Orascom Investment Holding S.A.E.

Consolidated Financial Statements
As of December 31, 2019 (IFRS)
Together with the Auditor's report
December 31, 2019
US

KPMG

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 Board of Directors of Orascom Investment Holding (S.A.E)

Report on the Financial Statements

We have audited the consolidated financial statements of Orascom Investment Holding (S.A.E) which comprise the consolidated statement of financial position as at December 31, 2019 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. Except as described in the Basis for Qualified Opinion paragraph, 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.

KPMG

Hazem Hassan

Basis for Qualified Opinion

As mentioned in detail in Note No. (12), the Company's investment in Sarwa Capital -an associate- acquired during the last year and accounted for by the equity method, is carried at USD 104,677 thousands on the interim consolidated statement of financial position as at December 31, 2019, and the Company's share of Sarwa Capital's net income of USD 5,023 thousands is included in Company's interim consolidated income statement for the year then ended. The management didn't provide us with the financial information prepared in accordance with IFRS, accordingly, We were unable to audit the carrying amount of the Company's investment in Sarwa capital as at December 31, 2019, and the company's share of Sarwa Capital 's net income for the year then ended. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

In our opinion, except for the effect of possible adjustments as might have been determined to be necessary for the matter described in the basis for qualified opinion paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Orascom Investment Holding) (S.A.E) as at December 31, 2019 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.

Emphasis of matter paragraph

Without considering the following as qualifications:

1. As mentioned in detail in note (34-1) from the accompanying notes of the condensed interim consolidated financial statements, most of the world countries, including Egypt, were exposed during the first quarter of 2020 to a state of slowdown and economic contraction as a result of the outbreak of the novel coronavirus (COVID-19) pandemic, and the governments of the world, including the Egyptian government have made a packages of precautionary measures to prevent the spread of the epidemic, these measures have led to a state of economic slowdown at the global and local levels, which has shown its impact on all activities in different forms in Egypt, so this may have an important impact on the elements of assets, liabilities and business results in the consolidated financial statements of the Company for the next upcoming years, in addition to the potential impact on pre-defined operational and marketing plans and future cash flows associated with them and as indicated in the above-mentioned clarification, the Company's management is currently taking several measures to confront this risk and reduce its impact on its financial position, however, in light of the instability and uncertainty as a result of the current events, the magnitude of the impact of that event depends mainly on the expected extent and in the time period at which this event is expected to end and its implications and the Company's ability to achieve its plans to face this danger which is difficult to be determined at the present time.

2. As mentioned in detail in note no. (12), the Company has a significant influence in its investee "Koryolink" in North Korea, the investment is amounting to USD 38 M as of December 31, 2019, Which the Company classified as investments in associate. Considering that Koryolink is operating under an international ban, operational and financial restrictions imposed by the international community, which lead to difficulties in transferring profits abroad and repatriate the funds to their home country.

KPMG Hazem Hassan

H. Hassan

Public accountants and consultants

KPMG Hazem Hassan
Public Accountants and Consultants
2

Cairo October 1, 2020

ORASCOM INVESTMENT HOLDING

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at

(in thousands of US$)	Note	December 31, 2019	** Restated December 31, 2018
Assets			
Property and equipment (net)	14	73,279	80,941
Intangible assets (net)	15	24,510	33,851
Investment Property (net)	16	60,747	64,290
Investments in associates	12	143,078	123,439
Other non-current financial assets	17	17,381	14,086
Other Non current assets	20	16,574	13,224
Total non-current assets		**335,569**	**329,831**
Inventories		506	413
Trade receivables	19	54,779	53,269
Other current financial assets	17	4,940	105,126
Other current assets	20	13,461	11,114
Cash and cash equivalents	21	63,438	106,565
Assets held for sale	32	13,850	-
Total current assets		**150,974**	**276,487**
Total Assets		**486,543**	**606,318**
Equity and Liabilities			
Share capital	22	366,148	366,148
Other reserves		(142,231)	(160,523)
Retained earnings		36,773	65,216
Equity attributable to equity holders of the Company		**260,690**	**270,841**
Non-controlling interests		16,861	18,738
Total equity		**277,551**	**289,579**
Liabilities			
Non-current borrowings	23	24,007	58,803
Other non-current liabilities	24	7,642	25,844
Deferred tax liabilities	18	12,450	15,265
Total non-current liabilities		**44,099**	**99,912**
Current borrowings	23	47,485	111,322
Trade payables and other current liabilities	24	74,466	74,988
Income tax liabilities		5,806	7,476
Current provisions	25	29,862	23,041
Liabilities associated to assets held for sale	32	7,274	-
Total current liabilities		**164,893**	**216,827**
Total liabilities		**208,992**	**316,739**
Total Equity and Liabilities		**486,543**	**606,318**

Chief Financial Officer | **Executive Chairman and Managing Director**

Khalid Ellaicy | **Naguib Sawiris**

Auditor's report 'attached'

(The notes 1 to 35 are an integral part of these Consolidated Financial Statements)

** Restatement to correct the translation reserve and retained earnings for the year ended December 31, 2018 (Note No. 35).

ORASCOM INVESTMENT HOLDING

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(in thousands of US$, except per share amounts)	Note	For the year ended 31 December 2019	**Restated For the year ended 31 December 2018
Continued operations			
Revenues	6	69,714	74,659
Other income		733	12,490
Purchases and services	7	(25,842)	(30,386)
Other expenses	8	(12,341)	(14,127)
Personnel cost	9	(24,598)	(22,547)
Depreciation and amortization	10	(7,539)	(7,564)
Impairment charges		(8,203)	(1,020)
Disposal of non-current assets		58	(187)
Operating (loss) / income		**(8,018)**	**11,318**
Financial income	11	843	3,450
Financial expense	11	(14,005)	(9,767)
Foreign exchange (loss)	11	(4,655)	(1,816)
Share of profits of investment in associates	12	170,526	159,093
Impairment of investments in associate	12	(165,511)	(159,093)
(loss)/Profit before income tax		**(20,820)**	**3,185**
Income tax expense	13	(5,724)	(5,976)
(Loss)/ Profit for the year		**(26,544)**	**(2,791)**
Discontinued operations			
(Loss) from discontinued operation (net of income tax)	27	(359)	(59,252)
(Loss) for the year		**(26,903)**	**(62,043)**
Other comprehensive (loss):			
Items that may be sequent reclassified to profit or loss net of tax			
Change in fair value of investments		(340)	(203)
Currency translation differences		12,897	57,751
Total comprehensive (loss) for the year		**(14,346)**	**(4,495)**
(Loss) for the year attributable to:			
Owners of the company		(25,792)	(59,249)
Non-controlling interests		(1,111)	(2,794)
		(26,903)	(62,043)
Total comprehensive (loss) attributable to:			
Owners of the parent		(10,843)	2,277
Non-controlling interest		(3,503)	(6,772)
Total comprehensive income for the year		(14,346)	(4,495)
Earnings per share from continuing operations - basic and diluted (in US$)	26	(0.0056)	(0.001)
Earnings per share from discontinued operations - basic and diluted (in US$)	26	0.0007	(0.01)

Chief Financial Officer — **Khalid Ellaicy**

Executive Chairman and Managing Director — **Naguib Sawiris**

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ORASCOM INVESTMENT HOLDING

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(in thousands of US$)	Share capital	Legal reserve	Translation reserve	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non-Controlling Interests	Total equity
As at December 31, 2017	366,148	84,373	(205,047)	4,735	19,135	269,344	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
Total comprehensive (loss)/ income for the period								
Currency translation differences	-	-	(48,816)	-	110,484	61,668	(3,917)	57,751
Change in fair value of investments	-	-	-	(142)	-	(142)	(61)	(203)
(Loss) for the year	-	-	-	-	(59,249)	(59,249)	(2,794)	(62,043)
Total comprehensive (loss)/Income for the year	-	-	(48,816)	(142)	51,235	2,277	(6,772)	(4,495)
Transactions with owners of the company								
Transferred to Legal reserve	-	1,705	-	-	(1,705)	-	-	-
Derivatives	-	-	-	2,213	(2,213)	-	-	-
Other reserves	-			456		456	-	456
Change in the scope of consolidation-In coming	-	-	-	-	-	-	801	801
Total transactions with owners of the company	-	1,705	-	2,669	(3,918)	456	801	1,257
As of 31 December 2018 (Restated)	366,148	86,078	(253,863)	7,262	65,216	270,841	18,738	289,579

(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 of January 1, 2019 as issued	366,148	86,078	(256,076)	7,262	67,429	270,841	18,738	289,579
****Restatement on prior year**	-	-	2,213	-	(2,213)	-	-	-
As of January 1, 2019 **restated	366,148	86,078	(253,863)	7,262	65,216	270,841	18,738	289,579
Total comprehensive (loss)/ income for the year								
Currency translation differences	-	-	15,188	-	-	15,188	(2,291)	12,897
Change in fair value of investments	-	-	-	(239)	-	(239)	(101)	(340)
(Loss) for the year	-	-	-	-	(25,792)	(25,792)	(1,111)	(26,903)
Total comprehensive (loss) for the year	-	-	15,188	(239)	(25,792)	(10,843)	(3,503)	(14,346)
Transactions with owners of the company								
Transferred to Legal reserve	-	175	-	-	(175)	-	-	-
Derivatives revaluation	-	-	-	3,622	-	3,622	1,553	5,175
Change in minority interest of subsidiaries	-	-	-	-	(2,476)	(2,476)	(2,357)	(4,833)
Change in the scope of consolidation-In coming	-	-	-	(454)	-	(454)	2,430	1,976
Total transactions with owners of the company	-	175	-	3,168	(2,651)	692	1,626	2,318
As of 31 December 2019	366,148	86,253	(238,675)	10,191	36,773	260,690	16,861	277,551

Chief Financial Officer
Khalid Ellaiey

Executive Chairman and Managing Director
Naguib Sawiris

(The notes 1 to 35 are an integral part of these Consolidated Financial Statements)

** Restatement to correct the translation reserve and retained earnings for the year ended December 31, 2018 (Note No. 35).

