



Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Interim Financial Statements
For The Six Months Ended June 30, 2023
And Limited Review Report

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Hazem Hassan

Public Accountants & Consultants

B (105) – Avenue (2) – Smart Village
Km 28 Cairo – Alex Desert Road
Giza – Cairo – Egypt
Postal Code : 12577

Telephone : (202) 35 37 5000 – 35 37 5005
E-mail : Egypt@kpmg.com.eg
Fax : (202) 35 37 3537
P.O. Box : (5) Smart Village

Translation from Arabic

Limited Review Report on The Condensed Interim Separate Financial Statements To The Board of Directors of Telecom Egypt Company

Introduction

We have performed a limited review on the accompanying June 30, 2023, condensed interim separate financial statements of Telecom Egypt Company “an Egyptian joint stock company”, which comprises:

- The condensed interim separate statement of financial position as of June 30, 2023;
- The condensed interim separate statements of income for the three months and six months periods ended June 30, 2023;
- The condensed interim separate statements of comprehensive income for the three months and six months periods ended June 30, 2023;
- The condensed interim separate statements of changes in equity for six months periods ended June 30, 2023;
- The condensed interim separate statements of cash flows for six months periods ended June 30, 2023;
- The notes to the condensed interim separate financial statements.

Management is responsible for the preparation and fair presentation of these condensed interim separate financial statements in accordance with Egyptian Accounting Standard number (30) “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed interim separate financial statements based on our limited review.

Scope of Limited Review

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



Hazem Hassan

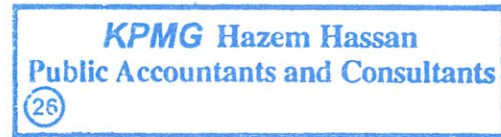
Translation from Arabic

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying June 30, 2023, condensed interim separate financial statements do not present fairly, in all material respects, in accordance with Egyptian Accounting Standard number (30) "Interim Financial Reporting".

KPMG Hazem Hassan
Public Accountants & Consultants

Cairo, August 14, 2023



Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Statement of Financial Position As of:

	Note	30/6/2023 L.E. (000)	31/12/2022 L.E. (000)
Assets			
<u>Non Current Assets</u>			
Fixed assets	(11)	52 231 628	49 589 311
Projects under construction	(12)	14 925 340	13 912 496
Investments in subsidiaries and associates	(13)	6 645 875	6 645 875
Financial assets at fair value through other comprehensive income		74 856	74 856
Other assets	(14)	18 510 560	15 059 919
Deferred tax assets	(25-1)	1 302 079	23 390
Total Non Current Assets		93 690 338	85 305 847
<u>Current Assets</u>			
Inventories	(15)	2 868 018	2 170 859
Trade and notes receivables	(16)	8 854 180	6 586 273
Debtors and other debit balances	(17)	6 916 499	5 944 314
Debit balances with associates and subsidiaries	(29-1)	897 773	2 512
Cash and cash equivalents	(18)	8 878 411	6 158 165
Total Current Assets		28 414 881	20 862 123
Total Assets		122 105 219	106 167 970
<u>Equity</u>			
Capital	(23)	17 070 716	17 070 716
Reserves	(24)	5 726 468	5 359 173
Retained earnings		12 419 895	13 024 149
Total Equity		35 217 079	35 454 038
<u>Non Current Liabilities</u>			
Long term loans	(19)	22 248 207	20 390 098
Lease Liabilities-long term	(21)	658 593	698 100
Creditors and other credit balances	(20)	10 496 657	6 259 706
Total Non Current Liabilities		33 403 457	27 347 904
<u>Current Liabilities</u>			
Short term loans and credit facilities	(19)	21 710 211	10 353 603
Lease Liabilities-short term	(21)	205 365	157 220
Creditors and other credit balances	(20)	25 486 449	24 535 926
Accrued credit accounts to subsidiaries	(29-1)	5 228 699	6 771 714
Accrued income Tax		222 070	783 592
Provisions	(22)	631 889	763 973
Total Current Liabilities		53 484 683	43 366 028
Total Liabilities		86 888 140	70 713 932
Total Equity and Liabilities		122 105 219	106 167 970

The attached notes on pages (6) to (28) are an integral part of these condensed separate interim financial statements.

Director of financial affairs



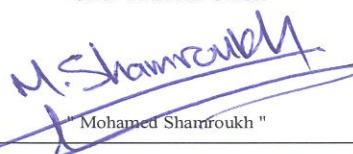
" Ehab Abdo "

Senior Director
of Financial affairs



" Wael Hanafy "

Chief Financial Officer



" Mohamed Shamfoukh "

Managing Director
& Chief Executive Officer



" Mohamed Nasr "

Board of Directors approval

Chairman



Limited Review Report "attached"

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Statement of Income

	Note	<u>For the six months ended :</u>		<u>For the three months ended :</u>	
		<u>30/6/2023</u>	<u>30/6/2022</u>	<u>30/6/2023</u>	<u>30/6/2022</u>
		<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Operating revenues	(3)	21 899 104	15 020 693	11 141 423	8 178 966
Operating costs	(4)	(13 227 521)	(9 981 712)	(6 790 060)	(5 177 370)
Gross Profit		8 671 583	5 038 981	4 351 363	3 001 596
Other income		809 560	449 307	482 716	289 135
Selling and distribution expenses	(5)	(1 766 331)	(1 427 688)	(948 927)	(734 294)
General and administrative expenses	(6)	(2 090 924)	(1 591 968)	(1 101 791)	(843 604)
Provision of expected credit loss		(121 188)	(35 300)	(22 201)	(56 998)
Other expenses		(50 762)	(65 962)	(2 815)	(2 377)
Net Operating profit		5 451 938	2 367 370	2 758 345	1 653 458
Finance income		333 801	75 427	133 885	(18 924)
Finance cost		(2 117 808)	(787 168)	(1 135 149)	(517 901)
Net finance cost	(7)	(1 784 007)	(711 741)	(1 001 264)	(536 825)
Income from investments in associates and subsidiaries	(8)	2 430 397	1 588 563	2 107 410	1 301 896
Net profit for the period before income tax		6 098 328	3 244 192	3 864 491	2 418 529
Income tax		(814 078)	(819 867)	(537 072)	(445 183)
Deferred income tax	(25-1)	440 433	171 577	(64 183)	(31 791)
Total income tax		(373 645)	(648 290)	(601 255)	(476 974)
Net profit for the period after the income tax		5 724 683	2 595 902	3 263 236	1 941 555
Basic and diluted earning per share for the period (L.E./Share)	(10)	3.35	1.52	1.91	1.14

The attached notes on pages (6) to (28) are an integral part of these condensed separate interim financial statements.

