



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

**Condensed Interim Consolidated Financial Statements (IFRS)
Together with the review report
Six-month period ended June 30, 2019**



Hazem Hassan

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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 June 30, 2019, and the related condensed interim consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim 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 98,789 thousands on the interim consolidated statement of financial position as at June 30, 2019, and the Company's share of Sarwa Capital's net income of USD 3,177 thousands, included in Company's condensed interim consolidated statement of profit or loss and other comprehensive income 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 June 30, 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 June 30, 2019, and of its consolidated financial performance and its consolidated cash flows for the six-month period then ended in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

Emphasis of matter paragraph

Without considering the following as qualifications:

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 37 million, as of June 30, 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 30, 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	June 30, 2019	December 31, 2018
Assets			
Property and equipment (net)	11	75,104	80,941
Intangible assets (net)	11	35,291	33,851
Investment Property (net)	12	64,089	64,290
Equity-accounted investees	10	135,695	123,439
Other non-financial assets	17	11,157	13,224
Other financial assets	13	12,511	14,086
Total non-current assets		333,847	329,831
Inventories		508	413
Trade receivables		47,429	53,269
Other financial assets	13	104,653	105,126
Other non-financial assets	17	13,096	11,114
Cash and cash equivalents	14	106,533	106,565
Total current assets		272,219	276,487
Total Assets		606,066	606,318
Equity and Liabilities			
Share capital	15	366,148	366,148
Other reserves		(151,372)	(162,736)
Retained earnings		58,312	67,429
Equity attributable to equity holders of the Company		273,088	270,841
Non-controlling interests		15,665	18,738
Total equity		288,753	289,579
Liabilities			
Non-current borrowings	16	52,144	58,803
Other non-current liabilities	18	19,316	25,844
Deferred tax liabilities		14,990	15,265
Total non-current liabilities		86,450	99,912
Current borrowings	16	113,470	111,322
Trade payables and other current liabilities	18	85,975	74,988
Income tax liabilities		6,255	7,476
Provisions	19	25,163	23,041
Total current liabilities		230,863	216,827
Total liabilities		317,313	316,739
Total Equity and Liabilities		606,066	606,318

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

ORASCOM INVESTMENT HOLDING
(S.A.E)

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

(in thousands of US dollars, except per share amounts)	Note	Six- month period 2019	Represented Six- month period 2018	Three-month period 2019	Represented Three- month period 2018
<u>Continued operations</u>					
Revenues	6	45,844	46,941	22,598	23,502
Other income		560	985	481	626
Purchases and services	7	(18,536)	(20,143)	(9,160)	(10,637)
Other expenses		(6,263)	(2,648)	(3,954)	(1,341)
Personnel cost		(15,979)	(17,667)	(7,707)	(6,645)
Depreciation and amortization		(4,591)	(4,132)	(2,096)	(1,806)
Disposal of non-current assets		35	(68)	12	-
Operating income		1,070	3,268	174	3,699
Financial income	8	411	3,505	(1,083)	2,154
Financial expense	8	(6,162)	(4,711)	(3,183)	(2,382)
Foreign exchange (loss)/gain	8	(5,471)	(95)	(2,928)	497
Share of profit of equity – accounted investees	10	100,127	87,541	54,413	51,387
Impairment of profit of equity-accounted investees		(96,954)	(87,541)	(53,423)	(52,003)
(loss)/ Profit before income tax		(6,979)	1,967	(6,030)	3,352
Income tax expense	9	(2,669)	(2,241)	(288)	(1,169)
(Loss)/profit for the period		(9,648)	(274)	(6,318)	2,183
<u>Discontinued operations</u>					
(Loss) from discontinued operation (net of income tax)		-	(5,493)		(3,276)
(Loss) for the period		(9,648)	(5,767)	(6,318)	(1,093)
(Loss) for the period		(9,648)	(5,767)	(6,318)	(1,093)
Other comprehensive income /(loss):					
Items that may be sequent reclassified to profit or loss net of tax					
Change in fair value of investments		(143)	113	(317)	37
Currency translation differences		8,649	(17,941)	2,947	(17,107)
Total comprehensive (loss) for the period		(1,142)	(23,595)	(3,688)	(18,163)
(Loss) for the period attributable to:					
Owners of the company		(8,946)	(6,140)	(5,324)	(2,183)
Non-controlling interests		(702)	373	(994)	1,090
(Loss) for the period		(8,946)	(6,140)	(6,318)	(1,093)
Total comprehensive loss for the period attributable to:					
Owners of the parent		2,025	(21,953)	(155)	(17,948)
Non-controlling interest		(3,167)	(1,642)	(3,533)	(215)
Total comprehensive (loss) for the period		(1,142)	(23,595)	(3,688)	(18,163)
(Losses) per share from continuing operations (basic and diluted) (in USD per share)	20	(0.0018)	(0.0001)	(0.001)	0.0002
(Losses) per share from discontinued operations (basic and diluted) (in USD per share)	20	-	(0.001)	-	(0.0006)