ORASCOM INVESTMENT HOLDING

CONSOLIDATED STATEMENT OF CASH FLOWS FOR

(in thousands of US$)	Year Ended 31 December 2019	Represented Year Ended 31 December 2018
(Loss)/ profit for the year before tax	(20,820)	3,185
Adjustments for		
Depreciation, amortization and impairment charges	7,539	7,564
Interest expense	14,005	9,767
Finance income	(843)	(3,450)
Foreign exchange loss	4,655	1,816
Impairment of financial assets	8,203	1,020
(Loss) / Gain form disposal of assets	(58)	187
Share of profit of associate	(170,526)	(159,093)
Impairment of associate	165,511	159,093
Changes in other assets	(6,842)	(10,016)
Change in deferred income	4,701	(11,030)
Changes in other liabilities	(27,727)	(4,274)
Cash flows (used in) operating activities	(22,202)	(5,231)
Income taxes paid	(8,373)	(20,774)
Interest collected	842	3,451
Dividends to employees	(838)	(888)
Net Cash flows (used in) operating activities	(30,571)	(23,442)
Cash out flow for investments in		
Property and equipment	(7,821)	(6,126)
Intangible assets	(237)	(739)
Acquisitions of new investments	(33)	(88,793)
Change in Deposits and financial assets	205	(3,142)
Proceeds from disposal of		
Property and equipment	179	46
Intangible assets	-	193
Other Financial Assets	104	-
Cash collected from sales of investment	2,220	-
Cash flows (used in) investing activities	(5,383)	(98,561)
Cash flows from financing activities		
Interest Paid	(10,867)	(9,315)
Proceeds from loan and bank facilities	12,981	110,142
Payments for loans and bank facilities	(104,493)	(22,680)
Cash collected from time deposit at bank	98,444	-
Cash collected from pledget time deposits	333	-
Change in restricted deposits	-	(66,757)
Cash flows (used in) / generated by financing activities	(3,602)	11,390
Net cash (used in) continuing operations	(39,556)	(110,613)
Discontinued operations		
Net cash (used in) / generated by operating activities	(4,810)	10,349
Net cash generated by investing activities	-	74,950
Net cash (used in) Financing activities	-	(292)
Net cash (used in) / generated by discontinued operations	(4,810)	85,007
Net decrease in cash and cash equivalents	(44,366)	(25,606)
Cash and cash equivalents at the beginning of the period	106,565	134,142
Effect of exchange rates on cash and cash equivalents	1,239	(1,971)
Cash and cash equivalents at the end of the year	63,438	106,565

Chief Financial Officer
Khalid Ellaicy

Executive Chairman and Managing Director
Naguib Sawiris

(The notes 1 to 35 are an integral part of these Consolidated Financial Statements)

1. General information

Orascom Investment Holding S.A.E.(“**OIH**” or the “**Company**”) is a joint stock company with its head office in Cairo, Egypt. The Company was established on November 29, 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 2019 (the “**Consolidated Financial Statements**”) were approved for issue by the Board of Directors of the Company on October 1, 2020.

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 IFRS were applied consistently to all the periods presented in this document.

The Consolidated Financial Statements have been prepared on a going concern basis, as Management have verified the absence of financial, management or other indicators that could indicate critical issues regarding the Group's ability to meet its obligations in the foreseeable future, and in particular in the next 12 months. The description of the methods through which the Group manages financial risks is contained in the following note 4 relating to "Financial risk management".

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 Consolidated Financial Statements have been prepared on the basis of the conventional historical cost method, except for the valuation of financial assets and liabilities, in which case the application of the criterion is mandatory fair value.

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
January 1, 2019	IFRIC 23 Uncertainty over Income Tax Treatments
January 1, 2019	Prepayment Features with Negative Compensation (Amendments to IFRS 9)
January 1, 2019	Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
January 1, 2019	Plan Amendments, Curtailment or Settlement (Amendments to IAS 19)
January 1, 2019	Annual Improvements to IFRSs 2015–2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)

IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments

The Group adopted IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments. The interpretation provides provides specific guidance to recognise and measure the accounting impact of tax uncertainties which IAS 12 did not address. Particularly, IFRIC 23 specifies how to determine the unit of account and the recognition and measurement guidance to be applied to that unit, as well as when to reconsider the accounting for a tax uncertainty. The interpretation is effective on or after January 1, 2019. The Group has reviewed its previously designed model to account for tax uncertainties and assessed that it is consistent with the more specific IFRIC 23 requirements.

Amendments to IFRS 9 - Financial Instruments

The Group adopted Amendments to IFRS 9 - Financial Instruments. These amendments allow, under certain conditions, for a prepayable financial asset with negative compensation payments to be measured at amortized 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 amortized cost that does not result in the derecognition of the financial liability. The amendments are effective on or after January 1, 2019. There was no effect from the adoption of these amendments.

Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures

The Group adopted Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures. These amendments 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 amendments are effective on or after January 1, 2019. There was no effect from the adoption of these amendments.

Amendments to IAS 19 - Employee Benefits

The Group adopted Amendments to IAS 19 - Employee Benefits. These amendments require that when there is a change to a defined benefit plan (an amendment, curtailment or settlement) the company use the adopted 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. The amendments are effective on or after January 1, 2019. There was no effect from the adoption of these amendments.

Annual Improvements to IFRSs 2015-2017 Cycle

The Group adopted Annual Improvements to IFRSs 2015-2017 Cycle. The improvements have amended four standards with effective date of January 1, 2019: i) IFRS 3 - Business Combinations, in relation to obtaining control of a business which was previously accounted for as an interest in a joint operation; ii) IFRS 11 - Joint Arrangements, in relation to obtaining joint control of a business which was previously accounted for as a joint operation; iii) IAS 12 - Income Taxes, clarifying the treatment of taxes in relation to dividend payments; and iv) 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. There was no effect from the adoption of these amendments.

2.2.2 Forthcoming requirements

Effective date	New standards or amendments
January 1, 2020	Definition of Materiality (Amendment to IAS 1 and IAS 8)
January 1, 2020	Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
January 1, 2020	Amendments to References to the Conceptual Framework in IFRS Standards
January 1, 2021	IFRS 17 "Insurance Contract"
January 1, 2020	Improve the definition of "business" (Amendment to IFRS 3)
January 1, 2022	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
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)

2.3 Summary of main accounting principles and policies

The main accounting principles and policies adopted in preparing these Consolidated Financial Statements are set our 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		
	Segment	Country	Direct and indirect interest in entity
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, 2019	Closing rate as of December 31, 2019	Average for the year ended December 31, 2018	Closing rate as of December 31, 2018
Egyptian Pound (EGP)	0.0596	0.0625	0.056	0.056
Pakistan Rupee (PKR)	0.0067	0.0065	0.0083	0.0072
Euro (EUR)	1.1193	1.1210	1.1811	1.1469
DRRK Won (KPW)	0.0092	0.0093	0.009	0.009

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.

	Number of years
Land and buildings	
Buildings	50
Leasehold improvements and renovations	3-8
Plant and machinery	8-15
Cable system and equipment	4-20
Commercial and other tangible assets	
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.

The right-of-use asset is depreciated on a straight-line basis over the entire term of the contract, unless the contract provides for the transfer of ownership at the end of the lease term or the cost of the lease reflects the fact that the lessee will exercise the purchase option. In this case, the depreciation must be the shorter of the useful life of the asset and the duration of the contract. The estimated useful lives for right-of-use assets are calculated according to the same criterion applied to owned tangible assets. In addition, the right-of-use asset is decreased by any impairment losses and adjusted to reflect any remeasurement of the associated lease liability.

In the statement of financial position, the Group presents right-of-use assets within tangible assets and lease liabilities within current and non-current borrowings.

