

**Telecom Egypt Company**  
**(An Egyptian Joint Stock Company)**  
**Condensed Consolidated Interim Financial Statements**  
**For The Six Months Ended June 30, 2022**  
**And Limited Review Report**

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**For The Six Months Ended June 30, 2022**  
**And Limited Review Report**

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*Translation from Arabic*

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

#### ***Introduction***

We have performed a limited review on the accompanying condensed consolidated statement of financial position of Telecom Egypt Company “an Egyptian joint stock company” as at June 30, 2022 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six 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 consolidated interim financial statements in accordance with Egyptian Accounting Standard number (30) “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our limited review.

#### ***Scope of Limited Review***

Except for the matter described in the basis for qualified conclusion, 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" limited review of condensed consolidated 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 consolidated interim financial statements.

#### ***Basis for Qualified Conclusion***

As explained in note no. (13) of the notes in the condensed interim consolidated financial statements, the company has Investments in Vodafone Egypt (associate company) which is accounted for by using the equity method in the condensed consolidated interim financial statement, and the company's share in the equity of the associate company was determined as of June 30, 2022, based on financial information prepared by the management of the associate company there was no report issued by the associate company's external auditor.



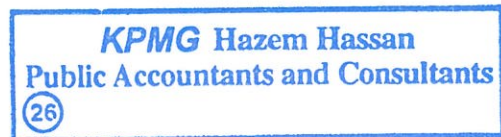
Hazem Hassan

***Qualified Conclusion***

Based on our limited review, except for the possible effect of the matter described in the basis for the qualified conclusion section of our limited review report, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the company as at June 30, 2022 and of its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with Egyptian Accounting Standard number (30) "Interim Financial Reporting".

**KPMG Hazem Hassan**  
**Public Accountants & Consultants**

Cairo, August 10, 2022



**Telecom Egypt Company**  
**(An Egyptian Joint Stock Company)**  
**Condensed Consolidated Statement of Financial Position as of:**

|  | Note<br>No. | 30/6/2022<br>L.E. (000) | 31/12/2021<br>Reclassified<br>L.E. (000) |
|--|-------------|-------------------------|--|
| <b>Assets</b>  |             |                         |  |
| <b><u>Non Current Assets</u></b>                             |             |                         |  |
| Fixed assets   | (11)        | 44 414 050              | 43 464 643                               |
| Projects in progress   | (12)        | 7 244 116               | 6 219 062                                |
| Investments in associates                                    | (13)        | 10 534 103              | 10 936 209                               |
| Financial assets at FV OCI - Equity investment               |             | 74 856                  | 74 856                                   |
| Debtors and other debit balances                             | (17)        | 54 625                  | 48 203                                   |
| Other assets   | (14)        | 14 419 754              | 12 481 086                               |
| <b>Total Non Current Assets</b>                              |             | <b>76 741 504</b>       | <b>73 224 059</b>                        |
| <b><u>Current Assets</u></b>                                 |             |                         |  |
| Inventories  | (15)        | 2 742 675               | 2 341 976                                |
| Trade and notes receivable                                   | (16)        | 7 455 913               | 6 036 842                                |
| Debtors and other debit balances                             | (17)        | 6 803 753               | 5 663 214                                |
| Cash and cash equivalents                                    | (18)        | 2 383 124               | 2 983 337                                |
| <b>Total Current Assets</b>                                  |             | <b>19 385 465</b>       | <b>17 025 369</b>                        |
| <b>Total Assets</b>  |             | <b>96 126 969</b>       | <b>90 249 428</b>                        |
| <b><u>Equity</u></b>   |             |                         |  |
| Capital  | (22)        | 17 070 716              | 17 070 716                               |
| Reserves   | (23)        | 5 487 968               | 5 138 897                                |
| Retained earnings  |             | 21 274 125              | 22 147 270                               |
| Foreign entities translation reserve                         |             | 108 597                 | ( 40 563)                                |
| <b>Equity attributable to shareholders of the company</b>    |             | <b>43 941 406</b>       | <b>44 316 320</b>                        |
| <b>Non - controlling interest</b>                            |             | <b>11 193</b>           | <b>13 240</b>                            |
| <b>Total Equity</b>  |             | <b>43 952 599</b>       | <b>44 329 560</b>                        |
| <b><u>Non Current Liabilities</u></b>                        |             |                         |  |
| Loans and credit facilities                                  | (19)        | 13 101 701              | 10 987 784                               |
| Creditors and other credit balances                          | (20)        | 6 206 869               | 5 223 074                                |
| Deferred tax liabilities                                     | (24-1)      | 2 471 526               | 2 993 659                                |
| <b>Total Non Current Liabilities</b>                         |             | <b>21 780 096</b>       | <b>19 204 517</b>                        |
| <b><u>Current Liabilities</u></b>                            |             |                         |  |
| Loans and credit facilities installments due within one year | (19)        | 6 220 006               | 5 333 249                                |
| Creditors and other credit balances                          | (20)        | 21 717 883              | 17 696 403                               |
| Credit accounts to associates                                | (28)        | 173 918                 | 1 047 466                                |
| Accrued income tax   |             | 1 039 417               | 1 239 015                                |
| Provisions   | (21)        | 1 243 050               | 1 399 218                                |
| <b>Total Current Liabilities</b>                             |             | <b>30 394 274</b>       | <b>26 715 351</b>                        |
| <b>Total Liabilities</b>                                     |             | <b>52 174 370</b>       | <b>45 919 868</b>                        |
| <b>Total Equity and Liabilities</b>                          |             | <b>96 126 969</b>       | <b>90 249 428</b>                        |

The accompanying notes on pages (6) to (25) are an integral part of these Condensed Consolidated 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 Consolidated Statement of Income**

|  |            | <u>For the six months ended</u> |                     | <u>For the three months ended</u> |                     |
|--|------------|---------------------------------|---------------------|-----------------------------------|---------------------|
|  | Note       | 30/6/2022                       | 30/6/2021           | 30/6/2022                         | 30/6/2021           |
|  | <u>No.</u> |                                 | <u>Reclassified</u> |                                   | <u>Reclassified</u> |
|  |            | <u>L.E.(000)</u>                | <u>L.E.(000)</u>    | <u>L.E.(000)</u>                  | <u>L.E.(000)</u>    |
| Operating revenues   | (3)        | 20 401 407                      | 17 372 981          | 10 984 254                        | 8 973 900           |
| Operating costs  | (4)        | (12 086 808)                    | (10 108 879)        | (6 296 677)                       | (5 223 015)         |
| <b>Gross Profit</b>  |            | <b>8 314 599</b>                | <b>7 264 102</b>    | <b>4 687 577</b>                  | <b>3 750 885</b>    |
| Other income   |            | 310 306                         | 414 703             | 170 099                           | 90 650              |
| Selling and distribution expenses  | (5)        | (1 843 448)                     | (1 585 820)         | ( 948 255)                        | ( 826 360)          |
| General and administrative expenses                                      | (6)        | (1 908 341)                     | (1 713 083)         | (1 010 213)                       | ( 891 709)          |
| (Provision) Reversal of expected credit loss provision                   |            | 44 401                          | ( 113 692)          | 113 950                           | ( 6 946)            |
| Other expenses   |            | ( 68 796)                       | ( 55 082)           | 40 508                            | ( 30 086)           |
| <b>Operating profit</b>  |            | <b>4 848 721</b>                | <b>4 211 128</b>    | <b>3 053 666</b>                  | <b>2 086 434</b>    |
| Finance income   |            | 95 948                          | 380 941             | 31 874                            | 13 860              |
| Finance cost   |            | ( 899 456)                      | ( 712 073)          | ( 595 962)                        | ( 353 641)          |
| <b>Net finance cost</b>  | (7)        | <b>( 803 508)</b>               | <b>( 331 132)</b>   | <b>( 564 088)</b>                 | <b>( 339 781)</b>   |
| Share of profit of equity accounted investees                            | (8)        | 1 044 249                       | 1 565 539           | 727 034                           | 613 343             |
| <b>Net profit for the period before income tax</b>                       |            | <b>5 089 462</b>                | <b>5 445 535</b>    | <b>3 216 612</b>                  | <b>2 359 996</b>    |
| Income tax expense   |            | (1 409 025)                     | (1 442 139)         | ( 709 836)                        | ( 858 559)          |
| Deferred tax expense   | (24-1)     | 102 562                         | ( 130 447)          | ( 90 805)                         | 246 175             |
| <b>Total income tax</b>  |            | <b>(1 306 463)</b>              | <b>(1 572 586)</b>  | <b>( 800 641)</b>                 | <b>( 612 384)</b>   |
| <b>Net profit for the period after income tax</b>                        |            | <b>3 782 999</b>                | <b>3 872 949</b>    | <b>2 415 971</b>                  | <b>1 747 612</b>    |
| <b><u>Profit attributable to :</u></b>                                   |            |                                 |                     |                                   |                     |
| Shareholders of the company  |            | 3 781 693                       | 3 871 659           | 2 415 340                         | 1 747 414           |
| Non-controlling interest   |            | 1 306                           | 1 290               | 631                               | 198                 |
| <b>Net profit for the period</b>   |            | <b>3 782 999</b>                | <b>3 872 949</b>    | <b>2 415 971</b>                  | <b>1 747 612</b>    |
| <b>Basic and diluted earning per share for the period (L.E. / Share)</b> | (10)       | <b>2.22</b>                     | <b>2.27</b>         | <b>1.41</b>                       | <b>1.02</b>         |

