



**Orascom Investment Holding S.A.E.**  
Condensed Interim Consolidated Financial Statements  
Together with the review report  
Three months ended March 31, 2019



# Hazem Hassan

Public Accountants & Consultants

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## Review Report on Condensed Interim Consolidated Financial Statements

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

#### *Introduction*

We have performed a review for the accompanying condensed interim consolidated statement of financial position of Orascom Investment Holding (S.A.E) as of March 31, 2019, and the related condensed interim consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard No. (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our limited review.

#### *Scope of Review*

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

#### *Base of qualified conclusion*

As mentioned in detail in note no. (10), the Company's investment in Sarwa Capital -an associate- acquired during the last year and accounted for by the equity method, is carried at USD 94,234 thousands on the interim consolidated statement of financial position as at March 31, 2019, and the Company's share of Sarwa Capital's net income of USD 2,183 thousands, is included in Company's interim consolidated income statement for the period then ended. The management didn't provide us with the financial information prepared in accordance with IFRSs, accordingly, We were unable to audit the carrying amount of the Company's investment in Sarwa capital as at March 31, 2019, and the Company's share of Sarwa Capital 's net income for the period then ended. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.



Hazem Hassan

**Conclusion**

Based on our review, except for the possible effects of such adjustments, as might have been determined to be necessary had we performed procedures to address the items set out above, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the company as at March 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the three-month period then ended in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

**Emphasis of matter paragraph**

**Without considering the following as qualification:**

As mentioned in detail in note no. (10), the Company has a significant influence in its investee "Koryolink" in North Korea, the investment is amounting to approximately USD 36 M as of March 31, 2019, which the Company classified as investments in associate. Considering that Koryolink is operating under an international ban, operational and financial restrictions imposed by the international community, which lead to difficulties in transferring profits abroad and repatriate the funds to their home country.

KPMG Hazem Hassan

Public accountants and consultants

Cairo November 3, 2019

**KPMG Hazem Hassan**  
**Public Accountants and Consultants**  
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ORASCOM INVESTMENT HOLDING (S.A.E)

**Condensed interim consolidated statement of financial position as of**

<i>(in thousands of US dollars)</i>	Note	<b>March 31, 2019</b>	<b>December 31, 2018</b>
<b>Assets</b>			
Property and equipment	11	83,081	80,941
Intangible assets	11	34,646	33,851
Investment Property	12	63,124	64,290
Equity-accounted investees	10	129,799	123,439
Other non-financial assets	17	12,531	13,224
Other financial assets	13	14,046	14,086
<b>Total non-current assets</b>		<b>337,227</b>	<b>329,831</b>
Inventories		592	413
Trade receivables		48,497	53,269
Other financial assets	13	103,973	105,126
Other non-financial assets	17	13,471	11,114
Cash and cash equivalents	14	86,646	106,565
<b>Total current assets</b>		<b>253,179</b>	<b>276,487</b>
<b>Total Assets</b>		<b>590,406</b>	<b>606,318</b>
<b>Equity and Liabilities</b>			
Share capital	15	366,148	366,148
Other reserves		(156,668)	(162,736)
Retained earnings		63,640	67,429
<b>Equity attributable to equity holders of the Company</b>		<b>273,120</b>	<b>270,841</b>
Non-controlling interests		19,146	18,738
<b>Total equity</b>		<b>292,266</b>	<b>289,579</b>
<b>Liabilities</b>			
Non-current borrowings	16	56,275	58,803
Other non-current liabilities	18	19,094	25,844
Deferred tax liabilities		15,995	15,265
<b>Total non-current liabilities</b>		<b>91,364</b>	<b>99,912</b>
Current borrowings	16	115,848	111,322
Trade payables and other current liabilities	18	58,913	74,988
Current Income tax liabilities		8,968	7,476
Provisions	19	23,047	23,041
<b>Total current liabilities</b>		<b>206,776</b>	<b>216,827</b>
<b>Total liabilities</b>		<b>298,140</b>	<b>316,739</b>
<b>Total Equity and Liabilities</b>		<b>590,406</b>	<b>606,318</b>

Chief Financial Officer



Khalid Ellaicy

Chairman



Naguib Sawiris

Review report 'attached'

The accompanying notes from (1) to (23) are an integral part of these condensed interim consolidated financial statements

**Condensed interim consolidated statement of profit or loss and other comprehensive income for**

(in thousands of US dollars, except per share amounts)

