

**Orascom Construction PLC**  
**(“the Company”)**

**Separate interim financial statements (unaudited)**  
*For the three month period ended 31 March 2021*

# Orascom Construction PLC (“the Company”)

## Separate interim financial statements (unaudited)

*For the three month period ended 31 March 2021*

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## **Independent Auditors' Report on Review of Condensed Separate Interim Financial Statements**

To the Shareholders of Orascom Construction PLC

### *Introduction*

We have reviewed the accompanying 31 March 2021 condensed separate interim financial statements of Orascom Construction PLC ("the Company"), which comprise:

- the condensed separate statement of financial position as at 31 March 2021;
- the condensed separate statements of profit or loss and other comprehensive income for the three-month period ended 31 March 2021;
- the condensed separate statement of changes in equity for the three-month period ended 31 March 2021;
- the condensed separate statement of cash flows for the three-month period ended 31 March 2021; and
- notes to the condensed separate interim financial statements.

Management is responsible for the preparation and presentation of these condensed separate interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our review.

### *Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information 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, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International 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.



*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2021 condensed separate interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

*KPMG LLP*

KPMG LLP  
Dubai, United Arab Emirates

Freddie Edward Cloete  
Partner  
Registration No: 1004441



Date: 19 May 2021

# Orascom Construction PLC

## Separate statement of profit or loss and other comprehensive income for the three month period ended 31 March 2021

		<b>Three month period ended</b>	
	<i>Note</i>	<b>31 March 2021</b>	31 March 2020
		<b>USD</b>	USD
		<b>(Unaudited)</b>	(Unaudited)
General and administrative expenses	5	<b>(3,766,800)</b>	(2,904,698)
(Provision for) / Reversal of impairment loss on related party loans and balances, net	11	<b>(1,143,643)</b>	190,748
Finance income	6	<b>957,262</b>	1,772,673
Finance expenses	7	<b>(1,052,623)</b>	(1,652,574)
Gain on waiver of a related party loan	11	-	600,000
Other income		<b>28,893</b>	-
Loss for the period		<b>(4,976,911)</b>	(1,993,851)
Other comprehensive income for the period		-	-
Total comprehensive loss income for the period		<b>(4,976,911)</b>	(1,993,851)
		<b>=====</b>	<b>=====</b>

The notes on pages 7 to 28 form an integral part of these separate interim financial statements.

The independent auditors' report on review of separate interim financial statements is set out on pages 1 and 2.

# Orascom Construction PLC

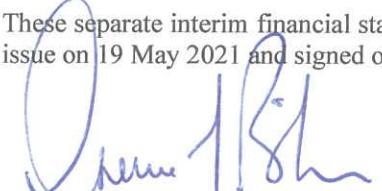
## Separate statement of financial position

As at 31 March 2021

	Note	31 March 2021 USD (Unaudited)	31 December 2020 USD (Audited)
<b>Non-current assets</b>			
Investment in subsidiaries	8	787,817,170	787,817,170
<b>Current assets</b>			
Prepayments and other receivables	9	294,769	379,222
Due from related parties	11	572,560	901,827
Cash in hand and at banks	10	12,459,934	13,873,051
		<u>13,327,263</u>	<u>15,154,100</u>
Total assets		<u>801,144,433</u>	<u>802,971,270</u>
<b>Shareholder's equity and liabilities</b>			
<b>Shareholder's equity</b>			
Share capital	13	116,761,379	116,761,379
Share premium		483,025,196	483,025,196
Retained earnings		120,342,944	125,319,855
		<u>720,129,519</u>	<u>725,106,430</u>
<b>Non-current liabilities</b>			
Loans due to related parties	11	69,545,295	41,690,724
<b>Current liabilities</b>			
Accounts payable and accrued expenses	12	3,447,267	4,001,079
Dividend payable		-	24,519,890
Due to related parties	11	8,022,352	7,653,147
		<u>11,469,619</u>	<u>36,174,116</u>
Total liabilities		<u>81,014,914</u>	<u>77,864,840</u>
Total liabilities and shareholder's equity		<u>801,144,433</u>	<u>802,971,270</u>

The notes on pages 7 to 28 form an integral part of these separate interim financial statements.

