



Orascom Investment Holding
S.A.E.
Condensed Interim Separate Financial Statements and
Review Report
The three-month period ended March 31, 2020



Hazem Hassan

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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 March 31, 2020, and the related condensed interim separate 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 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 condensed 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 March 31, 2020, and of its unconsolidated financial performance and its unconsolidated cash flows for the three-month period then ended in accordance with Egyptian Accounting Standard No. (30) "Interim Financial Reporting".



Hazem Hassan

Emphasis of matter

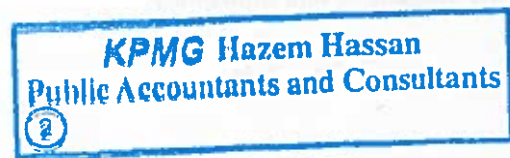
Without modifying our conclusion:

1. As mentioned in detail in note (26) from the accompanying notes of the condensed interim separate financial statements, most of the world countries, including Egypt, were exposed during the first quarter of 2020 to a state of slowdown and economic contraction as a result of the outbreak of the novel coronavirus (COVID-19) pandemic, and the governments of the world, including the Egyptian government have made a packages of precautionary measures to prevent the spread of the epidemic, these measures have led to a state of economic slowdown at the global and local levels, which has shown its impact on all activities in different forms in Egypt, so this may have an important impact on the elements of assets, liabilities and business results in the separate financial statements of the Company for the next upcoming years, in addition to the potential impact on pre-defined operational and marketing plans and future cash flows associated with them and as indicated in the above-mentioned clarification, the Company's management is currently taking several measures to confront this risk and reduce its impact on its financial position, however, in light of the instability and uncertainty as a result of the current events, the magnitude of the impact of that event depends mainly on the expected extent and in the time period at which this event is expected to end and its implications and the Company's ability to achieve its plans to face this danger which is difficult to be determined at the present time.
2. In reference to what was mentioned in note (16) from the accompanying notes of the condensed interim separate financial statements, that the Company has a significant influence in its investee "Koryolink" in North Korea, the investment is amounting to EGP 613.6 million as of March 31, 2020, Which the Company classified as investments in associate. Considering that Koryolink is operating under an international ban, operational and financial restrictions imposed by the international community, which lead to difficulties in transferring profits abroad and repatriate the funds to their home country.

KPMG Hazem Hassan

Public Accountants and Consultants

Cairo, July 13, 2020



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ORASCOM INVESTMENT HOLDING S.A.E.
Condensed interim separate statement of financial position as at

(In thousands of EGP)	Note No.	31 March 2020	31 December 2019
<u>Non-current assets</u>			
Property and equipment	(14)	41,941	43,005
Investments in subsidiaries	(15)	1,587,573	1,490,297
Investments in associates	(16)	2,207,585	2,204,194
Due from related parties	(10-b)	18,415	18,760
Other financial assets	(9)	107,748	114,213
Total non-current assets		3,963,262	3,870,469
<u>Current assets</u>			
Due from related parties	(10-a)	138,065	177,778
Other debit balances	(11)	44,318	15,469
Cash and cash equivalents	(8)	74,778	519,736
Total current assets		257,161	712,983
Total assets		4,220,423	4,583,452
<u>Equity</u>			
Issued and paid-up capital	(18)	2,203,190	2,203,190
Legal reserve		589,555	589,555
Retained earnings		498,650	751,983
Net profit for the period / (loss) for the year		45,279	(253,333)
Total equity		3,336,674	3,291,395
<u>Non-current liabilities</u>			
Borrowings	(17)	487	651
Deferred tax liabilities	(7)	1,045	3,017
Total non-current liabilities		1,532	3,668
<u>Current liabilities</u>			
Provisions	(19)	234,327	242,764
Borrowings	(17)	1,529	376,286
Trade payables		2,225	5,201
Other credit balances	(12)	55,572	75,228
Due to related parties	(13)	588,564	588,910
Total current liabilities		882,217	1,288,389
Total liabilities		883,749	1,292,057
Total liabilities and equity		4,220,423	4,583,452

- The accompanying notes from (1) to (26) are an integral part of these condensed interim separate financial statements and should be read therewith.

Chief Financial Officer



Chairman and Managing Director



* Review report "attached"

ORASCOM INVESTMENT HOLDING S.A.E.