	Note	Three- month period 2019	Represented Three- month period 2018
<b><u>Continued operations</u></b>			
Revenues	6	23,285	23,281
Other income		40	421
Purchases and services	7	(9,376)	(9,806)
Other expenses		(2,309)	(1,308)
Personnel cost		(8,272)	(10,406)
Depreciation and amortization		(2,495)	(1,954)
Disposal of non-current assets		23	(67)
<b>Operating income</b>		<b>896</b>	<b>161</b>
Financial income	8	1,494	1,351
Financial expense	8	(2,979)	(2,178)
Foreign exchange (loss)	8	(2,543)	(607)
Share of profit of equity – accounted investees	10	45,714	35,538
Impairment of profit of equity-accounted investees		(43,531)	(35,538)
<b>(Loss) before income tax</b>		<b>(949)</b>	<b>(1,273)</b>
Income tax expense	9	(2,381)	(1,072)
<b>(Loss) for the period from continued operations</b>		<b>(3,330)</b>	<b>(2,345)</b>
<b><u>Discontinued operations</u></b>			
(Loss) from discontinued operation (net of income tax)		-	(2,218)
<b>(Loss) for the period</b>		<b>(3,330)</b>	<b>(4,563)</b>
<b>Other comprehensive income /(loss):</b>			
<b>Items that may be subsequently reclassified to profit or loss net of tax</b>			
Change in fair value of Investments		174	81
Currency translation differences		5,702	(909)
<b>Total comprehensive income /(loss) for the period</b>		<b>2,546</b>	<b>(5,391)</b>
<b>(Loss) for the period attributable to:</b>			
Owners of the company		(3,622)	(3,901)
Non-controlling interests		292	(662)
<b>(Loss) for the period</b>		<b>(3,330)</b>	<b>(4,563)</b>
<b>Total comprehensive income / (loss) for the period attributable to:</b>			
Owners of the parent		2,180	(3,963)
Non-controlling interest		366	(1,428)
<b>Total comprehensive income /(loss) for the period</b>		<b>2,546</b>	<b>(5,391)</b>
(Losses) per share from continuing operations (basic and diluted) (in USD per share)	20	<b>(0.0007)</b>	<b>(0.0003)</b>
(Losses) per share from discontinued operations (basic and diluted) (in USD per share)	20	-	<b>(0.0004)</b>

Chief Financial Officer



Khalid Ellaicy

Chairman



Naguib Sawiris

The accompanying notes from (1) to (23) are an integral part of these condensed interim consolidated financial statements

**ORASCOM INVESTMENT HOLDING**  
(S.A.E)

Condensed interim consolidated statement of changes in equity for the three-month period ended March 31, 2019

(in thousands of US dollars)

	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non-Controlling Interests	Total equity
<b>As of January 1, 2018</b>	366,148	84,373	(205,414)	10,367	19,716	275,190	27,528	302,718
Total comprehensive (loss)/ income for the period	-	-	(120)	-	-	(120)	(789)	(909)
Currency translation differences	-	-	-	58	-	58	23	81
Change in fair value of investments (Loss) for the period	-	-	-	-	(3,901)	(3,901)	(662)	(4,563)
<b>Total comprehensive (loss)/ income for the period</b>	-	-	(120)	58	(3,901)	(3,963)	(1,428)	(5,391)
Transactions with owners of the company	-	1,717	-	-	(1,717)	-	-	-
Transferred to Legal reserve	-	-	-	-	(372)	(372)	(361)	(733)
Adjustments arising due to new accounting standards	-	-	-	-	-	-	2,444	2,444
Change in the scope of consolidation-In coming	-	1,717	-	-	(2,089)	(372)	2,083	1,711
<b>Total transactions with owners of the company</b>	-	1,717	-	-	(2,089)	(372)	2,083	1,711
<b>As of 31 March 2018</b>	366,148	86,090	(205,534)	10,425	13,726	270,855	28,183	299,038

(in thousands of US dollars)