In the income statement, interest expense on lease liabilities constitutes a component of financial expenses and is shown separately from the depreciation of right-of-use assets.

The Group recognizes deferred taxation on right-of-use assets and on lease liabilities in relation to contracts for which IFRS 16 is applied for the first time. Management has assessed the existing tax legislation and interpreted the accounting principles applied, concluding the recognition of deferred tax is appropriate.

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.

	Number of years
Rights of use	17-20
Trademarks	20
Contractual agreements with customers	20
Computer software	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 meet 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:

(In thousand $US)	**2019**	**2018**
USD	20,107	93,903
Euro	13,236	(5,414)
PKR	(26,924)	(15,920)
GBP	47	468
Other	11,814	11,386

The increase in other net assets as of December 31, 2019 refer to positions in Brazilian Reals.

b) As of December 31, 2019, if the functional currencies had increased/(decreased) by 10% against the US$, Euro, Egyptian pound, and DPRK Won, with all other variables held constant, the translation of foreign currency on cash and cash equivalent would have resulted in an increase/(decrease) of US$ 4,768 thousand of net profit (2018: US$ 7,506 thousand of net profit).

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, 2019 (US$ 71,492 thousand) and December 31, 2018 (US$ 170,125 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 2019 finance costs of US$ 370 thousand (2018: US$ 520 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, 2019 and December 31, 2018.

(in thousands of US$)	**December 31, 2019**	**December 31, 2018**
Assets		
Financial assets at fair value through OCI	3,361	3,493
Financial assets at fair value through profit or loss	34	2,053
Total assets	**3,395**	**5,546**

The Group measured financial assets as level 1 fair value through OCI for a total amount of US$ 2,547 thousands (2018: USD$ 2,672 thousands) and US$ 814 thousands (2018: USD$ 821 thousands) using level 3 inputs. Level 2 inputs were used to determine the fair value of the financial assets through profit or loss for a total amount of US$ 34 thousand (2018: US$ 2,053 thousand). 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, 2019 and December 31, 2018.

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) <u>Financial Services</u>
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) <u>Cable</u>
In general, cable customers are offered maximum payment terms of 30 days. Customers are checked for credit worthiness before offering credit terms.

iii) <u>GSM</u>
Substantially all customers in Lebanon are prepaid customers meaning that there is a low credit risk associated with this GSM operation.

iv) <u>*Investment property:*</u>
Substantially there is only one significant international client.

v) <u>Other</u>
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$ 35,939 thousand during 2019 (US$ 29,590 thousand for the year ended December 31, 2018). 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	63,853	71,143	33,124	37,703	316
Trade payables	37,132	37,132	37,132	-	-
Finance lease liability	5,713	5,713	745	3,887	1,081
Other borrowings	1,926	2,026	1,113	913	-
As Of December 31, 2019	**108,624**	**116,014**	**72,114**	**42,503**	**1,397**

(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 December31, 2018	**230,016**	**238,507**	**166,986**	**64,326**	**7,195**

* 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, 2019			As of December 31, 2018		
	At Amortised Cost	FVOCI	**Total**	At Amortised Cost	FVOCI	**Total**
Assets per statement of financial position						
Cash and cash equivalents	63,438	-	**63,438**	106,565	-	**106,565**
Trade receivables	54,779	-	**54,779**	31,642	-	**31,642**
Other financial assets	18,960	3,361	**22,321**	115,719	3,493	**119,212**
Other current assets[1]	4,470	-	**4,470**	2,071	-	**2,071**
Total	**141,647**	**3,361**	**145,008**	**255,997**	**3,493**	**259,490**

[1] It only includes other non-trade receivables as is the sole to meet the definition of a financial assets.

(in thousands of US$)	As of December 31, 2019		As of December 31, 2018	
	Other financial liabilities at amortized cost	**Total**	Other financial liabilities at amortized cost	**Total**
Borrowings	71,492	**71,492**	170,125	**170,125**
Other non-current liabilities [2]	-	**-**	12	**12**
Trade payable and other current liabilities[2]	70,742	**70,742**	71,494	**71,494**
Total	**142,234**	**142,234**	**241,631**	**241,631**

[2] Excludes other payable due to local authorities and 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.

(in thousands of US$)	For the Period ended December 31, 2019				For the Period ended December 31, 2018			
	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA
Cable	44,584	-	44,584	22,520	45,046	-	45,046	24,317
Financial Services	14,151	-	14,151	(2)	18,730	-	18,730	2,957
GSM Lebanon	7,162	-	7,162	994	7,200	-	7,200	10,530
Investment Property	3,652	-	3,652	2,303	3,683	-	3,683	2,326
Other	1,326	(1,161)	165	(18,149)	1,235	(1,235)	-	(20,041)
Total	**70,875**	**(1,161)**	**69,714**	**7,666**	**75,894**	**(1,235)**	**74,659**	**20,089**

Reconciliation of EBITDA to profit before income tax

(in thousands of US$)	For the Period ended December 31, 2019	For the Period ended December 31, 2018
EBITDA	7,666	20,089
Depreciation and amortization	(7,539)	(7,564)
Impairment charges	(8,203)	(1,020)
Disposal of non-current assets	58	(187)
Financial income	843	3,450
Financial expense	(14,005)	(9,767)
Foreign exchange (loss)	(4,655)	(1,816)
Share of profit of equity investments	170,526	159,093
Impairment of associate	(165,511)	(159,093)
(Loss)/ Profit before income tax	**(20,820)**	**3,185**

Assets per segment

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

(in thousands of US$)	As Of December 31, 2019					As Of December 31,2018				
	Property and equipment	Intangible assets	Investment Property	Equity investments	Total	Property and equipment	Intangible assets	Investment Property	Equity investments	Total
Cable	61,075	1,636	-	-	62,711	62,196	1,422	-	-	63,618
Investment Property	-	-	60,747	-	60,747	-	-	64,290	-	64,290
Financial Services	9,086	22,874	-	-	31,960	14,047	32,462	-	-	46,509
Other	3,118	-	-	143,078	146,196	4,698	(33)	-	123,439	128,104
Total	**73,279**	**24,510**	**60,747**	**143,078**	**301,614**	**80,941**	**33,851**	**64,290**	**123,439**	**302,521**

Reconciliation of assets allocated to total assets

(in thousands of US$)	As Of December 31,2019	As Of December 31,2018
Assets allocated	301,614	302,521
Other non-current financial assets	17,381	14,086
Other non-current assets	16,574	13,224
Inventories	506	413
Trade receivables	54,779	53,269
Other current financial assets	4,940	105,126
Other current assets	13,461	11,114
Assets held for sale	13,850	-
Cash and cash equivalents	63,438	106,565
Total assets	**486,543**	**606,318**

Capital expenditure

The table below illustrates the capital expenditure incurred by each segment for the year ended December 31,2019 and the year ended December 31,2018:

(in thousands of US$)	Year ended December 31, 2019	Year ended December 31, 2018
Cable	10,514	11,917
Financial Services	120	7,604
Other	211	89,105
Total	**10,845**	**108,626**

6. Revenue

(in thousands of US$)	For the Period ended December 31,2019	For the Period ended December 31,2018
Interconnection traffic	44,584	45,046
Revenue form Financial services	14,151	18,730
Management contract -Fees	7,162	7,200
Investment Property Revenue	3,652	3,683
Other revenues	165	-
Total	**69,714**	**74,659**

Disaggregation of revenue from contracts with customers

	Investment Property		Cables		Financial Services		Management Agreement		Other revenues		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Primary geographical												
Brazil	3,652	3,683	-	-	-	-	-	-	-	-	3,652	3,683
Pakistan	-	-	44,584	45,046	-	-	-	-	-	-	44,584	45,046
Lebanon	-	-	-	-	-	-	7,162	7,200	-	-	7,162	7,200
Egypt	-	-	-	-	14,151	18,730	-	-	165	-	14,316	18,730
	3,652	3,683	44,584	45,046	14,151	18,730	7,162	7,200	165	-	69,714	74,659
Major service Lines												
Rental revenues	3,652	3,683	-	-	-	-	-	-	-	-	3,652	3,683
Management Fees - Funds	-	-	-	-	1,843	1,603	-	-	-	-	1,843	1,603
Performance Fees - Funds	-	-	-	-	1,156	1,079	-	-	-	-	1,156	1,079
Other Financial management Revenues	-	-	-	-	539	-	-	-	-	-	539	-
Success Fees	-	-	-	-	498	2,645	-	-	-	-	498	2,645
Retainer Fees	-	-	-	-	157	145	-	-	-	-	157	145
Brokerage Revenues	-	-	-	-	9,958	13,258	-	-	-	-	9,958	13,258
Cable rental	-	-	44,584	45,046	-	-	-	-	-	-	44,584	45,046
GSM Management Agreement	-	-	-	-	-	-	7,162	7,200	-	-	7,162	7,200
Others	-	-	-	-	-	-	-	-	165	-	165	-
	3,652	3,683	44,584	45,046	14,151	18,730	7,162	7,200	165	-	69,714	74,659
Timing of revenue												
Products transferred at point of sale	-	-	-	-	14,151	18,730	-	-	-	-	14,151	18,730
Services transferred over period of time	3,652	3,683	44,584	45,046	-	-	7,162	7,200	165	-	55,563	55,929
	3,652	3,683	44,584	45,046	14,151	18,730	7,162	7,200	165	-	69,714	74,659

7. Purchases and services

	For the Period ended December 31,2019	For the Period ended December 31,2018
Rental of local network, technical sites and other leases	6,703	6,917
Customer acquisition costs	304	384
Purchases of goods and changes in inventories	1,706	881
Band width cost	4,069	4,086
Maintenance costs	2,419	2,323
Utilities	841	1,099
Brokerage Commissions	120	43
Advertising and promotional services	1,012	1,483
Consulting and professional services	5,664	10,557
Bank and post office charges	512	782
Insurance	125	161
Airfare	260	214
Accommodation, Meals and Per diem	384	440
IT Supplies and expense	196	237
Sites expense	241	122
Security Guards	205	210
Other service expenses	1,081	447
Total	25,842	30,386

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$ 121 thousands in 2019 (2018 US$ 47 thousands)..

