Condensed Interim
Consolidated Financial Statements

Global Telecom Holding S.A.E.

As of and for the six and three-month periods ended June 30, 2019 (IFRS)

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Limited review report on condensed consolidated interim financial statements

To: The Board of Directors of Global Telecom Holding (S.A.E.)

Introduction
We have reviewed the accompanying condensed consolidated interim statement of financial position of Global Telecom Holding (S.A.E.) and its subsidiaries (together "the Group") as of 30 June 2019 and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the three-month and six-month period then ended, and notes comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of the condensed consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review
We conducted our review in accordance with International 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, 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 on these condensed consolidated interim financial statements.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Emphasis of matter - Material uncertainty relating to going concern
We draw attention to Note (15) which indicates that, as at 30 June 2019, the Group's consolidated current liabilities exceeded its consolidated current assets by USD 2,513.3 million and it had a deficit in total equity that amounted to USD 527.4 million. In addition, the Egyptian Financial Regulatory Authority has approved the offer by VEON Holdings B.V. to purchase the non-controlling interests in Global Telecom Holding and upon successful completion of the mandatory tender offer VEON Holdings B.V. has stated its intention to take the Company private. The outcome of this action, which is being taken to enable the Group to refinance its debt obligations falling due within the next 12 months, remains uncertain at this time and the continuation of the Group is dependent on reaching a successful conclusion to the acquisition transaction. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.

Ashraf Mamdouh
R.A.A. 26231
F.R.A. 383

1 August 2019
Cairo

PricewaterhouseCoopers Ezzeldeen, Diab & Co. pwc برايس وترهاوس كوبرز عزالدين دياب وشركاهم

PricewaterhouseCoopers Ezzeldeen, Diab & Co., Public Accountants
Plot no 211, Second Sector, City Center, New Cairo 11835, Egypt, PO Box 170 New Cairo
T: +20 2 2759 7700, F: +20 2 2759 7711, www.pwc.com

Condensed Interim Consolidated Statement of Income

For the six and three-month period ended June 30

(In millions of US dollars, except per share amounts)	Note	Six-month period 2019	Six-month period 2018*	Three-month period 2019	Three-month period 2018*
Service revenue		1,283.3	1,327.8	623.8	660.3
Sale of equipment and accessories		4.9	9.0	2.8	4.2
Other revenue		50.6	56.2	24.2	29.0
Total operating revenue	**2**	**1,338.8**	**1,393.0**	**650.8**	**693.5**
Operating expenses					
Service costs		(211.7)	(223.4)	(107.5)	(109.9)
Cost of equipment and accessories		(8.4)	(11.0)	(5.1)	(5.6)
Selling, general and administrative expenses	4	(513.0)	(554.1)	(262.5)	(274.4)
Depreciation		(205.6)	(187.8)	(103.2)	(93.0)
Amortization		(65.3)	(82.5)	(33.0)	(42.3)
Impairment losses		(0.3)	(2.4)	-	(1.1)
Other operating gain / (loss)		16.8	(4.2)	11.8	0.5
Technical services expense		(5.1)	(11.9)	1.2	(5.0)
(Loss) on disposals of non-current assets		(0.3)	(6.4)	-	(5.9)
Total operating expenses		**(992.9)**	**(1,083.7)**	**(498.3)**	**(536.7)**
Operating profit		**345.9**	**309.3**	**152.5**	**156.8**
Finance costs		(184.3)	(163.5)	(90.9)	(86.0)
Finance income		1.6	2.7	0.8	1.1
Net foreign exchange (loss)		(13.3)	(23.7)	(5.8)	(12.2)
Profit before income tax		**149.9**	**124.8**	**56.6**	**59.7**
Income tax expense	3	(123.9)	(118.5)	(81.6)	(85.2)
Profit / (loss) for the period		**26.0**	**6.3**	**(25.0)**	**(25.5)**
Attributable to:					
The owners of the parent		(8.7)	(37.1)	(40.5)	(46.7)
Non-controlling interests		34.7	43.4	15.5	21.2
		26.0	**6.3**	**(25.0)**	**(25.5)**
(Losses) per share *(expressed in USD per share)*					
Basic and diluted, (losses) for the period attributable to ordinary equity holders of the parent	5	(0.002)	(0.008)	(0.008)	(0.010)

** Prior year comparatives are restated following retrospective recognition of depreciation charges in respect of Deodar in 2018.*

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statement of Comprehensive Income

For the six and three-month period ended June 30

	Six-month period		Three-month period	
	2019	**2018***	**2019**	**2018***
(In millions of US dollars)				
Profit / (loss) for the period	**26.0**	**6.3**	**(25.0)**	**(25.5)**
Items that may be reclassified to profit or loss				
Change in fair value of financial instruments	0.3	1.7	(0.1)	0.3
Foreign currency translation	(85.0)	(76.0)	(76.0)	(50.8)
Other comprehensive (loss) for the period net of tax	**(84.7)**	**(74.3)**	**(76.1)**	**(50.5)**
Total comprehensive (loss) for the period	**(58.7)**	**(68.0)**	**(101.1)**	**(76.0)**
Attributable to:				
The owners of the parent	(92.6)	(104.2)	(118.9)	(88.3)
Non-controlling interests	33.9	36.2	17.8	12.3
	(58.7)	**(68.0)**	**(101.1)**	**(76.0)**

** Prior year comparatives are restated following retrospective recognition of depreciation charges in respect of Deodar in 2018.*

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statement of Financial Position
As of