Condensed interim separate statement of income for the three months ended

(In thousand EGP)	<u>Note No.</u>	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Dividends income	(4)	34,681	--
Other income	(5)	22	29
Total income		34,703	29
(Less)			
Employees cost and board of directors' remunerations	(6)	(12,431)	(22,788)
Consulting and professional services fees		(9,643)	(9,694)
Travelling and transportation expenses		(610)	(96)
Subscription expense		(1,586)	(927)
Depreciation and amortization	(14)	(838)	(937)
Provisions formed	(19)	(5,629)	(5,062)
Impairment losses in assets	(19)	(566)	(11,259)
Other expenses	(22)	(2,880)	(5,201)
Operating profit / (loss)		520	(55,935)
Interest income	(21)	62,818	904
Finance cost		(4,438)	(24,106)
Foreign currency exchange differences		(12,125)	(41,396)
Net financing income / (cost)		46,255	(64,598)
Net profit / (loss) for the period before tax		46,775	(120,533)
Income taxes	(7)	(1,496)	(9,040)
Net profit / (loss) for the period		45,279	(129,573)
Earnings / (losses) per share (EGP/Share)			
- Basic and diluted	(20)	0.01	(0.02)

- The accompanying notes from (1) to (26) are an integral part of these condensed interim separate financial statements and should be read therewith.

Chief Financial Officer



Chairman and Managing Director



ORASCOM INVESTMENT HOLDING S.A.E.

Condensed interim separate statement of comprehensive income for the three months ended

(In thousands of EGP)	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Net profit / (loss) for the period	45,279	(129,573)
Other comprehensive income items	--	--
Total comprehensive income / (loss) for the period	<u>45,279</u>	<u>(129,573)</u>

- The accompanying notes from (1) to (26) are an integral part of these condensed interim separate financial statements and should be read therewith.

Chief Financial Officer



Chairman and Managing Director



ORASCOM INVESTMENT HOLDING S.A.E.

Condensed interim separate statement of changes in equity for the three months ended March 31, 2020

(In thousand EGP)	<u>Issued and Paid-up capital</u>	<u>Legal reserve</u>	<u>Retained earnings</u>	<u>Net profit / (loss) for the year / period</u>	<u>Total</u>
Balance as at January 1, 2019	2,203,190	586,615	696,129	58,794	3,544,728
Transferred to retained earnings	--	--	55,854	(55,854)	--
Transferred to legal reserve	--	2,940	--	(2,940)	--
Total comprehensive (loss) for the period	--	--	--	(129,573)	(129,573)
Balance as at March 31, 2019	2,203,190	589,555	751,983	(129,573)	3,415,155
Balance as at January 1, 2020	2,203,190	589,555	751,983	(253,333)	3,291,395
Transferred to retained earnings	--	--	(253,333)	253,333	--
Total comprehensive income for the period	--	--	--	45,279	45,279
Balance as at March 31, 2020	2,203,190	589,555	498,650	45,279	3,336,674

- The accompanying notes from (1) to (26) are an integral part of these condensed interim separate financial statements and should be read therewith.

Chief Financial Officer



Chairman and Managing Director



ORASCOM INVESTMENT HOLDING S.A.E.

Condensed interim separate statement of cash flows for the three months ended

(In thousands of EGP)	Note no.	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Net profit / (loss) for the period before tax		46,775	(120,533)
<u>Adjustments for:</u>			
Dividends income	(4)	(34,681)	--
Depreciation and amortization	(14)	838	937
Foreign currency exchange differences		12,125	41,396
Capital (gain)		(22)	(29)
Interest income		(62,818)	(904)
Finance cost		4,438	24,106
		(33,345)	(55,027)
<u>Changes in:</u>			
Due from related parties		36,916	(22,293)
Debtors and other debit balances		2,364	59,391
Trade payables		(2,976)	293
Other credit balances		(19,656)	(2,680)
Due to related parties		(500)	3,229
Provisions		(8,437)	5,062
Cash flows (used in) operating activities		(25,634)	(12,025)
Interest received		1,124	904
Employees' dividends		--	(9,923)
Net cash flows (used in) operating activities		(24,510)	(21,044)
<u>Cash flows from investing activities</u>			
Payments for purchase of property and equipment		(42)	--
Proceeds from sale of property and equipment		290	530
Payments for purchase of investment in subsidiaries	(15)	(97,276)	(1,980)
Payments for purchase of investment in associates		(3,391)	--
Net cash in non-current deposits at banks		1,717	5,600
Net cash flows (used in) / generated from investing activities		(98,702)	4,150
<u>Cash flows from financing activities</u>			
Interest paid		(4,438)	(23,604)
Repayments of loans		(313,227)	--
Net cash flows (used in) financing activities		(317,665)	(23,604)
Net change in cash and cash equivalents during the period		(440,877)	(40,498)
Effect of exchange rate fluctuations on cash held		(4,081)	(25,597)
Cash and cash equivalents at beginning of the period		519,736	690,149
Cash and cash equivalents at end of the period	(8)	74,778	624,054

