



**Orascom Investment Holding  
"S.A.E"  
Consolidated financial statements  
As of and for the year ended December 31, 2020  
Together with auditor's report**



## **Hazem Hassan**

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### **Auditor's report** **To the Shareholders of Orascom Investment Holding S.A.E.**

#### **Report on the Consolidated Financial Statements**

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

#### **Management's Responsibility for the Consolidated Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

### **Basis of Qualified Opinion**

- 1- The management didn't provide us with financial information audited by the component auditor of Orascom Telecom Lebanon (A component company) as of and for the year ended December 31, 2020, due to the current circumstances in Lebanon, we couldn't obtain reasonable assurance over the existence, accuracy, completeness and ownership of the balances and amounts of the component company as of and for the year ended December 31, 2020, which represent 7% from total assets and 15% from total liabilities of the group accounting information as of December 31, 2020, we couldn't perform alternative audit procedures to obtain reasonable assurance over the existence, accuracy, completeness and ownership of the balances and amounts for consolidation purposes of the consolidated financial statements.
- 2- We have not obtained banks confirmations on bank balances amounting to EGP 13 298 674, therefore, we couldn't obtain reasonable assurance over 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 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 paragraphs, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Orascom Investment S.A.E Holding as of December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

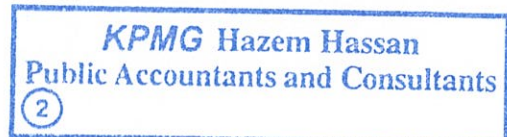
### **Emphasis of matter**

Without modifying our opinion, as mentioned in details in note (14) from the accompanying notes of the consolidated financial statements, the group has a significant influence over its investee "Koryolink" in North Korea, the investment is amounting to EGP 613.6 million, which the group classified as investments in equity accounted investees as of December 31, 2020. Also, the group has bank balances in North Korea amounting to EGP 55.9 million, which the group 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 group's ability to get the recoverable amount of these assets.

KPMG Hazem Hassan

  
Public Accountants and Consultants

Cairo May 30, 2021



**ORASCOM INVESTMENT HOLDING "S.A.E"**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF**

(In thousands of EGP)	Note no.	December 31, 2020	December 31, 2019
<b>Assets</b>			
<b><u>Non-current assets</u></b>			
Property and equipment	(15)	965,465	1,079,333
Intangible assets	(16)	37,381	407,504
Investment property	(17)	673,254	977,271
Equity accounted investees	(14)	613,632	2,289,257
Other financial assets	(18)	102,579	278,619
Other assets	(21)	238,451	268,059
<b>Total non-current assets</b>		<b>2,630,762</b>	<b>5,300,043</b>
<b><u>Current assets</u></b>			
Inventories		12,154	8,095
Trade receivables	(20)	393,203	900,723
Other financial assets	(18)	118,155	79,036
Other assets	(21)	141,149	220,103
Cash and cash equivalents	(22)	343,056	1,015,000
		<b>1,007,717</b>	<b>2,222,957</b>
Assets held for sale	(7)	-	155,663
<b>Total current assets</b>		<b>1,007,717</b>	<b>2,378,620</b>
<b>Total assets</b>		<b>3,638,479</b>	<b>7,678,663</b>
<b>Equity and liabilities</b>			
Share capital	(23)	577,025	2,203,190
Reserves		572,245	1,442,562
Retained earnings		123,564	573,746
<b>Equity attributable to owners of the parent Company</b>		<b>1,272,834</b>	<b>4,219,498</b>
Non-controlling interests		285,060	294,587
<b>Total equity</b>		<b>1,557,894</b>	<b>4,514,085</b>
<b>Liabilities</b>			
<b><u>Non-current liabilities</u></b>			
Borrowings	(25)	376,367	304,616
Other liabilities	(26)	100,421	114,055
Deferred tax liabilities	(19)	118,284	203,374
<b>Total non-current liabilities</b>		<b>595,072</b>	<b>622,045</b>
<b><u>Current liabilities</u></b>			
Borrowings	(25)	160,734	747,832
Other liabilities	(26)	896,420	1,186,749
Tax liabilities- income tax		54,364	92,896
Provisions	(27)	373,995	470,467
		<b>1,485,513</b>	<b>2,497,944</b>
Liabilities associated with assets held for sale	(7)	-	44,589
<b>Total current liabilities</b>		<b>1,485,513</b>	<b>2,542,533</b>
<b>Total liabilities</b>		<b>2,080,585</b>	<b>3,164,578</b>
<b>Total equity and liabilities</b>		<b>3,638,479</b>	<b>7,678,663</b>

- The accompanying notes from (1) to (36) form an integral part of these consolidated financial statements and should be read therewith.

Acting Chief Financial Officer

Chairman

Auditor's report "attached"

**ORASCOM INVESTMENT HOLDING S.A.E.  
CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED**

(In thousands of EGP)	Note no.	December 31, 2020	December 31, 2019 Represented
<b><u>Continuing operations</u></b>			
Operating revenues	(8)	730,489	811,400
Other income		232	395
Purchases and services cost	(9)	(375,333)	(393,472)
Other expenses	(10)	(22,042)	(18,256)
Provisions formed	(27)	(22,483)	(89,865)
Personnel cost	(11)	(213,272)	(219,309)
Depreciation and amortization	(12)	(89,658)	(92,133)
Impairment loss in non-current assets		-	(137,059)
Impairment loss in financial assets	(20)(18)	(9,359)	(2,197)
Gains from disposal of non-current assets		2,935	723
<b>Operating profit / (loss)</b>		<b>1,509</b>	<b>(139,773)</b>
Finance income	(13)	74,079	13,989
Finance cost	(13)	(53,833)	(184,437)
(Losses) from foreign currencies translation	(13)	(7,184)	(33,612)
Share of profit of equity accounted investments	(14)	2,698,231	2,776,907
Net impairment in equity accounted investments	(14)	(2,698,231)	(2,776,907)
<b>Profit / (loss) for the year before income tax</b>		<b>14,571</b>	<b>(343,833)</b>
Income tax	(19)	(75,377)	(58,712)
<b>(Loss) for the year from continuing operation</b>		<b>(60,806)</b>	<b>(402,545)</b>
<b><u>Discontinuing operations</u></b>			
Operation results from discontinuing operations after tax	(7)	(42,414)	(22,676)
<b>Net (loss) / profit for the year</b>		<b>(103,220)</b>	<b>(425,221)</b>
<b>Attributable to:</b>			
Owners of the parent company from continuing operations		(97,060)	(467,105)
Owners of the parent company from discontinuing operations		(8,223)	49,287
Non-controlling interests		2,063	(7,403)
		<b>(103,220)</b>	<b>(425,221)</b>
<b>(Losses) per share (basic and diluted) from continuing operations – (in EGP)</b>	(28)	<b>(0.0185)</b>	<b>(0.0890)</b>
<b>(Losses) / earnings per share (basic and diluted) from discontinuing operations – (in EGP)</b>	(28)	<b>(0.0016)</b>	<b>0.0094</b>

- The accompanying notes from (1) to (36) form an integral part of these consolidated financial statements and should be read therewith.

Acting Chief Financial Officer

Chairman

**ORASCOM INVESTMENT HOLDING S.A.E.  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED**

(In thousands of EGP)	December 31, 2020	December 31, 2019
Net (loss) for the year	(103,220)	(425,221)
<b>Other comprehensive (loss) items that may be subsequently reclassified to profit or loss:</b>		
Revaluation of investments at fair value through OCI	(34,237)	(5,676)
Foreign operations – foreign currency translation differences	(251,709)	(321,206)
<b>Total other comprehensive (loss) items for the year</b>	<b>(285,946)</b>	<b>(326,882)</b>
<b>Total comprehensive (loss) for the year</b>	<b>(389,166)</b>	<b>(752,103)</b>
<b><u>Attributable to:</u></b>		
Owners of the parent company	(381,441)	(668,404)
Non-controlling interest	(7,725)	(83,699)
<b>Total comprehensive (loss) for the year</b>	<b>(389,166)</b>	<b>(752,103)</b>

- The accompanying notes from (1) to (36) form an integral part of these consolidated financial statements and should be read therewith.

Acting Chief Financial Officer

Chairman

**ORASCOM INVESTMENT HOLDING S.A.E.  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2020**

(In thousands of EGP)

	Paid up capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance as at January 1, 2019	2,203,190	586,609	920,275	130,641	1,036,239	4,876,954	348,583	5,225,537
Foreign operations – foreign currency translation differences	-	-	(246,611)	-	-	(246,611)	(74,595)	(321,206)
Change in the fair value of available for sale investments	-	-	-	(3,975)	-	(3,975)	(1,701)	(5,676)
Net (loss) for the year	-	-	-	-	(417,818)	(417,818)	(7,403)	(425,221)
Total comprehensive (loss) for the year	-	-	(246,611)	(3,975)	(417,818)	(668,404)	(83,699)	(752,103)
Transfer to legal reserves	-	2,940	-	-	(2,940)	-	-	-
Revaluation of financial derivatives- purchase option	-	-	-	60,782	-	60,782	26,050	86,832
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	(41,735)	(41,735)	(39,551)	(81,286)
Disposal of subsidiaries with non-controlling interests	-	-	-	(8,099)	-	(8,099)	43,204	35,105
Total	-	2,940	-	52,683	(44,675)	10,948	29,703	40,651
Balance as at December 31, 2019	2,203,190	589,549	673,664	179,349	573,746	4,219,498	294,587	4,514,085

(In thousands of EGP)

	Paid up capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance as at January 1, 2020	2,203,190	589,549	673,664	179,349	573,746	4,219,498	294,587	4,514,085
Adjustments for applying new accounting standards (EAS no. 47)	-	-	-	72,663	(82,722)	(10,059)	(2,121)	(12,180)
Balance as at January 1, 2020, restated	2,203,190	589,549	673,664	252,012	491,024	4,209,439	292,466	4,501,905
Foreign operations – foreign currency translation differences	-	-	(241,841)	-	-	(241,841)	(9,868)	(251,709)
Changes in the fair value of available for sale investments	-	-	-	(34,317)	-	(34,317)	80	(34,237)
Net (loss) for the year	-	-	-	-	(105,283)	(105,283)	2,063	(103,220)
Total comprehensive (loss) for the year	-	-	(241,841)	(34,317)	(105,283)	(381,441)	(7,725)	(389,166)
Dividends to non-controlling interests	-	-	-	-	-	-	(13,830)	(13,830)
Disposal of subsidiaries with non-controlling interests	(1,626,165)	(419,516)	(30,191)	(217,695)	(245,876)	(15,721)	142,571	126,850
Effect of the demerger*	(1,626,165)	(419,516)	(29,611)	(217,695)	(262,177)	(2,539,443)	(128,422)	(2,667,865)
Total	577,025	170,033	402,212	-	123,564	1,772,834	285,060	1,557,894

\* Effect of the demerger represents the adjustments on the equity as a result of the demerger of the company into two companies (for more details see note no. 31)

- The accompanying notes from (1) to (36) form an integral part of these consolidated financial statements and should be read therewith.

