



**Orascom Investment Holding  
S.A.E.**

**Condensed Interim Consolidated Financial Statements  
And Review Report  
The financial period ended March 31, 2019**



## **Hazem Hassan**

**Public Accountants & Consultants**

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

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

### **Review Report on Condensed Interim Consolidated Financial Statements**

**To: The Board of Directors of Orascom Investment Holding (S.A.E)**

#### ***Introduction***

We have performed a review for the accompanying condensed interim consolidated statement of financial position of Orascom Investment Holding (S.A.E) as of March 31, 2019 and the related condensed interim consolidated statements of income, comprehensive income, changes in equity, and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

#### ***Scope of Review***

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

#### ***Conclusion***

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2019 and of its consolidated financial performance and its consolidated cash flows for the three-month then ended in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Reporting".



**KPMG Hazem Hassan**  
Public accountants and consultants

Cairo June 10, 2019

**KPMG Hazem Hassan**  
Public Accountants and Consultants

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**ORASCOM INVESTMENT HOLDING (S.A.E.)**  
**Condensed Interim Consolidated Statement of Financial Position as at**

(in thousand EGP)

	Note	March 31, 2019	December 31, 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	10	1,262,225	1,265,207
Intangible assets	10	614,051	619,978
Investment property	11	1,096,501	1,154,159
Investments in equity accounted investees	9	2,242,932	2,204,602
Other financial assets	12	242,709	251,559
Other non-financial assets	14	220,381	236,181
<b>Total non-current assets</b>		<b>5,678,799</b>	<b>5,731,686</b>
<b>Current assets</b>			
Inventories		10,236	7,376
Trade receivables		840,370	967,109
Other financial assets	12	1,796,678	1,877,564
Other non-financial assets	14	237,863	195,093
Cash and cash equivalents	13	1,497,249	1,903,267
<b>Total current assets</b>		<b>4,382,396</b>	<b>4,950,409</b>
<b>Total assets</b>		<b>10,061,195</b>	<b>10,682,095</b>
<b>Equity</b>			
Issued and paid up capital	15	2,203,190	2,203,190
Reserves		1,543,202	1,598,207
Retained earnings		994,154	1,075,557
<b>Equity attributable to shareholders' of the parent Company</b>		<b>4,740,546</b>	<b>4,876,954</b>
Non-controlling interests		338,257	348,583
<b>Total equity</b>		<b>5,078,803</b>	<b>5,225,537</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	16	825,613	859,662
Other liabilities	17	329,935	461,583
Deferred tax liabilities	19	276,429	272,609
<b>Total non-current liabilities</b>		<b>1,431,977</b>	<b>1,593,854</b>
<b>Current liabilities</b>			
Borrowings	16	1,989,364	1,988,224
Creditors and other credit balances	17	1,018,311	1,339,493
Tax liabilities – income tax		154,971	133,948
Provisions	19	387,769	401,039
<b>Total current liabilities</b>		<b>3,550,415</b>	<b>3,862,704</b>
<b>Total liabilities</b>		<b>4,982,392</b>	<b>5,456,558</b>
<b>Total equity and liabilities</b>		<b>10,061,195</b>	<b>10,682,095</b>

- The accompanying notes from (1) to (22) are an integral part of these condensed interim consolidated financial statements and should be read therewith.

Chief Financial Officer



Chief Executive Officer



Executive Chairman

\*Review report attached.

**ORASCOM INVESTMENT HOLDING (S.A.E.)**  
**Condensed Interim Consolidated Statement of Income for**

<i>(in thousand EGP)</i>	Note	<b>The three months ended March 31, 2019</b>	<b>Restated The three months ended March 31, 2018</b>
<b><u>Continued operations</u></b>			
Operating revenues	5	408,981	409,528
Other income		701	6,326
Purchases and services cost	6	(170,003)	(178,174)
Other expenses and provisions		(46,532)	(66,058)
Personnel costs		(145,271)	(183,427)
Depreciation and amortization		(31,228)	(27,691)
Capital gain / (loss)		392	(1,197)
<b>Operating (loss)/ gain</b>		<b>17,040</b>	<b>(40,693)</b>
Finance income	7	3,060	23,798
Finance cost	7	(50,779)	(35,744)
Foreign currency exchange differences (losses)	7	(44,692)	(10,881)
Share of profit of investment in associates	9	802,901	626,370
Net impairment in associates	9	(764,563)	(626,370)
<b>(Loss) for the period before income tax</b>		<b>(37,033)</b>	<b>(63,520)</b>
Income taxes	8	(41,830)	(18,891)
<b>(Loss) for the period after income tax from continued operations</b>		<b>(78,863)</b>	<b>(82,411)</b>
<b><u>Discontinued operations</u></b>			
Loss from discontinued operations (net of tax)		-	(39,113)
<b>Net (loss) for the period</b>		<b>(78,863)</b>	<b>(121,524)</b>
<b>Attributable to:</b>			
Owners of the Company		(78,463)	(110,835)
Non-controlling interests		(400)	(10,689)
		<b>(78,863)</b>	<b>(121,524)</b>
	18	(0,015)	(0,021)

- The accompanying notes from (1) to (22) are an integral part of these condensed interim consolidated financial statements and should be read therewith.

**Chief Financial Officer**



**Chief Executive Officer**



**Executive Chairman**

ORASCOM INVESTMENT HOLDING (S.A.E.)

