and goods</i>	<i>Consultancy</i>	<i>Revenue</i>	<i>Purchase of services and goods</i>	<i>Consultancy</i>
OTMT						
CHEO	-	(378)	-	-	(803)	-
Others						
facility management Contrack	-	-	-	(5)	-	-
LTD Orastar	-	-	(78)	-	-	(45)
Omar Zawawy (shareholder of a subsidiary) .Dr	-	-	(20)	-	-	(11)

(in thousands of US\$)

	As of December 31, 2018		As of December 31, 2017	
	<i>Receivables</i>	<i>Payables</i>	<i>Receivables</i>	<i>Payables</i>
Orascom Solutions	-	-	12	-
LTD Orastar	-	2,832	-	2,231
Omar Zawawy (shareholder of a subsidiary)	-	726	-	572
services company in the area of E-management investment funds	-	-	38	-
Beltone partners for investment and trade	-	-	25	-
Belton Mena Equity Fund	27	-	-	-
EGX funds company	1	-	-	-
Misr Beltone	-	339	-	337
International Fund Management Service Co.	-	106	-	133
Electronic Fund Management Service Co.	-	34	-	-

Key management compensation

Key management includes executive and non-executive directors, the chief financial officer and other managing directors considered key personnel.

The compensation paid or payable to key management for employee services amounted to US\$ 2,812 thousand and US\$ 1,354 thousand respectively for the year ended December 31, 2018 and 2017.

34. Subsequent events

- On 10 September 2019, OTMT Brazil Holding announced that it has executed a sale and purchase agreement with Marco for selling Riza capital with total value of \$13.3 Million on 6 installments every half year with amount of \$2.2Million.
- On Sept 18, 2019, the general assembly accepted to apply employees' stock option plan through granting free shares for the employees, managers and the executive board members of the company, and giving authorizations on behalf of the company regarding this matter. In addition, the shareholders accepted the allocation contract planned to be signed with the beneficiaries from the plan. Additionally, the clauses of the plan shall not be canceled nor amended after the approval from the Financial Regulatory Authority unless an amendment is made in an extraordinary general assembly meeting with no violation of the beneficiaries' rights of the plan.

Furthermore, the general assembly decided to delegate the Board of Directors in issuing the shares for capital increase necessary for applying the plan and amending articles (6&7) from the original system.

Chief Financial Officer
Khalid Ellaicy



Chief Executive Officer
Tamer Mahdi



Executive Chairman
Naguib Sawiris

APPENDIX A - SUBSIDIARIES, ASSOCIATES AND INVESTMENTS AS OF 31 DECEMBER 2018

Segment	Country of incorporation and place of business	Entity name	Nature of business	Proportion of ordinary shares held by the Company (%)	Proportion of ordinary shares held by OTMT Group (%)	Proportion of ordinary shares held by the non-controlling interest (%)	Investment type
Media and Technology	North Korea	Orabank NK	Other	% 95	95%	5%	Subsidiary
Media and Technology	Pakistan	Trans World Associates (Pvt) Ltd	Cables	51%	51%	49%	Subsidiary
Media and Technology	Egypt	Oracap Holding Co. (Free zone)	Other	100%	100%	0.00%	Subsidiary
Media and Technology	Malta	Oracap Far East Ltd	Other	100%	100%	0.00%	Subsidiary
Management services	Lebanon	Orascom Telecom Lebanon	Management services	% 99,8	% 99,8	0.20%	Subsidiary
Financial Services	UAE	Beltone Financial – Emirates	Financial services	100%	70%	30%	Subsidiary
Financial Services	Egypt	Beltone Securities Brokerage "S.A.E"	Financial services	100%	70%	30%	Subsidiary
Financial Services	Libya	International For Securities Company – Libya	Financial services	49%	34,3%	51%	Subsidiary
Financial Services	Egypt	Beltone Market Maker "S.A.E"	Financial services	100%	70%	30%	Subsidiary
Financial Services	USA	Beltone Financial – USA	Financial services	100%	70%	30%	Subsidiary
Financial Services	UK	Beltone Financial – UK	Financial services	100%	70%	30%	Subsidiary
Financial Services	Egypt	Beltone Information Technology "S.A.E"	Financial services	100%	70%	30%	Subsidiary
Financial Services	Egypt	Beltone Securities Holding "S.A.E"	Financial services	100%	70%	30%	Subsidiary
Financial Services	Egypt	Beltone Securities Brokerage "S.A.E"	Financial services	100%	70%	30%	Subsidiary
Financial Services	Egypt	Beltone Financial Holding "S.A.E"	Financial services	100%	% 70	30%	Subsidiary
Financial Services	Egypt	Beltone Investment Funds "S.A.E"	Financial services	100%	%70	30%	Subsidiary
Financial Services	Egypt	Beltone Promotion and Underwriting "S.A.E"	Financial services	100%	%70	30%	Subsidiary
Financial Services	Egypt	Beltone Investments Holding- free zone "S.A.E"	Financial services	100%	%70	30%	Subsidiary
Financial Services	USA	Auerbach Grayson for Securities Brokerage	Financial services	62%	43,4%	38%	Subsidiary
Financial Services	Brazil	Riza Capital	Financial services	57%	57%	43%	Subsidiary
Other	luxembourg	OTMT – Brazil	other	100%	100%	0.00%	Subsidiary