The accompanying notes on pages (6) to (25) are an integral part of these Condensed Consolidated Interim Financial Statements.

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

|  | <u>For the six months ended :</u> |                  | <u>For the three months ended :</u> |                  |
|--|-----------------------------------|------------------|-------------------------------------|------------------|
|  | <u>30/6/2022</u>                  | <u>30/6/2021</u> | <u>30/6/2022</u>                    | <u>30/6/2021</u> |
|  | <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                           | 3 782 999                         | 3 872 949        | 2 415 971                           | 1 747 612        |
| <b><u>Other Comprehensive Income items :</u></b>                     |                                   |                  |                                     |                  |
| Translation differences of foreign entities                          | 149 160                           | ( 11 550)        | 11 534                              | ( 2 549)         |
| Translation differences of foreign currency balances                 | (1 864 761)                       | -                | -                                   | -                |
| Deferred tax on translation differences of foreign currency balances | 419 571                           | -                | -                                   | -                |
| Transferred to retained earnings during the period                   | 1 445 190                         | -                | -                                   | -                |
| <b>Total Comprehensive Income</b>                                    | <b>3 932 159</b>                  | <b>3 861 399</b> | <b>2 427 505</b>                    | <b>1 745 063</b> |
| <b>Attributable to :</b>   |                                   |                  |                                     |                  |
| Shareholders of the company  | 3 930 853                         | 3 860 109        | 2 426 874                           | 1 744 865        |
| Non-controlling interest   | 1 306                             | 1 290            | 631                                 | 198              |
| <b>Total Comprehensive Income</b>                                    | <b>3 932 159</b>                  | <b>3 861 399</b> | <b>2 427 505</b>                    | <b>1 745 063</b> |

The accompanying notes on pages (6) to (25) are an integral part of these Condensed Consolidated Interim Financial Statements.

Telecom Egypt Company  
(An Egyptian Joint Stock Company)  
**Condensed Consolidated Statement of Changes in Equity**  
**For The Six Months Ended June 30, 2022**

| Note  | Capital    | Legal reserve  | Other reserves | Retained earnings   | Foreign entities translation reserve | Total of equity attributable to shareholders of the company | Non-controlling interest | Total               |
|---|------------|----------------|----------------|---------------------|--------------------------------------|---|--------------------------|---------------------|
| NO  | L.E.(000)  | L.E.(000)      | L.E.(000)      | L.E.(000)           | L.E.(000)                            | L.E.(000)   | L.E.(000)                | L.E.(000)           |
| Balance as of January 1, 2021 (Before restatement)                      | 17 070 716 | 2 241 767      | 2 787 550      | 16 670 695          | ( 25 489)                            | 38 745 239  | 16 028                   | 38 761 267          |
| Reclassification  | -          | -              | -              | ( 4 075)            | 4 075                                | -   | -                        | -                   |
| Impact of applying the new Egyptian Accounting Standard                 | -          | -              | -              | ( 427 612)          | -                                    | ( 427 612)  | -                        | ( 427 612)          |
| Balance as of January 1, 2021 (After restatement)                       | 17 070 716 | 2 241 767      | 2 787 550      | 16 239 008          | ( 21 414)                            | 38 317 627  | 16 028                   | 38 333 655          |
| <b>Comprehensive Income</b>   |            |                |                |                     |                                      |   |                          |                     |
| Net profit for the period   | -          | -              | -              | 3 871 659           | -                                    | 3 871 659   | 1 290                    | 3 872 949           |
| Translation differences of foreign entities                             | -          | -              | -              | -                   | ( 11 550)                            | ( 11 550)   | -                        | ( 11 550)           |
| <b>Total Comprehensive Income</b>                                       | -          | -              | -              | <b>3 871 659</b>    | <b>( 11 550)</b>                     | <b>3 860 109</b>  | <b>1 290</b>             | <b>3 861 399</b>    |
| <b>Transactions with shareholders</b>                                   |            |                |                |                     |                                      |   |                          |                     |
| Transferred to legal reserve  | -          | 109 478        | -              | ( 109 478)          | -                                    | -   | -                        | -                   |
| Dividends for year 2020 (shareholders)                                  | -          | -              | -              | ( 1 280 304)        | -                                    | ( 1 280 304)  | ( 5 374)                 | ( 1 285 678)        |
| Dividends for year 2020 (Employees & Board of Directors)                | -          | -              | -              | ( 900 032)          | -                                    | ( 900 032)  | ( 945)                   | ( 900 977)          |
| Announced dividends for employees in associates                         | -          | -              | -              | ( 218 889)          | -                                    | ( 218 889)  | -                        | ( 218 889)          |
| <b>Total transactions with shareholders</b>                             | -          | <b>109 478</b> | -              | <b>( 2 508 703)</b> | -                                    | <b>( 2 399 225)</b>   | <b>( 6 319)</b>          | <b>( 2 405 544)</b> |
| Balance as of June 30, 2021   | 17 070 716 | 2 351 245      | 2 787 550      | 17 601 964          | ( 32 964)                            | 39 778 511  | 10 999                   | 39 789 510          |
| Balance as of January 1, 2022   | 17 070 716 | 2 351 347      | 2 787 550      | 22 147 270          | ( 40 563)                            | 44 316 320  | 13 240                   | 44 329 560          |
| <b>Comprehensive Income</b>   |            |                |                |                     |                                      |   |                          |                     |
| Net profit for the period   | -          | -              | -              | 3 781 693           | -                                    | 3 781 693   | 1 306                    | 3 782 999           |
| Translation differences of foreign entities                             | -          | -              | -              | -                   | 149 160                              | 149 160   | -                        | 149 160             |
| <b>Total Comprehensive Income</b>                                       | -          | -              | -              | <b>3 781 693</b>    | <b>149 160</b>                       | <b>3 930 853</b>  | <b>1 306</b>             | <b>3 932 159</b>    |
| <b>Impact of translation differences of foreign currencies balances</b> |            |                |                |                     |                                      |   |                          |                     |
| <b>Transactions with shareholders</b>                                   |            |                |                |                     |                                      |   |                          |                     |
| Transferred to legal reserve  | -          | 349 071        | -              | ( 349 071)          | -                                    | -   | -                        | -                   |
| Announced dividends for employees in associates                         | -          | -              | -              | ( 144 459)          | -                                    | ( 144 459)  | -                        | ( 144 459)          |
| Dividends for year 2021 (shareholders)                                  | -          | -              | -              | ( 1 707 072)        | -                                    | ( 1 707 072)  | ( 2 797)                 | ( 1 709 869)        |
| Dividends for year 2021 (Employees & Board of Directors)                | -          | -              | -              | ( 1 008 848)        | -                                    | ( 1 008 848)  | ( 556)                   | ( 1 009 404)        |
| Impact of investment disposal in subsidiaries                           | -          | -              | -              | ( 198)              | -                                    | ( 198)  | -                        | ( 198)              |
| <b>Total transactions with shareholders</b>                             | -          | <b>349 071</b> | -              | <b>( 3 209 648)</b> | -                                    | <b>( 2 860 577)</b>   | <b>( 3 353)</b>          | <b>( 2 863 930)</b> |
| Balance as of June 30, 2022   | 17 070 716 | 2 700 418      | 2 787 550      | 21 274 125          | 108 597                              | 43 941 406  | 11 193                   | 43 952 599          |

The accompanying notes on page from (6) to (25) are an integral part of these Condensed Consolidated Interim Financial Statements.