- The accompanying notes from (1) to (26) are an integral part of these condensed interim separate financial statements and should be read therewith.

Chief Financial Officer



Chairman and Managing Director



Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the three-month period ended March 31, 2020

1. Background

a- Legal form

- Orascom Investment Holding S.A.E. (Formerly Orascom Telecom Media and Technology Holding) "the Company" or "OIH" 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.
- In accordance with the Extraordinary General Assembly Resolution of 5 June 2018, the Company's name was changed to Orascom Investment Holding (S.A.E.) instead of Orascom Telecom, Media and Technology Holding (S.A.E.), the commercial register was registered on July 3, 2018.

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.

2. Basis of preparation of the condensed interim 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 December 31, 2019. These condensed interim separate financial statements don't include all of the information required for a complete set of annual financial statements, should be read in conjunction with the separate financial statements as of and for the year ended December 31 , 2019.
- The Egyptian Accounting Standards require referral to International Financial Reporting Standards "IFRS" for certain types of transactions or events when no Egyptian Accounting Standard or legal requirement exists to address treatment for these transactions or events.
- The condensed interim separate financial statements of the Company for the three-month period ended March 31, 2020, were approved by the board of directors on July 13, 2020.

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. Investments in subsidiaries and associates are accounted for at cost basis, in the separate financial statements, 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).

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the three-month period ended March 31, 2020

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 thousand except for earnings /(losses) per share, unless otherwise stated.

d- Use of estimates and judgments

The preparation of the 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 significantly differ from these estimates if there is a change in the surrounding circumstances.

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.

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the three-month period ended March 31, 2020

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 commence when the assets are ready for their intended use.

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 residual values over their estimated useful lives, using the straight-line method.

The estimated useful lives, residual values 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 profit or loss.

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

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the three-month period ended March 31, 2020

C. Investments in subsidiaries

Investments in subsidiaries are accounted for using the cost method in the Company's 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 indicate 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. 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 separate 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.

E. Borrowings 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 condensed interim separate statements of income 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 three-month period ended March 31, 2020

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

Gains 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 condensed interim separate profit or loss in the period in which they are incurred.

F. Earnings / (losses) per share

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

G. 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.

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the three-month period ended March 31, 2020

4. Dividends income

(In thousands of EGP)

	<u>The three months ended March 31, 2020</u>	<u>The three months ended March 31, 2019</u>
Tharwa Capital Company (*)	34,681	--
	34,681	--

(*) On 27 February 2020, the board of directors of Sarwa Capital company, proposed cash dividends to the shareholders for the year ended 31 December 2019, by a total amount of EGP 117,759,480, hence, the dividends per share will be EGP 0.10, in which the share of the Company from these declared dividends will be EGP 34.6 million before tax on dividends.

5. Other income

(In thousands of EGP)

	<u>The three months ended March 31, 2020</u>	<u>The three months ended March 31, 2019</u>
Other income	22	29
	22	29

6. Employees cost and board of directors' remunerations

(In thousands of EGP)

	<u>The three months ended March 31, 2020</u>	<u>The three months ended March 31, 2019</u>
Employees' cost	(11,649)	(20,996)
Board of directors' remuneration and allowances	(782)	(1,792)
	(12,431)	(22,788)

7. Income taxes

Income tax (condensed interim separate statement of income)

(In thousands of EGP)

	<u>The three months ended March 31, 2020</u>	<u>The three months ended March 31, 2019</u>
Taxes on dividends (*)	(3,468)	--
Deferred income tax	1,972	(9,040)
Income tax expenses	(1,496)	(9,040)

(*) The amount represents the taxes on dividends withheld from Sarwa Capital's (an associate company) on the dividends declared during the period as shown in detail in Note no. (4).

