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

Consolidated financial statements
Together with auditor's report
For the year ended December 31, 2018

The financial year ended
December 31, 2018

KPMG

Hazem Hassan
Public Accountants & Consultants

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Translation of audit report
Originally issued in Arabic

Auditor's report to the shareholders of

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

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Consolidated 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 the Egyptian Accounting Standards and applicable Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Consolidated financial statements that are free from material misstatement, whether due to fraud or error, management responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and applicable Egyptian laws. 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

Translation of audit report
Originally issued in Arabic

Opinion

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

KPMG Hazem Hassan
Public accountants and consultants

KPMG Hazem Hassan
Public Accountants and Consultants
(2)

Cairo April 3, 2019

ORASCOM INVESTMENT HOLDING S.A.E.
(FORMERLY ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of EGP)	Note No.	31 December, 2018	Represented 31 December, 2018
Assets			
Non-current assets			
Property and equipment	15	1,265,207	2,467,478
Intangible assets	16	619,978	736,631
Investment Property	17	1,154,159	1,367,553
Investments in associates	14	2,204,602	614,712
Other financial assets	18	251,559	168,457
Other assets	21	236,181	290,839
Total non-current assets		**5,731,686**	**5,645,670**
Current assets			
Inventories		7,376	5,979
Trade receivables	20	967,109	641,750
Other financial assets	18	1,877,564	630,608
Other assets	21	195,093	223,069
Cash and cash equivalent	22	1,903,267	2,373,000
Total current assets		**4,950,409**	**3,874,406**
Total Assets		**10,682,095**	**9,520,076**
Equity and Liabilities			
Share capital	23	2,203,190	2,203,190
Reserves		1,598,207	2,380,019
Retained earnings		1,075,557	195,157
Equity attributable to equity holders of the parent Company		**4,876,954**	**4,778,366**
Non-controlling interest		348,583	447,225
Total equity		**5,225,537**	**5,225,591**
Liabilities			
Non-current liabilities			
Borrowings	25	859,662	1,140,913
Other liabilities	26	461,583	261,485
Deferred tax liabilities	19	272,609	426,703
Total non-current liabilities		**1,593,854**	**1,829,101**
Current liabilities			
Borrowings	25	1,988,224	266,847
Other liabilities	26	1,339,493	1,552,588
Tax liabilities- income tax		133,948	279,047
provisions	27	401,039	366,902
Total current liabilities		**3,862,704**	**2,465,384**
Total Liabilities		**5,456,558**	**4,294,485**
Total Equity and Liabilities		**10,682,095**	**9,520,076**

- The accompanying notes from (1) to (34) form an integral part of these consolidated financial statements and should be read therewith.

Chief Financial Officer	Chief Executive Officer	Chairman

Auditor's report "attached"

ORASCOM INVESTMENT HOLDING S.A.E.
(FORMERLY ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING)
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED

(In thousands of EGP)	Note	31 December 2018	Represented 31 December 2017
Continued operations			
Operating revenues	8	1,746,615	1,485,715
Other income		223,525	75,552
Purchases and services cost	9	(876,166)	(768,794)
Other expenses	10	(110,686)	(172,085)
Provision formed/ no longer required		(154,436)	354,333
Personnel cost	11	(691,504)	(548,801)
Depreciation and amortization	12	(122,963)	(131,048)
Impairment of non-current assets		(18,019)	-
Capital (loss)/ gain		(3,331)	3,015
Operating (loss)/ income		**(6,965)**	**297,887**
Finance income	13	61,372	62,813
Finance cost	13	(173,791)	(130,108)
Foreign exchange (loss)	13	(43,289)	(31,944)
Share of profit of investment in associates	14	2,827,173	2,582,168
Net impairment in associate	14	(2,827,173)	(1,962,123)
(Loss)/ Profit for the year before income tax		**(162,673)**	**818,693**
Income tax	19	(104,592)	(196,370)
(Loss)/ Profit for the year from continued operation		**(267,265)**	**622,323**
Discontinued Operations			
Profit/(loss) from discontinued operations after tax		1,132,863	(169,194)
Profit for the year		**865,598**	**453,129**
Attributable to:			
Owners of the parent company		910,703	437,920
Non-controlling interests		(45,105)	15,209
		865,598	**453,129**
Earnings per share (basic and diluted) – (in EGP)	28	**0.174**	**0.084**

- The accompanying notes from (1) to (34) form an integral part of these consolidated financial statements and should be read therewith.

Chief Financial Officer	Chief Executive Officer	Chairman

ORASCOM INVESTMENT HOLDING S.A.E.
(FORMERLY ORASCOM TELECOM MEDIA AND TECHNOLOGY HOLDING)
CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED

	31 December 2018	31 December 2017
Net profit for the year	**865,598**	**453,129**
Items that may be subsequently reclassified to profit or loss:		
Share of profit recognized directly in equity of associates	(3,618)	1,405
Currency translation differences	(940,541)	(150,075)
Total other (comprehensive loss) items for the year	**(944‹159)**	**(148‹670)**
Total (comprehensive loss)/ comprehensive income for the year	**(78‹561)**	**304,459**
Attributable to:		
Owners of the parent company	51,172	311,884
Non-controlling interest	(129,733)	(7,425)
	(78,561)	**304,459**

- The accompanying notes from (1) to (34) form an integral part of these consolidated financial statements and should be read therewith.

Chief Financial Officer	Chief Executive Officer	Chairman

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

(In thousands of EGP)	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non-Controlling Interest	Total equity
Balance as at January 1, 2017	2,203,190	502,073	1,858,566	64,738	382,624	5,011,191	351,657	5,362,848
Net profit for the year	-	-	-	-	437,920	437,920	15,209	453,129
Other comprehensive income	-	-	(127,122)	1,086	-	(126,036)	(22,634)	(148,670)
Total comprehensive income for the year	-	-	(127,122)	1,086	437,920	311,884	(7,425)	304,459
Adjustments	-	-	6,513	(100,100)	(2,093)	(95,680)	(43,211)	(138,891)
Transfer to legal reserves	-	54,233	-	-	(54,233)	-	-	-
Dividends	-	-	-	-	(569,061)	(569,061)	-	(569,061)
Share of non-controlling interests -Disposal of subsidiaries	-	-	-	120,032	-	120,032	27,090	147,122
Share of non-controlling interests -Acquisition of subsidiaries	-	-	-	-	-	-	119,114	119,114
Total	-	54,233	6,513	19,932	(625,387)	(544,709)	102,993	(441,716)
Balance as at 31 December, 2017	2,203,190	556,306	1,737,957	85,756	195,157	4,778,366	447,225	5,225,591

(In thousands of EGP)	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non-Controlling Interest	Total equity
Balance as at January 1, 2018	2,203,190	556,306	1,737,957	85,756	195,157	4,778,366	447,225	5,225,591
Net profit for the year	-	-	-	-	910,703	910,703	(45,105)	865,598
Currency translation differences	-	-	(857,000)	-	-	(857,000)	(83,541)	(940,541)
Changes in the fair value of available for sale investments	-	-	-	(2,531)	-	(2,531)	(1,087)	(3,618)
Total comprehensive income for the year	-	-	(857,000)	(2,531)	910,703	51,172	(129,733)	(78,561)
Transfer to legal reserves	-	30,303	-	-	(30,303)	-	-	-
Financial derivatives	-	-	-	39,317	-	39,317	16,851	56,168
Other Reserves		-	-	8,099	-	8,099	-	8,099
Share of non-controlling interests -Acquisition of subsidiaries	-	-	-	-	-	-	14,240	14,240
Total	-	30,303	-	47,416	(30,303)	47,416	31,091	78,507
Balance as at 31 December, 2018	2,203,190	586,609	880,957	130,641	1,075,557	4,876,954	348,583	5,225,537

- The accompanying notes from (1) to (34) form an integral part of these consolidated financial statements and should be read therewith.

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

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

(in thousands of EGP)	31 December 2018	Represented 31 December 2017
Cash flows from operating activities		
Net (loss)/ profit for the year before tax	(162,673)	818,693
Adjustments for:		
Depreciation and amortization	122,963	131,048
Finance cost	173,791	130,108
Finance income	(61,372)	(62,813)
Foreign exchange differences	43,289	31,944
Impairment loss in non-current asset	20,661	-
Capital loss/ (gain)	3,331	(3,015)
Share of profit of associate	(2,827,173)	(2,582,168)
Impairment of associates	2,827,173	1,962,123
change in current assets included in working capital	(370,376)	(293,443)
change in current liabilities included in working capital	52,891	271,008
Cash flows (used in)/ generated by operating activities	(177,495)	403,485
Income taxes paid	(370,946)	(99,608)
Interest collected	61,372	62,913
Dividends for employees	(15,784)	(14,694)
Net Cash flows (used in)/ generated by operating activities	(502,853)	352,096
Cash flows from investing activities		
Cash out flow for investments in :		
Property and equipment	(119,726)	(271,724)
Intangible assets	(13,582)	(27,764)
Payment for investment	(1,590,000)	(141,794)
Other financial assets	(55,835)	(165,986)
Proceeds from:		
Disposal of property and equipment	821	826
Disposal of intangible assets	3,426	-
Other financial assets	-	75,721
Net cash received from subsidiaries acquired	9,220	404,754
Dividends from associates	-	330,068
Net cash flows (used in)/ generated by investing activities	(1,765,676)	204,101
Cash flows from financing activities		
Interest paid	(170,729)	(152,084)
Proceeds from loan	1,967,134	75,995
Net (payments) from financial liabilities	(405,065)	(211,475)
Proceeds from disposal of assets-Beltone	-	149,325
Dividends distribution- shareholders	-	(524,586)
Change in restricted deposits	(1,186,300)	(601,991)
Net cash flows generated by/ (used in) financing activities	205,040	(1,264,816)
Net change in cash and cash equivalents during the year from continued operations	(2,063,489)	(708,619)
Discontinued Operations		
Net cash flows generated by operating activities	280,585	226,577
Net cash flows generated by/ (used in) investing activities	1,333,393	(4,435)
Net change in cash and cash equivalents during the year from discontinued operations	1,613,978	222,142
Net change in cash and cash equivalents during the year	(449,511)	(486,477)
Cash and cash equivalents at the beginning of the year	2,373,000	2,931,528
Effect of exchange rates on cash and cash equivalents	(20,222)	(72,051)
Cash and cash equivalents at the end of the year	1,903,267	2,373,000

- The accompanying notes from (1) to (34) form an integral part of these consolidated financial statements and should be read therewith.