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

|  | Note | For the six months ended: |                    |
|--|------|---------------------------|--------------------|
|  |      | 30/6/2022                 | 30/6/2021          |
|  |      |                           | Reclassified       |
|  | No.  | L.E. (000)                | L.E. (000)         |
| <b>Cash flows from operating activities:-</b>                                |      |                           |                    |
| Cash receipts from customers and notes receivables                           |      | 20 076 613                | 19 433 885         |
| Stamp tax and fees collected (from third party)                              |      | 65 136                    | 50 332             |
| Deposits collected from customers  |      | 26 893                    | 18 382             |
| Cash paid to suppliers   |      | (4 110 449)               | (3 621 979)        |
| Payments for NTRA license fees   |      | ( 887 007)                | (1 183 164)        |
| Cash paid to Board of Directors  |      | ( 27 705)                 | ( 18 413)          |
| Cash paid to employees   |      | (3 805 756)               | (2 933 262)        |
| Cash paid on behalf of employees to third party                              |      | ( 654 091)                | ( 554 795)         |
| <b>Cash provided by operating activities</b>                                 |      | <b>10 683 634</b>         | <b>11 190 986</b>  |
| Interest paid  |      | ( 411 595)                | ( 611 349)         |
| Payments to Tax Authority - income tax                                       |      | ( 126 300)                | ( 564 702)         |
| Payments to Tax Authority - value added tax                                  |      | ( 665 053)                | ( 950 234)         |
| Payments to Tax Authority - other taxes                                      |      | (1 166 186)               | (1 139 110)        |
| Other ( payments ) / proceeds  |      | ( 17 129)                 | 400 505            |
| <b>Net cash provided by operating activities</b>                             |      | <b>8 297 371</b>          | <b>8 326 096</b>   |
| <b>Cash flows from investing activities:-</b>                                |      |                           |                    |
| Payments for purchase of fixed assets, projects in progress and other assets |      | (6 329 048)               | (6 028 406)        |
| Payments for purchase of other assets  |      | (1 719 720)               | (2 453 622)        |
| Proceeds from sales of fixed assets and other assets                         |      | 41                        | 193                |
| payments for purchase of financial assets at amortized cost - treasury bills |      | ( 596 933)                | -                  |
| Interest received  |      | 11 315                    | 7 484              |
| Dividends collected from investments   |      | -                         | 810 018            |
| proceeds from financial assets at amortized cost - treasury bills income     |      | 15 660                    | 1 070              |
| Proceeds from sale of financial assets at amortized cost - treasury bills    |      | 606 851                   | -                  |
| <b>Net cash used in investing activities</b>                                 |      | <b>(8 011 834)</b>        | <b>(7 663 263)</b> |
| <b>Cash flows from financing activities:-</b>                                |      |                           |                    |
| Payments for loans   |      | ( 941 756)                | ( 707 552)         |
| Proceeds from credit facilities  |      | 1 872 696                 | 780 084            |
| Payments for lease liabilities   |      | ( 134 183)                | ( 121 699)         |
| Dividends paid to Shareholders   |      | (1 709 301)               | (1 287 432)        |
| <b>Net cash used in financing activities</b>                                 |      | <b>( 912 544)</b>         | <b>(1 336 599)</b> |
| <b>Net change in cash and cash equivalents during the period</b>             |      | <b>( 627 007)</b>         | <b>( 673 766)</b>  |
| Translation differences of foreign entities                                  |      | 24 244                    | ( 3 001)           |
| Cash and cash equivalents at the beginning of the period                     | (18) | 2 922 993                 | 1 936 943          |
| <b>Cash and cash equivalents at the end of the period</b>                    | (18) | <b>2 320 230</b>          | <b>1 260 176</b>   |

The accompanying notes on pages from (6) to (25) are an integral part of these Condensed Consolidated Interim Financial statements.

**Telecom Egypt Company**  
**(An Egyptian Joint Stock Company)**

**Notes to the Condensed Consolidated Interim Financial Statements**  
**For The Six Months Ended June 30, 2022**

**1. BACKGROUND**

**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 Condensed Consolidated Interim Financial Statements**

These Condensed Consolidated Interim Financial Statements were approved by the Board of Directors for issuance on August 10, 2022.



## 2. BASIS OF PREPERATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 2-1 Statement of compliance

- These Condensed Consolidated Interim Financial Statements as of June 30., 2022 have been prepared in accordance with Egyptian Accounting Standard No.30 "Interim Financial Reporting" accordingly it is condensed comparative view to the annual consolidated financial statements for the company, and in the light of applicable Egyptian laws and regulations related to.
- These Condensed Consolidated Interim Financial Statements don't include all the required information needed for preparing the full annual financial statements and must be read with the Consolidated 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 comprehensive income for the debit and credit currency differences resulting from the retranslation of the balances of monetary items that exist on June 30 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).

### 2-2 Basis of measurement

These Condensed Consolidated 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 presentation purposes, the current and non-current classification has been used for the condensed consolidated balance sheet, while expenses are analyzed in the condensed consolidated income statement using a classification based on their function. The direct method has been used in preparing the condensed consolidated statement of cash flows.

### 2-3 Functional and presentation currency

These Condensed Consolidated Interim Financial Statements are presented in Egyptian pound (L.E.), all financial information presented in "L.E." has been rounded to the nearest thousand unless otherwise stated.

### 2-4 Use of estimates

The preparation of the Condensed Consolidated Interim Financial Statements in conformity with Egyptian Accounting Standards requires 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 believed 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 ongoing basis. Accounting 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 significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements is included in the following notes:

- |  |  |
|--|--|
| - Impairment loss on financial assets and non-financial. | - Provisions and contingent Liabilities    |
| - Deferred tax assets                                    | - 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 consolidated 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 is used as a valuation technique, the future cash flow 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 group 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.

### 3. OPERATING REVENUES

|                                   | For the six months ended : |                   | For the three months ended : |                   |
|-----------------------------------|----------------------------|-------------------|------------------------------|-------------------|
|                                   | 30/6/2022                  | 30/6/2021         | 30/6/2022                    | 30/6/2021         |
|                                   | <u>L.E. (000)</u>          | <u>L.E. (000)</u> | <u>L.E. (000)</u>            | <u>L.E. (000)</u> |
| Home and personal communications  | 10 338 865                 | 8 629 112         | 5 338 141                    | 4 438 213         |
| Enterprise                        | 2 619 201                  | 2 321 351         | 1 431 674                    | 1 192 522         |
| Domestic wholesale                | 3 090 073                  | 2 695 893         | 1 692 774                    | 1 331 760         |
| International carrier             | 2 334 034                  | 2 149 210         | 1 299 678                    | 1 099 242         |
| International cables and networks | 2 019 234                  | 1 577 415         | 1 221 987                    | 912 163           |
|                                   | <u>20 401 407</u>          | <u>17 372 981</u> | <u>10 984 254</u>            | <u>8 973 900</u>  |

Total operating revenues have increased by an amount of L.E. 3 028 426 K mainly due to the increase in home and personal communications revenues by an amount of L.E. 1 709 753 K due to the increase in revenues resulting from fixed line and rendering mobile phone services and internet services, in addition to the increase in international cables and networks revenues by an amount of L.E. 441 819 K, Domestic wholesale revenues by an amount of L.E. 394 180 K due to the increase in access service revenues, Enterprise revenue by an amount of L.E. 297 850 K due to the increase in revenues resulting from complementary-access and fixed line and international cables and networks by an amount of L.E. 184 824 K.

