

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

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

Introduction

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

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements do not present fairly, in all material respects, the unconsolidated financial position of the company as at June 30, 2022 and of its unconsolidated financial performance and its unconsolidated 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 Separate Statement of Financial Position As of:

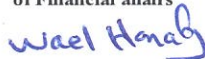
	Note No.	30/6/2022 L.E. (000)	31/12/2021 Reclassified L.E. (000)
Assets			
<u>Non Current Assets</u>			
Fixed assets	(11)	42 983 905	42 168 246
Projects in progress	(12)	6 898 433	6 131 150
Investments in subsidiaries and associates	(13)	6 645 125	6 645 125
Financial assets at FV OCI - Equity investment		74 856	74 856
Other assets	(14)	13 960 504	11 996 091
Total Non Current Assets		70 562 823	67 015 468
<u>Current Assets</u>			
Inventories	(15)	2 544 702	1 952 384
Trade and notes receivables	(16)	5 836 387	4 761 366
Debtors and other debit balances	(17)	5 956 576	4 916 603
Debit balances with subsidiaries	(28)	378 733	-
Cash and cash equivalents	(18)	1 784 883	2 315 830
Total Current Assets		16 501 281	13 946 183
Total Assets		87 064 104	80 961 651
<u>Equity</u>			
Capital	(22)	17 070 716	17 070 716
Reserves	(23)	5 359 173	5 011 376
Retained earnings		11 019 242	12 659 510
Total Equity		33 449 131	34 741 602
<u>Non Current Liabilities</u>			
Loans and credit facilities	(19)	13 081 868	10 966 681
Creditors and other credit balances	(20)	5 730 138	4 795 124
Deferred tax liabilities	(24-1)	797 145	1 396 449
Total Non Current Liabilities		19 609 151	17 158 254
<u>Current Liabilities</u>			
Loans and credit facilities installments due within one year	(19)	6 182 102	5 295 946
Creditors and other credit balances	(20)	18 064 814	14 324 912
Accrued credit accounts to subsidiaries and associates	(28)	8 342 867	7 854 290
Accrued income tax		610 423	547 293
Provisions	(21)	805 616	1 039 354
Total Current Liabilities		34 005 822	29 061 795
Total Liabilities		53 614 973	46 220 049
Total Equity and Liabilities		87 064 104	80 961 651

The attached notes on pages (6) to (23) are an integral part of these condensed separate interim financial statements.

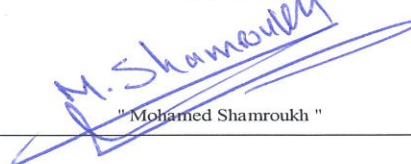
Director of financial affairs


 " Ehab Abdo "

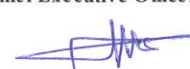
Senior Director
of Financial affairs


 " Wael Hanafy "

Chief Financial Officer



 " Mohamed Shamroukh "

Managing Director
& Chief Executive Officer


 "Adel Hamed"

Board of Directors approval

Chairman


 "Maged Osman"

Limited Review Report "attached"

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

	Note	<u>For the 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>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)	15 020 693	12 941 852	8 178 966	6 637 479
Operating costs	(4)	(9 981 712)	(8 335 629)	(5 177 370)	(4 298 836)
Gross Profit		5 038 981	4 606 223	3 001 596	2 338 643
Other operating income		449 307	498 216	289 135	131 759
Selling and distribution expenses	(5)	(1 427 688)	(1 271 751)	(734 294)	(658 013)
General and administrative expenses	(6)	(1 591 968)	(1 458 157)	(843 604)	(754 444)
(Provision)\ Reversal of expected credit loss provision		(35 300)	(59 337)	(56 998)	27 499
Other operating expenses		(65 962)	(53 443)	(2 377)	(30 093)
Operating profit		2 367 370	2 261 751	1 653 458	1 055 351
Finance income		75 427	351 173	(18 924)	(2 588)
Finance cost		(787 168)	(704 055)	(517 901)	(348 487)
Net finance cost	(7)	(711 741)	(352 882)	(536 825)	(351 075)
Income from investments in subsidiaries and associates	(8)	1 588 563	4 617 368	1 301 896	3 595 660
Net profit for the period before income tax		3 244 192	6 526 237	2 418 529	4 299 936
Income tax expense		(819 867)	(968 787)	(445 183)	(612 277)
Deferred tax expense	(24-1)	171 577	(76 695)	(31 791)	(56 776)
Total income tax		(648 290)	(1 045 482)	(476 974)	(669 053)
Net profit for the period after the income tax		2 595 902	5 480 755	1 941 555	3 630 883
Basic and diluted earning per share for the period (L.E./Share)	(10)	1.52	3.21	1.14	2.13