These separate interim financial statements were approved by the Board of Directors and authorised for issue on 19 May 2021 and signed on their behalf by:



Director

The independent auditors' report on review of separate interim financial statements is set out on pages 1 and 2.

# Orascom Construction PLC

## Separate statement of cash flows for the three month period ended 31 March 2021

	<i>Note</i>	<b>31 March 2021</b> <b>USD</b> <b>(Unaudited)</b>	31 March 2020 <b>USD</b> <b>(Unaudited)</b>
<b><i>Operating activities</i></b>			
Net loss for the period		<b>(4,976,911)</b>	(1,993,851)
<i>Adjustments for:</i>			
Finance expenses	7	<b>1,052,623</b>	1,652,574
Provision / (Gain on reversal) of impairment loss on related party loans and balances, net	11	<b>1,143,643</b>	(190,748)
Gain on waiver of a related party loan	11	-	(600,000)
Finance income	6	<b>(957,262)</b>	(1,772,673)
		<b>(3,737,907)</b>	(2,904,698)
Change in prepayments and other receivables		<b>84,453</b>	1,507,358
Change in due from related parties		<b>11,328</b>	550,000
Change in accounts payable and accrued expenses		<b>(553,812)</b>	(1,315,562)
Change in due to related parties		<b>369,205</b>	421,532
<i>Net cash used in operating activities</i>		<b>(3,826,733)</b>	(1,741,370)
<b><i>Investing activities</i></b>			
Net movement in loan due from related parties		<b>(669,999)</b>	6,344,173
<i>Net cash (used in) / generated from investing activities</i>		<b>(669,999)</b>	6,344,173
<b><i>Financing activities</i></b>			
Proceeds from loans due to related parties		<b>27,647,925</b>	208,742
Finance expense paid		<b>(44,420)</b>	-
Dividends paid		<b>(24,519,890)</b>	-
Realised loss on foreign currency exchange forward contract		-	(33,599)
<i>Net cash generated from financing activities</i>		<b>3,083,615</b>	175,143
Net (decrease) / increase in cash and cash equivalents		<b>(1,413,117)</b>	4,777,946
Cash and cash equivalents at the beginning of the period		<b>13,873,051</b>	462,959
Cash and cash equivalents at the end of the period		<b>12,459,934</b>	5,240,905

The notes on pages 7 to 28 form an integral part of these separate interim financial statements.

The independent auditors' report on review of separate interim financial statements is set out on pages 1 and 2.

# Orascom Construction PLC

## Separate statement of changes in equity for the three month period ended 31 March 2021

	Share capital USD	Share premium USD	Retained earnings USD	Total USD
Balance at 1 January 2020 (Audited)	116,761,379	483,025,196	181,760,228	781,546,803
<i>Total comprehensive loss for the period</i>				
Loss for the period	-	-	(1,993,851)	(1,993,851)
Balance at 31 March 2020 (Unaudited)	----- 116,761,379 =====	----- 483,025,196 =====	----- 179,766,377 =====	----- 779,552,952 =====
Balance at 1 January 2021 (Audited)	116,761,379	483,025,196	125,319,855	725,106,430
<i>Total comprehensive loss for the period</i>				
Loss for the period	-	-	(4,976,911)	(4,976,911)
<b>Balance at 31 March 2021 (Unaudited)</b>	<b>----- 116,761,379 =====</b>	<b>----- 483,025,196 =====</b>	<b>----- 120,342,944 =====</b>	<b>----- 720,129,519 =====</b>

The notes on pages 7 to 28 form an integral part of these separate interim financial statements.



# Orascom Construction PLC

## Notes

*(forming part of the separate interim financial statements)*

### **1 Legal status and principal activities**

Orascom Construction PLC (“the Company”) is a Public Company, incorporated and registered in the Dubai International Financial Centre. The Company is dual listed on NASDAQ Dubai and the Egyptian Exchange. The registered address of the Company is P.O. Box 507031, Dubai International Financial Centre, Dubai, United Arab Emirates.

The Company was incorporated on 18 January 2015 as Orascom Construction Limited, a Company limited by shares and subsequently converted to a Public Company under the DIFC Law No. 5 of 2018.

