

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2022
And Limited Review Report

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(An Egyptian Joint Stock Company)
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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 Separate Interim Financial Statements To The Board of Directors of Telecom Egypt Company

Introduction

We have performed a limited review on the accompanying condensed separate statement of financial position of Telecom Egypt Company “an Egyptian joint stock company” as at March 31, 2022 and the related condensed separate statements of income, comprehensive income, changes in equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with Egyptian Accounting Standard number (30) “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed separate interim 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 condensed separate 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 separate interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements do not present fairly, in all material respects, the financial position of the company as at March 31, 2022 and of its financial performance and its cash flows for the three months then ended in accordance with Egyptian Accounting Standard number (30) “Interim Financial Reporting”.

KPMG Hazem Hassan
Public Accountants & Consultants

Cairo, May 30, 2022

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

	Note No.	31/3/2022 L.E. (000)	31/12/2021 L.E. (000)
Assets			
<u>Non Current Assets</u>			
Fixed assets	(11)	42 703 261	42 168 246
Projects in progress	(12)	6 375 915	6 131 150
Investments in subsidiaries and associates	(13)	6 645 125	6 645 125
Financial assets at FV OCI - Equity investment		74 856	74 856
Other assets	(14)	14 299 005	11 996 091
Deferred tax assets	(24-1)	791 436	134 515
Total Non Current Assets		70 889 598	67 149 983
<u>Current Assets</u>			
Inventories	(15)	2 314 793	1 952 384
Trade receivables	(16)	6 811 647	4 761 366
Debtors and other debit balances	(17)	6 088 766	4 916 603
Debit balances with subsidiaries and associates	(28)	874 238	-
Financial assets at amortized cost (treasury bills)		604 304	-
Cash and cash equivalents	(18)	1 794 783	2 315 830
Total Current Assets		18 488 531	13 946 183
Total Assets		89 378 129	81 096 166
<u>Equity</u>			
Capital	(22)	17 070 716	17 070 716
Reserves	(23)	5 359 173	5 011 376
Retained earnings		9 077 687	12 659 510
Total Equity		31 507 576	34 741 602
<u>Non Current Liabilities</u>			
Loans and credit facilities	(19)	13 369 190	10 966 681
Creditors and other credit balances	(20)	5 280 495	4 795 124
Deferred tax liabilities	(24-1)	1 556 790	1 530 964
Total Non Current Liabilities		20 206 475	17 292 769
<u>Current Liabilities</u>			
Loans and credit facilities installments due within one year	(19)	7 081 271	5 295 946
Creditors and other credit balances	(20)	21 956 108	14 872 205
Accrued credit accounts to subsidiaries and associates	(28)	7 587 345	7 854 290
Provisions	(21)	1 039 354	1 039 354
Total Current Liabilities		37 664 078	29 061 795
Total Liabilities		57 870 553	46 354 564
Total Equity and Liabilities		89 378 129	81 096 166

The attached notes on pages (6) to (24) are an integral part of these condensed separate interim financial statements.

Director of financial affairs



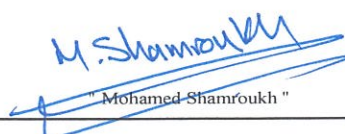
" Ehab Abdo "

Senior Director
of Financial affairs



" Wael Hanafy "

Chief Financial Officer



" Mohamed Shamroukh "

Managing Director
& Chief Executive Officer



" Adel Hamed "

Board of Directors approval

Chairman



"Maged Osman"

Limited Review Report "attached"

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

	Note	<u>For the three months ended :</u>	
		<u>31/3/2022</u>	<u>31/3/2021</u>
			<u>Reclassified</u>
	<u>No.</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Operating revenues	(3)	6 841 727	6 304 020
Operating costs	(4)	(4 804 342)	(4 036 793)
Gross Profit		2 037 385	2 267 227
Other operating income		160 172	366 810
Selling and distribution expenses	(5)	(693 394)	(613 738)
General and administrative expenses	(6)	(748 364)	(703 713)
Other operating expenses		(63 585)	(23 350)
Operating profit		692 214	1 293 236
Finance income	(7)	116 049	353 761
Finance cost	(7)	(269 267)	(442 404)
Net finance cost	(7)	(153 218)	(88 643)
Income from investments in subsidiaries and associates	(8)	286 667	1 021 708
Net profit for the period before tax		825 663	2 226 301
Income tax expense		(374 684)	(356 510)
Deferred tax expense	(24-1)	203 368	(19 919)
Total income tax		(171 316)	(376 429)
Net profit for the period		654 347	1 849 872
Basic and diluted earning per share for the period (L.E. / Share)	(10)	0.38	1.08

The attached notes on pages (6) to (24) 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

	<u>For the three months ended :</u>	
	31/3/2022	31/3/2021
	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Net profit for the period	654 347	1 849 872
<u>Other Comprehensive Income Items:</u>		
Translation differences of foreign currency balances	(1 901 008)	—
Deferred tax on translation differences of foreign currency balances	427 727	—
	<u>(1 473 281)</u>	<u>1 849 872</u>
Transferred to retained earnings during the period	1 473 281	—
Total Comprehensive Income	<u>654 347</u>	<u>1 849 872</u>

The attached notes on pages (6) to (24) 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 Three Months Ended March 31, 2022