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Statement of Comprehensive Income

	Note No.	<u>For the six months ended :</u>		<u>For the three months ended :</u>	
		30/6/2023	30/6/2022	30/6/2023	30/6/2022
		<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Net profit for the period after income tax		5 724 683	2 595 902	3 263 236	1 941 555
<u>Other Comprehensive Income Items:</u>					
Translation differences of foreign currency balances		(3 898 446)	(1 901 008)	(54 480)	-
Deferred tax on translation differences of foreign currency balances	(25-1)	838 256	427 727	12 258	-
Income tax on translation differences of foreign currency balances		38 894	-	-	-
		<u>(3 021 296)</u>	<u>(1 473 281)</u>	<u>(42 222)</u>	<u>-</u>
Transferred to retained earnings during the period		<u>3 021 296</u>	<u>1 473 281</u>	<u>42 222</u>	<u>-</u>
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income		<u><u>5 724 683</u></u>	<u><u>2 595 902</u></u>	<u><u>3 263 236</u></u>	<u><u>1 941 555</u></u>

The attached notes on pages (6) to (28) are an integral part of these condensed separate interim financial statements.

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Statement of Changes In Equity
For the Six Months Ended June 30, 2023

	Note	Capital L.E. (000)	Legal reserve L.E. (000)	Other reserves L.E. (000)	Retained earnings L.E. (000)	Total L.E. (000)
Balance as of January 1, 2022		17 070 716	2 223 826	2 787 550	12 659 510	34 741 602
Comprehensive income						
Net profit for the period		-	-	-	2 595 902	2 595 902
Total comprehensive income		-	-	-	2 595 902	2 595 902
Impact of Translation differences of foreign currency balances		-	-	-	(1 473 281)	(1 473 281)
Transferred to legal reserve		-	347 797	-	(347 797)	-
Transactions with shareholders						
Dividends for year 2021 (Shareholders)		-	-	-	(1 707 072)	(1 707 072)
Dividends for year 2021 (Employees & Board of Directors)		-	-	-	(708 020)	(708 020)
Total transactions with shareholders		-	-	-	(2 415 092)	(2 415 092)
Balance as of June 30, 2022		17 070 716	2 571 623	2 787 550	11 019 242	33 449 131
Balance as of January 1, 2023		17 070 716	2 571 623	2 787 550	13 024 149	35 454 038
Comprehensive income						
Net profit for the period		-	-	-	5 724 683	5 724 683
Total comprehensive income		-	-	-	5 724 683	5 724 683
Impact of translation differences of foreign currencies balances (30-3)		-	-	-	(3 021 296)	(3 021 296)
Transferred to legal reserve		-	367 295	-	(367 295)	-
Transactions with shareholders						
Dividends for year 2022 (Shareholders)		-	-	-	(2 133 840)	(2 133 840)
Dividends for year 2022 (Employees & Board of Directors)		-	-	-	(806 506)	(806 506)
Total transactions with shareholders		-	-	-	(2 940 346)	(2 940 346)
Balance as of June 30, 2023		17 070 716	2 938 918	2 787 550	12 419 895	35 217 079

The attached notes on pages (6) to (28) are an integral part of these condensed separate interim financial statements.

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Statement of Cash Flows

Translation from Arabic

	Note No.	For the six months ended:	
		30/6/2023	30/6/2022
		L.E.(000)	L.E.(000)
<u>Cash flows from operating activities :</u>			
Cash receipts from customers and notes receivables		15 632 807	9 259 279
Cash receipts from related parties		5 539 801	6 965 085
Stamp tax and fees collected (from third parties)		71 478	65 136
Deposits collected from customers		31 097	26 893
Cash paid to suppliers		(3 365 925)	(2 301 840)
Payments for NTRA license fees		(1 081 520)	(886 762)
Cash paid to Board of Directors		(15 250)	(13 165)
Cash paid to employees		(3 328 031)	(2 829 739)
Cash paid on behalf of employees to third parties		(551 611)	(497 396)
Payments to Tax Authority - taxes other than income tax		(2 061 440)	(1 546 351)
Other (payments) /proceeds		(369 225)	57 512
Cash provided by operating activities		10 502 181	8 298 652
Interest paid		(1 832 593)	(410 702)
Payments to Tax Authority - income tax		(125 875)	(50 000)
Net cash provided by operating activities		8 543 713	7 837 950
<u>Cash flows from investing activities :</u>			
Payments for purchase of fixed assets , other assets and projects under construction		(9 722 228)	(6 100 768)
Payments for purchase of other assets		(2 780 130)	(1 719 720)
payments for purchase of financial assets at amortized cost - treasury bills		-	(596 933)
Proceeds from sale of financial assets at amortized cost - treasury bills		-	605 491
Interest received		180 072	9 874
Dividends collected from investments		294 939	259 913
Proceeds from financial assets at amortized cost - treasury bills		91 370	15 660
Net cash used in investing activities		(11 935 977)	(7 526 483)
<u>Cash flows from financing activities :</u>			
Payments of loans		(2 116 729)	(938 414)
Net Proceeds from credit facilities		10 455 801	1 872 696
Payments of lease liabilities		(92 528)	(71 424)
Dividends paid to shareholders		(2 133 840)	(1 707 072)
Net cash provided by (used in) financing activities		6 112 704	(844 214)
Net change in cash and cash equivalents during the period		2 720 440	(532 747)
Cash and cash equivalents at the beginning of the period	(18)	6 115 484	2 274 871
Cash and cash equivalents at the end of the period	(18)	8 835 924	1 742 124

The attached notes on pages (6) to (28) are an integral part of these condensed separate interim financial statements.

Telecom Egypt Company
(An Egyptian Joint Stock Company)

Notes to the Condensed Separate Interim Financial Statements
For The Six Months Ended June 30, 2023

1. BACKGROUND & ACTIVITIES

1-1 Legal Entity

- Arab Republic of Egypt National Telecommunication Organization (ARENTO) was established according to Law No.153 of 1980. Effective from March 27, 1998 and according to law No.19 of 1998, the legal form of (ARENTO) was amended after the revaluation of its assets on March 26, 1998 to become "Telecom Egypt Company" (TE).
- Telecom Egypt Company (the Company) is an 'Egyptian Joint Stock Company' registered in the Arab Republic of Egypt and is engaged in the provision of public communications and associated products and services.
- The company is subject to the provisions of the Companies Law No. 159 of 1981 and Capital Market law No. 95 of 1992.
- The address of the company is 26 Ramses Street, Cairo, Egypt.
- 30% of the company's nominal shares are traded on the Egyptian Stock Exchange, while GDRs are traded on the London Stock Exchange, each consisting of five ordinary shares.

1-2 Purpose of the company

The main purpose of the company represents in the following:

- Owning, setting up, operating, maintenance and development of telecommunication networks and infrastructure necessary for communication services for using and / or managing and / or leasing to others and / or trading on them.
- Providing voice, video and data transmission telecommunication services to subscribers and / or managing and / or leasing to others and / or trading on them.
- Participating or contributing to global communication systems, such as: - submarine cables and satellites and obtaining capacities or circuits for using and / or managing and / or leasing to others and / or dealing on them.
- Dealing or contracting or participating with authorities, agencies, companies, organizations or any entity exercising an activity similar to or identical to the company's activities or relates or assists the company to achieve its purposes either in Arab Republic of Egypt or abroad.
- Managing, selling, leasing, purchasing, possessing, renting and dealing on any property and rights or benefit or right in any property. Including the movable and immovable property which could be acquired or owned by the company.
- Selling, purchasing and distributing of fixed line sets, mobile phones and computers, its peripherals, accessories and supplies, complementary devices and necessary spare parts and related maintenance works.
- Setting up voice, video and written data transmission networks and providing value-added services, content services, marketing, electronic signature and online money transfer.
- Investment properties for serving its purposes and executing its projects.