Acting Chief Financial Officer

Chairman

**ORASCOM INVESTMENT HOLDING S.A.E.  
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED**

<i>(In thousands of EGP)</i>	Note no.	December 31, 2020	December 31, 2019 Represented
<b><u>Continuing operations</u></b>			
<b><u>Cash flows from operating activities</u></b>			
Net profit / (loss) for the year before tax		14,571	(343,833)
Adjustments for:			
Depreciation, amortization and impairment	(12)	89,658	92,133
Finance income	(13)	(74,079)	(13,989)
Finance cost	(13)	53,833	184,437
Losses from foreign currencies translation	(13)	7,184	33,612
Impairment loss in non-current asset		-	137,059
(Gains) from disposal of non-current assets		(2,935)	(723)
Impairment loss in financial assets		9,359	2,197
Share of profit from equity accounted investments	(14)	(2,698,231)	(2,776,907)
Net impairment from equity accounted investments	(14)	2,698,231	2,776,907
Change in provisions		(46,543)	56,064
Change in current assets included in working capital		(55,443)	(1,631)
Change in current liabilities included in working capital		(6,231)	81,988
<b>Cash flows (used in) / generated from operating activities</b>		<b>(10,626)</b>	<b>227,314</b>
Income taxes paid		(46,245)	(79,633)
Dividends paid to employees		-	(14,057)
Interest received		7,383	13,989
<b>Net cash flows (used in) / generated from operating activities</b>		<b>(49,488)</b>	<b>147,613</b>
<b><u>Cash flows from investing activities</u></b>			
<b>Net cash outflows for investments in:</b>			
Property and equipment		(141,196)	(129,214)
Intangible assets		(9,172)	(3,969)
Payments to acquire equity accounted investees		-	(561)
<b>Net cash inflows from disposal of:</b>			
Property and equipment		1,314	3,130
Other financial assets		3,474	1,753
Cash received from sale of subsidiaries		29,961	37,246
<b>Net cash flows (used in) investing activities</b>		<b>(115,619)</b>	<b>(91,615)</b>
<b><u>Cash flows from financing activities</u></b>			
Interest paid	(25)	(55,092)	(144,204)
Proceeds from non-current borrowings	(25)	148,907	41,583
Net (payments) for financial liabilities	(25)	(324,683)	(1,727,083)
Change in bank deposits		-	1,651,680
Dividends (paid) to non-controlling interests		(10,998)	-
Payment under investments		(4,000)	-
Financial assets-restricted deposits		2,100	5,583
<b>Net cash flows (used in) financing activities</b>		<b>(243,766)</b>	<b>(172,441)</b>
<b>Net change in cash and cash equivalents during the year from continuing operations</b>		<b>(408,873)</b>	<b>(116,443)</b>
<b><u>Discontinuing operations</u></b>			
Net cash flows (used in) operating activities		(319,000)	(776,801)
Net cash flows generated from investing activities		79,058	1,302
Net cash flows generated from financing activities		333,657	147,563
<b>Net change in cash and cash equivalents during the year from discontinuing operations</b>		<b>93,715</b>	<b>(627,936)</b>
<b>Net change in cash and cash equivalents during the year</b>		<b>(315,158)</b>	<b>(744,379)</b>
Cash and cash equivalents at the beginning of the year		1,015,000	1,903,267
Change effect in the exchange rate on cash and cash equivalents in foreign currencies for continued operations		(17,759)	(143,888)
Change effect in the exchange rate on cash and cash equivalents in foreign currencies for discontinued operations		(2,465)	-
Effect of the demerger on cash and cash equivalents		(336,562)	-
<b>Cash and cash equivalents at the end of the year</b>	(22)	<b>343,056</b>	<b>1,015,000</b>

- The accompanying notes from (1) to (36) form an integral part of these consolidated financial statements and should be read therewith.

Acting Chief Financial Officer

Chairman



## **1- General information about parent of the Group**

### **a- Legal status**

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

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

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

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

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

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

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

- The consolidated financial statements have been prepared in accordance with the Egyptian Accounting Standards issued by the Minister of Investment's decree No. 243 of 2006, and applicable Egyptian laws and regulations. The Egyptian Accounting Standards require referral to International Financial Reporting Standards "IFRS" for certain types of transactions or events when no Egyptian Accounting Standard or legal requirement exists to address treatment for these transactions or events.
- The consolidated financial statements as of and for the year ended December 31, 2020, were approved by the board of directors on May 30, 2021.

### **3- Basis for preparation of consolidated financial statements**

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

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

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

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

#### **A) Basis of measurement**

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

#### **B) Presentation currency**

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

### **4- Significant accounting policies**

#### **4-1 Basis of preparing the consolidated financial statements**

The consolidated financial statements of the Group comprise the financial statements of the parent company and companies controlled by the company (its Subsidiaries) as of the financial position date. Control is achieved where the Group has the following:

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

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

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

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

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

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. When the Group loses absolute or joint control of a subsidiary or jointly controlled enterprise and instead retains significant influence over it, it recognizes the remaining investment as an investment in an associate and measures it at its fair value at the date of the loss of ultimate or joint control. The fair value of the investment remaining on the date on which the joint or absolute control was lost is considered as the cost on initial recognition of the investment in an associate company.

#### **4-2 Business combination**

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

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

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

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

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

**Notes to the consolidated financial statements as of and for the year ended December 31, 2020**

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

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

During the year 2020, the Company was demerged into two companies, a demerging company (Orascom Investment Holding) and a demerged company (Orascom Financial Holding) - for more details about the demerge process, please refer to note no. (34). Consequently, the Company transferred Company's investments in Beltone Financial Holding Company and its subsidiaries to the demerged company (Orascom Financial Holding), therefore, Orascom Investment Holding (the parent company) currently owns directly and indirectly the following subsidiaries:

Entity name	Segment	Country	Direct and indirect interest in entity
Trans World Associates (Pvt) Ltd.	Media and Technology	Pakistan	51 %
Oracap Holding company (Free zone)	Media and Technology	Egypt	99.96%
Oracap Far East Ltd.	Media and Technology	Malta	100 %
Osorcon company	Others	Northern Korea	100%
Orascom Telecom Lebanon	Management services	Lebanon	99.8%
OTMT – Brazil	Other	Luxembourg	100 %
Victoire coop Investment Holding	Investment Property	Netherlands	100 %
Victoire B.V.	Investment Property	Netherlands	100 %
Victorie 2 (Brazil)	Investment Property	Brazil	100 %
Victorie 9 (Brazil)	Investment Property	Brazil	100 %
Victorie 11 (Brazil)	Investment Property	Brazil	100 %
Victorie 13 (Brazil)	Investment Property	Brazil	100 %
Victorie 17 (Brazil)	Investment Property	Brazil	100 %
Victorie 18 (Brazil)	Investment Property	Brazil	100 %
Victorie 19 (Brazil)	Investment Property	Brazil	100 %
O-Capital for Energy	Energy	Egypt	99.2 %
O-Capital for Services and Construction	Energy	Egypt	99.2 %
Orascom Telecom Venture "S.A.E"	Media and Technology	Egypt	100 %
Orascom Prisme Pyramids Entertainment "S.A.E"	Other	Egypt	70%
Orascom Pyramids Entertainment "S.A.E"	Other	Egypt	100 %
Orascom Pyramids for Tourist Establishments	Other	Egypt	100 %

**4-3 Investments in associates**

An associate is an entity over which the Group has significant influence on through participating in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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

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

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

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

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

During the year 2020, the Company was demerged into two companies, a demerging company (Orascom Investment Holding) and demerged company (Orascom Financial Holding) -for more details about the demerger process please refer to note no 34-. Consequently, the Company transferred Company's investments in Sarwa Capital Holding (investment in associates) to the demerged company (Orascom Financial Holding), therefore, Orascom Investment Holding (the parent company) currently has the following investments in associates:

	<u>Segment</u>	<u>Country</u>	<u>Direct and indirect interest in entity</u>
CHEO Technology JV (Koryolink)	Mobile phone services	North Korea	75%

#### **4-4 investing in joint operations**

A joint operation is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities of the joint operation require the unanimous consent of the parties sharing control.

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

Where the Group transacts with its jointly controlled entities, unrealized profits and losses are eliminated to the extent of the Group's interest in the joint operation.

#### **4-5 Foreign currencies translation**

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

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

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

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

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

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

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

	<b>Closing rate as of December 31, 2020</b>	<b>Average rate for the year ended December 31, 2020</b>	<b>Closing rate as of December 31, 2019</b>	<b>Average rate for the year ended December 31, 2019</b>
American Dollar	15.690	15.769	16.000	16.778
Pakistan Rupee	0.098	0.098	0.104	0.112
Brazilian Real	3.021	3.058	3.981	4.253
Euro	19.162	17.997	17.935	18.779

#### **4-6 Fixed assets and depreciation**

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

Subsequent costs are included in the assets carrying amount or recognized separately, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Repairs and maintenance expenses are charged to the profit or loss during the financial period in which they have been incurred. The gain or loss arising on the disposal or retirement of an item of fixed assets is

determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

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

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

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

#### **4-7 Projects under Construction**

Projects under construction are carried at cost, less accumulated impairment, if any. Costs include all costs associated with the acquisition of the asset and bringing it to be ready for its intended use. Projects under construction are transferred to fixed assets when they become ready for their intended use and then start its depreciation using the assumptions that are used in depreciate the same types of the assets.

#### **4-8 Intangible assets**

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

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

#### **4-9 Goodwill**

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

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which

goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

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

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. This applies as well on investments in associates, where goodwill is included within the carrying amount of the investment the Group's policy for goodwill arising on the acquisition of an associate is described above at "Investments in associates."

#### **4-10 Impairment of tangible and intangible assets excluding goodwill**

On annual basis, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

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



#### **4-11 Investment property**

##### **a) Recognition and initial measurement**

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

##### **b) Depreciation**

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

<u>Assets</u>	<u>Years</u>
Leased units	50

#### **4-12 Financial instruments**

##### **Financial assets**

Starting from January 1, 2020, the Group 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 Group 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 Group has made an irrevocable election at the initial recognition of accounting for these investments to be at fair value through other comprehensive income.

The Group 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 Group 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 Group 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 Group 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 Group 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:**

The Group 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. Where the applied impairment methodology depends on whether there is a significant deterioration in the credit risk of customers, the Group applies the simplified approach allowed by Egyptian Accounting Standard no. 47, which requires recognizing expected losses over the life of the initial recognition of customers.

**Financial derivatives**

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

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

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

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

**Classification as debt or equity**

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

**Equity instruments**

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

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

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

#### **4-14 De-recognition of financial instruments from books**

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

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

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

#### **4-15 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.

#### **4-16 Inventories**

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

#### **4-17 Cash and cash equivalents**

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

#### **4-18 Income taxes and deferred taxes**

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

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

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

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

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

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

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

#### **4-19 Provisions**

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

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

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

#### **4-20 Non-current assets held for sale (or disposal Groups)**

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

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

#### **4-21 Revenue recognition**

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

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

- a) The amount of revenue can be measured reliably; and
- b) It is probable that the economic benefits associated with the transaction will flow to the entity; and
- c) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and

- d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
- The following represents the types of services provided, and policies used by the Group for recognition of generated revenue and other revenue resulted from the use of the Group assets.

#### **1- Revenues from technical support**

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

#### **Revenues from the financial service sector**

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

- a) The amount of revenue can be measured reliably; and
- b) It is probable that the economic benefits associated with the transaction will flow to the entity; and,
- c) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and,
- d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Operating revenues represent the following types:

#### **Investment banking revenue**

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

#### **Management fees of funds and portfolios**

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

Incentive fees are recognized as revenue based on predetermined percentages agreed with clients, calculated by reference to the annual return on each fund or portfolio, but only to the extent that the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Group.

#### **Brokerage commissions**

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

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

#### **Custodian fees**

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

-Recognized by irrevocable contracts with clients on accrual basis.

-Recognized the commissions for collecting of the coupons for customers, the collection of these coupons is on behalf of the customers.

**2- Interest income**

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

**3- Dividends income**

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

**4- Revenues from investment property**

Revenues from investment property are recognized on accrual basis (on net amount less any deductions) accrued to income statement, based on the straight-line method through rental contract duration.

**4-22 Employees' benefits**

**Short-term employees' benefits**

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

**4-23 Dividends distribution**

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

**4-24 Borrowing costs**

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

**4-25 Earnings per share**

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

**4-26 Segment reporting**

Operating segments are reported in a manner which is consistent with the internal reporting information provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the Company.

**4-27 Estimation of fair value**

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

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

#### 4-28 Legal reserves

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

#### 4-29 Employees' profit share

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

#### 4-30 Statement of cash flows

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

#### 4-31 Fair value estimation

- The fair value of a financial instrument traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active, if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.
- The fair value of instruments that are not traded in an active market (for example privately negotiated derivatives between two parties) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

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

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

The following table sets forth the Group's financial assets and liabilities that are measured at fair value as of December 31, 2020 and December 31, 2019.