	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, 2021 (Before restatement)		17 070 716	2 115 811	-	8 086 547	30 060 624
Impact of applying the new Egyptian Accounting Standards		-	-	-	(328 179)	(328 179)
Balance as of January 1, 2021 (After restatement)		17 070 716	2 115 811	2 787 550	7 758 368	29 732 445
<u>Comprehensive income</u>						
Net profit for the period		-	-	-	1 849 872	1 849 872
Total comprehensive income		-	-	-	1 849 872	1 849 872
<u>Transactions with shareholders</u>						
Transferred to legal reserve		-	108 015	-	(108 015)	-
Dividends for year 2020 (Shareholders)		-	-	-	(1 280 304)	(1 280 304)
Dividends for year 2020 (Employees & Board of Directors)		-	-	-	(666 470)	(666 470)
Total transactions with shareholders		-	108 015	-	(2 054 789)	(1 946 774)
Balance as of March 31, 2021		17 070 716	2 223 826	2 787 550	7 553 451	29 635 543
Balance as of January 1, 2022		17 070 716	2 223 826	2 787 550	12 659 510	34 741 602
<u>Comprehensive income</u>						
Net profit for the period		-	-	-	654 347	654 347
Total comprehensive income		-	-	-	654 347	654 347
Impact of translation differences of foreign currencies balances		-	-	-	(1 473 281)	(1 473 281)
<u>Transactions with shareholders</u>						
Transferred to legal reserve		-	347 797	-	(347 797)	-
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		-	347 797	-	(2 762 889)	(2 415 092)
Balance as of March 31, 2022		17 070 716	2 571 623	2 787 550	9 077 687	31 507 576

The attached notes on pages (6) to (23) 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

		For the three months ended:	
	Note	31/3/2022	31/3/2021
	No.		Reclassified
		L.E.(000)	L.E.(000)
<u>Cash flows from operating activities :</u>			
Cash receipts from customers		4 191 173	4 566 591
Cash receipts from related party		3 286 979	2 207 444
Stamp tax and fees collected (from third party)		56 274	37 626
Deposits collected from customers		11 830	8 523
Cash paid to suppliers		(2 171 679)	(1 955 679)
Payments for NTRA license fees		(217 548)	(244 298)
Cash paid to Board of Directors		(13 165)	(9 378)
Cash paid to employees		(1 419 066)	(1 045 416)
Cash paid on behalf of employees to third party		(246 057)	(220 600)
Cash provided by operating activities		3 478 741	3 344 813
Interest paid		(201 749)	(328 664)
Payments to Tax Authority - value added tax		(223 650)	(207 171)
Payments to Tax Authority - other taxes		(536 386)	(373 383)
Other (payments) / proceeds		(34 116)	702 101
Net cash provided by operating activities		2 482 840	3 137 696
<u>Cash flows from investing activities :</u>			
Payments for purchase of fixed assets , other assets and projects in progress		(3 067 143)	(3 114 200)
Payments for purchase of other assets		(1 719 720)	(2 422 300)
Payments of lease liabilities		(31 188)	(31 322)
payments for purchase of financial assets at amortized cost - treasury bills		(597 889)	-
Interest received		4 399	3 243
Dividends collected from investments		-	809 023
Proceeds from retrieval of financial assets at amortized cost - treasury bills		7 043	-
Net cash used in investing activities		(5 404 498)	(4 755 556)
<u>Cash flows from financing activities :</u>			
Payments of loans		(370 943)	(354 114)
Proceeds from credit facilities		2 771 228	1 298 081
Net cash provided by financing activities		2 400 285	943 967
Net change in cash and cash equivalents during the period		(521 373)	(673 893)
Cash and cash equivalents at the beginning of the period	(18)	2 274 871	1 538 732
Cash and cash equivalents at the end of the period	(18)	1 753 498	864 839

The attached notes on pages (6) to (24) 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 Three Months Ended March 31, 2022

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 registered office of the company is 26 Ramses Street, Cairo, Egypt.
- The nominal shares for the company are traded in the Egyptian Stock Exchange and the London market for securities.

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 dealing on them.
- Providing voice, video and data transmission telecommunication services to subscribers and / or managing and / or leasing to others and / or dealing 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 May 30, 2022

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

2-1 Statement of compliance

- These Condensed Separate Interim Financial Statements as of March 31, 2022 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, 2021.
- The company's management also applied the special accounting treatment to deal with the effects of the liberalization of exchange rates contained in Appendix (B) of the Egyptian Accounting Standard No. (13) amended in 2015 "Effects of Changes in Foreign Currency Exchange Rates", where it was recognized within the cost of some items of assets Fixed on the date of liberating the exchange rate with the currency differences resulting from translating the balance of the existing obligations on the date of the liberation of the exchange rate related to the acquisition of those assets. Also, it has been recognized within the items of other

*Notes to the condensed Separate Interim Financial Statements
For The Three months ended March 31, 2022 (continued)*

Translation from Arabic

comprehensive income for the debit and credit currency differences resulting from the retranslation of the balances of monetary items that exist on March 31 2022 Using the closing price on the same date, less any currency translation differences recognized in the cost of fixed assets. This is because these differences were mainly caused by the decision to move the exchange rate, according to what is detailed in Explanation No. (32).

2-2 Basis of measurement

- These Condensed Separate Interim Financial Statements have been prepared under the historical cost basis, except for certain financial investments which are evaluated at fair value in according to the Egyptian Accounting Standards.
- 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:

- Impairment of financial and non-financial assets.
- Provisions and contingencies.
- Deferred tax assets and liabilities.
- Operational useful life of fixed assets.