### 4. OPERATING COSTS

|  | For the six months ended : |                     | For the three months ended : |                     |
|--|----------------------------|---------------------|------------------------------|---------------------|
|  | 30/6/2022                  | 30/6/2021           | 30/6/2022                    | 30/6/2021           |
|  | <u>L.E. (000)</u>          | <u>L.E. (000)</u>   | <u>L.E. (000)</u>            | <u>L.E. (000)</u>   |
|  |                            | <u>Reclassified</u> |                              | <u>Reclassified</u> |
| Interconnection cost   | 3 187 316                  | 2 967 310           | 1 659 145                    | 1 533 250           |
| Depreciation and amortization  | 3 402 453                  | 2 692 393           | 1 701 035                    | 1 414 990           |
| Salaries and wages*  | 1 534 257                  | 1 362 141           | 799 578                      | 699 680             |
| Company's share in social insurance *                                      | 176 388                    | 152 624             | 88 476                       | 74 987              |
| Frequencies and licenses charges ( National Telecom Regulatory Authority ) | 1 048 485                  | 643 494             | 541 551                      | 329 448             |
| Other operating cost*  | 2 737 909                  | 2 290 917           | 1 506 892                    | 1 170 660           |
|  | <u>12 086 808</u>          | <u>10 108 879</u>   | <u>6 296 677</u>             | <u>5 223 015</u>    |

Operating costs have increased by an amount of L.E. 1 977 929 K mainly due to the following: -

- The increase of interconnection cost by an amount of L.E. 220 006 K which is mainly due to the increase in cost of international connection fees.
- The increase of the depreciation and amortization item by an amount of L.E. 710 060 K during the period due to the additions of the year after the first half and the current period.
- The increase of salaries and wages by an amount of L.E. 172 116 K which is mainly due to the annual increases during the period.
- The increase of frequencies and licenses charges (National Telecom Regulatory Authority) by an amount of L.E. 404 991 K due to the amendments of the license's charges according to the renewal of the licenses to the company in addition to the increase in operating revenues which represent the basis for calculating these fees.
- The increase in other operating cost item by an amount of L.E. 446 992 which is mainly due to the increase in IRU right of use outside Egypt item by an amount of L.E. 143 284 K and organizations services costs item by an amount of L.E. 122 808 K.

\* Reclassification was made on comparative figures as shown in Note No. (31-2).



Notes to the condensed Consolidated Interim Financial Statements  
For the six months ended June 30, 2022 (continued)

Translation from Arabic

## 5. SELLING AND DISTRIBUTION EXPENSES

|  | <u>For the six months ended :</u> |                                    | <u>For the three months ended :</u> |                                    |
|--|-----------------------------------|------------------------------------|-------------------------------------|------------------------------------|
|  | <u>30/6/2022</u>                  | <u>30/6/2021</u>                   | <u>30/6/2022</u>                    | <u>30/6/2021</u>                   |
|  | <u>L.E. (000)</u>                 | <u>Reclassified<br/>L.E. (000)</u> | <u>L.E. (000)</u>                   | <u>Reclassified<br/>L.E. (000)</u> |
| Salaries and wages*                              | 834 617                           | 666 819                            | 431 262                             | 343 203                            |
| Company's share in social insurance *            | 85 090                            | 72 087                             | 42 416                              | 35 939                             |
| Advertising and marketing                        | 432 616                           | 392 489                            | 219 467                             | 205 808                            |
| Agents' commissions and collection organizations | 298 361                           | 259 649                            | 155 000                             | 145 092                            |
| Depreciation and amortization                    | 29 436                            | 22 860                             | 16 222                              | 16 097                             |
| Other selling and distribution expenses *        | 163 328                           | 171 916                            | 83 888                              | 80 221                             |
|  | <u>1 843 448</u>                  | <u>1 585 820</u>                   | <u>948 255</u>                      | <u>826 360</u>                     |

The increase in selling and distribution expenses by an amount of L.E 257 628 K mainly due to the increase in Salaries and wages item by an amount of L.E 167 798 K which is mainly due to the annual increases during the period, in addition to Agents' commissions and collection organizations item by an amount of L.E 38 712 K.

\* Reclassification was made on comparative figures as shown in Note No. (31-2).

## 6. GENERAL AND ADMINISTRATIVE EXPENSES

| <u>Note<br/>No</u>                                       | <u>For the six months ended :</u> |                                    | <u>For the three months ended :</u> |                                    |
|--|-----------------------------------|------------------------------------|-------------------------------------|------------------------------------|
|  | <u>30/6/2022</u>                  | <u>30/6/2021</u>                   | <u>30/6/2022</u>                    | <u>30/6/2021</u>                   |
|  | <u>L.E. (000)</u>                 | <u>Reclassified<br/>L.E. (000)</u> | <u>L.E. (000)</u>                   | <u>Reclassified<br/>L.E. (000)</u> |
| Salaries and wages*                                      | 1 204 511                         | 1 103 944                          | 641 488                             | 558 976                            |
| Company's share in social insurance *                    | 104 963                           | 90 959                             | 52 477                              | 45 314                             |
| The company's contribution in loyalty and belonging fund | (9) 100 000                       | 100 000                            | 50 000                              | 50 000                             |
| Depreciation and amortization                            | 65 062                            | 48 320                             | 35 643                              | 29 991                             |
| Organization services cost and consultants               | 168 518                           | 107 614                            | 88 868                              | 59 901                             |
| Tax and duties   | 85 514                            | 83 656                             | 48 358                              | 43 622                             |
| Other general and administration expenses *              | 179 773                           | 178 590                            | 93 379                              | 103 905                            |
|  | <u>1 908 341</u>                  | <u>1 713 083</u>                   | <u>1 010 213</u>                    | <u>891 709</u>                     |

The increase in general and administrative expenses by an amount of L.E. 195 258 K is mainly due to the increase in Salaries and wages item by an amount of L.E 100 567 K mainly due to the annual increases during the period and the increase in organizations services costs and consultants by an amount of L.E. 60 904 K and depreciation and amortization by an amount of L.E 16 742 K.

\* Reclassification was made on comparative figures as shown in Note No. (31-2).

## 7. NET FINANCE COST

The increase in net finance cost by an amount of L.E 472 376 K during the period is mainly due to the increase in translation loss of foreign currencies balances and transactions by an amount of L.E. 639 188 K, however the decrease of interest expense by an amount of L.E 89 478 K and the increase in interest income by an amount of L.E 45 638 K led to limitation of this increase.

\* Reclassification was made on comparative figures as shown in Note No. (31-2).

Notes to the condensed Consolidated Interim Financial Statements  
For the six months ended June 30, 2022 (continued)

Translation from Arabic

## 8. SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEEES

|                | <u>For the six months ended :</u> |                   | <u>For the three months ended :</u> |                   |
|----------------|-----------------------------------|-------------------|-------------------------------------|-------------------|
|                | <u>30/6/2022</u>                  | <u>30/6/2021</u>  | <u>30/6/2022</u>                    | <u>30/6/2021</u>  |
|                | <u>L.E. (000)</u>                 | <u>L.E. (000)</u> | <u>L.E. (000)</u>                   | <u>L.E. (000)</u> |
| Vodafone Egypt | 1 036 000                         | 1 563 663         | 723 627                             | 611 712           |
| Egypt trust    | 8 249                             | 1 876             | 3 407                               | 1 631             |
|                | <u>1 044 249</u>                  | <u>1 565 539</u>  | <u>727 034</u>                      | <u>613 343</u>    |

Represented in the group's share of profits of the investee companies according to the equity method.

## 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 annual 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 100 000 K for the period ended in June 30, 2022 (against an amount of L.E. 100 000 K for the same period of 2021) stated in the general and administrative expenses as shown in (Note no. 6).

