



**ORASCOM
INVESTMENT**

**Orascom Investment Holding
S.A.E.
Separate Financial Statements
As of and for the year ended December 31, 2020
Together with auditor's report**



Hazem Hassan

Public Accountants & Consultants

Translation of audit report
originally issued in Arabic

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Auditor's report

To the Shareholders of Orascom Investment Holding S.A.E.

Report on the Separate Financial Statements

We have audited the accompanying separate statement of financial position of Orascom Investment Holding S.A.E. as of December 31, 2020, and the related separate statements of income, comprehensive income, changes in equity, and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

These separate financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error, management responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. Except as described in the Basis of Qualified Opinion paragraph, we conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the separate financial statements.

Basis of Qualified Opinion

We have not obtained banks confirmations and bank statements on bank balances amounting to EGP 879 340, therefore, we couldn't obtain reasonable assurance over the existence and completeness of these balances, as well as the completeness of transactions and disclosures related to these banks as of and for the year ended December 31, 2020. We couldn't perform alternative audit procedures to obtain reasonable assurance over the existence and completeness of the balances, transactions and disclosures related to these banks.

Qualified Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary if we have obtained the audit evidences described in the Basis of Qualified Opinion paragraph, the separate financial statements referred to above present fairly, in all material respects, the unconsolidated financial position of Orascom Investment Holding S.A.E. as of December 31, 2019, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these separate financial statements.

Emphasis of Matter

Without modifying our opinion, as mentioned in details in note (16) from the accompanying notes of the separate financial statements, the Company has a significant influence over its investee "Koryolink" in North Korea, the investment is amounting to EGP 613.6 million, which the Company classified as investment in associates as of December 31, 2020. Also, the Company has bank balances in North Korea amounting to EGP 55.9 million, which the Company classified as other financial assets as of December 31, 2020. Considering that Koryolink is operating under an international bans, operational and financial restrictions imposed by the international community on North Korea, which lead to difficulties in transferring profits abroad and repatriate the funds to their home country, which lead to material uncertainty in Company's ability to get the recoverable amount of these assets.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company to prove it, the separate financial statements are in agreement thereto.

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account within the limits that such information is recorded therein.

KPMG Hazem Hassan


Public Accountants and Consultants

Cairo, May 30, 2021

KPMG Hazem Hassan
Public Accountants and Consultants

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ORASCOM INVESTMENT HOLDING "S.A.E".
Separate statement of financial position as of

(In thousands of EGP)	<u>Note no.</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Non-current assets</u>			
Property and equipment	(14)	37,789	43,005
Investments in subsidiaries	(15)	889,144	1,490,297
Investments in associates	(16)	613,632	2,204,194
Due from related parties	(10-B)	14,393	18,760
Other financial assets	(9)	59,025	114,213
Total non-current assets		1,613,983	3,870,469
<u>Current assets</u>			
Due from related parties	(10-A)	22,185	177,778
Debtors and other debit balances	(11)	18,293	15,469
Cash and cash equivalents	(8)	97,419	519,736
Total current assets		137,897	712,983
Total assets		1,751,880	4,583,452
<u>Equity</u>			
Issued and paid-up capital	(18)	577,025	2,203,190
Legal reserve		170,033	589,555
Result of the demerger		(129,087)	--
Retained earnings		52,123	751,983
Net profit / (loss) for the year		115,773	(253,333)
Total equity		785,867	3,291,395
<u>Non-current liabilities</u>			
Borrowings	(17)	80,845	651
Deferred tax liabilities	(7)	1,952	3,017
Total non-current liabilities		82,797	3,668
<u>Current liabilities</u>			
Provisions	(19)	258,248	242,764
Borrowings	(17)	1,234	376,286
Trade payables		4,425	5,201
Other credit balances	(12)	68,244	75,228
Due to related parties	(13)	551,065	588,910
Total current liabilities		883,216	1,288,389
Total liabilities		966,013	1,292,057
Total liabilities and equity		1,751,880	4,583,452

- The accompanying notes from (1) to (31) are an integral part of these separate financial statements and should be read therewith.

Acting Chief Financial Officer

Chairman

* Auditor's report "attached"

ORASCOM INVESTMENT HOLDING "S.A.E".
Separate statement of income for the financial year ended

(In thousand EGP)	<u>Note no.</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u> <u>Represented</u>
<u>Continuing operations</u>			
Dividends income	(4)	62,384	338,520
Other income		2,493	230
Total income		64,877	338,750
<u>(Less)</u>			
Employees cost and board of directors' remuneration	(5)	(62,348)	(93,049)
Consulting and professional services fees		(42,561)	(50,154)
Subscription expenses		(3,092)	(2,519)
Depreciation and amortization	(14)	(2,808)	(3,617)
Provisions formed	(19)	(29,551)	(39,453)
Impairment losses in assets	(20)	(13,917)	(33,837)
Other expenses	(22)	(15,211)	(32,869)
Operating (losses)/income		(104,611)	83,252
Interest income	(21)	63,167	3,748
Finance cost		(4,975)	(115,960)
Net foreign currencies translation differences		2,630	(26,453)
Net financing income / (cost)		60,822	(138,665)
Net (loss) for the year before tax		(43,789)	(55,413)
Income taxes	(7)	(4,603)	26,796
Net (loss) for the year from continuing operations after tax		(48,392)	(28,617)
Profit / (loss) from discontinuing operations	(29)	164,165	(224,716)
Net profit / (loss) for the year		115,773	(253,333)
(Losses) per share from continuing operation			
- Basic and diluted	(23)	(0.009)	(0.005)
Earnings / (losses) per share from discontinuing operation			
- Basic and diluted	(23)	0.031	(0.043)

- The accompanying notes from (1) to (31) are an integral part of these separate financial statements and should be read therewith.

Acting Chief Financial Officer

Chairman

ORASCOM INVESTMENT HOLDING "S.A.E".
Separate statement of comprehensive income for the financial year ended

(In thousands of EGP)	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Net profit / (loss) for the year	115,773	(253,333)
Other comprehensive income items	--	--
Total comprehensive income / (loss) for the year	115,773	(253,333)

- The accompanying notes from (1) to (31) are an integral part of these separate financial statements and should be read therewith.

Acting Chief Financial Officer

Chairman

ORASCOM INVESTMENT HOLDING "S.A.E"
Separate statement of changes in equity for the financial year ended December 31, 2020

(In thousands of EGP)	Issued and paid-up capital	Legal reserve	Result of the demerger	Retained earnings	Net (loss) / profit for the year	Total
Balance as of January 1, 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)	--	--	--	--	(253,333)	(253,333)
Balance as of December 31, 2019	2,203,190	589,555	--	751,983	(253,333)	3,291,395
Balance as of January 1, 2020	2,203,190	589,555	--	751,983	(253,333)	3,291,395
Adjustments for new Accounting Standards (EAS 47) **	--	--	--	(54,482)	--	(54,482)
Balance as of January 1, 2020, restated	2,203,190	589,555	--	697,501	(253,333)	3,236,913
Transferred to retained earnings	--	--	--	(253,333)	253,333	--
Effect of the demerger ***	(1,626,165)	(419,522)	(129,087)	(392,045)	--	(2,566,819)
Total comprehensive (income)	--	--	--	--	115,773	115,773
Balance as of December 31, 2020	577,025	170,033	(129,087)	52,123	115,773	785,867

- The accompanying notes from (1) to (31) are an integral part of these separate financial statements and should be read therewith.

** The comparative number for the year 2019 has been modified, as a result of the early applying of Egyptian Accounting Standard no. 47 (see note no. 3-T).