	Share capital	Legal reserves	Translation reserves	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non-Controlling Interest	Total equity
<b>As of January 1, 2019</b>	366,148	86,078	(256,076)	7,262	67,429	270,841	18,738	289,579
Total comprehensive (loss)/ income for the period	-	-	5,681	-	-	5,681	21	5,702
Currency translation differences	-	-	-	121	-	121	53	174
Change in fair value of investments (Loss) for the period	-	-	-	-	(3,622)	(3,622)	292	(3,330)
<b>Total comprehensive (loss)/ income for the period</b>	-	-	5,681	121	(3,622)	2,180	366	2,546
Transactions with owners of the company	-	167	-	-	(167)	-	-	-
Transferred to Legal reserve	-	-	-	99	-	99	42	141
Derivatives revaluation	-	167	-	99	(167)	99	42	141
<b>Total transactions with owners of the company</b>	-	86,245	(250,395)	7,482	63,640	273,120	19,146	292,266
<b>As of 31 March 2019</b>	366,148	86,245	(250,395)	7,482	63,640	273,120	19,146	292,266

Chief Financial Officer

Khalid Eilaicy



Chairman

Naguib Sawiris



The accompanying notes from (1) to (23) are an integral part of these condensed interim consolidated financial statements



ORASCOM INVESTMENT HOLDING  
(S.A.E. )

Condensed interim consolidated statement of cash flows for the three-month period ended March 31,

<i>(in thousands of US dollars)</i>	<b>2019</b>	<b>Represented 2018</b>
<b>Continued operations</b>		
<b>Operating activities</b>		
(Loss) for the period before income tax	(949)	(1,273)
<b>Adjustments for:</b>		
Depreciation and amortization	2,495	1,954
Interest expense	2,979	2,178
Investment income	(1,494)	(1,351)
Foreign exchange loss	2,543	607
Loss/(Gain) from disposal of assets	(23)	67
Share of profit of equity-accounted investees	(45,714)	(35,538)
Impairment of profit of equity-accounted investees	43,531	35,539
Change in provisions	(335)	431
Changes in other assets	1,518	(6,832)
Changes in other liabilities	(22,204)	(27,913)
<b>Cash flows (used in) operating activities</b>	<b>(17,653)</b>	<b>(32,131)</b>
Income tax paid	(1,161)	(4,378)
Employees profit share paid	(565)	(632)
Interest received	168	1,363
<b>Net cash flows (used in) operating activities</b>	<b>(19,211)</b>	<b>(35,778)</b>
<b>Investing activities</b>		
Purchase of property and equipment	(4,028)	(1,172)
Purchase of intangible assets	(245)	(596)
Payment under investment	-	(623)
Change in Deposits and financial assets	(195)	(2,750)
Proceeds from sale of property and equipment	75	102
Proceeds from sale of intangible assets	193	-
Proceeds from other financial assets	1,270	-
Cash acquired from new investment	-	1,763
<b>Net cash flows (used in) investing activities</b>	<b>(2,930)</b>	<b>(3,276)</b>
<b>Financing activities</b>		
Interest Paid	(2,072)	(1,203)
Proceeds from loan and bank facilities	7,634	3,355
Payments for loans and bank facilities	(4,533)	(30)
<b>Net cash flows from financing activities</b>	<b>1,029</b>	<b>2,122</b>
<b>Net cash flows (used in) continued operations</b>	<b>(21,112)</b>	<b>(36,932)</b>
<b>Discontinued Operations</b>		
Net cash from operating activities	-	8,583
Net cash (used in) investing activities	-	(22)
<b>Net cash flows from discontinued operations</b>	<b>-</b>	<b>8,561</b>
<b>Change in cash and cash equivalents</b>	<b>(21,112)</b>	<b>(28,371)</b>
Cash and cash equivalents at the beginning of the period	106,565	134,983
Effect of exchange rates on cash and cash equivalents	1,193	78
<b>Cash and cash equivalents at the end of the period</b>	<b>86,646</b>	<b>106,690</b>

Chief Financial Officer

Khalid Ellaicy



Chairman



Naguib Sawiris

The accompanying notes from (1) to (23) are an integral part of these condensed interim consolidated financial statements

## 1. General information

Orascom Investment Holding S.A.E. (“OIH” or the “Company”) is a joint stock company with its head office in Cairo, Egypt. The Company was established on 29 November 2011 (the “inception”) and until this date the businesses of the Company were performed under various entities which were controlled by Orascom Telecom Holding, S.A.E. (“OTH”). As part of a larger transaction pursuant to which VimpelCom Ltd had acquired OTH, its shareholders agreed to affect the demerger, whereby, OTH was split into two companies, OTH and the Company (“Demerger”). The Demerger resulted in the transfer of certain telecom, cable and media and technology assets (the “OIH Assets”) to the Company.

The Company and the OIH Assets (together the “Group”) are a mobile telecommunications business operating in high growth emerging markets in the Middle East, Africa and Asia. The Company is a subsidiary of Orascom Telecom Media and Technology Investments S.à.r.l. (the “Ultimate Parent Company”).