8. Other expenses

(in thousands of US$)	For the Period ended December 31,2019	For the Period ended December 31,2018
Provisions for risks	5,863	8,839
Accruals for provisions, write downs and penalties	4,881	611
Promotion and gifts	49	33
Other operating expenses	1,548	4,644
Total	12,341	14,127

9. Personnel costs

(in thousands of US$)	For the Period ended December 31,2019	For the Period ended December 31,2018
Wages and salaries	20,831	19,290
Contractual bonuses	1,611	748
Other benefits	759	746
Pension costs	532	764
Social security	373	424
Subscription & Membership Dues	204	331
Other personnel costs	288	244
Total	24,598	22,547

10. Depreciation and Amortisation

(in thousands of US$)	For the Period ended December 31, 2019	For the Period ended December 31,2018
Depreciation of tangible assets		
Land and Buildings	270	168
Cable system and equipment	2,747	3,185
Commercial and other tangible assets	2,373	1,369
Right of Use (IFRS 16)	349	1,049
Depreciation of Investment property		
Buildings	1,327	1,429
Amortization of intangible assets		
License	64	164
Right of use	102	24
Other	307	176
Total	**7,539**	**7,564**

11. Net financing (costs)

(in thousands of US$)	For the Period ended December 31, 2019	For the Period ended December 31,2018
Interest income on deposits	843	3,450
Financial income	**843**	**3,450**
Interest expense on borrowings	(10,161)	(7,858)
Interest expense on trade and other liabilities	-	(3)
Interest on lease liabilities	(565)	-
Other interest expense and financial charges	(3,279)	(1,730)
Impairment of financial assets	-	(176)
Financial expense	**(14,005)**	**(9,767)**
Foreign exchange (loss)	(4,655)	(1,816)
Foreign exchange (loss)	**(4,655)**	**(1,816)**
Total	**(17,817)**	**(8,133)**

12. Investment in associates

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

The following table provides a breakdown of investments in associates:

Company	Country	Ownership	As of December 31, 2019	As of December 31, 2018
Cheo Technology-Koryolink (12-1)	DPRK	75.00%	610,908	391,804
SARWA Capital (12-2)	Egypt	29.61%	104,677	89,042
Electronic Fund Administration Services	Egypt	20.00%	18	18
International Fund Administration Services	Egypt	20.00%	31	37
Axes Holding company	Egypt	33.90%	627	625
Impairment			(573,183)	(358,087)
			143,078	123,439

(12-1) Koryolink

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

Summarised balance sheet

(in thousands of US$)	As of December 31, 2019	As Of December 31, 2018
Assets	1,919,015	1,653,133
Liabilities	(301,307)	(260,822)
Net assets	1,617,708	1,392,311

Summarised income statement

(in thousands of US$)	For the year ended December 31, 2019	For the year ended December 31, 2018
Revenues	391,077	375,963
Total Expense	(170,396)	(163,839)
Post tax profit from continuing operations	220,681	212,124
Share of profit of associates	165,511	159,093

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$)	2019	2018
As of 1 January	34,397	34,748
Share of income of associate before impairment	165,511	159,093
Impairment	(165,511)	(159,093)
Exchange differences	3,955	(351)
As of December 31,	38,352	34,397

(12-2) Sarwa

On December 20,2018, 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.

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 2019. The comparative figures for 2018 have been restated to reflect the final figures which results in a final value of goodwill of 49,059,857 USD as follows:

(in thousands of US$)	**As of December 31, 2018**
Total acquired assets without Goodwill	195,441
Total liabilities	(103,685)
Net assets as of December 31,2018	**91,756**
Identifiable assets due to acquiring 30% after PPA study	
Tangible assets	2,907
Intangible assets Customer list	50,085
Other	449
Deferred tax	(11,923)
Net assets after PPA study	**133,274**
30% Group share of net assets	39,982
Consideration paid	89,042
Goodwill	**49,060**

- On May 9, 2019, the issued and paid-up capital have increased by a decision of Sarwa's Board of Directors held on March 3,2019. The increase of capital through the issuance of 28 Million shares at nominal value of EGP 0.16 amounted to EGP 4,480,000, The total value of the increase is fully funded from the balance of retained earning. The 28 Million shares issued for Employee Stock Ownership Plan ESOP approved by the Egyptian financial regulator authority (FRA) on 26 February 2019.
- On October 3,2019 the issued and paid-up capital have increased by a decision of Sarwa's Board of Directors held on May 13,2019 and authorized by companies extraordinary general assembly dated Sep.8, 2019 through distribution of free shares to shareholders according to their investment percentage by 3 shares for every 5 shares to be financed from retained earning balance.
- Due to the above ESOP increased to be 44.8 Million shares and Company exercised 15.5 Million share for Managers and employees, this leads to decrease the ownership of Orascom Investment Holding percentage from 30% to be 29.61as of 31 December 2019.

The following table presents the movement on the investment of Sarwa during the year:

(In thousand *US$*)	**For the year ended December 31, 2019**	**For the year ended December 31, 2018**
Revenues	236,240	142,232
Total expense	(212,010)	(127,387)
Net profit after tax	**24,230**	**14,845**
Holding share of net profit	23,168	13,991
Share of profit in associates	**6,861**	-
PPA effect and other		
Dilution for investment from 30% to 29,61% due to ESOP	(1,226)	-
Amortization (customer list)	(790)	-
Deferred tax	178	-
	5,023	-

(In thousand *US$*)	**December 31, 2019**
Opening balance	89,042
Share of profit in associates	5,023
Paid under increase of investment	35
Currency translation differences	10,577
Ending Balance	**104,677**

13. Income tax expense

(in thousands of US$)	Note	For the year ended December 31, 2019	For the year ended December 31, 2018
Current tax expense		6,572	7,500
Deferred tax	(18)	(848)	(1,524)
Total Income Tax Expenses		**5,724**	**5,976**

14. Property and equipment

(in thousands of US$)	Land and Buildings	Cable system and equipment	Commercial and other tangible assets	Right of use IFRS 16	Assets under Construction	Total
Cost	*11,838*	*69,735*	*6,903*	*11,678*	*1,752*	*101,906*
Accumulated depreciation and impairment	*(1,117)*	*(13,203)*	*(5,007)*	*(1,577)*	*(61)*	*(20,965)*
As of January 1,2019	**10,721**	**56,532**	**1,896**	**10,101**	**1,691**	**80,941**
Additions	95	1,917	3,073	1,802	3,388	*10,275*
Disposals	-	(4)	(482)	-	-	*(486)*
Change in scope of consolidation-out	(1,014)	-	(800)	-	-	*(1,814)*
Depreciation	(270)	(2,747)	(2,373)	(349)	-	*(5,739)*
Depreciation including in discontinued	-	-	(65)	-	-	*(65)*
Exchange differences	1,020	(5,333)	530	(484)	(238)	*(4,505)*
Assets held for sale	-	-	(79)	(5,249)	-	*(5,328)*
Reclassifications	(10)	(3,782)	5,241	-	(1,449)	-
As of December 31,2019	**10,542**	**46,583**	**6,941**	**5,821**	**3,392**	**73,279**
Cost	*11,853*	*61,080*	*12,900*	*7060*	*3,392*	*96,285*
Accumulated depreciation and impairment	*(1,311)*	*(14,497)*	*(5,959)*	*(1,239)*	-	*(23,006)*

The assets include pledged assets of amount of USD 61 Million against credit facilities obtained to finance the cost relating to laying of an undersea fiber optic cable in TWA company.