	<b>Fair value at December 31, 2020 EGP</b>	<b>Fair value at December 31, 2019 EGP</b>	<b>Level of Fair value</b>	<b>Valuation techniques and major inputs</b>
<i>(in thousands of US\$)</i>				
Investments at fair value through profit and loss (18-4)	-	552	Two	Prices from fund managers
Financial assets at fair value through other comprehensive income (18-3)	-	40,749	One	Active market prices



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

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

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

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

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

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

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

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

##### **4-32-2 Valuation of financial Instruments**

For some financial instruments that are not traded in an active market and included in the financial statements such as financial derivatives. Management estimated its fair value using valuation techniques based on inputs and assumptions, some linked to quoted market prices and other non-linked to market prices but depend on management's estimates. Management used acceptable option valuation models during the period in estimating the fair value of these financial instruments.

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

Non-current assets are reviewed to determine whether there are any indications that the net carrying amount of these assets may not be recoverable and that they have suffered an impairment loss that needs to be recognized. In order to determine whether any such elements exist it is necessary to make subjective measurements, based on information obtained within the Group and in the market considering the past experience.

When indicators exist that an asset may have become impaired, the Group estimates the impairment loss using suitable valuation techniques. The identification of elements indicating that a potential impairment exists and estimates of the amount of the impairment, depend on factors that may vary in time, affecting management's assessments and estimates.

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

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

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

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

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

In order to recognize deferred tax assets, management uses assumptions about the availability of sufficient future tax profits to allow the use of the recognized deferred tax assets, and management uses assumptions related to determining the tax rate announced at the date of the financial statements, at which it is expected that both assets and tax liabilities will be settled in the future.

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

#### **4-32-6 Goodwill**

The impairment test on goodwill is carried out by comparing the recoverable amount of cash-generating units and their carrying amounts. The recoverable amount of a cash-generating unit is the higher of "fair value less costs to sell" or its value in use. This complex valuation process entails the use of methods such as the discounted cash flow method, which uses assumptions to estimate future cash flows. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model as well as the expected future cash flows and the growth rate used for the extrapolation.

#### **4-32-7 Provisions and contingent liabilities**

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

**4-33 New Issues and amendments to the Egyptian accounting standards that the Group 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 Group 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 Group 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 Group'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.

As a result, the provision for doubtful debts increase, and decrease in the value of other financial assets of the Group, when applying Egyptian Accounting Standard No. 47 on January 1, 2020, by an amount of EGP 84,843 thousand, as a result of applying the expected credit loss.

Hedge accounting

the Egyptian Accounting Standard No. 47 simplifies and expands the Group'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 Group's risk management policies, and the effectiveness of the coverage will be measured in the future.

Transitional period

The Group 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.

**5- Financial instruments risk management**

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

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

**Market risk**

**Foreign currency risk management related to operations**

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

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

(In thousands of EGP)	December 31, 2020	December 31, 2019
USD	(111,744)	321,710
Euro	59,904	211,776
PKR	(420,903)	(430,784)
GBP	29	751
Other	31,567	189,019

Management estimates that if any changes occurs either upward or downward in the exchange rate of the Egyptian pound (functional currency) in the range of 10% against the US Dollar, Euro, or the Pakistani rupee with the stability of all other variables, the receivables and payables denominated in foreign currencies will be affected by increase or decrease equivalent to EGP 44 million (2019: EGP 80 Million) which affecting the net (loss)/ profit for the year by the same amount.

#### **Change in market price risks**

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

#### **Interest rate risk**

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

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

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

(In thousands of EGP)	December 31, 2020	December 31, 2019
Total borrowings	537,101	1,052,448
of which % is at a fixed interest rate	-	-
of which % is at a variable interest rate	%100	%100
of which % is free interest rate	-	-

Management estimates the impact resulting from the change in the interest rate by 1%, leading to an increase or decrease in the finance cost for the current period in the amount of EGP 4.56 Million (2019: EGP 5.9 Million).

#### **Credit risk**

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

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

**Submarine cable segment**

Submarine cable customers are offered maximum payment term of 30 days. Customers are checked for creditworthiness before offering credit terms.

**Cash balances at banks**

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

In general, the receivables and financial receivables included in financial assets relate to a variety of small amounts due from a wide range customer, which reduce the credit risk given to customers.

**Liquidity risk**

Liquidity risk represents the factors which may affect the Group's ability to pay part or all of its liabilities, management monitors these liabilities and in case these liabilities have been increased, management depends on obtaining dividends from its subsidiaries or through management of excess cash at subsidiaries to mitigate any increase in these liabilities above acceptable levels. The Group monitors and mitigates liquidity risk arising from the uncertainty of cash inflows and outflows by maintaining sufficient liquidity of cash balances. In general, liquidity risk is monitored at entity level whereby each subsidiary is responsible for managing and monitoring its cash flows and rolling liquidity reserve forecast in order to ensure that it has sufficient committed facilities to meet its liquidity needs and a coordination with the management of the Group exist to manage surplus cash balances, where the Group directs these surpluses to companies that have deficit in their liquidity, so the Group depends mainly on internal transfers between Companies of the Group and on dividends from subsidiaries.

Laws and regulations in certain countries, such as for example North Korea, in which the Group operates limit the conversion of current cash balances into foreign currency. Given the nature of the business, Group companies may have to make payments in foreign currencies (for example capital expenditures), the lack of individual entity foreign currency reserves means that these companies are largely dependent on the Company to make these payments on its behalf.

The below table analyses the Group's financial liabilities into relevant maturity Groupings based on the payment remaining period at the date of the consolidated financial statements:

(In thousands of EGP)

<b>As of December 31, 2020</b>	<b>Carrying amount</b>	<b>Expected cash flows (*)</b>	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>More than 5 years</b>
<b>Liabilities</b>					
Borrowings from banks	439,379	524,087	179,548	303,464	41,075
Other borrowings	16,473	16,732	8,963	7,769	-
Liabilities from sale and leaseback	81,249	132,889	4,899	75,550	52,440
Creditors and other credit balances	876,770	876,770	876,770	-	-
	<b>1,413,871</b>	<b>1,550,478</b>	<b>1,070,180</b>	<b>386,783</b>	<b>93,515</b>

(In thousands of EGP)

<b>As of December 31, 2019</b>	<b>Carrying amount</b>	<b>Expected cash flows (*)</b>	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>More than 5 years</b>
<b>Liabilities</b>					
Borrowings from banks	1,021,646	1,138,290	530,001	603,238	5,051
Other borrowings	30,802	32,430	17,816	14,614	-
Creditors and other credit balances	980,648	980,648	980,648	-	-
	<b>2,033,096</b>	<b>2,151,368</b>	<b>1,528,465</b>	<b>617,852</b>	<b>5,051</b>

\* Expected cash flows are the gross contractual undiscounted cash flows including interest, charges and other fees.

**(7-b-1) Riza Capital disposal:**

On September 10, 2019, OTMT Brazil Holding company signed a sale and purchase agreement "SPA" with Marco Aurelio to sell all its shares represent 57.5% of Riza Capital for a consideration of USD 13,323,850, to be collected over six instalments semi-annually by USD 2,220,642, each in which last instalment will be accrued on February 28, 2022.

To ensure the collection of the payments, a mortgage contract was signed for the shares that were sold to Mr. Marco Aurelio for 232,250 shares, represent 57.5%.

Profit from the disposal of Riza Capital during the year ended December 31, 2019 are as follows: -

**(In thousand EGP)**

	<b>December 31, 2019</b>
<b><u>Assets</u></b>	
<b>Consideration paid</b>	<b>222,185</b>
<b><u>Deduct</u></b>	
Company's percentage of net assets	(91,359)
Beginning balance of non-controlling interest	(15,306)
Disposed of foreign currency translation differences	3,314
(Losses) of the period of Riza Capital	(31,153)
<b>Group profit from the disposal</b>	<b>87,681</b>

**(Losses) of the year of Riza Capital represents as following: -**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
<b>(In thousands of EGP)</b>		
Operating revenue	-	48,587
Operating cost	-	(26,672)
<b>Gross income</b>	-	<b>21,915</b>
Other expenses	-	(53,068)
<b>Net (loss) for the year</b>	-	<b>(31,153)</b>
Attributable to:		
Owners of the parent company	-	(17,922)
Non-controlling interests	-	(13,231)

**(7-b-2) Discontinuing operations result from Orascom telecom Lebanon:**

In December 2019, the Company's board of directors received a letter from the Lebanese Ministry of Communications for not renewal the contract of the management between Orascom Investment Holding and the Lebanese Ministry of Communications for the management of the Mobil Antrim Company (MIC), known commercially in Lebanon as Alpha Company, which is managed by Orascom Telecom Lebanon, and during the year 2020, the process of transferring the management of Alfa from Orascom Telecom Lebanon to the Ministry of Telecommunications was completed, in implementation of the decision of the Council of Ministers and after fulfilling all the requirements of the management contract.

**Profits / (losses) for Orascom telecon Lebanon for the year end represents in the following: -**

<b>(In thousands of EGP)</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Operating revenue	-	120,156
Other revenue	72,385	7,182
<b>Total revenue</b>	<b>72,385</b>	<b>127,338</b>
Purchase and service costs	(3,100)	(9,048)
Employees' salaries and bonus	(51,225)	(41,037)
Property and equipment depreciation	(3,015)	-
Gains from non-current asset disposal	1,012	-
Other operating expenses	(19,653)	(63,522)
Net financing cost	(4,193)	(7,936)
<b>(Loss) / profit at the year before tax</b>	<b>(7,789)</b>	<b>5,795</b>
income tax	7,950	(21,319)
<b>Net profit / (loss) at the year</b>	<b>161</b>	<b>(15,524)</b>

**(7-b-3) Discontinued operations result from Sawra Capital:**

In October 19,2020, the Extraordinary General Assembly of Orascom Investment Holding was held and the majority approved the decision to demerge the Company according to the method of horizontal demerging with the book value of the share into a demerging company which is Orascom Investment Holding, and a demerged company, which is Orascom Financial Holding, which was established in December 2020, accordingly Orascom Investment Holding will remain all its assets and obligations, except the investment in Beltone Financial Holding (a subsidiary company) and the investment in the Sarwa Capital Holding for Financial Investments (an associate company) where they are transferred to Orascom Financial Holding, accordingly the group's share in the net profits of Sarwa Capital Holding is presented in the discontinued operations.

Group's share from Sarwa Capital profit for the year end represented in the following:

<b>(In thousands of EGP)</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Group share from profit for the year of Sarwa Capital Holding.	93,038	84,272
Deferred tax	(1,266)	(11,511)
<b>Net profit for the year</b>	<b>91,772</b>	<b>72,761</b>

**(7-b-4) Discontinued operations result from Beltone Financial Holding:**

In October 19,2020, the Extraordinary General Assembly of Orascom Investment Holding was held and the majority approved the decision to demerge the Company according to the method of horizontal demerging with the book value of the share into a demerging company which is Orascom Investment Holding, and a demerged company, which is Orascom Financial Holding, which was established in December 2020, accordingly Orascom Investment Holding will remain all its assets and obligations, except the investment in Beltone Financial Holding (a subsidiary company) and the investment in the Sarwa Capital Holding for Financial Investments (an associate company) where they are transferred to Orascom Financial Holding, accordingly the income statement of Beltone Financial Holding Company was presented are presented in the discontinued operations.