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the three-month period ended March 31, 2020

Deferred income tax movement (condensed interim separate statement of financial position)

(In thousands of EGP)

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Balance at the beginning of the period / year	3,017	45,813
Charged to the statement of income during the period / year	(1,972)	(42,796)
Balance at the end of the period / year	1,045	3,017

- 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.

8. Cash and cash equivalents

(In thousands of EGP)

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand	574	810
Current accounts - local currency	11,540	22,985
Current accounts - foreign currencies	61,514	459,331
Local currency deposits	1,150	1,150
Foreign currency deposits	--	35,460
	74,778	519,736

9. Other financial assets

(In thousands of EGP)

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Cash at banks in North Korea - Non-current	102,498	108,963
Pledged deposits - Non-current	5,250	5,250
	107,748	114,213

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the three-month period ended March 31, 2020

10. Due from related parties

a- Current

(In thousands of EGP)

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Beltone Financial Holdings	26,253	29,639
CHEO Technology Joint Venture (Koryolink) **	275,772	274,866
Victoire investment holding	69,933	101,748
Orascom Prisme Pyramids for Entertainment Projects	35,171	35,119
Trans World Associate (Pvt.) Ltd – Pakistan	16,577	16,631
Orascom Pyramids for Entertainment Projects	15,666	20,673
Orascom Telecom Lebanon	6,835	6,941
Victoire BV investments	670	272
Orascom Telecom Holding (Demerging Company)	3,848	3,848
O-Capital for Services and Contracting	2,584	2,293
Orascom Telecom mobile infrastructure services	996	996
Orascom TMT investments (formerly, Weather Investment)	730	763
Riza capital	1,429	1,429
Osorcorn	1,717	--
<u>Impairment</u>		
Impairment in due from related parties (*)	(320,116)	(317,440)
	<u>138,065</u>	<u>177,778</u>

(*) Impairment in due from related parties

(In thousands of EGP)

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
CHEO Technology Joint Venture (Koryolink) *	(275,772)	(274,866)
Orascom Prisme Pyramids for Entertainment Projects	(35,171)	(35,119)
Orascom Telecom Holding (Demerging Company)	(3,848)	(3,848)
Osorcorn	(1,717)	--
Orascom Telecom Lebanon	(1,183)	(1,183)
Orascom Telecom mobile infrastructure services	(996)	(996)
Riza capital	(1,429)	(1,429)
	<u>(320,116)</u>	<u>(317,440)</u>

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the three-month period ended March 31, 2020

b- Non-current

(In thousands of EGP)

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Oracap Holding **	433,667	435,779
Trans World Associate (Pvt.) Ltd – Pakistan	18,415	18,760
<u>Impairment</u>		
Impairment in Oracap Holding **	(433,667)	(435,779)
	<u>18,415</u>	<u>18,760</u>

- Due from related parties (non-current) include the outstanding balance of the loan granted to Trans World Associate (Pvt.) (a subsidiary company), whereas The balance of the non-current portion of the loan as at March 31, 2020, is amounting to USD 1,173 (equivalent to EGP 18,415). Moreover, the balance of the current portion of the loan, in addition to the current account as at March 31, 2020, is amounting to USD 1,056 USD (equivalent to EGP 16,577), including accrued interest due on the loan amounting to USD 14,708.

** 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.

11. Debtors and other debit balances

(In thousands of EGP)

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Dividends receivable	31,213	--
Prepaid expenses	2,149	2,531
Employees' custodies	2,487	3,512
Others	11,507	12,464
<u>Impairment</u>		
Impairment in debtors and other debit balance	(3,038)	(3,038)
	<u>44,318</u>	<u>15,469</u>

12. Other credit balances

(In thousands of EGP)

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Accrued expenses	51,027	73,209
Salaries tax	4,002	1,017
Value add tax (VAT)	268	346
Social insurance authority	215	195
Withholding tax	56	461
Stamp duty tax	4	--
	<u>55,572</u>	<u>75,228</u>

13. Due to related parties

(In thousands of EGP)

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Orascom Telecom Ventures	582,278	582,624
O-Capital for Energy	6,286	6,286
	<u>588,564</u>	<u>588,910</u>