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

Notes to the condensed Separate Interim Financial Statements
For The Three months ended March 31, 2022 (continued)

Translation from Arabic

3. OPERATING REVENUES

	For the three months ended:	
	31/3/2022	31/3/2021
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Home and personal communications	1 473 505	1 253 914
Enterprise	518 972	643 427
Domestic wholesale	3 310 754	2 988 514
International carriers	1 034 299	1 049 968
International cables and networks	504 197	368 197
	<u>6 841 727</u>	<u>6 304 020</u>

Total operating revenues have increased by an amount of L.E. 537 707 K due to the increase in domestic wholesale revenues by an amount of L.E 322 240 K due to the increase in access service and infrastructure revenues in addition to the increase in home and personal communications revenues by an amount of L.E 219 591 K due to the increase in revenues resulting from fixed line and rendering mobile phone service and international cables and networks revenues by an amount of L.E 136 000 K, however the decrease in enterprise revenues by an amount of L.E. 124 455 K and international carriers revenues by an amount of L.E. 15 669 K led to the limitation of this increase.

4. OPERATING COSTS

	For the three months ended :	
	31/3/2022	31/3/2021
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Interconnection cost	1 528 171	1 434 060
Depreciation and amortization	1 522 541	1 153 163
Salaries and wages*	572 931	507 170
Company's social insurance contribution*	68 173	58 621
Frequencies and licenses charges (NTRA)	371 030	195 735
Other operating cost*	741 496	688 044
	<u>4 804 342</u>	<u>4 036 793</u>

Operating costs have increased by an amount of L.E. 767 549 K mainly due to the following: -

- The increase of interconnection cost by an amount of L.E. 94 111 K which is mainly due to the increase in cost of national roaming fees and cost of international fees of transit service.
- The increase in the depreciation and amortization item by an amount of L.E 369 378 K due to the additions of the last year after the three months and the current period.
- The increase in frequencies and licenses charges (NTRA) item by an amount of L.E 175 295 K.
- The increase in the other operating cost by an amount of L.E. 53 452 K which is mainly due to the increase in IRU right of use item by an amount of L.E. 25 392 K however the decrease in cost of spare parts by an amount of L.E. 29 134 K led to the limitation of this increase.

*Reclassification was made to comparative figures as shown in Note no (30-1).

Notes to the condensed Separate Interim Financial Statements
For The Three months ended March 31, 2022 (continued)

Translation from Arabic

5. SELLING AND DISTRIBUTION EXPENSES

	For the three months ended	
	31/3/2022	31/3/2021
	L.E. (000)	Reclassified L.E. (000)
Salaries and wages*	292 604	233 485
Company's social insurance contribution*	33 524	28 702
Advertising and marketing	107 988	94 527
Organizations services costs	104 579	118 462
Agents' commissions and collection organizations	108 859	87 635
Depreciation & Amortization	8 722	8 265
Other selling and distribution expenses*	37 118	42 662
	693 394	613 738

The increase in selling and distribution expenses by an amount of L.E 79 656 K mainly due to the increase in salaries and wages item by an amount of L.E 59 119 K and the increase in Agents' commissions and collection organizations item by an amount of L.E 21 224 K.

*Reclassification was made to comparative figures as shown in Note no (30-1).

6. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	For the three months ended :	
		31/3/2022	31/3/2021
		L.E. (000)	Reclassified L.E. (000)
Salaries and wages*		448 805	449 428
Company's social insurance contribution*		45 651	39 849
The company's contribution in loyalty and belonging fund	(9-2)	50 000	50 000
Depreciation & Amortization		14 580	8 180
Tax and duties		35 118	37 409
Organizations services costs and consultants		102 895	75 294
Other general and administrative expenses*		51 315	43 553
		748 364	703 713

The increase in general and administrative expenses by an amount of L.E 44 651 K mainly due to the increase organizations services cost and consultants item by an amount of L.E. 27 601 K.

*Reclassification was made to comparative figures as shown in Note no (30-1).

7. NET FINANCE COST

The increase in net finance cost by an amount of L.E 64 575 K during the period is mainly due to the decrease in translation profits of foreign currencies balances and transactions by an amount of L.E 308 610, however the decrease the debit interest by an amount of L.E. 82 610 K and impairment expense on financial assets by an amount of L.E. 86 836 K led to the limitation of this increase.

8. INCOME FROM INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

For the three months ended :

	31/3/2022	31/3/2021
	L.E. (000)	L.E. (000)
Vodafone Egypt Telecommunications Company	-	898 915
WE-Data	218 500	50 000
Middle East Radio Communication (Merc)	2 729	5 372
The Egyptian Telecommunication Company for information system (Xceed)	62 500	62 500
Centra for Technology (Centra)	2 938	4 921
	<u>286 667</u>	<u>1 021 708</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' basic salary in January 1, 2018 increasing annually at a compound rate of 5%. The subscription for employees hired after January 1, 2018 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.

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 50 000 K for the period ended in March 31, 2022 (against an amount of L.E. 50 000 K for the same period of 2021).