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 Six-month period ended June 30, 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 Interest	Total equity
As of January 1, 2018	366,148	84,373	(205,414)	10,367	19,716	275,190	27,528	302,718
Total comprehensive (loss)/ income for the period								
Currency translation differences	-	-	(15,892)	-	-	(15,892)	(2,049)	(17,941)
Change in fair value of investments (Loss) for the period	-	-	-	79	-	79	34	113
Total comprehensive (loss) for the period								
Transactions with owners of the company								
Transferred to Legal reserve	-	1,714	-	-	(1,714)	-	-	-
Adjustments arising due to new accounting standards	-	-	-	-	(363)	(363)	(392)	(755)
Change in the scope of consolidation-In coming	-	-	-	-	-	-	2,444	2,444
Total transactions with owners of the company								
As of 30 June 2018	366,148	86,087	(221,306)	10,446	11,499	252,874	27,938	280,812

(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
As of January 1, 2019	366,148	86,078	(256,076)	7,262	67,429	270,841	18,738	289,579
Total comprehensive (loss) for the period								
Currency translation differences	-	-	11,071	-	-	11,071	(2,422)	8,649
Change in fair value of investments (Loss) for the period	-	-	-	(100)	-	(100)	(43)	(143)
Total comprehensive (loss) for the period								
Transactions with owners of the company								
Transferred to Legal reserve	-	171	-	-	(171)	-	-	-
Derivatives revaluation	-	-	-	222	-	222	94	316
Total transactions with owners of the company								
As of 30 June 2019	366,148	86,249	(245,005)	7,384	58,312	273,088	15,665	288,753

Chief Financial Officer

Khalid Ellaiay

Chairman

Naguib Sawiris

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ORASCOM INVESTMENT HOLDING
(S.A.E.)

Condensed interim consolidated statement of cash flows for the Six-month period ended June 30,

<i>(in thousands of US dollars)</i>	2019	Represented 2018
Continued operations		
Operating activities		
(Loss) for the period before income tax	(6,979)	1,967
<u>Adjustments for:</u>		
Depreciation and amortization	4,591	4,132
Financial expense	6,162	4,711
Financial income	(411)	(3,505)
Foreign exchange loss	5,471	95
(Gain)/ Loss form disposal of assets	(35)	68
Share of profit of equity-accounted investees	(100,127)	(87,541)
Impairment of profit of equity-accounted investees	96,954	87,541
	5,626	7,468
Change in provisions	1,027	(6,094)
Changes in other assets	(2,227)	(10,307)
Changes in other liabilities	9,914	9,798
Cash flows from operating activities	14,340	865
Income tax paid	(5,234)	(21,538)
Employees Dividends	(814)	-
Interest received	412	3,533
Net cash flows from/ (used in) operating activities	8,704	(17,140)
Investing activities		
Purchase of property and equipment and intangible assets	(5,336)	(2,365)
Payment for new acquisitions	(116)	(225)
Change in Deposits and financial assets	(678)	(3,005)
Proceeds from sale of property and equipment	90	140
Proceeds from other financial assets	767	32,774
Cash acquired from new investment	-	1,763
Net cash flows (Used in) / from investing activities	(5,273)	29,082
Financing activities		
Interest Paid	(5,561)	(4,447)
Proceeds from loan and bank facilities	193	7,158
Payments for loans and bank facilities	(2,313)	(3,969)
Cash received form disposal of Beltone stake	-	79
Payment for non-controlling interest in equity-accounted investees	-	(14)
Net cash flows (used in) financing activities	(7,681)	(1,193)
Net cash flows (used in)/ from continued operations	(4,250)	10,749
Discontinued Operations		
Net cash from operating activities	-	5,832
Net cash from investing activities	-	122
Net cash flows from discontinued operations	-	5,954
Change in cash and cash equivalents	(4,250)	16,703
Cash and cash equivalents at the beginning of the period	106,565	134,142
Effect of exchange rates on cash and cash equivalents	4,218	4,846
Cash and cash equivalents for the assets held for sale	-	(8,616)
Cash and cash equivalents at the end of the period	106,533	147,075