Condensed Interim Consolidated Statement of Comprehensive Income for

<i>(in thousand EGP)</i>	<b>The three months ended March 31, 2019</b>	<b>Restated The three months ended March 31, 2018</b>
<b>Net (loss) for the period</b>	<b>(78,863)</b>	<b>(121,524)</b>
<b>Items that may be subsequently reclassified to income statement:</b>		
Company's share from revaluation of available investments held for sales	3,075	1,352
Translation differences of financial statements	(73,429)	(49,812)
<b>Total comprehensive loss for the period</b>	<b>(149,217)</b>	<b>(169,984)</b>
<b>Attributable to:</b>		
Owners of the Company	(138,147)	(143,009)
Non-controlling interest	(11,070)	(26,975)
<b>Total comprehensive loss for the period</b>	<b>(149,217)</b>	<b>(169,984)</b>

- The accompanying notes from (1) to (22) are an integral part of these condensed interim consolidated financial statements and should be read therewith.

**Chief Financial Officer**



**Chief Executive Officer**



**Executive Chairman**

**ORASCOM INVESTMENT HOLDING (S.A.E.)**  
**Condensed Consolidated Statement of Changes In Equity for the three months ended March 31, 2019 and March 31, 2018**

<i>(in thousand EGP)</i>	Paid up capital	Legal reserve	Translation reserve for subsidiaries	Other reserves	Retained earnings	Equity attributable to shareholders' of the parent Company	Non-controlling Interests	Total equity
As at January 1, 2018	2,203,190	556,308	1,731,444	185,857	205,495	4,882,294	493,971	5,376,265
Translation differences of the financial statements	-	-	(33,120)	-	-	(33,120)	(16,692)	(49,812)
Revaluation of available investments held for sale	-	-	-	946	-	946	406	1,352
Net (loss) for the period	-	-	-	-	(110,835)	(110,835)	(10,689)	(121,524)
Total comprehensive loss for the period	-	-	(33,120)	946	(110,835)	(143,009)	(26,975)	(169,984)
Transfer to reserves	-	30,307	-	-	(30,307)	-	-	-
Acquisition of a subsidiary for non-controlled shares	-	-	-	-	(30,307)	-	43,013	43,013
Total	-	30,307	-	-	(30,307)	-	43,013	43,013
As at March 31, 2018	2,203,190	586,615	1,698,324	186,803	64,353	4,739,285	510,009	5,249,294

<i>(in thousand EGP)</i>	Paid up capital	Legal reserve	Translation reserve	Other reserves	Retained earnings	Equity attributable to shareholders' of the parent Company	Non-controlling Interests	Total equity
As at January 1, 2019	2,203,190	586,609	880,957	130,641	1,075,557	4,876,954	348,583	5,225,537
Translation differences of the financial statements	-	-	(61,836)	-	-	(61,836)	(11,593)	(73,429)
Revaluation of available investments held for sale	-	-	-	2,152	-	2,152	923	3,075
(Loss) for the period	-	-	-	-	(78,463)	(78,463)	(400)	(78,863)
Total comprehensive loss for the period	-	-	(61,836)	2,152	(78,463)	(138,147)	(11,070)	(149,217)
Transfer to reserves	-	2,940	-	-	(2,940)	-	-	-
Revaluation of financial derivatives	-	-	-	1,739	-	1,739	744	2,483
Total	-	2,940	-	1,739	(2,940)	1,739	744	2,483
As at March 31, 2019	2,203,190	589,549	819,121	134,532	994,154	4,740,546	338,257	5,078,803

The accompanying notes from (1) to (22) are an integral part of these condensed interim consolidated financial statements and should be read therewith.

**Chief Financial Officer**



**Chief Executive Officer**



**Executive Chairman**



**ORASCOM INVESTMENT HOLDING (S.A.E.)**  
**Condensed Interim Consolidated Statement Of Cash Flows for**

<i>(in thousand EGP)</i>	<b>The three months ended March 31, 2019</b>	<b>Restated The three months ended March 31, 2018</b>
<b><u>Cash flow from operating activities</u></b>		
Net loss for the period before tax	(37,033)	(63,520)
<b>Adjustments for:</b>		
Depreciation, amortization of current assets	31,228	27,691
Finance expense	50,779	35,744
Finance income	(3,060)	(23,798)
Foreign currencies exchange differences	44,692	10,881
Loss / (gain) of assets disposals	(392)	1,197
Share of (profit) of investment in associates	(802,901)	(626,370)
Net impairment of investments in associate	764,563	626,370
Change in provisions	(5,880)	50,744
Changes in current assets reported in working capital	37,932	(120,450)
Changes in current liabilities reported in working capital	(389,983)	(473,587)
<b>Cash flows (used in) operating activities</b>	<b>(310,055)</b>	<b>(555,098)</b>
Income taxes paid	(20,397)	(77,168)
Credit interests received	2,956	24,025
Dividends paid to employees	(9,923)	(11,130)
<b>Net Cash flows(used in) operating activities</b>	<b>(337,419)</b>	<b>(619,371)</b>
<b><u>Cash flow from investing activities</u></b>		
<b>Net cash payments from investing in:</b>		
Property and equipment	(70,742)	(20,658)
Intangible assets	(4,301)	(10,507)
Investment in joint ventures	-	(10,989)
Other financial assets	(3,424)	(48,476)
<b>Net cash proceeds from:</b>		
Property and equipment	1,312	1,799
Intangible assets	3,390	-
Other financial assets	22,300	-
Acquisition of subsidiaries	-	31,192
<b>Net cash flows (used in) investing activities</b>	<b>(51,465)</b>	<b>(57,639)</b>
<b><u>Cash flows from financing activities</u></b>		
Interests paid	(36,400)	(21,438)
Net proceeds from non-current borrowings	134,074	59,132
Net payments to financial liabilities	(79,612)	(521)
<b>Net cash flows generated from financing activities</b>	<b>18,062</b>	<b>37,173</b>
<b>Net change in cash and cash equivalent during the period for continued operations</b>	<b>(370,822)</b>	<b>(639,837)</b>
<b>Discontinued operations</b>		
Net cash (used in) / generated from operating activities	-	151,273
Net cash (used in) / generated from financing activities	-	(396)
<b>Net change in cash and cash equivalent during the period for discontinued operations</b>	<b>-</b>	<b>150,877</b>
<b>Net change in cash and cash equivalents during the period</b>	<b>(370,822)</b>	<b>(488,960)</b>
Cash and cash equivalents at beginning of the period	1,903,267	2,373,000
Effect of exchange rate fluctuations on cash held	(35,196)	(8,441)
<b>Cash and cash equivalents at end of the period</b>	<b>1,497,249</b>	<b>1,875,599</b>