**The Group's net (losses) from Beltone for the year end represents as following: -**

<b>(In thousands of EGP)</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Brokerage operation revenue	278,254	237,419
Other revenue	2,101	4,715
<b>Total revenue</b>	<b>280,355</b>	<b>242,134</b>
Employees' salaries and bonus	(164,022)	(152,367)
Execution commissions	(1,807)	(7,120)
Property and equipment depreciation	(8,419)	(7,986)
Intangible assets amortization	(5,155)	(5,155)
Other operating expenses	(121,155)	(91,125)
Losses from discontinuing operation	(95,861)	(95,134)
foreign currency translation differences	(42)	(2,590)
<b>The loss of the year before tax</b>	<b>(116,106)</b>	<b>(119,343)</b>
income tax	(18,241)	(5,687)
<b>Net (losses) of the year</b>	<b>(134,347)</b>	<b>(125,030)</b>
<b>Company share</b>	<b>(100,156)</b>	<b>(66,297)</b>
<b>Non-controlling interest</b>	<b>(34,191)</b>	<b>(58,733)</b>

**(7-b-5) Discontinued operations result from Orascom Investment Holding:**

The results of discontinued operations for Orascom Investment Holding Company during the year end on December 31, 2019, on the value of foreign currency translation related to the current account between Orascom Investment Holding and Beltone Holding Company which is excluded from the Group during the year 2020 according to demerger project approved by the extraordinary general assembly of the company, as previously explained.

**8- Operating revenues**

<b>(In thousands of EGP)</b>	<b>The financial year ended December 31, 2020</b>	<b>The financial year ended December 31, 2019</b>
Interconnection traffic	664,199	747,349
Revenues from investment property	61,599	61,276
Other revenues	4,691	2,775
<b>Total</b>	<b>730,489</b>	<b>811,400</b>

Orascom Investment Holding S.A.E.

Notes to the consolidated financial statements as of and for the year ended December 31, 2020

**9- Purchases and services cost**

(In thousands of EGP)

	<b>For the year ended December 31, 2020</b>	<b>For the year ended December 31, 2019</b>
Consulting and professional services	45,522	66,558
International communication fees	68,657	68,266
Maintenance costs	50,076	38,461
Rental of local network, technical sites and other leases	115,108	120,325
Purchases of goods and changes in inventories	46,654	28,597
Advertising and promotional services	9,942	10,355
Utilities and energy cost	7,947	11,010
Site cost	11,432	11,621
Insurance expense	1,723	1,831
Travel and accommodation expenses	1,019	6,434
Airfare expenses	1,181	4,366
Security expenses	3,835	3,372
Equipment technology supplies expenses	1,836	3,280
Bank charges	509	2,258
Other service expenses	9,892	16,738
<b>Total</b>	<b>375,333</b>	<b>393,472</b>

**10- Other expenses**

(In thousands of EGP)

	<b>For the year ended December 31, 2020</b>	<b>For the year ended December 31, 2019</b>
Promotion and gifts	3,648	56
Licenses and subscriptions	11,318	11,210
Tax expenses	2,658	98
Other operating expenses	4,418	6,892
<b>Total</b>	<b>22,042</b>	<b>18,256</b>

**11- Personnel costs**

(In thousands of EGP)

	<b>For the year ended December 31, 2020</b>	<b>For the year ended December 31, 2019</b>
Wages and salaries	160,851	186,478
Bonuses	12,679	12,268
Other benefits	5,112	5,463
Pension costs	21,315	5,996
Social security	9,159	6,244
Subscriptions	3,592	2,860
Other personnel costs	564	-
<b>Total</b>	<b>213,272</b>	<b>219,309</b>

Orascom Investment Holding S.A.E.

Notes to the consolidated financial statements as of and for the year ended December 31, 2020

**12- Depreciation and amortization**

(In thousands of EGP)	For the year ended December 31, 2020	For the year ended December 31, 2019
<b>Depreciation of property and equipment</b>		
Buildings	2,394	2,259
Communication stations	60	130
Equipment for cables system	44,379	46,086
Computers and other equipment	22,430	18,620
<b>Depreciation of investment property</b>		
Buildings	17,302	22,268
<b>Amortization of intangible assets</b>		
License	1,862	1,067
Right of use	1,231	1,703
<b>Total</b>	<b>89,658</b>	<b>92,133</b>

**13- Net financing (cost)**

(In thousands of EGP)	For the year ended December 31, 2020	For the year ended December 31, 2019
<b>Finance income generated from:</b>		
Interest income *	74,079	13,989
<b>Total financial income</b>	<b>74,079</b>	<b>13,989</b>
<b>Finance cost generated from:</b>		
Interest expense	(45,703)	(149,821)
Other finance expense	(8,130)	(34,616)
<b>Total finance cost</b>	<b>(53,833)</b>	<b>(184,437)</b>
Net foreign currencies translation (loss)	(7,184)	(33,612)
<b>Total foreign currencies translation (loss)</b>	<b>(7,184)</b>	<b>(33,612)</b>
<b>Net financing income/(cost)</b>	<b>13,062</b>	<b>(204,060)</b>

(\* ) Credit interests during the year 2020, include an amount of EGP 61,694 represent the value of the profit resulting from the accelerated payment of the full value of the loan granted by a foreign bank for the direct or indirect acquisition of the shares of the companies that own the Brazil building.

#### 14- Equity-accounted investees

(In thousands of EGP)	Country	Ownership percentage % in 2020	December 31, 2020	Ownership percentage % in 2019	December 31, 2019
Cheo Technology-Koryolink (14-1)	Northern Korea	75	12,472,760	75	9,774,529
Sarwa capital company (14-2)	Egypt	-	-	29.61	1,674,834
Electronic Fund Administration Services	Egypt	-	-	20	286
International Fund Administration Services	Egypt	-	-	20	505
Axes Holding company	Egypt	-	-	33.9	10,035
Less: Impairment in investments			(11,859,128)		(9,170,932)
			<b>613,632</b>		<b>2,289,257</b>

#### 14-1 Koryolink Company

The Group's investments in North Korea related primarily to the 75% voting rights in the local telecom operator Koryolink. The accounting treatment has been modified during period ended September 30, 2015. Through, recognizing it as an investment in associates instead of investment in subsidiaries, as the Group management believes that the existence of significant influence instead of control. Thus, in light of the increase of the restrictions, financial and operating difficulties facing Koryolink due to the international sanction imposed by the international community including the United States of America, the European Union and the United Nations. These sanctions have the effect of restricting financial transactions and the import and export of goods and services, including goods and services required to operate, maintain and develop mobile networks. In addition to, the restrictions implemented on the company that affect the ability of the associate company to transfer profits to the parent (return of funds to its native) and the absence of a free-floating currency exchange market in North Korea, announced by the Central Bank of North Korea, other than launching a competing local telecom operator wholly owned by the North Korean Government.

On September 11, 2017, the United Nations Security Council issued a resolution obliging member states of the United Nations to pass laws prohibiting joint ventures and existing partnerships with the North Korean Republic unless approval is obtained to continue such joint ventures.

At the present, the company's management submitted an official request through the Government of the Arab Republic of Egypt in order to be excluded from adhering to the said resolution.

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

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

(In thousands of EGP)	December 31, 2020	December 31, 2019
Total assets	34,567,860	30,704,243
Total liabilities	(4,430,345)	(4,820,905)
<b>Net assets</b>	<b>30,137,515</b>	<b>25,883,338</b>
	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Total revenues	6,353,124	6,561,415
Total expense	(2,755,483)	(2,858,872)
<b>Net profit after tax</b>	<b>3,597,641</b>	<b>3,702,543</b>
<b>Share of profit of the associate company</b>	<b>2,698,231</b>	<b>2,776,907</b>

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

**Notes to the consolidated financial statements as of and for the year ended December 31, 2020**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
<b>Opening balance of the investment in the associate</b>	<b>9,774,529</b>	<b>6,997,622</b>
Group's share of profit of the associate company	2,698,231	2,776,907
<b>Ending balance</b>	<b>12,472,760</b>	<b>9,774,529</b>
<b>Opening balance of impairment</b>	<b>(9,160,897)</b>	<b>(6,383,990)</b>
Impairment of Group's share of profit of the associate	(2,698,231)	(2,776,907)
<b>Ending balance of impairment</b>	<b>(11,859,128)</b>	<b>(9,160,897)</b>
	<b>613,632</b>	<b>613,632</b>

**14-2 Sarwa Capital Holding Company**

On December 20, 2018, the Group purchased number of 216,032,608 share from shares of Sarwa Capital, which represents 30% of total equity by price per share 7.36 by total price EGP 1.590 million and it was financed by the contract related to open credit facility with bank Audi by amount of USD 90 million during December 2018.

The Group make an assessment of the Purchase Price Allocations (PPA) including its adjustments of the fair value of the assets and the liabilities and the related reconciliations in the last quarter of 2019, in which the comparative figures of 2018 have been adjusted to reflect the final figures which resulted into a goodwill by an amount of EGP 876 049 204 as follows:

(In thousands of EGP)

**Assets**

Acquired assets excluding goodwill

3,489,946

**Liabilities**

Total liabilities

(1,851,478)

**Net Assets of Sarwa Capital company as of December 31, 2018**

**1,638,468**

**Assets resulted from the acquisition of 30% for Sarwa Capital company after PPA assessment**

Tangible assets (land)

51,909

Intangible assets

894,361

Other

8,008

Deferred tax

(212,911)

**Net assets**

**2,379,835**

Company's percentage of net acquired assets (30%)

713,951

Consideration paid

1,590,000

**Goodwill**

**876,049**

- On May 9, 2019, the company has increased the issued and paid up capital based on decision of board of director of Sarwa Capital company on March 3, 2019, to increase the issued and paid-up capital by issuing 28 million shares with par value of EGP 0.16 each, with total value of EGP 4,480,000, the full value of the increase should be fully funded by the balance of the retained earnings, and this increase to be assigned for the share based payments program (ESOP) for Sarwa's employees which was approved by the Financial Reporting Authority (FRA) on 26 February 2019.
- On October 3, 2019, the issued and paid up capital has been increased based on the decision of the board of directors meeting on May 13, 2019, by distributing free shares to the shareholders by his percentage of ownership (3 shares for every 5 shares) and to be funded by the retained earnings.
- As a result of the above, the number of shares of share based payments (ESOP) is 44.8 million shares and the Company has allocated 15.5 million shares from ESOP shares to employees and managers, which led to a decrease in the ownership percentage of Orascom Investment Holding to 29.61% as of December 31, 2019.
- During the year 2020, the Company purchased number of 4,265 thousand shares of Sarwa Capital Holding Company at a value of EGP 13,861 thousand, thus the Company's contribution to the capital of the associate company became 29.98%.

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

**Notes to the consolidated financial statements as of and for the year ended December 31, 2020**

- In October 19,2020, the Extraordinary General Assembly of Orascom Investment Holding was held and the majority approved the decision to demerge the Company according to the method of horizontal demerging with the book value of the share into a demerging company which is Orascom Investment Holding, and a demerged company, which is Orascom Financial Holding, which was established in December 2020, accordingly Orascom Investment Holding will remain all its assets and obligations, except the investment in Beltone Financial Holding (a subsidiary company) and the investment in the Sarwa Capital Holding for Financial Investments (an associate company) where they are transferred to Orascom Financial Holding, accordingly the group's share in the net profits of Sarwa Capital Holding is presented in the discontinued operations.