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 June 30, 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 30, 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)

The Group is currently assessing whether these changes will affect the consolidated financial statements in the period of initial application.

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.

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.

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.

Orascom Investment Holding S.A.E. (In thousands of US dollars)

Notes to the condensed interim consolidated financial statements as of and for the period ended June 30, 2019

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 June 30

	Six - month period 2019			Six - month period 2018			
	Total segment revenue	Inter segment revenue	Revenue from external customers	Total segment revenue	Inter segment revenue	Revenue from external customers	EBITDA
Investment Property	1,729	-	1,729	1,846	-	1,846	(713)
GSM Lebanon	3,575	-	3,575	3,601	-	3,601	2,723
Financial Services	17,574	-	17,574	20,149	-	20,149	299
Cable	22,966	-	22,966	21,345	-	21,345	11,298
Other	585	(585)	-	634	(634)	-	(6,139)
Total	46,429	(585)	45,844	47,575	(634)	46,941	7,468

Assets per segment as of June 30, 2018

	As of June 30, 2019			As of December 31, 2018				
	Property and equipment	Intangible assets	Investment Property	Property and equipment	Intangible assets	Investment Property	Equity investments	Total
Financial Services	15,383	33,882	-	14,047	32,462	-	-	46,509
Investment Property	-	-	64,089	-	64,290	-	-	64,290
Cable	56,812	1,409	-	62,196	1,422	-	-	63,618
Other	2,909	-	-	4,698	(33)	123,439	-	128,104
Total	75,104	35,291	64,089	80,941	33,851	64,290	123,439	302,521

Capital expenditure

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

	Six - month ended June 30, 2019	Six - month ended June 30, 2018
Financial Services	28	638
Cable	6,603	2,252
Other	-	746
Total	6,631	3,636

6. Revenues

(In thousand US\$)	Six- month ended June 30, 2019	Six - month ended June 30, 2018	Three - month ended June 30,2019	Three - month ended June30, 2018
Revenue form Financial services	17,574	20,149	9,342	9,878
Interconnection traffic	22,966	21,345	8,985	9,117
Management contract -Fees	3,575	3,601	3,575	3,601
Investment Property Revenue	1,729	1,846	696	906
Total	45,844	46,941	22,598	23,502

(In thousand US\$) For the six months ended June 30,	Investment Property		Cables		Financial Services		Management Agreement		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Primary geographical markets										
Brazil	1,729	1,846	-	-	2,588	1,026	-	-	4,317	2,872
US	-	-	-	-	8,823	11,410	-	-	8,823	11,410
Pakistan	-	-	22,966	21,345	-	-	-	-	22,966	21,345
Lebanon	-	-	-	-	-	-	3,575	3,601	3,575	3,601
Egypt	-	-	-	-	6,163	7,713	-	-	6,163	7,713
	1,729	1,846	22,966	21,345	17,574	20,149	3,575	3,601	45,844	46,941
Major service Lines										
Rental revenues	1,729	1,846	-	-	-	-	-	-	1,729	1,846
Management Fees – Funds	-	-	-	-	893	791	-	-	893	791
Performance Fees – Funds	-	-	-	-	521	482	-	-	521	482
Other Financial management Revenues	-	-	-	-	498	586	-	-	498	586
Success Fees	-	-	-	-	2,588	1,869	-	-	2,588	1,869
Retainer Fees	-	-	-	-	69	70	-	-	69	70
Brokerage Revenues	-	-	-	-	13,005	16,351	-	-	13,005	16,351
Cable rental	-	-	22,966	21,345	-	-	-	-	22,966	21,345
GSM Management Agreement	-	-	-	-	-	-	3,575	3,601	3,575	3,601
	1,729	1,846	22,966	21,345	17,574	20,149	3,575	3,601	45,844	46,941
Timing of revenue recognition										
Products transferred at point of time	-	-	-	-	17,574	20,149	-	-	17,574	20,149
Services transferred over period of time	1,729	1,846	22,966	21,345	-	-	3,575	3,601	28,270	26,792
	1,729	1,846	22,966	21,345	17,574	20,149	3,575	3,601	45,844	46,941