## 10. BASIC AND DILUTED EARNING PER SHARE FOR THE PERIOD

- The profit share of the period is calculated as follows:

|   | <u>For the six months ended</u> |                  | <u>For the three months ended</u> |                  |
|---|---------------------------------|------------------|-----------------------------------|------------------|
|   | <u>30/6/2022</u>                | <u>30/6/2021</u> | <u>30/6/2022</u>                  | <u>30/6/2021</u> |
| <u>The holding company owners' equity :</u>                     |                                 |                  |                                   |                  |
| Net profit for the period (LE in thousand)                      | 3 781 693                       | 3 871 659        | 2 415 340                         | 1 747 414        |
| Number of shares available during the period (share)            | 1 707 071 600                   | 1 707 071 600    | 1707 071 600                      | 1707 071 600     |
| Basic and diluted earning per share for the period (LE / share) | <u>2.22</u>                     | <u>2.27</u>      | <u>1.41</u>                       | <u>1.02</u>      |

Notes to the condensed Consolidated Interim Financial Statements  
For the six months ended June 30, 2022 (continued)

Translation from Arabic

**11. FIXED ASSETS**

| Description                                   | 30/6/2022<br>Cost<br>L.E.(000) | 30/6/2021<br>Cost<br>L.E.(000) | 30/6/2022<br>Accumulated<br>depreciation<br>L.E.(000) | 30/6/2021<br>Accumulated<br>depreciation<br>L.E.(000) | 30/6/2022<br>Net<br>L.E.(000) | 30/6/2021<br>Net<br>L.E.(000) | 31/12/2021<br>Net<br>L.E.(000) |
|---|--------------------------------|--------------------------------|---|---|-------------------------------|-------------------------------|--------------------------------|
| Land  | 2 392 488                      | 2 344 415                      | -   | -   | 2 392 488                     | 2 344 415                     | 2 391 826                      |
| Buildings & Infrastructure                    | 42 745 772                     | 38 801 124                     | 19 642 162  | 17 950 160  | 23 103 610                    | 20 850 964                    | 22 459 615                     |
| Centrals & information technologies equipment | 38 727 410                     | 37 129 838                     | 20 388 712  | 21 512 674  | 18 338 698                    | 15 617 164                    | 17 992 542                     |
| Vehicles                                      | 291 491                        | 262 102                        | 118 634   | 118 500   | 172 857                       | 143 602                       | 153 435                        |
| Furniture                                     | 1 144 030                      | 1 072 525                      | 818 827   | 757 282   | 325 203                       | 315 243                       | 373 077                        |
| Tools & supplies                              | 244 890                        | 226 388                        | 165 715   | 129 109   | 79 175                        | 97 279                        | 86 831                         |
| Decoration & fixtures                         | 188 828                        | 183 558                        | 186 809   | 142 666   | 2 019                         | 40 892                        | 7 317                          |
| Fixtures on trunk radio network               | 315                            | 315                            | 315   | 315   | -                             | -                             | -                              |
| <b>Total</b>                                  | <b>85 735 224</b>              | <b>80 020 265</b>              | <b>41 321 174</b>                                     | <b>40 610 706</b>                                     | <b>44 414 050</b>             | <b>39 409 559</b>             | <b>43 464 643</b>              |

- The increase in net carrying value of fixed assets mainly due to the additions during the period by an amount of L.E. 3 718 798 K, however the depreciation of the period by an amount of L.E. 2 777 166 K led to limitation of this increase.
- The cost of fixed assets as of June 30, 2022 includes an amount of L.E. 15 451 Million fully depreciated fixed assets and still in use.
- The fixed assets includes an amount of L.E 788 445 K, which is represented in the currency differences resulting from the translation of liabilities in foreign currencies existing on the date of the exchange rate liberalization and related to the acquisition of these assets Note No. (32-2).

**12. PROJECTS IN PROGRESS**

|   | 30/6/2022<br>L.E. (000) | 31/12/2021<br>L.E. (000) |
|---|-------------------------|--------------------------|
| Land  | 206 382                 | 199 148                  |
| Buildings and Infrastructure                    | 1 335 284               | 1 130 331                |
| Centrals and information technologies equipment | 2 479 004               | 2 477 439                |
| Tools and supplies                              | 4 161                   | 4 590                    |
| Other Assets                                    | 980 874                 | 641 274                  |
| Fourth generation network license               | 200 000                 | -                        |
| Advance payments - Fixed assets                 | 2 044 556               | 1 773 136                |
|   | <b>7 250 261</b>        | <b>6 225 918</b>         |
| <b>Less:</b>                                    |                         |                          |
| Impairment loss on projects in progress         | 6 145                   | 6 856                    |
|   | <b>7 244 116</b>        | <b>6 219 062</b>         |

- The balance of projects in progress is represented in the part that have been executed from commitments and capital contracts, and advanced payment until June 30, 2022.
- The balance of projects in progress includes an amount of L.E 135 024 K, representing the currency differences resulting from the translation of liabilities in foreign currencies existing on the date of the exchange rate liberalization and related to the acquisition of these assets Note No. (32-2).



Notes to the condensed Consolidated Interim Financial Statements  
For the six months ended June 30, 2022 (continued)

Translation from Arabic

**13. INVESTMENTS IN ASSOCIATES**

|  | <u>30/6/2022</u> |                   | <u>31/12/2021</u> |                   |
|--|------------------|-------------------|-------------------|-------------------|
|  | <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> |
| - Wataneya for Telecommunication               | 50.00            | 125               | 50.00             | 125               |
| - Vodafone Egypt Telecommunication company *   | 44.95            | 10 522 747        | 44.95             | 10 933 102        |
| - Egypt Trust                                  | 35.71            | 17 606            | 35.71             | 9 357             |
| - New matrix for technology                    | 25.50            | 1 250             | 25.50             | 1 250             |
|  |                  | <b>10 541 728</b> |                   | <b>10 943 834</b> |
| <b>Less:</b>                                   |                  |                   |                   |                   |
| Impairment loss on investment in associates ** |                  | 7 625             |                   | 7 625             |
|  |                  | <b>10 534 103</b> |                   | <b>10 936 209</b> |

Shares of investments in associates are accounted for using the equity method, whereby the initial cost is recognized, including the costs associated with the acquisition, and the subsequent measurement in the consolidated financial statements is made by increasing or decreasing the book value of the investment by the group's share of profits or losses and other comprehensive income items in the investee company.

\* The investments in Vodafone Egypt on June 30, 2022 represents the ownership of 107 869 799 shares with a percentage of 44.95% from the total shares of Vodafone Egypt.

The financial year of Vodafone Egypt ends on March 31 of each year and the equity method was applied in recognizing the investment in Vodafone Egypt during preparing the Condensed Consolidated Interim Financial Statements as of June 30, 2022 by using the consolidated financial statements of Vodafone Egypt for the financial year ended in March 31, 2022 which presents the 12 months from the 1st of April 2021 till March 31, 2022, deduct the movements of the period from April 1, 2021 till December 31, 2021 from the consolidated interim financial data of Vodafone Egypt as of December 31, 2021, in addition to the period from April 1, 2022 till June 30, 2022 from the consolidated interim financial data of Vodafone Egypt as of June 30, 2022, To determine the share of financial period from January 1 to June 30, 2022 of business results of the associate company.

\*\* The impairment loss on investments value for Egypt Trust amounted 7 500 K, Wataneya for Telecommunication amounted 125 K.

**14. OTHER ASSETS**

|  | <u>30/6/2022</u>  | <u>31/12/2021</u> |
|--|-------------------|-------------------|
|  | <u>L.E. (000)</u> | <u>L.E. (000)</u> |
| <b>Cost</b>  |                   |                   |
| Fourth generation network license usufruct (Project) | 13 699 149        | 11 084 380        |
| Assets right of use (Lease Contracts)                | 312 004           | 315 536           |
| Submarine Cables (right of way)                      | 1 456 468         | 1 380 268         |
| Right of Use (ROU)                                   | 2 228 382         | 2 235 184         |
| License (internet service - programs )               | 894 376           | 886 264           |
| Land (possession-usufruct)                           | 127 235           | 127 235           |
| Good will  | 440 684           | 440 684           |
|  | 15 839            | 15 839            |
|  | <b>19 174 137</b> | <b>16 485 390</b> |
| <b>Less:</b>   |                   |                   |
| Accumulated amortization and impairment              | 4 754 383         | 4 004 304         |
| <b>Net other assets</b>                              | <b>14 419 754</b> | <b>12 481 086</b> |

- The increase in net carrying value of other assets mainly due to the increase in in fourth generation network licenses item by an amount of L.E.2 614 769 K.