(In millions of US dollars)	Note	June 30, 2019	December 31, 2018
Assets			
Non-current assets			
Property and equipment	7	1,927.7	1,564.9
Intangible assets	8	775.3	892.0
Goodwill	8	791.4	811.9
Deferred tax		175.6	191.7
Income tax advances		34.3	31.6
Other assets		52.7	56.0
Total non-current assets		**3,757.0**	**3,548.1**
Current assets			
Inventories		9.3	9.0
Trade and other receivables		247.6	263.0
Other financial assets	9	61.5	56.5
Income tax advances		22.8	58.1
Other assets		135.2	175.8
Cash and cash equivalents	10	279.5	420.4
		755.9	**982.8**
Assets held for sale		18.0	16.7
Total current assets		**773.9**	**999.5**
Total assets		**4,530.9**	**4,547.6**
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent		(635.5)	(541.9)
Non-controlling interests		108.1	144.3
Net deficit		**(527.4)**	**(397.6)**
Non-current liabilities			
Other financial liabilities	9	1,643.5	1,987.5
Provisions		36.6	36.2
Deferred tax		31.3	28.0
Other liabilities		59.7	95.2
Total non-current liabilities		**1,771.1**	**2,146.9**
Current liabilities			
Trade and other payables		1,285.7	1,325.5
Other financial liabilities	9	1,592.9	957.2
Provisions		123.6	89.3
Income tax payables		61.6	196.7
Other liabilities		217.7	225.2
		3,281.5	**2,793.9**
Liabilities directly associated with the assets held for sale		5.7	4.4
Total current liabilities		**3,287.2**	**2,798.3**
Total liabilities		**5,058.3**	**4,945.2**
Total equity and liabilities		**4,530.9**	**4,547.6**

On behalf of the board
Managing Director
Gerbrand Nijman

Review report "attached"

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statement of Changes in Equity

For the six-month period ended June 30, 2019

(In millions of US dollars)	**Note**	**Number of shares**	**Attributable to equity owners of the Company** Issued capital	**Other reserves**	**Accumulated Deficit**	**Total**	**Non-controlling interests**	**Total Equity**
As of December 31, 2018		**4,721.1**	**579.1**	**1,488.9**	**(2,609.9)**	**(541.9)**	**144.3**	**(397.6)**
Adjustments arising due to IFRS 16 *****	17		-	-	(1.0)	**(1.0)**	-	**(1.0)**
As of January 1, 2019		**4,721.1**	**579.1**	**1,488.9**	**(2,610.9)**	**(542.9)**	**144.3**	**(398.6)**
(Loss) / profit for the period			-	-	(8.7)	**(8.7)**	34.7	**26.0**
Other comprehensive (loss)			-	(83.9)	-	**(83.9)**	(0.8)	**(84.7)**
Total comprehensive income			-	**(83.9)**	**(8.7)**	**(92.6)**	**33.9**	**(58.7)**
Dividends to non-controlling interest				-	-	-	(70.1)	**(70.1)**
Total as of June 30, 2019	**11**	**4,721.1**	**579.1**	**1,405.0**	**(2,619.6)**	**(635.5)**	**108.1**	**(527.4)**

For the six-month period ended June 30, 2018

(In millions of US dollars)	**Note**	**Number of shares**	**Attributable to equity owners of the Company** Issued capital	**Other reserves**	**Accumulated Deficit**	**Total**	**Non-controlling interests**	**Total Equity**
As of December 31, 2017 **		**4,721.1**	**579.1**	**1,631.0**	**(2,297.3)**	**(87.2)**	**138.9**	**51.7**
Adjustments arising due to IFRS 9 and IFRS 15			-	-	23.4	**23.4**	(2.0)	**21.4**
As of January 1, 2018		**4,721.1**	**579.1**	**1,631.0**	**(2,273.9)**	**(63.8)**	**136.9**	**73.1**
Transferred to legal reserve			-	0.7	(0.7)	-	-	-
(Loss) / profit for the period			-	-	(37.1)	**(37.1)**	43.4	**6.3**
Other comprehensive (loss)			-	(67.1)	-	**(67.1)**	(7.2)	**(74.3)**
Total comprehensive (loss) / income		-	-	**(67.1)**	**(37.1)**	**(104.2)**	**36.2**	**(68.0)**
Dividends to non-controlling interest			-	-	-	-	(76.5)	**(76.5)**
Total as of June 30, 2018	**11**	**4,721.1**	**579.1**	**1,564.6**	**(2,311.7)**	**(168.0)**	**96.6**	**(71.4)**

** Opening balance for 2019 are restated following the adoption of IFRS 16 (see Note [17]).*
*** Prior year comparatives are restated following retrospective recognition of depreciation charges in respect of Deodar in 2018.*