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Notes to condensed interim separate financial statements for the three-month period ended March 31, 2020

14. Property and equipment

(In thousands of EGP)

<u>Cost</u>	Buildings	Buildings improvements	Furniture	Computers	Vehicles	Total
Balance as at January 1, 2019	45,882	3,342	241	2,182	8,847	60,494
Additions during the period	--	--	--	--	--	--
Disposals during the period	--	--	--	(69)	(1,202)	(1,271)
Balance as at March 31, 2019	45,882	3,342	241	2,113	7,646	59,224
Balance as at January 1, 2020	45,882	3,342	241	2,269	7,358	59,092
Additions during the period	--	--	--	42	--	42
Disposals during the period	--	--	--	(62)	(774)	(836)
Balance as at March 31, 2020	45,882	3,342	241	2,249	6,584	58,298
Accumulated depreciation						
Balance as at January 1, 2019	6,287	1,077	225	1,239	4,580	13,408
Depreciation for the period	230	167	5	119	416	937
Accumulated depreciation for disposals	--	--	--	(68)	(701)	(769)
Balance as at March 31, 2019	6,517	1,244	230	1,290	4,295	13,576
Balance as at January 1, 2020	7,205	1,744	241	1,589	5,308	16,087
Depreciation for the period	230	166	--	109	333	838
Accumulated depreciation for disposals	--	--	--	(28)	(540)	(568)
Balance as at March 31, 2020	7,435	1,910	241	1,670	5,101	16,357
<u>Net book value</u>						
As at January 1, 2019	39,595	2,265	16	943	4,267	47,086
As at March 31, 2019	39,365	2,098	11	823	3,351	45,648
As at January 1, 2020	38,677	1,598	--	680	2,050	43,005
As at March 31, 2020	38,447	1,432	--	579	1,483	41,941

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Notes to condensed interim separate financial statements for the three-month period ended March 31, 2020

15. Investments in subsidiaries

(In thousands of EGP)	Shareholding		March 31, 2020	December 31, 2019
	Country	%		
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 Services	Egypt	99.2	63	63
Beltone Financial Holding(*)	Egypt	74,55	901,028	468,912
Victoire investment Holding	Netherlands	99.99	526,017	526,017
O-Capital for energy	Egypt	99.2	4,375	4,375
Orascom Prisme Pyramids for Entertainment Projects		70	3,105	3,105
O-Capital for Services and Construction	Egypt	99.2	63	63
Orascom Pyramids for Entertainment Projects (**)		99	59,400	1,980
Paid under the increase in investments in subsidiaries (*)			--	392,260
<u>Impairment</u>				
O-Capital for energy			(4,375)	(4,375)
Orascom Telecom Mobile Infrastructure Services			(63)	(63)
Orascom Prisme Pyramids for Entertainment Projects			(3,105)	(3,105)
Beltone Financial Holding			(182,599)	(182,599)
			1,587,573	1,490,297

(*) During 2019, the Company transferred a portion of the debit balance due from Beltone Financial Holding in the amount of EGP 392,260 thousand, to amounts paid under the increase in the investment in the subsidiary after the approval of the extraordinary general assembly of Beltone Financial Holding to increase its issued capital .

On the March 5, 2020, the subsidiary company recorded its capital increase, mentioned above, in the commercial register of the subsidiary and the amount of investment in the subsidiary increased by the same amount. The company also purchased 17,788,873 shares of Beltone Financial Holding Company shares, during the three-month period ended March 31, 2020, with a total amount of EGP 35,578 thousand, while also paying EGP 4,278 thousand, which represents the transaction cost that was capitalized on the investment account of the subsidiary. Thus, the company's share in Beltone Financial Holding Company became 74.55% with a net number of shares of 332,230,058 shares.

(**) During the three-month period ending March 31, 2020, the Company increased its investments in Orascom Pyramids for Entertainment Projects (a subsidiary) by paying EGP 57,420 thousand in cash to increase the subsidiary's capital.

Orascom Investment Holding "S.A.E"

Notes to condensed interim separate financial statements for the three-month period ended March 31, 2020

16. Investment in associates

(In thousands of EGP)	Shareholding		March 31, 2020	December 31, 2019
	Country	%		
CHEO Technology Joint Venture (Koryolink) (*)	North Korea	75	613,632	613,632
Sarwa capital holding company (**)	Egypt	29,7	1,593,953	1,590,562
			2,207,585	2,204,194

(*) 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 September 30, 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 full 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 associate company to transfer profits to the parent (return of funds to its native) and the absence of a free-floating currency exchange market in North Korea, announced by the Central Bank of North Korea, other than launching a competing local telecom operator wholly owned by the North Korean Government.