(in thousands of US$)	Land and Buildings	Cable system and equipment	Commercial and other tangible assets	Right of use IFRS 16	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**
Additions	475	983	3,350	*11,678*	2,457	*18,943*
Disposals	-	-	(62)	-	-	*(62)*
Change in scope of consolidation-In	1,991	-	-	-	-	*1,991*
Depreciation	(168)	(3,185)	(1,369)	*(1,049)*	-	*(5,771)*
Depreciation including in discontinued	(297)	(2,771)	(1,638)	(528)	-	*(5,234)*
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 December31, 2018	**10,721**	**56,532**	**1,896**	**10,101**	**1,691**	**80,941**
Cost	*11,838*	*69,735*	*6,903*	*11,678*	*1,752*	*101,906*
Accumulated depreciation and impairment	*(1,117)*	*(13,203)*	*(5,007)*	*(1,577)*	*(61)*	*(20,965)*

15. Intangible assets

(in thousands of US$)	License	Goodwill	Easements	Customer Base	Trade Mark	Other	Total
Cost	*2,628*	*24,917*	*10,706*	*4,391*	*1,409*	*3,638*	47,689
Accumulated amortization and impairment	*(2,209)*	*(458)*	*(10,278)*	*(662)*	*(166)*	*(65)*	(13,838)
As of January 1,2019	**419**	**24,459**	**428**	**3,729**	**1,243**	**3,573**	**33,851**
Additions	66	-	367	-	-	137	570
Amortization	(64)	-	(102)	(233)	(74)	-	(473)
Amortization included in discontinued operation	-	-	-	(123)	(26)	-	(149)
Change in the scope of consolidation	(16)	(6,665)	-	-	-	-	(6,681)
Reclassifications	40	1,882	(8)	1,170	574	(3,658)	-
Assets held for sale *	-	(3,309)	-	(987)	(574)	-	(4,870)
Exchange differences	(47)	1,809	(51)	356	100	95	2,262
As of December 31, 2019	**398**	**18,176**	**634**	**3,912**	**1,243**	**147**	**24,510**
Cost	***2,147***	***18,682***	***755***	***4,894***	***1,556***	***148***	**28,182**
Accumulated amortization and impairment	***(1,749)***	***(506)***	***(121)***	***(982)***	***(313)***	***(1)***	**(3,672)**

(in thousands of US$)	License	Goodwill	Easements	Customer Base	Trade Mark	Other	Total
Cost	*2,502*	*20,522*	*21,956*	*4,421*	*1,409*	*2,044*	*52,854*
Accumulated amortization and impairment	*(719)*	*(458)*	*(10,254)*	*(442)*	*(140)*	*(65)*	*(12,078)*
As of January 1,2018	**1,783**	**20,064**	**11,702**	**3,979**	**1,269**	**1,979**	**40,776**
Additions	267	-	238	-	-	136	641
Amortization	(164)	-	(24)	(157)	(19)	-	(364)
Amortization included in discontinued operation	(163)	-	-	(63)	(7)	-	(233)
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 December 31,2018	**419**	**24,459**	**428**	**3,729**	**1,243**	**3,573**	**33,851**
Cost	***2,628***	***24,917***	***10,706***	***4,391***	***1,409***	***3,638***	**47,689**
Accumulated amortization and impairment	***(2,209)***	***(458)***	***(10,278)***	***(662)***	***(166)***	***(65)***	**(13,838)**

* Goodwill equal to US$ 3,309 thousands as of December 31, 2019 (US$ 3,309 thousands as of December 31, 2018), was reclassified to assets held for sale (see note 32 for more details).

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

	As Of December 31,2019				**As Of December 31,2018**			
(in thousands of US$)	**Media and Technology**	**Cable**	**Financial sector**	**Total**	**Media and Technology**	**Cable**	**Financial sector**	**Total**
As of 1 January								
Cost	*458*	*590*	*23,869*	***24,917***	*458*	*638*	*19,426*	***20,522***
Accumulated impairment	*(458)*	-	-	***(458)***	*(458)*	-	-	***(458)***
Change in scope	-	-	(6,665)	***(6,665)***	-	-	6,699	***6,699***
Reclassification			1,882	***1,882***				
Assets held for sale	-	-	(3,309)	***(3,309)***	-	-	-	-
Exchange differences-Cost	-	(134)	1,943	***1,809***	-	(48)	(2,256)	***(2,304)***
As of 31 December	**-**	**456**	**17,720**	**18,176**	**-**	**590**	**23,869**	**24,459**
Cost	*506*	*456*	*17,720*	***18,682***	*458*	*590*	*23,869*	***24,917***
Accumulated impairment	*(506)*	-	-	***(506)***	*(458)*	-	-	***(458)***

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, 2019	Year ended December 31, 2018
Cost	69,993	82,067
Accumulated amortization and impairment	(5,703)	(5,094)
As of January 1,	**64,290**	**76,973**
Depreciation	(1,327)	(1,429)
Exchange differences	(2,216)	(11,254)
As of December 31,	**60,747**	**64,290**
Cost	67,562	69,993
Accumulated amortization and impairment	(6,815)	(5,703)

The fair value of seven floors, which are owned by Victoire in Brazil as property investment on December 31, 2019 amounted to US$ 92 million.

- Investment Property Revenue:

(in thousands of US$)	Year ended December 31, 2019	Year ended December 31, 2018
Rental income	3,652	3,683
Direct operating expenses from property that generated rental income	1,054	1,655
Direct operating expenses from property that did not generate rental income	647	1,220

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, 2019	As of December 31, 2018
Within one year	4,761	3,670
Later than one year but not later than 5 years	18,547	14,680
More than 5 years	2,038	-

17. Other financial assets

(in thousands of US$)	As Of December 31, 2019			As Of December 31, 2018		
	Non-current	Current	Total	Non-current	Current	Total
Financial receivables	6,882	4,785	11,667	3,043	1,091	4,134
Restricted Cash (17-1)	7,138	121	7,259	7,550	101,982	109,532
Financial assets at fair value through OCI (17-2)	3,361	-	3,361	3,493	-	3,493
Financial assets at fair value through profit or loss (17-3)	-	34	34	-	2,053	2,053
Total	**17,381**	**4,940**	**22,321**	**14,086**	**105,126**	**119,212**

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

	As Of December 31, 2019	As Of December 31, 2019
(in thousands of US$)	Financial receivables	Financial receivables
Not past due	4,785	1,063
Past due 0-30 days	-	-
Past due 31-120 days	-	-
Past due 121-150 days	-	-
Past due more than 150 days	6,882	3,071
	11,667	4,134

17-1 Restricted cash

	As Of December 31, 2019			As Of December 31, 2018		
(in thousands of US$)	Non-current	Current	Total	Non-current	Current	Total
Pledged deposits	328	121	449	608	101,982	102,590
Cash on banks in North Korea	6,810	-	6,810	6,942	-	6,942
Total	7,138	121	7,259	7,550	101,982	109,532

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

(in thousands of US$) **Company name**	As of December 31, 2019	As of December 31, 2018
Egypt Opportunities Fund	2,041	2,252
Misr for Central Clearing Depository and Registry	478	429
EGX 30	506	420
Guarantee Settlement Fund	318	375
El Arabi for Investment	12	11
BMG	6	-
MENA Capital	167	172
(Less) Impairment loss	(167)	(166)
Total	3,361	3,493

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

(in thousands of US$)	As of December 31, 2019	As of December 31, 2018
Investment in cash investment funds	-	816
Investment in investment funds	34	813
Treasury Bills	-	424
Total	34	2,053

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.

(in thousand of US$)	2020	2021	2022	2023	2024	More than 5 year
IRU LDN (TWA)	598	598	598	598	598	2,591
IRU Omantel (TWA)	846	846	846	846	846	8,178

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 December 31,2019	As Of December 31,2018
Deferred tax liabilities, gross	(13,000)	(15,653)
Deferred tax assets offset	550	388
Deferred tax liabilities	(12,450)	(15,265)

The movement in deferred income tax liabilities is as follows:

(in thousands of US$)	As Of December 31, 2019	As Of December 31, 2018
As of January 1,	(15,265)	(24,116)
(Charged)/ credited to the income statement	848	1,838
Change in scope of consolidation	376	5,085
Liabilities held for sale	593	-
Income tax for dividends distributed	954	-
Exchange differences	44	1,928
As of December 31,	(12,450)	(15,265)

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, 2019	(10,346)	(2,272)	(3,524)	877	(15,265)
(Charged)/ credited to the income statement	(2,089)	(1,293)	3,320	910	848
Change in scope of consolidation	-	-	-	376	376
Liabilities held for sale	-	-	-	593	593
Income tax for dividends distributed	-	954	-	-	954
Exchange differences	665	(170)	(228)	(223)	44
Reclassification	(654)	950	177	(473)	-
As of December 31, 2019	(12,424)	(1,831)	(255)	2,060	(12,450)

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)

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, 2019, 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 December 31,2019	As Of December 31,2018
Receivables due from customers	66,736	61,704
Receivables due from telephone operators	22,885	20,466
Other trade receivables	1,097	689
Allowance for doubtful receivables	(35,939)	(29,590)
Total	**54,779**	**53,269**

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

(in thousands of US$)	As of December 31, 2019	As of December 31, 2018
At January 1	29,590	28,480
Additions (allowances recognized as an expense)	5,937	4,382
Used	-	17
Reversal	(1,941)	(2,859)
Exchange differences	2,353	(430)
At December 31,	**35,939**	**29,590**

The following table shows the ageing analysis of trade receivables as of 31 December 2019 and 2018, net of the relevant allowance for doubtful receivables:

(in thousands of US$)	As of December 31, 2019	As of December 31, 2018
Not past due	2,576	38,398
Past due 0-30 days	536	1,005
Past due 31-120 days	2,796	2,376
Past due 121 - 150 days	2,253	106
Past due more than 150 days	46,618	11,384
Trade receivables	**54,779**	**53,269**

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.