The Company’s shares are listed on the Egyptian Stock Exchange and its {GDRs are listed on the London Stock Exchange}.

The information presented in this document has been presented in thousands of United States Dollar (“US\$”), except earnings per share and unless otherwise stated.

## 2. Statement of compliance

These condensed interim consolidated financial statements as of March 31, 2019 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. As permitted by IAS 34, the Company has opted to prepare a condensed version as compared to the consolidated financial statements as of December 31, 2018. The condensed interim consolidated financial statements do not include all of the information required for the full annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

These condensed interim consolidated financial information was approved for issue on November 3, 2019. The financial statements are not the statutory financial statements of the Company, as the statutory financial statements are prepared in accordance with the Egyptian Accounting Standards (EAS).

### 2.1 Significant accounting policies

The accounting policies adopted for the preparation of the condensed interim consolidated financial information are consistent with those used in the consolidated financial statements as of and for the period ended December 31, 2018.

### 2.2 Application of new and revised International Financial Reporting Standards (“IFRSs”)

#### 2.2.1 New currently effective requirements

Effective date	New standards or amendments
1 January 2019	IFRIC 23 Uncertainty over Income Tax Treatments
1 January 2019	Prepayment Features with Negative Compensation (Amendments to IFRS 9)
1 January 2019	Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
1 January 2019	Plan Amendments, Curtailment or Settlement (Amendments to IAS 19)
1 January 2019	Annual Improvements to IFRSs 2015–2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)
1 January 2021	IFRS 17 Insurance Contracts
Available for optional adoption/ Effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)



**3. Use of estimates**

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

**4. Changes in significant accounting policies**

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018.

**5. Segment reporting**

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors reviews the Group's internal reporting in order to assess its performance and allocate resources, mainly from a geographical perspective, of the mobile telecommunication business. OIH management has determined the reportable operating segments according to the information analysed by the chief operating decision-maker as follows:

- *Investment property*: investment properties relate to real estate property the Group owns in Sao Paolo, Brazil
- *GSM – Lebanon*: relating to the management contract of the Lebanese mobile telecommunications operator Alfa which is owned by the Republic of Lebanon.
- *Cable*: relating to the provision of direct broadband and high-speed connectivity to telecom operators, internet service providers and major corporations through submarine fibre optic cables.
- *Media & Technology*: relating mainly to the provision of online advertising and content to corporate customer, mobile value added services and software development and hosting of corporate clients.
- *Other*: relating to the Group's equity accounting investment and income and expenses related to OIH.

The Group reports on operating segments which are independently managed. The chief operating decision-maker assesses the performance of such operating segments based on:-

- Total revenue ;
- EBITDA, defined as profit for the period before income tax expense /(benefit) , share of profit of equity investments, foreign exchange gains/(loss), financial expense, financial income, disposal of non-current assets, impairment charges and depreciation and amortisation ;
- Segment capital expenditure which is the total cost incurred during the period to acquire property and equipment and intangible assets other than goodwill.

The information provided to the chief operating decision-maker is measured consistently with that of the interim financial statements.

**Revenue and EBITDA disclosure per segment for the period ended March 31**

	Three- month period 2019				Three- month period 2018			
	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA
Investment Property	1,072	-	1,072	(346)	1,002	-	1,002	(2,620)
GSM Lebanon	1,789	-	1,789	1,046	1,798	-	1,798	956
Financial Services	8,232	-	8,232	(871)	10,271	-	10,271	490
Cable	12,192	-	12,192	6,775	10,210	-	10,210	5,235
Other	295	(295)	-	(3,236)	324	(324)	-	(1,879)
<b>Total</b>	<b>23,580</b>	<b>(295)</b>	<b>23,285</b>	<b>3,368</b>	<b>23,605</b>	<b>(324)</b>	<b>23,281</b>	<b>2,182</b>

**Assets per segment as of**

	March 31, 2019				December 31, 2018					
	Property and equipment	Intangible assets	Investment Property	Equity investments	Total	Property and equipment	Intangible assets	Investment Property	Equity investments	Total
Financial Services	15,559	33,072	-	-	48,631	14,047	32,462	-	-	46,509
Investment Property	-	-	63,124	-	63,124	-	-	64,290	-	64,290
Cable	64,659	1,574	-	-	66,268	62,196	1,422	-	-	63,618
Other	2,863	-	-	129,799	132,627	4,698	(33)	-	123,439	128,104
<b>Total</b>	<b>83,081</b>	<b>34,646</b>	<b>63,124</b>	<b>129,799</b>	<b>310,650</b>	<b>80,941</b>	<b>33,851</b>	<b>64,290</b>	<b>123,439</b>	<b>307,521</b>

