



Orascom Investment Holding

S.A.E.

Condensed Interim Separate

Financial Statements and

Review Report

The financial period ended June 30, 2019



Translation of review report
originally issued in Arabic

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Review Report on Condensed Interim Separate 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 separate statement of financial position of Orascom Investment Holding (S.A.E) as at June 30, 2019 and the related condensed interim separate statements of income, comprehensive income, changes in equity, and cash flows for the six-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 separate financial statements in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed interim separate 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 separate financial statements.

Conclusion

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


KPMG Hazem Hassan
Public accountants and consultants

Cairo September 23, 2019

KPMG Hazem Hassan
Public Accountants and Consultants
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ORASCOM INVESTMENT HOLDING S.A.E.
Pursuant to law No. 95 of 1992 and its executive regulations
Condensed interim separate statement of financial position as at

(In thousand EGP)	Note No.	June 30, 2019	December 31, 2018
<u>Non-current assets</u>			
Property and Equipment	(12)	44,784	47,086
Investments in subsidiaries	(14)	1,280,636	1,278,656
Investments in associates	(15)	2,203,632	2,203,632
Due from related parties	(8-B)	28,026	30,074
Other financial assets - non current	(7)	120,002	134,840
Total non-current assets		3,677,080	3,694,288
<u>Current assets</u>			
Due from related parties	(8-A)	628,417	637,546
Other financial assets - current	(7)	1,665,280	1,786,930
Other debit balances	(9)	12,714	72,023
Cash and cash equivalents	(6)	515,981	690,149
Total current assets		2,822,392	3,186,648
Total assets		6,499,472	6,880,936
<u>Equity</u>			
Issued and paid-up capital	(17)	2,203,190	2,203,190
Legal reserve		589,555	586,615
Retained earnings		751,983	696,129
Net (loss for the period) / profit for year		(197,019)	58,794
Total equity		3,347,709	3,544,728
<u>Non-current liabilities</u>			
Loans	(16)	390,624	419,561
Deferred tax liability	(5)	10,662	45,813
Total non-current liabilities		401,286	465,374
<u>Current liabilities</u>			
Provisions	(18)	215,911	203,311
loans	(16)	1,662,328	1,782,968
Trade payables		4,235	2,479
Other credit balances	(10)	20,904	38,157
Due to related parties	(11)	847,099	843,919
Total current liabilities		2,750,477	2,870,834
Total Current and non-current Liabilities and Equity		6,499,472	6,880,936

- The accompanying notes from (1) to (25) are an integral part of these condensed interim separate financial statements and should be read therewith.

Chief Financial Officer



Chief Executive Officer



Executive Chairman

* Review report attached.

ORASCOM INVESTMENT HOLDING S.A.E.
Pursuant to law No. 95 of 1992 and its executive regulations
Condensed Interim Separate Statement of Income for

(In thousand EGP)	<u>Note No.</u>	<u>The six months ended June 30, 2019</u>	<u>The six months ended June 30, 2018</u>	<u>The three months ended June 30, 2019</u>	<u>The three months ended June 30, 2018</u>
<u>Continued operations</u>					
Other income		29	9	--	--
Total income		29	9	--	--
Employees cost & board of directors' remuneration	(4)	(41,756)	(36,758)	(18,968)	(18,807)
Consulting and professional services fees		(25,010)	(23,950)	(15,316)	(15,709)
Subscription expenses		(2,113)	(1,923)	(1,186)	(928)
Depreciation and amortization		(1,832)	(1,931)	(895)	(961)
Provisions formed		(12,600)	--	(7,538)	--
Impairment losses in due from related parties		(19,834)	(17,725)	(8,575)	(11,563)
Other expenses		(9,799)	(9,933)	(4,502)	(5,034)
Operation loss		(112,915)	(92,211)	(56,980)	(53,002)
Interest income		2,027	34,212	1,123	17,441
Finance cost		(48,702)	(24,369)	(24,596)	(12,736)
Foreign currency exchange translation differences		(72,580)	5,385	(31,184)	7,237
Net finance (cost)/income		(119,255)	15,228	(54,657)	11,942
Net (loss) for the period before tax		(232,170)	(76,983)	(111,637)	(41,060)
Income taxes	(5)	35,151	10,994	44,191	5,688
Net (loss) for the period from continued operations after tax		(197,019)	(65,989)	(67,446)	(35,372)
<u>Discontinued operations</u>					
Gains from discontinued operations after tax		--	4,944	--	8,293
Net (losses) for the period		(197,019)	(61,045)	(67,446)	(27,079)
(Losses) per share (EGP/Share)					
- Basic		(0.04)	(0.01)	(0.01)	(0.01)
- Diluted		(0.04)	(0.01)	(0.01)	(0.01)

- The accompanying notes from (1) to (25) are an integral part of these condensed interim separate financial statements and should be read therewith.

Chief Financial Officer



Chief Executive Officer



Executive Chairman

ORASCOM INVESTMENT HOLDING S.A.E.

Pursuant to law No. 95 of 1992 and its executive regulations

Condensed Interim Separate Statement of Comprehensive Income for

(In thousand EGP)	<u>The six months ended June 30, 2019</u>	<u>The six months ended June 30, 2018</u>	<u>The three months ended June 30, 2019</u>	<u>The three months ended June 30, 2018</u>
Net (loss) for the period	(197,019)	(61,045)	(67,446)	(27,079)
Other comprehensive income	--	--	--	--
Total other comprehensive income	--	--	--	--
Total comprehensive (loss) for the period	(197,019)	(61,045)	(67,446)	(27,079)

- The accompanying notes from (1) to (25) are an integral part of these condensed interim separate financial statements and should be read therewith.