The attached notes on pages (6) to (23) are an integral part of these condensed separate interim financial statements.

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Statement of 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	2 595 902	5 480 755	1 941 555	3 630 883
Other Comprehensive Income Items:				
Translation differences of foreign currency balances	(1 901 008)	-	-	-
Deferred tax on translation differences of foreign currency balance	427 727	-	-	-
	(1 473 281)	-	-	-
Transferred to retained earnings during the period	1 473 281	-	-	-
Total Comprehensive Income	2 595 902	5 480 755	1 941 555	3 630 883

The attached notes on pages (6) to (23) are an integral part of these condensed separate interim financial statements.

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Statement of Changes In Equity
For the Six Months Ended June 30, 2022

	Note	Capital L.E. (000)	Legal reserve L.E. (000)	Other reserves L.E. (000)	Retained earnings L.E. (000)	Total L.E. (000)
Balance as of January 1, 2021 (Before restatement)		17 070 716	2 115 811		8 086 547	30 060 624
Impact of applying the new Egyptian Accounting Standards		-	-	-	(328 179)	(328 179)
Balance as of January 1, 2021 (After restatement)		17 070 716	2 115 811	2 787 550	7 758 368	29 732 445
Comprehensive income						
Net profit for the period		-	-	-	5 480 755	5 480 755
Total comprehensive income		-	-	-	5 480 755	5 480 755
Transactions with shareholders						
Transferred to legal reserve		-	108 015	-	(108 015)	-
Dividends for year 2020 (Shareholders)		-	-	-	(1 280 304)	(1 280 304)
Dividends for year 2020 (Employees & Board of Directors)		-	-	-	(666 470)	(666 470)
Total transactions with shareholders		-	108 015	-	(2 054 789)	(1 946 774)
Balance as of June 30, 2021		17 070 716	2 223 826	2 787 550	11 184 334	33 266 426
Balance as of January 1, 2022		17 070 716	2 223 826	2 787 550	12 659 510	34 741 602
Comprehensive income						
Net profit for the period		-	-	-	2 595 902	2 595 902
Total comprehensive income		-	-	-	2 595 902	2 595 902
Impact of translation differences of foreign currencies balances	(31)	-	-	-	(1 473 281)	(1 473 281)
Transactions with shareholders						
Transferred to legal reserve		-	347 797	-	(347 797)	-
Dividends for year 2021 (Shareholders)		-	-	-	(1 707 072)	(1 707 072)
Dividends for year 2021 (Employees & Board of Directors)		-	-	-	(708 020)	(708 020)
Total transactions with shareholders		-	347 797	-	(2 762 889)	(2 415 092)
Balance as of June 30, 2022		17 070 716	2 571 623	2 787 550	11 019 242	33 449 131