*** The settlements on equity are the result of the demerger (for more details see note no. 28).

Acting Chief Financial Officer

Chairman

ORASCOM INVESTMENT HOLDING "S.A.E".
Separate statement of cash flows for the financial year ended

(In thousands of EGP)	Note no.	<u>December 31, 2020</u>	<u>December 31, 2019</u> <u>Represented</u>
Net (loss) for the year before tax		(43,789)	(55,413)
Adjustments by:			
Dividends income	(4)	(62,384)	(338,520)
Depreciation and amortization	(14)	2,808	3,617
Impairment losses of financial Assets	(20)	13,917	--
Net foreign currencies translation differences		(2,630)	26,453
Capital (gain)		(2,493)	(47)
Interest income		(63,167)	(3,748)
Finance cost		4,975	115,960
Changes in:		(152,763)	(251,698)
Due from related parties		13,262	(12,075)
Other debit balances		3,221	56,555
Trade payables		(776)	2,723
Other credit balances		(6,836)	16,632
Due to related parties		(61,593)	48,281
Provisions		15,484	39,453
Cash flows (used in) operating activities		(190,001)	(100,129)
Interest received		1,473	3,748
Employees' dividends		--	(14,057)
Net cash flows (used in) operating activities		(188,528)	(110,438)
Cash flows from investing activities			
Payments for purchase of property and equipment		(80)	(189)
Proceeds from sale of property and equipment		499	700
Dividends received		60,184	18,520
Payments for purchase of investments in subsidiaries	(15)	--	(1,980)
Net received from other financial assets		3,474	--
Net cash flows from investing activities		64,077	17,051
Cash flows from financing activities			
Interest paid		(4,688)	(81,465)
Payments for loans		(313,779)	(1,645,889)
Proceeds from credit facilities		78,765	--
Payments for capital increase of subsidiaries	(15)	(77,420)	--
Net received from other financial assets- pledged deposits		2,100	5,583
Net received from bank deposits- non-current		--	1,651,780
Net cash flows (used in) financing activities		(315,022)	(69,991)
Net change in cash and cash equivalents during the year from		(439,473)	(163,378)
Discontinuing operation:			
Net cash flows provided from operating activities		38,304	60,640
Net cash flow provided from / (used in) investing activities		21,790	(562)
Cash flow (used in) finance activities		(39,856)	--
Net change in cash and cash equivalents from discontinuing operation		20,238	60,078
Net change in cash and cash equivalents during the year		(419,235)	(103,300)
Change in exchange rate in cash and cash equivalents		(3,082)	(67,113)
Cash and cash equivalents at the beginning of the year		519,736	690,149
Cash and cash equivalents at the end of the year	(8)	97,419	519,736

- The accompanying notes from (1) to (31) are an integral part of these separate financial statements and should be read therewith.

Acting Chief Financial Officer

Chairman

1. **Background**

a- **Legal form**

- Orascom Investment Holding S.A.E. (Formerly Orascom Telecom Media and Technology Holding” is an Egyptian Joint Stock company pursuant to provisions of the capital market law no. 95 of 1992, and its executive regulations. The Company was registered at Cairo Commercial Register on November 29, 2011, under No 394061. The Company’s head office is located at Nile City Towers, Ramlet Boulak –Cairo, Egypt the company’s duration is 25 years starting from November 29, 2011.
- In accordance with the Extraordinary General Assembly Resolution of June 5, 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.

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

The Company was established by way of legal demerger from Orascom Telecom Holding S.A.E “OTH” as part of the VimpelCom transaction. In October 2010, VimpelCom Ltd and Wind Telecom announced that both groups had signed a merger agreement, and where Wind Telecom (formerly Wind Investment) owns 51.7% of shares of Orascom Telecom Holding SAE “OTH”.

On April 14, 2011 the demerger plan was concluded, in order to transfer certain assets to the demerged Company that are not intended to form part of the VimpelCom – Wind Telecom group going forward. Those assets represent mainly OTH investment in the Egyptian company for mobile services, CHIO technology in North Korea, Orascom Telecom Ventures SAE, as well as other investments in the media sector including undersea cable assets.

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

2. **Basis of preparation of the separate financial statements**

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

- The separate financial statements have been prepared in accordance with the Egyptian Accounting Standards issued by the Minister of Investment’s decision no. 110 for the year 2015, applied from January 1, 2016. And the applicable Egyptian laws and regulations. The Egyptian Accounting Standards require referral to International Financial Reporting Standards “IFRS” for certain types of transactions or events when no Egyptian Accounting Standard or legal requirement exists to address treatment for these transactions or events.
- The separate financial statements of the Company for the year ended December 31, 2020, were approved by the board of directors on May 30, 2021.

b- Basis of measurement

These separate financial statements are prepared on the historical cost basis, except for financial Instruments which are stated at fair value or amortized cost which are as follows:

- Financial derivatives
- Financial instruments at fair value through profit or loss
- Financial assets at fair value through other comprehensive income.

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).

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.

The following are the significant accounts where critical judgments and estimates that have been used:

- Recognition of current and deferred tax assets and liabilities and their measurement

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

For recognition of deferred tax assets, management use assumptions about the availability of sufficient taxable profits allowing use of recognized tax assets in the future. Management also uses assumptions related to determination of the applicable tax rate at the financial statements date at which deferred tax assets and liabilities are expected to be settled in the future.

- **Provisions and contingent liabilities**

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

- **Impairment of financial assets**

At each financial position date, the management reviews the carrying amounts of its financial assets to determine whether there are any indications that those assets have suffered an impairment loss.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset.

Carrying amount of all financial assets are reduced directly by the impairment losses except for impairment related to amounts expected to be collected from related party balances and some debit balances for which an impairment account is formed for this value.

- **Estimating the useful lives and salvage value for property, plant and equipment and intangible assets and depreciation and amortization methods and recoverable value for those assets**

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

3. **Significant accounting policies applied**

The separate financial statements have been prepared by the same accounting policies that are followed on an ongoing basis when preparing the Company's separate financial statements, and except for the early applying of Egyptian Accounting Standard no. (47), which will be explained in Note (3-r), the accounting policies have been followed consistently in all periods presented in separate financial statements.

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, labor 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. Land owned by the company is not depreciated (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 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

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. 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 financial statements, the carrying amount of the investment is reduced to the recoverable amount and impairment losses are recognized immediately in the separate income statement.

E. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition without any conditions other than the sales conditions.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Unless the delay is due to events beyond the control of the Company and if there is sufficient evidence that confirms the continuation of the Company in its commitment to sell the asset.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less cost to sell

F. Impairment of non-financial assets

On annual basis, the company reviews the carrying amounts of its tangible and non-financial assets (for example: investment in subseries and associate) to determine whether there is any indication that those assets have suffered an impairment loss, if any such indication exists, The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, where it is not possible to estimate the recoverable amount of an individual asset, company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of the asset or the cash-generating unit is the fair value - selling costs - or the value in use, which is greater. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted, If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount, An impairment loss is recognized immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

G. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

- Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

- Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the Balance Sheet Liability Method.

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

Deferred tax assets or liabilities are not recognized for temporary differences resulting from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

- Current and deferred tax for the year

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized directly in equity, in which case, the current and deferred tax are recognized directly in equity.

H. Provisions

- Provisions are recognized when the Company has a present obligation (legal or constructive), arising from past event, the settlement of which is expected to result in an outflow of the enterprise resources embodying economic benefits, the cost to settle related obligations are probable and a reliable estimate is made of the amount of the obligation.
- The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the separate balance sheet date, taking into account the risks and uncertainties surrounding the obligation.
- Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as finance cost in separate income statement.

I. Cash and cash equivalents

The Company considers all cash on hand, bank current accounts, Treasury bills due in less than 3 months and other short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value with original maturities of three months or less as cash and cash equivalents.

J. Revenue recognition and measurement

- 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 investments 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.

K. Financial instruments

Financial assets

Starting from January 1, 2020, the Company has early adopted the Egyptian Accounting Standard no. 47 (for more details, please refer to note no. 4-33).

A. Classification:

Starting from January 1, 2020 the Company classified its financial assets into the following measurement categories:

- financial assets at fair value through profit or loss or other comprehensive income, and
- financial assets measured at amortized cost.

The classification depends on the Company's business model for managing those financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will be recorded either in the statement of profit or loss or in other comprehensive income. For investments in equity instruments that are not held for sale, this will depend on whether the Company has made an irrevocable election at the initial recognition of accounting for these investments to be at fair value thorough other comprehensive income.

The Company reclassifies its investments when and only when its business model for managing those assets changes.

B. Recognition and derecognition:

The normal way of buying and selling financial assets, on the trade date, which is the date on which the Company has a commitment to buy or sell the financial asset. A financial asset is derecognized when the contractual rights to receive cash flows from the financial asset expire, or those rights are transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset have been transferred.

C. Measurement:

On initial recognition, the Company measures the financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss statement, transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets at fair value through profit or loss are expensed in the statement of profit or loss.

Embedded financial assets are considered entirely embedded derivatives when determining whether their cash flows are solely payments of principal and interest.