Chief Financial Officer



Chief Executive Officer



Executive Chairman

ORASCOM INVESTMENT HOLDING S.A.E.

Pursuant to law No. 95 of 1992 and its executive regulations

Condensed interim separate statement of changes in equity for the six months ended June 30.

(In thousand EGP)	<u>Issued and paid-up capital</u>	<u>Legal reserve</u>	<u>Retained earnings</u>	<u>Net (loss) for the period</u>	<u>Total</u>
Balance as at January 01, 2018	2,203,190	556,308	120,295	606,141	3,485,934
Transferred to legal reserve	--	30,307	--	(30,307)	--
Transferred to retained earnings	--	--	575,834	(575,834)	--
Total comprehensive (loss) for the period	--	--	--	(61,045)	(61,045)
Balance as at June 30, 2018	2,203,190	586,615	696,129	(61,045)	3,424,889

(In thousand EGP)	<u>Issued and paid-up capital</u>	<u>Legal reserve</u>	<u>Retained earnings</u>	<u>Net (loss) for the period</u>	<u>Total</u>
Balance as at January 01, 2019	2,203,190	586,615	696,129	58,794	3,544,728
Transferred to legal reserve	--	2,940	--	(2,940)	--
Transferred to retained earnings	--	--	55,854	(55,854)	--
Total comprehensive (loss) for the period	--	--	--	(197,019)	(197,019)
Balance as at June 30, 2019	2,203,190	589,555	751,983	(197,019)	3,347,709

- The accompanying notes from (1) to (25) are an integral part of these condensed interim separate financial statements and should be read therewith.

Chief Financial Officer



Chief Executive Officer



Executive Chairman

ORASCOM INVESTMENT HOLDING S.A.E.
Pursuant to law No. 95 of 1992 and its executive regulations
Condensed interim separate statement of cash flows for The six months ended June 30,

(In thousand EGP)	<u>Note</u> <u>No.</u>	<u>2019</u>	<u>2018</u>
Net (loss) for the period before tax		(232,170)	(76,983)
Adjustments for:			
Depreciation and amortization		1,832	1,931
Impairment losses in due from related party			
Foreign currency exchange differences		72,580	(5,385)
Capital gain		(29)	--
Interest income		(2,027)	(34,212)
Finance cost		48,702	24,369
Impairment losses in financial assets		19,834	17,725
Operation (loss) before changes in working capital		(91,278)	(72,555)
Change in due from related parties-current		(54,981)	(2,260)
Provisions formed		12,600	(3,851)
Change in other debit balances		2,421	(7,685)
Change in trade payables		1,757	(621)
Bank credit balances		--	2,802
Change in other credit balances		(3,198)	(46,641)
Change in due to related parties		2,737	216,929
Change in due from related parties- non-current		(162)	(13,693)
Cash flows (used in)/ provided from operating activities		(130,104)	72,425
Tax paid		--	(306,496)
Net cash flows (used in) operating activities		(130,104)	(234,071)
Interest received		2,027	34,212
Dividends paid to employees		(14,056)	(15,787)
Net cash flows (used in) operating activities		(142,133)	(215,646)
Cash flows from investing activities			
Payments for purchase of property and equipment		(31)	(531)
Proceeds from sale of property and equipment		530	--
Payments for purchase of investment in subsidiaries		(1,980)	(1,863)
Proceeds from sale of financial assets and other debit		56,890	591,262
Cash flows provided from investing activities		55,409	588,868
Cash flows from financing activities			
Deposits in banks- non-current		5,600	931
Interest paid		(48,702)	(24,369)
Payments for long term loans		(527)	(542)
Net cash flows (used in) financing activities		(43,629)	(23,980)
Net change in cash and cash equivalents during the period from Continued operations		(130,353)	349,242
Net change in cash and cash equivalents during the period from discontinued operations		--	(7,213)
Net effect in cash and bank balances during periods		(130,353)	342,029
Effect of exchange rate fluctuations on cash held		(43,815)	7,912
Cash and cash equivalents at beginning of the period		690,149	655,870
Cash and cash equivalents at end of the period		515,981	1,005,811

- The accompanying notes from (1) to (25) are an integral part of these condensed interim separate 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 separate financial statements for the financial period ended June 30, 2019

1. Background

a- Legal form

- Orascom Investment 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 29 November, 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- Financial year:

The financial year of the Company starts at January 1 each year and ends at December 31.

d- Approval of the condensed interim separate financial statements

The board of directors approved the separate financial statements of the Company for the period ended June 30, 2019 on September 23, 2019.

2. Basis of preparation of separate financial statements

a- Statement of compliance with the Egyptian Accounting Standards

These condensed interim separate financial statements have been prepared in accordance with The Egyptian Accounting Standard (EAS 30) "Interim Financial Reporting" and relevant Egyptian laws and regulations. As permitted by EAS 30, the Company has opted to prepare a condensed version as compared to the year-end separate financial statements as of 31 December 2018. These condensed interim separate financial statements don't include all of the information required for a complete set of annual financial statements, and should be read in conjunction with the separate financial statements as of and for the year ended 31 December 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

These condensed interim separate financial statements are prepared on the historical cost basis, except for financial instruments, which are stated at fair value or amortized cost- depending on the circumstances.