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

	Note No.	For the six months ended:	
		30/6/2022	30/6/2021
		L.E.(000)	Reclassified L.E.(000)
<u>Cash flows from operating activities :</u>			
Cash receipts from customers and notes receivables		9 259 279	10 272 061
Cash receipts from related party		6 965 085	5 083 856
Stamp tax and fees collected (from third party)		65 136	50 332
Deposits collected from customers		26 893	18 382
Cash paid to suppliers		(2 301 840)	(2 920 595)
Payments for NTRA license fees		(886 762)	(837 246)
Cash paid to Board of Directors		(13 165)	(9 377)
Cash paid to employees		(2 829 739)	(2 247 750)
Cash paid on behalf of employees to third party		(497 396)	(431 246)
Cash provided by operating activities		9 787 491	8 978 417
Interest paid		(410 702)	(609 878)
Payments to Tax Authority - income tax		(50 000)	-
Payments to Tax Authority - value added tax		(570 320)	(289 276)
Payments to Tax Authority - other taxes		(976 031)	(846 656)
Other proceeds		57 512	312 462
Net cash provided by operating activities		7 837 950	7 545 069
<u>Cash flows from investing activities :</u>			
Payments for purchase of fixed assets , other assets and projects in progress		(6 100 768)	(5 533 842)
Payments for purchase of other assets		(1 719 720)	(2 453 622)
payments for purchase of financial assets at amortized cost - treasury bills		(596 933)	-
Proceeds form sale of financial assets at amortized cost - treasury bills		605 491	-
Interest received		9 874	5 863
Dividends collected from investments		259 913	920 530
Proceeds from retrieval of financial assets at amortized cost - treasury bills		15 660	-
Net cash used in investing activities		(7 526 483)	(7 061 071)
<u>Cash flows from financing activities :</u>			
Payments of loans		(938 414)	(707 552)
Proceeds from credit facilities		1 872 696	765 636
Payments of lease liabilities		(71 424)	(68 534)
Dividends paid to shareholders		(1 707 072)	(1 280 304)
Net cash used in financing activities		(844 214)	(1 290 754)
Net change in cash and cash equivalents during the period		(532 747)	(806 756)
Cash and cash equivalents at the beginning of the period	(18)	2 274 871	1 538 732
Cash and cash equivalents at the end of the period	(18)	1 742 124	731 976

The attached notes on pages (6) to (23) are an integral part of these condensed separate interim financial statements.

Telecom Egypt Company
(An Egyptian Joint Stock Company)

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

1. BACKGROUND & ACTIVITIES

1-1 Legal Entity

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

1-2 Purpose of the company

The main purpose of the company represents in the following:

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

1-3 Issuance of the condensed separate interim financial statements

- These Condensed Separate Interim Financial Statements were approved by the company's Board of Directors for issuance on August 10, 2022

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

2-1 Statement of compliance

- These Condensed Separate Interim Financial Statements as of 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 separate financial statements for the company, and in the light of applicable Egyptian laws and regulations related to.
- These Condensed Separate Interim Financial Statements don't include all the required information needed for preparing the full annual financial statements and must be read with the separate annual financial statements as of December 31, 2021.
- The company's management also applied the special accounting treatment to deal with the effects of the liberalization of exchange rates contained in Appendix (B) of the Egyptian Accounting Standard No. (13) amended in 2015 "Effects of Changes in Foreign Currency Exchange Rates", where it was recognized within the cost of some items of fixed assets on the date of liberating the exchange rate with the currency differences resulting from translating the balance of the existing obligations on the date of the liberation of the exchange rate related to the acquisition of those assets. Also, it has been recognized within the items of other

*Notes to the condensed Separate Interim Financial Statements
For The Six months ended June 30, 2022 (continued)*

Translation from Arabic

comprehensive income for the debit and credit currency differences resulting from the retranslation of the balances of monetary items that exist on Mar 31 2022 Using the stipulated closing price in appendix B, 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. (31).

2-2 Basis of measurement

- These Condensed Separate Interim Financial Statements have been prepared under the historical cost basis, except for certain financial investments which are evaluated at fair value in according to the Egyptian Accounting Standards.
- For presentational purposes, the current and non-current classification has been used for the condensed separate statement of Financial Position, while expenses are analysed in condensed separate statement of income using a classification based on their function. The direct method has been used in preparing the condensed separate statement of cash flows.