**Capital expenditure**

The table below illustrates the capital expenditure incurred by each segment in the current and comparative period

	Three- month ended March 31, 2019	Three- month ended March 31, 2018
Financial Services	11	468
Cable	4,953	1,368
Other	-	100
<b>Total</b>	<b>4,964</b>	<b>1,936</b>

**6. Revenues**

(In thousand US\$)

Revenue form Financial services	
Interconnection traffic	
Management contract -Fees	
Investment Property Revenue	
<b>Total</b>	

	Three- month ended March 31, 2019	Three- month ended March 31, 2018
	8,232	10,271
	12,192	10,210
	1,789	1,798
	1,072	1002
<b>Total</b>	<b>23,285</b>	<b>23,281</b>

(In thousand US\$)

For the Period ended 31 March 2019

Primary geographical markets

	Investment Property		Cables		Financial Services		Management Agreement		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Brazil	1,072	1,002	-	-	411	379	-	-	1,072	1,002
US	-	-	-	-	4,092	6,325	-	-	411	379
Pakistan	-	-	12,192	10,210	-	-	-	-	12,192	10,210
Lebanon	-	-	-	-	-	-	1,789	1,798	1,789	1,798
Egypt	-	-	-	-	3,729	3,567	-	-	7,821	9,892
	<b>1,072</b>	<b>1,002</b>	<b>12,192</b>	<b>10,210</b>	<b>8,232</b>	<b>10,271</b>	<b>1,789</b>	<b>1,798</b>	<b>23,285</b>	<b>23,281</b>

Major service Lines

Rental revenues	1,072	1,002	-	-	-	-	-	-	1,072	1,002
Management Fees – Funds	-	-	-	-	440	227	-	-	440	227
Performance Fees – Funds	-	-	-	-	255	296	-	-	255	296
Other Financial management Revenues	-	-	-	-	202	379	-	-	202	379
Success Fees	-	-	-	-	411	34	-	-	411	34
Retainer Fees	-	-	-	-	39	20	-	-	39	20
Brokerage Revenues	-	-	-	-	6,885	9,315	-	-	6,885	9,315
Cable rental	-	-	12,192	10,210	-	-	-	-	12,192	10,210
GSM Management Agreement	-	-	-	-	-	-	1,789	1,798	1,789	1,798
	<b>1,072</b>	<b>1,002</b>	<b>12,192</b>	<b>10,210</b>	<b>8,232</b>	<b>10,271</b>	<b>1,789</b>	<b>1,798</b>	<b>23,285</b>	<b>23,281</b>

Timing of revenue recognition

Products transferred at point of time	-	-	-	-	8,232	10,271	-	-	8,232	10,271
Services transferred over period of time	1,072	1,002	12,192	10,210	-	-	1,789	1,798	15,053	13,010
	<b>1,072</b>	<b>1,002</b>	<b>12,192</b>	<b>10,210</b>	<b>8,232</b>	<b>10,271</b>	<b>1,789</b>	<b>1,798</b>	<b>23,285</b>	<b>23,281</b>

**7. Purchases and services**

(In thousand US\$)

	Three - month ended March 31, 2019	Three - month ended March 31, 2018
Rental of local network, technical sites and other leases	2,486	2,175
Customer acquisition costs	101	-
Purchases of goods/ materials and consumables	315	279
Band width cost	1,026	942
Maintenance costs	619	502
Utilities	192	278
Brokerage Commissions	1,758	2,666
Advertising and promotional services	435	518
Consulting and professional services	1,783	1,757
Bank and Post office charges	100	96
Insurance	34	35
Airfare	40	30
Accommodation, Meals and Per diem	108	247
IT Supplies and expense	96	66
Sites expense	19	22
Security Guards	55	55
Other service expenses	209	138
<b>Total</b>	<b>9,376</b>	<b>9,806</b>

**8. Net financing (cost)**

(In thousand US\$)