7. Purchases and services

(In thousand US\$)	Six- month ended June 30, 2019	Six - month ended June 30, 2018	Three - month ended June 30,2019	Three - month ended June30, 2018
Rental of local network, technical sites and other leases	3,971	4,427	1,485	2,432
Customer acquisition costs	146	189	45	189
Purchases of goods/ materials and consumables	685	522	370	243
Band width cost	2,020	1,999	994	1,057
Maintenance costs	1,229	1,083	610	581
Utilities	281	513	89	235
Brokerage Commissions	3,447	4,481	1,689	2,015
Advertising and promotional services	852	813	417	295
Consulting and professional services	4,320	4,294	2,537	2,537
Bank and post office charges	196	239	96	143
Insurance	70	71	36	36
Airfare	218	310	178	280
Accommodation, Meals and Per diem	117	391	9	144
IT Supplies and expense	184	178	88	115
Sites expense	43	258	24	156
Security Guards	106	105	51	50
Other service expenses	651	270	442	129
Total	18,536	20,143	9,160	10,637

8. Net financing (cost) income

(In thousand US\$)	Six- month ended June 30, 2019	Six - month ended June 30, 2018	Three - month ended June.30,2019	Three - month ended June30, 2018
Interest income on deposits	411	3,505	(1,083)	2,154
Financial income	411	3,505	(1,083)	2,154
Interest expense on borrowings	(3,942)	(3,906)	(963)	(1,878)
Other interest expense and financial charges	(2,220)	(805)	(2,220)	(504)
Financial expense	(6,162)	(4,711)	(3,183)	(2,382)
Foreign exchange (loss)/ gain	(5,471)	(95)	(2,928)	497
Foreign exchange (loss)/ gain	(5,471)	(95)	(2,928)	497
	(11,222)	(1,301)	(7,194)	269

9. Income tax expense

	Six- month ended June 30, 2019	Six - month ended June 30, 2018	Three - month ended June 30,2019	Three - month ended June30, 2018
Current tax expense	(2,700)	(3,223)	(1,003)	(1,731)
Deferred tax	31	982	715	562
Total Income Tax Expenses	(2,669)	(2,241)	(288)	(1,169)

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

Details of investments in Associates is as follows:

(In thousand US\$)	Country	%	June 30, 2019	December 31, 2018
Cheo JV Technology-Koryolink (10-1)	North Korea	75%	520,802	391,804
SARWA Capital (10-2)	Egypt	30%	98,789	89,042
Electronic Fund Administration Services	Egypt	15.3%	18	18
International Fund Administration Services	Egypt	15.3%	33	37
Axes Holding company	Egypt	26.01%	628	625
Deduct: Impairment			(484,575)	(358,087)
			135,695	123,439

(10-1) Koryolink

(In thousand US\$)

	June 30, 2019	December 31, 2018
Assets	1,790,706	1,653,133
Liabilities	(247,072)	(260,822)
Net assets	1,543,634	1,392,311
	Three- month ended	Three - month ended
	June 30, 2019	June 30, 2018
Revenues	200,415	184,277
Total expense	(71,143)	(67,555)
Net profit after tax	129,272	116,722
Share of profit in associates	96,954	87,541

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\$)	Six- month ended June 30, 2019	Six - month ended June 30, 2018
Beginning balance	34,397	235,752
Share of profit of associates	96,954	87,541
Dividends	-	-
Currency translation differences	2,458	(294)
Impairment	(96,954)	(288,545)
Ending balance	36,855	34,454

(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\$)	June 30, 2019	December 31, 2018
Assets	189,328	196,888
Liabilities	(80,224)	(103,666)
Net assets	109,104	93,222
(In thousand US\$)	Six- month ended June 30, 2019	Six - month ended June 30, 2018
Revenues	88,669	86,369
Total expense	(77,493)	(77,549)
Net profit after tax	11,176	8,820
Holding share of net profit	10,590	8,352
Share of profit in associates	3,177	-
(In thousand US\$)	June 30, 2019	
Opening balance	89,042	
Share of profit in associates	3,177	
Currency translation differences	6,570	
Ending Balance	98,789	