1-3 Issuance of the condensed separate interim financial statements

- These Condensed Separate Interim Financial Statements were approved by the company's Board of Directors for issuance on August 13, 2023

2. BASIS OF PREPERATION OF THE CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS

2-1 Statement of compliance

- These Condensed Separate Interim Financial Statements as of June 30, 2023 have been prepared in accordance with Egyptian Accounting Standard No.30 "Interim Financial Reporting" accordingly it is condensed comparative view to the annual separate financial statements for the company, and in the light of applicable Egyptian laws and regulations related to.
- These Condensed Separate Interim Financial Statements don't include all the required information needed for preparing the full annual financial statements and must be read with the separate annual financial statements as of December 31, 2022.
- The company's management also applied the special accounting treatment to deal with the effects of the liberalization of exchange rates contained in Appendix (C) and its amendments of the Egyptian Accounting Standard No. (13) Amended in 2015 "Effects of Changes in Foreign Currency Exchange Rates", according to what is detailed in Explanation No. (31-3).

*Notes to the condensed Separate Interim Financial Statements
For The Six Months Ended June 30, 2023 (continued)*

Translation from Arabic

2-2 Basis of measurement

- These Condensed Separate Interim Financial Statements have been prepared under the historical cost basis, except for :
- Financial assets and liabilities that are recorded at fair value through profit or loss.
- Financial assets and liabilities that are recorded at fair value through other comprehensive income.
- For presentational purposes, the current and non-current classification has been used for the condensed separate statement of Financial Position, while expenses are analysed in condensed separate statement of income using a classification based on their function. The direct method has been used in preparing the condensed separate statement of cash flows.

2-3 Functional and presentation currency

These Condensed Separate Interim Financial Statements are presented in Egyptian pound (LE), which is the Company's functional currency. All financial information presented in "L.E." has been rounded to the nearest thousands unless otherwise stated.

2-4 Use of estimates

The preparation of the condensed separate interim financial statements in conformity with Egyptian Accounting Standards that requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are supposed to be reasonable under the circumstances, the results of these assumption represent the judgmental basis for the value of assets and liabilities that may not apparently available from other sources. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on ongoing basis. Accounting recognition estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods.

Information about the most significant accounts used the estimation and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed separate interim financial statements is included in the following notes:

- Measuring Expected credit losses.
- Deferred tax assets and liabilities.
- Impairment of non-financial assets.
- Provisions and contingencies.
- Operational useful life of fixed and other assets.
- Estimate the net realizable value of the inventory.

2-5 Fair value measurement

- The fair value of financial instruments is determined based on the market value of the financial instrument or similar financial instruments at the date of the condensed separate interim financial statements without deducting any estimated future selling costs. The financial assets values are determined with the current purchase prices; however, the financial liabilities values are determined with the current prices that could settle these liabilities.

- In case there is no active market to determine the fair value of the financial instruments, the fair value is estimated using different valuation techniques taking into consideration the prices of the latest transactions and use the current fair value of the similar financial instruments as guideline – the discounted cash flows technique or any other valuation methods that results reliable values.

- When the discounted cash flows are used as a valuation technique, the future cash flows are estimated based on the management best estimate. The discount rate used is determined in line with the market rate at the date of the financial statements for the similar financial instruments in nature and conditions.

2-6 Segment reporting

Operating activities related to the company is managed by operating segments at the group activates level as integrated activity, based on the nature of product and the service provided. The segment reporting is prepared according to services provided by activities as a group as follows:

- Communications, marine cables and infrastructure services.
- Internet services.
- Outsourcing services
- Other activities

3. OPERATING REVENUES

	<u>For the six months ended:</u>		<u>For the three months ended:</u>	
	<u>30/6/2023</u>	<u>30/6/2022</u>	<u>30/6/2023</u>	<u>30/6/2022</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Home and personal communications	3 472 640	3 097 194	1 782 921	1 587 296
Enterprise	1 304 527	1 163 176	588 036	648 039
Domestic wholesale	9 455 320	7 051 736	4 524 816	3 740 982
International carriers	3 722 604	2 262 334	1 947 357	1 260 593
International cables and networks	3 944 013	1 446 253	2 298 293	942 056
	<u>21 899 104</u>	<u>15 020 693</u>	<u>11 141 423</u>	<u>8 178 966</u>

Total operating revenues have increased by an amount of L.E. 6 878 411 K due to the increase in international cables and networks revenues by an amount of L.E 2 497 760 K, and the increase in domestic wholesale revenues by an amount of L.E 2 403 584 K due to the increase in access service and infrastructure revenues in addition to and international carriers by an amount of L.E 1 460 270 K, and home and personal communications revenues by an amount of L.E. 375 446 K due to the increase in revenues resulting from fixed line and rendering mobile phone service, and enterprise revenues by an amount of L.E. 141 351 K .

4. OPERATING COSTS

	<u>For the six months ended :</u>		<u>For the three months ended :</u>	
	<u>30/6/2023</u>	<u>30/6/2022</u>	<u>30/6/2023</u>	<u>30/6/2022</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Interconnection call cost	4 129 045	3 187 316	2 189 422	1 659 145
Depreciation and amortization	4 099 700	3 041 031	2 097 693	1 518 490
Salaries and wages	1 576 246	1 180 678	836 017	607 747
Company's social insurance contribution	152 539	136 277	77 087	68 104
Frequencies and licenses charges (NTRA)	941 732	776 682	404 507	405 802
Other operating cost	2 328 259	1 659 728	1 185 334	918 082
	<u>13 227 521</u>	<u>9 981 712</u>	<u>6 790 060</u>	<u>5 177 370</u>

Operating costs have increased by an amount of L.E. 3 245 809 K mainly due to the following: -

- The increase in interconnection call cost by an amount of L.E. 941 729 K which is mainly due to the increase in international fees costs, however the decrease in national roaming fees by an amount of L.E. 321 880 K led to the limitation of this increase.
- The increase in depreciation and amortization item by an amount of L.E 1 058 669 K due to the additions of the last year after the first half months and the current period.
- The increase in frequencies and licenses charges (NTRA) item by an amount of L.E 165 050 K.
- The increase in the other operating cost by an amount of L.E. 668 531 K which is mainly due to the increase in organizations services costs item by an amount of L.E. 230 319 K, and Maintenance item by an amount of L.E. 202 254 K.