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statement of Cash Flows

For the six-month period ended June 30

(In millions of US dollars)	Note	2019	2018*
Operating activities			
Profit for the period		26.0	6.3
Income tax expense	3	123.9	118.5
Profit before tax		**149.9**	**124.8**
Non-cash adjustments to reconcile profit before tax to net cash flows provided from operating activities:			
Depreciation		205.6	187.8
Amortization		65.3	82.5
Impairment losses of assets		0.3	2.4
Loss on disposals of non-current assets		0.3	6.4
Finance income		(1.6)	(2.7)
Finance costs		184.3	163.5
Net foreign exchange loss		13.3	23.7
Other operating (gain) / loss		(16.8)	4.2
		600.6	**592.6**
Changes in:			
Trade and other receivables		(84.1)	(67.2)
Inventories		(0.9)	(2.4)
Trade and other payables		59.9	112.6
Provisions		40.7	10.4
Cash flows provided from operating activities		**616.2**	**646.0**
Interest paid		(111.2)	(115.3)
Interest received		5.4	2.4
Income tax paid		(122.6)	(94.6)
Net cash flows provided from operating activities		**387.8**	**438.5**
Investing activities			
Purchase of property, plant and equipment and intangible assets		(240.2)	(529.9)
Receipts from sale of property and equipment and intangible assets		16.7	3.7
Receipts from / (investment in) financial assets		(9.5)	11.0
Acquisition of a subsidiary, net of cash acquired		0.2	-
Net cash flows (used in) investing activities		**(232.8)**	**(515.2)**
Financing activities			
Proceeds from borrowings, net of fees paid**		361.5	358.0
Repayments of borrowings		(574.8)	(269.2)
Repayment of lease liabilities (principal element of lease payments)		(31.9)	-
Dividends paid to non-controlling interests		(26.2)	-
Net cash flows (used in) / provided from financing activities		**(271.4)**	**88.8**
Net (decrease) / increase in cash and cash equivalents		(116.4)	12.1
Net foreign exchange difference		(24.5)	(21.9)
Cash and cash equivalents at beginning of period		420.4	384.7
Cash and cash equivalents at end of period	**10**	**279.5**	**374.9**

** Prior year comparatives are restated following retrospective recognition of depreciation charges in respect of Deodar in 2018.*
*** Fees paid for borrowings were USD 2.0 (2018: USD 5.4).*

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1 General information

Global Telecom Holding S.A.E. ("GTH" or the "Company") is an Egyptian joint stock company subject to the provisions of the Capital Market Law No. 95 of 1992 and its executive regulations and registered in the commercial register under number 365751. The Company is listed on the Egyptian Stock Exchange ("EGX").

The Company's registered office is located at 2005 A - Nile City Towers– Northern tower–23th Floor– Ramlet Beaulac, Cairo, Egypt.

On September 21, 2015, the Company announced the move of its place of operations to Amsterdam. Currently the office address in Amsterdam is Claude Debussylaan 92, 1082 MD Amsterdam, the Netherlands.

57.69% of the Company's shares are owned indirectly by VEON Ltd. through VEON Luxembourg Finance Holding S.a.r.l. and VEON Luxembourg Finance S.A.

The Company earns revenues by providing voice and data telecommunication services through a range of mobile and fixed-line technologies. As of June 30, 2019, the Company, through its subsidiaries, operated telecommunications services in Pakistan, Algeria and Bangladesh having a total population under license of more than 400 million.

The condensed interim consolidated financial statements were authorized by the Board of Directors for issuance on [July 31, 2019].

The condensed interim consolidated financial statements are presented in United States dollars (**"U.S. dollar**" or **"USD"**). In these notes, U.S. dollar amounts are presented in millions, except for share and per share amounts and as otherwise indicated.

Major developments during the six-month period ended June 30, 2019

On January 1, 2019, the Company has adopted a new accounting standard – IFRS 16 Leases – using the modified retrospective approach. This means that the cumulative impact of the adoption was recognized in retained earnings as of January 1, 2019 and comparatives were not restated. For further details please refer to Note 17.

2 Segment information

The Company's management analyzes the Company's operating segments separately because of different economic environments and stages of development in different geographical areas, requiring different investment and marketing strategies. The Company's management does not analyze assets or liabilities by reportable segments.

The Company's management evaluates the performance of the Company's segments on a regular basis, primarily based on earnings before interest, tax, depreciation, amortization, impairment, gain / loss on disposals of non-current assets, other non-operating gains / losses and share of profit / loss of joint ventures and associates (**"Adjusted EBITDA"**) along with assessing the capital expenditures excluding certain costs such as those for telecommunication licenses **("Capital expenditures exc. licenses & ROU")**.

As of January 1, 2019, the Company adopted the new accounting standard IFRS 16 Leases. Accordingly, operating lease expenses are no longer recorded in the income statement but are instead considered in recording a lease liability in the statement of financial position. The Company applied a modified retrospective approach, which means that prior period comparatives were not restated. Refer to Note 17 for more details. As a result, Adjusted EBITDA in 2019 is not comparable to Adjusted EBITDA 2018. The impact on Adjusted EBITDA 2019 stemming from IFRS 16 is set out in the table below.

Financial information by reportable segment for the six and three-month periods ended June 30, is presented in the following tables.

	Six-month period ended June 30					
	External customers		**Inter-segment**		**Total revenue**	
Revenue	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Pakistan	689.0	730.9	16.8	16.7	705.8	747.6
Algeria	379.3	402.3	-	-	379.3	402.3
Bangladesh	270.5	259.8	-	-	270.5	259.8
All others	-	-	(16.8)	(16.7)	(16.8)	(16.7)
Total segments	**1,338.8**	**1,393.0**	**-**	**-**	**1,338.8**	**1,393.0**

	Three-month period ended June 30					
	External customers		**Inter-segment**		**Total revenue**	
Revenue	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Pakistan	326.9	363.1	5.7	8.4	332.6	371.5
Algeria	187.1	199.7	-	-	187.1	199.7
Bangladesh	136.8	130.7	-	-	136.8	130.7
All others	-	(0.1)	(5.7)	(8.4)	(5.7)	(8.4)
Total segments	**650.8**	**693.4**	**-**	**-**	**650.8**	**693.5**

	Six-month period ended June 30				Three-month period ended June 30			
	Adjusted EBITDA		Capital expenditures excluding licenses & ROU		Adjusted EBITDA		Capital expenditures excluding licenses & ROU	
Other disclosures	**2019**	**2018 ***	**2019**	**2018***	**2019**	**2018 ***	**2019**	**2018***
Pakistan	356.2	354.3	118.0	123.2	168.5	179.6	66.0	57.4
Algeria	172.5	177.8	48.0	42.4	83.6	86.9	28.0	28.2
Bangladesh	122.2	86.6	37.0	75.1	60.8	40.0	21.0	20.8
Other	(29.3)	(1.6)	-	-	(26.9)	(0.9)	-	-
Total segments	**621.6**	**617.1**	**203.0**	**240.7**	**286.0**	**305.6**	**115.0**	**106.4**