10. BASIC AND DILUTED EARNING PER SHARE.

For the three months ended :

	31/3/2022	31/3/2021
Net profit for the period (LE in thousand)	654 347	1 849 872
Number of shares available during the period (share)	1707 071 600	1707 071 600
Basic and diluted earnings per share for the period (LE / share)	<u>0.38</u>	<u>1.08</u>

*Notes to the condensed Separate Interim Financial Statements
For The Three months ended March 31, 2022 (continued)*

Translation from Arabic

11. FIXED ASSETS

Description	31/3/2022 Cost <u>L.E.(000)</u>	31/3/2021 Cost <u>L.E.(000)</u>	31/3/2022 Accumulated depreciation <u>L.E.(000)</u>	31/3/2021 Accumulated depreciation <u>L.E.(000)</u>	31/3/2022 Net <u>L.E.(000)</u>	31/3/2021 Net <u>L.E.(000)</u>	31/12/2021 Net <u>L.E.(000)</u>
Land	2 386 374	2 353 742	-	-	2 386 374	2 353 742	2 386 374
Buildings & Infrastructure	42 281 149	38 661 678	18 846 166	17 357 206	23 434 983	21 304 472	23 182 063
Centrals & information technologies equipment	33 708 948	35 835 789	17 206 154	22 551 719	16 502 794	13 284 070	16 203 723
Vehicles	245 934	241 888	106 202	105 331	139 732	136 557	144 562
Furniture	502 911	448 563	345 513	316 687	157 398	131 876	164 995
Tools & supplies	238 060	218 260	156 080	122 606	81 980	95 654	86 529
Total	<u>79 363 376</u>	<u>77 759 920</u>	<u>36 660 115</u>	<u>40 453 549</u>	<u>42 703 261</u>	<u>37 306 371</u>	<u>42 168 246</u>

- The increase in net carrying value of fixed assets mainly due to the additions during the period by an amount of L.E.1 754 033 K, however the depreciation of the period by an amount of L.E. 1 218 344 K led to limitation of this increase.
- The cost of fixed assets as of March 31, 2022 includes an amount of L.E. 14 033 Million fully depreciated fixed assets and still in use.
- The fixed assets includes an amount of L.E 641 901 K, 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. (32).

12. PROJECTS IN PROGRESS

	31/3/2022	31/12/2021
	<u>LE (000)</u>	<u>LE (000)</u>
Land	199 148	199 148
Buildings and Infrastructure	1 008 132	1 130 331
Tools and supplies	4 161	4 590
Centrals and information technology equipment	2 017 718	2 383 093
Other Assets	916 820	641 274
Advanced payments - fixed assets	2 229 936	1 772 714
	<u>6 375 915</u>	<u>6 131 150</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 March 31, 2022.

- The balance of projects in progress includes an amount of L.E 147 367 K, 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. (32).

13. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

	31/3/2022		31/12/2021	
	<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
- Egyptian telecommunication integrated services company	98.00	246	98.00	246
- 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>6 653 019</u>		<u>6 653 019</u>
Less:				
Impairment loss on investments of subsidiaries and associates*		7 894		7 894
		<u>6 645 125</u>		<u>6 645 125</u>

*Impairment loss on investments of subsidiaries and associates is formed for, Telecom Egypt France, Egypt Trust, Wataneya for Telecommunications.

14. OTHER ASSETS

	31/3/2022 <u>L.E. (000)</u>	31/12/2021 <u>L.E. (000)</u>
<u>Cost</u>		
Fourth generation network license	13 699 149	11 084 380
Usefract (Projects)	312 004	315 536
Lease (right of use)	969 372	949 763
Submarine cables (right of way)	2 060 971	2 061 810
Right of way (National)	540 308	540 308
Land (possession-usufruct)	440 684	440 684
Licenses and programs	104 551	104 551
	<u>18 127 039</u>	<u>15 497 032</u>
<u>Less:</u>		
Accumulated amortization	3 828 034	3 500 941
Net carrying amount	<u>14 299 005</u>	<u>11 996 091</u>

- The increase in net carrying value of other assets mainly due to the increase in fourth generation network licenses item by an amount of L.E 2 400 350 K.
- Other assets cost includes at March 31, 2022 an amount of L.E 315 Million, other assets fully amortized and still in use in operating.
- The other assets includes an amount of L.E 214 419 K, 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. (32).

15. INVENTORIES

	31/3/2022 <u>L.E. (000)</u>	31/12/2021 <u>L.E. (000)</u>
Spare parts	777 084	726 508
Material supplies	1081 205	810 738
Merchandise for sale	85 628	53 420
Others	16 498	20 235
	<u>1 960 415</u>	<u>1 610 901</u>
<u>Add:</u>		
Letters of credit	354 378	341 483
	<u>2 314 793</u>	<u>1 952 384</u>

The value of inventories was written down by an amount of L.E. 166 692 K (against L.E. 113 095 K as at December 31, 2021) for obsolete and slow-moving items directly from the cost of each type of related inventory.

16. TRADE RECEIVABLES

	31/3/2022	31/12/2021
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Trade Receivables - National	5 255 129	3 780 592
Trade Receivables - International	3 237 050	2 924 903
	<u>8 492 179</u>	<u>6 705 495</u>
Less:		
Impairment loss on trade receivables	1 925 083	1 944 129
Add:		
Notes receivable	244 551	-
	<u>6 811 647</u>	<u>4 761 366</u>

Trade receivables balance has increased by an amount of L.E 2 050 281 K mainly due to the increase in trade receivables – domestic wholesale by an amount of L.E 1 388 629 K , trade receivables-enterprise by an amount of L.E 243 242 K , trade receivables – international cables and networks by an amount of L.E. 199 910K and trade receivables - international carriers by an amount of L.E 112 237 K.