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	6,335	296
Disposals	(464)	(216)
Depreciation and amortization	(3,712)	(198)
Adjustments arising due to new accounting standards	-	-
Currency translation differences	(7,996)	1,558
Balance as of June 30, 2019	75,104	35,291
Balance as of January 1, 2018	139,482	48,568
Additions	3,254	4,845
Disposals	(27)	-
Depreciation and amortization	(6,054)	(591)
Adjustments arising due to new accounting standards	9,296	-
Currency translation differences	(6,848)	(906)
Change in scope of consolidation	1,692	232
Assets held for sale	(54,702)	(11,517)
Balance as of June 30, 2018	86,093	40,631

- There is a pledged assets for Transworld equivalent to US\$ 58 Million, in exchange for facilities related to marine cables SMW5.
- During the period ended June 30, 2019 the group has entered into new lease agreements amounting to USD 1 M (USD 9.6 M for the period ended June 30, 2018).

12. Investment property

The investment property balance comprise of the value of seven floors owned by Victoire company in Brazil. The investment property is carried at its historical cost (with fair value US\$ 64,021 thousand) on the date of acquisition.

(in thousands of US\$)

	June 30, 2019	December 31, 2018
Cost	69,993	82,067
Accumulated amortization and impairment	(5,703)	(5,094)
	64,290	76,973
Depreciation	(681)	(1,429)
Exchange differences	480	(11,254)
As of end of period / year	64,089	64,290
Cost	70,513	69,993
Accumulated amortization and impairment	(6,424)	(5,703)

13. Other financial assets

(in thousands of US\$)

	June 30, 2019			December 31, 2018		
	Non-current	Current	Total	Non-current	Current	Total
Financial receivables	1,761	1,320	3,081	3,043	1,091	4,134
Restricted cash (13-1)	7,207	101,963	109,170	7,550	101,982	109,532
Financial assets at fair value through profit or loss (13-2)	-	1,370	1,370	-	2,053	2,053
Financial assets at fair value through OCI (13-3)	3,543	-	3,543	3,493	-	3,493
Total	12,511	104,653	117,164	14,086	105,126	119,212

13-1 Restricted cash

(in thousands of US\$)

	As Of June 30, 2019			As Of December 31, 2018		
	Non-current	Current	Total	Non-current	Current	Total
Pledged deposits	315	101,963	102,278	608	101,982	102,590
Cash on banks in North Korea	6,892	-	6,892	6,942	-	6,942
Total	7,207	101,963	109,170	7,550	101,982	109,532

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

	June 30, 2019	December 31, 2018
Investments in Cash investments funds	925	816
Investments in investments funds	144	813
Treasury Bills	301	424
Total	1,370	2,053

13-3 Financial assets at fair value through OCI

	June 30, 2019	December 31, 2018
Egypt Opportunities Fund	2,279	2,252
EGX funds company	469	420
Misr for Central Clearing Depository and Registry	460	429
Guarantee Settlement Fund	317	375
El Arabi for Investment	12	11
MENA Capital	167	172
BMG	6	-
(Less):		
Impairment loss of available for sale investments	(167)	(166)
Total	3,543	3,493

14. Cash and balances at banks*(in thousands of US\$)*

	June 30, 2019	December 31, 2018
Bank accounts and deposits	106,453	106,491
Cash on hand	80	74
Total	106,533	106,565

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

	June 30, 2019			December 31, 2018		
	Non-current	Current	Total	Non-current	Current	Total
Liabilities to banks	41,691	110,993	152,684	47,008	109,335	156,343
Finance lease liability	9,325	1,085	10,410	10,669	369	11,038
Other borrowings	1,128	1,392	2,520	1,126	1,618	2,744
	52,144	113,470	165,614	58,803	111,322	170,125

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 2.5 Million of which USD 1.4 M due within one year and USD 1.1 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\$ 24.3 million from which US\$ 6.1 million due within one year and US\$ 18.2 million due after more than one year these borrowings were obtained by Trans World Associate Private with interest rates ranges between 8% to 9%.