**Group's share from Sarwa Capital's profits is presented in the following:**

<b>(In thousands of EGP)</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Total revenue	3,284,808	3,963,581
Total expenses	(2,917,397)	(3,557,067)
<b>Net profit after tax</b>	<b>367,411</b>	<b>406,514</b>
<b>Owners of the parent company</b>	<b>352,675</b>	<b>388,712</b>
<b>Group share of profit of associates</b>	<b>105,745</b>	<b>115,105</b>
<b>Items resulted from the acquisition of 30% of the associate company</b>		
Decrease in the investment based on the decrease of the ownership percentage from 30% to 29.61%	-	(20,571)
Fair value adjustments for treasury bills	(2,445)	-
Client list amortization	(13,241)	(13,241)
Deferred tax	2,979	2,979
	<b>93,038</b>	<b>84,272</b>

**(In thousands of EGP)**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
<b>Opening balance</b>	<b>1,674,834</b>	<b>1,590,000</b>
Adjustments of new accounting standards (EAS 47)	57,910	-
<b>Adjusted opening balance</b>	<b>1,732,744</b>	<b>1,590,000</b>
Paid under the increase of the investment percentage	13,861	562
Dividends during the year	(34,686)	-
Group's share of profit of the associate company (P&L)	93,038	84,272
Group's share of profit of the associate company (OCI)	(34,283)	-
Effect of the demerger	(1,770,674)	-
<b>Ending balance</b>	<b>-</b>	<b>1,674,834</b>

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

Notes to the consolidated financial statements as of and for the year ended December 31, 2020

**15- Fixed assets**

(In thousands of EGP)	Land and Buildings	Cable system and equipment	Computers, fixtures and other equipment	Assets under Construction	Total
Cost	189,638	977,279	206,389	54,272	1,427,578
Accumulated depreciation and impairment	(19,896)	(231,946)	(96,403)	-	(348,245)
<b>Net Book value as of January 1, 2020</b>	<b>169,742</b>	<b>745,333</b>	<b>109,986</b>	<b>54,272</b>	<b>1,079,333</b>
Additions	5,733	18,541	64,314	191,685	280,273
Disposals	(2,044)	-	(18,157)	(106,491)	(126,692)
Change in scope of consolidation resulted from the demerger	(118,486)	-	(18,154)	(4,117)	(140,757)
Depreciation	(2,394)	(44,379)	(22,490)	-	(69,263)
Depreciation (in discontinuing operations)	(2,265)	-	(9,169)	-	(11,434)
Reclassifications in presentation	(1,055)	190	6,599	(5,734)	-
Foreign currency translation differences	(317)	(38,582)	(4,405)	(2,691)	(45,995)
<b>Net book value as of December 31, 2020</b>	<b>48,914</b>	<b>681,103</b>	<b>108,524</b>	<b>126,924</b>	<b>965,465</b>
Cost	64,233	945,670	180,192	126,924	1,317,019
Accumulated depreciation and impairment	(15,319)	(264,567)	(71,668)	-	(351,554)
(In thousands of EGP)	Land and Buildings	Cable system and equipment	Computers, fixtures and other equipment	Assets under Construction	Total
Cost	211,274	1,160,387	208,342	31,325	1,611,328
Accumulated depreciation and impairment	(18,908)	(235,824)	(91,389)	-	(346,121)
<b>Net Book value as of January 1, 2019</b>	<b>192,366</b>	<b>924,563</b>	<b>116,953</b>	<b>31,325</b>	<b>1,265,207</b>
Additions	1,596	32,156	51,558	56,838	142,148
Disposals	-	(71)	(9,295)	-	(9,366)
Change in scope of consolidation	(18,113)	-	(14,284)	-	(32,397)
Depreciation	(2,259)	(46,086)	(18,750)	-	(67,095)
Depreciation (in discontinuing operations)	(2,265)	-	(5,721)	-	(7,986)
Depreciation of assets held for sale (in discontinuing operations)	-	-	(1,089)	-	(1,089)
reclassifications to assets held for sale	-	-	(1,301)	-	(1,301)
Reclassifications and presentations	-	16,491	8,869	(25,360)	-
Foreign currency translation differences	(1,583)	(181,720)	(16,954)	(8,531)	(208,788)
<b>Net book value as of December 31, 2019</b>	<b>169,742</b>	<b>745,333</b>	<b>109,986</b>	<b>54,272</b>	<b>1,079,333</b>
Cost	189,638	977,279	206,389	54,272	1,427,578
Accumulated depreciation and impairment	(19,896)	(231,946)	(96,403)	-	(348,245)

- There are pledged assets for Transworld company equivalent to EGP 99,929 million, and this in exchange for facilities for the Company to expand in marine cable SMW number (5).

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

**Notes to the consolidated financial statements as of and for the year ended December 31, 2020**

**16- Intangible assets**

(In thousands of EGP)	License	Goodwill	Right of use	Customer list	Trademark	Other	Total
Cost	34,358	314,265	12,080	78,200	24,900	2,340	466,143
Accumulated amortization and impairment	(27,980)	(8,098)	(1,941)	(15,618)	(5,002)	-	(58,639)
<b>Net Book value as of January 1, 2020</b>	<b>6,378</b>	<b>306,167</b>	<b>10,139</b>	<b>62,582</b>	<b>19,898</b>	<b>2,340</b>	<b>407,504</b>
Additions	1,202	-	16,386	-	-	559	18,147
Amortization	(1,862)	-	(1,231)	-	-	-	(3,093)
Amortization (in discontinuing operations)	-	-	-	(3,910)	(1,245)	-	(5,155)
Disposals	(6)	-	(1,940)	-	-	(590)	(2,536)
Change in scope of consolidation resulted from splitting operation	-	(298,871)	-	(58,672)	(18,653)	-	(376,196)
Reclassifications	1,212	-	-	-	-	(1,212)	-
Currency translation differences	(326)	(377)	(460)	-	-	(127)	(1,290)
<b>Net book value as of December 31, 2020</b>	<b>6,598</b>	<b>6,919</b>	<b>22,894</b>	<b>-</b>	<b>-</b>	<b>970</b>	<b>37,381</b>
Cost	36,143	15,017	25,972	-	-	970	78,102
Accumulated amortization and impairment	(29,545)	(8,098)	(3,078)	-	-	-	(40,721)

(In thousands of EGP)	License	Goodwill	Right of use	Customer List	Trademark	Other	Total
Cost	34,450	493,930	7,969	78,200	24,900	32,703	672,152
Accumulated amortization and impairment	(28,151)	(8,098)	(460)	(11,730)	(3,735)	-	(52,174)
<b>Net Book value as of January 1, 2019</b>	<b>6,299</b>	<b>485,832</b>	<b>7,509</b>	<b>66,470</b>	<b>21,165</b>	<b>32,703</b>	<b>619,978</b>
Additions	1,111	-	6,151	-	-	2,306	9,568
Amortization	(1,067)	-	(1,703)	-	-	-	(2,770)
Amortization (in discontinuing operations)	-	-	-	(3,910)	(1,245)	-	(5,155)
Amortization of assets held for sale (in discontinuing operations)	-	-	-	(2,060)	(437)	-	(2,497)
Change in scope of consolidation	(293)	(119,037)	-	-	-	-	(119,330)
Reclassifications	1,788	-	-	19,760	10,630	(32,178)	-
Assets held for sale	-	(52,938)	-	(15,798)	(9,167)	-	(77,903)
Currency translation differences	(1,460)	(7,690)	(1,818)	(1,880)	(1,048)	(491)	(14,387)
<b>Net book value as of 31 December 2019</b>	<b>6,378</b>	<b>306,167</b>	<b>10,139</b>	<b>62,582</b>	<b>19,898</b>	<b>2,340</b>	<b>407,504</b>
Cost	34,358	314,265	12,080	78,200	24,900	2,340	466,143
Accumulated amortization and impairment	(27,980)	(8,098)	(1,941)	(15,618)	(5,002)	-	(58,639)



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

**Notes to the consolidated financial statements as of and for the year ended December 31, 2020**

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

(In thousands of EGP)	December 31, 2020				December 31, 2019			
	Financial service	Cable	Others	Total	Financial service	Cable	Others	Total
Cost	298,871	7,296	8,098	314,265	476,754	9,078	8,098	493,930
Accumulated amortization and impairment	-	-	(8,098)	(8,098)	-	-	(8,098)	(8,098)
Assets held for sale	-	-	-	-	(52,938)	-	-	(52,938)
Change in scope of consolidation splitting effect	(298,871)	-	-	(298,871)	-	-	-	-
Change in scope of consolidation	-	-	-	-	(119,037)	-	-	(119,037)
Foreign currency translation differences	-	(377)	-	(377)	(5,908)	(1,782)	-	(7,690)
<b>Net book value as of December 31, 2020</b>	<b>-</b>	<b>6,919</b>	<b>-</b>	<b>6,919</b>	<b>298,871</b>	<b>7,296</b>	<b>-</b>	<b>306,167</b>
Cost	-	6,919	8,098	15,017	298,871	7,296	8,098	314,265
Accumulated amortization and impairment	-	-	(8,098)	(8,098)	-	-	(8,098)	(8,098)

**17- Investment property**

(In thousands of EGP)

	December 31, 2020	December 31, 2019
Cost of beginning balance	1,086,307	1,256,024
Accumulated amortization and impairment of beginning balance	(109,036)	(101,865)
<b>Net book value of the beginning balance</b>	<b>977,271</b>	<b>1,154,159</b>
Depreciation	(17,302)	(22,268)
Reclassifications *	(51,142)	-
Foreign currencies translation differences	(235,573)	(154,620)
<b>Net book value at the ending balance</b>	<b>673,254</b>	<b>977,271</b>
Cost	773,640	1,086,307
Accumulated amortization and impairment	(100,386)	(109,036)

As of December 31, 2020, the investment property balance comprises of the value of seven floors which owned by Victoire company in Brazil. The investment property is carried at its historical cost with fair value as of December 31, 2020 with amount USD 70 million (Equivalent EGP 1,095 million).

\*The balance of the reclassification represents the value of the deferred tax that was formed in 2016 due to the fact that the company was going to sell certain floors as a real estate investment, and in December 2020, the company decided that the sale, if it was done, would be selling of all the floors and not certain floors where the parent company will be sold to companies that own the floors in Brazil, and therefore the deferred tax component has been refunded due to the fact that the company that owns the Victoire companies is located in the Netherlands and is exempt from capital gains taxes and that the Company when it sells these investments, the sell will be through the sale of real estate investment itself (see note no. 19).

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

**Notes to the consolidated financial statements as of and for the year ended December 31, 2020**

- According to the contract concluded with Bluestone Investment Company (the seller) regarding the purchase of the seven floors in Brazil during 2015 to Orascom Investment Holding, which states a guarantee of obtaining a fixed annual return at the end of the fourth year of the contract, in the event of the inability to rent the seven mentioned floors and achieve the return mentioned in the contract, during the term of the contract, and the company addressed the Bluestone Investment Company in order to obtain the return difference in accordance with the concluded contract.

(In thousands of EGP)	December 31, 2020	December 31, 2019
Rental income	61,599	61,276
Direct operating expenses from property that generated rental income	10,425	17,683
Direct operating expenses from property that did not generate rental income	-	10,851

A substantial part of the investment properties is leased to tenants under long-term operating leases with rentals payable (monthly – in advance or in arrears). Minimum lease payments receivable on leases of investment properties are as follows:

(In thousands of EGP)	December 31, 2020	December 31, 2019
Within one year	73,450	76,183
More than one year but not later than 5 years	246,635	296,746
More than 5 years	21,468	32,612

**18- Other financial assets**

(In thousands of EGP)	December 31, 2020			December 31, 2019		
	Non-current	Current	Total	Non-current	Current	Total
Financial receivables at amortized cost	43,555	117,968	161,523	110,681	76,553	187,234
Pledged deposit and restricted cash at amortized cost (18-1)	59,024	187	59,211	114,213	1,931	116,144
Financial assets for sale - at cost (18-2)	-	-	-	12,976	-	12,976
Financial assets at FVOCI (18-3)	-	-	-	40,749	-	40,749
Financial assets at FVTPL (18-4)	-	-	-	-	552	552
	<b>102,579</b>	<b>118,155</b>	<b>220,734</b>	<b>278,619</b>	<b>79,036</b>	<b>357,655</b>

**18-1 Pledged deposit and restricted cash at amortized cost**

(In thousands of EGP)	December 31, 2020			December 31, 2019		
	Non-current	Current	Total	Non-current	Current	Total
Pledged deposit	3,150	187	3,337	5,250	1,931	7,181
Cash at bank in North Korea	111,741	-	111,741	108,963	-	108,963
Impairment in financial assets	(55,867)	-	(55,867)	-	-	-
	<b>59,024</b>	<b>187</b>	<b>59,211</b>	<b>114,213</b>	<b>1,931</b>	<b>116,144</b>

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

**Notes to the consolidated financial statements as of and for the year ended December 31, 2020**

Impairment losses for other financial assets have been recognized as follows:

<b>(In thousands of EGP)</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Expected loss ratio	50%	0%
Cash at bank in North Korea– non-current	111,741	108,963
Adjustments of applying new accounting standards (EAS 47)	(54,479)	-
Cash at bank in North Korea – non-current	57,262	-
Expected credit loss during the year	(1,388)	-
<b>Net cash at bank in North Korea – non-current</b>	<b>55,874</b>	<b>108,963</b>

**18-2 Financial assets for sale – at cost**

<b>Company name</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Misr for Central Clearing Depository and Registry	-	7,655
Guarantee Settlement Fund	-	5,027
El Arabi for Investment	-	194
MENA Capital	-	2,666
BMG	-	100
(Less): Impairment of financial assets for sale	-	(2,666)
<b>Total</b>	<b>-</b>	<b>12,976</b>

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

**18-3 Financial assets at fair value through other comprehensive income**

<b>Company name</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
EGX funds company	-	8,093
Egypt opportunities fund	-	32,656
	-	<b>40,749</b>

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

<b>Company name</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Investment in investment funds	-	552
<b>Total</b>	<b>-</b>	<b>552</b>

**19- Income tax**

<b>(In thousands of EGP)</b>	<b>Financial year ended December 31, 2020</b>	<b>Financial year ended December 31, 2019</b>
Current tax expense	53,372	81,396
Deferred tax	22,005	(22,684)
<b>Total Income Tax</b>	<b>75,377</b>	<b>58,712</b>

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

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

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

**Notes to the consolidated financial statements as of and for the year ended December 31, 2020**

<b>(In thousands of EGP)</b>	<b>2020</b>	<b>2019</b>
<b>Balance at 1 January,</b>	<b>(203,374)</b>	<b>(272,609)</b>
Foreign currency translation differences	19,577	24,408
Charged to the statement of income during the year	(22,005)	22,684
Charged to the statement of income (in discontinuing operations)	11,154	(9,660)
Liabilities associated with assets held for sale	-	9,487
Dividends tax	-	16,000
Change in scope of consolidation	-	6,316
Effect of the demerger	24,907	-
Adjustments of applying new accounting standards (EAS 47) on retained earnings	315	-
Reclassification	51,142	-
<b>Balance at 31 December,</b>	<b>(118,284)</b>	<b>(203,374)</b>

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

Deferred tax liabilities	December 31, 2020					December 31, 2019				
	Depreciation and amortization	Unremitted earnings	Forex	other	Total	Depreciation and amortization	Unremitted earnings	Forex	other	Total
<b>(In thousands of EGP)</b>										
<b>Opening balance</b>	(199,200)	(29,313)	(4,087)	29,226	(203,374)	(184,783)	(40,582)	(62,939)	15,695	(272,609)
Charged to the income statement for the year	(4,195)	(8,259)	1,787	(11,338)	(22,005)	(35,646)	(2,238)	46,491	14,077	22,684
Charged to the income statement for the year (in discontinuing operations)	861	10,152	141	-	11,154	596	(19,460)	9,204	-	(9,660)
Change in scope of consolidation	-	-	-	-	-	-	-	-	6,316	6,316
Reclassification	69,558	-	-	(18,416)	51,142	(11,680)	16,967	3,157	(8,444)	-
Liabilities related to assets held for sale	-	-	-	-	-	-	-	-	9,487	9,487
Dividends tax	-	-	-	-	-	-	16,000	-	-	16,000
Effect of the demerger	20,254	9,308	(4,655)	-	24,907	-	-	-	-	-
Adjustments of new accounting standards (EAS 47)	-	-	-	315	315	-	-	-	-	-
Currency translation differences	19,339	-	-	238	19,577	32,313	-	-	(7,905)	24,408
<b>Ending balance</b>	<b>(93,383)</b>	<b>(18,112)</b>	<b>(6,814)</b>	<b>25</b>	<b>(118,284)</b>	<b>(199,200)</b>	<b>(29,313)</b>	<b>(4,087)</b>	<b>29,226</b>	<b>(203,374)</b>

**20- Trade receivables**

<b>(In thousands of EGP)</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Debit balance-subscribers	571,641	1,067,793
Receivables from Koryolink dividends	369,841	366,167
Other debit balance	9,188	17,540
Allowance for doubtful debts	(557,467)	(550,777)
<b>Total</b>	<b>393,203</b>	<b>900,723</b>

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

Notes to the consolidated financial statements as of and for the year ended December 31, 2020

Movement of the impairment is represented as follows:

<b>(In thousands of EGP)</b>	<b>2020</b>	<b>2019</b>
<b>Beginning balance</b>	<b>550,777</b>	<b>512,795</b>
Adjustments of applying new accounting standard (EAS 47)	15,144	-
<b>Beginning balance including EAS 47 effect</b>	<b>565,921</b>	<b>512,795</b>
Foreign currency translation differences	2,668	(15,646)
Additions (recognized as an expense during the year)	7,971	2,197
Expected credit loss for the year (discontinuing operations)	106	64,795
Used during the year	-	(3,038)
Used during the year (discontinuing operations)	-	(10,326)
Effect of the demerger	(19,199)	-
<b>Ending balance</b>	<b>557,467</b>	<b>550,777</b>

The following table shows the aging analysis of trade receivables as of 31 December 2020 and 2019, net of the relevant allowance for doubtful debts:

<b>(In thousands of EGP)</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Not past due	3,520	41,223
Past due 0-30 days	34,453	8,574
Past due 31-120 days	45,019	44,728
Past due 121 - 150 days	11,861	36,054
Past due more than 150 days	298,350	770,144
<b>Total trade receivables</b>	<b>393,203</b>	<b>900,723</b>

**21- Other assets**

**(In thousands of EGP)**

	<b>December 31, 2020</b>			<b>December 31, 2019</b>		
	<b>Non-current</b>	<b>Current</b>	<b>Total</b>	<b>Non-current</b>	<b>Current</b>	<b>Total</b>
Prepaid expenses	238,451	43,594	<b>282,045</b>	268,059	52,003	<b>320,062</b>
Advances to suppliers	-	7,408	<b>7,408</b>	-	10,392	<b>10,392</b>
Receivables due from tax authority	-	19,732	<b>19,732</b>	-	14,527	<b>14,527</b>
Employee loans	-	-	-	-	1,189	<b>1,189</b>
Advance paid Income tax	-	51,252	<b>51,252</b>	-	82,939	<b>82,939</b>
Other receivables	-	22,201	<b>22,201</b>	-	67,317	<b>67,317</b>
Allowance for doubtful current assets	-	(3,038)	<b>(3,038)</b>	-	(8,264)	<b>(8,264)</b>
<b>Total</b>	<b>238,451</b>	<b>141,149</b>	<b>379,600</b>	<b>268,059</b>	<b>220,103</b>	<b>488,162</b>

## 22- Cash and cash equivalents

(In thousands of EGP)	December 31, 2020	December 31, 2019
Banks- current accounts and deposits *	341,898	1,014,018
Cash on hand	1,158	982
<b>Total</b>	<b>343,056</b>	<b>1,015,000</b>

\* Banks current accounts as of December 31, 2020, include an amount of EGP 77 million (USD 4.8 million) which represents restricted amounts in Lebanon according to the restrictions of the government over the local banks which related to transfers abroad.

## 23- Issued and paid up capital

Before the demerger, the authorized capital was 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 with a nominal value of EGP 0.42. On October 19, 2020, the Extraordinary General Assembly of Orascom Investment Holding agreed to split the company as detailed in note no. (34). On November 17, 2020, the Financial Supervisory Authority approved the split 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 with a nominal value of EGP 0.11 per share. The authorized, issued and paid capital after split was noted in the company's commercial registry on December 10, 2020.

## 24- Un-distributable earnings

Retained earnings include an amount of EGP 39 Million as of December 31, 2020 (comparing to EGP 30 Million as of December 31, 2019), which is not available for distribution, representing a legal and special reserves at the subsidiaries level.

## 25- Borrowings

(In thousands of EGP)	December 31, 2020			December 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
Borrowings from banks	151,786	287,593	439,379	731,128	290,518	1,021,646
Liability from sale and lease back	164	81,085	81,249	-	-	-
Other borrowings	8,784	7,689	16,473	16,704	14,098	30,802
<b>Total</b>	<b>160,734</b>	<b>376,367</b>	<b>537,101</b>	<b>747,832</b>	<b>304,616</b>	<b>1,052,448</b>

The following table shows the ageing analysis of borrowings:

(In thousands of EGP)	within one year	1-2 years	2-3 years	3-4 years	4-5 years	after 5 years	Total
<b>December 31, 2020</b>							
Borrowings from banks	151,786	126,677	96,160	12,256	14,462	38,038	439,379
Liability from sale and lease back	164	2,687	9,315	10,552	12,008	46,523	81,249
Other borrowings	8,784	7,689	-	-	-	-	16,473
<b>As of December 31, 2020</b>	<b>160,734</b>	<b>137,053</b>	<b>105,475</b>	<b>22,808</b>	<b>26,470</b>	<b>84,561</b>	<b>537,101</b>
<b>December 31, 2019</b>							
Borrowings from banks	731,128	125,537	95,886	62,882	2,071	4,142	1,021,646
Other borrowings	16,704	7,869	6,229	-	-	-	30,802
<b>As of December 31, 2019</b>	<b>747,832</b>	<b>133,406</b>	<b>102,115</b>	<b>62,882</b>	<b>2,071</b>	<b>4,142</b>	<b>1,052,448</b>

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

**Notes to the consolidated financial statements as of and for the year ended December 31, 2020**

The loan currencies represent as follows:

(In thousands of EGP)	USD	Euro	EGP	Pakistan Rupee	Total
<b>As of December 31, 2020</b>	<b>16,473</b>	-	<b>123,529</b>	<b>397,099</b>	<b>537,101</b>
As of December 31, 2019	405,475	-	259,233	387,740	1,052,448

**Loans of Trans World associate**

Borrowings include loans given from the shareholders of Trans World associate private to Trans World associate private (limited) Pakistan by an amount of EGP 16.4 Million of which EGP 8.8 Million due within one year and EGP 7.6 Million due after more than one year with an interest rate of 1.23% per annum.

Borrowings also include loans given from banks amounted to EGP 397 Million from which EGP 151 Million due within one year and EGP 246 Million due after more than one year to Trans World associate private (Ltd.) Pakistan with interest rates ranges between 8.62% to 9.85%.

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

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

- Finance cost USD 100 thousand, due at the date of signing the contract.

During January 2020, the Company made an acceleration payment for 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.

**Liability from sale and lease back (Orascom Investment Holding)**

During the year 2020, the Company sold the Company’s headquarters for the purpose of re-leasing to Beltone Finance Lease company 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, which is located in 2005 A Nile City Towers - South Tower - 26th floor, of an area of 1304.95 square meters for a period of 7 years starting from December 25, 2020, and ending on 25 September 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:

Company name	Financing amount (EGP)	Percentage
Beltone finance Lease Company	43,986,671	30,86%
Global Corp for financial services	98,530,153	69,14%
<b>Total</b>	<b>142,516,824</b>	<b>100%</b>

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.
- accelerated 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.

**Current borrowing – Local bank (Orascom Investment Holding)**

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 addendum to the previously mentioned financing contract was signed with an increase of EGP 600,000.

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

**Non-current and current borrowing – Local bank (Orascom Investment Holding)**

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 instalments 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% .

**Non-current borrowing**

On 30 September 2020, a long-term loan contract was signed between the Bank of the Arab International Banking Company and Orascom Pyramids for Entertainment Projects (LLC), provided that the Bank of the Arab International Banking Company grants the company financing in the form of a long-term loan amounting to EGP 230 million. This is for the purpose of contributing to the financing of the remaining part of the investment costs of the project to develop and provide services in the visit area of the Giza Pyramids and the adjacent and associated areas according to the usufruct licensing contract dated December 13, 2018, concluded between the Supreme Council of Antiquities and Orascom Investment Holding Company, as follows:

- An amount of EGP 80 million for the civil works for the restaurant complex and the connection of utilities.
- An amount of EGP 52 million for the infrastructure works for the information network information systems and the accounting system for the project.