*** Impact from IFRS 16 is not included in the 2018 comparative numbers following a modified retrospective approach.*

The following table provides the reconciliation of consolidated Adjusted EBITDA to Profit before tax for the six and three-month periods ended June 30:

	Six-month period		Three-month period	
	2019	**2018***	**2019**	**2018***
Total Segments Adjusted EBITDA	**621.6**	**617.1**	**286.0**	**305.6**
Depreciation	(205.6)	(187.8)	(103.2)	(93.0)
Amortization	(65.3)	(82.5)	(33.0)	(42.3)
Impairment loss	(0.3)	(2.4)	-	(1.1)
(Loss) on disposals of non-current assets	(0.3)	(6.4)	-	(5.9)
Finance costs	(184.3)	(163.5)	(90.9)	(86.0)
Finance income	1.6	2.7	0.8	1.1
Net foreign exchange (loss)	(13.3)	(23.7)	(5.8)	(12.2)
Other operating gain / (loss)	16.8	(4.2)	11.8	0.5
Technical services expense	(5.1)	(11.9)	1.2	(5.0)
Other operating taxes	(15.9)	(12.6)	(10.3)	(2.0)
Profit before income tax	**149.9**	**124.8**	**56.6**	**59.7**

** Prior year comparatives are restated following the retrospective recognition of depreciation charges in respect of Deodar in 2018.*

The following table provides the details that the adoption of IFRS 16 had on Adjusted EBITDA for the six and three-month periods ended June 30 for each operating segment:

	Six-month period June 30, 2019			Three-month period June 30, 2019		
	Adjusted EBITDA pre-IFRS 16	Impact of IFRS 16	Adjusted EBITDA post-IFRS 16	Adjusted EBITDA pre-IFRS 16	Impact of IFRS 16	Adjusted EBITDA post-IFRS 16
Pakistan	330.2	26.0	356.2	155.7	13.0	168.7
Algeria	156.5	16.0	172.5	75.5	8.0	83.5
Bangladesh	102.2	20.0	122.2	50.9	10.1	61.0
Other	(29.3)	-	(29.3)	(27.2)	-	(27.2)
Total segments	**559.6**	**62.0**	**621.6**	**254.9**	**31.1**	**286.0**

3 Income taxes

Current income tax is the expected tax expense, payable or receivable on taxable income or loss for the period, using tax rates enacted or substantively enacted at reporting date, and any adjustment to tax payable in respect of previous years.

Income tax expense consisted of the following for the six and three-month periods ended June 30:

	Six-month period		Three-month period	
	2019	**2018***	**2019**	**2018***
Current income taxes	(119.0)	(93.3)	(85.1)	(72.3)
Deferred income taxes	(4.9)	(25.2)	3.5	(12.9)
Income tax expense	**(123.9)**	**(118.5)**	**(81.6)**	**(85.2)**
Effective tax rate	**82.7%**	**95.0%**	**144.2%**	**142.7%**

* *Effective tax rate for prior year has been recalculated based on restated profit before tax, arising from the retrospective recognition of depreciation charges in respect of Deodar in 2018.*

The difference between the statutory tax rate in the Netherlands (25.0)% and the effective corporate income tax rate for the Group in the six and three-month periods ending June 30, 2019 (82.7% and 144.2%, respectively) was mainly driven by income tax loss making subsidiaries for which no deferred tax-asset has been recognized and the income tax expense recognized for the tax settlement of the Company and its Egyptian subsidiaries.

The difference between the statutory tax rate in the Netherlands (25.0)% and the effective corporate income tax rate for the Group in the six and three-month periods ending June 30, 2018 (95.0%and 142.7%, respectively) was primarily driven by income tax loss making subsidiaries for which no deferred tax-asset has been recognized and expiry of tax credit and super tax in Pakistan.

4 Selling, general and administrative expenses

Selling, general and administrative expenses include the following amounts for the six and three-month periods ended June 30:

	Six-month period		Three-month period	
	2019	2018	2019	2018
Network and IT costs	(26.4)	(24.5)	(10.2)	(11.9)
Personnel cost	(83.2)	(82.8)	(42.1)	(45.2)
Customer associated costs	(154.9)	(163.9)	(78.3)	(81.1)
Losses on receivables	(7.9)	(6.6)	(4.1)	(3.9)
Litigation expenses	(53.3)	(3.5)	(32.7)	(1.7)
Operating lease and other rent expenses	(0.2)	(71.6)	(0.1)	(34.9)
Utilities	(64.3)	(67.6)	(33.7)	(33.0)
Consulting and professional service expenses	(2.4)	(6.5)	(0.5)	(3.2)
Other operating taxes	(15.9)	(12.6)	(10.3)	(2.0)
Other G&A	(104.5)	(114.5)	(50.5)	(57.5)
Total	**(513.0)**	**(554.1)**	**(262.5)**	**(274.4)**

5 Losses per share

Losses per common share for all periods presented has been determined by dividing loss to common shareholders by the weighted average number of common shares outstanding during the period.