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 Paolo, Brazil through the direct or indirect acquisition of the shares of the following companies incorporated in Brazil: Victoire 2, Victoire 9, Victoire 11, Victoire 13, Victoire 17, Victoire 18, and Victoire 19. With a balance USD 33.4 million as at June 30,2019.

On October 18, 2017 Orascom Telecom ,Media and Technology Holding company 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 35.3 M 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 (Belton 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\$)

	June 30, 2019			December 31, 2018		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	11,157	2,668	13,825	13,224	2,848	16,072
Advances to suppliers	-	1,131	1,131	-	343	343
Receivables due from tax authority	-	979	979	-	401	401
Employee loans	-	541	541	-	518	518
Assets from current tax	-	6,408	6,408	-	5,453	5,453
Other non trade receivables	-	1,858	1,858	-	1,551	1,551
Allowance for doubtful current assets	-	(489)	(489)	-	-	-
Total	11,157	13,096	24,253	13,224	11,114	24,338

18. Trade payables and other liabilities

(in thousands of US\$)

	June 30, 2019			December 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
Trade Payable						
Capital expenditure payables	4,656	-	4,656	4,752	-	4,752
Trade payables due to suppliers	9,071	-	9,071	8,439	-	8,439
Customers credit balance	54,247	-	54,247	41,038	-	41,038
Trade payables to financial sector	2,483	-	2,483	2,835	-	2,835
Other trade payables	2,894	-	2,894	2,827	-	2,827
Total	73,351	-	73,351	59,891	-	59,891
Other Liabilities						
Prepaid traffic and deferred income	895	2,832	3,727	339	3,408	3,747
Due to local authorities	2,686	-	2,686	3,155	-	3,155
Personnel payables	901	-	901	3,022	-	3,022
Subscriber deposits	35	-	35	38	-	38
Other credit balances	8,107	16,484	24,591	8,543	22,436	30,979
Total other liabilities	12,624	19,316	31,940	15,097	25,844	40,941
Total	85,975	19,316	105,291	74,988	25,844	100,832

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	1,773	223
Currency translation differences	1,572	(100)
Provision used	(1,223)	(6,094)
Change in the scope of consolidation	-	(222)
As of June 30,	25,163	14,530

20. (Losses) 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.

(Losses) / Earnings per share from continuing operations

	Six- month ended June 30, 2019	Six - month ended June 30, 2018	Three - month ended June 30,2019	Three - month ended June30, 2018
(Loss) attributable to equity holders of the Parent Company from continuing operations	(8,946)	(647)	(5,324)	1,093
Weighted average number of shares (in thousands of shares)	5,245,691	5,245,691	5,245,691	5,245,691
Losses per share – basic and diluted (in US\$)	(0.0018)	(0.0001)	(0.001)	0.0002

(Losses) per share from discontinued operations

	Six- month ended June 30, 2019	Six - month ended June 30, 2018	Three - month ended June 30,2019	Three - month ended June30, 2018
(Loss) attributable to equity holders of the Parent Company from discontinued operations	--	(5,493)	--	(3,276)
Weighted average number of shares (in thousands of shares)	5,245,691	5,245,691	5,245,691	5,245,691
Losses per share – basic and diluted (in US\$)	--	(0.001)	--	(0.0006)

21. Capital Commitments

The capital commitments are provided in the table below:

	June 30, 2019	December 31, 2018
Property and equipment	1,934	5,214
Other	5,205	12,054
Total	7,139	17,268

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 Telecom, Media and Technology Holding

- 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 valid until December 31 2019.

Transworld Associates (Subsidiary)

- The amount equivalent to USD 27.7 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 3k in favour of Shell Pakistan valid until September 25, 2019.
- There is a letter of credit amounting to USD 182 k in favour of Premier Systems valid until August 30, 2019.
- There is a letter of credit amounting to USD 342 K in favour of Inbox Company valid until May 9, 2020.
- There is a letter of credit amounting to USD 126 k in favour of Premier Systems valid until September 6, 2019.

23. Subsequent events

- On 10 September 2019, OTMT Brazil Holding announced that it has executed a sale and purchase agreement with Marco for selling Riza capital with total value of USD 13.3 Million on 6 installments every half year with amount of USD 2.2Million.

Chief Financial Officer

Khalid Ellaicy



Chairman

Naguib Sawiris