Debt instruments:

The measurement of debt instruments depends on the company's business for managing the asset and characteristics of cash flow of the asset, there are three measurement categories by which the Company classifies debt instruments:

- **Amortized cost:** Assets held to maturity date to collect contractual cash flows, where those cash flows represent only payment of original amount and interest, are measured at amortized cost. Interest income from these financial assets is included in financing income using the interest rate method. Any gains or losses resulting from the disposal of investments are recognized directly in the statement of profit or loss, and they are classified under other income / (expenses). Impairment losses are presented as a separate item in the statement of profit or loss.
- **Fair value through other comprehensive income:** Assets held for the purpose of collecting contractual cash flows and also for the purpose of selling financial assets, where the cash flows of assets represent only payment of original amount and interest, are measured at fair value through other comprehensive income. Changes in carrying amount are taken into other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in the statement of profit or loss. When the financial asset is disposed of, the cumulative gain or loss previously recognized in other comprehensive income from equity is reclassified to profit or loss and recognized in other income/(expenses). Interest income from these financial assets is included in financing income using the interest rate method, and impairment expense is presented as a separate item in the statement of profit or loss.
- **Fair value through profit or loss:** Assets that do not meet the criteria for depreciated cost or fair value through other comprehensive income are measured at fair value through profit or loss. Gains or losses on investment in debt instruments that are subsequently measured at fair value through profit or loss are recognized in profit or loss and are presented under other income / (expenses) in the period in which they arise. Impairment expenses as a separate item in the statement of profit or losses.

Equity instruments

The Company subsequently measures all investments in equity instruments at fair value. When the company's management chooses to present the fair value gains and losses on investments in equity instruments in the statement of other comprehensive income, it is not subsequently reclassified to the statement of profit or loss after disposal of the investment. Dividends from these investments continue to be recognized in the statement of profit or loss as other income when the company's right to receive dividends is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other income/(expenses) in the statement of profit or loss. Impairment losses (and reversals of impairment losses) on investments in equity instruments that are measured at fair value through other comprehensive income are not recognized separately from other changes in fair value.

d- Impairment:

At each financial position date, The Company assesses the expected credit losses associated with the investment in debt instruments, which are carried at amortized cost and fair value through other comprehensive income. Expected credit losses of a financial asset occurs when there is one or more adverse events to the expected cash flows of the financial asset.

Evidence of expected credit losses includes the following observable data.

- Breach of contract by defaulting on loan repayment or delaying payment for more than 90 days from the due date.
- Restructuring the loan and the advance payment from the company on terms not in the interest of the company.
- it is probable that the borrower will go bankrupt or other financial scheduling, or the active market will disappear due to financial difficulties.

Provision of financial assets at amortized cost will be deducted from the total amount of assets.

Financial derivatives

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

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

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

Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

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

Equity instruments

Equity instruments represent any contract that gives the Company the right to the net assets of an entity after deducting all of its obligations.

Equity instruments issued by the Company are recorded at the value of the proceeds received or the net value of the assets transferred, deduct the costs of issuance directly attributable to the transaction.

Financial liabilities

Financial liabilities are classified as either financial liabilities (at fair value through profit or loss) or other financial liabilities.

Other financial liabilities

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

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

De-recognition of financial instruments from books

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

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

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

Effective interest rate method:

The effective interest rate method is used to calculate the amortized cost of financial assets that are debt instruments and to distribute the return over the relevant periods. The effective interest rate is the rate at which future cash receipts (which includes all fees and payments or receipts between parties to the contract that are part of the effective interest rate and also includes transaction costs and any other premiums) are discounted over the estimated life of the financial assets or any appropriate less period.

The return on all debt instruments is recognized on the basis of the effective interest rate, except for those classified as financial assets at fair value through profits or losses, where the return on them is included in the net change in their fair value.

L. Short term employees' benefits

Salaries, wages, paid vacations, sick leaves; bonus and other non-cash benefits in favor of employees' services for the Company are recognized according to the accrual basis in the same period these services were rendered.

M. Dividends

Dividends declared to the shareholders, Board of Directors and employees are recognized as a liability in the financial statements in the period in which these dividends have been approved by the Company's shareholders.

Orascom Investment Holding S.A.E.

Notes to the Separate Financial Statements for the financial year ended December 31, 2020

N. 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 income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least 12 months after the separate reporting date.

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.

O. 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.

P. 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 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.

Q. Legal reserves

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

R. Employees' profit share

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

S. Cash flows statement

The separate statement of cash flows is prepared using the indirect method.

T. New Issues and amendments to the Egyptian accounting standards that the Company has early adopted in 2020:

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, New standards and amendments to some existing standards will be implemented beginning from the financial period that will on January 1, 2021, The Company has decided to apply early the Egyptian Accounting Standard No. (47) "Financial Instruments" starting from the financial period starting on January 1, 2020.

The New Egyptian Accounting Standard No. (47) "Financial Instruments"

Egyptian Accounting Standard No. (47) "Financial Instruments" supersedes the topics in Egyptian Accounting Standard No. (26).

The new Egyptian accounting standard No. 47 determines the basis for the recognition and measurement of the financial assets and liabilities also the basis of calculation of the financial asset's impairment.

Classification and measurement:

The new standard requires the Company to evaluate the financial assets in its financial statements according to the cash flow of the financial assets and the company's relevant business model for a particular one of financial assets.

Egyptian Accounting Standard No. 47 no longer has an "available-for-sale" classification for financial assets. The new standard contains different requirements for financial assets in debt or equity instruments.

Debt instruments should be classified and measured as following:

- Amortized cost, for which the effective interest rate method will be applied or
- Fair value through other comprehensive income, with reclassification to the income statement when the asset is sold or
- Fair value through profit or loss.

Investments in equity must be classified and measured as following:

- Fair value through other comprehensive income, with reclassification to the income statement when the asset is sold or
- Fair value through profit or loss.

The Company continues to measure financial assets at fair value plus transaction cost on initial recognition, except for financial assets measured at fair value through profit or loss, in accordance with current practice. the majority of financial assets was not affected by the change to Egyptian Accounting Standard No. 47 on January 1, 2020.

The Company 's management believes that there is no impact from the early application of Egyptian Accounting Standard No. 47 on the current Company's financial assets and liabilities.

Financial assets impairment:

Egyptian Accounting Standard No. 47 introduces the expected credit loss model, which replaces the actual loss model in Egyptian Accounting Standard No. 26, as there was no need to create a provision for doubtful debts except in cases where a loss actually occurred. In contrast, the expected credit loss model requires the company to recognize a provision for doubtful debts on all financial assets carried at amortized cost (for example, "customers"), as well as debt instruments classified as financial assets at fair value through Other comprehensive income (for example, government bonds held for liquidity purposes), since initial recognition, regardless of whether a loss occurred.

Accordingly, the provision for doubtful debts increase, and decrease in the value of other financial assets of the Company, when applying Egyptian Accounting Standard No. 47 on January 1, 2020, by an amount of EGP 54,479 thousand, as a result of applying the expected credit loss.

Orascom Investment Holding S.A.E.

Notes to the Separate Financial Statements for the financial year ended December 31, 2020

Hedge accounting

the Egyptian Accounting Standard No. 47 simplifies and expands the Company 's ability to apply hedge accounting (for example, the risk components of non-financial assets or liabilities may be designated as part of a hedging relationship). In addition, the requirements of the standard are aligned more closely with the Company 's risk management policies, and the effectiveness of the coverage will be measured in the future.

Transitional period

The Company has applied the standard using the modified retrospective method, which means that the cumulative effect of applying the standard has been recognized in retained earnings as of January 1, 2020, and the comparative number have not been restated.

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Notes to the Separate Financial Statements for the financial year ended December 31, 2020

4. Dividends income:

(In thousands of EGP)

	<u>The financial year ended December 31, 2020</u>	<u>The financial year ended December 31, 2019</u>
Orascom Telecom Ventures (*)	--	320,000
Victoire investment holding (**)	48,003	18,520
Trans world associate (private) limited Pakistan (***)	14,381	--
	62,384	338,520

(*) On December 26, 2019, the Extraordinary General Assembly of Orascom Telecom Ventures (a subsidiary) approved a dividend with a total amount of EGP 320,000 thousand.

(**) During 2020, the board of directors of Victoire Investment Holding Company (a subsidiary) approved a dividend of USD 3,059 thousand, equivalent to EGP 48,003 thousand.