Chief Financial Officer	Chief Executive Officer	Chairman

1- General information about Parent of the group

a- Legal Status

Orascom Telecom Media and Technology Holding S.A.E "the Company" is an Egyptian Joint Stock Company pursuant to the provisions of the Capital Market Law No. 95 of 1992 and its executive regulations. The Company was registered at Cairo Commercial Register on November 29, 2011 under No 394061. The Company's Head Office located at Nile City Towers, Ramlet Boulak – Cairo –Egypt. The Company's duration is 25 years starting from November 29, 2011 and the extended period from that date till December 31, 2012 is considered the first financial year.

b- Purpose of the Company

The Company's purpose is to participate in establishing the joint stock and limited liability Companies that issue securities or to increase its share capital of these companies, and considering the provisions of Article 127 of the executive regulations and the regulations of the Capital Market Law. The Company may have interest or participate, by any mean, in companies and other enterprises that have activities similar to those of the Company or those that may assist the Company to achieve its objectives in Egypt or abroad. It may also merge into those companies and enterprises purchase them or affiliate them pursuant to the provisions of the law and its executive regulations.

c- Brief over the incorporation of the Company

The Company was established as a result of legal demerger from Orascom Telecom Holding S.A.E as part of the VimpelCom transaction. In October 2010, VimpelCom Ltd and Wind Telecom announced that both groups had signed a merger agreement, and where Wind Telecom (previously Wind Investment) owns 51.7% of shares of Orascom Telecom Holding SAE – OTH. On April 14, 2011 the demerger plan was concluded, in order to transfer certain assets to the demerged Company that are not intended to form part of the VimpelCom – Wind Telecom group going forward. Those assets represent mainly OTH investments in the Egyptian Company for Mobile Services, CHEO Technology in North Korea, Orascom Telecom Ventures SAE, as well as other investments in the media and technology sectors, including undersea cable assets.

Accordingly the demerger plan provided that the split of OTH will be executed by way of legal demerger, and the incorporation of Orascom Telecom, Media and Technology Holding S.A.E - OTMT (demerged Company), which will acquire the investments excluded from the transaction. The demerger resulted in existing shareholders of OTH holding the same percentage interest in OTMT as they hold in OTH as of the execution date of the demerger.

2- Statement of compliance

- The consolidated financial statements have been prepared in accordance with the Egyptian Accounting Standards issued by the Minister of Investment's decree No. 243 of 2006 and applicable Egyptian laws and regulations. The Egyptian Accounting Standards require referral to International Financial Reporting Standards "IFRS" for certain types of transactions or events when no Egyptian Accounting Standard or legal requirement exists to address treatment for these transactions or events.
- The separate financial statements for the year ended 31 December, 2018 were approved by the board on 3 April, 2019.

3- Basis for preparation of consolidated financial statements

As disclosed in Note 1-c, the Company was established as a result of demerger from OTH, the new legal status represents continued economic body starting from the date on which the demerging company acquired or established the subsidiaries and associates and then ownership was transferred to the resulting demerged company.

The management of the Company considers that the substance of the demerger and establishment of the company with the objective of transferring ownership subsidiaries and associates and continuation of its activities under the umbrella of a new legal entity, is considered a common control transaction. The transferred entities pursuant to the demerger plan were under the control of same main shareholders both before and after the demerger and control is not considered temporary, and so transactions under common control is out of scope of the Egyptian Accounting Standard (29) and International Accounting Standard (IFRS 3).

In the absence of a specific guidance in Egyptian Accounting Standards, EAS 5 requires management to select and apply an appropriate accounting policy. Management used its judgement in developing and applying an accounting policy to account for its investments in subsidiaries and associates transferred as part of the demerger as follow:

Although the legal acquisition of subsidiaries was through transfer of shares of equity ownership certificates in application of the demerge decision which was taken in December 2011, the net assets of the company were consolidated through the spin off process as a continuing economic entity under the company's control from the actual date on which the demerger company has acquired the subsidiaries or incorporated them and so the statement of changes in equity includes the retained earnings of these entities during the period from controlling or incorporating these companies by the demerger company.

A) Basis of measurement

The consolidated financial statements are prepared on the historical cost convention, except for financial derivatives that are measured at fair value, and financial instruments at fair value through profit or loss. The historical cost depends mainly on the fair value of the consideration transferred to obtain assets.

B) Presentation currency

These consolidated financial statements are presented in Egyptian pounds, which is the Company's functional currency. All financial information presented in Egyptian pounds has been rounded to the nearest thousand except for earnings per share for the year / period, unless otherwise stated in the consolidated financial statements or notes.

4- Significant accounting policies

4-1 Basis of preparing the consolidated financial statements

The consolidated financial statements of the Group incorporate the financial statements of the Company (Parent) and entities controlled by the company (its Subsidiaries) as of the balance sheet date. Control is achieved where the Group has the following:

- Power over the investee.
- Exposure or right to variable returns through its contribution to the investee.
- The ability to use his authority over the investee in order to influence the amount of proceeds he receives from it.

The parent company should reassess the control of the investee if the facts and circumstances indicate that there are variables for one or more of the three control elements mentioned above.

The consolidated income statement includes the income and expenses of subsidiaries acquired or disposed of during the year as of the effective date of acquisition or the effective date of disposal as appropriate. The total income of the subsidiaries is distributed between the shareholders of the holding company and the non-controlling interests even if the negative balance of the non-controlling interests (deficit) arises.

The necessary adjustments are made to the financial statements of the Group companies whenever necessary, making their accounting policies consistent with the accounting policies applicable to other Group companies.

All transactions, balances, income and expenses between the Group companies are eliminated on consolidation of the financial statements.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination. Losses applicable to owners of the non-controlling interests in excess of their interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that owners of the non-controlling interests have a binding obligation and are able to make an additional investment to cover the losses.

4-2 <u>Business combination</u>

Business combinations (acquisitions) are accounted for using the acquisition method. The consideration transferred in a business combination transaction is measured at fair value, which is calculated on the basis of the total fair values at the acquisition date of the assets transferred from the Group and the liabilities incurred by the Group in favor of the former owners of the acquiree as well as the equity instruments issued by the Group in exchange for control of the acquiree.

Goodwill is measured on the basis that it represents an increase in (1) Total: the consideration transferred, and any rights to the owners of non-controlling interests in the acquired entity, and the fair value of the share, which the company acquired owned in the company's ownership rights acquired before the acquisition date (if any) for (2) Net values: Assets acquired and liabilities incurred at the date of acquisition. If, after reassessment shows that the net acquired assets by the values and obligations incurred over the total: the consideration transferred, and any rights to the owners of non-controlling interest in the acquired entity, and the fair value of the acquirers share in the acquired company's owners equity before the date of acquisition (if any) then the increase would be recognized in the profit or loss for the period. (bargain purchase).

For non-controlling interests that represent current equity interests and entitle their holders to a proportionate share of the net assets of the entity in liquidation, they may be measured at initial recognition either at fair value or in the proportionate share of the non-controlling interests in the recognized values of the net assets of the acquired - The measurement basis for each acquisition transaction is selected separately.

In Group Entities under Common Control, the Group treats the differences between the cost of business combination and the Group's share in the carrying amount of the net assets and contingent consideration of the acquired entity as a reserve for the consolidation of a business in equity if the acquisition does not result in Change in the principle of absolute control of the Group over the enterprises or companies that have been assembled before and after the acquisition. The same policy is also applied if the Group acquires a proportion of the non-controlling interests' interest in the subsidiary or the Group dispossesses a percentage of its ownership in the subsidiary but retains control of the subsidiary.

In this case, the fair value of the net assets and contingent consideration of the acquired entity is not determined until the date of initial control, taking into account changes in equity items that occurred during the period from the date of initial control until the date of increasing the control share.

The non-controlling interest in an acquire is initially measured at the non-controlling interest proportionate share in the fair value of the assets, liabilities and contingent consideration recognized acquisition date.

Orascom Telecom Media and Technology Holding currently holds the following direct and indirect interests in its subsidiaries:

Entity name	Segment	Country	Direct and indirect interest in entity
Orabank NK	Media and Technology	North Korea	95 %
Trans World Associates (Pvt) Ltd	Media and Technology	Pakistan	51 %
Oracap Holding Co. (Free zone)	Media and Technology	Egypt	99.96%
Oracap Far East Ltd	Media and Technology	Malta	100 %
Orascom Telecom Lebanon	Management services	Lebanon	99.8%
Beltone Financial Holding "S.A.E"	Financial services	Egypt	70 %
Beltone Investment Funds "S.A.E"	Financial services	Egypt	70 %
Beltone Promotion and Underwriting"S.A.E"	Financial services	Egypt	70 %
Beltone Investments Holding- free zone "S.A.E"	Financial services	Egypt	70 %
Auerbach Grayson for Securities Brokerage	Financial services	USA	43.4%
Beltone Information Technology "S.A.E"	Financial services	Egypt	70 %
Beltone Securities Holding "S.A.E"	Financial services	Egypt	70 %
Beltone Securities Brokerage "S.A.E"	Financial services	Egypt	70 %
Beltone Financial – Emirates	Financial services	UAE	70 %
Beltone Securities Brokerage "S.A.E"	Financial services	Egypt	70 %
International For Securities Company – Libya	Financial services	Libya	34.3%
Beltone Market Maker "S.A.E"	Financial services	Egypt	70 %
Beltone Financial – USA	Financial services	USA	70 %
Beltone Financial – UK	Financial services	UK	70 %
OTMT – Brazil	Other	luxembourg	100 %
Victoire coop Investment Holding	Investment Property	Netherlands	100 %
Victoire BV	Investment Property	Netherlands	100 %
Victorie 2 (Brazil)	Investment Property	Brazil	100 %
Victorie 9 (Brazil)	Investment Property	Brazil	100 %
Victorie 11 (Brazil)	Investment Property	Brazil	100 %
Victorie 13 (Brazil)	Investment Property	Brazil	100 %
Victorie 17 (Brazil)	Investment Property	Brazil	100 %
Victorie 18 (Brazil)	Investment Property	Brazil	100 %
Victorie 19 (Brazil)	Investment Property	Brazil	100 %
O Capital for energy	Energy	Egypt	99.2 %
O Capital for services and construction	Energy	Egypt	99.2 %
Orascom Telecom Venture co. "S.A.E"	Media and Technology	Egypt	100 %
Orascom prisme pyramids Entertainment "S.A.E"	Other	Egypt	70 %
Riza Capital	Financial services	Brazil	57.53%

4-3 Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Investments classified as held for sale, are accounted for in accordance with EAS 32 Non-current Assets Held for Sale and Discontinued Operations, where they are stated at the lower of their carrying amount or fair value less costs to sell.

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

On acquisition of the investment, any difference between the cost of the investment and the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is accounted for in accordance with EAS 29 Business Combination, Therefore:

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is excluded from the carrying amount of the investment and is instead recognized immediately in profit or loss in the determination of the group's share of the associate's profit or loss in the period in which the investment was acquired.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred, in which case appropriate provision is made for impairment for that asset.

The following table provides a list of the Group's associates:

	Segment	Country	Direct and indirect interest in entity
CHEO Technology JV (Koryolink)	GSM	North Korea	75%
Axes Holding	Information system for financial services	USA	23.7%
Electronic Fund Administration Services	Mutual funds management services	Egypt	14 %
International Fund Administration Services	Mutual funds management services	Egypt	14%
Sarwa Capital	Financial Services	Egypt	30%

4-4 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 reports its interests in jointly controlled entities using proportionate consolidation, except when the entities are in the incorporation phase or have not started significant operations till the date of the consolidated financial statements. Investments classified as held for sale, are accounted for in accordance with EAS 32 Non-current Assets Held for Sale and Discontinued Operations, where they are stated at the lower of their carrying amount or fair value less costs to sell.