The principal activity of the Company is holding investments.

The Company has 100 percent interest in Orascom Holding Cooperatief U.A. which is the parent company of other subsidiaries operating in the construction sector.

### **2 Basis of preparation**

#### *Statement of compliance*

These separate financial statements have been prepared in accordance with the International Accounting Standard (“IAS”) 34, Interim Financial Reporting.

#### *Separate financial statements of the Company*

The Company acts as a holding company for its subsidiaries. The Company and its subsidiaries are collectively referred to as “the Group”. These separate interim financial statements present the financial performance and position of the Company only and do not include the operating results and financial position of its subsidiaries. In these separate financial statements, the investments in subsidiaries are stated at cost less provision for impairment losses (refer accounting policy on impairment) in accordance with International Accounting Standard 27 *Consolidated and Separate Financial Statements*. In order to have a more comprehensive understanding of the results of operations, financial position, changes in equity and cash flows, the consolidated interim financial statements of the Group for the three month period ended 31 March 2021 issued separately on 19 May 2021 should be referred to.

#### *Basis of measurement*

These separate financial statements have been prepared under the historical cost basis.

#### *Functional and presentation currency*

These separate financial statements are presented in US Dollars (“USD”), which is the Company’s functional currency.

#### *Use of estimates and judgments*

The preparation of these separate financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

# Orascom Construction PLC

Notes *(continued)*

## 2 Basis of preparation *(continued)*

### *Use of estimates and judgments (continued)*

These estimates and associated assumptions are based on historic experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgement about the carrying value of assets and liabilities that are not readily apparent from the other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of assumptions, estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the separate financial statements are discussed in note 17.

## 3 Significant accounting policies

The accounting policies set out below, which comply with IFRS, have been applied consistently to all periods presented in these separate financial statements in dealing with items which are considered material in relation to these separate financial statements.

### **Financial instruments**

#### *i. Recognition and initial measurement*

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### *ii. Classification and subsequent measurement*

##### *Financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (“FVOCI”) – debt investment; FVOCI – equity investment; or fair value through profit or loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

# Orascom Construction PLC

Notes (continued)

## 3 Significant accounting policies (continued)

### Financial instruments (continued)

#### ii. Classification and subsequent measurement (continued)

##### Financial assets (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

# Orascom Construction PLC

Notes (continued)

## 3 Significant accounting policies (continued)

### Financial instruments (continued)

#### ii. Classification and subsequent measurement (continued)

##### *Financial assets – Business model assessment (continued)*

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL

##### *Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

##### *Financial assets – Subsequent measurement and gains and losses*

###### *Financial assets at FVTPL*

These assets are subsequently measured at fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

###### *Financial assets at amortized cost*

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

# Orascom Construction PLC

Notes (continued)

## 3 Significant accounting policies (continued)

### Financial instruments (continued)

#### ii. *Classification and subsequent measurement (continued)*

##### *Financial liabilities – Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### iii. *Derecognition*

##### *Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

##### *Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### iv. *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

# Orascom Construction PLC

Notes (continued)

## 3 Significant accounting policies (continued)

### Impairment

#### i. Non-derivative financial assets

##### *Financial instruments and contract assets*

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company also recognises loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment that includes forward-looking information.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

##### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

# Orascom Construction PLC

Notes *(continued)*

## 3 Significant accounting policies *(continued)*

### Impairment *(continued)*

#### i. *Non-derivative financial assets (continued)*

##### *Financial instruments and contract assets (continued)*

##### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

##### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

##### *Write-off*

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

##### *Non-financial assets*

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

# Orascom Construction PLC

Notes *(continued)*

## **3 Significant accounting policies (continued)**

### **Impairment (continued)**

#### *Non-financial assets (continued)*

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **Investment in subsidiaries**

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investment in subsidiaries is stated at cost less any provision for impairment, if any.

### **Share premium and treasury shares**

Share premium is the excess amount received over the par value of the shares. Incremental costs directly attributable to the issue of new shares are recognised in equity as a deduction, net of tax, from the proceeds. When ordinary shares are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is classified as treasury shares on the statement of changes in equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in 'Treasury shares', and the resulting surplus or deficit on the transaction is presented in share premium.