(***) On November 2, 2020, the Board of Directors of Trans World Associates (Private) Limited - Pakistan approved a dividend of USD 922 thousand, equivalent to EGP 14,381 thousand.

5. Employees cost & board of directors' remuneration

(In thousands of EGP)

	<u>The financial year ended December 31, 2020</u>	<u>The financial year ended December 31, 2019</u>
Employees' cost	(58,927)	(85,587)
Board of directors' remuneration & allowances	(3,421)	(7,462)
	(62,348)	(93,049)

- Employs cost during the year end on 31 December 2020 amount 17.7 million Egyptian pound which is end of services benefit.

6. Key management remunerations

(In thousands of EGP)

	<u>The financial year ended December 31, 2020</u>	<u>The financial year ended December 31, 2019</u>
Short term payments	(27,953)	(27,766)
	(27,953)	(27,766)

The key management includes Board of director's members and executive directors of the Company.

7. Income taxes

Income tax (Separate statement of income)

(In thousands of EGP)

	<u>The financial year ended December 31, 2020</u>	<u>The financial year ended December 31, 2019</u>
Deferred income tax	1,065	42,796
Taxes on dividends *	(5,668)	(16,000)
Current income tax	(4,603)	26,796

(*) The amount represents taxes on dividends withheld by Trans World Associates (Private) Limited - Pakistan (a subsidiary) and Sarwa Capital Holding (was an associate company till the date of the demerger) for dividends during the year.

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Notes to the Separate Financial Statements for the financial year ended December 31, 2020

Deferred tax movement (Separate statement of financial position)

<u>(In thousands of EGP)</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Balance at the beginning of the year	3,017	45,813
Charged to the statement of income during the year	(1,065)	(42,796)
Balance at the end of the year	1,952	3,017

- The effect of deferred tax is calculated 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 separate financial statements.

Reconciliation of effective tax rate

<u>(In thousands of EGP)</u>		<u>2020</u>		<u>2019</u>
Net profit / (loss) for the year before tax		120,376		(280,129)
Income tax according to applied tax rate	22.5%	27,085	22.5%	(63,029)
Effect of provisions and impairment losses		(10,171)		41,558
Non-deductible expenses		8,451		31,359
Revenue non-taxable for tax purposes		(10,682)		--
Foreign currency translations differences		32,145		(422)
Taxes on dividends		5,668		16,000
Used from taxable carried forward losses		(47,893)		(52,262)
Income tax expense / (benefit)		4,603		(26,796)
effective tax rate		%3.8		%9.6

Unrecorded deferred tax assets

The deferred tax assets were not recorded for the following items:

<u>(In thousands of EGP)</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Taxable carried forward losses	--	(47,893)
Unrealized losses from foreign currencies differences	(18,099)	--
	(18,099)	(47,893)

Carried forward losses should be utilized within a period of 5 years at maximum. Management of the Company followed a prudent approach and did not recognize deferred tax assets on December 31, 2020. The ability of the Company to settle these tax losses against future taxable profits is not impacted by not recording an asset.

8. Cash and cash equivalents

<u>(In thousands of EGP)</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand	933	810
Current accounts - local currency	67,016	22,985
Current accounts - foreign currencies	28,320	459,331
Deposits - local currency	1,150	1,150
Deposits - foreign currencies	--	35,460
	97,419	519,736

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Notes to the Separate Financial Statements for the financial year ended December 31, 2020

9. Other financial assets

(In thousands of EGP)

	December 31, 2020	December 31, 2019
Cash in banks in North Korea - non-current	111,741	108,963
Pledged deposits - non-current	3,151	5,250
Impairment loss of financial assets	(55,867)	--
Total – non- current	59,025	114,213

Impairment losses of other financial assets Recognized as following:

(In thousands of EGP)

	December 31, 2020	December 31, 2019
Expected credit losses percentage	50%	0%
Cash in North Korean banks -non-current	111,741	108,963
Impact of applying new accounting standard (EAS 47)	(54,479)	-
Cash in North Korean banks -non-current	57,262	108,963
Expected credit losses during the year	(1,388)	-
Net cash in North Korean banks non-current	55,874	108,963

10. Due from related parties

a- Current

(In thousands of EGP)

	December 31, 2020	December 31, 2019
Beltone Financial Holdings *	--	29,639
CHEO Technology Joint Venture (Koryolink)	278,540	274,866
Victoire investment holding *	--	101,748
Orascom Prisme Pyramids Entertainment	35,158	35,119
Trans World Associate (Pvt.) Ltd – Pakistan **	--	16,631
Orascom Prisme Entertainment	16,228	20,673
Orascom Telecom Lebanon	8,607	6,941
Victoire BV investments	5,957	272
Orascom Telecom Holding	3,848	3,848
O Capital for services and contracting	2,644	2,293
Orascom Telecom mobile infrastructure services	996	996
Orascom TMT investments (formerly Weather Investment)	817	763
Riza Capital	1,429	1,429
Osorcon company	3,474	--
Impairment loss		
Impairment loss in due from related parties ***	(335,513)	(317,440)
	22,185	177,778

*In December 2020, Orascom Investment Holding Company was demerged into two companies Orascom Investment Holding (the demerging company) and Orascom Financial Holding (the demerged company), and the current account with Victoire Investment Holding, in addition to both loan and accrued interest and the current account with Beltone Financial Holding were transferred to the demerged company (please refer to the note no. (28) to find out the impact of the demerger on the Company's separate financial statements.

** The balance of the current loan and the current account as of December 31, 2020, was nil (USD 1,039 thousand, equivalent to EGP 16,631 as of December 31, 2019).

Orascom Investment Holding S.A.E.

Notes to the Separate Financial Statements for the financial year ended December 31, 2020

*** The impairment balance in Due from related parties are as follows:

Impairment in due from related parties
(In thousands of EGP)

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
CHEO Technology Joint Venture (Koryolink)	(278,540)	(274,866)
Orascom Telecom Lebanon	(8,607)	(1,182)
Orascom Telecom mobile infrastructure services	(996)	(996)
Orascom Telecom Holding	(3,848)	(3,848)
Orascom Prisme Entertainment	(35,158)	(35,119)
Riza Capital	(1,429)	(1,429)
Osorcon company	(3,474)	--
O Capital for services and contracting	(2,644)	--
Orascom TMT investments (formerly Weather Investment)	(817)	--
	<u>(335,513)</u>	<u>(317,440)</u>

b- Non-current

(In thousands of EGP)

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Oracap Holding company *	430,235	435,779
Trans World Associate (Pvt.) Ltd – Pakistan	14,393	18,760
<u>Impairment</u>		
Impairment loss in Oracap Holding *	(430,235)	(435,779)
	<u>14,393</u>	<u>18,760</u>

- 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.

- The balance of the non-current loan on 31 December 2020 amounted to USD 919 thousand equivalent to EGP 14,393 thousand (an amount of EGP 18,760 thousand on 31 December 2019).

* 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>December 31, 2020</u>	<u>December 31, 2019</u>
Prepaid expenses	1,273	2,531
Employees' custodies	1,331	3,512
Deposits with others *	6,593	30
Withholding tax	1,012	966
Fixed Asset debtors	4,481	--
Others	6,641	11,468
<u>Impairment</u>		
Impairment loss in other debit balances	(3,038)	(3,038)
	<u>18,293</u>	<u>15,469</u>

* Deposits with others balance includes an amount of EGP 5 million related to the Company's admitting a tender in order to obtain a license to present sound and light concerts in the pyramids area.

Orascom Investment Holding S.A.E.