Under the proportionate consolidation method, 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:

	Country	Segment	Direct and indirect interest in entity
Misr Beltone Asset Management	Egypt	Mutual funds management	50%

4-5 Foreign currencies translation

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

For the purpose of preparing the consolidated financial statements, the results and financial position of each group entity are expressed in Egyptian pound; which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

In preparing the separate financial statements of the individual entities, transactions in currencies other than Egyptian pounds are recorded at the rates of exchange prevailing at the dates of the transactions.

At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated to the Egyptian pound at the rates prevailing at the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise, except for exchange differences arising on non-monetary assets and liabilities carried at fair value, where translation differences are recognized as part of changes in fair value.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign and local subsidiaries whose reporting currencies are different from the presentation currency of the Group (EGP), are expressed in Egyptian Pound using exchange rates prevailing at the balance sheet date, equity items are expressed in Egyptian Pound using the historical exchange rates at the date of acquisition or incorporation. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and recognized in the Group's foreign currency translation reserve.

The exchange rates applied in relation to the EGP are as follows:

	Closing rate as of 31-Dec-18	Average for the year ended 31-Dec-18	Closing rate as of 31-Dec-17	Average for the year ended 31-Dec-17
American Dollar (EGP)	17.860	17.771	17.690	17.792
Pakistan Rupee (PKR)	0.129	0.147	0.160	0.169
Brazilian Real (BRL)	4.603	4.862	5.34	5.57
Euro (EUR)	20.484	20.988	21.221	20.097

4-6 Fixed assets and depreciation

All items of fixed assets are reported in the balance sheet at historical cost, less any accumulated depreciation and impairment losses. Cost of an item of fixed assets includes expenditures that are directly attributable to the acquisition of the item.

Subsequent costs are included in the assets carrying amount or recognized separately, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit or loss during the financial period in which they have been incurred.

The gain or loss arising on the disposal or retirement of an item of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation of the depreciable assets is based on the straight line method and is charged to income statement over the useful life of each group of assets.

The following are estimated useful lives for fixed assets that are used to calculate depreciation:

Asset	Years
Buildings	50 Years
Cellular equipment	8 – 15 Years
Machines	5 – 10 Years
Computer equipment	3 – 5 Years
Furniture and fixtures	5 – 10 Years
Vehicles	3 – 6 Years
Leasehold improvements	3 – 8 Years

4-7 Projects under Construction

Projects under construction are carried at cost, less accumulated impairment, if any. Costs include all costs associated with the acquisition of the asset and bringing it to be ready for its intended use. Projects under construction are transferred to fixed assets when they become ready for their intended use.

There in start its depreciation using the assumptions that is used in depreciate the same types of the assets.

4-8 Intangible assets

Non-monetary assets that don't have physical substance, but can be identified separately, acquired for operating purpose, and expected to generate future economic benefits is treated as intangible assets. Intangible assets (excluding goodwill) include; computer systems, telecom network licenses, right of use, and trademarks. Intangible assets are measured at cost, which represents the cash price at the initial recognition. In case of deferral of payments for periods exceed the normal credit terms, difference between cash price and total amount is recognized as interest. Intangible assets are carried at cost net of amortization and impairment losses, subsequent expenditures on intangible assets are capitalized over the carrying amount of the asset, when and only when, these expenditures increase the future economic benefits of the asset or assets, while other expenditures are charged to income statement.

Intangible assets are amortized on a straight line basis over their useful lives, unless the useful lives of intangible assets are not identified, an impairment test is performed annually.

4-9 Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. This applies as well on investments in associates, where goodwill is included within the carrying amount of the investment.

The Group's policy for goodwill arising on the acquisition of an associate is described above at "Investments in associates.

4-10 Impairment of tangible and intangible assets excluding goodwill

On annual basis, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. 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, corporate assets are also 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.

Intangible assets with indefinite useful lives and those not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognized immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4-11 Investment property

a) Recognition and initial measurement

This item includes buildings leased to lessee under operating leases. Investments property are carried at cost including transaction costs less the accumulated depreciation and impairment, the carrying amount of investment property, useful life and depreciation method is reviewed on annual basis. The fair value of these investments are disclosed at the balance sheet date unless it is not practical to be determined in a reliable manner. In this case such fact shall be disclosed.

b) Depreciation

Is charged to the income statement on a straight-line basis over the estimated useful lives of each component of the investment properties. The estimated useful lives are as follows:

Assets	Years
Leased units	50

Financial derivatives

When needed, the Group companies enter in some financial derivatives' Contracts to hedge the risks of fluctuation in exchange rates, in addition to embedded derivatives resulting from contractual terms contained in agreements in which the company may enter as a party with respect of both financial and non-financial instruments. Embedded derivatives that meet recognition criteria are recognized separately from the host contract and are measured at fair value through profit or loss in accordance with the accounting requirements.

Derivatives are initially recognized at fair value, while attributable transaction costs are recognized in profit or loss when incurred.

Changes in fair value of derivatives during each financial period are charged to the income statement. For the financial derivatives designated as hedging instruments at initial recognition in a documented and effective relationship, the time of recognition of fair value change in the income statement depends on the coverage relationship type and the nature of hedged item.

Available for sale investments

Available-for-sale financial assets are non-derivative assets that are designated as available-for-sale at acquisition and not classified as loans and receivables; (b) held-to-maturity investments as financial assets at fair value through profit or loss.
Available-for-sale financial assets that are quoted on an active market are classified as available for sale and are carried at fair value at the end of each financial period. Investments in unrestricted shares that are not traded in an active market but are also classified as available-for-sale financial assets are carried at fair value at the end of each reporting period (if the fair value can be reliably measured). Changes in the carrying amount of financial assets available for sale are recognized in equity under investment revaluation reserve, if any.

After initial recognition, AFS investments are subsequently measured at fair value with gains or losses resulting from fair value measurement recognized directly in equity, until the investment is derecognized, at which time the cumulative gain or loss previously recognized in equity are then recognized in the profit or loss. In case there is objective evidence that an impairment loss has been incurred on AFS investments at the date of the financial statements, the cumulative loss that had been previously recognized in equity are removed from equity and recognized in profit or loss even though the investments have not been derecognized.

Unlisted equity securities classified as AFS, for which no quoted market price is available in an active market and whose fair value cannot be measured reliably are stated at cost.

Borrowings and Loans

Loans and receivables are non-derivative financial assets with a fixed or determinable payment date that are not traded in an active market and include customers and other receivables, due to related parties, bank and cash balances and others.

Loans and receivables are measured at amortized cost using the effective interest method less any impairment.

Credit interest arising on the use of the effective interest method is recognized except for the interest earned on the measurement of short-term customer balances in the interest rate that is not recognized if it is not of a material interest.

4-13 Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Financial instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangement at the date of issuance of these instruments.

Equity instruments

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

Financial liabilities

The group has classified its financial liabilities as trade payables, due to related parties borrowings and other credit balances, which are initially measured at fair value (proceeds received), net of transaction costs and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

4-14 De-recognition of financial instruments

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

4-15 Impairment of financial assets

The group determines at the end of each reporting period whether its financial assets, other than those at FVTPL, are subject to indicators of impairment.
Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.
As for the shares listed and unlisted in the stock exchange and which are classified as available for sale investments, the permanent decrease in the fair value of the share represents an objective evidence on impairment in its value.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. If impairment losses have been recognized for financial assets carried at amortized cost, and in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

4-16 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs are being determined using the weighted average method to price goods sold. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4-17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks, demand deposits and short-term, highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value of and with a maturity date of three months or less from the acquisition date.

4-18 Income taxes & Deferred taxes

A provision for probable tax claims is generally recognized based on management comprehensive study of prior years' tax assessments and disputes.

An estimated income tax expense is recognized in profit or loss in each reporting period, while actual income tax expense is recognized in profit or loss at year-end.

Deferred tax assets and liabilities are recognized on the temporary differences between the assets and liabilities tax basis set by the Egyptian Tax Law and its executive regulations, and their reported amounts per the accounting principles used in the preparation of the consolidated financial statements.

Current tax payable is calculated based upon taxable profit of the year as determined in accordance with applicable local laws and regulations using tax rates enacted on the balance sheet date. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws prevailing at the balance sheet date.

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax liabilities are generally recognized for all taxable temporary differences while deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax assets and liabilities are accounted for using the balance sheet method and are reported in the balance sheet as non-current assets and liabilities.

4-19 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events and that it is probable that an outflow of economic resources will be required to settle the obligation, the costs to settle related obligations are probable and a reliable estimate is made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized in the profit or loss as finance costs.

4-20 Non-current assets held for sale (or disposal groups)

A non-current asset Classified (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use .For this to be the case the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. Management must be committed to a plan to sell the asset (or disposal group) In addition; the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, unless delay results from external events beyond control of the group and that sufficient evidences exist that the group is committed to a sale plan.

Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

4-21 Revenue recognition

Revenues are measured at fair value of the consideration received or due to the Group till the end of the financial period. Revenue is shown net of value added tax, rebates and discounts.

Revenue is recognized when the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

a) The amount of revenue can be measured reliably; and

b) It is probable that the economic benefits associated with the transaction will flow to the entity; and

c) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and

d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

- The following represents the types of services provided, and policies used by the group for recognition of generated revenue and other revenue resulted from the use of the group assets.

1- Technical support revenue

Technical support fees are recognized in the profit or loss over the term on which the services are rendered and based on the contracts with subsidiaries and associates

Revenue from the financial service section

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

a) The amount of revenue can be measured reliably; and

b) It is probable that the economic benefits associated with the transaction will flow to the entity; and

c) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and

d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Operating revenues represent the following types:

Investment banking revenue

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

Management fees of funds and portfolios

Management fees are recognized as revenue on an accrual basis, as the services are rendered, in accordance with the contractual terms of each fund and portfolio.

Incentive fees are recognized 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.

Brokerage commissions

Sale commissions: represents commission on sale of securities for local or global clients in stock exchanges, represented in percentage of selling transaction by agreement with the client.

Purchase commissions: represent commissions on purchase of securities for local or global clients in stock exchanges, represented in percentage of purchasing transaction by agreement with the client.

Custodian fees

Recognized at the difference between fees collected from clients and those incurred or paid to custodians.

Recognized by irrevocable contracts with clients on accrual basis.

Recognized the commissions for collecting of the coupons for customers, the collection of this coupons are on behalf of the customers.

2- **Interest revenue**

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable until maturity.

3- **Dividends income**

Dividends income from equity investments other than associates is recognized in the profit and loss when the Group's rights to receive payment have been established; the cost of the investment is reduced by the dividends related to the pre-acquisition period which represents recovery of the acquisition cost.

4- **Investment property revenue**

Investment property revenue recognized on accrual basis (on net amount less any deductions) accrued to income statement, based on the straight line method through rental contract duration.

4-22 Employees' benefits

Short-term employees' benefits

Salaries, wages, paid vacations, sick leave, bonus and other non-cash benefits in favor of employees' services for the Group, are recognized on an accrual basis in the same period these services have been rendered.