Investment Property	Netherlands	Victoire coop Investment Holding	Investment Property	100.00%	100.00%	0.00%	Subsidiary
Investment Property	Netherlands	Victoire BV	Investment Property	100.00%	100.00%	0.00%	Subsidiary
Investment Property	Brazil	Victoire 2 (Brazil)	Investment Property	100.00%	100.00%	0.00%	Subsidiary
Investment Property	Brazil	Victoire 9 (Brazil)	Investment Property	100.00%	100.00%	0.00%	Subsidiary
Investment Property	Brazil	Victoire 11 (Brazil)	Investment Property	100.00%	100.00%	0.00%	Subsidiary
Investment Property	Brazil	Victoire 13 (Brazil)	Investment Property	100.00%	100.00%	0.00%	Subsidiary
Investment Property	Brazil	Victoire 17 (Brazil)	Investment Property	100.00%	100.00%	0.00%	Subsidiary
Investment Property	Brazil	Victoire 18 (Brazil)	Investment Property	100.00%	100.00%	0.00%	Subsidiary
Investment Property	Brazil	Victoire 19 (Brazil)	Investment Property	100.00%	100.00%	0.00%	Subsidiary
Energy	Egypt	O Capital for energy	Energy	%99.2	%99.2	0.8%	Subsidiary
Energy	Egypt	O Capital for services and construction	Energy	%99.2	%99.2	0.8%	Subsidiary
Media and Technology	Egypt	Orascom Telecom Venture co. "S.A.E"	Egypt	% 99,99	% 99,99	0.01%	Subsidiary
Other	Egypt	Orascom prisme pyramids Entertainment "S.A.E"	Egypt	% 70	69%	30%	Subsidiary
GSM North Korea	North Korea	CHEO Technology JV Company	Telecommunication operator	75.00%	75.00%	25.00%	Associate
Financial Services	USA	Axes Holding	Information system for financial services	33.9%	23.7%	66.1%	Associate
Financial Services	Egypt	SARWA Capital	Micro Financing	30%	30%	70%	Associate
Financial Services	Egypt	Electronic Fund Administration Services	Mutual funds management services	20%	14%	80%	Associate
Financial Services	Egypt	International Fund Administration Services	Fund Admin Services	20%	14%	80%	Associate
Financial Services	Egypt	Misr Bellone Asset Management	Mutual funds management	50%	35%	50.00%	Joint Venture

APPENDIX B – LIABILITIES TO BANKS AND OTHER BORROWINGS AS OF DECEMBER 31, 2018

<u>Description</u>	<u>Current</u>	<u>Non</u>	<u>Total</u>	<u>Currency</u>	<u>Nominal</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Security</u>	<u>Assets secured</u>
<u>OJH Loans</u>									
Foreign Bank loan	10,006	23,361	33,367	USD	33,423	31-Oct-21	LIBOR+1%	Secured	Time Deposits
Local bank loan	53	42	95	EGP	4,738	31-Dec-20	Bank certificate rate of return + 2% max 12%	Secured	Time Deposits
Local bank loan	53	89	142	EGP	4,710	31-Dec-21	Bank certificate rate of return + 1.5% at least 11%	Secured	Time Deposits
	10,112	23,492	33,604						
<u>TWA Loans</u>									
Long term loan from sponsor's (Orastar)	433	899	1,332	USD	178,843	31-Dec-22	3M LIBOR+1%	Unsecured	
Long term loan from sponsor's (Dr. Omar Zawawi)	111	231	342	USD	45,857	31-Dec-17	3M LIBOR+1%	Unsecured	
Short term loan-2 from sponsor's (Orastar)	857	-	857	USD	115,074	23-Dec-18	3M LIBOR+1%	Unsecured	
Short term loan-2 from sponsor's (Dr. Omar Zawawi)	220	-	220	USD	29,503	23-Dec-18	3M LIBOR+1%	Unsecured	
Finance lease liabilities	15	4,589	4,604	PKR	-		7.70%		Future Current Liabilities and Fixed Assets (Except Land and Buildings)
Long term syndicated finance facility-NIB Bank Ltd	2,095	4,668	6,763	PKR	933,333	17-Apr-22	6M KIBOR + 2.50%	Secured	
Long term syndicated finance facility-Pak Oman Investment	1,386	3,193	4,579	PKR	630,000	3-May-22	6M KIBOR + 2.50%	Secured	
Long term loan finance facility-Habib Bank Limited	1,210	2,826	4,036	PKR	548,330	26-Apr-22	6M KIBOR + 1.50%	Secured	
Running Finance Facility-Meezan Bank Limited	19	-	19	PKR	-	31-Dec-18	3M KIBOR + 1.50%	Secured	
Long term loan finance facility-MBC Bank	273	12,825	13,098	PKR	1,778,000	31-Oct-23	6M KIBOR + 1.25%	Secured	
	6,619	29,231	35,850						
<u>Orascom Investment Holding</u>									
Credit Facilities	89,719	-	89,719	USD	89,719	31-Dec-19	2.30%	Secured	Time Deposits
	89,719	-	89,719						
<u>Beltone Holding</u>									
Credit Facilities	4,518	-	4,518	USD			8%		
Finance lease liabilities	354	6,080	6,434	USD					
	4,872	6,080	10,952						
Total Loans	111,322	58,803	170,125						