Investments in subsidiaries and associates are accounted for in the condensed interim separate financial statements at cost, which represents the Company's direct ownership interest in equity and, not on the results of operations and net assets of the subsidiaries. The consolidated financial statements provide more understanding of the consolidated financial position, results of operations and the consolidated cash flows of the Company and its subsidiaries (The Group).

c- Presentation currency

The Company's functional and reporting currency is the Egyptian Pound. All the financial information presented in Egyptian pound has been rounded to the nearest thousands, except for earnings per share, and unless otherwise stated.

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the financial period ended June 30, 2019

d- Use of estimates and judgments

The preparation of the condensed interim separate financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources actual results may differ from these estimates.

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.

3. Significant accounting policies applied

a. Foreign currencies translation

The Company's functional and reporting currency is the Egyptian Pound, the currency in which most of the Company's cash flows are usually generated or retained. Transactions in currencies other than the Egyptian Pound are recorded at the exchange rates prevailing at the transactions dates. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated to the Egyptian Pound at the rates prevailing at the statement of financial position date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated to Egyptian Pound 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 re-translated.

Exchange differences are recognized in income statement in the period in which they arise in a separate item, except for exchange differences arising on non-monetary asset and liabilities carried at fair value, where translation differences are recognized as part of changes in fair value.

b. Property and equipment

Property and equipment -held for use for administrative purposes- are stated in the statement of financial position at cost less any accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for administrative purposes or for a currently undetermined future use are carried at cost less any recognized impairment loss. Cost includes professional fees, labour cost and -for qualifying assets-borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation of buildings and equipment as well as furniture and fixtures commences when the assets are ready for their intended use. No depreciation for company's land, if any

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 profit or loss during the financial period in which they are incurred.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their salvage values over their estimated useful lives, using the straight-line method. The salvage value, estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss 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 separate income statement.

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

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the financial period ended June 30, 2019

straight-line method.

The following are the estimated useful lives, for each class of assets, for depreciation calculation purposes:

<u>Asset</u>	<u>Years</u>
Buildings	50 Years
Buildings improvements	5 Years
Furniture and fixtures	3 Years
Computers	3 Years
Vehicles	5 Years

c. Investments in subsidiaries

Investments in subsidiaries are accounted for using the cost method in the Company's condensed interim separate financial statements as investments in subsidiaries at the acquisition cost less impairment. Impairment is estimated for each investment separately and recognized in the income statement. Subsidiaries are companies controlled by the company when all of the following is met for the investor:

- Power over the investee.
- Exposure, or rights, to variable returns from involvement with the investee.
- The ability to use power over the investee to affect the amount of investor return.

The Company should re-assess whether it controls an investee if facts and circumstances indicates that there are changes to one or more of the three elements of control above mentioned.

Regarding subsidiaries "structured entities", no cost shall be recognized in the Company's condensed interim separate financial statements. Therefore, the nature and risks to those subsidiaries "structured entities" are disclosed in the condensed interim separate financial statements as related party companies.

d. Investments in associates

An associate is an entity over which the Company has a significant influence to participate in the financial and operating policy decisions of this entity but doesn't reach to control or joint control over these policies. Investments in Associates are carried at cost, unless classified as non-current investments held-for-sale in which case, they are measured at the lower of the carrying amount or fair value less cost of selling. The Company does not measure the investment in associates using the equity method in these condensed interim separate financial statements according to paragraph (44) in the Egyptian Accounting Standard no (18).

In case of an objective evidence that an impairment loss has been incurred on investments in associates at the date of the condensed interim separate financial statements, the carrying amount of the investment is reduced to the recoverable amount and impairment losses are recognized immediately in separate income statement.

e. Revenue measurement and recognition

- Revenue is measured at the fair value of consideration received or receivable to the Company net of discounts and value added tax.
- Dividends income from its equity investments is recognized when the Company's rights to receive payment have been established.
- Revenue from technical support is recognized in the profit or loss over the term of the contracts with subsidiaries and associates according to the accrual basis, when the services have been rendered according to contracts, and that revenue can be estimated reliably, probable economic benefits associated with the transaction will flow to the entity, and revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction and can be measured reliably.
- Interest income is accrued on a timely basis by reference to the principal outstanding and at the effective interest rate applied until maturity.
- Revenues from sale of financial investment are recognized according to accrual basis at fair value of the consideration received or payable to the Company after deduction of any discounts, expenses, transaction cost, or investment cost.

f. Borrowing and borrowing costs

Borrowings are recognized initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortized cost; 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 rights to defer settlement of the liability for at least 12 months after the separate financial statement reporting date.

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the financial period ended June 30, 2019

Borrowing costs includes the foreign exchange differences relating to borrowings to the extent that they are regarded as an adjustment to interest costs.

The gain and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency and borrowings costs actually 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 profit or loss in the period in which they are incurred.

g. Earnings per share

Basic and diluted earnings per share is calculated based on dividing the profit or loss, according to the separate financial statements, attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

h. Estimation of fair value

Applying the accounting policies stated in note no. (3) requires from management to use estimates and assumptions for determining the carrying amount for assets and liabilities that cannot be measured reliably from other sources.

The fair value of current financial instruments in the active market depends on the market prices declared as of the financial statements date, while the fair value of non-current financial instruments is determined using valuation methods, which use appropriate inputs and assumptions depending on the market conditions as of the condensed interim separate financial statements date, while it could be adjusted as necessary in accordance with the events and circumstances surrounding the Company and its dealings with others.