Notes to the Separate Financial Statements for the financial year ended December 31, 2020

12. Other credit balances

(In thousands of EGP)

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accrued expenses	64,980	73,209
Withholding tax	34	461
Value added tax	132	346
Social insurance authority	213	195
Salaries tax	759	1,017
Other	2,126	--
	<u>68,244</u>	<u>75,228</u>

13. Due to related parties

(In thousands of EGP)

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Orascom Telecom Ventures	521,062	582,624
O-Capital for Energy	6,255	6,286
Orascom Financial Holding*	23,748	--
	<u>551,065</u>	<u>588,910</u>

- * Due to Orascom Financial Holding represents in net revenues received by the Company on behalf of Orascom Financial Holding (dividends from Sarwa Capital and interest on loans granting to Beltone company), after deducting amounts paid for the acquisition of investments in Beltone Financial Holding company and Sarwa Capital Holding company in addition to other expenses that the Company paid on behalf of Orascom Financial Holding after the demerger (Note no. 28 includes more details about the demerger process)

Orascom Investment Holding S.A.E.
Notes to the Separate Financial Statements for the financial year ended December 31, 2020

14. Property and equipment

<u>(In thousands of EGP)</u>	Buildings	Improvements in buildings	Furniture and office equipment	Computers	Vehicles	Total
<u>Cost</u>						
Balance as at January 1, 2019	45,882	3,342	241	2,182	8,847	60,494
Additions during the year	--	--	--	189	--	189
Disposals during the year	--	--	--	(102)	(1,489)	(1,591)
Balance as at December 31, 2019	45,882	3,342	241	2,269	7,358	59,092
Balance as of January 1, 2020	45,882	3,342	241	2,269	7,358	59,092
Additions during the year	--	--	8	72	--	80
Disposals during the year	(1,139)	(3,342)	--	(298)	(3,805)	(8,584)
Balance as at December 31, 2020	44,743	--	249	2,043	3,553	50,588
<u>Accumulated depreciation</u>						
Balance as at January 1, 2019	6,287	1,077	225	1,239	4,580	13,408
Depreciation charge for the year	918	667	16	450	1,566	3,617
Disposals depreciation	--	--	--	(100)	(838)	(938)
Balance as at December 31, 2019	7,205	1,744	241	1,589	5,308	16,087
Balance as at January 1, 2020	7,205	1,744	241	1,589	5,308	16,087
Depreciation charge for the year	847	614	1	312	1,034	2,808
Disposals depreciation	(78)	(2,358)	--	(198)	(3,462)	(6,096)
Balance as at December 31, 2020	7,974	--	242	1,703	2,880	12,799
<u>Net book value</u>						
As at January 1, 2019	39,595	2,265	16	943	4,267	47,086
As at December 31, 2019	38,677	1,598	--	680	2,050	43,005
As at January 1, 2020	38,677	1,598	--	680	2,050	43,005
As at December 31, 2020	36,769	--	7	340	673	37,789

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Notes to the Separate Financial Statements for the financial year ended December 31, 2020

- In December 2020, it was agreed between Orascom Investment Holding and Sphinx Real Estate to terminate the previous exchange and barter contract signed on November 8, 2016, regarding the exchange of the headquarters of Orascom Investment Holding located on the 26th floor of the Nile City building to the 29th floor located in the same building.

This is due to that the Sphinx Real Estate did not implement its contractual obligations contained in the above-mentioned exchange and barter contract regarding the transfer of ownership of the 29th floor to Orascom Investment Holding and it was also agreed between the two parties that Sphinx Real Estate would refund all expenses related to the equipment of meeting rooms, kitchens and staff breaks in the amount of EGP 1,139,238 as well as the amount of EGP 3,341,886 for the furnishings and finishes which were disbursed by Orascom Investment Holding on the 29th floor.

15. Investments in subsidiaries

<u>(In thousands of EGP)</u>	<u>Country</u>	<u>Ownership percentage %</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
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	70	--	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 Entertainment (****)	Egypt	70	3,105	3,105
O-Capital for services and construction	Egypt	99.2	63	63
Orascom Prisme Entertainment (*****)	Egypt	99	59,400	1,980
Paid under increase of investments in subsidiaries (*****)			20,000	392,260
Impairment loss				
O-Capital for energy			(4,375)	(4,375)
Orascom Telecom Mobile Infrastructure Services (*)			(63)	(63)
Orascom Prisme Pyramids Entertainment			(3,105)	(3,105)
Beltone Financial Holding (**)			--	(182,599)
			889,144	1,490,297

- (*) 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.
- (**) In December 2020, Orascom Investment Holding was demerged into two companies Orascom Investment Holding (the demerging company) and Orascom Financial Holding (the demerged company). The investment in Beltone Financial Holding was transferred to the split company refer to note no. (28) to see the impact of the demerger on the separate financial statements.
- (***) On October 22, 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 According to the contract concluded with Bluestone Investment (the seller) regarding the purchase of the seven floors in Brazil during the year 2015, which states a guarantee of obtaining a fixed annual return at the end of the fourth year of the contract in the event that it is not possible to rent the seven floors mentioned and achieve the return mentioned in the contract. The Company addressed Bluestone Investment in order to obtain the return difference according to the concluded contract. 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 the banks in Lebanon for a total USD 33.2 Million.

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- (****) 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 4 June 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. During 2018, some disputes occurred between Egypt for sound and light for Tourism Development company and Prism International, due to 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 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 Prisme Entertainment 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.
- (*****) During 2020, Orascom Investment Holding increased its investments in Orascom Prisme Entertainment with a 99% contribution amounting to EGP 57.42 million (fifty-seven million four hundred twenty thousand EGP only).
During the meeting of the board of directors of Orascom Prisme Entertainment held in the same year, the paid-in capital was increased by EGP 20 million (only twenty million Egyptian pounds) to date, and the capital increase is being noted in the commercial registry.

16. Investment in associates

(In thousands of EGP)

	Country	Ownership %	December 31, 2020	December 31, 2019
CHEO Technology Joint Venture (Koryolink) ^(*)	North Korea	%75	613,632	613,632
Sarwa Capital Holding (**)	Egypt	%29.61	—	1,590,562
			613,632	2,204,194

- (*) The Company'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 Company 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 ministry of the foreign affairs in 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.

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(**) In December 2020, Orascom Investment Holding was demerged into two companies Orascom Investment Holding (the demerging company) and Orascom Financial Holding (the demerged company). The investment in Beltone Financial Holding was transferred to the demerged company refer to note no. (28) to see the impact of the demerger on the separate financial statements.

17. Borrowings

(In thousands of EGP)

	December 31, 2020	December 31, 2019
Borrowings-current	1,234	376,286
Borrowings-non-current	230	651
Liability from sale and lease back – non-current	80,615	--
	82,079	376,937

Banks	Balance as of December 31, 2020		Total loan (EGP 000)	Value in issued currency (000)	Currency	Maturity	Interest	Secured/ Unsecured
	Current portion (EGP 000)	Non-current portion (EGP 000)						
Loan from local bank	252	--	252	4,738	EGP	Jun. 2021	Bank interest + 2% at least 12% annually	Secured
Loan from Local Bank	982	230	1,212	4,710	EGP	Jun. 2022	The interest of certificates + 1.5% at least 11% annually	Secured
Liability from sale and lease back	--	80,615	80,615		EGP	Sep. 2027	12%	Secured
Total	1,234	80,845	82,079					

Banks	Balance as of December 31, 2019		Total loan (EGP 000)	Value in issued currency (000)	Currency	Maturity	Interest	Secured/ Unsecured
	Current portion (EGP 000)	Non-current portion (EGP 000)						
Loan of 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. 2021	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
Total	376,286	651	376,937					

A- long-term loan foreign bank on 31 December 2019

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.

During January 2020, the company paid the full amount of the loan for the direct or indirect acquisition of the shares of the companies owning the Brazil Building whose balance on December 31, 2019, amounted to EGP 374,606 thousand and the mortgage of the shares was released by the bank during January 2020.

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Notes to the Separate Financial Statements for the financial year ended December 31, 2020

B- Current loan-Local bank

A credit facility contract in the form of a medium-term loan to finance the purchase of assets related to the company was signed with an Egyptian bank on July 27, 2015, according to which a facility of EGP 5 million is available for a period of sixty seven months ending on February 27, 2021.

On August 9, 2015, an amendment to the previously mentioned financing contract was signed with an increase of EGP 600 thousand.

Withdrawal period: It is scheduled for six months starting from the date of signing this contract and ending on 23 January 2016.

Repayment period: the company is obligated to pay to the bank's order each sub-loan to be used within the limits of the credit facility amount in sixty monthly installments of equal value.

Interest and payment periods: A return of 2% per annum above the rate of return established on the certificates with the bank, and the return is due to be paid every month, so that the applicable return in any case during the term of this contract and until it is fully paid out of the original returns commissions and expenses is not less than 12% .

C- Non-current and current loan – Local bank

On January 27, 2016, a credit facility contract was signed in the form of a medium-term loan to finance the purchase of assets related to the company with an Egyptian bank, according to which a facility of EGP 2 million is provided for a period of sixty seven months ending on August 26, 2021.

Withdrawal period: It is scheduled for six months starting from the date of signing this contract and ending on July 27, 2016.