- Other assets cost includes at June 30, 2022 an amount of L.E 459 Million, other assets fully amortized and still in use.

-The other assets includes an amount of L.E 226 008 K, representing the currency differences resulting from the translation of liabilities in foreign currencies existing on the date of the exchange rate liberalization and related to the acquisition of these assets Note No. (32-2).

Notes to the condensed Consolidated Interim Financial Statements  
For the six months ended June 30, 2022 (continued)

Translation from Arabic

### 15. INVENTORIES

|   | 30/6/2022         | 31/12/2021        |
|---|-------------------|-------------------|
|   | <u>L.E. (000)</u> | <u>L.E. (000)</u> |
| Spare parts   | 812 448           | 727 437           |
| Material supplies, Cabels, Merchandise for sale and Letters of credit | 1 915 862         | 1 594 304         |
| Others  | 14 365            | 20 235            |
|   | <u>2 742 675</u>  | <u>2 341 976</u>  |

The value of inventories was written down by L.E. 168 733 K (against LE 115 347 K as at December 31, 2021) for obsolete and slow-moving items directly from the cost of each type of inventory related to.

### 16. TRADE AND NOTES RECEIVABLES

|                                   | 30/6/2022         | 31/12/2021        |
|-----------------------------------|-------------------|-------------------|
|                                   | <u>L.E. (000)</u> | <u>L.E. (000)</u> |
| Trade Receivables - National      | 5 683 371         | 5 058 971         |
| Trade Receivables - International | 3 718 543         | 3 213 323         |
|                                   | <u>9 401 914</u>  | <u>8 272 294</u>  |
| <u>Add:</u>                       |                   |                   |
| Notes receivable                  | 249 888           | 1 116             |
| <u>Less:</u>                      |                   |                   |
| Expected credit loss provision    | 2 195 889         | 2 236 568         |
|                                   | <u>7 455 913</u>  | <u>6 036 842</u>  |

Trade and notes receivable balance have increased by an amount of L.E. 1 419 071 K is mainly due to the increase in trade receivables – domestic wholesale by an amount of L.E 171 808 K, trade receivables - enterprise by an amount of L.E. 187 453 K, trade receivables – International carrier by an amount of L.E. 273 516 K and trade receivables - international cables and networks by an amount of L.E. 194 664 K.



*Notes to the condensed Consolidated Interim Financial Statements  
For the six months ended June 30, 2022 (continued)*

*Translation from Arabic*

**17. DEBTORS AND OTHER DEBIT BALANCES**

|   | 30/6/2022        | 31/12/2021                        |
|---|------------------|-----------------------------------|
|   | <u>L.E.(000)</u> | <u>Reclassified<br/>L.E.(000)</u> |
| Suppliers – debit balances                          | 1 064 931        | 655 282                           |
| Tax Authority - value added tax                     | 993 744          | 1 070 223                         |
| Tax Authority - withholding tax                     | 968 007          | 1 371 473                         |
| Deposits with other                                 | 324 798          | 322 333                           |
| Accrued revenues                                    | 1 362 064        | 98 601                            |
| Due from ministries, organizations and companies    | 619 861          | 448 006                           |
| Temporary debts due from employees                  | 534 554          | 921 411                           |
| Prepaid expenses                                    | 92 286           | 85 788                            |
| Other debit balances                                | 1 246 390        | 1 089 249                         |
|   | <u>7 206 635</u> | <u>6 062 366</u>                  |
| <b>Less:</b>  |                  |                                   |
| Expected Credit loss Provision                      | <u>348 257</u>   | <u>350 949</u>                    |
|   | <u>6 858 378</u> | <u>5 711 417</u>                  |
| <b>Less balances due within more than one year:</b> |                  |                                   |
| Prepaid expenses                                    | <u>54 625</u>    | <u>48 203</u>                     |
| <b>Debtors and non current debit balances</b>       | <u>54 625</u>    | <u>48 203</u>                     |
| <b>Debtors and current debit balances</b>           | <u>6 803 753</u> | <u>5 663 214</u>                  |
| <b>Total debtors and other debit balances</b>       | <u>6 858 378</u> | <u>5 711 417</u>                  |

Debtors and other debit balances have increased by an amount of L.E. 1 146 961 K mainly due to the increase in accrued revenues by an amount of L.E. 1 263 463 K as a result of the dividends from Vodafone Egypt (associates Company) by an amount of L.E. 1 171 706 K, Suppliers – debit balances item by an amount of L.E 409 649 K and due from ministries, organization and companies item by an amount of L.E 171 855 K, however the decrease in Tax Authority – withholding tax item by an amount of L.E 403 466 K and Temporary debts due from employees by an amount of L.E 386 857 K, led to limitation of this increase.

\* Reclassification was made on comparative figures as shown in Note No. (31-1).

**18. CASH AND CASH EQUIVALENTS**

|   | Note       | 30/6/2022         | 31/12/2021        | 30/6/2021         |
|---|------------|-------------------|-------------------|-------------------|
|   | <u>No.</u> | <u>L.E. (000)</u> | <u>L.E. (000)</u> | <u>L.E. (000)</u> |
| Banks - time deposits (less than 3 months)                      |            | 177 406           | 665 256           | 248 616           |
| Banks - current accounts  |            | 1 957 638         | 1 217 633         | 923 013           |
| Cash on hand  |            | 18 296            | 5 474             | 10 367            |
| Treasury bills (less than 3 months)                             |            | 74 193            | 965 568           | 34 826            |
| Money market funds (less than 3 months)                         |            | 155 591           | 129 406           | 111 288           |
| <b>Cash and cash equivalents</b>                                |            | <u>2 383 124</u>  | <u>2 983 337</u>  | <u>1 328 110</u>  |
| <b>Less:</b>  |            |                   |                   |                   |
| Restricted cash and cash equivalents at banks                   | (26)       | 62 894            | 60 344            | 67 934            |
| <b>Cash and cash equivalents as per statement of cash flows</b> |            | <u>2 320 230</u>  | <u>2 922 993</u>  | <u>1 260 176</u>  |

**19. LOANS AND CREDIT FACILITIES**

The increase in the balance of loans and credit facilities by an amount of L.E 3 000 674 K due to the increase in both of foreign loans balance by an amount of L.E. 1 128 289 K due to the exchange rate liberalization on March 21 2022 and the increase in credit facilities with local and foreign currencies amounted to L.E. 1 872 231 K, where loans and credit facilities with local and foreign currencies in June, 30 2022 amounted to L.E. 19 321 707 K (against LE 16 321 033 K at December, 31 2021) due within a year by an amount of L.E. 6 220 006 K.

Notes to the condensed Consolidated Interim Financial Statements  
For the six months ended June 30, 2022 (continued)

Translation from Arabic

**20. CREDITORS AND OTHER CREDIT BALANCES**

|  |                   |                   |
|--|-------------------|-------------------|
| Suppliers and notes payable                            | 2 663 033         | 2 142 642         |
| Tax Authority (taxes other than income tax)            | 1 840 258         | 975 791           |
| Deposits to others                                     | 600 172           | 567 692           |
| Liability of early retirement scheme                   | 3 565             | 24 385            |
| Assets creditors                                       | 11 123 841        | 11 068 114        |
| Dividends payable                                      | 4 568             | 4 064             |
| Accrued expenses                                       | 1 052 133         | 1 521 857         |
| Contract lease liabilities (20-1)                      | 977 860           | 985 110           |
| Public Authority for Social Insurance                  | 107 326           | 86 480            |
| Trade receivables - credit balances                    | 3 241 614         | 1 988 688         |
| Credit balances organizations and companies            | 308 274           | 297 237           |
| Deferred revenues                                      | 3 688 636         | 1 340 542         |
| National Telecommunication Regulatory Authority (NTRA) | 1 034 111         | 1 183 210         |
| Other credit balances                                  | 1 279 361         | 733 665           |
|  | <b>27 924 752</b> | <b>22 919 477</b> |
| <b>balances due within more than one year:</b>         |                   |                   |
| Assets creditors                                       | 5 098 407         | 4 139 703         |
| Contract lease liabilities                             | 839 065           | 839 383           |
| Deferred revenues                                      | 269 397           | 243 988           |
| <b>Creditors and non current liabilities balances</b>  | <b>6 206 869</b>  | <b>5 223 074</b>  |
| <b>Creditors and current liabilities balances</b>      | <b>21 717 883</b> | <b>17 696 403</b> |
| <b>Total Creditors and other credit balances</b>       | <b>27 924 752</b> | <b>22 919 477</b> |

Creditors and other credit balances have increased by an amount of L.E 5 005 275 K mainly due to the increase in both of deferred revenue by an amount of L.E 2 348 094 K, trade receivables – credit balances item by an amount of L.E. 1 252 926 K and Tax Authority (taxes other than income tax) item by an amount of L.E 864 467 K, Suppliers item by an amount of L.E 520 391 K and Other credit balances item by an amount of L.E 545 694 K.