	Three - month ended March 31, 2019	Three - month ended March 31, 2018
Interest income on deposits	1,494	1,351
<b>Financial income</b>	<b>1,494</b>	<b>1,351</b>
Interest expense on borrowings	(1,888)	(1,864)
Other interest expense and financial charges	(1,091)	(314)
<b>Financial expense</b>	<b>(2,979)</b>	<b>(2,178)</b>
Foreign exchange (loss)	(2,543)	(607)
<b>Foreign exchange (loss)</b>	<b>(2,543)</b>	<b>(607)</b>
<b>Net financing (loss)</b>	<b>(4,028)</b>	<b>(1,434)</b>

**9. Income tax expense**

	Three - month ended March 31, 2019	Three - month ended March 31, 2018
Current tax expense	1,697	1,492
Deferred tax	684	(420)
<b>Total Income Tax Expenses</b>	<b>2,381</b>	<b>1,072</b>

**10. Equity-accounted investees****Investments in Associates**

Details of investments in Associates is as follows:

(In thousand US\$)	Country	%	March 31, 2019	December 31, 2018
Cheo JV Technology-Koryolink (10-1)	North Korea	75%	449,200	391,804
SARWA Capital (10-2)	Egypt	30%	94,234	89,042
Electronic Fund Administration Services	Egypt	14%	17	18
International Fund Administration Services	Egypt	14%	37	37
Axes Holding company	Egypt	23.7%	627	625
Deduct: Impairment			(414,316)	(358,087)
			<b>129,799</b>	<b>123,439</b>

**(10-1) Koryolink**

The tables below sets forth-summary financial information of the associate.

(In thousand US\$)

	March 31, 2019	December 31, 2018
Assets	1,678,856	1,653,133
Liabilities	(241,164)	(260,822)
Net assets	<b>1,437,692</b>	<b>1,392,311</b>

(In thousand US\$)

	Three- month ended March 31, 2019	Three - month ended March 31, 2018
Revenues	100,578	89,692
Total expense	(42,536)	(42,307)
Net profit after tax	<b>58,042</b>	<b>47,385</b>
Share of profit in associates	<b>43,531</b>	35,538

The Company'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 year ended December 31, 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 subsidiary 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 during the period:

(In thousand US\$)	Three- month ended March 31, 2019	Three - month ended March 31, 2018
Beginning balance	34,397	235,752
Share of profit of associates	43,531	35,538
Currency translation differences	1,114	217
Impairment	(43,531)	(236,542)
Ending balance	<b>35,511</b>	<b>34,965</b>



**(10-2) Sarwa Capital**

On 20 December 2018, the company purchased number of 216,032,608 share from shares of Sarwa capital, which represents 30% of total equity by price per share 7.36 by total price EGP 1,590 million and it was financed by the contract related to open credit facility with bank Audi by amount of USD 90 million during December 2018.

(In thousand US\$)	March 31, 2019	December 31, 2018
Assets	258,254	196,888
Liabilities	(157,328)	(103,666)
Net assets	100,926	93,222
(In thousand US\$)	Three- month ended March 31, 2019	Three - month ended March 31, 2018
Revenues	44,012	44,344
Total expense	(36,735)	(41,185)
Net profit after tax	7,277	3,159
Share of profit in associates	2,183	-
(In thousand US\$)	March 31, 2019	
Opening balance	89,042	
Share of profit in associates	2,184	
Currency translation differences	3,008	
Net assets	94,234	

**11. Property & equipment and intangible assets (net)**

The details of the property & equipment and intangibles acquired and disposed of during the current and comparative period are detailed in the following table:

	Property and equipment	Intangible assets
Balance as of January 1, 2019	80,941	33,851
Additions	4,719	245
Disposals	(75)	(193)
Depreciation and amortization	(1,920)	(107)
Currency translation differences	(584)	850
Balance as of March 31, 2019	83,081	34,646
Balance as of January 1, 2018	139,482	48,568
Additions	1,339	5,351
Disposals	(102)	-
Change in scope of consolidation	1,786	168
Depreciation and amortization	(3,030)	(297)
Adjustments arising due to new accounting standards	9,779	-
Currency translation differences	(3,205)	45
Balance as of March 31, 2018	146,049	53,835

- There is a pledged assets for Transworld equivalent to US\$ 69 Million, in exchange for facilities related to marine cables SMW5.