4. Employees cost & board of directors' remuneration

<u>(In thousand EGP)</u>	<u>The six months ended June 30, 2019</u>	<u>The six months ended June 30, 2018</u>	<u>The three months ended June 30, 2019</u>	<u>The three months ended June 30, 2018</u>
Employees' cost	38,249	33,215	17,253	17,023
Board of directors' remuneration and allowances	3,507	3,543	1,715	1,784
	41,756	36,758	18,968	18,807

5. Income taxes

Income Tax (separate income statement)

<u>(In thousand EGP)</u>	<u>The six months ended June 30, 2019</u>	<u>The six months ended June 30, 2018</u>	<u>The three months ended June 30, 2019</u>	<u>The three months ended June 30, 2018</u>
Current income tax	--	(432)	--	1,781
Prior periods settlement	--	1,089	--	1,089
Deferred income tax – continued operation	35,151	10,337	44,191	2,818
	35,151	10,994	44,191	5,688
Deferred income tax – discontinued operation	--	(1,433)	--	(2,406)
	35,151	9,561	44,191	3,282

Current income tax (separate statement of financial position)

<u>(In thousand EGP)</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Balance at the beginning of the period / year	--	203,868
current income tax for the period / year	--	--
Adjustments	--	(1,275)
Income tax paid	--	(202,593)
Balance at the end of the period/ year	--	--

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the financial period ended June 30, 2019

Deferred income tax movement (separate statement of financial position)

(In thousand EGP)

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Balance at the beginning of the period / year	45,813	181,835
Charged to statement of income during the period / year	(35,151)	(136,022)
Balance at the end of the period/ year	10,662	45,813

- The effect of deferred tax is recognized based on the temporary differences between the assets tax basis set by the Egyptian Income Tax Law and its executive regulations, and their reported amounts per the accounting principles used in the preparation of the condensed interim separate financial statements.

Reconciliation of effective tax rate

(In thousand EGP)

		<u>June 30, 2019</u>		<u>December 31, 2018</u>
Net (losses) for the period before tax		(232,169)		(70,606)
Income tax according to applied tax rate	22.5%	(52,238)	22.5%	(15,886)
Non-deductible expenses		4,235		4,494
Foreign currency exchange translation differences		18,869		(7,436)
Provisions and impairments		7,298		9,267
	9.4%	(21,836)	13.5%	(9,561)

6. Cash and cash equivalent

(In thousand EGP)

	<u>30 June 2019</u>	<u>December 31, 2018</u>
Cash on hand	983	1,151
Current accounts - local currency	10,966	12,725
Current accounts - foreign currencies	466,871	637,452
Local currency deposits	1,150	1,150
Foreign currency deposits	36,011	37,671
	515,981	690,149

7. Other financial assets

(In thousand EGP)

	<u>30 June 2019</u>	<u>December 31, 2018</u>
Cash on banks in North Korea Non-current	114,752	123,990
Pledged deposits Non-current	5,250	10,850
Total Non-current	120,002	134,840
Pledged deposits Current	1,665,280	1,786,930
Total current	1,665,280	1,786,930
Total other financial assets	1,785,282	1,921,770

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the financial period ended June 30, 2019

8. Due from related parties

a- Current

(In thousand EGP)

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
CHEO Technology Joint Venture (Koryolink)	276,436	274,228
Orascom Telecom Lebanon	7,211	5,830
Trans World Associate (Pvt.) Ltd – Pakistan	19,061	24,845
Orascom Telecom Holding (Demerging Company)	3,848	3,848
Orascom TMT investments (formerly, Weather Investment)	805	870
Orascom Telecom mobile infrastructure services	996	996
O Capital for services and contracting	2,269	2,297
Beltone Financial Holdings	379,268	393,250
Victoire investment holding	193,955	205,944
Victoire BV investments	5,842	5,449
Orascom Pyramids Prisme For Entertainment Projects	34,174	27,397
Riza capital	934	244
Orascom Prisme For Entertainment Projects	20,255	--
<u>Impairment:</u>		
Impairment in due from related parties	(316,637)	(307,652)
	<u>628,417</u>	<u>637,546</u>

Impairment in due from related parties

(In thousand EGP)

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
CHEO Technology Joint Venture (Koryolink)	(276,436)	(274,228)
Orascom Telecom Lebanon	(1,183)	(1,183)
Orascom Telecom mobile infrastructure services	(996)	(996)
Orascom Telecom Holding (Demerging Company)	(3,848)	(3,848)
Orascom Pyramids Prisme For Entertainment Projects	(34,174)	(27,397)
	<u>(316,637)</u>	<u>(307,652)</u>

b- Non-current

(In thousand EGP)

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Oracap Holding	422,579	411,730
Trans World Associate (Pvt.) Ltd – Pakistan **	28,026	30,074
<u>Impairment</u>		
Impairment in Oracap Holding *	(422,579)	(411,730)
	<u>28,026</u>	<u>30,074</u>

* These Balances are not re-translated as they are considered as bad debts and the Company in process of completing administrative procedures for writing-off from the company's books.

** Due from related parties (non-current) is represented in the outstanding balance of the loan granted to Trans World Associate (Pvt.) (a subsidiary company), whereas the Company agreed to grant a long-term loan to the subsidiary company amounting to USD 1,683 thousand.