### **Retained earnings**

The amount included in retained earnings includes accumulated profits and reduced by dividends, and also include transfers of share premium. Dividends are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

### **Finance income**

Finance income include interest income on loans due from related parties , net foreign exchange gain and gain on foreign currency exchange forward contracts. Interest income is recognised as it accrues, using the effective interest rate method.

### **Finance expense**

Finance expense include interest incurred on loans due to related parties, bank charges, net foreign exchange loss on foreign currency forward contracts and bank charges. Interest expense is recognised as it accrues, using the effective interest rate method.



# Orascom Construction PLC

Notes *(continued)*

## **3 Significant accounting policies (continued)**

### **Cash and cash equivalents**

Cash and cash equivalents comprise bank balances and deposits with maturities of three months or less from the acquisition date (original maturity) that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments.

### **Provisions**

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### **Foreign currencies**

Transactions in foreign currencies are translated into functional currency of the Company at the exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

### **Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - i. the Company has the right to operate the asset; or
  - ii. the Company designed the asset in a way that predetermines how and for what purpose it will be used.

# Orascom Construction PLC

Notes *(continued)*

## 3 Significant accounting policies (continued)

### Leases (continued)

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets in 'property and equipment' and lease liabilities in 'trade and other payables' in the statement of financial position.

### *Short term leases and leases of low-value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

# Orascom Construction PLC

Notes *(continued)*

## **4 Financial risk management and capital management**

### *Overview*

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company's Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework and is responsible for developing and monitoring the Company's risk management policies.

### *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations which arise principally from the Company's amounts due from related parties, loans due from related parties, other receivables and cash at banks. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each of its related parties. The Company's cash is placed with banks of repute.

The Company establishes an allowance for impairment that represents its estimate of expected losses with respect to amounts due from related parties and loans due from related parties.

### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk mainly relates to other payable, loans due to related parties and amounts due to related parties. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

### *Market rate risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

### *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to the changes in foreign exchange rates. The principal currencies in which these transactions are primarily denominated in Egyptian pound and Euro.

### *Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect the net finance income/ expense of the Company. The Company has exposure to interest rate risk on loans due from and loans due to related parties on which interests are charged at agreed upon rates.

# Orascom Construction PLC

Notes (continued)

## 4 Financial risk management and capital management (continued)

### Market rate risk (continued)

#### Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of change in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company has no significant exposure to price risk.

#### Capital management

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of change in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares.

#### Fair value

The fair value of the financial assets and liabilities of the Company approximate their carrying values as at the reporting date.

## 5 General and administrative expenses

	Three month period ended	
	31 March 2021	31 March 2020
	USD	USD
Salaries and wages	2,842,362	1,875,211
Expenses recharged from a related party	280,813	339,471
Consultancy fees	267,631	407,176
Insurance expense	121,410	-
Rent	63,321	58,077
Communication	7,277	7,220
Travel	3,759	40,201
Others	180,227	177,342
	-----	-----
	3,766,800	2,904,698
	=====	=====

## 6 Finance income

	Three month period ended	
	31 March 2021	31 March 2020
	USD	USD
Foreign exchange gain - net	801,557	681,816
Interest income on loans due from related parties (refer note 11)	155,705	1,090,857
	-----	-----
	957,262	1,772,673
	=====	=====

# Orascom Construction PLC

Notes (continued)

## 7 Finance expenses

	<b>Three month period ended</b>	
	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>USD</b>	<b>USD</b>
Interest expense on loans due to related parties (refer note 11)	<b>1,008,203</b>	16,102
Bank charges	<b>44,420</b>	-
Unrealised loss on foreign currency forward contracts (refer note (i) below)	-	1,602,873
Realised loss on foreign currency forward contracts (refer note (i) below)	-	33,599
	<b>-----</b>	<b>-----</b>
	<b>1,052,623</b>	1,652,574
	<b>=====</b>	<b>=====</b>

- (i) In the prior period, the Company entered into forward exchange contracts to hedge its currency risk exposure to the Egyptian Pound. The Company does not apply hedge accounting, and accordingly, the fair value changes related to these contracts were recognised in profit and loss.