- The accompanying notes from (1) to (22) are an integral part of these condensed interim consolidated financial statements and should be read therewith.

**Chief Financial Officer**



**Chief Executive Officer**



**Executive Chairman**

## **Orascom Investment Holding "S.A.E"**

Notes to condensed interim consolidated financial statements for the financial period ended March 31, 2019

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### **1- General information about the Holding Company of the Group**

#### **a- Legal form**

Orascom Investing Holding S.A.E "the Company" is an Egyptian Joint Stock Company pursuant to 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 is located at Nile City Towers, Ramlet Boulak, Cairo, Egypt. The Company's duration is 25 years starting from November 29, 2011.

#### **b- Purpose of the Company**

The Company's purpose is to participate in incorporating companies that issue securities or to increase the 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 or acquire them pursuant to the provisions of the law and its executive regulations.

#### **c- Brief over the incorporation of the Company**

The Company was incorporated as a result of the legal demerger from Orascom Telecom Holding S.A.E as part of 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% from the 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 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 sector, including undersea cable assets.

The demerger plan provided that the split of OTH will be executed by way of legal demerger, and the incorporation of Orascom Investment Holding S.A.E - OIH (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 OIH as they hold in OTH as of the execution date of the demerger.

#### **d- Approval of the condensed interim consolidated financial Statements**

The condensed interim consolidated financial statements of the Company for the period ended March 31, 2019 were approved by the board of directors on June 10, 2019.



## **Orascom Investment Holding "S.A.E"**

Notes to condensed interim consolidated financial statements for the financial period ended March 31, 2019

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### **2- Basis of preparation of condensed interim consolidated financial statements**

#### **a- Statement of compliance with the Egyptian Accounting Standards**

These condensed interim consolidated financial statements have been prepared in accordance with The Egyptian Accounting Standard (EAS 30) "Interim Financial Reporting" and relevant Egyptian laws and regulations. Accordingly, the financial statements were prepared in a condensed version as compared to consolidated financial statements for the year ended December 31, 2018.

These condensed interim consolidated financial statements do not include all of the information and disclosures required for a complete set of consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2018.

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.

#### **b- Basis of measurement**

The condensed interim consolidated financial statements are prepared on the historical cost basis, except for financial assets and liabilities, which are stated at fair value represented in financial derivatives and other financial assets and liabilities. The historical cost depends mainly on the fair value of the consideration transferred to obtain assets.

#### **c- Presentation currency**

These condensed interim consolidated financial statements are prepared and presented in Egyptian pound, which is the Company's functional currency and most of the parent transactions done with. Except for the earnings per share for the period which are presented with the Egyptian pound without rounding, all financial information presented in Egyptian pound has been rounded to the nearest thousand, unless otherwise stated in the condensed interim consolidated financial statements or its disclosures.

#### **d- Critical accounting judgments and key sources of uncertainty estimates**

The preparation of the condensed interim consolidated financial statements in conformity with the Egyptian accounting standards and applying of the Group's accounting policies referred to in note (3) below, 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.

The estimates and associated assumptions are based on management historical experience and various 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.

## **Orascom Investment Holding "S.A.E"**

Notes to condensed interim consolidated financial statements for the financial period ended March 31, 2019

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### **3- Significant accounting policies applied**

The accounting policies and presentation adopted in the preparation of this condensed interim consolidated financial statements are consistent with those of the previous year complete set of the consolidated financial statements for the year ended December 31, 2018. It's worth mentioning that the group activities are not normally the kind that faces significant seasonal effects. The significant accounting policies applied for the condensed interim consolidated financial statements are as follows:

#### **3-1 Basis of preparing the consolidated financial statements**

The condensed interim 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 financial position date. Control is achieved where the Group is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

The results of subsidiaries acquired or disposed of during the period are included in the condensed interim consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

When the Group lose control, or joint control over a subsidiary or a project jointly controlled, while retains a significant influence over it. Then the remaining investment should be recognized as investment in associate and measured at fair value on the date of losing control or joint control. The remaining investment fair value on the date of losing control or joint control represents the cost of investment in associate at initial recognition.