2-3 Functional and presentation currency

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

2-4 Use of estimates

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

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

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

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

2-5 Fair value measurement

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

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

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

2-6 Segment reporting

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

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

Notes to the condensed Separate Interim Financial Statements
For The Six months ended June 30, 2022 (continued)

Translation from Arabic

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
	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
Home and personal communications	3 019 291	2 526 775	1 545 786	1 272 508
Enterprise	1 169 809	1 235 028	650 837	591 601
Domestic wholesale	7 051 736	6 050 496	3 740 982	3 061 982
International carriers	2 333 604	2 149 211	1 299 305	1 099 243
International cables and networks	1 446 253	980 342	942 056	612 145
	15 020 693	12 941 852	8 178 966	6 637 479

Total operating revenues have increased by an amount of L.E. 2 078 841 K due to the increase in domestic wholesale revenues by an amount of L.E. 1 001 240 K due to the increase in access service and infrastructure revenues in addition to the increase in home and personal communications revenues by an amount of L.E. 492 516 K due to the increase in revenues resulting from fixed line and rendering mobile phone service and international cables and networks revenues by an amount of L.E. 465 911 K, and international carriers revenues by an amount of L.E. 184 393 K, however the decrease in enterprise revenues by an amount of L.E. 65 219 K led to the limitation of this increase.

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
	L.E. (000)	Reclassified L.E. (000)	L.E. (000)	Reclassified L.E. (000)
Interconnection cost	3 187 316	2 967 310	1 659 145	1 533 250
Depreciation and amortization	3 041 031	2 425 871	1 518 490	1 272 708
Salaries and wages *	1 180 678	1 035 483	607 747	528 313
Company's social insurance contribution *	136 277	116 631	68 104	58 010
Frequencies and licenses charges (NTRA)*	776 832	402 394	405 802	206 659
Other operating cost *	1 659 578	1 387 940	918 082	699 896
	9 981 712	8 335 629	5 177 370	4 298 836

Operating costs have increased by an amount of L.E. 1 646 083 K mainly due to the following: -

- The increase in interconnection cost by an amount of L.E. 220 006 K which is mainly due to the increase in cost of international fees of transit service.
- The increase in the depreciation and amortization item by an amount of L.E. 615 160 K due to the additions of the last year after the first half months and the current period.
- The increase in salaries and wages item by an amount of L.E. 145 195 K mainly resulting from the annual increases during the period.
- The increase in frequencies and licenses charges (NTRA) item by an amount of L.E. 374 438 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 the other operating cost by an amount of L.E. 271 638 K which is mainly due to the increase in IRU right of use item by an amount of L.E. 145 449 K and organizations services costs item by an amount of L.E. 42 796 K.

*Reclassification was made to comparative figures as shown in Note no (30-2).

Notes to the condensed Separate Interim Financial Statements
For The Six months ended June 30, 2022 (continued)

Translation from Arabic

5. SELLING AND DISTRIBUTION EXPENSES

	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>Reclassified L.E. (000)</u>	<u>L.E. (000)</u>	<u>Reclassified L.E. (000)</u>
Salaries and wages*	588 482	477 702	295 878	244 217
Company's social insurance contribution*	66 727	57 105	33 203	28 403
Advertising and marketing	222 644	199 504	114 656	104 977
Organizations services costs	222 154	241 238	117 575	122 776
Agents' commissions and collection organizations	224 996	192 701	116 137	105 066
Depreciation & Amortization	17 490	15 173	8 768	6 908
Other selling and distribution expenses*	85 195	88 328	48 077	45 666
	<u>1 427 688</u>	<u>1 271 751</u>	<u>734 294</u>	<u>658 013</u>

The increase in selling and distribution expenses by an amount of L.E 155 937 K mainly due to the increase in salaries and wages item by an amount of L.E 110 780 K mainly due to the annual increases during the period and the increase in Agents' commissions and collection organizations item by an amount of L.E 32 295 K.

*Reclassification was made to comparative figures as shown in Note no (30-2).

6. GENERAL AND ADMINISTRATIVE EXPENSES

	Note No.	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>Reclassified L.E. (000)</u>	<u>L.E. (000)</u>	<u>Reclassified L.E. (000)</u>
Salaries and wages*		945 878	908 129	497 073	458 701
Company's social insurance contribution*		91 064	79 281	45 413	39 432
The company's contribution in loyalty and belonging fund	(9)	100 000	100 000	50 000	50 000
Depreciation & Amortization		28 649	16 374	14 069	8 194
Tax and duties		78 849	78 828	43 731	41 419
Organizations services costs and consultants		230 821	172 217	127 926	96 923
Other general and administrative expenses*		116 707	103 328	65 392	59 775
		<u>1 591 968</u>	<u>1 458 157</u>	<u>843 604</u>	<u>754 444</u>

The increase in general and administrative expenses by an amount of L.E 133 811 K mainly due to the increase organizations services cost and consultants item by an amount of L.E. 58 604 K in addition to the increase of salaries, wages item by an amount of L.E 37 749 K mainly due to the annual increases during the period and depreciation and amortization by an amount of L.E. 12 275 K.