17. DEBTORS AND OTHER DEBIT BALANCES

	31/3/2022	31/12/2021
	<u>LE (000)</u>	<u>LE (000)</u>
Suppliers – debit balances	824 299	556 978
Deposites with others	301 634	305 890
Accrued revenues	265 527	4 932
Tax Authority - value added tax	735 656	865 464
Tax Authority - withholding tax	1 440 114	1 310 159
Tax authority - income tax	39 454	39 452
Due from ministries, organizations and companies	1 519 913	432 307
Temporary debts due from employees	185 372	693 720
Other debit balances	873 784	807 380
	<u>6 185 753</u>	<u>5 016 282</u>
Less:		
Impairment loss on debtors and other debit balances	96 987	99 679
	<u>6 088 766</u>	<u>4 916 603</u>

Debtors and other debit net balances have increased by an amount of L.E. 1 172 163 K mainly due to the increase in due from ministries, organizations and companies item by an amount of L.E. 1 087 606 K , suppliers – debit balances item by an amount of L.E. 267 321 K and accrued revenue item by an amount of L.E. 260 595 K, however the decrease in temporary debts due from employees item by an amount of L.E 508 348 K as a result of the employees dividends for 2021 and Tax authority (value added tax) item by an amount of L.E. 129 808 K led to the limitation of this increase.

Notes to the condensed Separate Interim Financial Statements
For The Three months ended March 31, 2022 (continued)

Translation from Arabic

18. CASH AND CASH EQUIVALENTS

	Note	31/3/2022	31/12/2021	31/3/2021
	No.	L.E. (000)	L.E. (000)	L.E. (000)
Banks - time deposits (less than 3 months)		404 758	552 223	208 429
Banks - current accounts		1 134 929	914 722	698 911
Cash on hand		6 537	2 243	7 094
Treasury bills (less than 3 months)		248 559	846 642	-
Cash and cash equivalents		1 794 783	2 315 830	914 434
Less:				
Restricted time deposits and current accounts at banks	(26)	41 285	40 959	49 595
Cash and cash equivalents as per cash flows statement		1 753 498	2 274 871	864 839

19. LOANS AND CREDIT FACILITIES

The increase in the balance of loans and credit facilities by an amount of L.E 4 187 834 K mainly resulting from proceeds within the period of loans and credit facilities with local and foreign currencies amounted to L.E. 2 771 228 K, where loans and credit facilities with local and foreign currencies in March, 31 2022 amounted to L.E. 20 450 361 K (against LE 16 262 627 K at December, 31 2021) due within a year by an amount of L.E. 7 081 171 K.

20. CREDITORS AND OTHER CREDIT BALANCES

	Note	31/3/2022	31/12/2021
	No.	L.E. (000)	L.E. (000)
Suppliers		1 185 427	1 084 853
Tax Authority (income tax)		893 098	547 293
Tax Authority (taxes other than income tax)		1 376 159	754 549
Deposits from others		572 829	559 732
Liabilities of early retirement scheme	(9-1)	13 574	24 385
Assets creditors		11 601 428	11 061 305
Lease obligations***		754 556	746 524
Dividends creditors		1 707 842	770
Accrued interest		73 790	63 632
Accrued expenses		855 616	1 114 721
Public Authority for Social Insurance		76 547	56 392
Trade receivables - credit balances		2 359 715	1 580 585
Credit balances- organizations and companies		205 392	277 034
Deferred revenue		3 506 565	495 685
National Telecommunication Regulatory Authority (NTRA)		1 019 124	707 981
Other credit balances		1 034 941	591 888
		27 236 603	19 667 329
balances due within more than one year:			
Assets creditors		4 638 510	4 139 703
Lease obligations		616 626	630 062
Deffered revenue		25 359	25 359
Non current creditors and other credit balances		5 280 495	4 795 124
Current creditors and other credit balances		21 956 108	14 872 205
Total creditors and other credit balances		27 236 603	19 667 329

*Notes to the condensed Separate Interim Financial Statements
For The Three months ended March 31, 2022 (continued)*

Translation from Arabic

Creditors and other credit balances have increased by an amount of L.E. 7 569 274 K mainly due to the increase in deferred revenue item by an amount of L.E 3 010 880 K, dividends creditors item by an amount of L.E. 1 707 072 K, tax authority item (income tax) by an amount of L.E 797 994 K, trade receivables – credit balances item by an amount of L.E. 779 130 K, tax authority item (taxes other than income tax) by an amount of L.E 621 610 K and assets creditors item by an amount of L.E 540 123 K.

*****Lease Liabilities**

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

	31/3/2022	31/12/2021
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Beginning balance of Present value for lease liabilities	969 372	812 134
Payments	(483 168)	(141 145)
Lease liabilities interest	268 352	75 535
Lease liabilities	<u>754 556</u>	<u>746 524</u>

Less:

Current Liabilities	<u>137 930</u>	<u>116 462</u>
Non Current Liabilities	<u>616 626</u>	<u>630 062</u>

21. PROVISIONS

	31/3/2022	31/12/2021
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Balance at the beginning of the period / year	1 039 354	852 201
Reclassification during the period/year	–	229 343
Used during the period / year	–	(361)
Reversal of provisions	–	(41 829)
Balance at the end of the period / year	<u>1 039 354</u>	<u>1 039 354</u>

22. 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 80% after floating 20% of company's shares in public offering during December 2005.