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the financial period ended June 30, 2019

9. Other debit balances

(In thousand EGP)

Receivables from sale of investments
Prepaid expenses
Employees' custodies
Others
Impairment
Impairment in other debit balance

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
	--	56,890
	753	1,435
	2,857	4,427
	12,142	12,309
	--	--
	(3,038)	(3,038)
	<u>12,714</u>	<u>72,023</u>

10. Other credit balances

(In thousand EGP)

Accrued expenses
Withholding tax
Value added tax (VAT)
Social insurance authority
Payroll tax
stamp tax
Employees dividends payable

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
	18,953	22,446
	80	339
	--	80
	103	77
	1,760	1,159
	8	--
	--	14,056
	<u>20,904</u>	<u>38,157</u>

11. Due to related parties

(In thousand EGP)

Orascom Telecom Ventures
O Capital for Energy

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
	840,777	837,532
	6,322	6,387
	<u>847,099</u>	<u>843,919</u>

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the financial period ended June 30, 2019

12. Property and equipment

(In thousand EGP)

<u>Cost</u>	Buildings	Buildings improvements	Furniture	Computers	Vehicles	Total
Balance as at January 01, 2018	45,882	3,342	241	1,528	8,839	59,832
Additions during the year	--	--	--	722	413	1,135
Disposals during the year	--	--	--	(68)	(405)	(473)
Balance as at December 31, 2018	45,882	3,342	241	2,182	8,847	60,494
Balance as at January 01, 2019	45,882	3,342	241	2,182	8,847	60,494
Additions during the period	--	--	--	31	--	31
Disposals during the period	--	--	--	(69)	(1,204)	(1,273)
Balance as at June 30, 2019	45,882	3,342	241	2,144	7,643	59,252
Accumulated depreciation						
Balance as at January 01, 2018	5,369	410	204	910	3,017	9,910
Depreciation charge for the year	918	667	21	396	1,792	3,794
Accumulated depreciation for disposals	--	--	--	(67)	(229)	(296)
Balance as at December 31, 2018	6,287	1,077	225	1,239	4,580	13,408
Balance as at January 01, 2019	6,287	1,077	225	1,239	4,580	13,408
Depreciation charge for the period	460	335	8	232	798	1,833
Accumulated depreciation for disposals	--	--	--	(70)	(703)	(773)
Balance as at June 30, 2019	6,747	1,412	233	1,401	4,675	14,468
Net book value						
As at January 01, 2018	40,513	2,932	37	618	5,822	49,922
As at December 31, 2018	39,595	2,265	16	943	4,267	47,086
As at January 01, 2019	39,595	2,265	16	943	4,267	47,086
As at June 30, 2019	39,135	1,930	8	743	2,968	44,784

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the financial period ended June 30, 2019

13. Intangible assets

(In thousand EGP)

Cost

Cost at the beginning of the year

Cost at the end of the period / year

Accumulated amortization

Balance at the beginning of the year

Amortization for the period

Balance at the end of the period

Net book value at the end of period/year

	Computer's Software	Computer's Software
	June 30, 2019	December 31, 2018
	1,994	1,994
	1,994	1,994
	1,994	1,967
	--	27
	1,994	1,994
	--	--

14. Investments in subsidiaries

(In thousand EGP)

Shareholding

	Country	%	June 30, 2019	December 31, 2018
Beltone Financial Holding ^(**)	Egypt	70	468,912	468,912
Victoire investment holding ^(****)	Netherland	99.99	526,017	526,017
Trans World Associate (Pvt.) Ltd	Pakistan	51	60,862	60,862
Orascom Telecom Ventures S.A.E	Egypt	99.99	222,802	222,802
Orascom Telecom Mobile Infrastructure	Egypt	99.2	63	63
O Capital for energy	Egypt	99.2	4,375	4,375
O Capital for services and construction	Egypt	99.2	63	63
Orascom Pyramids Prisme for entertainment		70	3,105	3,105
Orascom Prisme for entertainment projects ^(****)		99	1,980	--
Impairment				
Orascom Telecom Mobile Infrastructure			(63)	(63)
O Capital for energy			(4,375)	(4,375)
Orascom Pyramids Prisme for entertainment			(3,105)	(3,105)
			1,280,636	1,278,656

(*) The Company is under liquidation according to the extraordinary general assembly meeting's decision, held on September 1, 2014. The commercial register was amended to notify this change on January 27, 2015 and the tax authority was notified that the company stopped its operation.

(**) During the fourth quarter of 2015, the Company acquired 132,303,765 shares of Beltone Financial Holding shares with contribution portion 81.3% as a result of the submitted request on October 7, 2015 to the Financial Supervision Authority for the acquisition on 100% of Beltone Financial Holding and worth to mention that 58.2% from the value of the transaction have been financed through self-financing and the remaining were financed through syndicated loan, the loan contract was signed with a group of local banks for a total amount of EGP 250 million , the balance of the loan was early settled during January 2017.