## 8 Investment in subsidiaries

	<b>31 March 2021</b>	<b>31 December 2020</b>
	<b>USD</b>	<b>USD</b>
Orascom Holding Cooperatief U.A. (refer to note (i) below)	<b>930,297,276</b>	930,297,276
Orascom Holding Limited (refer to note (ii) below)	<b>50,000</b>	50,000
	<b>-----</b>	<b>-----</b>
	<b>930,347,276</b>	930,347,276
Less: Provision for impairment	<b>(142,530,106)</b>	(142,530,106)
	<b>-----</b>	<b>-----</b>
	<b>787,817,170</b>	787,817,170
	<b>=====</b>	<b>=====</b>

- (i) The Company holds 100% interest in Orascom Holding Cooperatief U.A.

Management has assessed the recoverable amount of its investment in OHC based on an impairment assessment that was performed considering OHC and its downstream subsidiaries as a single Cash Generating Unit (“CGU”).

The recoverable amount of the investment in subsidiary was estimated based on its value in use, by aggregating the present value of net cash flows of each segment within the OHC Group. In arriving at the estimated cash flows, the following post-tax discount and terminal growth rates were used.

<b>Segment</b>	<b>Post – tax discount rate</b>	<b>Terminal growth rates</b>
Middle and North Africa Region (MENA Region)	15.0%	8.0%
United States of America Region (USA Region)	6.0%	2.4%
BESIX	7.0%	2.4%

# Orascom Construction PLC

Notes (continued)

## 8 Investment in subsidiaries (continued)

Based on the management's assessment, there is no impairment as of 31 March 2021 (31 March 2020: nil).

(ii) The Company holds 100% interest in Orascom Holding Limited.

## 9 Prepayments and other receivables

	31 March 2021 USD	31 December 2020 USD
Prepayments	235,426	319,879
Deposits	59,343	59,343
	-----	-----
	<b>294,769</b>	379,222
	=====	=====

## 10 Cash at banks

	31 March 2021 USD	31 December 2020 USD
Current account	4,307,242	5,720,359
Deposits (refer to note (i) below)	8,152,692	8,152,692
	-----	-----
	<b>12,459,934</b>	13,873,051
	=====	=====

(i) Deposits having original maturity of three months or less carry interest at nominal commercial rates

## 11 Related party transactions and balances

The Company, in the ordinary course of business, enters into transactions with other business enterprises that fall within the definition of a related party contained in International Accounting Standard No. 24. These transactions are carried out at mutually agreed rates. The significant transactions with related parties during the period were as follows:

	Three month period ended	
	31 March 2021 USD	31 March 2020 USD
Expenses recharged from a related party	280,813	339,471
Interest income on loans due from related parties (refer note 6)	155,705	1,090,857
Gain on waiver of a related party loan (refer note (i) below)	-	600,000
Interest expense on loans due to related parties (refer note 7)	1,008,203	16,102
Expenses incurred by related parties on behalf of the Company	1,229,005	1,173,284
	=====	=====

# Orascom Construction PLC

Notes *(continued)*

## 11 Related party transactions and balances *(continued)*

(i) In the previous period, the Company obtained a loan from Cementech Limited, a related party, amounting to USD 0.6 million. Based on an intercompany loan settlement agreement between the Company and Cementech Limited, the full loan amount of USD 0.6 million was waived off during the period, and accordingly, recognised as gain on waiver in the Company's statement of profit or loss.

### (ii) *Key management remuneration*

The Company considers the members of the Board of Directors (Executive and Non-executive), and the senior management to be the key management personnel of the Company.