20. Other non-financial assets

(in thousands of US$)	As Of December 31,2019			As Of December 31,2018		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	16,574	2,693	19,267	13,224	2,848	16,072
Advances to suppliers	-	649	649	-	343	343
Receivables due from tax authority	-	907	907	-	401	401
Employee loans	-	75	75	-	518	518
Assets from current tax	-	5,184	5,184	-	5,453	5,453
Other non trade receivables	-	4,470	4,470	-	1,551	1,551
Allowance for doubtful current assets	-	(517)	(517)	-	-	-
Total	**16,574**	**13,461**	**30,035**	**13,224**	**11,114**	**24,338**

21. Cash and cash equivalent

(in thousands of US$)	As Of December 31,2019	As Of December 31,2018
Bank accounts and Deposits*	63,376	106,491
Cash on hand	62	74
Total	**63,438**	**106,565**

* Bank account and deposit as of December 31, 2019, includes an amount of $ 1.6 million represent cash held in Lebanon bank accounts, in accordance with the restrictions imposed by the Lebanese government on local banks in Lebanon and restrictions on cash transfers outside the country.

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$ 1,853 thousand as of December 31,2019 compared to US$ 1,511 thousand as of December 31,2018, which is not available for distribution representing a legal and special reserves at the subsidiaries level.

23. Borrowings

(in thousands of US$)	As Of December 31,2019			As Of December 31,2018		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities to banks	45,695	18,158	63,853	109,335	47,008	156,343
Finance lease liability	745	4,968	5,713	369	10,669	11,038
Other borrowings	1,045	881	1,926	1,618	1,126	2,744
	47,485	24,007	71,492	111,322	58,803	170,125

<u>Loans for Trans World associate</u>

Borrowings include loans obtained from the shareholders of Trans World associate private by an amount of US$ 1.9 Million of which US$ 1 Million due within one year and US$ 0.9 Million due after more than one year with an interest rate of 3.45% per annum.

Borrowings also include loans obtained from banks amounted to US$ 24.2 Million from which US$ 6.1 Million due within one year and US$ 18.1 Million due after more than one year these borrowings were obtained by Trans World Associate Private with interest rates ranges between 12.48% to 15.44%.

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 US$ 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 favour 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 favour 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 US$ 33.4 million will be long-term loan due on three instalments 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 US$ 90,000,000 secured by US$ time deposits, where the percentage of finance makes up 90% of the secured time deposits and on August 18, 2019 the company fully settled credit facility from pledged time deposit which guarantee credit facility.
- 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 to banks and Other Borrowings as of December 31, 2019

Liabilities due to banks and other Borrowings are detailed in Appendix B.

(in thousands of US$)	within one year	1-2 years	2-3 years	3-4 years	4-5 years	after 5 years	Total
Liabilities to banks 2019	45,695	7,847	5,993	3,930	129	259	63,853
Liabilities to banks 2018	109,335	4,353	32,122	1,739	4,276	4,518	156,343
Finance lease liability 2019	745	1,592	856	843	596	1,081	5,713
Finance lease liability 2018	369	2,460	1,692	1,821	1,791	2,905	11,038
Other borrowings 2019	1,044	492	390	-	-	-	1,926
Other borrowings 2018	1,618	242	393	491	-	-	2,744
As Of December 31,2019	47,484	9,931	7,239	4,773	725	1,340	71,492
As Of December 31,2018	111,322	7,055	34,207	4,051	6,067	7,423	170,125

Finance lease liabilities

(in thousands of US$)	As of December 31, 2019	As of December 31, 2018
Gross finance lease liabilities – minimum lease payments		
Within one year	745	1,474
Between 1-5 years	3,887	7,359
Over 5 years	1,081	3,155
Future finance charges on finance leases	-	(950)
Present value of finance lease liabilities	**5,713**	**11,038**
The present value of finance lease liabilities is as follows:		
Within one year	745	369
Between 1-5 years	3,887	7,764
Over 5 years	1,081	2,905
	5,713	**11,038**

Other Borrowings

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

Currency Information of current and non-current borrowings

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

(in thousands of US$)	US$	Egyptian Pound	Pakistan Rupee	Others	Total
As of December 31,2019	25,946	16,202	29,344	-	71,492
As of December 31,2018	131,914	5,589	32,622	-	170,125

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

(in thousands of US$)	As of December 31, 2019	As of December 31, 2018
Current borrowings	111,322	15,087
Non-current borrowings	58,803	64,495
Balance at the beginning of the year	**170,125**	**79,582**
payments of loans	(104,493)	(22,680)
Proceeds from loans	12,981	110,142
Transferred to Liabilities held for sale	(6,234)	-
Interest paid	(10,864)	(9,315)
Interest paid for discontinued operations		(292)
Foreign exchange differences	9,977	12,688
Balance at the end of the year	**71,492**	**170,125**
Current borrowings	47,485	111,322
Non-current borrowings	24,007	58,803

-Details of borrowings are included in appendix B.

24. Trade payables and other liabilities

(in thousands of US$)	As Of December 31,2019			As Of December 31,2018		
	Current	Non-current	Total	Current	Non-current	Total
Trade Payable						
Capital expenditure payables	5,006	-	5,006	4,752	-	4,752
Trade payables due to suppliers	15,042	-	15,042	8,439	-	8,439
Customers credit balance	13,501	-	13,501	41,038	-	41,038
Trade payables to Telephone operator	1,004	-	1,004	2,835	-	2,835
Other trade payables	2,579	-	2,579	2,827	-	2,827
Total	**37,132**	-	**37,132**	**59,891**	-	**59,891**
Other payable						
Prepaid traffic and deferred income	806	7,642	8,448	339	3,408	3,747
Due to local authorities	3,181	-	3,181	3,155	-	3,155
Personnel payables	1,104	-	1,104	3,022		3,022
Subscriber deposits	48	-	48	38		38
Other credit balances	32,195	-	32,195	8,543	22,436	30,979
Total	**37,334**	**7,642**	**44,976**	**15,097**	**25,844**	**40,941**
Total	**74,466**	**7,642**	**82,108**	**74,988**	**25,844**	**100,832**

The other credit balance includes the balance of 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, This balances classified as non-current in 2018 while in 2019 classified as current due to termination of management contract with ministry of Telecommunications
the break down of employees benefit which included in current other credit balance as below:

(in thousands of US$)	As of December 31, 2019	Benefits paid/ disbursements	Contributions	Reclassed from non-current to current other credit balance	As of December 31, 2018
Employees termination benefits	12,641	(906)	793	12,754	-
Other defined benefit obligations	7,255	(9,670)	7,255	9,670	-
Total employee benefits	**19,896**	**(10,576)**	**8,048**	**22,424**	-

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

(in thousands of US$)	As of December 31, 2019	Currency translation	Other Changes	Amounts recognised within Revenue	Additional amounts arising over the year	As of January 1, 2019
Deferred Revenue - current	806	(446)	282	217	414	339
Deferred Revenue - non-current	7,349	(350)	(282)	-	4,573	3,408
Long term payable TES	293	-	-	-	293	-
	8,448	(796)	-	217	5,280	3,747

(in thousands of US$)	As of December 31, 2019	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, 2019	As of December 31, 2018
As of January 1,	23,041	20,723
Additions	5,867	8,833
No longer required	(3)	-
Currency translation differences	2,817	118
Change in scope	-	(6,633)
Utilized	(1,860)	-
As of December 31,	29,862	23,041

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.