5. SELLING AND DISTRIBUTION EXPENSES

	<u>For the six months ended :</u>		<u>For the three months ended :</u>	
	<u>30/6/2023</u>	<u>30/6/2022</u>	<u>30/6/2023</u>	<u>30/6/2022</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Salaries and wages	720 447	588 482	373 606	295 878
Company's social insurance contribution	70 807	66 727	35 796	33 203
Advertising and marketing	317 043	222 644	205 542	114 656
Organizations services costs	320 917	222 154	153 471	117 575
Agents' commissions and collection organizations	252 960	224 996	132 287	116 137
Depreciation & Amortization	18 604	17 490	9 660	8 768
Other selling and distribution expenses	65 553	85 195	38 565	48 077
	<u>1 766 331</u>	<u>1 427 688</u>	<u>948 927</u>	<u>734 294</u>

The increase in selling and distribution expenses by an amount of L.E 338 643 K mainly due to the increase in salaries and wages item by an amount of L.E 131 965 K as a result of the annual increases during the period and the increase in Organizations service costs item by an amount of L.E 98 763 K and Advertising and marketing item by an amount of L.E 94 399 K.

6. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>Note</u> <u>No.</u>	<u>For the six months ended :</u>		<u>For the three months ended :</u>	
		<u>30/6/2023</u>	<u>30/6/2022</u>	<u>30/6/2023</u>	<u>30/6/2022</u>
		<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Salaries and wages		1 244 349	945 878	653 466	497 073
Company's social insurance contribution		99 748	91 064	50 527	45 413
The company's contribution in loyalty and belonging fund (9)		100 000	100 000	50 000	50 000
Depreciation & Amortization		31 546	28 649	15 788	14 069
Tax and duties		105 613	78 849	57 155	43 731
Organizations services costs and consultants		311 205	230 821	170 324	127 926
Other general and administrative expenses		198 463	116 707	104 531	65 392
		<u>2 090 924</u>	<u>1 591 968</u>	<u>1 101 791</u>	<u>843 604</u>

The increase in general and administrative expenses by an amount of L.E 498 956 K mainly due to the increase of salaries and wages item by an amount of L.E 298 471 K as a result of the annual increases during the period ,and organizations services costs and consultants item by an amount of L.E. 80 384 K.

7. NET FINANCE COST

The increase in net finance cost by an amount of L.E 1 072 266 K during the period is mainly due to the increase in debit interest by an amount of L.E 1 391 783 K, and finance costs for credit contracts by an amount of L.E 120 180 K, however the increase in the credit interest by an amount of L.E 265 177 K led to the limitation of this increase.

8. INCOME FROM INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

	<u>For the six months ended :</u>		<u>For the three months ended :</u>	
	<u>30/6/2023</u>	<u>30/6/2022</u>	<u>30/6/2023</u>	<u>30/6/2022</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
8-1 <u>Income from investment in subsidiaries</u>				
WE-Data	218 500	218 500	-	-
Middle East Radio Communication (Merc)	3 792	2 729	-	-
The Egyptian Telecommunication Company for information system (Xceed)	62 500	62 500	-	-
Centra for Technology (Centra)	38 195	2 938	-	-
8-2 <u>Income from investment in associates</u>				
Vodafone Egypt Telecommunications Company	2 107 410	1 301 896	2 107 410	1 301 896
	<u>2 430 397</u>	<u>1 588 563</u>	<u>2 107 410</u>	<u>1 301 896</u>

This income is represented in the company's share in the cash dividends from investment in those companies according to the resolutions of the General Assembly of investees.

9. EMPLOYEE'S BENEFITS

End of service benefits (Company's Contribution in Loyalty & Belonging Fund)

The employees are granted an end of service benefits through a Loyalty & belonging Fund established in January 2004. Employees' benefit is based on the employees' monthly salary in January 1, 2015 increasing annually at a compound rate of 5%. The subscription for employees hired after January 1, 2015 is calculated according to a subscription schedule for new hires and increase annually at a compound rate of 5% starting from the next year of the hiring date with the same conditions of periodical raise of employees.

Noting that the General Assembly of the Loyalty and belonging Fund, which was held in December 2022, approved the amendment of the subscription fee for disbursing benefits and collecting contributions to be the basic wage on 1/1/2017, provided that this amendment takes effect from 1/1/2022 after the issuance of the General Assembly's decision financial control of the proposed amendments to the Fund's Articles of Association, according to the approval of the Extraordinary General Assembly, which has not been issued to date.

The employees share in loyalty & belonging fund according to constant subscription are based on the same employees' basic salary where the end of service benefit calculated. The company's share represents annual defined contribution and the company had contributed by an amount of L.E 100 M for the period ended in June 30, 2023 (against an amount of L.E. 100 M for the same period of 2022).

10. BASIC AND DILUTED EARNING PER SHARE.

	<u>For the six months ended :</u>		<u>For the three months ended :</u>	
	<u>30/6/2023</u>	<u>30/6/2022</u>	<u>30/6/2023</u>	<u>30/6/2022</u>
Net profit for the period (LE in thousand)	5 724 683	2 595 902	3 263 236	1 941 555
Number of shares available during the period (share)	1 707 071 600	1 707 071 600	1 707 071 600	1 707 071 600
Basic and diluted earnings per share for the Net profit of the period (LE / share)	<u>3.35</u>	<u>1.52</u>	<u>1.91</u>	<u>1.14</u>

11. FIXED ASSETS

Description	30/6/2023	30/6/2022	30/6/2023	30/6/2022	30/6/2023	30/6/2022	31/12/2022
	Cost	Cost	Accumulated depreciation	Accumulated depreciation	Net	Net	Net
	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Land	2 386 374	2 386 374	-	-	2 386 374	2 386 374	2 386 374
Buildings & Infrastructure	48 482 874	43 114 724	21 363 231	19 326 486	27 119 643	23 788 238	26 220 326
Centrals & information technologies equipment	41 236 158	34 138 505	18 901 100	17 727 100	22 335 058	16 411 405	20 567 652
Vehicles	284 823	271 869	126 609	106 408	158 214	165 461	170 103
Furniture	540 982	509 120	393 169	355 499	147 813	153 621	157 956
Tools & supplies	268 691	243 554	184 165	164 748	84 526	78 806	86 900
Total	<u>93 199 902</u>	<u>80 664 146</u>	<u>40 968 274</u>	<u>37 680 241</u>	<u>52 231 628</u>	<u>42 983 905</u>	<u>49 589 311</u>

- The increase in net carrying value of fixed assets mainly due to the additions during the period by an amount of L.E.3 951 810 K, however the depreciation of the period by an amount of L.E. 3 214 965 K led to limitation of this increase.
- The cost of fixed assets as of June 30, 2023 includes an amount of L.E. 13 386 Million fully depreciated fixed assets and still in use (against an amount of L.E. 14 033 Million for the same period of 2022).
- The fixed assets include additions by an amount of L.E 2 205 211 K (against an amount of L.E. 654 244 K for the same period of 2022), which is represented in the currency differences resulting from the translation of obligations in foreign currencies existing on the date of the exchange rate liberation and related to the acquisition of these assets Note No. (30-3).

12. PROJECTS UNDER CONSTRUCTION

	30/6/2023	31/12/2022
	<u>LE (000)</u>	<u>LE (000)</u>
Land	324 945	324 945
Buildings and Infrastructure	3 237 202	2 810 460
Furniture	1 647	-
Tools and supplies	2 496	7 449
Centrals and information technology equipment	6 405 691	3 916 565
Other Assets	1 881 049	4 445 512
Advanced payments - fixed assets	3 072 310	2 407 565
	<u>14 925 340</u>	<u>13 912 496</u>

The balance of projects in progress is represented in the part that has been executed from commitments capital and contracts, and the advanced payment until June 30, 2023.