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

**Notes to the consolidated financial statements as of and for the year ended December 31, 2020**

- An amount of EGP 90 million for the civil works, renovations and improvements to the visitors' building, the VIP building "the current student building", the site of the visit, the organization of the area for the stables "horses - camels - karts" and for the electric vans, the charging station and its maintenance.
- An amount of EGP 8 million for the field work of The Nile Pyramids Lounge.

Provided that the company is committed to disbursing in accordance with the above items only with the same values, except for the items of civil works. The company is allowed to increase it by 10% as a discount on the surpluses of other exchange items, provided that the use of all items does not exceed the total value of the loan.

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

(In thousands of EGP)	December 31, 2020	December 31, 2019
<b>Opening balance</b>	<b>1,052,448</b>	<b>2,847,886</b>
Current borrowing	747,832	1,988,224
Non-current borrowing	304,616	859,662
Repayment of borrowings	(379,775)	(1,871,287)
Proceeds from borrowings	148,907	41,583
Proceeds from borrowings (discontinuing operations)	-	176,211
Transferred to assets held for sale	-	(6,359)
Repayment of borrowings (discontinuing operations)	(8,325)	-
Effect of the demerger	(477,091)	-
Foreign currency translation differences	200,937	(135,586)
<b>Ending balance</b>	<b>537,101</b>	<b>1,052,448</b>
Current borrowings	160,734	747,832
Non-current borrowings	376,367	304,616

**26- Other liabilities**

(In thousands of EGP)	December 31, 2020			December 31, 2019		
	Non-current	Current	Total	Non-current	Current	Total
Capital expenditure payables	-	76,511	76,511	-	80,102	80,102
Trade payables *	-	306,996	306,996	-	240,664	240,664
Trade payables financial services	-	-	-	-	211,817	211,817
Customers credit balance	-	80,207	80,207	-	16,067	16,067
Other trade payables	-	5,358	5,358	-	41,299	41,299
	-	<b>469,072</b>	<b>469,072</b>	-	<b>589,949</b>	<b>589,949</b>
Accrued and deferred revenue	100,421	19,648	120,069	114,055	8,177	122,232
Due to government bodies	-	84,934	84,934	-	50,899	50,899
Accrued employee expenses	-	59,329	59,329	-	17,670	17,670
Dividends **	-	2,837	2,837	-	-	-
Customer deposits	-	576	576	-	774	774
Other credit balances ***	-	260,024	260,024	-	519,280	519,280
	<b>100,421</b>	<b>427,348</b>	<b>527,769</b>	<b>114,055</b>	<b>596,800</b>	<b>710,855</b>
<b>Total</b>	<b>100,421</b>	<b>896,420</b>	<b>996,841</b>	<b>114,055</b>	<b>1,186,749</b>	<b>1,300,804</b>

(\* ) This balance includes balances of related parties (refer to note no. 31 for information about the significant transactions with related parties and the balances resulted from these transactions on the date of financial statements)

(\*\* ) The balance of dividends from shareholders represents the balance due to shareholder Omar Al-Zawawi in Trans World Associates (Private) limited to extend the dividends made during the year 2020.

(\*\*\*) Current other credit balance includes employee benefits in Orascom Telecom Lebanon company with an amount of EGP 120.1 million at December 31, 2020, (EGP 202.2 million as of December 31, 2019).

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

Notes to the consolidated financial statements as of and for the year ended December 31, 2020

**27- Provisions**

(In thousands of EGP)	January 1	No longer required	Formed	Formed from discontinuing operations	Used	Change in scope as a result of the demerger	Foreign currency translation differences	December 31
<b>Year 2020</b>								
Provision for claims (current portion)	470,468	(33,987)	56,470	8,410	(75,750)	(53,262)	1,646	373,995
<b>Total provision as of December 31, 2020</b>	<b>470,468</b>	<b>(33,987)</b>	<b>56,470</b>	<b>8,410</b>	<b>(75,750)</b>	<b>(53,262)</b>	<b>1,646</b>	<b>373,995</b>
<b>Year 2019</b>								
Provision for claims (current portion)	401,039	(56)	89,921	11,471	(31,194)	-	(714)	470,467
<b>Total provision as of December 31, 2019</b>	<b>401,039</b>	<b>(56)</b>	<b>89,921</b>	<b>11,471</b>	<b>(31,194)</b>	<b>-</b>	<b>(714)</b>	<b>470,467</b>

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

**28- (Losses) / earnings per share**

**Basic:** Basic (losses) / earnings per share is calculated by dividing the net (loss) / profit attributable to shareholders of the Parent company by the weighted average number of ordinary shares outstanding during the year.

	The year ended December 31, 2020	The year ended December 31, 2019
Net (loss) for the year from continuing operation (in thousands of EGP)	(97,060)	(467,105)
Weighted average number of shares (in thousands)	5,245,691	5,245,691
<b>(Losses) per share (in EGP)</b>	<b>(0.0185)</b>	<b>(0.0890)</b>

	The year ended December 31, 2020	The year ended December 31, 2019
Net (loss) / profit from discontinuing operations (in thousands of EGP)	(8,223)	49,287
Weighted average number of shares (in thousands)	5,245,691	5,245,691
<b>(Losses)/ earnings per share (in EGP)</b>	<b>(0.0016)</b>	<b>0.0094</b>

**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.

## 29- Subsidiaries with significant non-controlling interests

Trans World Associates (Pvt) Ltd is a subsidiary owned by significant non-controlling interest as follows:

Company name	Activity Country	Percentage of non- controlling interest		Carrying amount of non- controlling interest	
		31 December 2020	2019	31 December 2020	2019
(in thousands of EGP)					
Trans World Associates (Pvt) Ltd	Pakistan	49%	49%	295,806	288,975

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

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

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

### Summarised statement of Financial position:

(in thousands of EGP)	Trans World Associates (Pvt) Ltd December 31,	
	2020	2019
Current assets	416,124	360,743
Current liabilities	(503,319)	(449,959)
<b>Total current net assets</b>	<b>(87,195)</b>	<b>(89,216)</b>
Non-current assets	1,224,779	1,270,020
Non-current liabilities	(529,486)	(597,456)
<b>Total non-current net assets</b>	<b>695,293</b>	<b>672,564</b>
<b>Net assets</b>	<b>608,098</b>	<b>583,348</b>
Minority rights in subsidiary	1,824	2,451
<b>Total net assets after minority rights</b>	<b>609,922</b>	<b>585,799</b>
<b>Minority rights before settlements</b>	<b>298,862</b>	<b>287,042</b>
<b>Minority rights in subsidiary</b>	<b>(1,824)</b>	<b>(2,451)</b>
	<b>297,038</b>	<b>284,591</b>
Consolidation adjustment	(1,232)	4,384
<b>Balance of non-controlling interests</b>	<b>295,806</b>	<b>288,975</b>

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

Notes to the consolidated financial statements as of and for the year ended December 31, 2020

**Summarised statement of comprehensive income:**

<b>(in thousands of EGP)</b>	<b>Trans World Associates (Pvt) Ltd</b>	
	<b>The financial year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Operating revenue	664,199	747,349
Other income	232	186
Expenses	(549,544)	(535,476)
Profit before income tax	<b>114,887</b>	<b>212,059</b>
Income tax expense	(41,495)	(77,135)
<b>Profit After tax from continuing operations</b>	<b>73,392</b>	<b>134,924</b>
Other comprehensive income items that may be subsequently reclassified to profit or loss	(30,991)	(127,735)
<b>Total comprehensive income</b>	<b>42,401</b>	<b>7,189</b>
Total comprehensive income allocated to non-controlling interests	<b>20,776</b>	<b>3,553</b>

**Summarised statement of cash flows:**

<b>(in thousands of EGP)</b>	<b>Trans World Associates (Pvt) Ltd</b>	
	<b>The financial year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Net profit for the year	114,887	212,059
Net cash generated from operating activities	135,865	267,301
Net cash (used in) investing activities	(89,563)	(127,024)
Net cash (used in) financing activities	(55,098)	(126,916)
<b>Net change in cash and cash equivalents during the year</b>	<b>(8,796)</b>	<b>13,361</b>
Effect of movement in exchange rates on cash and cash equivalents	(5,755)	(21,368)
Cash and cash equivalents at the beginning of the year	106,739	114,746
<b>Cash and cash equivalents at the end of the year</b>	<b>92,188</b>	<b>106,739</b>

**30- Capital Commitments**

The capital commitments are as follows:

<b>(In thousands of EGP)</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Commitments related to property and equipment	59,488	14,643
Other commitments	38,515	146,071
<b>Total</b>	<b>98,003</b>	<b>160,714</b>

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

Notes to the consolidated financial statements as of and for the year ended December 31, 2020

**31- Related parties**

The following table provides the total amount of significant transactions that have been entered with related parties together with balances outstanding as of the relevant years of the financial statements:

(In thousands of EGP)	December 31, 2020			December 31, 2019		
	Purchase of services and goods	Selling goods and services	Investment expenses	Purchase of services and goods	Selling goods and services	Investment expenses
<b>Associate</b>						
Koryolink	-	3,674	-	-	639	(137,511)
<b>Other related parties</b>						
LTD Orastar	-	-	(460)	-	-	(1,124)
Dr. Omar Zawawy (shareholder of a subsidiary)	-	-	(118)	-	-	(288)

(In thousands of EGP)	December 31, 2020		December 31, 2019	
	Receivable	Payables	Receivables	Payables
<b>Other related parties</b>				
Orastar LTD	11,016	-	24,569	-
Dr.Omar Zawawy (shareholder of a subsidiary)	5,456	-	6,288	-
Koryolink	-	140,516	-	131,518
Fund Beltone Mena Equity	-	-	439	-
EGX funds company	-	-	4	-
Misr Beltone	-	-	-	6,066
International Fund Management	-	-	-	879
Electronic Fund Management Service	-	-	-	1,018

**Key management compensation**

(In thousand EGP)	The year ended December 31, 2020	The 7ear ended December 31, 2019
Board of directors' allowances and transportations	17,657	22,508
	<b>17,657</b>	<b>22,508</b>

**32- Contingent liabilities**

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

**Trans World Associates (Subsidiary)**

- A bank guarantee issued in favour of Higher Education Commission (HEC) amounted to EGP 570 thousand and valid until December 31, 2020.
- There is a restricted balance, which is equivalent to EGP 5,324 thousand, in favour of Inbox company valid until May 9, 2020.
- There is a restricted balance, which is equivalent to EGP 982 thousand, in favour of Infinity Link Company valid until January 7, 2021.
- There is a letter of credit equivalent to EGP 3,758 thousand, in favour of EZY Infotech ME FZE amounted to USD 239 thousand, for the purchase of telecommunications equipment.
- There is a letter of credit equivalent to EGP 31, thousand in favour of Subcom Company.