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 a consolidated subsidiary including components of other comprehensive income are allocated to interests of the group and non-controlling interests even if this causes the non-controlling interests to have deficit balances.

The group recognize transactions with non-controlling interests that do not result in loss of control as equity transactions.

#### **3-2 Business combination**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method unless the transaction in which assets acquired does not constitute a business. Application of the acquisition method involves the following steps:

- Identifying an acquirer; and
- Determining the acquisition date; and
- Recognizing and measuring the identifiable assets acquired , the liabilities, contingent liabilities assumed and any non-controlling interest in the acquiree; and
- Recognize and measuring goodwill or a gain from a bargain purchase.

The cost of the business combination is measured based on fair value of the consideration transferred which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer.

## **Orascom Investment Holding "S.A.E"**

Notes to condensed interim consolidated financial statements for the financial period ended March 31, 2019

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Regarding acquisition-related costs that acquirer incurs to affect a business combination which include advisory, legal, accounting and registering fees and others shall be accounted as expenses in the periods in which the costs are incurred and the service are rendered.

The acquirer recognizes the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under EAS 29 "Business Combination" at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with EAS 32 "Non-current Assets Held for Sale and Discontinued Operations", that are recognized and measured at carrying amount or fair value less costs to sell whichever is lower.

Goodwill arising on acquisition date is recognized as an asset and initially measured at cost, representing in the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in income statement.

For common control transactions in step acquisitions in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination, and that control is not transitory, the Group recognizes the difference between purchase consideration and the fair value of the acquired entities or businesses net assets as an adjustment to the reserve for transactions under common control in equity. This policy is also applied in case of the groups' full or partial acquisition of shares held by the non-controlling interests in a subsidiary or the partial disposition of the Group's interest in a subsidiary while retaining control over that subsidiary.

In this case, fair value for those transactions is determined based on the fair value of net assets, liabilities and contingent liabilities previously recognized by the acquirer at the date on which initial control was obtained, taking into consideration changes in equity components that have occurred during the period from the date of initial control till the date on which the controlling stake has increased.

Since entities or businesses under common control are scoped out of EAS (29) and IFRS (3) "Business Combinations" management applied the requirements of EAS (5) and IAS (8), which allows it to set and implement an appropriate accounting policy that results in relevant information to the needs of the financial statements users and reliable to the economic decisions making, when no standard or interpretation is available to specifically address certain transaction, event or other circumstances.

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 liabilities recognized.

The acquirer shall recognize at the acquisition-date the fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree. If some changes occurs in the fair value of contingent consideration that the acquirer recognizes after the acquisition date may be the result of additional information that the acquirer obtained after that date about facts and circumstances that existed at the acquisition date, such changes are measurement period adjustments. However, changes resulting from events after the acquisition date are not measurement period adjustments.

## Orascom Investment Holding "S.A.E"

Notes to condensed interim consolidated financial statements for the financial period ended March 31, 2019

Orascom Investment Holding (Parent company) 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
Market Maker "S.A.E"	Financial services	Egypt	%70
Beltone Financial – USA	Financial services	USA	%70
Beltone Financial – UK	Financial services	UK	%70
Riza capital for financial investment and consulting	Financial services	Brazil	57.53%
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



## Orascom Investment Holding "S.A.E"

Notes to condensed interim consolidated financial statements for the financial period ended March 31, 2019

### 3-3 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 doesn't reach to 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 cost of selling.

Under the equity method, investments in associates are stated in the consolidated balance sheet at cost and adjusted for post-acquisition changes in the Group's share in the net assets of the associate, less any impairment in the value of each individual investment. Losses of an associate in excess of the Group's interest in that 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 income statement 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:

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

## **Orascom Investment Holding "S.A.E"**

Notes to condensed interim consolidated financial statements for the financial period ended March 31, 2019

### **3-4 Non-current assets held for sale**

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use is classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

### **3-5 Discontinued operations**

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

### **3-6 Property, equipment and depreciation**

Property and equipment are stated at historical cost and presented in the statement of financial position at cost less any accumulated depreciation and accumulated impairment losses.

Cost includes all directly related acquisition cost. 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 Company and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the statement of income during the financial period in which it incurred.

Any gains or losses arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in the income statement.

Depreciation is charged to the statement of income over the estimated useful-life of each asset using the straight-line method.

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

<u>Asset</u>	<u>Years</u>
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



## **Orascom Investment Holding "S.A.E"**

Notes to condensed interim consolidated financial statements for the financial period ended March 31, 2019

### **3-7 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.

<u>Asset</u>	<u>Years</u>
User rights	17-20 Years
Trademarks	20 Years
Contractual agreements with customers	20 Years
Computer software	5 Years

### **3-8 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 at the end of each financial year. 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**

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:

<u>Investment assets</u>	<u>Years</u>
Leased units	50 Years

### **3-9 Borrowings and borrowing costs**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized costs; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for its intended use or sale.

**Orascom Investment Holding "S.A.E"**

Notes to condensed interim consolidated financial statements for the financial period ended March 31, 2019

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Borrowing costs includes the foreign exchange differences relating to borrowings to the extent that they are regarded as an adjustment to interest costs. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred on foreign currency borrowings.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in income statement in the period in which they are incurred.