- The balance of projects in progress includes an amount of L.E 539 017 K (against an amount of L.E. 135 024 K for the same period of 2022), representing the currency differences resulting from the translation of obligations in foreign currencies existing on the date of the exchange rate liberation and related to the acquisition of these assets Note No. (30-3).

13. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

	30/6/2023		31/12/2022	
	<u>Ownership</u>	<u>Amount</u>	<u>Ownership</u>	<u>Amount</u>
	<u>%</u>	<u>L.E. (000)</u>	<u>%</u>	<u>L.E. (000)</u>
13-1 Investments in subsidiaries				
- Telecom Egypt France (TE France)	100.00	69 220	100.00	69 220
- WE Data	99.99	252 461	99.99	252 461
- TE Investment Holding	99.99	39 998	99.99	39 998
- Egyptian International Submarine Cables Company (Eiscc)	99.00	267 578	99.00	267 578
- TE for sports investments**	98.00	996	98.00	996
- Egyptian Telecommunication for Information System (Xceed)	97.66	31 250	97.66	31 250
- Centra Technology (Centra)	58.76	14 737	58.76	14 737
- Middle East Radio Communication (MERC)***	49.00	7 350	49.00	7 350
13-2 Investments in associates				
- Wataneya for Telecommunications	50.00	125	50.00	125
- Vodafone Egypt Telecommunications Company	44.95	5 960 054	44.95	5 960 054
- Egypt Trust	35.71	10 000	35.71	10 000
		<u>6 653 769</u>		<u>6 653 769</u>
Less:				
Impairment loss on investments of subsidiaries and associates*		7 894		7 894
		<u>6 645 875</u>		<u>6 645 875</u>

*Impairment loss on investments of subsidiaries and associates is formed for, Telecom Egypt France by an amount of L.E 269 K, Egypt Trust by an amount of L.E. 7 500 K, Wataneya for Telecommunications by an amount of L.E 125 K.

** The purpose of the company was changed based on the decision of the Extraordinary General Assembly held on Jan 20, 2023, and an entry was made for this change in the commercial register.

***The company's direct and indirect share in Middle East Radio Communication (Merc) on June 30, 2023 is 51%.

14. OTHER ASSETS

	30/6/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
<u>Cost</u>		
Licenses granted for mobile services	18 830 448	14 995 652
Usefract (Projects)	982 211	480 175
Lease (right of use)	1 220 327	1 167 142
Submarine cables (right of way)	2 214 363	2 214 363
Right of way (National)	557 309	440 684
Land (possession-usufruct)	440 684	557 309
	<u>24 245 342</u>	<u>19 855 325</u>
<u>Less:</u>		
Accumulated amortization	5 734 782	4 795 406
Net carrying amount	<u>18 510 560</u>	<u>15 059 919</u>

- The increase in net carrying value of other assets mainly due to the increase in licenses granted for mobile services item by an amount of L.E 3 065 625 K.
- Other assets cost includes at June 30, 2023 an amount of L.E 230 Million (against an amount of L.E. 315 M for the same period of 2022) other assets fully amortized and still in use in operating
- The other assets additions include an amount of L.E 773 693 K(against an amount of L.E. 214 419 K for the same period of 2022), representing the currency differences resulting from the translation of obligations in foreign currencies existing on the date of the exchange rate liberation and related to the acquisition of these assets Note No. (30-3).

15. INVENTORIES

	30/6/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Spare parts	954 035	759 153
Material supplies, Merchandise for sale	1 886 157	1371 235
Others	27 826	40 471
	<u>2 868 018</u>	<u>2 170 859</u>

The value of inventories was written down by an amount of L.E. 155 302 K (against L.E. 155 302 K as at December 31, 2022) for obsolete and slow-moving items directly from the cost of each type of related inventory.

16. TRADE AND NOTE RECEIVABLES

	30/6/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Trade Receivables - National	4 121 071	4 229 579
Trade Receivables - International	6 924 308	4 405 158
	<u>11 045 379</u>	<u>8 634 737</u>
<u>Less:</u>		
Provision of expected credit loss	2 404 928	2 292 873
<u>Add:</u>		
Notes receivable	213 729	244 409
	<u>8 854 180</u>	<u>6 586 273</u>

- Trade and notes receivables balance has increased by an amount of L.E 2 267 907 K mainly due to the increase in trade receivables- international cables and networks by an amount of L.E 2 274 946 K ,trade receivables – international carriers by an amount of L.E 244 204 K, and trade receivables – home and personal communications by an amount of L.E 48 097 K,however the decrease in trade receivables –Enterprise by an amount of L.E144 960 K led to limitation of this increase.

17. DEBTORS AND OTHER DEBIT BALANCES

	30/6/2023	31/12/2022
	<u>LE (000)</u>	<u>LE (000)</u>
Suppliers – debit balances	743 587	435 685
Deposits with others	319 945	299 717
Accrued revenues	1 927 004	13 170
Tax Authority - value added tax	976 432	1 509 382
Tax Authority - withholding tax	242 387	1 181 456
Due from ministries, organizations and companies	1 355 532	1 097 687
Temporary debts due from employees	459 224	791 257
Other debit balances	1 056 385	770 825
	<u>7 080 496</u>	<u>6 099 179</u>
Less:		
Expected credit loss provision	163 997	154 865
	<u>6 916 499</u>	<u>5 944 314</u>

Debtors and other debit balances have increased by an amount of L.E. 972 185 K mainly due to the increase in accrued revenue item by an amount of L.E. 1 913 834 K, as a result of the cash dividends from Vodafone Egypt (Associate company), due from ministries, organizations and companies item by an amount of L.E. 257 845 K, suppliers – debit balances item by an amount of L.E. 307 902 K, however the decrease in Tax authority (value added tax) item by an amount of L.E. 532 950 K led to the limitation of this increase.

18. CASH AND CASH EQUIVALENTS

	Note	30/6/2023	31/12/2022	30/6/2022
	No.	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Banks - time deposits (less than 3 months)		5 554 022	3 430 395	77 183
Banks - current accounts		3 314 742	2 450 345	1 698 994
Cash on hand		9 647	3 760	8 706
Financial assets at amortized cost (treasury bills-less than 3 months)		-	273 665	-
Cash and cash equivalents		<u>8 878 411</u>	<u>6 158 165</u>	<u>1 784 883</u>
Less:				
Restricted time deposits and current accounts at banks	(27)	42 487	42 681	42 759
Cash and cash equivalents as per cash flows statement		<u>8 835 924</u>	<u>6 115 484</u>	<u>1 742 124</u>

19. LOANS AND CREDIT FACILITIES

The increase in the balance of loans and credit facilities by an amount of L.E 13 214 717 K mainly resulted from credit facilities with local and foreign currencies during the period amounted to L.E. 6 343 325 K, in addition to the currency differences resulting from translation of foreign loans and facilities amounted to L.E 4 112 476 K where loans and credit facilities with local and foreign currencies on June 30, 2023 amounted to L.E. 43 958 418 K (against LE 30 743 701 K at December 31, 2022) with an amount of L.E. 21 710 211 K due within a year.