The remuneration of the key management for the period is as follows:

	<b>Three month period ended</b>	
	<b>31 March 2021</b>	31 March 2020
	<b>USD</b>	USD
Salaries and benefits	<b>150,000</b>	125,000
	=====	=====

# Orascom Construction PLC

## Notes (continued)

### 11 Related party transactions (continued)

	Relationship	Interest terms	Repayment terms	31 March 2021			31 December 2020		
				Current portion USD	Non-current portion USD	Total USD	Current portion USD	Non-current portion USD	Total USD
<b>Loans due from related parties</b>									
OCI Saudi Arabia	Subsidiary	refer note (iv.a)	receivable on 31 December 2025	17,517,541	-	17,517,541	17,451,188	-	17,451,188
Orascom Holding Cooperatief U.A	Subsidiary	refer note (iv.b)	receivable on 31 December 2025	-	10,990,777	10,990,777	-	10,231,426	10,231,426
				-----	-----	-----	-----	-----	-----
				17,517,541	10,990,777	28,508,318	17,451,188	10,231,426	27,682,614
Less: Impairment loss on loans due from related parties (refer to note 11(iii))				(17,517,541)	(10,990,777)	(28,508,318)	(17,451,188)	(10,231,426)	(27,682,614)
				-----	-----	-----	-----	-----	-----
				-	-	-	-	-	-
				=====	=====	=====	=====	=====	=====
<b>Due from related parties</b>									
Orascom Holding Limited	Subsidiary	no interest	receivable on demand	66,251,046	-	66,251,046	65,933,107	-	65,933,107
Orascom Saudi	Subsidiary	no interest	receivable on demand	424,654	-	424,654	424,654	-	424,654
Cemtech Limited	Subsidiary	no interest	receivable on demand	180,000	-	180,000	180,000	-	180,000
The Weitz Company, LLC	Subsidiary	no interest	receivable on demand	147,906	-	147,906	216,965	-	216,965
	Related party via key management personnel								
Fertiglobe Holding Limited		no interest	receivable on demand	-	-	-	230,258	-	230,258
OCI Saudi Arabia	Subsidiary	no interest	receivable on demand	-	-	-	29,950	-	29,950
				-----	-----	-----	-----	-----	-----
				67,003,606	-	67,003,606	67,014,934	-	67,014,934
Less: Impairment loss on amounts due from related parties (refer to note 11(iii))				(66,431,046)	-	(66,431,046)	(66,113,107)	-	(66,113,107)
				-----	-----	-----	-----	-----	-----
				572,560	-	572,560	901,827	-	901,827
				=====	=====	=====	=====	=====	=====
<b>Loans due to related parties</b>									
Orascom Construction SAE	Subsidiary	refer note (iv.c)	payable on 31 December 2025	-	47,482,124	47,482,124	-	18,738,707	18,738,707
OCI Construction Limited	Subsidiary	refer note (iv.d)	payable on 31 December 2025	-	18,133,461	18,133,461	-	19,023,941	19,023,941
NSF Global Limited.	Subsidiary	refer note (iv.e)	payable on 31 December 2025	-	3,929,710	3,929,710	-	3,928,076	3,928,076
				-----	-----	-----	-----	-----	-----
				-	69,545,295	69,545,295	-	41,690,724	41,690,724
				=====	=====	=====	=====	=====	=====
<b>Due to related parties</b>									
Contract International Inc. USA	Subsidiary	no interest	payable on demand	6,510,710	-	6,510,710	6,233,197	-	6,233,197
Orascom E&C	Subsidiary	no interest	payable on demand	862,429	-	862,429	770,736	-	770,736
Orascom Holding Cooperatief U.A.	Subsidiary	no interest	payable on demand	649,213	-	649,213	649,214	-	649,214
				-----	-----	-----	-----	-----	-----
				8,022,352	-	8,022,352	7,653,147	-	7,653,147
				=====	=====	=====	=====	=====	=====



# Orascom Construction PLC

Notes (continued)

## 11 Related party transactions (continued)

### (iii) Impairment loss on loans and amounts due from related parties

The movement in provision for impairment with respect to loans and amounts due from related parties during the period is as follows:

	<b>31 March 2021</b>	31 March 2020
	<b>USD</b>	USD
1 January	<b>93,795,721</b>	102,502,562
Provision for / (Reversal of) impairment during the period (refer to below)	<b>1,143,643</b>	(190,748)
	-----	-----
31 March	<b>94,939,364</b>	102,311,814
	=====	=====

The net impairment loss on loans and amounts due from related parties presented in the separate statement of profit or loss and other comprehensive income includes the following:

	<b>31 March 2021</b>	31 March 2020
	<b>USD</b>	USD
Provision for loan due from Orascom Holding Cooperatief U.A.	<b>759,351</b>	239,580
Provision for loan due from OCI Construction Holding Cyprus	<b>317,939</b>	-
Provision for loan due from OCI Saudi Arabia	<b>66,353</b>	119,672
Reversal of provision for impairment on amount due from Orascom Holding Limited	-	(550,000)
	-----	-----
Provision for / (Reversal of) impairment during the period	<b>1,143,643</b>	(190,748)
	=====	=====

### (iv) Interest terms

- (a) The loan carries interest at one-month LIBOR rate plus 1.4%.
- (b) The loan carries interest at one-month LIBOR rate plus 3.25%.
- (c) The loan is denominated in Egyptian pounds which carries interest at Egyptian Central bank Mid-Corridor rate plus 1%.
- (d) This loan is denominated in Euro which carries interest at one-month rate charged by one of the Company's bank plus 0.05%.
- (e) The loan carries interest at one-month LIBOR rate plus 0.05%.

## 12 Accounts payable and accrued expenses

	<b>31 March 2021</b>	31 December 2020
	<b>USD</b>	USD
Accounts payable	-	170,233
Accrued expenses	<b>3,447,267</b>	3,830,846
	-----	-----
	<b>3,447,267</b>	4,001,079
	=====	=====

# Orascom Construction PLC

Notes (continued)

## 13 Share capital

	31 March 2021 USD	31 December 2020 USD
<i>Authorised, issued and paid up capital:</i>		
116,761,379 shares with a par value of USD 1	116,761,379	116,761,379
	=====	=====

## 14 Financial instruments

The financial assets of the Company include cash at banks, loans due from related parties and amounts due from related parties and other receivables. The financial liabilities of the Company include other payables, loans due to related parties and amounts due to related parties. Accounting policies for financial assets and liabilities are set out in note 3.

### *Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	31 March 2021 USD	31 December 2020 USD
Due from related parties	572,560	901,827
Deposits	59,343	59,343
Cash at banks	12,459,934	13,873,051
	-----	-----
	13,091,837	14,834,221
	=====	=====

### *Liquidity risk*

The following are the contractual maturities of financial liabilities including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount USD	Contractual cash flows USD	1 year or less USD	More than 1 year USD
<b>31 March 2021</b>				
<i>Non-derivative financial liabilities</i>				
Loans due to related parties	69,545,295	85,830,781	-	85,830,781
Due to related parties	8,022,352	8,022,352	8,022,352	-
Accounts payable and accrued expenses	3,447,267	3,447,267	3,447,267	-
	-----	-----	-----	-----
	81,014,914	97,300,400	11,469,619	85,830,781
	=====	=====	=====	=====

# Orascom Construction PLC

Notes (continued)

## 14 Financial instruments (continued)

### Liquidity risk (continued)

	Carrying amount USD	Contractual cash flows USD	1 year or less USD	More than 1 year USD
31 December 2020				
<i>Non-derivative financial liabilities</i>				
Loans due to related parties	41,690,724	46,739,734	-	46,739,734
Due to related parties	7,653,147	7,653,147	7,653,147	-
Dividend payable	24,519,890	24,519,890	24,519,890	-
Accounts payable and accrued expenses	4,001,079	4,001,079	4,001,079	-
	-----	-----	-----	-----
	77,864,840	82,913,850	36,174,116	46,739,734
	=====	=====	=====	=====

### Interest rate risk

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

#### Variable rate instruments

	31 March 2021 USD	31 December 2020 USD
Financial liabilities	<b>(69,545,295)</b>	(41,690,724)
	=====	=====

#### Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date would have increased/ (decreased) net profit by the amounts shown below. This analysis assumes that all other variables remain constant:

	31 March 2021	
	100 bp increase USD	100 bp decrease USD
Effect on profit or loss	<b>(695,453)</b>	<b>695,453</b>
	=====	=====
	31 December 2020	
	100 bp increase USD	100 bp Decrease USD
Effect on profit or loss	(416,691)	416,691
	=====	=====

A decrease of 100 basis points in interest rates at the reporting date would have had the equal but opposite effect.