## Orascom Investment Holding "S.A.E"

Notes to condensed interim consolidated financial statements for the financial period ended March 31, 2019

Translation of condensed interim consolidated financial statements originally issued in Arabic

### 4- Segment reporting

	March 31, 2019			March 31, 2018				
	Operating revenue	Inter segment revenue	Operating revenue from parties outside the group	EBITDA	Operating revenue	Inter segment revenue	Revenue from parties outside the group	EBITDA
Investment property	18,830	-	18,830	13,508	17,653	-	17,653	(78,387)
Management fees	31,415	-	31,415	18,367	31,686	-	31,686	16,858
Financial services	144,594	-	144,594	(40,837)	181,021	-	181,021	8,652
Marine cables	214,142	-	214,142	113,726	179,168	-	179,168	85,025
Other	5,174	(5,174)	-	(56,888)	5,711	(5,711)	-	(43,953)
<b>Total</b>	<b>414,155</b>	<b>(5,174)</b>	<b>408,981</b>	<b>47,876</b>	<b>415,239</b>	<b>(5,711)</b>	<b>409,528</b>	<b>(11,805)</b>

	March 31, 2019				December 31, 2018					
	Property and equipment	Intangible assets	Investment property	Equity instruments	Total	Property and equipment	Intangible assets	Investment property	Equity instruments	Total
Financial services	174,877	586,781	-	-	761,703	178,333	595,154	-	-	773,487
Investment property	-	-	1,096,501	-	1,096,501	-	-	1,154,159	-	1,154,159
Marine cables	1,037,890	27,865	-	-	1,065,710	1,035,852	25,824	-	-	1,060,676
Other	49,458	(595)	-	2,242,932	2,291,795	51,022	(595)	-	2,204,602	2,255,029
<b>Total</b>	<b>1,262,225</b>	<b>614,051</b>	<b>1,096,501</b>	<b>2,242,932</b>	<b>5,215,709</b>	<b>1,265,207</b>	<b>619,978</b>	<b>1,154,159</b>	<b>2,204,602</b>	<b>5,243,946</b>

Unallocated items are represented in revenues and costs related to activities provided centrally from the head quarter to subsidiaries, and these activities also include functions of employees with extensive responsibilities within the Group, such as legal services, financial consultation, communications, investor relationships and internal audit.

The table below illustrates the capital expenditure incurred by each segment:

(In thousand EGP)	For the three months ended March 31, 2019	For the three months ended March 31, 2018
Financial services	1,266	8,242
Marine cable	73,363	24,117
Other	-	1,757
<b>Total</b>	<b>74,629</b>	<b>34,116</b>

## Orascom Investment Holding "S.A.E"

Notes to condensed interim consolidated financial statements for the financial period ended March 31, 2019

### 5- Operating revenues

(In thousand EGP)

	The three months ended March 31, 2019	The three months ended March 31, 2018
Revenue form financial services	144,594	181,021
Interconnection traffic	214,142	179,168
Management contracts –Fees	31,415	31,686
Revenue from investment property	18,830	17,653
<b>Total</b>	<b>408,981</b>	<b>409,528</b>

### 6- Purchases and services costs

(In thousand EGP)

	The three months ended March 31, 2019	The three months ended March 31, 2018
Customer retention	1,772	-
Rental of civil and technical telecommunication areas and	46,839	41,577
Purchases of goods, materials cost and consumables	5,524	4,897
International telecommunication cost	18,023	16,610
Maintenance costs	10,858	8,845
Telecommunications, Utilities and energy costs	3,367	4,921
Brokerage commission	30,884	46,983
Advertising and promotional services	7,642	9,123
Consulting and professional services	31,329	30,993
Insurance expenses	608	630
Bank expenses	1,780	1,707
Flight expenses	715	524
Travel and accommodation expenses	1,894	4,342
Technical supply expenses	1,689	1,154
Work sites expenses	2,466	2,500
Security expenses	950	974
Other service costs	3,663	2,394
<b>Total</b>	<b>170,003</b>	<b>178,174</b>

### 7- Net finance cost

(In thousand EGP)

	The three months ended March 31, 2019	The three months ended March 31, 2018
<b>Finance income from:</b>		
Credit interest	3,060	23,798
<b>Total finance income</b>	<b>3,060</b>	<b>23,798</b>
<b>Finance cost from:</b>		
Debit interest	(32,854)	(32,855)
Other finance expenses	(17,925)	(2,889)
<b>Total Finance cost</b>	<b>(50,779)</b>	<b>(35,744)</b>
Foreign currency exchange differences	(44,692)	(10,881)
<b>Total foreign currency exchange differences</b>	<b>(44,692)</b>	<b>(10,881)</b>
<b>Net finance cost</b>	<b>(92,411)</b>	<b>(22,827)</b>

**Orascom Investment Holding "S.A.E"**

Notes to condensed interim consolidated financial statements for the financial period ended March 31, 2019

**8- Income taxes**

(In thousand EGP)

	The three months ended March 31, 2019	The three months ended March 31, 2018
Current income tax expense	29,814	24,230
Deferred tax	12,016	(5,339)
<b>Total income tax expenses</b>	<b>41,830</b>	<b>18,891</b>

**9- Investment in associates**

(In thousand EGP)

	Country	Ownership percentage	March 31, 2019	December 31, 2018
Koryolink company (*)	North Korea	75%	7,762,185	6,997,622
Sarwa Capital	Egypt	30%	1,628,363	1,590,000
Electronic Fund Administration Services	Egypt	14%	301	307
Global Fund Administration Services	Egypt	14%	634	663
Axes Holding Company	Egypt	23.7%	10,836	11,155
(Deduct): Impairment loss in investment in associates			(7,159,387)	(6,395,145)
<b>Total</b>			<b>2,242,932</b>	<b>2,204,602</b>