Repayment period: the company is obligated to pay to the bank's order each sub-loan to be used within the limits of the credit facility amount in sixty monthly installments of equal value.

On July 21, 2016, an addendum to the previously mentioned financing contract was signed with an increase of EGP 3 million.

Withdrawal period: The withdrawal period for the previously mentioned loan has been extended for another six months to end on January 26, 2017 instead of July 27, 2016.

Interest and payment periods: A return of 1.5% per annum above the rate of return established on the certificates with the bank, and the return is due to be paid every month, so that the applicable return in any case during the term of this contract and until it is fully paid out of the origin returns commissions and expenses is not less than 11%

D- Credit facilities

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

On August 18, 2019, the Company paid all the credit facilities mentioned above, from the value of the pledged deposits as a guarantee of the credit facility.

E- Liability from sale and lease back – non-current

During 2020, the Company sold the company's headquarters for the purpose of re-leasing to Beltone Financial Leasing and Global Corp for Financial Services with an amount of EGP 91,346,500 where the lessors agreed to lease the asset owned by them, located in 2005 A Nile City Towers - South Tower - 26th floor Its area is 1304.95 square meters for a period of 7 years starting from December 25, 2020, and ending on September 25, 2027, this asset was leased with a total value of EGP 142,516,824 and the lessors have deducted an amount of EGP 10,346,500 as an advance payment, and therefore the net rents due until the end of the contract become EGP 132,170,324 between the two companies referred to above, according to the following:

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Company name	Financing amount (EGP)	Percentage
Beltone Leasing Company	43,986,671	%30,86
Global Corp for financial services	98,530,153	%69,14

The lessee has the right to request the purchase of the leased asset according to the following conditions:

- To own the leased asset at the end of the period for a value of EGP 1 after paying all amounts due under this contract.
- Expedited payment, whereby the lessee pays the present value of the total unpaid rental value in addition to an expedited payment commission of 3% of the total principal amount remaining for the unpaid rents on the date of the expedited payment.

F- Adjustments on the movement of borrowing to access the net cash (used in) /generated by borrowing activities:

(In thousand EGP)	December 31, 2020	December 31, 2019
Balance at the beginning of the year	376,937	2,202,529
Borrowings-current	376,286	180,591
Borrowings- non-current	651	419,561
Credit facilities	--	1,602,377
Proceeds from borrowings	80,615	--
Repayment of borrowings	(375,473)	(43,512)
Repayment of credit facilities	--	(1,602,377)
foreign currency translation differences	--	(179,703)
Balance at the end of the year	82,079	376,937
Borrowings-current	1,234	376,286
Borrowings- non-current	80,845	651

18. Issued and paid-up capital

Before the demerger, the authorized capital amounted to EGP 22 billion, and the issued and paid-up capital amounted to EGP 2,203,190,060 represented by 5,245,690,620 shares of EGP 0.420 par value each.

On October 19, 2020, the Extraordinary General Assembly of Orascom Investment Holding agreed to demerge the Company as detailed in note no. (28). On November 17, 2020, the Financial Supervisory Authority approved the demerger of the Company, and accordingly the authorized capital became EGP 2,885 billion and the issued capital became EGP 577,025,968 consisting of 5,245,690,620 shares of EGP 0.11 par value each. The authorized, issued and paid capital after the demerger was recorded in the Company's commercial registry on December 10, 2020.

19. Provisions

(In thousand EGP)	December 31, 2018	Formed	No longer required	Used	December 31, 2019
Provisions					
Provisions for claim*	203,311	39,453	--	--	242,764
Total provisions as of December 31, 2019	203,311	39,453	--	--	242,764
(In thousand EGP)	December 31, 2019	Formed	No longer required	Used	December 31, 2020
Provisions					
Provisions for claim*	242,764	29,551	--	(14,067)	258,248
Total provisions as of December 31, 2020	242,764	29,551	--	(14,067)	258,248

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- * Provisions are recognized according to the best estimate of the value of the commitments expected at the date of the 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. Impairment of assets

<u>(In thousands of EGP)</u>	<u>December 31, 2019</u>	<u>Formed as result of applying EAS (47)</u>	<u>Formed</u>	<u>No longer required</u>	<u>Effect of the demerge</u>	<u>December 31, 2020</u>
Impairment of assets						
Due from related parties	753,219	--	18,073	(5,544)		765,748
Investments in subsidiaries	190,142	--	--	(129,087)	(53,512)	7,543
Other debit balances	3,038	--	--			3,038
Other financial assets	--	54,482	1,388			55,870
Total impairment of assets	946,399	54,482	19,461	(134,631)	(53,512)	832,199

- * An amount of EGP 129,087 thousand which represents reversal of losses from impairment in investments in Beltone Financial Holding within the discontinued operations, was included in the income statement for the year ended December 31, 2020.

21. Credit interest

(In thousands of EGP)

Credit interest

<u>December 31, 2020</u>	<u>December 31, 2019</u>
63,167	3,748
63,167	3,748

- * Credit interests included during the year ended December 31, 2020, an amount of EGP 61,694 thousand represented in the value of the profit resulting from the accelerated payment of the loan granted by a foreign bank for the direct or indirect acquisition of the shares of the companies owning the Brazil building.

22. Other expenses

(In thousands of EGP)

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
IT management expenses	1,539	3,002
Stamp expenses	24	2,241
Donations	--	1,000
Maintenance expenses	2,614	2,691
Car maintenance expenses	583	1,433
Banking fees	228	510
Flight expenses	612	2,814
Office expenses and supplies	2,142	1,647
Calls and internet charges	1,149	1,229
Rent expenses	642	631
Value added tax expenses	775	368
Other	4,903	15,303
	15,211	32,869

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Notes to the Separate Financial Statements for the financial year ended December 31, 2020

23. (Losses) / earnings per share

(Losses) / earnings per share is calculated according to the Egyptian Accounting Modified Standard (22) as follows:

	<u>The financial year ended December 31, 2020</u>	<u>The financial year ended December 31, 2019</u>
Net loss for the year from continued operations (in thousand EGP)	(48,392)	(28,671)
Weighted average number of shares outstanding (in thousands of shares)	5,245,691	5,245,691
Losses per share for the year from continued operations (EGP)	(0.009)	(0.005)
	<u>The financial year ended December 31, 2020</u>	<u>The financial year ended December 31, 2019</u>
Net profit / (loss) for the year from discontinued operations (in thousand EGP)	164,165	(224,716)
Weighted average number of shares outstanding (in thousands of shares)	5,245,691	5,245,691
(Losses) / earnings per share for the year from discontinued operations (EGP)	0.031	(0.043)

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

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Notes to the Separate Financial Statements for the financial year ended December 31, 2020

24. Significant transactions with related parties

<u>Company Name</u> (In thousands of EGP)	<u>Nature of the relationship</u>	<u>Nature of the transactions</u>	<u>Volume of Transactions</u> 2020	<u>Volume of Transactions</u> 2019	<u>Balance Debit (credit)</u> December 31, 2020	<u>Balance Debit (credit)</u> December 31, 2019
CHEO Technology JV (KoryoLink)	Associate	Expenses paid on behalf of the related party	3,674	639	278,540	274,866
Orascom Telecom Lebanon	Subsidiary	Expenses paid on behalf of the related party	1,803	9,432	8,607	6,941
Trans World Associate (Pvt.) LTD	Subsidiary	Interest on loans during the year	603	1,349	14,393	35,391
		Expenses paid on behalf of the related party	22	97		
		Cash payments from the related party	20,405	--		
		Dividends	14,381	--		
Orascom Telecom Ventures	Subsidiary	Proceeds from related party	--	62,343	(521,062)	(582,624)
		Expenses paid on behalf of the related party	61,577	1,184		
		Dividends	--	320,000		
Oracap Holding	Subsidiary	Expenses paid on behalf of the related party	15,526	24,049	430,235	435,779
		Cash payments from the related party	21,070	--		
Victoire investment holding	Subsidiary	Proceeds from related party	--	85,982	--	101,748
		Expenses paid on behalf of the related party	--	769		
		Dividends	48,003	--		
Orascom Prisme entertainment	Subsidiary	Expenses paid on behalf of the related party	3,188	7,720	16,228	20,673
		Cash payments from the related party	13,000	--		
		Sale of fixed assets	114	--		
Orascom financial Holding	affiliate	Net liabilities from split	23,748	--	23,748	--

25. 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.