The following table sets forth the computation of basic and diluted (losses) per share (**"LPS"**), for the six and three-month periods ended June 30:

	Six-month period		Three-month period	
	2019	2018*	2019	2018*
	(In millions of US dollars, except share amounts)			
Numerator:				
(Losses) for the period attributable to GTH	(8.7)	(37.1)	(40.5)	(46.7)
Denominator:				
Denominator for basic (losses) per share – weighted average common shares outstanding (millions)	4,721.1	4,721.1	4,721.1	4,721.1
Basic/diluted losses per share (expressed in USD)	**(0.002)**	**(0.008)**	**(0.008)**	**(0.010)**

** Prior year comparatives are restated following the retrospective recognition of depreciation charges in respect of Deodar in 2018.*

The Company has no potential diluted shares as of June 30, 2019 and June 30, 2018, therefore the (losses) per diluted share are equivalent to basic (losses) per share.

6 SIGNIFICANT TRANSACTIONS

Settlement of Taxes

On June 26, 2019, the Company reached agreement with the Egyptian Tax Authority (**"ETA"**) to settle all outstanding tax liabilities of the Company and its Egyptian subsidiaries for a total amount of USD 136.0 (the **"Tax Settlement"**). The Tax Settlement is in respect of tax liabilities of the Company and its Egyptian subsidiaries for the tax years 2000 through 2018. From June 26, 2019, following the first settlement payment of USD 53.7 by the Company to the ETA, the Company is released in relation to tax years from 2006 through 2007 and 2010 through 2018. In respect of the years 2000 through 2005 and 2008 through 2009 for GTH and all years up to and including 2018 for GTH's Egyptian subsidiaries, the tax releases are expected to take effect immediately on the payment of the second settlement of USD 82.3 by no later than December 31, 2019, at which time GTH is expected to delist from EGX. The respective liabilities to the ETA have been increased by USD 55.9 creating a tax expense in for the first half of 2019.

Dispute concerning sale of Telecel Globe Limited

Global Telecom Holding S.A.E. (**"GTH"**) and Niel Natural Resources Investments S.A. (**"Niel"**) entered into a Share Purchase Agreement on March 28, 2013, as amended from time to time (the **"SPA"**) in relation to the proposed purchase by Niel of GTH's majority stake in Telecel Globe Limited (**"Telecel"**) and telecommunications operations in the Central African Republic and Burundi. The parties subsequently entered into three amendments to the original SPA between April and August 2013 due to Niel's failure to timely close the intended transaction. Pursuant to the terms of the amendments, the parties extended the Longstop Date each time in exchange for payments of deposits by Niel. As Niel ultimately failed to close the intended transaction, the deposits paid to GTH were not refunded, which was in accordance with the terms of the SPA which is no longer in force. GTH completed the sale of Telecel in October 2014 to another purchaser for consideration less than had been agreed with Niel.

During the six-month period ended June 30, 2019, Niel commenced an arbitration at the London Court of International Arbitration in relation to the deposit monies retained by GTH and, in the Dutch courts, obtained an ex parte order attaching funds on GTH's bank accounts in The Netherlands and other pre-award security. GTH plans to vigorously contest Niel's arbitration claims and otherwise defend against all proceedings and actions.

Pioneer Investment Ltd

Global Telecom Holding S.A.E. (**"GTH"**) provides this update regarding the dismissal of the Jordanian court dispute filed in 2014 by the tax authority of the Government of Jordan (**"GOJ"**) against GTH (among other defendants), which arises out of a related proceeding concluded in 2011 against Pioneers Investments Ltd. (**"Pioneers"**). GTH was never properly served with these proceedings. Pioneers is a an inactive subsidiary of GTH incorporated in Jordan and the GOJ claims pertain to certain Jordanian tax assessments following the sale of telecoms operator Fastlink by Pioneers in 2002. GTH did not participate in the management of Pioneers and, as a shareholder in a limited liability company, is not liable for any of the debts of Pioneers. GTH has been notified that the GOJ appealed the first instance Jordanian court decision which dismissed the claim filed by the GOJ. GTH has filed its responsive opposition to the GOJ's appeal, and plans to continue vigorously defending its rights in the Jordanian courts.

7 Property and equipment

The movement in property and equipment for the six and three-month periods ended June 30 included the following:

	Six-month period		Three-month period	
	2019	2018	2019	2018
Right-of-use assets upon adoption of IFRS 16 (Note 17)	498.8	-	-	-
Cost of acquired right-of-use assets	3.0	-	(2.0)	-
Cost of other acquired assets (excluding right-of-use assets)	199.0	234.7	113.4	101.9
Net book value of assets disposed	1.0	71.2	(2.0)	68.4

8 Intangible assets

Except for the Pakistan spectrum renewal described in Note 16, there were no material changes to intangible assets during the six and three-month periods ended June 30.

Goodwill

The movement in goodwill for the Group, per cash generating unit (**"CGU"**), consisted of the following for the six-month period ended June 30, 2019:

CGU	June 30, 2019	Currency translation	December 31, 2018
Algeria	379.0	(1.0)	380.0
Pakistan	400.8	(19.4)	420.2
Other	11.6	(0.1)	11.7
Total	**791.4**	**(20.5)**	**811.9**

Goodwill is tested for impairment annually (at October 1) or when circumstances indicate the carrying value may be impaired. The Company's impairment test for goodwill is primarily based on fair value less cost of disposal calculations that use a discounted cash flow model. The key assumptions used to determine the recoverable amount for the different CGU's were disclosed in the annual consolidated financial statements as of and for the year ended December 31, 2018.

The Company considers the relationship between its market capitalization and its book value, as well as weighted average cost of capital and the quarterly financial performances of each CGU when reviewing for indicators of impairment in interim periods.

There was no goodwill impairment recorded in the first half of 2019 (2018: nil).