\* Reclassification was made on comparative figures as shown in Note No. (31-1).

**20-1 Lease liabilities**

The present value of the total liabilities from the ROU as Follow:

|  | <b>30/6/2022</b> | <b>31/12/2021</b> |
|--|------------------|-------------------|
|  | <b>L.E.(000)</b> | <b>L.E (000)</b>  |
| Beginning balance of present value for lease liabilities | 1 380 268        | 1 253 645         |
| Additions  | 138 734          | 182 567           |
| Payments   | ( 863 756)       | ( 729 573)        |
| Translation difference from foreign currency contracts   | 1 037            | 63                |
| Entities translation difference                          | ( 2 042)         | 2 461             |
| Interest   | 323 619          | 275 947           |
| <b>Lease liabilities</b>                                 | <b>977 860</b>   | <b>985 110</b>    |
| <b>Less:</b>   |                  |                   |
| <b>Current liabilities</b>                               | <b>138 795</b>   | <b>145 727</b>    |
| <b>Non Current liabilities</b>                           | <b>839 065</b>   | <b>839 383</b>    |

## 21. PROVISIONS

|  | 30/6/2022<br>L.E.(000) | 31/12/2021<br>L.E.(000) |
|--|------------------------|-------------------------|
| Balance at the beginning of the period / year  | 1 399 218              | 1 102 476               |
| Reclassification                               | 138 319                | 229 343                 |
| Reversal of provision                          | ( 66 324)              | 93 207                  |
| Provision used during the period / year        | ( 228 170)             | ( 25 804)               |
| Translation differences                        | 7                      | ( 4)                    |
| <b>Balance at the end of the period / year</b> | <b>1 243 050</b>       | <b>1 399 218</b>        |

## 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 L.E. 10 each.
- The Egyptian Government owns 80% after floating 20% of company's shares in public offering during December 2005.

## 23. RESERVES

|                 | 30/6/2022<br>L.E.(000) | 31/12/2021<br>L.E.(000) |
|-----------------|------------------------|-------------------------|
| Legal reserve * | 2 700 418              | 2 351 347               |
| Other reserves  | 2 787 550              | 2 787 550               |
|                 | <b>5 487 968</b>       | <b>5 138 897</b>        |

\* The balance of legal reserve has increased as a result of retaining an amount of L.E. 349 071 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

|  | 30/6/2022           |                            | 31/12/2021          |                            |
|--|---------------------|----------------------------|---------------------|----------------------------|
|  | Assets<br>L.E.(000) | (Liabilities)<br>L.E.(000) | Assets<br>L.E.(000) | (Liabilities)<br>L.E.(000) |
| Total deferred tax asset / liability                                 | 880 345             | (3 351 871)                | 167 807             | (3 161 466)                |
| Net deferred tax liability   | -                   | (2 471 526)                | -                   | (2 993 659)                |
| Deferred tax charged to the statement of income for the period\ year |                     | 522 133                    |                     | -                          |
| Impact of deferred tax charged to the income statement               | -                   | 102 562                    | -                   | -                          |
| Impact of deferred tax charged to the comprehensive income statement | -                   | 419 571                    | -                   | -                          |

## 24-2 Unrecognized deferred tax assets

|   | 30/6/2022        | 31/12/2021       |
|---|------------------|------------------|
|   | <u>L.E.(000)</u> | <u>L.E.(000)</u> |
| <b>Unrecognized deferred tax assets</b> | <b>597 520</b>   | <b>518 869</b>   |

Deferred tax assets have not been recognized in respect of the above mainly resulting from the trade receivable expected credit loss due to the uncertainty of the utilization of their benefits in the foreseeable future.

## 25. CAPITAL COMMITMENTS

The group's capital commitments for the unexecuted parts of contracts up to June 30, 2022 amounted to L.E 835 Million (against L.E. 385 Million up to December 31, 2021).

## 26. CONTINGENT LIABILITIES

In addition to the amounts included in the condensed consolidated statement of financial statements as of June 30, 2022, the company has the following contingent liabilities:

|  | 30/6/2022         | 31/12/2021        |
|--|-------------------|-------------------|
|  | <u>L.E. (000)</u> | <u>L.E. (000)</u> |
| - Letters of guarantee issued by banks on behalf of the company* | 3 012 317         | 2 619 125         |
| - Letters of credit  | 4 154 136         | 876 808           |

\* Includes letters of guarantee which were issued by banks at June 30, 2022 against restricted cash and cash equivalents at banks (note no.18).



## **27. TAX POSITION (Telecom Egypt)**

### **27-1 Corporate tax**

- Tax inspection was performed for the years till December 31, 2018 and tax differences were settled, and the company didn't pay late fines, And awaiting the issuance of the law to override the fines owed for those years 2016, 2017 and 2018.
- 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 was performed for the years till December 31, 2017 and the tax differences were settled and the company didn't pay the additional tax for years 2016 and 2017, And awaiting the issuance of the law to override the fines owed for those years.
- 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.
- 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 the year 2008 on the due dates.
- Provisions were formed to meet any tax liabilities that may arise from the tax inspection.



28. RELATED PARTY TRANSACTIONS IS REPRESENTED IN

transactions between the group and it's associates.

The related transactions during the period and balances on the condensed consolidated interim financial statements date are stated as follows:-

|   | Transactions volume   |   |                               |                         |  |
|---|---|---|-------------------------------|-------------------------|--|
|   | Nature of transactions<br>during the period<br><u>LE 000</u>  | Transactions volume<br>during the period<br>stated in the statement<br>of income<br><u>LE 000</u> | Movement<br>during the period |                         | Balance as of<br>30/6/2022<br>Debit (Credit)<br><u>LE 000</u>  |
|   |   |   | Debit<br><u>LE 000</u>        | Credit<br><u>LE 000</u> |  |
| <u>Credit balances due to associates</u>  |   |   |                               |                         | Balance as of<br>31/12/2021<br>Debit (Credit)<br><u>LE 000</u> |
| Vodafone Egypt Telecommunications Company | Outgoing calls and voice services<br>to the associate company   | 710 065   |                               |                         |  |
|   | Incoming and international calls,<br>transmission & lease of company<br>premises and towers to the associates company | 1 856 850   | 6 305 349                     | 5 431 817               | (1 047 450)<br>(173 918)                                       |
|   | Telecommunications and services   | -   | 16                            | -                       | ( 16)  |
|   |   |   | <u>6 305 365</u>              | <u>5 431 817</u>        | <u>(173 918)</u><br><u>(1 047 466)</u>                         |