20. CREDITORS AND OTHER CREDIT BALANCES

	30/6/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Suppliers	2 529 331	2 087 677
Tax Authority (taxes other than income tax)	2 693 887	2 510 294
Deposits from others	637 923	604 851
Assets creditors	18 271 885	18 511 052
Accrued interest	378 366	282 565
Accrued expenses	1 032 576	1 093 597
Public Authority for Social Insurance	78 618	63 279
Trade receivables - credit balances	4 300 252	2 412 721
Credit balances- organizations and companies	357 565	380 405
Contract liabilities	3 211 508	676 913
National Telecommunication Regulatory Authority (NTRA)	1 703 896	1 512 582
Other credit balances	787 299	659 696
	<u>35 983 106</u>	<u>30 795 632</u>
<u>balances due within more than one year:</u>		
Assets creditors	10 475 341	6 237 165
Contract liabilities	21 316	22 541
Non current creditors and other credit balances	<u>10 496 657</u>	<u>6 259 706</u>
Current creditors and other credit balances	<u>25 486 449</u>	<u>24 535 926</u>
Total creditors and other credit balances	<u>35 983 106</u>	<u>30 795 632</u>

Creditors and other credit balances have increased by an amount of L.E. 5 187 474 K mainly due to the increase in contract liabilities item by an amount of L.E 2 534 595 K, trade receivables – credit balances item by an amount of L.E. 1 887 531 K, suppliers item by an amount of L.E 441 654 K, however the decrease in assets creditors item by an amount of L.E 239 167 K led to the limitation of this increase.

21. Lease Liabilities

The Present Value of the total liabilities from the ROU as follows:

	30/6/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Beginning balance of Present value for lease liabilities	855 320	949 763
Additions	53 185	228 695
Disposals	-	(10 690)
Payments	(92 528)	(648 800)
Lease liabilities interest	47 981	336 352
Net present value of Lease liabilities	<u>863 958</u>	<u>855 320</u>
Less:		
Current Liabilities	<u>205 365</u>	<u>157 220</u>
Non Current Liabilities	<u>658 593</u>	<u>698 100</u>

22. PROVISIONS

	30/6/2023	31/12/2022
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Balance at the beginning of the period / year	763 973	1 039 354
Reclassification during the period/year	-	138 319
Reversal	-	(163 152)
Charged to income statement for the period / year	420	-
Used during the period / year	(132 504)	(250 548)
Balance at the end of the period / year	<u>631 889</u>	<u>763 973</u>

23. CAPITAL

- The company's issued and fully paid-up capital is L.E. 17 070 716 K, represented in 1 707 071 600 shares at a par value of LE 10 each.
- The Egyptian Government owns 70% after floating 20% of company's shares in public offering during December 2005 and 10% during the year 2023.

24. RESERVES

	30/6/2023	31/12/2022
	L.E. (000)	L.E. (000)
Legal reserve	2 938 918	2 571 623
Other reserves	2 787 550	2 787 550
	5 726 468	5 359 173

The balance of legal reserve has increased as a result of retaining an amount of L.E. 367 295 K from the profit of 2022 in accordance with the company's articles of association.

25. DEFERRED TAX

25-1 Recognized deferred tax assets and liabilities

	<u>30/6/2023</u>		<u>31/12/2022</u>	
	Assets	Liabilities	Assets	Liabilities
	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Total deferred tax asset / (liability)	3 296 114	(1 994 035)	2 046 835	(2 023 445)
Net deferred tax assets	1 302 079	-	23 390	-
Deferred tax charged to the statement of income for the period / year	440 433		195 153	
Deferred tax charged to the statement of comprehensive income for the period / year	838 256		1 224 686	

25-2 Unrecognized deferred tax assets

	30/6/2023	31/12/2022
	L.E. (000)	L.E. (000)
Unrecognized deferred tax assets	551 002	525 348

Deferred tax assets have not been recognized in respect of the above due to the uncertainty of utilization of their benefits in the foreseeable future.

26. CAPITAL COMMITMENTS

The company's capital commitments for the unexecuted parts of contracts until June 30, 2023 amounted to L.E. 755 million (against L.E.2 001 million at the year ended December 31, 2022).

27. CONTINGENT LIABILITIES

In addition to the amounts included in the condensed separate statement of financial position, the company has the following contingent liabilities as at June 30, 2023:

	30/6/2023	31/12/2022
	<u>LE (000)</u>	<u>LE (000)</u>
- Letters of guarantee issued by banks on behalf of the company	3 040 749	2 584 959

* Includes letters of guarantee which were issued by banks at June 30, 2023 against restricted cash and cash equivalents at banks (note no.18).

28. TAX POSITION

28-1 Corporate tax

- Tax inspection was performed for the years till December 31, 2018 and all due taxes were settled.
- Tax inspection for the years from January 1, 2019 until December 31, 2022 have not been done to date.
- Tax return are submitted according to the income tax law no.91 of 2005, its amendments and its executive regulations, and the due tax is paid on legal dates.

28- 2 Value Added Tax \ Sales Tax

- Tax inspection for the years till December 31, 2017 was performed and the tax differences were settled.
- Tax returns are submitted according to the value added tax law and according to the law No.206 of 2020 issuing the Unified Tax Procedures Law, and the due tax, if any, is paid on the legal dates.

28- 3 Salary Tax

- Tax inspection was performed for the years till December 31, 2014 and the Company assessed taxes forms and all due taxes were settled.
- Tax inspection for the year 2015 and 2020 was performed, and the due taxes were settled except fines.
- The company is regular in deducting and remitting tax on legal dates according to the law No. 91 of 2005, its amendments and its executive regulations, and the tax settlement is submitted according to the provisions of law No. 206 of 2020 issuing the Unified Tax Procedures Law.

28- 4 Stamp Tax

- Tax inspection for the period from March 27, 1998 to December 31, 2000 was performed for certain sectors of the company, and the company was notified of the tax assessment elements, and the company filed a grievance and challenged the legal deadlines.
- Tax inspection for the period from January 1, 2001 till July 31, 2006 was performed for certain sectors of the company and taxes due were settled. Tax inspection for the remaining sectors is currently being undertaken for the same period.
- Tax inspection for period from August 1, 2006 to December 31, 2020 was performed and due taxes were settled.

28- 5 Real Estate Tax

- All taxes are paid according to the tax forms received by the company. The company's Legal Department follows up the disputes according to the real estate tax law.
- Tax returns were submitted according to the new real estate tax law No.196 for year 2008 on the due dates.