*Reclassification was made to comparative figures as shown in Note no (30-2)

7. NET FINANCE COST

The increase in net finance cost by an amount of L.E 358 859 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 522 977 K, however the decrease the debit interest by an amount of L.E. 90 378 K and the increase in interest income item by an amount of L.E. 45 638 K led to the limitation of this increase.

*Reclassification was made to comparative figures as shown in Note no (30-2).

Notes to the condensed Separate Interim Financial Statements
For The Six months ended June 30, 2022 (continued)

Translation from Arabic

8. INCOME FROM INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

	<u>For the six months ended :</u>		<u>For the three months ended :</u>	
	<u>30/6/2022</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>
8-1 Income from investment in subsidiaries				
WE-Data	218 500	50 000	-	-
Middle East Radio Communication (Merc)	2 729	5 372	-	-
The Egyptian Telecommunication Company for information system (Xceed)	62 500	62 500	-	-
Centra for Technology (Centra)	2 938	4 921	-	-
8-2 Income from investment in associates				
Vodafone Egypt Telecommunications Company	1 301 896	4 494 575	1 301 896	3 595 660
	<u>1 588 563</u>	<u>4 617 368</u>	<u>1 301 896</u>	<u>3 595 660</u>

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

9. EMPLOYEE'S BENEFITS

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

The employees are granted an end of service benefits through a Loyalty & belonging Fund established in January 2004. Employees' benefit is based on the employees' basic salary in January 1, 2018 increasing annually at a compound rate of 5%. The subscription for employees hired after January 1, 2018 is calculated according to a subscription schedule for new hires and increase annually at a compound rate of 5% starting from the next year of the hiring date with the same conditions of periodical raise of employees.

The employees share in loyalty & belonging fund according to constant subscription are based on the same employees' basic salary where the end of service benefit calculated. The company's share represents annual defined contribution and the company had contributed by an amount of L.E 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).

10. BASIC AND DILUTED EARNING PER SHARE.

	<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>
Net profit for the period (LE in thousand)	2 595 902	5 480 755	1 941 555	3 630 883
Number of shares available during the period (share)	1707 071 600	1707 071 600	1707 071 600	1707 071 600
Basic and diluted earnings per share for the period (LE / share)	<u>1.52</u>	<u>3.21</u>	<u>1.14</u>	<u>2.13</u>

Notes to the condensed Separate Interim Financial Statements
For The Six months ended June 30, 2022 (continued)

Translation from Arabic

11. FIXED ASSETS

Description	30/6/2022	30/6/2021	30/6/2022	30/6/2021	30/6/2022	30/6/2021	31/12/2021
	Cost	Cost	Accumulated depreciation	Accumulated depreciation	Net	Net	Net
	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Land	2 386 374	2 338 973	-	-	2 386 374	2 338 973	2 386 374
Buildings & Infrastructure	43 114 724	39 267 190	19 326 486	17 669 492	23 788 238	21 597 698	23 182 063
Centrals & information technologies equipment	34 138 505	33 476 556	17 727 100	19 485 123	16 411 405	13 991 433	16 203 723
Vehicles	271 869	242 498	106 408	109 285	165 461	133 213	144 562
Furniture	509 120	466 928	355 499	325 685	153 621	141 243	164 995
Tools & supplies	243 554	225 333	164 748	128 333	78 806	97 000	86 529
Total	80 664 146	76 017 478	37 680 241	37 717 918	42 983 905	38 299 560	42 168 246

- The increase in net carrying value of fixed assets mainly due to the additions during the period by an amount of L.E.2 608 626 K, however the depreciation of the period by an amount of L.E. 2 430 775 K led to limitation of this increase.
- The cost of fixed assets as of June 30, 2022 includes an amount of L.E. 14 345 Million fully depreciated fixed assets and still in use.
- The fixed assets includes an amount of L.E 654 244 K, which is represented in the currency differences resulting from the translation of obligations in foreign currencies existing on the date of the exchange rate liberation and related to the acquisition of these assets Note No. (31-2).