23. RESERVES

	31/3/2022	31/12/2021
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Legal reserve	2 571 623	2 223 826
Other reserves	2 787 550	2 787 550
	<u>5 359 173</u>	<u>5 011 376</u>

*The balance of legal reserve has increased as a result of retaining an amount of L.E. 347 797 K from the profit of 2021 in accordance with the company's articles of association.

24. DEFERRED TAX

24-1 Recognized deferred tax assets and liabilities

	31/3/2022		31/12/2021	
	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)	791 436	(1 556 790)	134 515	(1 530 964)
Net deferred tax liability	-	(765 354)	-	(1 396 449)
Deferred tax charged to the statement of income for the period / year		203 368		(247 972)
Deferred tax charged to the statement of comprehensive income for the period / year		427 727		-

24-2 Unrecognized deferred tax assets

	31/3/2022	31/12/2021
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Unrecognized deferred tax assets	<u>410 662</u>	<u>410 662</u>

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

25. CAPITAL COMMITMENTS

The company's capital commitments for the unexecuted parts of contracts until March 31, 2022 amounted to L.E. 255 Million (against L.E.2 648 Million at the year ended December 31, 2021).

26. 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 March 31, 2022:

	31/3/2022	31/12/2021
	<u>LE (000)</u>	<u>LE (000)</u>
- Letters of guarantee issued by banks on behalf of the company	2 523 011	2 357 470
- Letters of credit	1 942 006	876 808

27.TAX POSITION

27-1 Corporate tax

- Tax inspection was performed for the years till December 31, 2015 and all due taxes were settled.
- Tax inspection for the years 2016 and 2017 is in process.
- Tax return was submitted according to the income tax law and all taxes were paid during the legal dates.

27- 2 Value Added Tax \ Sales Tax

- Tax inspection for the years 2010 untill 2015 was performed and the tax differences were settled and the company didn't pay the additional tax, lawsuit was raised regarding it and the company provide request to override it according to law No. 173 for year 2020.
- Tax inspection for the years 2016 and 2017 is in process.
- Tax returns were submitted according to the value added tax law and the accrued taxes were paid.

27- 3 Salary Tax

- Tax inspection was performed for the years till December 31 ,2014 and the Company was notified with tax differences and all due taxes were settled, the company disputed for one item and has been transferred to the Internal Committee.
- Tax inspection for the years 2015 and 2016 is in process.
- The tax declaration are submitted in accordance with the law No. 206 of 2020.

27- 4 Stamp Tax

- Tax inspection for the period from March 27, 1998 to December 31, 2000 was performed for certain sectors and the company was notified with assessment basis, the company objected and appealed on the disputed items on the due dates and the provisions were formed to meet any tax liabilities that may arise.
- 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, 2018 was performed and the tax differences were settled.

27- 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.
Provisions were formed to meet any tax liabilities that may arise from the tax inspection

Notes to the Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2022 (continued)

28. **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 year and the balances shown in the separate interim financial statements date:

Transactions with subsidiaries & associates

		Amount of transactions during the year stated in the income statement L.E. 000	Movement during the year Debit L.E. 000	Credit L.E. 000	Balance as of 31/3/2022 Debit/(Credit) L.E. 000	Balance as of 31/12/2021 Debit/(Credit) L.E. 000
Debit balances due from subsidiaries and associates						
- Egyptian Telecommunication Company for Information Systems	Lease of subsidiary company premises, electricity claims, maintenance and leased circuits and selling fixed assets	147 291	34 338	217 072	(703 831)	(521 097)
- Egyptian Telecommunication Company for Information Systems	Services rendered from subsidiary company	13 918	443 518	22 074	726 383	304 939
			477 856	239 146	22 552	(216 158)
- Vodafone Egypt Telecommunications Company	Outgoing calls and voice services for associate company	309 190				
- Vodafone Egypt Telecommunications Company	Incoming international calls, claims, transmissions, lease of locations and towers for the associate company	1 643 622	5 143 102	3 243 966	851 686	(1 047 450)
			5 620 958	3 483 112	874 238	(1 263 608)
Credit balances due to subsidiaries and associates						
- WE Data	Participation contract and Purchasing of fixed assets and services rendered from subsidiaries company	-	4 615 908	4 446 505	(5 697 818)	(5 867 221)
- WE Data	Leased circuits and information transfer network rendered	2 036 500	3 482 269	4 534 719	(884 793)	167 657
			8 098 177	8 981 224	(6 582 611)	(5 699 564)
- TE Data Jordan	Participation contract	15 089	3 398	4 115	(1 357)	(640)
		2 650				
- Egyptian International Submarine Cables Company (EISCC)	Leased sites for subsidiary company	5	5	-	5	-
- Egyptian International Submarine Cables Company (EISCC)	Purchasing of intangible assets from subsidiaries company	-	-	-	(2 768)	(2 768)
- Egyptian International Submarine Cables Company (EISCC)	Selling of intangible assets to subsidiaries company	-	-	-	1	1
			5		(2 762)	(2 767)
- Centra for Technologies	Maintenance & supplying devices	68 189	111 939	104 983	(98 209)	(105 165)
- Centra for Electronic Industries	Maintenance & supplying devices	542	627	618	(1 964)	(1 973)
- Middle East Radio Communication (MERC)	Leased of information circuits	798	910	910	-	-
- T E investment Holding	Rendered services from subsidiary company	42 651	100 376	85 973	(10 417)	(24 820)
- T E investment Holding	Leased sites for subsidiary company	5	5	-	-	(5)
			100 381	85 973	(10 417)	(24 825)
- TE France	Participation contract	7 067	6 855	19 883	(93 074)	(80 046)
- TE Globe	Participation contract	-	645	64	(1 070)	(1 651)
- Mena Cable	Maintenance - Rendered services from subsidiary company	2 074	955	50 568	(104 034)	(54 421)
- Mena Cable	Paid of expenses on behalf of parent company	508		1 959	(12 289)	(10 330)
- Mena Cable	Paid of expenses on behalf of parent company	-		71 164	(97 708)	(26 544)
- Mena Cable	Prepayment	-		819	(634)	185
- Mena Cable	IRU Equipment upgrade - Rendered services from subsidiary company	803	1 725		6 485	4 760
- Mena Cable	Maintenance - Rendered services to subsidiary company	-	-		(587 701)	(587 701)
			2 680	124 510	(795 881)	(674 051)
			8 325 617	9 322 280	(7 587 345)	(7 854 290)