25-1 Financial Risk Management

Financial Risk Factors

The Company is exposed to a several financial risks: market risk (including foreign exchange risk, cash flows, fair market value risk), liquidity risk and credit risk. Specially that the company is exposed to risks from the fluctuation in foreign exchange rates and interest rates and market prices, as well as, the company's comprehensive risk management program focuses on the unpredictability of the financial markets and seeks to minimize the potential negative impact on the performance of the Company.

Market Risk:

Foreign currency exchange risks

The Company may be exposed to foreign exchange risk arising when its trading transactions are in

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Notes to the Separate Financial Statements for the financial year ended December 31, 2020

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.

(In Thousand EGP)	December 31, 2020	December 31, 2019
USD (*)	52,026	152,488
Euro (**)	60,200	121,436
GBP	475	519
CNY	5	5

(*) The US dollar balances in Egyptian pounds as of December 31, 2020, consist of:

Cash	25,019
Current accounts from related parties	27,007

(**) Euro balances in Egyptian pounds as of December 31, 2020, consist of:

Cash	3,575
Current accounts from related parties	750
Other financial assets	55,875

An increase or decrease of 10% of the foreign exchange rate against the Egyptian pound as of December 31, 2020, may lead to an increase (decrease) the profits by EGP 5.5 million (EGP 26.9 million as of December 31, 2019), in light of the stability of all other variable interest.

Cash flows and 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.

As shown in note (17), the balance of loans as of December 31, 2020, amounting to EGP 82.1 million (EGP 377 million as of December 31, 2019) which are loans with variable interest rates.

As of December 31, 2020, an increase of 1% of interest rates may result in a (decrease) of profits of EGP 15 thousand (EGP 3.7 million as of December 31, 2019).

Credit risk

Credit risks related to cash and financial deposits arise in the debtor's inability to perform its financial dues towards the company and its financial insolvency, and accordingly the debtors is unable to return the deposited funds or fulfill the obligations under the transactions. Since the company is a holding company, most of the balances are due from related parties, and therefore there is no possibility of the company being exposed to credit risk in relation to trade receivables.

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Notes to the Separate Financial Statements for the financial year ended December 31, 2020

1- Liquidity risk

Liquidity risk represents that the company's cash in and out flows can't maintain the proper liquidity needed 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, and the following table analyzes the financial liabilities that are expected to be paid according to their due dates at 31 December 2020:

<u>(In thousands of EGP)</u>	<u>Carrying Amount</u>	<u>Expected cash flow</u>	<u>One year or less</u>	<u>From 1 to 5 years</u>
Accounts payable-non-interest bearing	4,425	4,425	4,425	--
Current borrowing-variable interest rate	1,234	1,234	1,234	--
Other Credit Balances-non-interest bearing	68,244	68,244	68,244	--
Non-current borrowing-variable interest rate	230	230	--	230
Liability from sale and lease back	80,615	132,170	4,690	127,48
Due to related parties-non-interest bearing	551,065	551,065	551,065	--
Balance as of December 31, 2020	705,813	757,368	629,658	127,710

<u>(In thousand EGP)</u>	<u>Carrying Amount</u>	<u>Expected cash flow</u>	<u>One year or less</u>	<u>From 1 to 5 years</u>
Accounts payable-non-interest bearing	5,201	2,479	2,479	--
Current borrowing-variable interest rate	376,286	380,882	380,882	--
Other Credit Balances-non-interest bearing	75,228	75,228	75,228	--
Non-current borrowing-variable interest	651	730	--	730
Due to related parties-non-interest bearing	588,910	588,910	588,910	--
Balance as of December 31, 2019	1,046,276	1,048,229	1,047,49	730

Other risks

Political and economic risks in the developing countries:

The Company has investments in different countries, it depends on the market economies of the countries in which the subsidiaries operate. These markets are characterized by economies at different stages of development or undergoing restructuring. The operational results of the Company are therefore affected by current and future economic and political developments in these countries. The results of operations can be adversely affected by changes in political or governmental 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.

Organizational risks in the developing countries:

According to the legal nature and tax authorities of the developing countries in which the company operates, it is possible that laws and regulations can be amended. Factors such as the current tendency to refrain from taxing the profits of these subsidiaries may include obtaining excessive tax assessments and granting subsidies to certain foreign currency transactions and practices. These factors can have an unfavorable impact on the financial activities of the company and on the ability to receive funds from subsidiaries.

The revenue generated by the majority of the company is disclosed in the local currency of the companies. the company expects to receive most of the revenue from its subsidiaries in the local currency and it depends on their ability to be able to transfer funds in various countries, such as North Korea (one of the subsidiaries), where there are many restrictions in the payment of interest, dividends and loan repayments credit instruments and bonds denominated in foreign currencies through currency conversion. In addition, in some countries there might be some restrictions imposed on the company that affects its ability to transfer large amounts of foreign exchange due to the regulations of the Central Bank and the central which are likely to modify systems in the future and therefore may change the ability of company to receive funds from its subsidiaries.

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Notes to the Separate Financial Statements for the financial year ended December 31, 2020

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. (Refer to note 16).

Financial instruments categories:

The tables below show the classification of financial assets and liabilities by category:

A- Financial assets as presented in the statement of financial position as of December 31:

(In thousands of EGP)	<u>2020</u>	<u>2019</u>
Cash and cash equivalent	97,419	519,736
<u>Financial assets at amortized cost</u>		
Due from related parties	36,578	196,538
Other financial assets	59,025	114,213
Other debit balances	18,293	15,469
Total	211,315	845,956

B- Financial liabilities at amortized cost as presented in the statement of financial position as of December 31:

(In thousands of EGP)	<u>Amortized Cost 2020</u>	<u>Amortized Cost 2019</u>
Accounts payable	4,425	5,201
Current borrowing	1,234	376,286
Non-current borrowing	230	651
Liability from sale and lease back	80,615	--
Other credit balances	68,244	75,228
Due to related parties	551,065	588,910
Total	705,813	1,046,276

Management considers that the carrying amount of both financial assets and liabilities recognized in the separate financial statements is the approximate value of their fair value.

26. Tax Position

26-1 Corporate tax

Tax return is submitted by the company to the tax authority on legal due dates, in accordance with law No. 91 for the year 2005, as amended, its executive regulations and its amendments since the beginning of the activity in 2011 to date. The Company began submitting the tax return electronically on the Egyptian Tax Authority website, starting in 2018, in accordance with the laws issued in this regard.

The period since inception in 2011 to 2014

The Company was inspected for the years from the beginning of the activity in 2011 to 2014, and the connection and payment were made.

Years from 2015 to 2018

No inspection has been conducted for these years and the Company has received notifications from the Tax Authority for those years, and analyzes and documents are being prepared for that examination

The Company received a notify from the tax authority to examine the years 2015-2018. Analysis and documents related to the examination were submitted and is awaiting the start of the examination by the tax authority.

26-2 Payroll tax

The period since inception to 2013

The Company was inspected from the beginning of the activity until 2013, it was linked to the company based on the decision of the appeal committee, and the company paid the tax differences

Years from 2014 to 2017

The Company has been notified by form no. 32 for the period from 2014 to 2017. The Company was inspected until 2018 and the tax authority has not yet provided us with the results of the examination.

The salary settlement and related forms for the period ending on December 31, 2020 were submitted electronically on the Egyptian Tax Authority website starting from the year 2020 according to Law 91 of 2005, its executive regulations and the Unified Tax Procedures Law No. 206 of 2020 and its amendments by Law No. 211 of the year 2020.

26-3 Withholding taxes

The period since inception in 2011 to 2020

The Company applies the provisions of Law No. 91 for the year 2005, its amendments, its Executive Regulations and its amendments with respect to the deduction of withholding and collection under the tax account. The Company submit the tax within the legal dates.

26-4 Stamp Tax

The period since inception to December 31, 2013

The Company was inspected for these years and tax differences were paid by the Company.

The period from January 1, 2014 till December 31, 2019

The Company has received a notify from the tax office to examine the years from 2014 to 2019. Analysis and documents related to the examination have been submitted and awaiting the start of the examination by the tax office.

26-5 Real estate tax

The company was notified of an estimated form of real estate tax no. 2005, and the company pays the due differences in accordance with the decision of the appeal committee.

27. Capital Commitment:

There are capital commitments represented in the remaining amounts of the capital of both O-Capital for energy, O-Capital for Services and Construction and Orascom Prisme Pyramids amounting to EGP 13.125 million and EGP 189 thousand and EGP 9.315 million respectively, to complete the percentage from 25% to 100%.