**12. Investment property**

The property investment balance comprises the value of seven floors which are owned by Victoire in Brazil. The property investment is carried at its historical cost

(in thousands of US\$)

	March 31, 2019	December 31, 2018
Cost	69,993	82,067
Accumulated amortization and impairment	(5,703)	(5,094)
	64,290	76,973
Depreciation	(468)	(1,429)
Exchange differences	(698)	(11,254)
As of end of period / year	63,124	64,290
Cost	69,215	69,993
Accumulated amortization and impairment	(6,091)	(5,703)

**13. Other financial assets**

(in thousands of US\$)

	March 31, 2019			December 31, 2018		
	Non-current	Current	Total	Non-current	Current	Total
Financial receivables	3,140	832	3,972	3,043	1,091	4,134
Restricted cash (13-1)	7,102	101,891	108,993	7,550	101,982	109,532
Financial assets at fair value through profit or loss (13-2)	-	1,250	1,250	-	2,053	2,053
Financial assets at fair value through OCI (13-3)	3,804	-	3,804	3,493	-	3,493
<b>Total</b>	<b>14,046</b>	<b>103,973</b>	<b>118,019</b>	<b>14,086</b>	<b>105,126</b>	<b>119,212</b>

**13-1 Restricted cash**

(in thousands of US\$)

	As Of March 31, 2019			As Of December 31, 2018		
	Non-current	Current	Total	Non-current	Current	Total
Pledged deposits	303	101,891	102,194	608	101,982	102,590
Cash on banks in North Korea	6,799	-	6,799	6,942	-	6,942
<b>Total</b>	<b>7,102</b>	<b>101,891</b>	<b>108,993</b>	<b>7,550</b>	<b>101,982</b>	<b>109,532</b>

**13-2 Financial assets at fair value through profit or loss.**

	March 31, 2019	December 31, 2018
Investments in Cash investments funds	868	816
Investments in investments funds	145	813
Treasury Bills	237	424
<b>Total</b>	<b>1,250</b>	<b>2,053</b>

**13-3 Financial assets at fair value through OCI**

	March 31, 2019	December 31, 2018
Egypt Opportunities Fund	2,569	2,252
EGX -30	493	420
Misr for Central Clearing Depository and Registry	443	429
Guarantee Settlement Fund	282	375
El Arabi for Investment	11	11
MENA Capital	172	172
BMG	6	-
(Less):		
Impairment loss of available for sale investments	(172)	(166)
<b>Total</b>	<b>3,804</b>	<b>3,493</b>

**14. Cash and balances at banks**

(in thousands of US\$)

Bank accounts and deposits  
Cash on hand  
Total

	March 31, 2019	December 31, 2018
Bank accounts and deposits	86,565	106,491
Cash on hand	81	74
<b>Total</b>	<b>86,646</b>	<b>106,565</b>

**15. Share capital**

The Company was incorporated On 29 November 2011 with an authorised share capital amounting to EGP 22 billion, equivalent to US\$ 3.66 Billion, of which, the issued amounts to EGP 2,203,190,060, equivalent to US\$ 366 Million distributed over 5,245,690,620 shares, each with a nominal value of EGP 0.42 par value each, according to the approvals of the General Authority for Investment and of the Extraordinary General Assembly of Orascom Telecom Holding (Demerging Company).

**16. Borrowings**

	March 31, 2019			December 31, 2018		
	Non-current	Current	Total	Non-current	Current	Total
Liabilities to banks	46,653	113,101	159,754	47,008	109,335	156,343
Finance lease liability *	8,495	1,102	9,597	10,669	369	11,038
Other borrowings	1,127	1,645	2,772	1,126	1,618	2,744
	<b>56,275</b>	<b>115,848</b>	<b>172,123</b>	<b>58,803</b>	<b>111,322</b>	<b>170,125</b>

**Loans for Trans World associate**

Borrowings balances include loans granted by the shareholders of Trans World Associate private to Trans World associate private (limited) Pakistan by an amount equivalent to USD 2.8 Million of which USD 1.6 M due within one year and USD 1.2 M due more than one year with an interest rate of 1.335% per annum.

Borrowings also include loans obtained from banks amounted to US\$ 31 million from which US\$ 7.8 million due within one year and US\$ 23.2 million due after more than one year these borrowings were obtained by Trans World Associate Private with interest rates ranges between 6% to 8% to 11%.

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

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

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

On May 24, 2018 the pledge of the deposit amounted USD 34,026 million has been released and mortgage of the tower and pledge of Victoire BV company shares has been made in favor of Libano Francis bank.