## 29. GROUP ENTITIES

- Subsidiaries companies are controlled by group companies.
- The group companies control the invested entities when affected by or entitled to variable interest, through participating and influencing the interest due to authority on invested entity.
- The condensed consolidated interim financial statement includes the subsidiary companies that it hold, from the date of acquisition till end date.
- Company's direct and indirect share in subsidiaries companies on June 30, 2022 which were included in the condensed consolidated interim financial statements is as follows:

| <u>Company name:</u>   | <u>Country of<br/>incorporation</u> | <u>Ownership interest</u> |                   |
|--|-------------------------------------|---------------------------|-------------------|
|  |                                     | <u>30/6/2022</u>          | <u>31/12/2021</u> |
| Telecom Egypt France   | France                              | 100.00 %                  | 100.00 %          |
| WE Data  | Egypt                               | 100.00 %                  | 100.00 %          |
| T.E Data Jordan  | Jordan                              | 100.00 %                  | 100.00 %          |
| TE Investment Holding  | Egypt                               | 100.00 %                  | 100.00 %          |
| The Egyptian Telecommunication Company for Information Systems (Xceed) | Egypt                               | 100.00 %                  | 100.00 %          |
| Xceed Customer Care Maroc  | Morocco                             | 100.00 %                  | 100.00 %          |
| Xceed Customer Care Mauritius  | Mauritius                           | 100.00 %                  | 100.00 %          |
| Centra Technologies  | Egypt                               | 100.00 %                  | 100.00 %          |
| Centra Industries  | Egypt                               | 100.00 %                  | 100.00 %          |
| Telecom Egypt Globe  | Singapore                           | 100.00 %                  | 100.00 %          |
| Egyptian international submarine cables company (Eiscc)                | Egypt                               | 100.00 %                  | 100.00 %          |
| Middle East and North Africa Submarine Cable Company ( MENA CABLE )    | Egypt                               | 100.00 %                  | 100.00 %          |
| Mena Company For Submarine Cable Company ( MENA CABLE ITALY )          | Italy                               | 100.00 %                  | 100.00 %          |
| Egyptian Telecommunication Integrated Service Company                  | Egypt                               | 100.00 %                  | 100.00 %          |
| Centra Distribution*   | Egypt                               | -                         | 99.99 %           |
| Middle East Radio Communication (MERC)                                 | Egypt                               | 51.00 %                   | 51.00 %           |

\* The Extraordinary General Assembly of Centra Distribution, which was held on March 27, 2022 decided by unanimous vote on the decision not to continue and liquidate the company and to put the company under liquidation for nine months until the decision is taken.

### 30 –SIGNIFICANT CLAIMS AND LITIGATION:

#### **The Existing 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 September 14, 2022 the session is being determined to consider before another experts committee

**The TE’s legal advisor** believes that a conciliation was concluded between the parties of the lawsuit to end the dispute consensually with the lawsuit completely and finally .

### 31. **COMPARATIVE FIGURES**

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

#### **31-1 Effect on condensed statement of financial position:**

|   | <u>For the period ended</u><br><u>31/12/2021</u><br><u>as previously</u><br><u>reported</u><br><u>Debit\ (Credit)</u><br><u>LE(000)</u> | <u>Reclassification</u><br><u>Debit\ (Credit)</u><br><u>LE(000)</u> | <u>For the period ended</u><br><u>31/12/2021</u><br><u>Reclassified</u><br><u>Debit\ (Credit)</u><br><u>LE(000)</u> |
|---|---|---|---|
| Deferred tax assets                           | 167 807   | ( 167 807)  | -   |
| Deferred tax liabilities                      | (3 161 466)   | 167 807   | (2 993 659)   |
| Debtors and other debit balances (Current)    | 5 930 321   | (267 107)   | 5 663 214   |
| Creditors and other credit balances (Current) | (19 202 525)  | 1 506 122   | (17 696 403)  |
| Accrued income tax                            | -   | (1 239 015)   | (1 239 015)   |

### 31-2 Effect on the condensed consolidated statement of income:

|  | For the six months ended      |                         | For the six months ended |                               | For the three months ended |                         | For the three months ended |           |
|--|-------------------------------|-------------------------|--------------------------|-------------------------------|----------------------------|-------------------------|----------------------------|-----------|
|  | 30/6/2021                     | Reclassification        | 30/6/2021                | 30/6/2021                     | Reclassification           | 30/6/2021               | 30/6/2021                  | 30/6/2021 |
|  | <u>as previously reported</u> |                         | <u>Reclassified</u>      | <u>as previously reported</u> |                            | <u>Reclassified</u>     |                            |           |
|  | <u>debit / (credit)</u>       | <u>debit / (credit)</u> | <u>debit / (credit)</u>  | <u>debit / (credit)</u>       | <u>debit / (credit)</u>    | <u>debit / (credit)</u> | <u>debit / (credit)</u>    |           |
|  | <u>LE(000)</u>                | <u>LE(000)</u>          | <u>LE(000)</u>           | <u>LE(000)</u>                | <u>LE(000)</u>             | <u>LE(000)</u>          | <u>LE(000)</u>             |           |
| Operating Costs  | (10 209 793)                  | 100 914                 | (10 108 879)             | (5 244 516)                   | 21 501                     | (5 223 015)             |                            |           |
| Other Operating income                                 | 538 898                       | -                       | 538 898                  | 538 898                       | -                          | 538 898                 |                            |           |
| Selling and distribution expenses                      | (1 575 576)                   | (10 244)                | (1 585 820)              | (850 031)                     | 23 671                     | (826 360)               |                            |           |
| General and administrative expenses                    | (1 622 416)                   | (90 667)                | (1 713 083)              | (846 540)                     | (45 169)                   | (891 709)               |                            |           |
| (Provision) Reversal of expected credit loss provision | -                             | (113 692)               | (113 692)                | -                             | (6 946)                    | (6 946)                 |                            |           |
| Net finance cost                                       | (444 821)                     | 113 689                 | (331 132)                | (346 724)                     | 6 943                      | (339 781)               |                            |           |

### 31-3 Effect on condensed consolidated Statement of Cash Flows:

|                                      | For the six months ended      |                  | For the six months ended |                  |
|--------------------------------------|-------------------------------|------------------|--------------------------|------------------|
|                                      | 30/6/2021                     | Reclassification | 30/6/2021                | Reclassification |
|                                      | <u>as previously reported</u> |                  | <u>Reclassified</u>      |                  |
|                                      | <u>LE(000)</u>                | <u>LE(000)</u>   | <u>LE(000)</u>           | <u>LE(000)</u>   |
| Cash flows from investing activities |                               |                  |                          |                  |
| Payments of lease liabilities        | (121 699)                     | 121 699          | -                        |                  |
| Cash flows from financing activities |                               |                  |                          |                  |
| Payments of lease liabilities        | -                             | (121 699)        | (121 699)                |                  |

## 32- SIGNIFICANT EVENTS

### 32-1 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 Egyptian 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  | 18.27       | 18.17      |
| EURO | 20.17       | 20.06      |

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 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.



**32-2 The impact of applying appendix B of the Egyptian Accounting Standard No. (13) "Effects of Changes in Foreign Exchange Rates"**

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 (32-2). 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 condensed consolidated interim financial statements for the current period as follows:**

|  | Before applying the<br>accounting<br>transaction | The impact of<br>applying the<br>accounting transaction | After applying the<br>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>30/6/2022</u>                                 |   | <u>30/6/2022</u>                             |
| <b><u>1-Balance sheet</u></b>  |  |   |  |
| Fixed assets   | 43 625 605                                       | 788 445   | 44 414 050                                   |
| Project in progress  | 7 109 092  | 135 024   | 7 244 116                                    |
| Other assets   | 14 193 746                                       | 226 008   | 14 419 754                                   |
| Deferred tax liabilities   | (3 147 128)                                      | 675 602   | (2 471 526)                                  |
| Retained earnings  | (22 719 315 )                                    | 1 495 190   | (21 274 125 )                                |
| <b><u>2- Income statement</u></b>  |  |   |  |
| Finance cost   | (3 847 643 )                                     | 2 948 187   | (899 456)                                    |
| Depreciation and Amortization  | (3 467 093 )                                     | (29 858 )   | (3 496 951 )                                 |
| <b><u>Statement of comprehensive income</u></b>                              |  |   |  |
| Translation differences of foreign currency balances                         | -  | (1 864 761)   | (1 864 761)                                  |
| Deferred tax related to translation differences of foreign currency balances | -  | 419 571   | 419 571                                      |

### **33- SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of the condensed consolidated interim financial statements as of June 30, 2022 is the same as the accounting policies applied in the preparation of the annual consolidated financial statements as of December 31, 2021, these accounting policies have been applied consistently to all periods presented in these condensed consolidated interim financial statements as of June 30, 2022.