Defined benefits obligations

Defined benefits obligations are presented in the consolidated balance sheet as non-current liabilities "employees' benefits obligations" to cover all such liabilities. The defined benefits obligation is assessed regularly by independent actuary using the projected credit unit method. This valuation technique incorporates assumptions about demographics variables, staff turnover, salary growth rate and discount and inflation rates. When these plans are financed from external funds classified as plan assets, the fair value of these funds is deducted from the defined benefit obligations.

Past service cost is recognized immediately to the extent that the benefits have already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. Annual cost of employees' defined benefits is reported in personnel costs.

4-23 Dividends distribution

Dividends declared to the shareholders of the Parent company, non-controlling interests in subsidiaries, board of directors' remunerations, and employees' share of profits are recognized as a liability in the financial statements in the period in which these dividends have been approved by each Group company's shareholders.

4-24 Borrowing costs

Borrowing costs are recognized immediately in the profit and loss, except for borrowing costs directly attributable to the acquisition, or construction of qualifying assets, which are added to the cost of those assets until such assets are substantially ready for their intended use.

4-25 Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

4-26 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.

4-27 Estimation of fair value

Applying the accounting policies stated in Note (4) requires from management to use estimates and assumptions in determining the carrying amount of assets and liabilities that are not readily apparent from other sources.

The fair value of financial instruments quoted in an active market depends on observable market prices at the date of the financial statements, while the fair value of non-quoted financial instruments is determined using valuation techniques based on market conditions available at the financial statements date.

4-28 Legal reserves

In accordance with the articles of association, 5% of the annual net income is required to be transferred to a legal reserve until its balance reaches 50% of issued capital. The company is required to resume transfer of net profit to the legal reserve once its balance falls below this percentage. This reserve can be used for covering the incurred losses and for the increase of the Company capital subject to the approval of the shareholders in general assembly.

4-29 Employees' profit share

Each company of the Group which operates in Egypt is obliged to pays 10% of its cash dividends as profit sharing to its employees to the sum of their annual salaries. Profit sharing is recognized as a dividend distribution through equity and as a liability in the provision which distribution has been approved by shareholders. And since dividends' distribution is the right of the company's shareholders so the liability is not recognized for the employees' dividends related to profits that are not declared for distribution till the financial statements date (Retained earnings).

4-30 Statement of cash flows

The statement of cash flows has been prepared using the indirect method.

4-31 Fair value estimation

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

- The fair value of a financial instrument traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active, if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.
- The fair value of instruments that are not traded in an active market (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, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include quoted market prices or dealer and broker quotes for similar instruments and other techniques such as option valuation models and discounted cash flows.

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

	As of 31 December	
	2018	**2017**
(in thousands of US$)	**Level 1**	**Level 1**
Investments available for trading (18-4)	36,674	1,071
Financial assets available for sale at fair value (18-3)	47,723	8,636
Total	**84,397**	**9,707**

The Group did not measure any financial assets or liabilities as level 3 fair value estimates and there were no transfers between level 1 and 2 during the years ended 31 December 2018 or 2017.

4-32 Critical accounting judgments and key sources of uncertainty estimates

Preparation of the consolidated financial statements and application of the Group's accounting policies, according to the Egyptian accounting standards, requires management to make judgments, estimates and assumptions about the presentation of these statements and about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Those estimates and associated assumptions are based on management historical experience and other factors that are considered relevant under current circumstances and conditions in which carrying amounts of assets and liabilities are determined. Actual results may differ from these estimates significantly if surrounding conditions and factors changed.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the significant items on which estimates and personal judgements are used:

4-32-1 Review the main conditions of contractual agreements

The management reviews its assumptions and judgements including those used to conclude on the extent of the Group's ability to control, jointly control, or exercise significant influence on its investees whenever a significant event or amendment to the conditions prevailing in its contractual agreements.

4-32-2 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 estimated its fair value using valuation techniques based on inputs and assumptions, some linked to quoted market prices and other non-linked to market prices but depend on management's estimates. Management used acceptable option valuation models during the period in estimating the fair value of these financial instruments.

4-32-3 Impairment of non-current assets excluding goodwill

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 recognized. In order to determine whether any such elements exist it is necessary to make subjective measurements, based on information obtained within the Group and in the market considering the past experience.

When indicators exist 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.

4-32-4 Estimating the useful lives for fixed assets and depreciation method and the salvage value

Management reviews the estimated useful lives of fixed assets at the end of each year, the review process involve assessment of the surrounding circumstances and factors affecting fixed assets' useful lives e.g. developments in technology and change in the pattern those assets are used, if the rates used are determined to be inappropriate, rates are adjusted accordingly.

4-32-5 Recognition and measurement of current and deferred tax assets and liabilities

Current and deferred income taxes are determined by each group entities' in accordance with the applicable tax laws to each country in which the Group entities domiciled.

The company's profit is subject to income tax, which require using of significant estimates to determine the total income tax liability. As determining the final tax liability for some transactions could be difficult during the period, the company record current tax liability according to its best estimate about the taxable treatment of that transactions and the possibility of incurring of additional tax charges that may result from tax inspections. And when a difference arising between the final tax assessment and what have been recorded, such difference is recorded as income tax expense and current tax liability in the current period and is considered as a change in accounting estimates.

This process requires the use of multiple and complex estimates in the estimation and determination of taxable vessels and taxable and deductible tax differences arising from the difference between the accounting basis and the tax basis of certain assets and liabilities. In addition to estimating the possibility of using deferred tax assets arising from tax losses in the light of estimating the future tax profits and future plans for each activity of the group companies.

4-32-6 Goodwill

The impairment test on goodwill is carried out by comparing the recoverable amount of cash-generating units and their carrying amounts. The recoverable amount of a cash-generating unit is the higher of "fair value less costs to sell" or 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 future 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.

4-32-7 Provisions and contingent liabilities

Management assess events and circumstances that might led to a commitment on the company's side resulting from performing its normal economic activities, management uses estimates and assumptions to assess whether the provision's recognition conditions have been met at the financial statement date, and analyze information to assess whether past events led to current liability against the company and estimates the future cash outflows and timing to settle this obligation in addition to selecting the method which enable the management to measure the value of the commitment reliably.

5- Financial instruments risk management

The Group's financial instruments comprise of financial assets and liabilities. Financial assets comprise of financial assets at fair value through profit or loss – financial derivatives, debt instruments represented in treasury bills, cash at banks, due from related parties, available for sale investments, accounts receivable and other debit balances. The financial liabilities comprise of borrowings, credit facilities, credit to customers, due to related parties and payables. Following are the most significant risks, the Group companies are exposed to when conducting their business activities, financial instruments used and strategies that the Group follows to manage those risks.

The Group is exposed to various financial risks resulted from its ordinary course of business. These risks include market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group is especially exposed to currency risk, interest rate risk, and price risk. The Group's financial risk management function seeks to minimize the effects of these risks mainly through operational and finance continuing activities. The management of the Group is responsible for designing, and monitoring the framework of the risk management function.

Market risk

Foreign currency risk management related to operations

Each of the Group companies is conducting its operating activities using its functional currency. Hence, some of companies of the Group are exposed to exchange rate fluctuations risk related to payments, collections, or equity instruments using currencies other than functional currency. These liabilities and equity instruments are usually related to capital expenditures with external suppliers and revenues resulted from services rendered to external customers. The Group monitors the risk of foreign currencies fluctuation risk resulted from its operating activities.

At year end, major net assets / (net liabilities) foreign currencies positions presented in Egyptian pound (EGP), were as follows:

(In thousands of EGP)	2018	2017
USD	1,677,111	1,452,405
Euro	(96,690)	(85,509)
PKR	(284,324)	(526,891)
GBP	8,358	8.358
Other	203,356	185,999

Management estimates that if any changes occurs either upward or downward in the exchange rate of the Egyptian pound (functional currency) in the range of 10% against the US Dollar, Euro, or the Pakistani rupee with the stability of all other variables, the receivables and payables denominated in foreign currencies will be affected by increase or decrease equivalent to EGP 134 million (2017: EGP 84 Million) which affecting the net profit for the year by the same amount.

Price risks

The equity price risk is considered limited as invested equity instruments exposed to this risk are not material from management's point of view.

Interest rate risk

Risk associated with interest rates for the Group is related to borrowings, where Group is exposed to the risk of fluctuations in cash flows resulting from the change in market interest rates for loans with variable interest rates, as the Group is exposed to the risk of change in fair value of loans with fixed interest rates. The Group did not enter into any derivative contracts to hedge the risks associated with possible fluctuations in interest rates, whether to hedge the cash flows or fair value.

The Group monitors and analyses the interest rate risks on an on-going basis and calculates the impact of movements in market interest rates on the income statement for each currency.

The following table shows the total outstanding loans of the Group on December 31, 2018 and the proportion of each of the loans with fixed or variable interest rates, as well as those that were obtained without interest to total outstanding loans:

(In thousands of EGP)	December 31, 2018	December 31, 2017
Total borrowings	2,847,886	1,407,760
of which % is at a fixed interest rate	%59	%0
of which % is at a variable interest rate	%41	%100
of which % is interest rate free	%0	%0

Management estimates the impact resulting from the change in the interest rate by 1%, leading to an increase or decrease in the finance cost for the current period in the amount of EGP 9.3 Million (2017: EGP 13.5 Million).

Credit risk

Credit risk of the Group represents the inability of contractual parties to pay their debts, especially; receivables, financial instruments, cash at banks and equivalent.

The credit risks which the Group is exposed to can be analyzed for each segment, as follows:

Submarine cable segment

In general, cable customers are offered maximum payment terms of 30 days. Customers are checked for credit worthiness before offering credit terms.

Cash balances at banks

The credit risk associated with the balances of cash and cash equivalents risk is very limited as the Group deals with banks with good reputation in the market.

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

Liquidity risk represents the factors which may affect the Group's ability to pay part or all of its liabilities, management monitors these liabilities and in case these liabilities have been increased, management depends on obtaining dividends from its subsidiaries or through management of excess cash at subsidiaries to mitigate any increase in these liabilities above acceptable levels.

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 and a coordination with the management of the Group exist to manage surplus cash balances, where the Group directs these surpluses to companies that have deficit in their liquidity, so the Group depends mainly on internal transfers between Companies of the Group and on dividends from subsidiaries.

Laws and regulations in certain countries, such as for example 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 payment remaining period at the date of the consolidated financial statements:

(In thousands of EGP)

As Of 31 December 2018	Carrying amount	Expected cash flows (*)	Less than 1 year	Between 1 and 5 years	More than 5 years
Liabilities					
Borrowings from banks	2,792,250	2,940,412	1,919,169	1,021,243	-
Other borrowings	49,054	52,544	30,823	21,721	-
Finance lease	6,582	6,582	6,582	-	
Trade payables	1,069,659	1,069,659	1,069,659	-	-
	3,917,545	**4,069,197**	**3,026,233**	**1,042,964**	**-**

(In thousands of EGP)

As Of 31 December 2017	Carrying amount	Expected cash flows (*)	Less than 1 year	Between 1 and 5 years	More than 5 years
Liabilities					
Borrowings from lease	1,351,877	1,493,596	235,830	1,255,387	-
Other borrowings	55,883	55,883	31,017	24,866	-
Trade payables	1,337,248	1,337,248	1,337,248	-	-
	2,745,008	**2,886,727**	**1,604,095**	**1,280,253**	**-**

* 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. Management currently depends mainly on various internal resources to finance its activities and capital expenditures.