**(\*) Koryolink Company**

(In thousand EGP)

	March 31, 2019	December 31, 2018
Total assets	29,010,637	29,524,958
Total liabilities	(4,167,318)	(4,658,281)
<b>Net assets</b>	<b>24,843,319</b>	<b>24,866,677</b>

(In thousand EGP)

	The three months ended March 31, 2019	The three months ended March 31, 2018
Total revenues	1,766,507	1,580,799
Expenses	(747,090)	(745,640)
<b>Net profit after taxes</b>	<b>1,019,417</b>	<b>835,159</b>
<b>Group's share in profits of associates</b>	<b>764,563</b>	<b>626,370</b>

(\*) The Group's investments in North Korea related for 75% of the voting rights in the local telecom operator Koryolink. The accounting treatment has been modified during the period ended September 30, 2015, through recognizing it as an investment in associates instead of investment in subsidiaries. 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, 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, the absence of a free-floating currency exchange market in North Korea, whereas the Group's management has no exchange rate available other than the official exchange rate 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.



## Orascom Investment Holding "S.A.E"

Notes to condensed interim consolidated financial statements for the financial period ended March 31, 2019

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

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

(In thousand EGP)	The three months ended March 31, 2019	The three months ended March 31, 2018
Opening balance	6,997,622	4,170,449
Group share of profit of associates	764,563	626,370
Ending balance	7,762,185	4,796,819
Opening impairment	(6,383,990)	(3,556,817)
Impairment of group share of profit	(764,563)	(626,370)
Ending impairment	7,148,553	(4,183,187)
	<b>613,632</b>	<b>613,632</b>

### (\*) Sarwa Capital Company

On December 20, 2018, the company purchased 216,032,608 shares from Sarwa Capital company with 30% of the share capital with price 7.36 from total amount 1,590 million EGP, and it has been financed through the agreed contract with Audi bank which is related to the credit facility opening with an amount 90 million USD within December 2018.

(In thousand EGP)	March 31, 2019	March 31, 2018
Total assets	4,462,636	3,516,420
Total liabilities	(2,718,637)	(1,851,477)
Net assets	1,743,999	1,664,943

(In thousand EGP)	The three months ended March 31, 2019	The three months ended March 31, 2018
Total revenues	773,017	781,550
Expenses	(645,137)	(725,867)
Net profit after taxes	127,880	55,683
Group's share in profits of associates	38,363	-

(In thousand EGP)	The three months ended March 31, 2019
Opening balance	1,590,000
Group share of profit of associates	38,363
Ending balance	1,628,363



## Orascom Investment Holding "S.A.E"

Notes to condensed interim consolidated financial statements for the financial period ended March 31, 2019

### 12-1 Restricted cash

(In thousand EGP)

	As Of March 31, 2019			As Of December 31, 2018		
	Non-current	Current	Total	Non-current	Current	Total
Pledged deposit*	5,250	1,760,694	1,765,944	10,850	1,821,409	1,832,259
Cash at bank in North Korea	117,489	-	117,489	123,990	-	123,990
<b>Total</b>	<b>122,739</b>	<b>1,760,694</b>	<b>1,883,433</b>	<b>134,840</b>	<b>1,821,409</b>	<b>1,956,249</b>

### 12-2 Financial assets available for sale – at cost

(In thousand EGP)

Company name	March 31, 2019	December 31, 2018
Misr for Central Clearing Depository and Registry	7,655	7,655
Guarantee Settlement Fund	4,869	6,705
El Arabi for Investment	194	194
MENA Capital	2,964	2,964
BMG	100	100
(Less):		
Impairment loss of available for sale investments	(2,964)	(2,964)
<b>Total</b>	<b>12,818</b>	<b>14,654</b>

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

### 12-3 Financial assets available for sale – at fair value

(In thousand EGP)

Company name	March 31, 2019	December 31, 2018
EGX funds company	8,504	7,501
Egypt opportunities fund	44,394	40,222
<b>Total</b>	<b>52,898</b>	<b>47,723</b>

### 12-4 Fair value investment through profit or loss.

(In thousand EGP)

	March 31, 2019	December 31, 2018
Investment in cash investment in funds	14,999	14,572
Investment in investment funds	2,504	14,525
Treasury Bills	4,088	7,576
<b>Total</b>	<b>21,591</b>	<b>36,673</b>

### 13- Cash and cash equivalents

(In thousand EGP)

	March 31, 2019	December 31, 2018
Banks – current accounts	1,495,828	1,901,919
Cash on hand	1,421	1,348
<b>Total</b>	<b>1,497,249</b>	<b>1,903,267</b>

## Orascom Investment Holding "S.A.E"

Notes to condensed interim consolidated financial statements for the financial period ended March 31, 2019

### 14- Other non-financial assets

(In thousand EGP)	March 31, 2019			December 31, 2018		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	220,381	53,127	273,508	236,181	53,404	289,585
Advances to suppliers	-	15,886	15,886	-	6,127	6,127
Receivables due from tax authority	-	21,139	21,139	-	7,164	7,164
Employee loans	-	9,175	9,175	-	-	-
Income tax	-	108,351	108,351	-	97,396	97,396
Other debtors	-	35,790	35,790	-	36,995	36,995
Allowance for doubtful accounts	-	(5,605)	(5,605)	-	(5,994)	(5,994)
<b>Total</b>	<b>220,381</b>	<b>237,863</b>	<b>458,244</b>	<b>236,181</b>	<b>195,093</b>	<b>431,273</b>

### 15- Issued and paid up capital

The Company's authorized capital amounting 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) as explained in Note (1-C).