12. PROJECTS IN PROGRESS

	30/6/2022	31/12/2021
	<u>LE (000)</u>	<u>LE (000)</u>
Land	206 382	199 148
Buildings and Infrastructure	1 335 284	1 130 331
Tools and supplies	4 161	4 590
Centrals and information technology equipment	2 127 644	2 383 093
Other Assets	980 874	641 274
fourth Genration network license	200 000	-
Advanced payments - fixed assets	2 044 088	1 772 714
	<u>6 898 433</u>	<u>6 131 150</u>

The balance of projects in progress is represented in the part that has been executed from commitments capital and contracts, and the advanced payment until 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 obligations in foreign currencies existing on the date of the exchange rate liberation and related to the acquisition of these assets Note No. (31-2).

Notes to the condensed Separate Interim Financial Statements
For The Six months ended June 30, 2022 (continued)

Translation from Arabic

13. INVESTMENTS IN SUBSIDIARIES AND 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>
13-1 Investments in subsidiaries				
- Telecom Egypt France (TE France)	100.00	69 220	100.00	69 220
- WE Data	99.99	252 461	99.99	252 461
- TE Investment Holding	99.99	39 998	99.99	39 998
- Egyptian international submarine cables company (Eisce)	99.00	267 578	99.00	267 578
- Egyptian telecommunication integrated services company	98.00	246	98.00	246
- Egyptian Telecommunication for Information System (Xceed)	97.66	31 250	97.66	31 250
- Centra Technology (centra)	58.76	14 737	58.76	14 737
- Middle East Radio Communication (Merc)	49.00	7 350	49.00	7 350
13-2 Investments in associates				
- Wataneya for Telecommunications	50.00	125	50.00	125
- Vodafone Egypt Telecommunications Company	44.95	5 960 054	44.95	5 960 054
- Egypt Trust	35.71	10 000	35.71	10 000
		6 653 019		6 653 019
Less:				
Impairment loss on investments of subsidiaries and associates*		7 894		7 894
		6 645 125		6 645 125

*Impairment loss on investments of subsidiaries and associates is formed for telecom Egypt in France by an amount of 269 K, Egypt Trust by an amount of L.E. 7 500 K and Wataneya for Telecommunications by an amount of L.E. 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>
Cost		
Fourth generation network license	13 699 149	11 084 380
Usefract (Projects)	312 004	315 536
Lease (right of use)	991 012	949 763
Submarine cables (right of way)	2 027 218	2 061 810
Right of way (National)	540 189	540 308
Land (possession-usufruct)	440 684	440 684
Licenses and programs	104 551	104 551
	18 114 807	15 497 032
Less:		
Accumulated amortization	4 154 303	3 500 941
Net carrying amount	13 960 504	11 996 091

- The increase in net carrying value of other assets mainly due to the increase in fourth generation network licenses item by an amount of L.E 2 614 769 K.
- Other assets cost includes at June 30, 2022 an amount of L.E 315 million, other assets fully amortized and still in use in operating.

*Notes to the condensed Separate Interim Financial Statements
For The Six months ended June 30, 2022 (continued)*

Translation from Arabic

- The other assets include an amount of L.E 214 419 K, representing the currency differences resulting from the translation of obligations in foreign currencies existing on the date of the exchange rate liberation and related to the acquisition of these assets Note No. (31-2).

15. INVENTORIES

	30/6/2022	31/12/2021
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Spare parts	811 352	726 508
Material supplies, Merchandise for sale and Letters of credit	1 718 985	1 205 641
Others	14 365	20 235
	<u>2 544 702</u>	<u>1 952 384</u>

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

16. TRADE AND NOTE RECEIVABLES

	30/6/2022	31/12/2021
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Trade Receivables - National	4 179 587	3 780 592
Trade Receivables - International	3 393 083	2 924 903
	<u>7 572 670</u>	<u>6 705 495</u>
<u>Add:</u>		
Notes receivable	245 797	-
<u>Less:</u>		
Expected credit loss provision	1 982 080	1 944 129
	<u>5 836 387</u>	<u>4 761 366</u>

Trade receivables balance has increased by an amount of L.E 1 075 021 K 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 carriers by an amount of LE. 273 516 K and trade receivables - international cables and networks by an amount of L.E 194 664 K.