On September 11, 2017, the United Nations Security Council issued a resolution obliging member states of the United Nations to pass laws prohibiting joint ventures and existing partnerships with the North Korean Republic unless approval is obtained to continue such joint ventures. At the present, the Company's management submitted an official request through the Government of the Arab Republic of Egypt in order to be excluded from adhering to the said resolution.

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

(**) During the three-month period ended March 31, 2020, the Company purchased 1,022 thousand shares of Sarwa Capital Holding Company at a value of EGP 3,391 thousand, thus the Company's contribution in the capital of the associate company became 29.7%.

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Notes to condensed interim separate financial statements for the three-month period ended March 31, 2020

17. Borrowings

(In thousands of EGP)

	March 31, 2020	December 31, 2019
Borrowings-current	1,529	376,286
Borrowings- non-current	487	651

Banks	<u>March 31, 2020</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	--	--	--	33,372	USD	Oct., 2021	Bank interest + 1.25%	Secured
Loan from Local Bank	508	--	508	4,738	EGP	Dec., 2020	The interest of certificates + 2% at least 12% annually	Secured
Loan from Local Bank	1,021	487	1,508	4,710	EGP	Dec., 2021	The interest of certificates + 1.5% at least 11% annually	Secured
	1,529	487	2,016					

Banks	<u>December 31, 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*	374,606	--	374,606	33,372	USD	Oct., 2021	Bank interest + 1.25%	Secured
Loan from Local Bank	738	7	745	4,738	EGP	Dec., 2020	The interest of certificates + 2% at least 12% annually	Secured
Loan from Local Bank	942	644	1,586	4,710	EGP	Dec., 2021	The interest of certificates + 1.5% at least 11% annually	Secured
Credit facilities	--	--	--	90,000	USD	Dec., 2019	2.3%	Secured
Total	376,286	651	376,937					

(*) In January 2020, the Company ,prematurely paid the remaining amount of the loan, granted by a foreign bank in the amount of USD 23.4 million equivalent to EGP 313 million.

18. 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).

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Notes to condensed interim separate financial statements for the three-month period ended March 31, 2020

19. Provisions and impairment

<u>(In thousands of EGP)</u>	<u>December 31, 2019</u>	<u>Formed</u>	<u>Used</u>	<u>March 31, 2020</u>
<u>Provisions</u>				
Provisions for potential claims*	242,764	5,629	(14,066)	234,327
Total provisions	242,764	5,629	(14,066)	234,327
<u>Impairment in assets in value</u>				
Due from related parties	753,217	566	--	753,783
Investment in subsidiaries	190,142	--	--	190,142
Other debit balances	3,038	--	--	3,038
Total impairment	946,397	566	--	946,963

* Provisions for potential claims are recognized according to the best estimate of the value of the commitments expected at the date of the condensed interim separate financial statements, arising from the exercise of the Company's activities and its contractual relationship with others and the management annually review and settle these provisions according to the latest developments, discussions and agreements with the parties concerned. 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.

20. Earnings / (losses) per share

Earnings / (losses) per share from net profit / (loss) for the period is calculated according to the Egyptian Accounting Standard no. (22) as follows for the three-month period ended:

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Net profit / (loss) for the period (in thousands of EGP)	45,279	(129,573)
Weighted average number of shares outstanding (in thousands of shares)	5,245,691	5,245,691
Earnings / (losses) per share for the period (EGP/share)	0.01	(0.02)

Diluted: Diluted earnings / (losses) 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 / (losses) per share are equal.

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Notes to condensed interim separate financial statements for the three-month period ended March 31, 2020

21. Credit interest

<u>(In thousands of EGP)</u>	<u>Financial period ended March 31, 2020</u>	<u>Financial period ended March 31, 2019</u>
Credit Interest	62,818	904
	62,818	904

(*) Credit interest amount during the three-month period ending March 31, 2020 includes an amount of EGP 61,694 thousand, which represents the gain resulting from the early repayment of the full value of the loan granted by a foreign bank for the direct and indirect acquisition of the shares of companies that own the building in Brazil.