### 16- Borrowings

(In thousand EGP)	March 31, 2019			March 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
Borrowings from banks	1,954,391	806,166	2,760,557	1,952,701	839,549	2,792,250
Finance lease	6,550	-	6,550	6,582	-	6,582
Other borrowings	28,423	19,447	47,870	28,941	20,113	49,054
<b>Total</b>	<b>1,989,364</b>	<b>825,613</b>	<b>2,814,977</b>	<b>1,988,224</b>	<b>859,662</b>	<b>2,847,886</b>

#### Trans World Associate loans

Borrowings balances include loans granted by the shareholders of Trans World Associate private to Trans World associate private (limited) Pakistan by an amount equivalent to EGP 48 Million including EGP 28.5 Million due within one year and EGP 19.5 Million due after more than one year with an interest rate of 1.335% per annum.

Borrowings balances also include loans obtained from banks by an amount equivalent to EGP 535 Million from which EGP 134 Million due within one year and EGP 401 Million due after more than one year to Trans World Associate Private (limited) Pakistan with interest rates ranges between 6% to 8% 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 Paulo, Brazil through the direct or indirect acquisition of the shares of the following companies incorporated in Brazil: Victoire 2, Victoire 9, Victoire 11, Victoire 13, Victoire 17, Victoire 18, and Victoire 19.

On October 18, 2017 Orascom Telecom ,Media and Technology Holding company performed a reschedule agreement with bank Libano Francaise through which the loan amounted USD 33 million will be long term loan due on three installments starts from October 2019 and ends October 2021.

On May 24, 2018 a deposit has been disbanded with an amount 587,976 million EGP and a mortgage has been made for the tower and for Victoire BV for Libano Francaise bank investment.

## Orascom Investment Holding "S.A.E"

Notes to condensed interim consolidated financial statements for the financial period ended March 31, 2019

### **Other credit facilities (Beltone Financial Holding Company):**

The credit bank facilities granted to one of Group components for financing the settlement of guarantee against payment concerning brokerage sector and these facilities are unsecured and bearing average interest market rate, In addition to the financing granted to the Holding Company during the period.

### **17- Creditors and other credit balances**

(In thousand EGP)

	March 31, 2019			December 31, 2018		
	Non-current	Current	Total	Non-current	Current	Total
Capital fixed assets suppliers	-	82,051	82,051	-	84,879	84,879
Trade payables	-	141,060	141,060	-	150,733	150,733
Customers' credit balance	-	430,806	430,806	-	732,943	732,943
Trade payables financial services	-	30,595	30,595	-	50,626	50,626
Other trade creditors	-	48,158	48,158	-	50,478	50,478
	-	732,670	732,670	-	1,069,659	1,069,659
Prepaid traffic and deferred income	57,265	9,050	66,315	60,871	6,053	66,924
Due to governmental authorities	-	91,000	91,000	-	56,359	56,359
Personnel expenses accrued	-	41,576	41,576	-	53,963	53,963
Customers deposits	-	642	642	-	684	684
Other credit balance	272,670	143,373	416,043	400,712	152,775	553,487
	329,935	285,641	615,576	461,583	269,834	731,417
<b>Total</b>	<b>329,935</b>	<b>1,018,311</b>	<b>1,348,246</b>	<b>461,583</b>	<b>1,339,493</b>	<b>1,801,076</b>

### **18- (Losses)/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 period.

**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 there are no debt instruments that are convertible to shares or share option, so diluted and basic earnings per share are equal.

	The three months ended March 31, 2019	The three months ended March 31, 2018
Net loss during the period (in thousand EGP)	(78,463)	(110,835)
Weighted average number of shares outstanding during the period (in thousand)	5,245,690	5,245,690
<b>(Losses)/Earnings per share – basic and diluted (in EGP)</b>	<b>(0.015)</b>	<b>(0.021)</b>

### **19- Provisions**

(In thousand EGP)

	January 1	Formed	Used	Change in scope of consolidation	Forex	March 31
<b>Presented separately in current</b>						
Provision for claims (current)	401,039	14,467	(27,034)	-	(703)	387,769
<b>Total provisions presented separately in March 31, 2019</b>	<b>401,039</b>	<b>14,467</b>	<b>(27,034)</b>	<b>-</b>	<b>(703)</b>	<b>387,769</b>
<b>Presented separately in current</b>						
Provision for claims (current)	366,902	1,517	(63,903)	(80)	(133)	304,303
<b>Total provisions presented separately in March 31, 2018</b>	<b>366,902</b>	<b>1,517</b>	<b>(63,903)</b>	<b>(80)</b>	<b>(133)</b>	<b>304,303</b>

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Notes to condensed interim consolidated financial statements for the financial period ended March 31, 2019

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 expected claims.

### **20- Capital commitments**

The capital commitments are as follows:

<b>(In thousand EGP)</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Commitments related to property and equipment	40,932	93,123
Other commitments	200,838	215,287
<b>Total</b>	<b>241,770</b>	<b>308,410</b>

The main capital commitments are related to property and equipment arising from the Group commitments of the installation of property and equipment related to the supply of marine communication cable, equipment, and technical equipment related to the contract of Trans World associates (subsidiary).