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Notes to the Separate Financial Statements for the financial year ended December 31, 2020

28. Effect of the demerger on the separate statement of financial position

On October 19, 2020, the Extraordinary General Assembly approved the demerger of the Company according to the horizontal demerger method with the book value of the share and taking the financial position for the year ended on December 31, 2019 as the basis for the date of the demerger, accordingly, Orascom Investment Holding S.A.E. (the demerging Company) is existing and its issued capital shall be reduced by reducing the nominal value of its shares, provided that the demerging company will hold investments in various investment activities, and shall maintain its license as a company whose purpose is "to participate in the establishment of all joint stock companies or to recommend shares that issue securities or to increase their capital", while the demerger resulted in the establishment of a new company in the name of Orascom Financial Holding S.A.E. (the demerged Company) in the form of an Egyptian joint stock company subject to the provisions of the Capital Market Law No. 95 of 1992 and its executive regulations. As a result of the delay in the completion of the demerger procedures and the establishment of Orascom Financial Holding S.A.E. (the demerged company), which was established in December 2020, the management of the two demerging and demerged companies agreed that the date of the demerger in the books of both companies is December 31, 2020.

Accordingly, the book value of the net equity of the demerging company as of December 31, 2020, became and amount of EGP 785,867 thousand, and the book value of the net equity of the demerged company as of December 31, 2020, became an amount of EGP 2,566,819 thousand.

The following is an illustration for the balances transferred to the demerged company on demerger date:

(In thousands of EGP)	<u>Orascom Investment Holding before the demerger</u>	<u>The demerged company Orascom Financial Holding</u>	<u>The demerging company Orascom Investment Holding after the demerger</u>
	<u>December 31, 2020</u>	<u>December 31, 2020</u>	<u>December 31, 2020</u>
<u>Non-current assets</u>			
Property and equipment	37,789	-	37,789
Investment in subsidiaries	1,736,660	(847,516)	889,144
Investment in associates	2,218,054	(1,604,422)	613,632
Due from related parties	14,393	-	14,393
Other financial assets	59,025	-	59,025
Total non-current assets	4,065,921	(2,451,938)	1,613,983
<u>Current assets</u>			
Due from related parties	113,318	(91,133)	22,185
Other debit balances	18,293	-	18,293
Cash and cash equivalents	97,419	-	97,419
Total current assets	229,030	(91,133)	137,897
Total assets	4,294,951	(2,543,071)	1,751,880
<u>Equity</u>			
Issued and paid-up capital	2,203,190	(1,626,165)	577,025
Legal reserve	589,555	(419,522)	170,033
Result of the demerger	--	(129,087)	(129,087)
Retained earnings	444,168	(392,045)	52,123
Net profit for the year	115,773	-	115,773
Total equity	3,352,686	(2,566,819)	785,867
<u>Non-current liabilities</u>			
Borrowings	80,845	-	80,845
Deferred tax liabilities	1,952	-	1,952
Total non-current liabilities	82,797	-	82,797
<u>Current liabilities</u>			
Provisions	258,248	-	258,248
Borrowings	1,234	-	1,234
Creditors	4,425	-	4,425
Other credit balances	68,244	-	68,244
Due to related parties	527,317	23,748	551,065
Total current liabilities	859,468	23,748	883,216
Total equity, current liabilities and non-current liabilities	4,294,951	(2,543,071)	1,751,880

Orascom Investment Holding S.A.E.

Notes to the Separate Financial Statements for the financial year ended December 31, 2020

29. Net earnings / (losses) from discontinuing operations

(In Thousand EGP)	The financial year ended December 31, 2020	The financial year ended December 31, 2019
Dividends	34,686	--
Provisions no-longer required / (formed)	129,087	(182,599)
Credit interest from Beltone Financial Holding	2,138	417
Net foreign currency translation differences	(1,746)	(42,534)
	164,165	(224,716)

- **The following is a statement of the change resulting from discontinued operations on the comparative figures for the fiscal year ending on December 31, 2019:**

(In thousands of EGP)	<u>December 31, 2019</u>	<u>Representation for discontinued operations due to the demerger</u>	<u>December 31, 2019</u> <u>Represented</u>
	<u>As presented</u>		
<u>Continuing operations</u>			
Operating revenues	338,520	--	338,520
Other income	230	--	230
Total revenue	338,750	--	338,750
(Less)			
Personnel cost, salaries and board of directors' remunerations	(93,049)	--	(93,049)
Professional and consulting fees	(50,154)	--	(50,154)
Subscription fees	(2,519)	--	(2,519)
Depreciation	(3,617)	--	(3,617)
Provisions formed	(39,453)	--	(39,453)
Impairment loss in due from related parties	(216,436)	182,599	(33,837)
Other expenses	(32,869)	--	(32,869)
Operating (loss) / profit	(99,347)	182,599	83,252
Credit interest	4,165	(417)	3,748
Finance cost	(115,960)	--	(115,960)
Net foreign currency translation differences	(68,987)	42,534	(26,453)
Net financing (cost)	(180,782)	42,117	(138,665)
Net (loss) for the year before income tax	(280,129)		(55,413)
Income tax	26,796	--	26,796
Net (loss) for the year from continuing operation	(253,333)	224,716	(28,617)
Net (loss) for the year from discontinuing operations	--	(224,716)	(224,716)
Net (loss) for the year	(253,333)	--	(253,333)

30. Significant events during the period

- 1- The impact of the recent spread of the new virus (Covid-19) on the economy and global markets, including Egypt, is still continuing. And the consequent negative impact on several aspects, including supply chain, workforce, operations, demand for our products and the company's available liquidity. Accordingly, the company's management has formed a taskforce to develop and implement emergency plans to meet these exceptional circumstances and we are currently closely following up and continuously evaluating all developments related to the spread of the emerging virus. The company's management sees an improvement in economic indicators during the subsequent period, which may have a positive impact on the Group's activities.

- 2- On March 18, 2019, the Minister of Investment and International Cooperation amended some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree no. 110 of 2015, which include some new accounting standards and amendments to certain existing standards. And given the current circumstances that the country is going through as a result of the outbreak of the Corona virus and the necessary economic and financial effects associated with it, in addition to the fact that the application of prevention measures and confronting its spread impose restrictions on the presence of human resources in companies at their full capacity on a regular basis. The Supreme Committee for the Review of Egyptian Accounting Standards, limited examination and other assurance tasks, which was formed by Prime Minister's Resolution no. 909 of 2011, agreed to postpone the application of the new Egyptian Accounting Standards and the accompanying amendments issued by Resolution no. 69 on the annual financial statements of these companies at the end of 2020, and to include the impact The complex for the whole year by the end of 2020, and the validity of the standards has been postponed again to the first of January 2021 based on the decision of the Prime Minister no. 1871 of 2020.

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Notes to the Separate Financial Statements for the financial year ended December 31, 2020

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. (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 not be applied:</p> <p>a. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015.</p> <p>b. Egyptian Accounting Standard No. (11) - "Revenue" as amended in 2015.</p> <p>2-For revenue recognition, Control Model is used instead of Risk and Rewards Model.</p> <p>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</p> <p>4-the standard requires that contract must have a commercial substance in order for revenue to be recognized</p> <p>5-Expanding in the presentation and disclosure requirements.</p>	<p>Management is currently assessing the potential impact on the separate financial statements when applying the standard.</p>	<p>Standard No. (48) is effective for financial periods beginning on or after January 1, 2021, and early implementation is permitted.</p>
<p>2- 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 or finance lease contracts.</p>	<p>Management is currently assessing the potential impact on the separate financial statements when applying the standard.</p>	<p>Standard No. (49) is effective for financial periods beginning on or after January 1, 2021, and early implementation 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) 2019 applies to lease contracts that were subject to Finance Lease</p>

Orascom Investment Holding S.A.E.

Notes to the Separate Financial Statements for the financial year ended December 31, 2020

	<p>3- As for the lessor, the company 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>Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "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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31. Subsequent events

On April 27, 2021, the Company's board of directors agreed, in principle, to sell the entire shares owned by the Company in Trans World Association, representing 51% of the total shares of the subsidiary company, and also approved the appointment of an independent financial advisor to carry out the evaluation of Trans World Association in accordance with the rules of listing in the Egyptian Stock Exchange.

Acting Chief Financial Officer

Chairman