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

29 -CLAIMS AND LITIGATIONS:**The Existing Remedy lawsuit between Telecom Egypt "TE", Etisalat Misr Company & its subsidiaries: the EGY Net and Nile on Line)**

The aforementioned telecom operators " companies" (Etisalat's Misr and its subsidiaries) filed a lawsuit "in the Economic Court" against Telecom Egypt on January 18, 2019 , based on the decision of the Egyptian Competition Protection Authority "ECA" on March 8, 2016, where the claiming companies had filed a complaint with the ECA against TE on the basis that the TE's has carried out practices that restrict competition in the Egyptian market, and the ECA decision to prove the violation of Telecom Egypt.

where the claiming companies (Etisalat misr and other subsidiary) claim that Telecom Egypt implemented the process of replacing and installing the modern fiber-optic cable "MSAN" network suddenly replaces and swapped the copper cables infrastructure without prior notification or coordination, which entailed cutting off the service for the clients of the claiming operators , and at the May 28, 2019 case session, the court decided to reserve the lawsuit for the judgment for the 25th of June 2019 session, so that the court issued a preliminary ruling delegating a tripartite experts committee. Which has been finalized and submitted its report officially to the court on the second half of January 2021, and still now the lawsuit is before the Economic Court in Cairo, On June 1, 2022 the session is being determined to consider before another experts committee

The TE's legal advisor believes that based on the legal position in the previous lawsuit referred to, that there are explicit appeals procedures against the report of the tripartite committee where measurements and procedures are under way for a legal response on the report as to submit it to the court and request to return the file again to the experts to reconsider the report's result .

30. Comparative figures

- Reclassification was made to some of the comparative figures of the condensed separate interim financial statement of income and the condensed separate interim financial statement of cash flow to conform to the current presentation of the condensed separate interim financial statements.
- The following is the effect of reclassification on the condensed separate interim financial statements:

30-1 Effect on Separate statement of income

	For the financial period ended		For the financial period ended	
	31/3/2021		31/3/2021	
	<u>as previously reported</u>	<u>Reclassification</u>	<u>Reclassified</u>	
	<u>debit / (credit)</u>	<u>debit / (credit)</u>	<u>debit / (credit)</u>	
	<u>LE(000)</u>		<u>LE(000)</u>	
Operating Costs	(4 090 057)	53 264	(4 036 793)	
Selling and distribution expenses	(598 450)	(15 288)	(613 738)	
General and administrative expenses	(665 737)	(37 976)	(703 713)	

30-2 Effect on condensed Separate Statement of Cash Flow

	For the period ended		For the period ended
	31/3/2021		31/3/2021
	<u>as previously reported</u>	<u>Reclassification</u>	<u>Reclassified</u>
	<u>LE(000)</u>	<u>LE(000)</u>	<u>LE(000)</u>
Payments for purchase of other assets	(2 453 622)	31 322	(2 422 300)
Payments of lease liabilities	-	(31 322)	(31 322)

31- SIGNIFICANT EVENTS**31-1 The effect of corona virus**

Most of countries in the world included Egypt during the first quarter of 2020, have been exposed to the outbreak of Coronavirus (Covid-19) and the company had taken considerations performing the precautionary measures to protect its employees and customers from the risk of spreading the virus.

The Company's executive management assigned an overall plan and precautionary measures for dealing with the pandemic.

Firstly: Actions taken by the company to Employees

Reduction in presence of the company workforce at this time by following the work from home policy, to do that the fixed internet package was increased to a doubling load capacity In addition, to increase the mobile internet package. Furthermore sending a periodical messages for employees to motivate them on following the precautionary measures. And application of the country guidelines regarding the women, special needs and chronic diseases, and provide the functions of prevention especially the employees that interact directly with the clients.

Secondly: Actions taken by the company to Customers

The company has been taking the customers safety in consideration during this exceptional circumstances, with the availability for all electronic means of payments through Telecom Egypt website or the digital wallet (WE Pay).