9 Other financial assets and liabilities

Financial assets	June 30, 2019	December 31, 2018
Financial assets at fair value through profit or loss		
Derivatives not designated as hedges		
Interest rate exchange contracts	-	0.3
Investments in debt instruments *	44.8	35.5
	44.8	**35.8**
Financial assets at amortized cost		
Bank deposits and interest accrued	15.2	19.8
Other investments	5.5	5.3
	20.7	**25.1**
Total financial assets	**65.5**	**60.9**
Non-current	4.0	4.4
Current	61.5	56.5

** Investments in debt instruments relate primarily to government bonds and are measured at fair value through other comprehensive income (with recycling).*

Financial Liabilities	June 30, 2019	December 31, 2018
Financial liabilities at fair value through profit or loss		
Contingent consideration	33.4	40.3
	33.4	**40.3**
Financial liabilities at amortized cost		
Bank loans and bonds, including interest accrued	2,099.4	2,260.6
Loans from shareholder, including interest accrued	313.8	331.1
Lease liabilities	448.3	-
Put-option liability over non-controlling interest	271.4	306.0
Dividend payables to non-controlling interests	70.1	6.7
	3,203.0	**2,904.4**
Total financial liabilities	**3,236.4**	**2,944.7**
Non-current	1,643.5	1,987.5
Current	1,592.9	957.2

Significant changes in financial assets and financial liabilities

There were no significant changes in financial assets and liabilities in the six-month period ended June 30, 2019, except for the scheduled repayments of debt, adoption of IFRS 16 Leases, or as described below. Furthermore, there were no changes in risks and risk management policies as disclosed in the Group's annual consolidated financial statements as of and for the year ended December 31, 2018.

Banglalink Digital Communications Limited new syndicated term facility agreement

On April 25, 2019, the Company announced that its subsidiary, Banglalink Digital Communications Limited ("**Banglalink**"), entered into a new USD 300.0 syndicated term facility agreement with several international banks. The facility is guaranteed by VEON Holdings B.V. for nil consideration. The facility has a tenor of 12 months with extension options for another 24 months upon agreement with the lenders, and was used to refinance the principal amount of Banglalink's USD 300.0 bond that matured on May 6, 2019.

Pakistan Mobile Communications Limited new bilateral term facility

On June 19, 2019, Pakistan Mobile Communications Limited ("**PMCL**") entered into a bilateral secured PKR 14,369 million term facility with a local bank. The facility has a tenor of 7 years and bears interest at 6-month KIBOR increased by a margin of 0.75% per annum. The security structure is consistent with PMCL's existing debt.

Pakistan Mobile Communications Limited new syndicated term facility and Islamic facility

In June 2019, PMCL entered into a secured syndicated term facility and an Islamic financing facility for a joint amount of up to PKR 45,000 million and a period of up to 7 years. The cost of both facilities corresponds to 6-month KIBOR increased by a margin of 0.75% per annum. The security structure is consistent with PMCL's existing debt.

Unilateral deed poll from VEON Holdings B.V. in relation to the revolving credit facility (RCF), and utilisation of the RCF

On June 26, 2019, the Company received a unilateral deed poll from VEON Holdings B.V., increasing the principal amount of its existing revolving credit facility agreement with the Company (**RCF**) by USD 100 (the **"USD 100 RCF Increase"**). In addition, the Company paid for the first instalment of the tax settlement by utilising the RCF and directing VEON Holdings B.V. to pay that utilisation to the ETA.

Fair values

The fair values of all financial assets and liabilities are equal to or approximate to their respective carrying amounts as shown in the table above, with the exception of:

- 'Bank loans and bonds, including interest accrued', for which fair value is equal to USD 2,187.1 at June 30, 2019 (December 31, 2018: USD 2,301.2); and
- 'Lease liabilities', for which the fair value has not been determined.

Fair values were estimated based on quoted market prices (for bonds), derived from market prices or by discounting contractual cash flows at the rate applicable for the instruments with a similar maturity and risk profile.

As of June 30, 2019 and December 31, 2018, the Group recognized financial instruments at fair value in the statement of financial position, all of which were measured based on Level 2 inputs, except for Contingent consideration, for which fair value is classified as Level 3. Observable inputs (Level 2) used in valuation techniques include inter-bank interest rates, bond yields, swap curves, basis swap spreads, foreign exchange rates and credit default spreads. During the six-month period ended June 30, 2019, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

A reconciliation of movements relating to Contingent consideration is shown below:

Level 3 fair value movements	Contingent consideration
As of December 31, 2018	**40.3**
Fair value changes recognized in the income statement	(6.9)
As of June 30, 2019	**33.4**

All impairment losses and changes in fair values of financial instruments are unrealized and are recorded in "Other operating losses" in the consolidated income statement.

10 Cash and cash equivalents

Cash and cash equivalents consisted of the following items:

	June 30, 2019	December 31, 2018
Cash and cash equivalents at banks and on hand	210.3	274.5
Cash equivalents with original maturity of less than three months	69.2	145.9
Cash and cash equivalents	**279.5**	**420.4**

Cash at bank earns interest at floating rates based on bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The imposition of currency exchange controls or other similar restrictions on currency convertibility in the countries in which GTH operates could limit GTH's ability to convert local currencies or repatriate local cash in a timely manner or at all, as well as remit dividends from the respective countries.

As of June 30, 2019, and December 31, 2018, there were no restricted cash and cash equivalent balances.

Cash balances as of June 30, 2019 include investments in money market funds of USD 37.2 (December 31, 2018: USD 108.1).

11 Issued capital

As of June 30, 2019, the Company's largest shareholders and remaining free float are as follows:

Shareholder	**Common shares**	**% of common and voting shares**
VEON Luxembourg Finance S.A.	2,622,931,845	55.6%
VEON Luxembourg Finance Holding S.a.r.l.	100,550,105	2.1%
Free Float	1,997,639,608	42.3%
Total outstanding common shares	**4,721,121,558**	**100%**

12 Dividends paid and proposed

No dividends were distributed for GTH's shareholders during the six and three-month period ended June 30, 2019.