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the financial period ended June 30, 2019

- During 2016 Beltone Financial Holding –subsidiary- distributed 5,100,704 free shares to Orascom Telecom, Media and Technology Holding. During the fourth quarter of 2016 OTMT sold 7,716,518 shares of Beltone Financial holding at a price of 12.56 EGP per share for the Company's contribution portion to become 76.73 % with net 129,687,951 shares on 21 December 2017 OTMT sold 11,376,766 shares of Beltone Financial Holding at a price of 13.26 per share for the company's contribution portion to become 70% with net 118,311,185 shares and the share price reached on June 30, 2019 EGP 5.88 per share.
- (***) On 22 October, 2015 the Company signed a contract for the purchase of shares of the company that owns seven floors in one of the buildings located in Brazil through Victoire Brazilian companies for a total cost Brazilian Real 263 Million equivalent to USD 66.8 Million and it worth to mention that 50% from the value of the transaction have been financed through self-financing and the remaining were financed through loan, the loan contract was signed with one of banks in Lebanon for a total amount of USD 33 million (Note No. 16).
- (****) On December 25, 2017, Orascom Pyramids Prisme Entertainment was formed in partnership with Prism International free zone, with percentage of contribution of 70% in favor of Orascom Investment Holding. On June 4, 2018, the contract of transfer of all the rights and obligations arising from the contract to develop and manage the sound and light presentation to Orascom Pyramids Prisme Entertainment and to be the legal representative of the company. And during 2018, some disputes occurred between Egypt for sound and light for Tourism Development Company and Prism International, Because of the lack of seriousness of Prism International in the implementation of the project. Egypt for sound and light for Tourism Development Company terminate the original contract with Prism International, As well as the contract of transfer of all the rights and obligations dated June 4, 2018.
- On March 4, 2019 Orascom Pyramids Prisme Entertainment agreed with Egypt for Sound and Light for Tourism Development to end the dispute amicably, where Orascom Pyramids Prisme Entertainment agreed to pay EGP 6 million. After they agreed that the Egypt for Sound and Light for Tourism Development will not prevent Orascom Investment Holding or its subsidiaries or associates to submit to any bidder to the same project or any other project if offered by Egypt for Sound and Light for Tourism Development in the future in direct or indirect way as long as the company met the requirements.

15. Investment in associates

(In thousand EGP)	Shareholding		June 30, 2019	December 31, 2018
	Country	%		
CHEO Technology Joint Venture (Koryolink) (*)	North Korea	75	613,632	613,632
Sarwa capital holding company (**)	Egypt	30	1,590,000	1,590,000
			2,203,632	2,203,632

- (*) The Group's investments in North Korea for 75% of the voting rights in the local telecom operator Koryolink. The accounting treatment has been modified during the period ended 30 September 2015. Therefore, recognizing it as an investment in associates instead of investment in subsidiaries, by ratification from Group management that there is 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 Korea, announced by the Central Bank of North Korea, other than launching a competing local telecom operator wholly owned by the North Korean Government.

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the financial period ended June 30, 2019

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 to the relevant committee of the United Nations Security Council to approve the continuation of its investments.

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.

16. Borrowings

(In thousand EGP)

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Borrowings-Current	1,662,328	1,782,968
Borrowings- Non-current	390,624	419,561

<u>Banks</u>	<u>June 30, 2019</u>		<u>Total Loan</u>	<u>Value in issued currency</u>	<u>Currency</u>	<u>Maturity</u>	<u>Interest</u>	<u>Secured/ Unsecured</u>
	<u>Current portion</u>	<u>Non- Current portion</u>						
	<u>(EGP 000)</u>	<u>(EGP 000)</u>						
Loan from Foreign bank	166,536	389,072	555,608	33,372	USD	Oct., 2021	Bank interest + 1.25%	Secured
Loan from Local Bank	948	350	1,298	4,738	EGP	Dec., 2020	The interest of certificates + 2% at least 12% annually	Secured
Loan from Local Bank	942	1,202	2,144	4,710	EGP	Dec., 2021	The interest of certificates + 1.5% at least 11% annually	Secured
Credit facilities	1,493,902	--	1,493,902	90,000	USD	Dec., 2019	2.3%	Secured
	<u>1,662,328</u>	<u>390,624</u>	<u>2,052,952</u>					

<u>Banks</u>	<u>December 31, 2018</u>		<u>Total Loan</u>	<u>Value in issued currency</u>	<u>Currency</u>	<u>Maturity</u>	<u>Interest</u>	<u>Secured/ Unsecured</u>
	<u>Current portion</u>	<u>Non- Current portion</u>						
	<u>(EGP 000)</u>	<u>(EGP 000)</u>						
Loan from Foreign bank	178,702	417,222	595,924	33,372	USD	Oct., 2021	Bank interest + 1.25%	Secured
Loan from Local Bank	947	745	1,692	4,738	EGP	Dec., 2020	The interest of certificates + 2% at least 12% annually	Secured
Loan from Local Bank	942	1,594	2,536	4,710	EGP	Dec., 2021	The interest of certificates + 1.5% at least 11% annually	Secured
Credit facilities	1,602,377	--	1,602,377	90,000	USD	Dec., 2019	2.3%	Secured
	<u>1,782,968</u>	<u>419,561</u>	<u>2,202,529</u>					

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the financial period ended June 30, 2019

A-long-term loan foreign bank

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

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

Interest rate 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%.

The interest shall be calculated based on a year 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, either the loan will be reduced to maintain the ratio of 200%, or the borrower must grant an additional security acceptable to the lender in order to maintain the coverage ratio at 200%.

Securities

- In favor of the lender of the total acquired shares in the capital of the companies, owning the floors and the borrower shall deliver the certificates of the shares pledged.
- A chattel mortgage on all floors duly registered at the relevant real estate register in Sao Paolo Brazil.
- The borrower pledges to assign in favor of the lender of rental proceeds of the floors. The proceeds will be transferred to the borrower's account with the lender to cover interest and constitute a reserve account covering one interest payment.
- An irrevocable undertaking by the borrower to cover by the second anniversary of the first drawdown, the balance of the loan in principal and interest by a pledge account opened in his name.