Notes to the Condensed Separate Interim Financial Statements
For The Six Months Ended June 30, 2023 (continued)

Translation from Arabic

29. RELATED PARTY TRANSACTIONS

There are transactions between Telecom Egypt and its subsidiaries and associates and such transactions are approved by the company's management, the following statement contain the most important transactions during the financial period and the balances shown in the separate interim financial statements date:

29-1 Transactions with subsidiaries & associates

Debit balances due from subsidiaries and associates	Nature of transaction during the period	Amount of transactions during the period stated in the income statement L.E. 000	Movement during the period		Balance as of 30/6/2023 Debit/(Credit) L.E. 000	Balance as of 31/12/2022 Debit/(Credit) L.E. 000
			Debit L.E. 000	Credit L.E. 000		
- Egyptian Telecommunication Company for Information Systems	Services rendered from subsidiary company	351 249	626 227	623 641	(511 770)	(514 356)
- Egyptian Telecommunication Company for Information Systems	Lease of subsidiary company premises, electricity claims, maintenance and leased circuits and sale of fixed assets	23 937	1 290 878	362 541	872 185	(56 152)
			1 917 105	986 182	360 415	(570 508)
- TE Globe	Maintenance & supplying devices	2 677	12 617	1 523	7 635	(3 459)
- Vodafone Egypt Telecommunications Company	Outgoing calls and voice services for associate company	1 647 879	7 504 507	6 297 122	529 723	(677 662)
- Vodafone Egypt Telecommunications Company	Incoming international calls, claims, transmissions, lease of locations and lowers for the associate company	3 018 228	9 434 229	7 284 827	897 773	(677 662)
			12 252 667	11 189 499	(1 617 510)	(2 680 678)
			11 078 232	11 953 183	(2 437 357)	(1 562 406)
			23 330 899	23 142 682	(4 054 867)	(4 243 084)
- TE Data Jordan	Participation contract	54 742	48 909	118 970	(109 259)	(39 198)
- TE Data Jordan	Leased international circuits	4 570	5 544	9 278	3 734	(35 464)
			54 453	118 970	(99 981)	(35 464)
- Centra for Electronic Industries	Maintenance & supplying devices	3 976	1 107	4 157	(538)	2 512
- Centra for Technologies	Maintenance & supplying devices	102 185	280 106	175 643	(103 264)	(207 727)
- Middle East Radio Communication (MERC)	Leased of information circuits	2 038	1 858	2 323	(465)	-
- TE investment Holding	Rendered services from subsidiary company	125 965	255 817	230 539	(11 932)	(37 210)
- TE investment Holding	Leased sites for subsidiary company	12	12	25	(19)	(6)
			255 829	230 564	(11 951)	(37 210)
- TE France	Participation contract	28 419	43 284	59 879	(125 641)	(109 046)
- Egyptian International Submarine Cables Company (EISCC)	Leased sites for subsidiary company	9	9	-	9	-
- Egyptian International Submarine Cables Company (EISCC)	Purchasing of intangible assets from subsidiaries company	-	1	-	(2 698)	(2 699)
- Egyptian International Submarine Cables Company (EISCC)	Payments on behalf of the company	-	1	-	4	3
			11	-	(2 685)	(2 696)
- Mena Cable	Maintenance - Rendered services from subsidiary company	6 902	87 071	51 444	(124 309)	(159 936)
- Mena Cable	Paid of expenses on behalf of parent company	2 838	41 171	15 739	(5 771)	(31 203)
- Mena Cable	Maintenance - Rendered services to subsidiary company	4 232	7 627	-	21 257	13 630
- Mena Cable	Payments of fees on behalf of MENA & Transfer of EISCC debt to company	-	142 720	155 861	(707 343)	(707 343)
			278 589	223 044	(829 307)	(884 852)
			33 680 365	31 242 089	(5 228 699)	(6 771 714)

*The amount of the transaction during the year which recorded in income statement doesn't include VAT.

29-2 Transactions with the Egyptian government

The Egyptian government contributes 70% of the capital represented by the ministry of finance which results in existence of mutual services between the company and the governmental entities, including revenues, costs, and other expenses, transactions related to taxes, social insurance and customs.

29-3 Transactions with the Board of directors

On March 28, 2023, The Company's ordinary general assembly decided to approve the disbursement of an amount of L.E 15 250 K to the members of the board of directors as the board's share in the profits for the fiscal year ended in December 31, 2022, in addition to attending board sessions allowances stipulated in the ordinary general assembly of the company.

30- SIGNIFICANT EVENTS

30-1 The effect of the liberalization of the exchange rate

A- The Monetary Policy Committee of the Central Bank decided, in its session held on October 27, 2022, to announce the implementation of the flexible exchange rate system for pricing foreign exchange, provided that the buying and selling prices of currencies are determined in Egyptian pounds based on the conditions of supply and demand, and accordingly the foreign exchange rate increased. Against the Egyptian pound, for example, the US dollar increased from 24.7 Egyptian pounds on December 31, 2022 to 30.9 Egyptian pounds on June 30, 2023.

B- The monetary policy committee of the Central Bank also decided in its previous meetings to raise the overnight deposit and lending rates to reach 19.25%, 20.25% and 19.75%, respectively. The credit and discount rate were raised to 18.75%. Which has a material impact on the company's revenues and financing costs.

30-2 New Editions and Amendments to Egyptian Accounting Standards:

- On March 6, 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian Accounting Standards, the following is a summary of the most significant amendments:

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
<p>Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets " and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".</p>	<p>1- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets.</p> <p>- This resulted in amendment of the paragraphs related to the use of the revaluation model option in some of the applicable Egyptian Accounting Standards, which are as follows:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting" - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (49) "Leasing Contracts" <p>2- In accordance with the amendments made to the Egyptian Accounting Standard No. (35) amended 2023 "Agriculture", paragraphs (3), (6) and (37) of Egyptian Accounting Standard No. (10) "Fixed assets " have been amended, and paragraphs 22(a), 80(c) and 80(d) have been added to the same standard, in relation to agricultural produce harvested.</p> <ul style="list-style-type: none"> - The Company is not required to disclose the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) for the current period, which is the period of the financial statements in which the Egyptian Accounting Standard No. (35) amended 2023 and Egyptian Accounting Standard No. (10) amended 2023 are applied for the first time in relation to agricultural produce harvested. However, the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) should be disclosed for each comparative period presented. - The company may elect to measure an agricultural produce harvested item at its fair value at the beginning of the earliest period presented in the financial statements for the period in which the company have been applied the above-mentioned amendments for the first time and to use that fair value as its deemed cost on that date. Any difference between the previous carrying amount and the fair value in the opening balance should be recognized by adding it to the revaluation surplus account in equity at the beginning of the earliest period presented. 	<p>Management is currently studying the possibility of changing the applied accounting policy and using the revaluation model option stated in those standards and assessing the potential impact on the financial statements in case of using this option.</p> <p>Management is currently assessing the potential impact on the financial statements from the application of amendments to the standard.</p>	<p>The amendments of adding the option to use the revaluation model are effective for financial periods starting on or after January 1, 2023, retrospectively, cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.</p> <p>These amendments are effective for annual financial periods on or after starting January 1, 2023, retrospectively, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time.</p> <p>The amendments of adding the option to</p>