Other Risks

Governmental authorizations

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 are conducted in Egypt, North Korea and Pakistan. The operations of the Group depend on the market economies of the countries in which the subsidiaries 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 position, performance and future 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 withholding 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 for example North Korea, where the subsidiaries operate 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 be changed.

Classes of financial instrument

	31 December 2018			31 December 2017		
(In thousands of EGP)	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total
Other financial assets	2,066,746	62,377	2,129,123	776,366	22,699	799,065
Trade receivables	967,109	-	967,109	641,750	-	641,750
Other assets	36,996	-	36,996	33,676	-	33,676
Cash and cash equivalents	1,903,267	-	1,903,267	2,373,000	-	2,373,000
Total	4,974,118	62,377	5,036,495	3,824,792	22,699	3,847,491

	31 December 2018			31 December 2017		
(In thousands of EGP)	Financial liabilities through income statements	Other financial liabilities at amortized cost	Total	Financial liabilities through income statements	Other financial liabilities at amortized cost	Total
Borrowings	-	2,847,886	2,847,886	-	1,407,760	1,407,760
Other non-current liabilities	-	400,712	400,712	-	23,902	23,902
Creditors and other credit balances	-	1,277,081	1,277,081	-	1,449,931	1,449,931
Total	-	4,525,679	4,525,679	-	2,881,593	2,881,593

6- 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.

Pursuant to the decision to dispose of entities previously included in the Media and Technology segment, OTMT 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.
- Includes equity investment of the group and income and expenses related to holding company

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 and Earnings before Interest, Tax, Depreciation and Amortization.
- 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.

	31 December 2018				31 December 2017			
(In thousands of EGP)	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA
Investment Property	65,456	-	65,456	39,662	69,636	-	69,636	41,491
Management fees	127,942	-	127,942	187,127	128,189	-	128,189	71,802
Financial Services	752,735	-	752,735	(147,245)	636,926	-	636,926	(4,457)
Cables	800,482	-	800,482	410,842	647,040	-	647,040	274,294
Others	21,941	(21,941)	-	(353,038)	26,408	(22,484)	3,924	42,790
Total	1,768,556	(21,941)	1,746,615	137,348	1,508,199	(22,484)	1,485,715	425,920

Assets per segment

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

	31 December 2018					31 December 2017				
(In thousands of EGP)	Property and equipment	Intangible assets	Investment Property	Equity investments	Total	Property and equipment	Intangible assets	Investment Property	Equity nvestments	Total
Financial Services	178,333	595,154	-	-	773,487	138,482	484,539	-	-	623,021
Investment Property	-	-	1,154,159	-	1,154,159	-	-	1,367,553	-	1,367,553
Cable	1,035,852	24,824	-	-	1,060,676	2,275,257	232,599	-	-	2,507,856
Other	51,022	-	-	2,204,602	2,255,624	53,739	19,493	-	614,712	687,944
Total	1,265,207	619,978	1,154,159	2,204,602	5,243,946	2,467,478	736,631	1,367,553	614,712	5,186,374

Capital expenditure

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

(In thousands of EGP)	For the year ended 31 December 2018	For the year ended 31 December 2017
Financial Services	18,309	135,726
Cable	101,947	249,671
Other	18,120	3,480
Total	138,376	388,877

7- Business combination

Auerbach Grayson Company (AGCO):

On September 25, 2016, the Board of Directors of Beltone Financial Holding has approved the acquisition of 60% of Auerbach Grayson Company (AGCO) through one of its subsidiaries (New Frontier Securities - USA) for USD 24 million. The acquisition contract includes three option rights as follows:

1. The seller is entitled to purchase 9% of (AGCO) shares, which is owned by New Frontier Securities, within one year starting from the contract date, at a specified price and terms stated in the contract.
2. New Frontier is entitled to buy all or part of the seller's share in (AGCO) starting from the third year of the contract date and at a specified price and terms stated in the contract.
3. The seller is entitled to sell the rest of his interest (40%) in (AGCO), which is owned by New Frontier Securities starting from the fifth year of the contract date and at a specific price and terms stated in the contract.

On January 30, 2017, regulatory approval was obtained upon securities brokerage activity in the United States of America to acquire a stake in (AGCO). The acquisition procedures were completed on February 1, 2017, so this date to be considered as the date of acquisition.

In accordance with the Investment Agreement, an amount of USD 2 million has been set aside and the Company is entitled to deduct any unrecognized obligations from this amount that may arise (including but not limited to judicial claims or any other events causing financial damage, customer issues, suppliers etc.), It has been agreed subsequently that this value become USD 676,500.

The Group prepared study for the Purchase Price Allocation (PPA) and its amendments to the fair value of assets, liabilities and related adjustments in the last quarter of 2018. The comparative figures for 2017 were reclassified to reflect the final figures resulting in a final value of USD 3,300,385 as follows:

USD	December 31,2018
Intangible assets	3,013,000
Net acquired assets	16,975,465
	19,988,465
Percentage of acquisition	%60
	11,993,079
Financial derivatives	8,070,000
Deferred tax liabilities	(686,964)
	19,376,115
Consideration	
Cash	(22,000,000)
contingent consideration	(676,500)
	(22,676,500)
Goodwill	**(3,300,385)**

The balance of financial derivatives represented in fair value for the second option of new frontier.

(In thousands of EGP)	31 December 2018	31 December 2017
Financial derivatives – option contracts	86,832	143,000
Total	**86,832**	**143,000**

Riza Capital:

Based on the Board of Directors' unanimous decision held on August 14, 2017, the initial approval was given to the company to acquire Riza Capital for financial advisory and investment and the company started business combination of Riza in January 2018, The company based in Sao Paulo-Brazilian, and created in accordance with Brazilian law, to provide financial and technical advice in the areas of acquisition, mergers, capital raising and debt scheduling. The total investment in Risa USD 8 million in exchange for preferred shares represent a share of 57.5% of the capital. The investment shall be through the subscription to increase the capital of Riza in two phases in return for fulfilling certain conditions, guarantees and key performance indicators and signing binding contracts with the parties to the transaction.

The acquisition contract includes two rights of option as follows:

1. Under the right of purchase option, the partner of the company is entitled to buy 77 thousand shares of the shares owned by the holding company at any time and in case of failure of the holding company to complete its share in the capital.

2. Under the right of the sale option, the ownership of the shares shall be transferred to the partner in the event of the failure of the holding company to complete its share in the capital of USD 8 million, the failure of the partner to deposit the security of USD 5 million or the resignation of the CEO, which The shares of the holding company of the partner are entitled to sell their shares in full.

The net assets and liabilities of Riza Capital as well as the goodwill arising from the acquisition are as follows:

(In thousand EGP)	January 01, 2018
Assets	
Property and equipment	35,559
Other assets	17,824
Cash and cash equivalents	9,251
Total assets	**62,634**
Liabilities	
Other liabilities	(21,146)
Total liabilities	**(21,146)**
Net assets	**41,488**
Holding Company's share of net assets acquired 57.5%	23,856
Consideration paid	(142,893)
Goodwill	**119,037**

The Company's financial statements have been compiled on the basis of the carrying amount of the assets and liabilities and in accordance with Egyptian accounting standards. The Company has a 12 month grace period ending in January 2019 to prepare a Purchase Price Allocation (PPA) to determine the fair value of assets and liabilities acquired, The Company determines that value to make the necessary adjustments.

Disposal of Mena cable for cables

On May 21, 2018 Orascom Investment Holding (Formerly Orascom Telecom Media and Technology Holding) 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. Orascom Investment Holding holds a 100% stake in MENA Cable. The company executed the sale transaction on September17, 2018 with a selling price amounted to USD 88.9 million equivalent to (EGP 1,588 million).

a) The results of the disposal of Mena Cable as of September 30, 2018 detailed as follows:

(In thousand EGP)	September 30, 2018
Proceeds from sale	1,565,131
Less:	
Selling expenses	(5,853)
Liabilities held for sale	492,638
Assets held for sale	(1,471,967)
Mena Cable Losses for the period	(97,957)
Foreign exchange differences excluded	557,525
Deferred taxes	93,346
Group profits from disposal	**1,132,863**

b) Mena Cable Losses for the period

(In thousand EGP)	September 30, 2018	September 30, 2017
Operating revenue	35,819	55,585
Operating expenses	(64,280)	(74,498)
Total Loss	**(28,461)**	**(18,913)**
Depreciation of property and equipment	(57,858)	(100,092)
Other expenses	(11,638)	(6,312)
Total	**(97,957)**	**(125,317)**

8- Operating revenues

(In thousands of EGP)	For the year ended 31 December 2018	For the year ended 31 December 2017
Revenue form Financial services	752,735	640,850
Interconnection traffic	800,482	647,040
Management contract -Fees	127,942	128,189
Investment Property Revenue	65,456	69,636
Total	1,746,615	1,485,715

9- Purchases and services

(In thousands of EGP)	For the year ended 31 December 2018	For the year ended 31 December 2017
Customer acquisition costs	6,832	3,831
Rental of local network, technical sites and other leases	177,851	174,656
Purchases of goods and changes in inventories	15,669	9,810
International communication fees	72,612	84,338
Maintenance costs	41,281	48,362
Utilities and energy cost	19,510	17,597
Brokerage commission	141,163	171,964
Advertising and promotional services	41,788	30,862
Consulting and professional services	267,487	136,732
Insurance expense	2,901	2,352
Banking expense	13,897	7,937
Airfare expense	13,980	49,630
Travel and accommodation expenses	13,322	4,712
Equipment technology supplies expenses	6,820	3,157
Site cost	9,907	9,633
Security expenses	3,746	3,354
Other service expenses	27,400	9,867
Total	**876,166**	**768,794**

10- Other expenses

(In thousands of EGP)	For the year ended 31 December 2018	For the year ended 31 December 2017
Allowance for doubtful receivables	11,254	137,197
Promotion and gifts	588	523
Other operating expenses	98,844	34,365
Total	**110,686**	**172,085**

11- Personnel costs

(In thousands of EGP)	For the year ended 31 December 2018	For the year ended 31 December 2017
Wages and salaries	615,135	492,390
Social security	16,729	6,181
Pension costs	13,579	9,818
Other benefits	13,262	9,274
Subscriptions	5,895	3,142
Bonuses	21,790	20,453
Other personnel costs	5,114	7,543
Total	**691,504**	**548,801**

12- Depreciation and amortization

(In thousands of EGP)	For the year ended 31 December 2018	For the year ended 31 December 2017
Depreciation of property and equipment		
Buildings	7,193	2,876
communication stations	1,055	101
Cable system and equipment	55,545	57,674
computers and other equipment	23,123	15,581
Depreciation of Investment property		
Buildings	25,452	30,184
Amortization of intangible assets		
License	5,801	1,719
Right of use	429	19,003
Other	4,365	3,910
Total	122,963	131,048