**Other credit facilities (Beltone financial holding company):**

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

**17. Other non-financial assets***(in thousands of US\$)*

	March 31, 2019			December 31, 2018		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	12,531	2,780	15,311	13,224	2,848	16,072
Advances to suppliers	-	919	919	-	343	343
Receivables due from tax authority	-	1,223	1,223	-	401	401
Employee loans	-	531	531	-	518	518
Assets from current tax	-	6,270	6,270	-	5,453	5,453
Other non trade receivables	-	2,072	2,072	-	1,551	1,551
Allowance for doubtful current assets	-	(324)	(324)	-	-	-
<b>Total</b>	<b>12,531</b>	<b>13,471</b>	<b>26,002</b>	<b>13,224</b>	<b>11,114</b>	<b>24,338</b>

**18. Trade payables and other liabilities***(in thousands of US\$)*

	March 31, 2019			December 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
<b>Trade Payable</b>						
Capital expenditure payables	4,748	-	4,748	4,752	-	4,752
Trade payables due to suppliers	8,162	-	8,162	8,439	-	8,439
Customers credit balance	24,931	-	24,931	41,038	-	41,038
Trade payables to investment property sector	1,770	-	1,770	2,835	-	2,835
Other trade payables	2,787	-	2,787	2,827	-	2,827
<b>Total</b>	<b>42,398</b>	<b>-</b>	<b>42,398</b>	<b>59,891</b>	<b>-</b>	<b>59,891</b>
<b>Other Liabilities</b>						
Prepaid traffic and deferred income	524	3,314	3,838	339	3,408	3,747
Due to local authorities	5,266	-	5,266	3,155	-	3,155
Personnel payables	2,406	-	2,406	3,022	-	3,022
Subscriber deposits	37	-	37	38	-	38
Other credit balances	8,282	15,780	24,063	8,543	22,436	30,979
<b>Total other liabilities</b>	<b>16,515</b>	<b>19,094</b>	<b>35,610</b>	<b>15,097</b>	<b>25,844</b>	<b>40,941</b>
<b>Total</b>	<b>58,913</b>	<b>19,094</b>	<b>78,008</b>	<b>74,988</b>	<b>25,844</b>	<b>100,832</b>

**19. Provisions**

Provisions are recognised according to the best estimate of the amount expected to settle the present obligations, at the end of the reporting period, arising as result from the Group's operations and contractual relationships with third parties. Provisions recognised during the period are reported among other expenses in the statement of profit or loss and are subject to an annual review by management and are revised based on the most recent developments, negotiations and agreements with the relevant counterparties.

	2019	2018
As of January,1	23,041	20,723
Additions	824	86
Currency translation differences	721	113
Provision used	(1,539)	(3,626)
<b>As of March 31,</b>	<b>23,047</b>	<b>17,296</b>

**20. (Losses)/ Earnings per share (basic and diluted)****Basic:**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period.

**Diluted:**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the period covered by the report, the Company did not have any dilutive potential ordinary shares and as such diluted and basic earnings per share are equal.

	Three - month ended March 31,2019	Three - month ended March 31, 2018
(Loss) attributable to equity holders of the Parent Company	(3,622)	(3,901)
Weighted average number of shares (in thousands of shares)	5,245,690	5,245,690
<b>Earnings per share – basic and diluted (in US\$)</b>	<b>(0.0007)</b>	<b>(0.0007)</b>

**21. Capital Commitments**

The capital commitments are provided in the table below:

	March 31, 2019	December 31, 2018
Property and equipment	2,369	5,214
Other	11,623	12,054
<b>Total</b>	<b>13,992</b>	<b>17,268</b>

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

**22. Contingent liabilities**

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

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

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

**Transworld Associates (Subsidiary)**

- The amount equivalent to USD 28 thousand pounds held by the bank for the sake of the Higher Education Commission (HEC) until December 31 2019.
- There is a restricted at balance at the bank of USD 3.5k in favour of Shell Pakistan valid until September 25, 2019.
- There is a letter of credit amounting to USD 182k in favour of Premier Systems valid until May 30, 2019.
- There is a letter of credit amounting to USD 10k in favour of Huawei valid until May 20, 2019
- There is a letter of credit amounting to USD 165k in favour of Huawei valid until May 30, 2019.

**23. Subsequent events**

On September 10, 2019, OTMT Brazil Holding sold its entire shares in Riza Capital, with an ownership of 57.5%, to Marko Auriello for a consideration amounting to USD 13,323,850 paid on six semi-annual installments, each amounting to USD 2,220,642, where the last installment will be received on February 28, 2022.

Chief Financial Officer

Khalid Ellaicy



Chairman

Naguib Sawiris