22. Other expenses

<u>(In thousands of EGP)</u>	<u>Financial period ended March 31, 2020</u>	<u>Financial period ended March 31, 2019</u>
IT expenses	(570)	(1,046)
Maintenance expenses	(614)	(680)
Car maintenance expenses	(179)	(186)
Bank charges	(86)	(144)
Stamp duty expenses	--	(7)
Donations	--	(1,000)
Others	(1,431)	(2,138)
	(2,880)	(5,201)

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Notes to condensed interim separate financial statements for the three-month period ended March 31, 2020

23. Significant transactions with related parties

(In thousands of EGP)

<u>Company Name</u>	<u>Nature of the relationship</u>	<u>Nature of the transactions</u>	<u>Volume of Transactions</u> <u>March 31, 2020</u>	<u>Volume of Transactions</u> <u>March 31, 2019</u>	<u>Balance Debit (Credit) 2020</u>	<u>Balance Debit (Credit) 2019</u>
CHEO Technology JV (KoryoLink)	Associate	Expenses paid on behalf of the related party	906	686	275,772	274,866
Orascom Prisme Entertainment	Subsidiary	Cash received from related Party	5,007	--	15,666	20,673
Trans World Associate (Pvt.) LTD	Subsidiary	Interest on loans during the period	231	--	34,992	35,391
Orascom Telecom Ventures	Subsidiary	Expenses paid on behalf of the related party	345	101	(582,278)	(582,624)
Oracap Holding	Subsidiary	Expenses paid on behalf of the related party	3,379	4,310	433,667	435,779
		Cash received from related Party	5,490			

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Notes to condensed interim separate financial statements for the three-month period ended March 31, 2020

24. 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.

1- 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.

2- 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.

3- Other Risks

Political and economic risks in emerging countries

Since the Company has investments in different countries, it depends on the market economies of the countries where the subsidiaries operate. In particular, these markets are characterized by economies that are at various stages of development or are undergoing restructuring. Therefore, the operating results of the group are affected by current and future economic and political developments in these countries in particular. The results of operations can be negatively affected by changes in political or government structures or weaknesses in the local economies of the countries in which they operate. These changes can also have an unfavorable impact on financial position, performance and business opportunities.

Regulatory risks in emerging countries

Given the legal nature and tax authorities of the emerging countries in which the group operates, it is possible that laws and regulations can be amended. It could include factors such as the current tendency to refrain from taxing the profits of these subsidiaries, obtaining excessive tax assessments, and granting subsidies for certain foreign currency operations and practices. These factors could have an unfavorable effect on the Group's financial activities and on the ability to receive funds from subsidiaries.

The revenue generated by most of the company's subsidiaries is expressed in the local currency. The company expects to receive most of these revenues from its subsidiaries, and this depends on its ability to be able to transfer money in various countries, such as North Korea (one of the subsidiaries) where there are many restrictions in the payment of interest and dividends and the payment of loans Credit, bonds and bonds in foreign currencies through currency conversion. In addition, in some countries there may be many restrictions imposed on the company that affect the company's ability to transfer large amounts of foreign currency due to the regulations of the central bank and central banks that are likely to It modifies regulations in the future and thus may change the company's ability to receive funds from its subsidiaries.

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Company's activities in North Korea

Due to the presence of investments of the company in North Korea, which relate to a percentage of investments 75% in the local telecommunications company (Koryolink) and where North Korea is subject to international sanctions imposed by the European Union and the United States as well as the United Nations. These sanctions entail restricting financial transactions, import and export of goods and services, including goods and services needed to operate and maintain and develop mobile phone networks. However, there is no material impact on Koryolink's operations so far. There is no guarantee that if the international sanctions imposed on North Korea are changed, it will be able to finance its operations and activities as well as its ability to transfer funds to and from the company or operate a network North Korea's mobile phone and a review of what is said, it could adversely affect investments in Korea and the company is unable to continue operating its facilities in North Korea.

In addition, North Korea's cash transfers from local currency to foreign currencies are subject to censorship by government authorities, along with North Korea's local currency is un-exchangeable abroad and accordingly limits the level of profits that can be paid from the associate of the parent company from its operations in North Korea.