13- Net (finance cost) investment income

(In thousands of EGP)	For the year ended 31 December 2018	For the year ended 31 December 2017
Finance income generated from:		
Interest income	61,372	62,813
Total financial income	**61,372**	**62,813**
Finance cost generated from:		
Interest expense	(141,553)	(120,599)
Impairment of other debit balances	(4,684)	-
Other finance expense	(27,554)	(9,509)
Total finance Cost	**(173,791)**	**(130,108)**
Foreign exchange (loss)	(43,289)	(31,944)
Total foreign exchange (loss)	**(43,289)**	**(31,944)**
Net finance cost	**(155,708)**	**(99,239)**

14- Investment in associates

(In thousands of EGP)	Country	%	December 31, 2018	December 31, 2017
Cheo Technology-Koryolink (*)	DPRK	75	6,997,622	4,170,449
Sarwa capital company (**)	Egypt	30	1,590,000	-
Electronic Fund Administration Services	Egypt	14	307	332
International Fund Administration Services	Egypt	14	663	748
Axes Holding company	Egypt	23.7	11,155	11,342
Less : Impairment in investment			(6,395,145)	(3,568,159)
			2,204,602	**614,712**

Koryolink Company

	December 31, 2018	December 31, 2017
Total assets	29,524,958	26,431,520
Total liabilities	(4,658,281)	(4,818,552)
Net assets	**24,866,677**	**21,612,968**

	December 31, 2018	December 31, 2017
Total revenues	6,683,060	6,422,195
Total expense	(2,911,422)	(2,979,305)
Net profit after tax	**3,771,638**	**3,442,890**
Share of profit of associates	**2,827,173**	**2,582,168**

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

	December 31, 2018	December 31, 2017
Opening balance	4,170,449	2,208,326
Group share of profit of associates	2,827,173	2,582,168
Dividends	-	(620,045)
Ending balance	**6,997,622**	**4,170,449**
Opening impairment	(3,556,817)	(1,594,694)
Reversal of share of group dividends impairment	-	620,045
Impairment of group share of profit	(2,827,173)	(2,582,168)
Ending impairment	**(6,383,990)**	**(3,556,817)**
	613,632	613,632

(*) 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.

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

15- Fixed assets

(In thousands of EGP)	Land and Buildings	Cable system and equipment	Commercial and other tangible assets	Assets under Construction	Total
Cost	241,868	6,121,472	171,452	65,925	**6,600,717**
Accumulated depreciation and impairment	(29,976)	(3,988,656)	(81,801)	(32,806)	**(4,133,239)**
Additions	8,434	17,460	59,570	43,654	**129,118**
Disposals	-	-	(1,101)	-	**(1,101)**
Change in scope of consolidation	27,726	-	7,833	-	**35,559**
Depreciation	(8,248)	(55,545)	(23,123)	-	**(86,916)**
Currency translation differences	(9,385)	(272,097)	(16,932)	(4,634)	**(303,048)**
Reclassifications of assets held for sale	(39,108)	(901,655)	(97)	(35,023)	**(975,883)**
Reclassifications	-	3,584	2,207	(5,791)	**-**
Net book value as at 31 December 2018	**191,311**	**924,563**	**118,008**	**31,325**	**1,265,207**
Cost	211,274	1,160,387	208,342	31,325	**1,611,328**
Accumulated depreciation and impairment	(19,963)	(235,824)	(90,334)	-	**(346,121)**

(In thousands of EGP)	Land and Buildings	Cable system and equipment	Commercial and other tangible assets	Assets under Construction	Total
Cost	132,642	5,293,481	118,288	887,343	**6,431,754**
Accumulated depreciation and impairment	(25,230)	(3,894,907)	(73,194)	(33,376)	**(4,026,707)**
Additions	120,744	192,731	55,605	10,539	**379,619**
Disposals	(9,865)	-	(10,212)	-	**(20,077)**
Change in scope of consolidation	(2,519)	(114,037)	2,889	260	**(113,407)**
Depreciation	(2,977)	(57,674)	(15,581)	-	**(76,232)**
Currency translation differences	(903)	(85,720)	(3,935)	(16,914)	**(107,472)**
Reclassifications	-	798,942	15,791	(814,733)	**-**
Net book value as at 31 December 2017	**211,892**	**2,132,816**	**89,651**	**33,119**	**2,467,478**
Cost	241,868	6,121,472	171,452	65,925	**6,600,717**
Accumulated depreciation and impairment	(29,976)	(3,988,656)	(81,801)	(32,806)	**(4,133,239)**

The assets include pledged assets of amount of EGP 1,213 Million for Trans World Associates against credit facilities obtained for the expansion in marine cables SMW (5).

16- Intangible assets

(In thousands of EGP)	License	Goodwill	Right of use	Customer Base	Trade Mark	Other	Total
Cost	44,270	411,135	388,402	78,200	24,900	4,897	**951,804**
Accumulated amortization and impairment	(14,206)	(8,098)	(181,400)	(7,820)	(2,490)	(1,159)	**(215,173)**
	30,064	**403,037**	**207,002**	**70,380**	**22,410**	**3,738**	**736,631**
Additions	4,744	-	4,233	-	-	2,403	**11,380**
Amortization	(5,801)	-	(429)	(3,910)	(1,245)	790	**(10,595)**
Impairment	(20,661)	-	-	-	-	-	**(20,661)**
Disposals	(3,426)	-	-	-	-	-	**(3,426)**
Change in scope of consolidation	3,861	119,037	-	-	-	-	**122,898**
Reclassifications	(3,007)	-	4,934	-	-	(1,927)	**-**
Assets held for sale	(4,093)	-	(208,955)	-	-	-	**(213,048)**
Currency translation differences	4,618	(36,242)	724	-	-	27,699	**(3,201)**
Net book value as at 31 December 2018	**6,299**	**485,832**	**7,509**	**66,470**	**21,165**	**32,703**	**619,978**
Cost	34,450	493,930	7,969	78,200	24,900	2,413	**641,862**
Accumulated amortization and impairment	(28,151)	(8,098)	(460)	(11,730)	(3,735)	30,290	**(21,884)**

(In thousands of EGP)	License	Goodwill	Right of use	Customer Base	Trade Mark	Other	Total
Cost	20,024	319,121	394,445	78,200	24,900	1,167	**837,857**
Accumulated amortization and impairment	(12,510)	(8,098)	(169,722)	(3,910)	(1,245)	(1,138)	**(196,623)**
	7,514	**311,023**	**224,723**	**74,290**	**23,655**	29	**641,234**
Adjustment on beginning balance	-	(172,243)	-	-	-	34,395	**(137,848)**
Additions	6,115	-	755	-	-	2,388	**9,258**
Amortization	(1,719)	-	(19,003)	(3,910)	-	-	**(24,632)**
Change in scope of consolidation	18,709	230,725	(14,685)	-	(1,245)	1,445	**234,949**
Currency translation differences	(555)	33,532	15,212	-	-	(34,519)	**13,670**
Net book value as at 31 December 2017	**30,064**	**403,037**	**207,002**	**70,380**	**22,410**	**3,738**	**736,631**
Cost	44,270	411,135	388,402	78,200	24,900	4,897	**951,804**
Accumulated amortization and impairment	(14,206)	(8,098)	(181,400)	(7,820)	(2,490)	(1,159)	**(215,173)**

The balance of intangible assets includes goodwill resulted from the Group acquisitions during the year and prior years as the following:

	31 December 2018				**31 December 2017**			
(In thousands of EGP)	**Financial Service**	**Cable**	**Others**	**Total**	**Financial Service**	**Cable**	**Others**	**Total**
Cost	391,344	11,693	8,098	**411,135**	298,467	12,556	8,098	**319,121**
Accumulated amortization and impairment	-	-	(8,098)	**(8,098)**	-	-	(8,098)	**(8,098)**
Adjustments on beginning balance	-	-	-	**-**	(137,848)	-	-	**(137,848)**
Acquisition results during the year	119,037	-	-	**119,037**	230,725	-	-	**230,725**
Currency translation differences	(33,627)	(2,615)	-	**(36,242)**	-	(863)	-	**(863)**
	476,754	**9,078**	**-**	**485,832**	391,344	11,693	-	**403,037**
Cost	476,754	9,078	8,098	**493,930**	298,466	11,693	8,098	**411,135**
Accumulated amortization and impairment	-	-	(8,098)	**(8,098)**	-	-	(8,098)	**(8,098)**

17- Investment property

(In thousands of EGP)	December 31, 2018	December 31, 2017
Cost	1,457,655	1,510,081
Accumulated amortization and impairment	(90,102)	(63,250)
	1,367,553	1,446,831
Depreciation	(25,452)	(30,184)
Currency translation differences	(187,942)	(49,094)
As of December 31,	**1,154,159**	**1,367,553**
Cost	1,256,024	1,457,655
Accumulated amortization and impairment	(101,865)	(90,102)

The investment property balance comprise of the value of seven floors which owned by Victoire company in Brazil. The investment property is carried at its historical cost with fair value at December 31, 2018 with amount USD 90 Million (Equivalent EGP 1,607 Million).

(In thousands of EGP)	December 31, 2018	December 31, 2017
Rental income	65,456	69,636
Direct operating expenses from property that generated rental income	29,411	25,976
Direct operating expenses from property that did not generate rental income	21,676	32,354

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 EGP)	December 31, 2018	December 31, 2017
Within one year	65,547	71,791
Later than one year but not later than 5 years	262,186	180,740

18- Other financial assets

(In thousands of EGP)	As Of 31 December 2018			As Of 31 December 2017		
	Non-current	Current	Total	Non-current	Current	Total
Financial receivables	54,342	19,482	73,824	3,653	3,673	7,326
Deposits	-	-	-	1,002	34,603	35,605
Pledged deposit and restricted cash (18-1)	134,840	1,821,409	1,956,249	141,103	591,261	732,364
Financial assets at fair value through profit or loss (18-4)	-	36,673	36,673	-	1,071	1,071
Financial assets available for sale -At Cost (18-2)	14,654	-	14,654	14,063	-	14,063
Financial assets available for sale -At Fair value (18-3)	47,723	-	47,723	8,636	-	8,636
	251,559	**1,877,564**	**2,129,123**	**168,457**	**630,608**	**799,065**

18-1 Pledged deposit and restricted cash

(In thousands of EGP)	As Of 31 December 2018			As Of 31 December 2017		
	Non-current	Current	Total	Non-current	Current	Total
Pledged deposit	10,850	1,821,409	1,832,259	10,850	591,261	602,111
Cash at bank in North Korea	123,990	-	123,990	130,253	-	130,253
	134,840	**1,821,409**	**1,956,249**	**141,103**	**591,261**	**732,364**

18-2 Financial assets available for sale – at cost

Company name	December 31, 2018	December 31, 2017
Misr for Central Clearing Depository and Registry	7,655	7,718
Guarantee Settlement Fund	6,705	6,051
El Arabi for Investment	194	194
MENA Capital	2,964	2,944
BMG	100	100
(Less): Impairment of available for sale investments	(2,964)	(2,944)
Total	**14,654**	**14,063**

The above investments are measured at cost as they represent non-listed securities that do not have quoted market prices and their fair value cannot be reliably measured.