13 Related parties

For the six-month period ended June 30, 2019, and except for the Company's utilisation under the RCF with VEON Holdings B.V., described earlier in Note 9, there were no material transactions and there were no material balances recognized with related parties as of this date.

14 Risks, commitments, contingencies and uncertainties

Other than disclosed elsewhere in these interim condensed consolidated financial statements, there were no material risks, commitments, contingencies and uncertainties that occurred during the six-month period ended June 30, 2019, and there were no material changes during the same period to the risks, commitments, contingencies and uncertainties as disclosed in the Note 9 and Note 10 in the Group's annual consolidated financial statements as of and for the year ended December 31, 2018.

As a result of the adoption of IFRS 16, all lease commitments were included as lease liabilities recognized in the interim condensed consolidated statement of financial position as of January 1, 2019. For reconciliation of the Company's operating lease commitments as of December 31, 2018, to the lease liabilities recognized on January 1, 2019 please refer to Note 17.

15 Going Concern

The Group has net current liabilities of USD 2,513.3 and an inadequate cash position to meet all upcoming debt obligations within the next twelve-month period.

While the Group's net current liability position and the inadequate cash position indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, the Company's management believes that the going concern assumption of the Group is still appropriate. The Company's management has come to this assessment on the following basis:

(i) the Egyptian Financial Regulatory Authority has approved the offer by VEON Holdings B.V. to purchase the shares of the Company not currently held by VEON Holdings B.V. (being up to 1,997,639,608 shares representing approximately 42.31% of GTH's issued shares), at an adjusted offer price of EGP 5.08 per share (**the "MTO"**). The MTO commenced on July 2, 2019, and is expected to end on August 6, 2019. Following successful completion of the MTO and the requisite shareholder approval, VEON has announced that it anticipates to delist the Company from the Egyptian Exchange. Furthermore, VEON has submitted an offer to the Company to acquire substantially all of its operating assets in Pakistan, Bangladesh and Algeria, subject to successful completion of the MTO and delisting. In the opinion of the Company's management, these transactions are expected to alleviate the Company's liquidity issues;

(ii) on April 25, 2019 Banglalink Digital Communications Limited ("**Banglalink**"), entered into a new USD 300 syndicated term facility agreement with several international banks, which was used to refinance the principal amount of Banglalink's USD 300 bond that matured on May 6, 2019 (for further details see Note 9);

(iii) a five-year business plan has been prepared, and endorsed by the Board, which shows overall positive levels of profitability and cash-flows driven from the increase in customer subscriptions year on year due to expansion of data network and higher bundle penetration and positive uptake of new offers at both Pakistan and Algeria. As a result of this, the Company's management is confident in the projections for year 2019 in which GTH subsidiaries are able to upstream cash that will be used to settle current debts when they are due;

(iv) VEON has indicated its intention to extend the maturity date of the amounts drawn by the Company under the revolving facility agreement between VEON Holdings B.V. and the Company until November 30, 2019;

(v) the Company expects to receive dividends from Algeria and Pakistan during the upcoming twelve-month period, and the Company collected dividends of USD 48.9 during the first half of 2019;

(vi) the Company's external bonds are guaranteed by VEON Holdings B.V.; and

(vii) the Company's management does not expect VEON to request repayment of the intercompany payable of USD 100, which is an amount accrued since mid-2015 and which VEON has not yet sought repayment of, until a sufficient liquidity position has been reached.

16 Events after the reporting period

Pakistan Spectrum Renewal

The ex-Warid license renewal was due in May 2019. Pursuant to directions from the Islamabad High Court, the Pakistan Telecommunication Authority (**"PTA"**) issued a license renewal decision on July 22, 2019 demanding USD 39.5 per MHz for 900 MHz spectrum and USD 29.5 per MHz for 1800 MHz spectrum, equating to an aggregate price of approximately USD 450 (excluding applicable taxes of 13%). The PTA's decision can be appealed to the Islamabad High Court before August 21, 2019.

17 Basis of preparation of the condensed interim consolidated financial statements

Basis of preparation

The interim condensed consolidated financial statements for the six and three-month periods ended June 30, 2019 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The consolidated income statement has been presented based on the nature of the expense, other than 'Selling, general and administrative expenses', which has been presented based on the function of the expense.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2018.

The preparation of these interim condensed consolidated financial statements has required management to apply accounting policies and methodologies based on complex and subjective judgments, estimates based on past experience and assumptions determined to be reasonable and realistic based on the related circumstances. The use of these judgements, estimates and assumptions affects the amounts reported in the statement of financial position, income statement, statement of cash flows, statement of changes in equity, as well as the notes. The final amounts for items for which estimates and assumptions were made in the consolidated financial statements may differ from those reported in these statements due to the uncertainties that characterize the assumptions and conditions on which the estimates are based.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as of and for the year ended December 31, 2018.

A number of new and amended standards became effective as of January 1, 2019, the impact of which is described below. The Group has not early adopted any other standards, interpretations or amendments that have been issued but have not yet become effective.

IFRIC 23 'Uncertainty over income tax treatments'

The Interpretation clarifies the application of recognition and measurement requirements in IAS 12 'Income Taxes' when there is uncertainty over income tax treatments. The Group has assessed the impact of IFRIC 23, which was not material to the financial statements of the Group upon adoption in 2019.