### **21- Contingent liabilities**

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

#### **Orascom Telecom, Media and Technology Holding**

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

#### **Trans World Associates (Subsidiary)**

- The amount equivalent to EGP 429 thousand pounds held by the bank for the sake of the Higher Education Commission (HEC) until December 31, 2019.
- There is a restricted at balance at the bank of EGP 62 thousand pounds in favor of Shell Pakistan valid until December 25, 2019.
- There is a letter of credit amounting to USD 182 thousand (The amount equivalent to EGP 3 Million) in favor of Premier Systems valid until May 30, 2019.
- There is a letter of credit amounting to USD 10 thousand (The amount equivalent to EGP 172 Million) in favor of Huawei valid until May 20, 2019.
- There is a letter of credit amounting to USD 165 thousand (The amount equivalent to EGP 3 Million) in favor of Huawei valid until May 30, 2019



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### **22- New Issues and Amendments issued to the Egyptian Accounting Standards (EAS) but not adopted.**

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards. The most prominent amendments are as follows:

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
<p>1- The new Egyptian Accounting Standard No. (47) "Financial Instruments"</p>	<p>2- The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise.</p> <p>3- Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.</p> <p>4- When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.</p> <p>5- based on the requirements of this standard the following standards were amended :</p> <p>1- Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019 ]</p> <p>2- Egyptian Accounting Standard No. (4) - "Statement of Cash Flows".</p> <p>3- Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation.</p> <p>4- Egyptian Accounting Standard No. (26) -</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards Nos. (1), (25), (26) and (40) are to be simultaneously applied.</p> <p>-These amendments are effective as of the date of implementing Standard No. (47) ]</p>

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	<p>"Financial Instruments: Recognition and Measurement".</p> <p>5- Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures "</p>		
<p>The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"</p>	<ol style="list-style-type: none"> <li>1. The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void:</li> <li>2. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015.</li> <li>3. Egyptian Accounting Standard No. (11) - "Revenue" as amended in 2015.</li> <li>4. For revenue recognition, Control Model is used instead of Risk and Rewards Model.</li> <li>5. incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met</li> <li>6. the standard requires that contract must have a commercial substance in order for revenue to be recognized</li> <li>7. Expanding in the presentation and disclosure requirements</li> </ol>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>Standard No(48) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted</p>
<p>The new Egyptian Accounting Standard No. (49) "Lease Contracts"</p>	<ol style="list-style-type: none"> <li>1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015</li> <li>2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating l or finance lease contracts .</li> <li>3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.</li> <li>4-</li> <li>5- As for the finance lease , the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract .</li> </ol>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to</p>



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	6- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.		financial leasing" as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued.
Egyptian Accounting Standard No. (38) as ammended "Employees Benefits"	Anumber of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.
Egyptian Accounting Standard No. (42) as ammended "Consolidated Financial Statements"	Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were ammended are as follows: <ul style="list-style-type: none"> <li>- (ESA 15) Related Party Disclosures</li> <li>- (ESA 17) Consolidated and Separate Financial Statements</li> <li>- (ESA 18) Investments in Associates</li> <li>- (ESA 24) Income Taxes</li> <li>- (ESA 29) Business Combinations</li> <li>- ESA( 30) Periodical Financial Statements</li> <li>- EAS (44) Disclosure of Interests in Other Entities.</li> </ul>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted. -The new or ammended paragraphs pertaining to the ammended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as ammended and issued in 2019.
Issuance of Egyptian Accounting Interpretation No.(1)"Public Service	This interpretation provides guidance on the accounting by operators of public service privileges arrangements from a public entity to a private entity for the construction, operation and maintenance of the infrastructure for public utilities such as roads, bridges, tunnels, hospitals,	The Management is currently assessing the potential impact of implementing the amendment of	Interpretation No.(1) applies to financial periods beginning on or after January 1st, 2019,

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<p>Concession Arrangements" ...</p>	<p>airports, water supply facilities, power supplies and communications networks. ..., etc This interpretation gives the option of continuing to apply the prior treatment of public service privileges arrangements that prevailed prior to January 1st, 2019 on entities that used to recognize and measure the assets of these arrangements as fixed assets in accordance with Egyptian Accounting Standard No. 10 "Fixed Assets and Depreciation" until their useful lives are expired .</p>	<p>the standard on the financial statements</p>	
<p>Egyptian Accounting Standard No. (22) as ammended "Earnings per Share"</p>	<p>The scope of implementaion of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.</p>
<p>Egyptian Accounting Standard No. (34) as ammended "Real Estate Investment"</p>	<p>The Fair Value Model option for all enterprises is no longer used when the subsequent measurement of their real estate investments is made and compliance shall apply only to the Cost Model. while only real estate investment funds are obliged to use the Fair Value Model, upon the subsequent measurement of all their real estate assets. Based on this amendment, the following standards were ammended : - Egyptian Accounting Standard No. (32) Non-current Assets Held for Sale and Discontinued Operation - Egyptian Accounting Standard No. (31) Impairment of Assets</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.</p>
<p>Egyptian Accounting Standard No. (4) as ammended "Statemnet of Cash Flows"</p>	<p>This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows .</p>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements</p>	<p>This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.</p>

Chief Financial Officer



Chief Executive Officer



Executive Chairman