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
<p>Egyptian Accounting Standard No. (34) amended 2023 "Investment property"</p>	<ul style="list-style-type: none"> - This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property. - This resulted in amendment of some paragraphs related to the use of the fair value model option in some of the applicable Egyptian Accounting Standards, which are as follows: - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors." - Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates " - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting " - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations" - Egyptian Accounting Standard No. (49) "Leasing Contracts " 	<p>The management is currently studying the possibility of changing the accounting policy followed and using the option of the fair value model mentioned in the standard, and evaluating the potential impact on the financial statements if that option is use.</p>	<p>use the fair value model are effective for financial periods starting <u>on or after January 1, 2023</u> retrospectively, cumulative impact of the preliminary applying of the fair value model shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this model for the first time.</p>
<p>Egyptian Accounting Standard No. (36) amended 2023 "Exploration for and Evaluation of Mineral Resources"</p>	<p>-This standard was reissued in 2023, allowing the use of revaluation model when subsequent measurement of exploration and valuation assets.</p> <p>-The company applies either the cost model or the revaluation model for exploration and valuation assets, the evaluation should carried out by experts specialized in valuation and registered in a register maintained for this purpose at the Ministry of Petroleum, and in the case of applying the revaluation model (whether the model stated in the Egyptian Accounting Standard (10) "Fixed Assets " or the model stated in Egyptian Accounting Standard (23) "Intangible Assets") should consistent with the classification of assets in accordance with paragraph No. (15) of Egyptian Accounting Standard No. (36) amended 2023.</p>	<p>Management is currently studying the possibility of changing the applied accounting policy and using the revaluation model option stated in the standard and assessing the potential impact on the financial statements in</p>	<p>The amendments of adding the option to use the revaluation model are effective for financial periods starting <u>on or after January 1, 2023</u>, retrospectively, cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the company</p>

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
		case of using this option.	applies this model for the first time.
Egyptian Accounting Standard No. (35) amended 2023 "Agriculture"	This standard was reissued in 2023, where paragraphs (1-5), (8), (24), and (44) were amended and paragraphs (5a) - (5c) and (63) were added, with respect to the accounting treatment of agricultural produce harvested, (Egyptian Accounting Standard (10) "Fixed assets " was amended accordingly).	Management is currently assessing the potential impact on the financial statements from the application of amendments to the standard.	These amendments are effective for annual financial periods starting <u>on or after January 1, 2023</u> retrospectively , cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time.
Egyptian Accounting Standard No. (50) "Insurance Contracts".	<ul style="list-style-type: none"> - This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the company provides appropriate information that truthfully reflects those contracts. This information provides users of the financial statements with the basis for assessing the impact of insurance contracts on the company's financial position, financial performance, and cash flows. - Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts". - Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50). - The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows: <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (10) "Fixed Assets ". - Egyptian Accounting Standard No. (23) "Intangible Assets". - Egyptian Accounting Standard No. (34) " Investment property ". 	Management is currently evaluating the potential impact on the financial statements from the application of the standard.	Egyptian Accounting Standard No. (50) is effective for annual financial periods starting <u>on or after July 1, 2024</u> , and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the company should disclose that fact.

30-3 The issuance of Annex (C) the amendment accompanying the Egyptian Accounting Standard No. (13) “The Effects of Changes in Foreign Exchange Rates”:

- On May 17, 2023, Prime Minister’s Decision No. 1847 of 2023 was issued to replace some of the provisions of the paragraphs with Appendix C accompanying Egyptian Accounting Standard No. (13) amended in 2015 “The Effects of Changes in Foreign Currency Exchange Rates” added by Prime Minister’s Decision No. 4706 of the year 2022, which deals with the special accounting treatment for dealing with the effects of the liberalization of foreign exchange rates ,This Appendix and its amendments, and these treatments are as follows:

1. An establishment that, prior to the date of moving the exchange rate, may acquire fixed assets and/or real estate investments and/or exploration and evaluation assets and/or intangible assets (other than goodwill) and/or right of use assets for lease contracts, funded by existing obligations in that date in foreign currencies, to recognize within the cost of those assets the debit currency differences resulting from the settled part of these obligations during the financial period to apply this special accounting treatment In addition to the currency difference resulting from translating the remaining balance of these obligations at the end of December 31, 2023 or on the end of the closing date of the financial statements for the fiscal period to apply this accounting treatment using the exchange rate used on that date. The facility can apply this option for each asset separately.

2. as an exception to the requirements of Paragraph No. 28 of the amended Egyptian Accounting Standard No. (13) “The Effects of Changes in Foreign Currency Exchange Rates” regarding the recognition of currency differences, an enterprise whose business results were affected by net profits or losses of currency differences as a result of moving the currency exchange rate A foreign currency, whether the currency of its entry is the Egyptian pound or any other foreign currency, to recognize within the items of other comprehensive income the net debit and credit currency differences realized during the period in addition to the differences resulting from the retranslation of the balances of items of monetary nature existing at the end of December 31 2023 or at the end of the closing date of the financial statements for the fiscal period to apply this special accounting treatment using the exchange rate used on that date , less any currency translation differences that have been recognized as cost of assets in accordance with paragraph 7 of this Appendix. Considering that these differences were mainly caused by the unusual movements of the exchange rate.

Notes to the Condensed Separate Interim Financial Statements
For The Six Months Ended June 30, 2023 (continued)

Translation from Arabic

The application of these treatments has affected the condensed separate interim financial statements for the period as follows:

<u>Item</u>	Before applying the accounting treatment	The impact of applying the accounting treatment	After applying the accounting treatment
	Debit / (credit)	Debit / (credit)	Debit / (credit)
	<u>L.E(000)</u>	<u>L.E(000)</u>	<u>L.E(000)</u>
	<u>30/6/2023</u>		<u>30/6/2023</u>
<u>1-Statement of financial position</u>			
Fixed assets	50 026 417	2 205 211	52 231 628
Project in progress	14 386 323	539 017	14 925 340
Other assets	17 736 867	773 693	18 510 560
Retained earnings	(15 441 191)	3 021 296	(12 419 895)
<u>2- Statement of income</u>			
Finance cost	9 534 175	(7 416 367)	2 117 808
Depreciations and amortizations	3 888 221	261 629	4 149 850
Basic and diluted earning per share	(0.84)	4.19	3.35
<u>3-Statement of other comprehensive</u>			
Translation differences of foreign currency balances	-	(3 898 446)	(3 898 446)
Deferred tax on translation differences of foreign currency balances	-	838 256	838 256
Income tax on translation differences of foreign currency balances	-	38 894	38 894

30-4 The company's main shareholder offered 10% of the company's capital in the secondary market on the Egyptian Stock Exchange

The Board of Directors of Telecom Egypt decided in its session held on May 11, 2023, to approve the company's signing of the information memorandum regarding the offering of the main shareholder (the Egyptian government) in the company for 10% of the company's capital in the secondary market on the Egyptian Stock Exchange on May 11, 2023. So the government's shares to become 70% instead of 80% of the company's capital.

31- SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of the condensed separate financial statements as of June 30, 2023 is the same as the accounting policies applied in the preparation of the annual separate financial statements as of December 31, 2022. These accounting policies have been applied consistently to all periods presented in these condensed separate interim financial statements as of June 30, 2023.