IFRS 16 'Leases'

IFRS 16 replaced IAS 17 *Leases*, the former lease accounting standard and became effective on January 1, 2019. Under the new lease standard assets leased by the Company are being recognized on the statement of financial position of the Company with a corresponding liability.

In 2018, the Group performed a detailed impact assessment of IFRS 16 and the impact on its adoption was as follows:

	December 31, 2018	Impact of IFRS 16	January 1, 2019
Assets			
Non-current assets			
Property and equipment			
Property and equipment	1,564.9		1,564.9
Right-of-use assets	-	498.8	498.8
Intangible assets	892.0	-	892.0
Goodwill	811.9	-	811.9
Deferred tax assets	191.7	-	191.7
Other assets	87.6	(1.0)	86.6
Total non-current assets	**3,548.1**	**497.8**	**4,045.9**
Current assets			
Trade and other receivables	263.0	-	**263.0**
Other assets	719.8	(41.0)	**678.8**
Total current assets	**982.8**	**(41.0)**	**941.8**
Assets classified as held for sale	16.7	4.0	20.7
Total assets	**4,547.6**	**460.8**	**5,008.4**
Equity			
Equity attributable to equity owners of the parent	(541.9)	(1.0)	(542.9)
Non-controlling interests	144.3	-	144.3
Total equity	**(397.6)**	**(1.0)**	**(398.6)**
Non-current liabilities			
Financial liabilities	1,987.5		1,987.5
Provisions	36.2		36.2
Lease liabilities	-	403.8	403.8
Deferred tax liabilities	28.0	1.0	29.0
Other liabilities	95.2	(10.0)	85.2
Total non-current liabilities	**2,146.9**	**394.8**	**2,541.7**
Current liabilities			
Trade and other payables	1,325.5	(25.0)	1,300.5
Other financial liabilities	957.2	-	957.2
Lease liabilities	-	89.0	89.0
Provisions	89.3	(1.0)	88.3
Other liabilities	421.9	-	421.9
	2,793.9	**63.0**	**2,856.9**
Liabilities associated with assets held for sale	4.4	4.0	8.4
Total equity and liabilities	**4,547.6**	**460.8**	**5,008.4**

The Company, as a lessee, recognizes a right-of-use asset and a lease liability on the lease commencement date.

Upon initial recognition the right-of-use asset is measured as the amount equal to initially measured lease liability adjusted for lease prepayments, initial direct cost, lease incentives and the discounted estimated asset retirement obligation. Subsequently, the right-of-use asset is measured at cost net of any accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter estimated useful lives of the right-of-use assets or the lease term.

The lease liability was measured upon initial recognition at the present value of the future lease and related fixed services payments over the lease term, discounted with the country specific incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

Right-of-use assets and lease liabilities will be remeasured subsequently if one of the following events occurs:

- Change in lease price due to indexation or rate which has become effective in reporting period
- Modifications to the lease contract
- Reassessment of the lease term

Leases of non-core assets and not related to the main operating activities of the Group, which are short-term in nature (less than 12 months including extension options) and leases of low-value items are expensed in the Income Statement as incurred.

Transition

The Company adopted IFRS 16 on the date the standard became effective on January 1, 2019. The Group adopted the standard using the modified retrospective approach. This means that the cumulative impact of the adoption was recognized in retained earnings as of January 1, 2019 and that comparatives were not restated.

The Group used the following practical expedients when adopting IFRS 16 on its effective date:

- IFRS 16 applied only to contracts that were previously assessed as leases in accordance with the previous IFRS standards (IAS 17 *Leases* and IFRIC 4 *Determining whether and Arrangement contains a Lease*);
- a single discount rate applied to a portfolio of leases with reasonably similar characteristics as permitted by IFRS 16;
- initial direct cost was excluded from the measurement of the right-of-use asset as at January 1, 2019;
- the Group's onerous contract provision process used as the impairment assessment of right-of-use assets upon transition.

The weighted-average incremental rate applied to lease liabilities recognized on January 1, 2019 was 9.62%.

Carrying values of property and equipment and financial liabilities related to finance leases as of December 31, 2018 were reclassified to right-of-use assets and lease liabilities, respectively on January 1, 2019. These carrying values related to finance leases were not remeasured at the transition date.

Significant judgements upon adoption IFRS 16

IFRS 16 requires the Company to assess the lease term as the non-cancellable lease term in line with the lease contract together with the period for which the Group has extension options which the Company is reasonably certain to exercise and the periods for which the Company has termination options for which the Company is not reasonably certain to exercise those termination options.

A significant portion of the lease contracts included within Group's lease portfolio includes lease contracts which are extendable through mutual agreement between GTH Group and the lessor or lease contracts which are cancelable by the Group on immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Group concluded that these cancelable future lease periods should be included within the lease term, which represents an increase to the future lease payments used in determining the lease liability upon initial recognition. The reasonably certain period used to determine the lease term is based on facts and circumstances related to the underlying leased asset and lease contracts.

The following table reconciles the Company's operating lease commitments as of December 31, 2018, to the lease liabilities recognized upon initial application of IFRS 16 on January 1, 2019.

	USD
Operating lease commitments as of December 31, 2018	481.8
Increase in lease commitments of cancelable leases included in reasonably certain lease term	135.0
Accruals included in the lease liability calculation	3.0
Other	23.0
Total undiscounted lease payments which are reasonably certain	**642.8**
Discounting effect using incremental borrowing rate	(146.0)
IFRS 16 Lease liability recognized on balance sheet as of January 1, 2019	**496.8**
IFRS 16 lease liability presented as:	
Non-current	403.8
Current	89.0
Liabilities associated with assets held for sale	4.0
	496.8

Amsterdam, July 31, 2019

Global Telecom Holding S.AE.