# Orascom Construction PLC

Notes (continued)

## 14 Financial instruments (continued)

### Currency risk

The Company's exposure to foreign currency risk as at reporting date is as follows:

	31 March 2021	
	Euro	Egyptian pound
Cash at banks	1,403	11,856
Loans due to related parties	(15,448,378)	(745,870,625)
	-----	-----
	(15,446,975)	(745,858,769)
	=====	=====
	31 December 2020	
	Euro	Egyptian pound
Cash at banks	1,220	1,526,185
Loans due to related parties	(15,468,379)	(294,958,297)
	-----	-----
	(15,467,159)	(293,432,112)
	=====	=====

### Sensitivity Analysis

The following foreign exchange rates are applied by the Company during the period / year:

	31 March 2021		31 December 2020	
	Average rate	Spot rate	Average rate	Spot rate
1 Euro	1.2061	1.1738	1.1449	1.2299
1 Egyptian pound	0.0636	0.0637	0.0632	0.0635
	=====	=====	=====	=====

1% strengthening of the USD against the Egyptian Pound and/or Euro at 31 March 2021 / 31 December 2020 would have increased / (decreased) the net profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant:

	31 March 2021 USD	31 December 2020 USD
Euro	(181,316)	(190,230)
Egyptian pound	(475,112)	(186,329)
	-----	-----
	(656,428)	(376,559)
	=====	=====

# Orascom Construction PLC

Notes (continued)

## 15 Operating segments

There were no operating segments identified by the management as at the reporting date.

## 16 Contingent liabilities and capital commitments

There were no contingent liabilities as of the reporting date (31 December 2020: Nil). Further, there were no capital commitments as at the reporting date (31 December 2020: Nil).

## 17 Significant accounting estimates and judgements

The Company makes estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### *Impairment of investment in subsidiaries*

The Company determines whether investment in subsidiaries is impaired on an annual basis or whenever there is any indication of impairment. This requires estimation of the “value in use” of the cash generating units. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of these cash flows.

### *Impairment losses on receivables*

The Company’s credit risk is primarily attributable to its loan receivable from related parties and due from related parties. In determining impairment losses, the Company recognises loss allowance for expected credit losses on the financial asset that is measured at amortized cost or FVOCI, trade receivables and a contract asset. At each reporting date, the Company measures the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

At each reporting date, the Company assess whether the credit risk on a financial instrument has increased significantly since the initial recognition. When making the assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

If reasonable and supportable forward-looking information is available without undue cost or effort, the Company cannot rely solely on past due information when determining whether credit risk has increased significantly since initial recognition. However, when information that is more forward-looking than past due status (either on an individual or a collective basis) is not available without undue cost or effort, the Company may use past due information to determine whether there have been significant increases in credit risk since initial recognition.

# Orascom Construction PLC

Notes *(continued)*

## **17 Significant accounting estimates and judgements (continued)**

### *Impairment losses on receivables (continued)*

Regardless of the way in which the Company assesses significant increases in credit risk, there is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Company can rebut this presumption if it has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due. When the Company determines that there have been significant increases in credit risk before contractual payments are more than 30 days past due, the rebuttable presumption does not apply.

## **18 Dividend**

During the current period, the Board of Directors has proposed a dividend of USD 0.21 per share, which is subject to the approval of the shareholders at the Annual General Meeting on 19 May 2021. As the dividend has not been fully approved, no adjustment was incorporated in the separate financial statements in this regard.

## **19 Subsequent events**

The coronavirus outbreak since early 2020 has brought about additional uncertainties in the Company's downstream subsidiaries' operating environment and may impact their operations in the certain areas mainly Egypt and the USA. The Company has been closely monitoring the impact of the developments on their businesses and contingency measures were put in place. These contingency measures include amongst others communication plans with the clients, mitigation plans at project level to minimize the impact of possible slowdowns, if any, and measures to safeguard the welfare of the employees and subcontractor staff at the downstream subsidiaries' project sites and offices. Furthermore, we are aware that the downstream subsidiaries are assessing the level of available credit-lines and whether additional lines need to be made available to manage the liquidity. The Company will keep these contingency measures under review as the situation is fast evolving, the effect of the outbreak is by nature subject to significant levels of uncertainty, with the full range of possible effects unknown.