Third: Actions taken by the company to the Egyptian general public in light of the social responsibility

The company adopted multiple initiatives, as the medical, social and symbiotic, which aim to help and aware the Egyptian general public with the main risks.

Hereunder the main risks that defined by crisis management team and approved by the company:**1- The risks of collection, deposit and credit liquidity**

- The company is studying the impairment of customer balances according to the requirements of the Egyptian Accounting Standards.
- The company has a strong and balanced financial position supported by the company's cash sales and collections from the market, and the company has a distinct credit rating with Egyptian and international banks.

2- A decrease in indicators of the company's non-financial assets and investments

Telecom Egypt analyze changes in the value of non-financial assets and clarify those changes in accordance with the requirements of the Egyptian accounting standards and financial reporting of losses in the value of those assets, as that decrease would have a considerable impact on the financial indicators. However the management at their own discretion, considers that there is no decrease to be proven written.

3- Selling and distribution risks

Telecom Egypt Group achieved growth in the period revenue compared to the comparative period to reflect the absence of the negative impact of Coronavirus on the company's revenue, and the company's sales plans have been reviewed and updated to be suitable for the current events.

Under the procedures established by the company and the suffered risks and the current situation in the country, the company ensures carrying on providing and stability of the service for the customers by expansion of the infrastructure and attract new clients in light of increasingly widespread use of the telecommunication services and the reliability on it.

It is evident from the above, that until now there is no negative impact on the Telecom Egypt's condensed separate interim financial statements, for the financial Three months ended March 31, 2022 as well as during the subsequent periods of that date.

31-2 The effect of the exchange rate liberalization

The Central Bank decided in its session held on March 21, 2022, to drop the exchange rate of egptian pound to give flexibility to banks operating in Egypt to price the purchase and sale of foreign exchange within legitimate channels, and the indicative exchange rates announced by the Central Bank of the most important foreign currencies that the company deals with at the beginning of that day as follows:

	<u>SELL</u>	<u>BUY</u>
USD	18.2683	18.1708
EURO	20.168	20.0570

Accordingly, the balances of assets and liabilities of monetary nature in foreign currencies have been evaluated in the financial statements for the financial period ending on March 31, 2022, and also, the company's business results may be materially affected in subsequent periods as a result.

In conjunction with the liberalization of the exchange rate, the Central Bank also raised the overnight deposit and lending rates by 100 basis points, to reach 9.25% and 10.25 percent, respectively. Which may affect the company's finance income and costs.

32- SUBSEQUENT EVENTS

On April 27, 2022, Prime Minister Decree No. 1568 of 2022 was issued to amend some provisions of the Egyptian Accounting Standards, which is the issuance of Appendix B of the Egyptian Accounting Standard No. (13) amended in 2015 "Effects of Changes in Foreign Exchange Rates", which deals with the treatment Special accounting treatment to deal with the effects of the liberalization of foreign exchange rates (Note xx). This optional special accounting treatment issued in this appendix is not considered an amendment to the amended Egyptian accounting standards currently in effect, beyond the time period for the validity of this annex, and these treatments are as follows:

1. An entity that from the beginning of January 2020 until the date of moving the exchange rate has acquired fixed assets and/or real estate investments and/or exploration and evaluation assets and/or intangible assets (other than goodwill) financed by foreign currency liabilities, to recognize within The cost of those assets in the currency differences resulting from retranslation of the outstanding liability balance relating to them at the date of the exchange rate movement using the exchange rate at the date of the exchange rate movement. An entity can apply this option to each asset separately.
2. As an exception from the requirements of Paragraph No. "28" of the amended Egyptian Accounting Standard No. (13) "Effects of Changes in Foreign Exchange Rates" for the recognition of currency differences, an entity whose business results have been affected by a net currency difference gain or loss as a result of moving the currency exchange rate can recognize within items of other comprehensive income the debit and credit currency differences resulting from the retranslation of the balances of monetary items existing on March 31, 2022 using the closing price on the same date, minus any currency translation differences that were recognized within the cost of assets in accordance with the previous paragraph. . This is because these differences resulted mainly from the decision to move the exchange rate.

The application of those treatments has affected the Separate financial statements for the current period as follows:

	Before applying the accounting transaction	The impact of applying the accounting transaction	After applying the accounting transaction
<u>Item</u>	Debit / (credit)	Debit / (credit)	Debit / (credit)
	<u>L.E(000)</u>	<u>L.E(000)</u>	<u>L.E(000)</u>
	<u>31/3/2022</u>		<u>31/3/2022</u>
<u>1-Statement of financial position</u>			
Fixed assets	42 061 360	641 901	42 703 261
Project in progress	6 228 548	147 367	6 375 915
Other assets	14 084 586	214 419	14 299 005
Deferred tax assets	146 573	644 863	791 436
Retained earnings	(10 550 968)	1 473 281	(9 077 687)
<u>2- Statement of income</u>			
Finance cost	(3 173 962)	2 904 695	(269 267)
Depreciation and amortization			
<u>3-Statement of comprehensive income</u>			
Translation differences of foreign currency balances	-	1 901 008	1 901 008
Deferred tax on translation differences of foreign currency balances	-	(427 727)	(427 727)

33- SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of the condensed separate financial statements as of March 31, 2022 is the same as the accounting policies applied in the preparation of the annual separate financial statements as of December 31, 2021, these accounting policies have been applied consistently to all periods presented in these condensed separate interim financial statements as of March, 31 2022 .