(**) On October 18, 2017 the company performed a reschedule agreement with the bank through which the loan amounted USD 33.4 Million will be a long-term loan as follows:

Payment Date	Amount (in thousand USD)
October 21, 2019	10,000
October 21, 2020	10,000
October 21, 2021	13,423
Total	33,423

B- Non-current loan-Local Bank

The company has signed a credit facility as a medium term loan agreement to finance the purchase of assets related to the company from the Egyptian Bank on July 27,2015 amounted to EGP 5 Million. Available duration is sixty-seven months ending on February 27, 2021.

On August 9, 2015, the company signed an annex to the loan agreement with an increase of EGP 600 thousand.

Withdrawal period: six months from the date of signing the agreement and end on January 23, 2016.

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the financial period ended June 30, 2019

A-long-term loan foreign bank

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

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

Interest rate 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%.

The interest shall be calculated based on a year 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, either the loan will be reduced to maintain the ratio of 200%, or the borrower must grant an additional security acceptable to the lender in order to maintain the coverage ratio at 200%.

Securities

- In favor of the lender of the total acquired shares in the capital of the companies, owning the floors and the borrower shall deliver the certificates of the shares pledged.
- A chattel mortgage on all floors duly registered at the relevant real estate register in Sao Paolo Brazil.
- The borrower pledges to assign in favor of the lender of rental proceeds of the floors. The proceeds will be transferred to the borrower's account with the lender to cover interest and constitute a reserve account covering one interest payment.
- An irrevocable undertaking by the borrower to cover by the second anniversary of the first drawdown, the balance of the loan in principal and interest by a pledge account opened in his name.

(**) On October 18, 2017 the company performed a reschedule agreement with the bank through which the loan amounted USD 33.4 Million will be a long-term loan as follows:

Payment Date	Amount (in thousand USD)
October 21, 2019	10,000
October 21, 2020	10,000
October 21, 2021	13,423
Total	33,423

B- Non-current loan-Local Bank

The company has signed a credit facility as a medium term loan agreement to finance the purchase of assets related to the company from the Egyptian Bank on July 27,2015 amounted to EGP 5 Million. Available duration is sixty-seven months ending on February 27, 2021.

On August 9, 2015, the company signed an annex to the loan agreement with an increase of EGP 600 thousand.

Withdrawal period: six months from the date of signing the agreement and end on January 23, 2016.

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the financial period ended June 30, 2019

Payment period

The company committed to make payment to the bank the value of each sub-loan used by the company according to the facility limit on equal sixty monthly installments.

Interest and installation period

Interest calculated 2% above interest rate on certificates in the bank paid on monthly installments and otherwise the interest will not be less than 12% of principle, commission and expenses during the agreement period.

C- Long-term loan – Local Bank

The Company has signed a credit facility as a Medium Term Loan agreement to finance the purchase of assets related to the Company from an Egyptian bank on January 27, 2016 amounted to EGP 2 million. Available duration is sixty-seven months ending on August 26, 2021.

- Withdrawal period:

Six months from the date of signing the agreement and end on July 27, 2016.

- Payment period:

The Company committed to make payment to the bank the value of each sub-loan used by the Company according to the facility limit on equal sixty monthly installments.

On July 21, 2016, the company signed an annex to the loan agreement with an increase of EGP 3 million.

- The withdrawal period:

Was extended by additional six months to be end on January 26, 2017 instead of July 27, 2016.

- Interest and installation period:

Interest calculated 1.5% above interest rate on certificates in the bank paid on monthly installments and otherwise the interest will not be less than 11% of principle, commissions and expenses during the agreement period.

On November 29, 2018, the company obtained long-term credit facility form Export-Import Bank, amounted to USD 170 million for purpose of financing the Acquisition that the company intends to implement according to the company's strategy. The credit facility has been approved by Board of Directors on November 27, 2018. The company has not withdrawn any amounts from the above mentioned Credit Facility till March 31, 2019.

17. 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 approvals of the General Authority for Investment and the Extraordinary General Assembly of Orascom Telecom Holding(Demerging Company).

18. Provisions and impairment

(In thousand EGP) provisions	<u>31 December 2018</u>	<u>Formed</u>	<u>No Longer Required</u>	<u>Used</u>	<u>June 30, 2019</u>
Provisions for claim*	203,311	12,600	--	--	215,911
Total provisions	203,311	12,600	--	--	215,911
<u>Impairment in assets in value</u>					
Due from related parties	719,382	19,834	--	--	739,216
Investment in subsidiaries	7,543	--	--	--	7,543
Other debit balances	3,038	--	--	--	3,038
Total impairment in assets value	729,963	19,834	--	--	749,797

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the financial period ended June 30, 2019

* Provisions for expected claims resulted from the Company's ordinary course of business. The management reviews and settles these provisions on the date of preparing the financial statements according to the latest development discussion and agreements with interest parties. The required information about these provisions were not disclosed, according to the Egyptian Accounting Standards, because the management of the Company believes that doing so, will strongly affect the final settlement of these provisions for claims.

19. (Losses) / earnings per share

(Loss) / Earnings per share for the period have been calculated accordance with the provisions of Egyptian Accounting Standard No. 22, as follow:

	<u>The six months ended June 30, 2019</u>	<u>The six months ended June 30, 2018</u>	<u>The three months ended June 30, 2019</u>	<u>The three months ended June 30, 2018</u>
Net (loss) / profit for the period (in thousand EGP)	(197,019)	(61,045)	(67,446)	(27,079)
Weighted average number of shares outstanding(in thousand of shares)	5,245,691	5,245,691	5,245,691	5,245,691
(Losses) / earnings per share for the period (EGP / Share)	(0.04)	(0.01)	(0.01)	(0.01)

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.