Notes to the condensed Separate 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
	LE (000)	LE (000)
Suppliers – debit balances	788 807	556 978
Deposites with others	307 393	305 890
Accrued revenues	1 181 980	4 932
Tax Authority - value added tax	931 124	904 916
Tax Authority - withholding tax	923 459	1 310 159
Due from ministries, organizations and companies	604 162	432 307
Temporary debts due from employees	389 983	693 720
Other debit balances	926 655	807 380
	6 053 563	5 016 282
Less:		
Expected credit loss provision	96 987	99 679
	5 956 576	4 916 603

Debtors and other debit net balances have increased by an amount of L.E. 1 039 973 K mainly due to the increase in accrued revenue item by an amount of L.E. 1 177 048 K as a result of the cash dividends from Vodafone Egypt (Associate) by an amount of L.E. 1 171 706 K, suppliers – debit balances item by an amount of L.E. 231 829 K, due from ministries, organizations and companies item by an amount of L.E. 171 855 K, however the decrease in temporary debts due from employees item by an amount of L.E. 303 737 K and Tax authority (withholding tax) item by an amount of L.E. 386 700 K led to the limitation of this increase.

18. CASH AND CASH EQUIVALENTS

	Note No.	30/6/2022 L.E. (000)	31/12/2021 L.E. (000)	30/6/2021 L.E. (000)
Banks - time deposits (less than 3 months)		77 183	552 223	145 394
Banks - current accounts		1 698 994	914 722	634 593
Cash on hand		8 706	2 243	6 867
Financial assets at amortized cost -treasury bills (less than 3 months)		–	846 642	–
Cash and cash equivalents		1 784 883	2 315 830	786 854
Less:				
Restricted time deposits and current accounts at banks	(26)	42 759	40 959	54 878
Cash and cash equivalents as per cash flows statement		1 742 124	2 274 871	731 976

19. LOANS AND CREDIT FACILITIES

The increase in the balance of loans and credit facilities by an amount of L.E. 3 001 343 K due to the increase in foreign loans balance by an amount of L.E. 1 128 647 K due to the exchange rate liberalization on March 21 2022 and the increase in proceeds within the period of loans and credit facilities with local and foreign currencies amounted to L.E. 1 872 696 K, where loans and credit facilities with local and foreign currencies in June, 30 2022 amounted to L.E. 19 263 970 K (against LE 16 262 627 K at December, 31 2021) due within a year by an amount of L.E. 6 182 102 K.

*Notes to the condensed Separate Interim Financial Statements
For The Six months ended June 30, 2022 (continued)*

Translation from Arabic

20. CREDITORS AND OTHER CREDIT BALANCES

	Note	30/6/2022	31/12/2021
			Reclassified
	No.	L.E. (000)	L.E. (000)
Suppliers		1 268 550	1 084 853
Tax Authority (taxes other than income tax)		1 704 931	754 549
Deposits from others		586 907	559 732
Liabilities of early retirement scheme		3 565	24 385
Assets creditors		11 116 357	11 061 305
Lease obligations	(20-1)	755 992	746 524
Dividends creditors		770	770
Accrued interest		138 834	63 632
Accrued expenses		690 226	1 114 721
Public Authority for Social Insurance		68 772	56 392
Trade receivables - credit balances		2 644 174	1 580 585
Credit balances- organizations and companies		278 344	277 034
Deferred revenue		2 791 391	495 685
National Telecommunication Regulatory Authority (NTRA)		705 719	707 981
Other credit balances		1 040 420	591 888
		23 794 952	19 120 036
balances due within more than one year:			
Assets creditors		5 098 407	4 139 703
Lease obligations		608 017	630 062
Deferred revenue		23 714	25 359
Non current creditors and other credit balances		5 730 138	4 795 124
Current creditors and other credit balances		18 064 814	14 324 912
Total creditors and other credit balances		23 794 952	19 120 036

Creditors and other credit balances have increased by an amount of L.E. 4 674 916 K mainly due to the increase in deferred revenue item by an amount of L.E 2 295 706 K, trade receivables – credit balances item by an amount of L.E. 1 063 589 K, tax authority item (taxes other than income tax) by an amount of L.E 950 382 K, suppliers item by an amount of L.E. 183 697 K and other credit balances item by an amount of L.E 448 532 K.