18-3 Financial assets available for sale – at fair value

Company name	December 31, 2018	December 31, 2017
EGX funds company	7,501	8,636
Egypt opportunities fund	40,222	-
	47,723	**8,636**

18-4 Financial assets at fair value through profit or loss

	December 31, 2018	December 31, 2017
Investment in cash investment in funds	14,572	757
Investment in investment funds	14,525	314
Treasury Bills	7,576	-
Total	**36,673**	**1,071**

19- Income tax

	December 31, 2018	December 31, 2017
Current tax expense	137,269	274,787
Deferred tax liabilities	(32,677)	(78,417)
Total Income Tax	**104,592**	**196,370**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to the group to offset current tax assets and liabilities, and when the deferred tax assets and liabilities are settled with the same tax authority in the country, and when the group has the intention to settle the net of these balances or to redeem these tax assets and settle these tax liabilities at the same time.

The following table shows the most important deferred tax liabilities as presented in the consolidated financial statements of the group:

(In thousands of EGP)	2018	2017
As of January 1,	(426,703)	(505,154)
Adjustments on beginning balances	-	(13,048)
Currency translation differences	31,048	13,082
Income statement charge	32,677	78,417
Change in scope of consolidation	90,369	-
As of December 31,	**(272,609)**	**(426,703)**

The following table includes the nature of items comprising the deferred tax liabilities;

	2018					2017				
Deferred tax liabilities	**Depreciation and amortization**	**Unremitted earnings**	**Forex**	**other**	**Total**	**Depreciation and amortization**	**Unremitted earnings**	**Forex**	**other**	**Total**
(In thousands of EGP)										
Balance as at January 1,	(214,821)	(16,967)	(195,932)	1,017	**(426,703)**	(199,092)	(16,967)	(289,095)	-	**(505,154)**
Charged to the income statement for the year	(1,010)	(23,615)	42,624	14,678	**32,677**	(25,835)	-	99,671	4,581	**78,417**
Change in scope of consolidation	-	-	90,369	-	**90,369**	-	-	-	-	-
Adjustments on beginning balance	-	-	-	-	-	-	-	(9,484)	(3,564)	**(13,048)**
Currency translation differences	31,048	-	-	-	**31,048**	10,106	-	2,976	-	**13,082**
Balance as at December 31,	**(184,783)**	**(40,582)**	**(62,939)**	**15,695**	**(272,609)**	**(214,821)**	**(16,967)**	**(195,932)**	**1,017**	**(426,703)**

20- Trade receivables

(In thousands of EGP)	**December 31, 2018**	**December 31, 2017**
Debit balance-subscribers	1,102,054	767,596
Receivables due from Koryolink dividends	365,528	358,775
Other debit balance	12,322	19,194
Allowance for doubtful receivables	(512,795)	(503,815)
Total	**967,109**	**641,750**

Movement of the impairment is represented as follows:

(In thousands of EGP)	**2018**	**2017**
Balance as at January 1,	503,815	358,227
Currency translation differences	(2,560)	10,091
Additions (allowances recognized as an expense)	62,052	137,197
Change in scope of consolidation	-	(1,070)
Used from provision	286	(630)
Reverse of provision	(50,798)	-
Balance as at December 31,	**512,795**	**503,815**

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

(In thousands of EGP)	**31 December 2018**	**31 December 2017**
Not past due	685,784	253,190
Past due 0-30 days	17,955	12,531
Past due 31-120 days	42,429	48,024
Past due 121 - 150 days	1,899	12,738
Past due more than 150 days	219,042	315,267
Total trade receivables	**967,109**	**641,750**

21- Other assets

(In thousands of EGP)	31 December 2018			31 December 2017		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	236,181	53,404	289,585	290,839	56,881	347,720
Advances to suppliers	-	6,127	6,127	-	38,738	38,738
Receivables due from tax authority	-	7,164	7,164	-	6,041	6,041
Employee loans	-	9,253	9,253	-	8,103	8,103
Income tax	-	97,396	97,396	-	94,376	94,376
Other receivables	-	27,743	27,743	-	25,573	25,573
Allowance for doubtful current assets		(5,994)	(5,994)	-	(6,643)	(6,643)
Total	**236,181**	**195,093**	**431,274**	**290,839**	**223,069**	**513,908**

22- Cash and cash equivalents

(In thousands of EGP)	31 December 2018	31 December 2017
Banks- current accounts & deposits	1,901,919	2,371,504
Cash on hand	1,348	1,496
Total	**1,903,267**	**2,373,000**

23- Issued and paid up capital

The Company's authorized capital amounted to EGP 22 Billion, the issued and paid up capital amounted to EGP 2,203,190,060 distributed among 5,245,690,620 shares of EGP 0.42 par value each, according to the approval of the General Authority for Investment and the Extraordinary General Assembly of Orascom Telecom Holding (Demerging company).

24- Non-distributable earnings

Retained earnings include an amount of EGP 27 Million as of December 2018 (comparing to EGP 25 Million as of December 2017), which is not available for distribution representing a legal and special reserves at the subsidiaries level.

25- Borrowings

(In thousands of EGP)	31 December 2018			31 December 2017		
	Current	Non-current	Total	Current	Non-current	Total
Borrowings from banks	1,952,701	839,549	2,792,250	235,830	1,116,047	1,351,877
Finance lease liability	6,582	-	6,582	5,740	634	6,374
Other borrowings	28,941	20,113	49,054	25,277	24,232	49,509
Total	**1,988,224**	**859,662**	**2,847,886**	**266,847**	**1,140,913**	**1,407,760**

The following table shows the ageing analysis of borrowings:

(In thousands of EGP)	within one year	1-2 years	2-3 years	3-4 years	4-5 years	after 5 years	Total
31 December 2018							
31 December 2017							
Borrowings from banks	1,952,701	77,745	573,678	31,065	76,371	80,690	2,792,250
	235,830	150,920	202,283	706,164	56,680	-	1,351,877
Other borrowings	35,523	4,320	700	8,775	-	6,318	55,636
	31,017	4,906	4,339	6,942	8,679	-	55,883
As at 31 December 2018	**1,988,224**	**82,065**	**574,378**	**39,840**	**76,371**	**87,008**	**2,847,886**
As at 31 December 2017	266,847	155,826	206,622	713,106	65,359	-	1,407,760

(In thousands of EGP)	US$	Euro	Egyptian Pound	Pakistan Rupee	Total
As at 31 December 2018	**2,247,422**	-	**91,171**	**509,293**	**2,847,886**
As at 31 December 2017	639,146	-	62,295	706,319	1,407,760

Loans for Trans World associate

Borrowings include loans obtained from the shareholders of Trans World associate private by an amount of EGP 49 Million of which EGP 29 Million due within one year and EGP 20 Million due after more than one year with an interest rate of 1.335% per annum.

Borrowings also include loans obtained from banks amounted to EGP 509 Million from which EGP 89 Million due within one year and EGP 4 Million due after more than one year these borrowings were obtained by Trans World Associate Private with interest rates ranges between 8.6% to 11%.

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

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

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

Interest and interest period

- Interest shall be set at a variable rate of US Dollar the subjected bank reference rate +1%, currently set at 7.82% per annum.
- The interest shall be calculated on the basis of a year of Three hundred Sixty (360) days and the actual number of days elapsed.

Financial covenants

- The loan shall be covered at 200% by the real estate value of the floors during the financing period, and valuation of the floors should occur every 6 months at the borrower's expenses.
- In the event the coverage falls at or below 175%, and at the option of the borrower, the loan will either be reduced to maintain the ratio of 200%, or the borrower must grant an additional security acceptable to the lender in order to maintain the coverage ratio at 200%.

Securities

- In favor of the lender of the total acquired shares in the capital of the companies owning the floors, and the borrower shall deliver the certificates of the shares pledged.
- A chattel mortgage on all floors duly registered at the relevant real estate register in Sao Paolo Brazil.
- The borrower pledges to assign in favor of the lender of rental proceeds of the floors. The proceeds will be transferred to the borrower's account with the lender to cover interest and constitute a reserve account covering one interest payment.
- An irrevocable undertaking by the borrower to cover by the second anniversary of the first drawdown, the balance of the loan in principal and interest by a pledge account opened in his name.
- On October 18, 2018 Orascom Telecom, Media and Technology Holding Company performed a reschedule agreement with bank Libano Francaise through which the loan amounted USD 33 million will be long-term loan due on three installments starts from October 2019 and ends October 2021, Provided that the total amount of the loan is mortgaged (note 14) until the Company fulfills the above mentioned guarantees.

Other credit facilities:

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

-The credit bank facilities granted to Beltone Financial Holding one of Group components for financing the settlement of guarantee against payment concerning brokerage sector and these facilities are unsecured and bearing average interest market rate.

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

(In thousands of EGP)	December 31, 2018	December 31, 2017
Opening balance	1,407,760	1,619,062
Current borrowing	266,847	736,474
Non-Current borrowing	1,140,913	882,588
Repayment of borrowings	(459,620)	(211,475)
Proceeds from borrowings	2,023,851	75,995
Currency translation differences	(124,105)	(75,822)
Ending balance	2,847,886	1,407,760
Current borrowings	1,988,224	266,847
Non-current borrowings	859,662	1,140,913

Other liabilities

(In thousands of EGP)	As of 31 December 2018			As of 31 December 2017		
	Non-current	Current	Total	Non-current	Current	Total
Capital expenditure payables	-	84,879	84,879	-	104,723	104,723
Trade payables (*)	-	150,733	150,733	-	185,482	185,482
Customers credit balance	-	732,943	732,943	-	913,296	913,296
Trade payables financial services		50,626	50,626		14,449	14,449
Other trade payables	-	50,478	50,478	-	119,298	119,298
	-	1,069,659	1,069,659	-	1,337,248	1,337,248
Accrued and deferred revenue	60,871	6,053	66,924	237,583	23,838	261,421
Due to government bodies	-	56,359	56,359	-	78,819	78,819
Accrued employee expenses	-	53,963	53,963	-	49,360	49,360
Customer deposits	-	684	684	-	749	749
Other credit balances	400,712	152,775	553,487	23,902	62,574	86,476
	461,583	269,834	731,417	261,485	215,340	476,825
Total	461,583	1,339,493	1,801,076	261,485	1,552,588	1,814,073

(*) This balance includes balances of related parties.

26- Provisions

(In thousands of EGP)	January 01	No longer required	Formed	Used	Change in scope of consolidation	Currency translation differences	December 31
Provision for Claims(short term)	366,902	-	154,435	(109,775)	(8,479)	(2,044)	401,039
Total provision as at December 31,2018	**366,902**	**-**	**154,435**	**(109,775)**	**(8,479)**	**(2,044)**	**401,039**
Provision for Claims(short term)	722,112	(357,352)	3,019	-	-	(877)	366,902
Total provision As at December 31,2017	722,112	(357,352)	3,019	-	-	(877)	366,902

Provisions are related to expected claims resulting from the Group companies' ordinary course of business. The required information about these provisions were not disclosed, according to the Egyptian Accounting Standards, because the management of the Group believes that doing so, will strongly affect the final settlement of these provisions for claims.

27- Earnings per share

Basic: Basic earnings per share is calculated by dividing the net profit attributable to shareholders' of the Parent company by the weighted average number of ordinary shares outstanding during the year.