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

**Notes to the consolidated financial statements as of and for the year ended December 31, 2020**

**33- Representation on comparative figures**

The following table summarizes the representations made to the consolidated statement of income for the year ended on December 31, 2019 to be in conformity with the presentation of the current financial statements related to discontinued operations after the demerger as follows:

(In thousands of EGP)	<b>December 31, 2019</b>		<b>December 31, 2019</b>
	<u>As presented</u>	<u>Representation</u>	<u>Represented</u>
<b><u>Continuing operations</u></b>			
Operating revenues	1,168,974	(357,574)	811,400
Other income	12,293	(11,898)	395
Purchases and services cost	(458,742)	65,270	(393,472)
Other expenses	(26,763)	8,507	(18,256)
Provisions formed	(101,336)	11,471	(89,865)
Personnel cost	(412,713)	193,404	(219,309)
Impairment loss of financial assets	(66,992)	64,795	(2,197)
Depreciation and amortization	(105,274)	13,141	(92,133)
Impairment of non-current assets	(137,059)	-	(137,059)
(losses) from disposal of non-current assets	741	(18)	723
<b>Operating (losses)</b>	<b>(126,871)</b>	<b>(12,902)</b>	<b>(139,773)</b>
Finance income	14,120	(131)	13,989
Finance cost	(213,820)	29,383	(184,437)
Foreign currencies translation (loss)	(78,104)	44,492	(33,612)
Share of profit of equity accounted investment	2,861,043	(84,136)	2,776,907
Net impairment in equity accounted investment	(2,776,907)	-	(2,776,907)
<b>(Loss) for the year before income tax</b>	<b>(320,539)</b>	<b>(23,294)</b>	<b>(343,833)</b>
Income tax	(97,229)	38,517	(58,712)
<b>(Loss) for the year from continuing operation</b>	<b>(417,768)</b>	<b>15,223</b>	<b>(402,545)</b>
<b><u>Discontinuing operations</u></b>			
Operation results from discontinuing operations after tax	(7,453)	(15,223)	(22,676)
<b>(Loss) for the year</b>	<b>(425,221)</b>	<b>-</b>	<b>(425,221)</b>

**34- The effect of the demerger on the 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

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

**Notes to the consolidated financial statements as of and for the year ended December 31, 2020**

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

(In thousands of EGP)	<b>Orascom Investment Holding before the demerger <u>December 31, 2020</u></b>	<b>The demerged company Orascom Financial Holding <u>December 31, 2020</u></b>	<b>The demerging company (Orascom Investment Holding) after the demerger <u>December 31, 2020</u></b>
<b><u>Non-current assets</u></b>			
Property and equipment	1,106,221	140,756	965,465
Intangible assets	413,577	376,196	37,381
Investment property	673,254	-	673,254
Equity accounted investees	2,385,070	1,771,438	613,632
Other financial assets	167,143	64,564	102,579
Other assets	238,451	-	238,451
<b>Total non-current assets</b>	<b>4,983,716</b>	<b>2,352,954</b>	<b>2,630,762</b>
<b><u>Current assets</u></b>			
Inventories	12,154	-	12,154
Trade receivables	1,183,668	790,465	393,203
Other financial assets	171,236	53,081	118,155
Other assets	150,891	9,742	141,149
Cash and cash equivalents	679,618	336,562	343,056
	<b>2,197,567</b>	<b>1,189,850</b>	<b>1,007,717</b>
<b>Total assets</b>	<b>7,181,283</b>	<b>3,542,804</b>	<b>3,638,479</b>
<b><u>Equity and liabilities</u></b>			
<b>Total equity</b>	<b>4,225,760</b>	<b>2,667,866</b>	<b>1,557,894</b>
<b>Liabilities</b>			
<b><u>Non-current liabilities</u></b>			
Borrowings	376,367	-	376,367
Creditors and other credit balances	100,421	-	100,421
Deferred tax liabilities	143,189	24,905	118,284
	<b>619,977</b>	<b>24,905</b>	<b>595,072</b>
<b><u>Current liabilities</u></b>			
Borrowings	637,825	477,091	160,734
Creditors and other credit balances	1,197,007	300,587	896,420
Tax liabilities – income tax	73,455	19,091	54,364
Provisions	427,259	53,264	373,995
<b>Total current liabilities</b>	<b>2,335,546</b>	<b>850,033</b>	<b>1,485,513</b>
<b>Total liabilities</b>	<b>2,955,523</b>	<b>874,938</b>	<b>2,080,585</b>
<b>Total equity and liabilities</b>	<b>7,181,283</b>	<b>3,542,804</b>	<b>3,638,479</b>

### **35- Significant events during the period**

35-1 The impact of the recent spread of the new virus (Covid-19) on the economy and global markets, including Egypt, is 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.

#### **35-2 Postponing the adoption of the amendments to the new Egyptian accounting standards:**

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards. Given the current circumstances that the country is going through due to the outbreak of the new Corona virus and its economic and financial effects related to it, in addition implementing prevention measures and countering its spread from imposing restrictions on the presence of human resources in companies at their full capacity on a regular basis. The Higher Committee for the Review of Egyptian Accounting Standards, Limited review, and other assurance services formulated by Prime Minister Decision No. 909 of 2011, which states that the application of the New Egyptian Accounting standards can be postponed and the amendments related to this issued by decision No. 69 on the annual financial statements of these companies at the end of 2020, and include the combined effect for the whole year by the end of 2020. The entry into force of the standards has been postponed again to January 1, 2021 based on the Prime Minister's Resolution No. 1871 of 2020:

The following are the most important of these amendments, bearing in mind that the company has only early applied the Egyptian Accounting Standard No. 47 "Financial Instruments" starting from January 1, 2020, as clarified in the consolidated financial statements:

#### **The New Accounting Standard No. (48) "Revenue from contracts with customers"**

The New Egyptian Accounting Standard No. (48) "Revenue from contract with customers" supersede the following standards and accordingly such standards shall be deemed null and void.

- Egyptian Accounting Standard No. (8) "Construction Contracts" as amended in 2015.
- Egyptian Accounting Standard No. (11) "Revenue" as amended in 2015.

The control model was used to recognize revenue rather than the benefit and risk model.

The incremental costs of obtaining a contract with a customer are recognized as an asset if the entity expects to recover those costs, and the costs of fulfilling a contract are recognized as an asset when specific conditions are met.

The standard requires that the contract has commercial substance to be recognized as revenue.

The new standard establishes expanded presentation and disclosure requirements.

#### **The New Egyptian Accounting Standard No. (49) "Lease Contracts"**

The New Egyptian Accounting Standard No. (49) "Lease contracts" shall supersede and revoke Egyptian Accounting Standard No. (20) "Accounting rules and standards related to finance leasing" as amended in 2015.

The standard introduces a single, on-balance sheet accounting model for both the lessee and the lessor. At the commencement date of the lease, the lessee recognizes a right-of-use asset representing its right to use the underlying asset and recognizes a lease liability at the present value of unpaid lease payments representing its obligation to make lease payments, taking into account that lease contracts are not classified in respect of the lease as operating or finance lease contracts.

The lessor shall classify each lease contract either as an operating lease or finance lease contract.



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

**Notes to the consolidated financial statements as of and for the year ended December 31, 2020**

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 net investment in the lease contract.

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.

The Group has measured the impact resulting from the application of the standards as follows, in accordance with the above-mentioned instructions:

(In thousands of EGP)	<b>Opening balance as of January 1, 2020</b>	<b>Effect of EAS 48</b>	<b>Effect of EAS 49</b>	<b>Adjusted opening balance</b>
<b><u>Non-current assets</u></b>				
Property and equipment	965,465	-	80,945	1,046,410
Intangible assets	37,381	-	-	37,381
Investment property	673,254	-	-	673,254
Equity accounted investments	613,632	-	-	613,632
Other financial assets	102,579	-	-	102,579
Other assets	238,451	12,019	(2,385)	248,085
<b>Total non-current assets</b>	<b>2,630,762</b>	<b>12,019</b>	<b>78,560</b>	<b>2,721,341</b>
<b><u>Current assets</u></b>				
Inventories	12,154	-	-	12,154
Trade receivables	393,203	-	-	393,203
Other financial assets	118,155	-	-	118,155
Other non-financial assets	141,149	7,986	(5,178)	143,957
Cash and cash equivalents	343,056	-	-	343,056
<b>Total current assets</b>	<b>1,007,717</b>	<b>7,986</b>	<b>(5,178)</b>	<b>1,010,525</b>
<b>Total Assets</b>	<b>3,638,479</b>	<b>20,005</b>	<b>73,382</b>	<b>3,731,866</b>
<b><u>Equity and liabilities</u></b>				
<b>Total equity</b>	<b>1,557,894</b>	<b>6,308</b>	<b>(9,367)</b>	<b>1,554,835</b>
<b><u>Non-current liabilities</u></b>				
Borrowings	376,367	-	59,904	436,271
Other liabilities	100,421	21,699	-	122,120
Deferred tax liabilities	118,284	(4,848)	-	113,436
<b>Total non-current liabilities</b>	<b>595,072</b>	<b>16,851</b>	<b>59,904</b>	<b>671,827</b>
<b><u>Current liabilities</u></b>				
Borrowings	160,734	-	23,064	183,798
Other liabilities	896,420	(3,154)	(219)	893,047
Tax liabilities- income tax	54,364	-	-	54,364
Provisions	373,995	-	-	373,995
<b>Total current liabilities</b>	<b>1,485,513</b>	<b>(3,154)</b>	<b>22,845</b>	<b>1,505,204</b>
<b>Total liabilities</b>	<b>2,080,585</b>	<b>13,697</b>	<b>82,749</b>	<b>2,177,031</b>
<b>Total equity and liabilities</b>	<b>3,638,479</b>	<b>20,005</b>	<b>73,382</b>	<b>3,731,866</b>

**36- 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.

**Orascom Investment Holding S.A.E.**  
**Notes to the consolidated financial statements as of and for the year ended December 31, 2020**

**Appendix (1) – Loans statement**

<u>Description</u>	<u>Currency</u>	<u>Current</u>	<u>Non-current</u>	<u>Total</u>	<u>Nominal</u>	<u>Secured/ Unsecured</u>	<u>Transaction cost</u>	<u>Interest rate</u>	<u>Maturity</u>	<u>Assets secured</u>
<b>Orascom Investment Holding loans</b>										
Liabilities from sale and lease back	EGP	-	80,615	80,615	-	Secured	Effective interest rate 12%		Sep-2027	Company premises
Local bank loan	EGP	225	-	225	4,738	Secured	Bank certificate rate of return + 2% at least 12% annually		Jun- 2021	Time Deposit
Local bank loan	EGP	298	230	2,211,	4,710	Secured	Bank certificate rate of return + 1.5% at least 11% Annually		Jun-2022	Time Deposit
<b>Total</b>		<b>1,234</b>	<b>80,845</b>	<b>82,079</b>						
<b>Trans World Association Ltd. loans</b>										
Long term loan from sponsor's (Orastar)	USD	4,896	6,120	11,016	112,161	Unsecured	3M +LIBOR+1%	1.234%	Dec-2022	-
Long term loan from sponsor's (Dr. Omar Zawawi)	USD	2,124	1,569	3,693	36,748	Unsecured	3M +LIBOR+1%	1.234%	Dec-2022	-
Short term loan from sponsor's (Dr. Omar Zawawi)	USD	1,764	-	1,764	17,944	Unsecured	3M +LIBOR+1%	1.234%	Dec-2022	-
Finance lease liabilities	PKR	164	470	634	6,451	Secured	3M +KIBOR+1.9%	9.190%	Jan-2024	Against future current assets
Long term syndicated finance facility-Pak Oman	PKR	1,024	2,256	3,280	33,394	Secured	6M +KIBOR+2%	9.35%	Dec-2023	and fixed assets
Long term syndicated loan- MCB Bank	PKR	27,530	38,619	66,149	666,665	Secured	6M +KIBOR+2.5%	9.85%	April-2023	(excluding land and buildings)
Long term syndicated finance facility-Pak Oman	PKR	17,705	26,252	43,957	450,000	Secured	6M +KIBOR+2.5%	9.85%	May-2023	-
Long term loan finance facility-Habib Bank Limited	PKR	15,993	23,081	39,074	391,665	Secured	6M +KIBOR+1.5%	8.85%	April-2023	-
Long term syndicated loan- MCB Islamic Bank	PKR	61,129	116,419	177,548	1,778,000	Secured	6M +KIBOR+1.25%	8.6%	October-2023	-
Long term loan- Pak Oman investment co.	PKR	728	39,286	40,014	400,000	Secured	3M +KIBOR+1.9%	9.19%	Dec-2026	-
Current facility – Meezan Bank Ltd		26,443	-	26,443	264,751	Secured	3M +KIBOR+1.45%	8.74%	Aug-2021	-
		<b>159,500</b>	<b>254,072</b>	<b>413,572</b>						
<b>Orascom Pyramids for Entertainment Projects</b>										
Credit Facilities	EGP	-	41,450	41,450	230,000	Unsecured	Debit interest rate of 1% above the corridor rate	10.25%	Oct-2028	-
<b>Total Loans</b>		<b>-</b>	<b>41,450</b>	<b>41,450</b>						
		<b>160,734</b>	<b>376,367</b>	<b>537,101</b>						