(Losses) per share from continuing operations – basic and diluted (in US$)

(in thousands of US$)	For the year ended December 31, 2019	For the year ended December 31, 2018
Profit attributable to equity holders of the Company from continuing operations (*in thousands of US$*)	(29,462)	(6,584)
Weighted average number of shares (*in thousands of shares*)	5,245,691	5,245,691
Earnings per share – basic and diluted (in US$)	(0.0056)	(0.001)

Earnings / (Losses) per share from discontinued operations – basic and diluted (in US$)

(in thousands of US$)	For the year ended December 31, 2019	For the year ended December 31, 2018
Profit attributable to equity holders of the Company from discontinued operations (*in thousands of US$*)	3,441	(52,665)
Weighted average number of shares (*in thousands of shares*)	5,245,691	5,245,691
Earnings per share – basic and diluted (in US$)	**0.0007**	**(0.01)**

27. Business Combination

27-A Auerbach Grayson Company

On September 25, 2016, the BOD of Beltone Financial Holding approved the acquisition of 60 % of AGCO Company through one of subsidiaries (New Frontier securities –USA) by US$ 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 January 30, 2017 the company had the USA regulatory approval to practice brokerage activity in US$ and to acquire a share in Auerbach Grayson & Company –USA (AGCO) and the rest of procedures were followed till February 1, 2017 which is considered as the "acquisition date".

The company determined the primary accounting for business combination for acquiring AGCO temporarily on February 1,2017. 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 US$ 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 US$676 500

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 US$ as follows:

(in thousands of US$)	As of February 1, 2017
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:

(in thousands of US$)	31 December 2019 USD	31 December 2018 USD
Derivatives – options	-	4,862
	-	**4862**

27-B Discontinued Operations

Discontinued operations represent as following:

(in thousands of US$)		For the year ended December 31, 2019	For the year ended December 31, 2018
Discontinued operation from Riza capital disposal	17-B-1	5,226	(6,596)
Discontinued operation from Auerbach Grayson Held for sale	17-B-2	(5,585)	(6,528)
Discontinued operation from Mena cable disposal	17-B-3	-	(46,128)
(Loss) from discontinued operation (net of income tax)		**(359)**	**(59,252)**

27-B-1 Riza Capital

On September 10, 2019, OTMT Brazil Holding sold its entire shares in Riza Capital, with an ownership of 57.5%, to Marko Auriello for a consideration amounting to US$ 13,323,850 paid on six semi-annual installments, each amounting to US$ 2,220,642, where the last installment will be received on February 28, 2022.

Discontinued operations calculated as the following for the period ended December 30, 2019:

(in thousands of US$)	December 31, 2019
Proceeds from sale	13,243
(Less):	
Net assets	(5,445)
Foreign exchange differences excluded	197
Net assets (Minority share)	(912)
Losses of Riza Capital for the year	(1,857)
Group's profits from the disposal	**5,226**

Riza Capital's Losses for the year presented as following:

(in thousands of US$)	December 31,2019	December 31,2018
Operating revenue	2,896	3,223
Operating expenses	(1,590)	(715)
Operating Loss	**1,306**	**2,508**
Other expenses	(3,163)	(9,104)
Net income for the year	**(1,857)**	**(6,596)**
Distributed as		
The company's share	(1,068)	(3,795)
The minority's share	(789)	(2,801)
	(1,857)	(6,596)

27-B-2 Auerbach Grayson

During the year, a board of directors of Beltone decided to authorize the chairman and managing director to take the necessary decisions and negotiate for selling of Beltone Financial Holding's stake in Auerbach Grayson, which is wholly owned by NEW FRONTIER (one of Beltone's subsidiaries) and the company started activity to determine The buyer , Accordingly Auerbach Grayson assets and liabilities presented as held for Sale in accordance with IFRS Standard No. (5).

Auerbach Grayson's Losses for the year presented as following:

(in thousands of US$)	December 31,2019	December 31,2018
Revenues	17,150	20,497
Total revenues	17,150	20,497
Other expense	(22,792)	(27,113)
Deferred tax	57	88
Net losses for the year	(5,585)	(6,528)

27-B-3 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 thousands of US$)	December 31,2019	December 31,2018
Proceeds from sale	-	87,633
Less:		
Selling expenses	-	(327)
Liabilities held for sale	-	27,583
Assets held for sale	-	(82,417)
Mena Cable Losses for the period	-	(5,522)
Foreign exchange differences excluded	-	(78,305)
Deferred taxes	-	5,227
Group profits from disposal	-	**(46,128)**

Mena Cable Losses for the period

(in thousands of US$)	December 31,2019	December 31,2018
Operating revenue	-	2,019
Cost of purchases, service and other expense	-	(7,541)
Operating Loss	-	**(5,522)**
Income tax	-	-
Total	-	**(5,522)**

28. Subsidiaries

Represent non-wholly owned subsidiaries with material non-controlling interest (Beltone and TWA)

Company	Country	Percentage of non-controlling ownership		Value of non-controlling ownership	
(in thousands of US$)		2019	2018	2019	2018
Transworld associate (TWA)	Pakistan	49%	49%	17,641	15,922
Beltone financial management	Egypt	30%	30%	(86)	4,954

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	
Current	**2019**	**2018**	**2019**	**2018**
Current assets	18,577	20,082	52,659	66,151
Current liabilities	(24,210)	(25,874)	(64,386)	(75,516)
Total current net assets	**(5,633)**	**(5,792)**	**(11,727)**	**(9,365)**
Non-current assets	79,433	72,526	17,843	24,729
Non-current liabilities	(37,341)	(33,788)	122	(1,021)
Total non-current net assets	**42,092**	**38,738**	**17,966**	**23,708**
Net assets	**36,459**	**32,946**	**6,239**	**14,343**

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, 2019	For the year ended December 31, 2018	For the year ended December 31, 2019	For the year ended December 31, 2018
Revenue	17,499	44,820	14,484	39,548
Profit (loss) before income tax	11,718	12,704	(1,183)	(5,345)
Income tax expense	(4,527)	(3,581)	(408)	(1,495)
Post tax profit (loss) from continuing operations	**7,191**	9,123	**(1,591)**	(6,840)
Loss from discontinued operation	-	-	(5,670)	-
Other comprehensive (loss) \ income	-	(7,344)	(2,392)	(3,699)
Total comprehensive income	**7,191**	1,779	**(9,653)**	(10,539)
Total comprehensive income allocated to non-controlling interests	(133)	36	(1,807)	2,226

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,	
	2019	2018	2019	2018
Net cash flows generated by / (used in) operating activities	14,687	13,933	(45,457)	(13,642)
Net cash flows generated by / (used in) investing activities	(7,472)	(8,185)	85	(3,232)
Net cash flows generated by / (used in) financing activities	(8,757)	(3,367)	11,984	1,642
Net change in cash during the year	**(1,542)**	**2,381**	**(33,388)**	**(15,232)**
Effect of exchange rates on cash and cash equivalents	141	(277)	1,876	(363)
Cash and cash equivalent at the beginning of the year	5,956	4,321	48,627	64,222
Cash and cash equivalent at the end of the year	**4,556**	**6,425**	**17,115**	**48,627**

The above information are the amount before intercompany eliminations.

29. Commitments

The commitments as of 31 December 2019 and 2018 are provided in the table below:

(in thousands of US$)	As of December 31,2019	As of December 31, 2018
Purchase of property and equipment	915	5,214
Others	9,129	12,054
Total	**10,044**	**17,268**

Other capital engagements are the group's obligations arising from the lease commitment of Auerbach Grayson & Co for the amount equivalent to US$5.75 million , plus the amount equivalent to US$1.9 million to the contract of Trans World associates (subsidiary).

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:

(in thousands of US$)	Year ended December 31,2019			Year ended December, 31,2018		
	Purchase of services and goods	*Selling of services and goods*	*Consultancy*	*Purchase of services and goods*	*Selling of services and goods*	*Consultancy*
OTMT						
CHEO	-	40	-	-	378	-
Others						
LTD Orastar	-	-	(70)	-	-	(78)
Dr Omar Zawawy (shareholder of a subsidiary)	-	-	(18)	-	-	(20)

(in thousands of US$)	As of December 31, 2019		As of December 31, 2018	
	Receivables	Payables	Receivables	Payables
LTD Orastar	-	1,536	-	2,832
Omar Zawawy (shareholder of a subsidiary)	-	393	-	726
Belton Mena Equity Fund	27	-	27	-
EGX funds company	1	-	1	-
Misr Beltone	-	379	-	339
International Fund Management Service Co.	-	55	-	106
Electronic Fund Management Service Co.	-	64	-	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$ 1,342 thousand and US$ 2,812 thousand respectively for the year ended December 31, 2019 and 2018.

31. Contingent assets and liabilities

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

Transworld Associates (Subsidiary)

- Bank guarantee issued in favor of Higher Education Commission (HEC) amounting to US$37,540 valid till December 31, 2020.
- 'Bank guarantees issued in favour of Inbox Business Technologies (Private) Limited amounting to US$ 35,087 valid till May 09, 2020.
- 'Letter of credit issued in favour of Huawei International Co. Ltd. amounting to CNY 630,745.56 valid till January 21, 2020.
- Letter of credit issued in favour of Subcom, LLC amounting to US$ 6,408 valid till January 21. 2020.
- 'Letter of credit issued in favour of Premier Systems FZE amounting to US$ 410,000 valid till April 04, 2020.