	For the year ended 31 December 2018	For the year ended 31 December 2017
Net profit for the year (In thousands of EGP)	910,703	437,920
Weighted average number of shares (in thousands)	5,245,690	5,245,690
Earnings per share (in EGP)	0.174	0.084

Diluted: Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all convertible financial instruments and share options. The net profit is adjusted by omission of the cost of convertible debt instruments taking tax effect into consideration. As for share option the average potential shares to be issued by options is added to the average ordinary shares and deducting from that the average potential shares weighted by the relation between the exercise price and average fair value of the share during period. As there are no debt instruments that are convertible to bonds, so diluted and basic earnings per share are equal.

28- Subsidiaries

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

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

	Trans World Associates (Pvt) Ltd		Beltone financial management	
	31 December		31 December	
	2018	2017	2018	2017
Current assets	358,680	338,946	1,181,458	1,495,068
Current liabilities	(462,117)	(583,778)	(1,348,711)	(1,436,996)
Total current net assets	**(103,437)**	(244,832)	**(167,253)**	58,072
Non-current assets	1,295,315	1,520,791	441,661	348,752
Non-current liabilities	(603,447)	(713,763)	(18,242)	(18,636)
Total non-current net assets	**691,868**	807,028	**423,419**	330,116
Net assets	**588,431**	**562,196**	**256,166**	**388,188**

	Trans World Associates (Pvt) Ltd		Beltone financial management	
	2018	2017	2018	2017
Operating revenue	800,482	647,040	706,335	696,458
Profit (loss) before income tax	226,899	142,312	(95,460)	(23,780)
Income tax expense	(63,949)	(65,439)	(26,706)	(2,253)
Post tax profit (loss) from continuing operations	162,950	76,873	(122,166)	(26,033)
Comprehensive income items that may be subsequently reclassified to profit	(131,170)	(42,349)	(66,069)	(7,949)
Total comprehensive income	31,780	34,524	(188,235)	(33,982)
Total comprehensive income allocated to non-controlling interests	644	16,917	(39,753)	(29,235)

	Trans World Associates (Pvt) Ltd		Beltone financial management	
	December 31,		December 31,	
	2018	2017	2018	2017
Net profit / (loss) for the year	143,130	97,710	(95,460)	(23,780)
Net cash (used in) operating activities	248,836	97,710	(243,644)	548,391
Net cash generated from/ (used in) investing activities	(146,189)	(124,143)	(57,732)	277,642
Net cash (used in) financing activities	(60,127)	51,960	29,327	(36,225)
Net change in cash and cash equivalents during the year	**42,520**	**25,527**	**(272,049)**	**789,808**
Exchange gains on cash and cash equivalents	(4,950)	69,319	(6,480)	(27,385)
Cash and cash equivalents at the beginning of the year	77,176	(5,034)	1,147,012	384,588
Cash and cash equivalents at the end of the year	**114,746**	**89,812**	**868,483**	**1,147,011**

29- Capital Commitments

The capital commitments as of December 31, 2018 are as follows:

(In thousand EGP)	December 31, 2018	December 31, 2017
Commitments related to property and equipment	93,123	228,015
Other commitments	215,287	304,818
Total	**308,410**	**532,833**

Other capital commitments represent the group commitments arise from the obligation to pay the rent related to AUREBACH GRAYSON & CO company amountd to EGP 114 million, In addition to amount of EGP 78 million related to Trans World Associate (subsidiary).

31- Related party transactions

(In thousands of EGP)	31 December 2018			31 December 2017		
	Purchase of services and goods	Revenue	Investment expenses	Purchase of services and goods	Revenue	Investment expenses
Associate						
CHEO	-	6,753	-	-	14,282	-
OTMTI						
WIND	-	-	-	-	-	-
Other related parties						
Facility management Contrack	-	-	-	(84)	-	-
LTD Orastar	-	-	(1,395)	-	-	(797)
Dr. Omar Zawawy (shareholder of a subsidiary)	-	-	(358)	-	-	(204)
Main shareholder – purchasing head quarter building	-	-	-	-	-	(118)

(In thousands of EGP)	31 December 2018		31 December 2017	
	Receivables	Payables	Receivables	Payables
OTMTI				
WIND	-	-	-	-
Other related parties				
CHEO	-	-	-	-
Orascom Solutions	-	-	205	-
Facility management Contrack	-	-	7	-
Orastar LTD	-	50,586	-	39,459
Dr.Omar Zawawy (shareholder of a subsidiary)	-	-	-	10,117
Belton Mena Equity Fund	487	-	436	-
EGX funds company	14	-	9	-
Electronic Fund Management Service Co.	-	-	671	-
Misr Beltone	-	6,047	-	5,962
International Fund Management Services	-	1,900	-	2,357
Electronic Fund Management Service Co.	-	616	-	-

Key management compensation

(In thousand EGP)	For the Year ended December 31, 2018	For the Year ended December 31, 2017
Board of directors' allowances and transportation	49,971	43,336
	49,971	43,336

32- Contingent liabilities

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

Orascom Investment Holding

A Letter of guarantee in favour of Lebanon Ministry of Telecommunication to guarantee Orascom Telecom Lebanon in the payment of any amount due by the selected participants amounting to US$ 40 Million valid until December 31, 2019.

Trans World Associates (Subsidiary)

- A bank guarantee issued in favour of Higher Education Commission amounting to Rupee 4 million, which is equivalent to EGP 516 thousand and valid until December 31, 2019.
- There is a restricted balance, which is equivalent to EGP 64 thousand in favour of Shell Pakistan valid until September 25, 2019.
- There is a letter of credit amounting to USD 278 thousand, which is equivalent to EGP 5 million in favour of Huawei Company valid until March 31, 2019.
- There is a letter of credit amounting to USD 3 million, which is equivalent to EGP 54 million in favour of Huawei Company valid until March 31, 2019.

33- Subsequent events

On April 3, 2019, the board of directors approved, as a concept, with the abstention of the related board members from voting, the acquisition of all of Nile Sugars shares according to the, aforementioned, purchase price, conditions and method of payment as mentioned below. This transaction is a transaction of consideration hat shall be executed by the Company and related party to a shareholder. The board approved, with the abstention of the related board members from voting, to call for the Ordinary General Assembly to convene to discuss and approve the acquisition of Nile Sugar S.A.E.

Method and terms of payment and how to acquire shares:

Purchase of 100% of the issued share capital of Nile Sugar Company S.A.E. The company will be acquired for a purchase price of 3,591 million Egyptian pounds as the total price of the transaction, in addition to the payment of the loans of the shareholders of the Nile Sugar Company amounting to 70 million Egyptian pounds, paid as follows:

- 10% of the purchase price in cash in addition to payment of the full amount of loans
- The 90% of the purchase price is settled only through the use of this debt to increase the capital of the company to be called after the completion of the transaction, The capital increase shall be solely for the current shareholders of the Company at the share nominal value pro-rata to their capital shareholding in the Company provided that the payment of the issued capital increase shall be through the debts due to the subscriber/seller in accordance with its shareholding in compliance with the Listing Rules pertaining to capital increase.

34- Reclassification of comparative figures

As of December 31, 2018, some of the comparative figures of the Profit or loss Statement were reclassified as follows:

(All amounts in Egyptian Pounds)	December 31, 2017		December 31, 2017
Financial position statement	As presented	Reclassification	As re-presented
Non-current Assets			
Goodwill	311,022	(172,243)	138,779
Intangible assets	563,457	34,395	597,852
Total intangible assets	**874,479**	**(137,848)**	**736,631**
Other financial assets	630,386	222	630,608
Total changes in Assets		**(137,626)**	
Deferred tax liability	413,655	13,048	426,703
Total change in liabilities		**13,048**	
Retained earnings	205,495	(10,341)	195,157
Non-controlling interest	493,971	(46,746)	447,225
Other reserves	185,856	(100,100)	85,756
Translation reserve	1,731,444	6,513	1,737,957
Total change in equity		**(150,674)**	
Total Assets		**(137,626)**	
Income statement			
Amortization of intangible assets	(20,852)	(19,003)	(39,855)
Income tax	(203,591)	7,221	(196,370)
Total change on income statement		**(11,782)**	

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

Appendix (1) – Liabilities to banks and Other Borrowings as of December 31, 2018'

Description	Currency	Current	Non-Current	Total	Nominal	Secured / Unsecured	Transaction cost	Interest Rate	Maturity	Assets secured
Orascom Investment Holding Loans										
Foreign Bank loan	USD	178,702	417,222	595,924	33,423	Secured	LIBOR+1%		Oct-2021	Time Deposit
Local bank loan	EGP	948	745	1,693	4,738	Secured	Bank certificate rate of return + 2% at least 12%		December 2020	Time Deposit
Local bank loan	EGP	942	1,594	2,536	4,710	Secured	Bank certificate rate of return + 1.5% at least 11%		December 2021	Time Deposit
Total		180,592	419,561	600,153						
TWA Loans										
Long term loan from sponsor's (Orastar)	USD	7,728	16,062	23,790	178,843	Unsecured	3M +LIBOR+1%	%3.18	December 2022	
Long term loan from sponsor's (Dr. Omar Zawawi)	USD	1,982	4,118	6,100	45,857	Unsecured	3M +LIBOR+1%	%3.18	December 2022	
Short term loan- from sponsor's (Orastar)	USD	15,307	-	15,307	115,074	Unsecured	3M +LIBOR+1%	%3.18	December 2019	
Short term loan from sponsor's (Dr. Omar Zawawi)	USD	3,925	-	3,925	29,503	Unsecured	3M +LIBOR+1%	%3.18	December 2019	
			-	-						
Finance lease liabilities	PKR	263	-	263	15,604	Secured	6M +KIBOR+2.50%	%9 - %8	August 2019	Future Current Liabilities and Fixed Assets (Except Land and Buildings)
Long term syndicated finance facility-NIB Bank Ltd	PKR	37,418	83,370	120,788	933,333	Secured	6M +KIBOR+2.50%	%8.67	April 2022	
Long term syndicated finance facility-Pak Oman Investment Company	PKR	24,785	57,035	81,820	630,000	Secured	6M +KIBOR+2.50%	%8.67	May 2022	
Long term loan finance facility-Habib Bank Limited	PKR	21,605	50,470	72,075	548,330	Secured	6M +KIBOR+2.50%	%7.67	April 2023	
Running Finance Facility-Meezan Bank Limited	PKR	342	-	342	-	Secured	6M +KIBOR+2.50%	%7.61	December 2019	
Long term syndicated loan- MCB Bank		4,891	229,046	233,937	1,778,000		6M +KIBOR+2.50%	11%	October 2023	
		118,246	440,101	558,347						
Orascom Investment Holding Loans										
Credit Facilities	USD	1,602,377	-	1,602,377	90,000,000	Secured	2.3%	2.3%	December 2019	Time Deposit
		1,602,377	-	1,602,377						

Beltone Holding									
Credit Facilities	EGP	80,690	-	80,690	80,690	Unsecured	Market Price	19.25%	Current
Finance lease liabilities		6,319	-	6,319	-			-	-
		87,009	-	87,009					
		1,988,224	859,662	2,847,886					