20. Significant transactions with related parties

(In thousand EGP)

<u>Company Name</u>	<u>Nature of the relationship</u>	<u>Nature of the transactions</u>	<u>Volume of Transactions June 30, 2019</u>	<u>Volume of Transactions June 30, 2018</u>
CHEO Technology JV (KoryoLink)	Associate	Expenses paid on behalf of the related party	2,209	4,040
Orascom Telecom Lebanon	Subsidiary of Orascom Telecom Ventures	Expenses paid on behalf of the related party	1,381	6,600
Trans World Associate (Pvt.) LTD	Subsidiary	Interest on Loans during the period	737	736
Orascom Telecom Ventures	Subsidiary	Expenses paid on behalf of the related party	256	739
Oracap Holding	Subsidiary of Orascom Telecom Ventures	Expenses paid on behalf of the related party	10,849	13,907

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the financial period ended June 30, 2019

21. Financial instruments and management of associated risks

The Company's financial instruments are represented in financial assets and liabilities. The financial assets comprise: cash at banks, deposits, due from related parties and certain other debit balances. The financial liabilities comprise; due to related parties, accounts payable and certain other credit balances.

Liquidity risk

Liquidity risk represents that the company's cash in and out flows cannot maintain the proper liquidity ratio for the monetary balances, but because the company have significant balance of foreign currency which give it the ability to pay all the liabilities including the interest and any other charges.

Interest rate risks:

Interest rate risk arises on the Company through loans granted by banks at variable interest rates. The Company may be exposed to the risk of changes in interest rates which may affect the Company's ability to repay these obligations.

Foreign Exchange rate risk

The Company may be exposed to foreign exchange risk arising when its trading transactions are in currencies other than the Parent Company's main currency (the Egyptian pound) by repaying such transactions in the major currencies such as the USD, Euro and GBP.

	<u>June 30, 2019</u>	<u>31 December 2018</u>
USD	621,842	542,687
Euro	244,504	297,060
GBP	109	84
CNY	5	5

22. Contingent liabilities

<u>Company Name</u>	<u>Guarantee</u>	<u>Maximum level for liability</u>	<u>Outstanding Liability as at June 30, 2019 (In thousand EGP)</u>	<u>Expiry date of the guarantee</u>
Orascom Telecom Lebanon	Guarantee of the Company to pay any due amount to participators in case of failure	USD 10 Million	166,528	December 2019
Orascom Telecom Lebanon	Guarantee of the Company to pay any due amount to participators in case of failure	USD 30 Million	499,584	December 2019

23. Capital Commitment:

There are capital commitments represented in the remaining amounts to complete the capital of O.Capital Energy, O Capital Services and Contracting and Orascom Prism Pyramids Entertainment amounted by 13.125 million EGP and 189 thousand EGP and 9.3 million EGP, respectively, from 15% to 100%.

24. Subsequent events

On Sept 18, 2019, the general assembly accepted to apply employees' stock option plan through granting free shares for the employees, managers and the executive board members of the company, and giving authorizations on behalf of the company regarding this matter. In addition, the shareholders accepted the allocation contract planned to be signed with the beneficiaries from the plan. Additionally, the clauses of the plan shall not be canceled nor amended after the approval from the Financial Regulatory Authority unless an amendment is made in an extraordinary general assembly meeting with no violation of the beneficiaries' rights of the plan.

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

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the financial period ended June 30, 2019

25. Significant events

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>1- 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>2- 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>3- 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>4- 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) - "Financial Instruments: Recognition and Measurement".</p> <p>5- Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures "</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. -These amendments are effective as of the date of implementing Standard No. (47)]</p>

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<p>The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"</p>	<ol style="list-style-type: none"> 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: 2. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. 3. Egyptian Accounting Standard No. (11) - "Revenue" as amended in 2015. 4. For revenue recognition, Control Model is used instead of Risk and Rewards Model. 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 6. the standard requires that contract must have a commercial substance in order for revenue to be recognized 7. Expanding in the presentation and disclosure requirements 	<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"> 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. 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 . 3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract. 4- 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 . 5- 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. 	<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,</p> <p>"Accounting rules and standards related to 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</p>

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			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 amended "Employees Benefits"	A number 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 amended "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 amended are as follows: <ul style="list-style-type: none"> - (ESA 15) Related Party Disclosures - (ESA 17) Consolidated and Separate Financial Statements - (ESA 18) Investments in Associates - (ESA 24) Income Taxes - (ESA 29) Business Combinations - ESA (30) Periodical Financial Statements - EAS (44) Disclosure of Interests in Other Entities. 	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 amended paragraphs pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019.
Issuance of Egyptian Accounting Interpretation No.(1) "Public Service Concession Arrangements"	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, 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.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Interpretation No.(1) applies to financial periods beginning on or after January 1st, 2019,

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Egyptian Accounting Standard No. (22) as ammended "Earnings per Share"	The scope of implementaion of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
Egyptian Accounting Standard No. (34) as ammended "Real Estate Investment"	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 : <ul style="list-style-type: none">- Egyptian Accounting Standard No. (32) Non-current Assets Held for Sale and Discontinued Operation- Egyptian Accounting Standard No. (31) Impairment of Assets	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
Egyptian Accounting Standard No. (4) as ammended "Statemnet of Cash Flows"	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 .	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.

Chief Financial Officer



Chief Executive



Executive Chairman