25. Capital commitments

There are capital commitments represented in the value of the remaining amounts to complete the capital of O-Capital Energy, O-Capital Services and Contracting and Orascom Prism Pyramids with a value of EGP 13,125 thousand, EGP 189,000 thousand and EGP 9,315 thousand, respectively from 25% to 100%.

26. Significant events during the period

1- The impact of the recent outbreak of the virus (Covid-19) on the global economy and markets continues. And its negative impact on several aspects, including supplies, manpower, operations, demand for our products and liquidity available to the company. Accordingly, the company's management has formed a working group to develop and implement contingency plans to meet these exceptional circumstances, and we are currently closely monitoring and evaluating all the developments related to the spread of the emerging virus. Where all the necessary measures have been taken to maintain our operational processes, and most importantly, it is to protect our employees, suppliers, customers of the Company and all stakeholders associated with the Company.

2- Postponing the adoption of the amendments to the New Egyptian accounting standards :

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. Given the current circumstances that the country is going through due to the outbreak of the new Corona virus and its economic and financial effects related to it, in addition implementing prevention measures and countering its spread from imposing restrictions on the presence of human resources in companies at their full capacity on a regular basis. The Higher Committee for the Review of Egyptian Accounting Standards, Limited review, and other assurance services formulated by Prime Minister Decision No. 909 of 2011, which states that the application of the New Egyptian Accounting standards can be postponed and the amendments related to this issued by decision No. 69 on the annual financial statements of these companies at the end of 2020, and include the combined effect for the whole year by the end of 2020. The most prominent amendments are as follows:

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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>A Summary of the Most Significant Amendments</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>The Management is currently assessing the potential impact of implementing the amendment of the standard on the separate 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>

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<p>The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"</p>	<p>4- based on the requirements of this standard the following standards were amended :</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019] - Egyptian Accounting Standard No. (4) - "Statement of Cash Flows". - Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation. - Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement". - Egyptian Accounting Standard - EAS No. (40) "Financial Instruments: Disclosures " 		<p>-These amendments are effective as of the date of implementing Standard No. (47)</p>
<p>The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"</p>	<p>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: a- Egyptian Accounting Standard No. (8) - "Construction Contracts", as amended in 2015. b- Egyptian Accounting Standard No. (11) - "Revenue" as amended in 2015. 2. For revenue recognition, Control Model is used instead of Risk and Rewards Model. 3. 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 4. the standard requires that contract must have a commercial substance in order for revenue to be recognized 5. Expanding in the presentation and disclosure requirements</p>	<p>The potential impact of implementing the standard on the separate financial statements will not be material.</p>	<p>Standard No(48) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p>

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<p>The new Egyptian Accounting Standard No. (49) "Lease Contracts"</p>	<p>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.</p> <p>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 lease or finance lease contracts .</p> <p>3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.</p> <p>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 .</p> <p>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>	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the separate 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.</p> <p>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 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.</p>
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Notes to condensed interim separate financial statements for the three-month period ended March 31, 2020

<p>Egyptian Accounting Standard No. (38) as amended "Employees Benefits"</p>	<p>Number of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans</p>	<p>The potential impact of implementing the amendment of the standard on the separate financial statements will not be material.</p>	<p>This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.</p>
<p>Egyptian Accounting Standard No. (42) as amended "Consolidated Financial Statements"</p>	<p>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: - (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.</p>	<p>The potential impact of implementing the amendment of the standard on the separate financial statements will not be material.</p>	<p>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.</p>
<p>Issuance of Egyptian Accounting Interpretation No.(1)"Public Service Concession Arrangements" ...</p>	<p>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 .</p>	<p>The impact of implementing the amendment of the standard on the separate financial statements is not material.</p>	<p>Interpretation No.(1) applies to financial periods beginning on or after January 1st, 2019,</p>

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Translation of condensed interim separate financial statements originally issued in Arabic

<p>Egyptian Accounting Standard No. (22) as amended "Earnings per Share"</p>	<p>The scope of implementation of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.</p>	<p>The Company applied the amendment of the standard on the separate financial statements of the prior year.</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 amended "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 amended :</p> <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 	<p>The impact of implementing the amendment of the standard on the separate financial statements is not material.</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 amended "Statement 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 Company applied the amendment of the standard on the separate financial statements of the prior year.</p>	<p>This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.</p>

Chief Financial Officer



Chairman and Managing Director