32. Assets and Liabilities held for sale

During the year, a board of directors of Beltone decided to authorize the chairman and managing director to take the necessary decisions and negotiate for selling of Beltone Financial Holding's stake in Auerbach Grayson, which is wholly owned by NEW FRONTIER (one of Beltone's subsidiaries) and the company started activity to determine The buyer , Accordingly Auerbach Grayson assets and liabilities presented as held for Sale in accordance with IFRS Standard No. (5).

Assets held for sales *(in thousands of US$)* *(in thousands of US$)*	31/12/2019
Fixed assets	4,202
Intangible Assets	1,560
Goodwill	3,309
Due from companies operating in the securities field	294
Account receivable	1,241
Debtors and other debit balance	1,957
Cash and Cash at bank	1,287
Total Assets held for sales	**13,850**
Liabilities associated to assets held for sale	
Deferred tax	593
Trade payable and other credit balances	1,797
Lease liabilities	4,884
Total Liabilities associated to assets held for sale	**7,274**

33. Opening balance Restatement

The following schedule summarize the reclassification of comparative figures of the consolidated profit or loss for the year ended 31 December 2018 to match current year classifications as follows:

Continued Operations *(in thousands of US$)*	As Issued	Reclassification	Represented
Revenues	98,289	(23,630)	74,659
Other income	12,579	(89)	12,490
Purchases and services	(48,109)	17,723	(30,386)
Other expenses	(15,053)	926	(14,127)
Personnel cost	(38,914)	16,367	(22,547)
Depreciation and amortization	(8,627)	1,063	(7,564)
Impairment charges	(1,102)	82	(1,020)
Disposal of non-current assets	(187)	-	(187)
Operating income/ (loss)	**(1,124)**		**11,318**
Financial income	3,453	(3)	3,450
Financial expense	(9,923)	156	(9,767)
Foreign exchange (loss)	(2,434)	618	(1,816)
Share of profits of investment in associates	159,093	-	159,093
Impairment of investments in associate	(159,093)	-	(159,093)
(loss)/Profit before income tax	**(10,028)**		**3,185**
Income tax expense	(5,887)	(89)	(5,976)
(Loss)/ Profit for the year	**(15,915)**		**(2,791)**
Discontinued operations			
Profit / (Loss) from discontinued operation (net of income tax)	(46,128)	(13,124)	(59,252)
(Loss)/ Profit for the year	**(62,043)**		**(62,043)**

34. Subsequent events

- The recent outbreak of the novel coronavirus (COVID-19) continues to impact the global economy and markets. Going forward the COVID-19 outbreak may negatively impact amongst others our supply chain, workforce, operations, demand of our end markets, and liquidity. Accordingly, The Management has set up a COVID-19 taskforce to develop and implement contingency plans, and we are closely and continuously evaluating the developments. We will take all necessary actions to keep our operations running and, most importantly, protect our employees, suppliers, customers and all other stakeholders. Based on our current knowledge and available information, we do not expect COVID-19 to have an impact on our ability to continue as a going concern in the foreseeable future.
- During January 2020, the company made early payment of the full value of the loan related to direct or indirect acquisition of the shares of the companies that own the Brazil Building, the balance of the loan on December 31, 2019, amounted to 23,413 thousand dollar, as the shares were unpledged by the bank during January 2020.
- On February 27, 2020, the Board of Directors of Sarwa Capital Company proposed to distribute cash dividends to shareholders for the fiscal year ending December 31, 2019, with a total value of 117,759,480 EGP, the share of the profits will be 10 piasters per share, the company's share of the dividends declared will be about 34.5 million Egyptian pounds before the tax on dividends.
- On December 2019, the company's board of directors received a letter from the Lebanese Ministry of Communications regarding the non-renewal of the management contract concluded between Orascom Investment Holding Company and the Lebanese Ministry of Communications, due to the current events in Lebanon, the company was not handed over to the Lebanese Ministry of Communications, and the group has managed the Lebanese company till now with the same conditions as the old contract. During September 2020, the process of transferring the management of Alfa Company from Orascom Telecom Lebanon to the Ministry of Communications was completed, in implementation of the Cabinet Resolution issued on May 5, 2020 and after fulfilling all the requirements of the management contract.
- During April 2020, Beltone Financial Holding, which is owned by Orascom Investment Holding Company by 74.55%, has signed an agreement to sell its subsidiary Auerbach Grayson with a group of investors. All sales procedures will be terminated after obtaining the approval of the Financial Sector Authority in the United States of America.
- On July 9, 2020, the board of directors of the Company approved the detailed demerger plan of the Company into two companies where the demerged company will be called "Oracom Investment Holding" (the demerged company) where it will include company's investments in companies that operate in different fields. The other company will be called "Orascom Financial Holding" (the new company) which will include the investments of the company in companies that operate in the financial-non-banking sector which are Beltone financial holding (subsidiary) and Sarwa capital (associate). On September 6, 2020, the Egyptian Financial Supervisory Authority approved the detailed division project for the company, and the extraordinary general meeting is being invited to approve the division project.
- On September 30, 2020, Orascom Pyramids for Entertainment (one of the group's subsidiaries) signed a long-term financing contract with the Societe Arabe Internationale de Banque with an amount of EGP 230 million to be repaid on 24 quarter-annual installments starting from January 2023 and ending on October 2028.

35. Reclassification of some comparative numbers:

- During the year ended December 31, 2019, the company reclassified the comparative figures of the retained earnings and translation reserve related to the year ended December 31, 2018, in order to correct an amount charged to the currency translation reserve instead of the retained earnings, in one of the group's subsidiaries, amounting to USD 2,213 K.

Chief Financial Officer
Khalid Ellaicy

Executive Chairman and Managing Director
Naguib Sawiris

APPENDIX A - SUBSIDIARIES, ASSOCIATES AND INVESTMENTS AS OF 31 DECEMBER 2019

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	100%	70%	30%	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	Victorie 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 Pyramids Entertainment "S.A.E"	Egypt	100%	100%	0.00%	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 Beltone Asset Management	Mutual funds management	50%	35%	50.00%	Joint Venture

APPENDIX B – LIABILITIES TO BANKS AND OTHER BORROWINGS AS OF DECEMBER 31, 2019

Description	Current	Non	Total	Currency	Nominal	Maturity	Interest Rate	Security	Assets secured
OIH Loans									
Foreign Bank loan	23,413	-	23,413	USD	33,372	Oct-21	LIBOR+1.25%	Secured	Time Deposit
Local bank loan	46	1	47	EGP	4,738	Dec-20	Bank certificate rate of return + 2% max 12%	Secured	Time Deposit
Local bank loan	59	40	99	EGP	4,710	Dec-21	Bank certificate rate of return + 1.5% max 11%	Secured	Time Deposit
Total OIH Loans	**23,518**	**41**	**23,559**						
TWA Loans									
Long term loan from sponsor's (Orastar)	196	705	901	USD	178,843	Dec-22	3M LIBOR+1%	Unsecured	
Long term loan from sponsor's (Dr. Omar Zawawi)	50	181	231	USD	45,857	Dec-22	3M LIBOR+1%	Unsecured	
Short term loan-2 from sponsor's (Orastar)	635	-	635	USD	115,074	Dec-20	3M LIBOR+1%	Unsecured	
Short term loan-2 from sponsor's (Dr. Omar Zawawi)	163	-	163	USD	29,503	Dec-20	3M LIBOR+1%	Unsecured	
Finance lease liabilities	55	219	274	PKR	42,401	Dec-23	3M KIBOR+1.90%	Secured	
Long term syndicated finance facility-NIB Bank Ltd	1,870	2,505	4,375	PKR	666,667	Apr-22	6M KIBOR + 2.50%	Secured	Future Current Liabilities and Fixed Assets (Except Land and Buildings)
Long term syndicated finance facility-Pak Oman Investment	1,240	1,716	2,956	PKR	450,000	May-22	6M KIBOR + 2.50%	Secured	
Long term loan finance facility-Habib Bank Limited	1,082	1,521	2,603	PKR	391,665	Apr-22	6M KIBOR + 1.50%	Secured	
Running Finance Facility-Meezan Bank Limited	1,542	-	1,542	PKR	227,525	Aug-20	6M KIBOR + 1.45%	Secured	
Long term loan finance facility-MBC Bank	331	11,504	11,835	PKR	1,778,000	Oct-23	6M KIBOR + 1.25%	Secured	
Long term loan facility Pak Oman Investment company	2	647	649	PKR	100,000	Dec-26	3M KIBOR + 1.90%	Secured	
Finance lease liabilities (IFRS 16)	745	4,365	5,110	PKR			13.30%		
Total TWA loans	**7,911**	**23,363**	**31,274**						
Beltone Holding									
Credit Facilities	16,056	-	16,056	EGP	440,000	Current	Corridor +0.75% : 2%	Unsecured	
Finance lease liabilities (IFRS 16)	-	603	603	USD			8%		
Total Beltone Holding Loans	**16,056**	**603**	**16,659**						
Total Loans for the Group	**47,485**	**24,007**	**71,492**						