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

20-1 Lease Liabilities

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

	30/6/2022	31/12/2021
	L.E. (000)	L.E. (000)
Beginning balance of Present value for lease liabilities	949 763	767 196
Additions	41 249	182 567
Payments	(523 405)	(451 981)
Lease liabilities interest	288 385	248 742
Lease liabilities	755 992	746 524
Less:		
Current Liabilities	147 975	116 462
Non Current Liabilities	608 017	630 062

*Notes to the condensed Separate Interim Financial Statements
For The Six months ended June 30, 2022 (continued)*

Translation from Arabic

21. PROVISIONS

	30/6/2022 L.E. (000)	31/12/2021 L.E. (000)
Balance at the beginning of the period / year	1 039 354	852 201
Reclassification during the period/year	138 319	229 343
Used during the period / year	(221 337)	(361)
Provisions no longer required	(150 720)	(41 829)
Balance at the end of the period / year	805 616	1 039 354

22. CAPITAL

- The company's issued and fully paid-up capital is L.E. 17 070 716 K, represented in 1 707 071 600 shares at a par value of LE 10 each, The Egyptian Government owns 80% after floating 20% of company's shares in public offering during December 2005.

23. RESERVES

	30/6/2022 L.E. (000)	31/12/2021 L.E. (000)
Legal reserve	2 571 623	2 223 826
Other reserves	2 787 550	2 787 550
	5 359 173	5 011 376

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

24. DEFERRED TAX

24-1 Recognized deferred tax assets and liabilities

	30/6/2022		31/12/2021	
	Assets L.E.(000)	Liabilities L.E.(000)	Assets L.E.(000)	Liabilities L.E.(000)
Total deferred tax asset / (liability)	817 250	(1 614 395)	134 515	(1 530 964)
Net deferred tax liability	-	(797 145)	-	(1 396 449)
Deferred tax charged to the statement of income for the period / year		171 577		(247 972)
Deferred tax charged to the statement of comprehensive income for the period / year		427 727		-

Notes to the condensed Separate Interim Financial Statements
For The Six months ended June 30, 2022 (continued)

Translation from Arabic

24-2 Unrecognized deferred tax assets

	30/6/2022	31/12/2021
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Unrecognized deferred tax assets	<u>387 336</u>	<u>410 662</u>

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

25. CAPITAL COMMITMENTS

The company's capital commitments for the unexecuted parts of contracts until June 30, 2022 amounted to L.E. 700 million (against L.E.257 million at the year ended December 31, 2021).

26. CONTINGENT LIABILITIES

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

	30/6/2022	31/12/2021
	<u>LE (000)</u>	<u>LE (000)</u>
- Letters of guarantee issued by banks on behalf of the company	2 565 460	876 808
- Letters of credit	4 137 690	2 357 470

*Letters of guarantee which were issued against restricted cash and equivalent as balance (Note No.18)

27. TAX POSITION

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 year 2008 on the due dates. Provisions were formed to meet any tax liabilities that may arise from the tax inspection

For The Six Months Ended June 30, 2022 (continued)

28. RELATED PARTY TRANSACTIONS

Transactions with subsidiaries & associates

Transactions with subsidiaries & associates

		Nature of transaction during the year	Amount of transactions during the year stated in the income statement		Movement during the year		Balance as of 30/6/2022		Balance as of 31/12/2022	
			L.E. 000	Debit	Credit	L.E. 000	Debit/(Credit)	L.E. 000	Debit/(Credit)	
Debit balances due from subsidiaries and associates										
-	Egyptian Telecommunication Company for Information Systems	Services rendered from subsidiary company	300 307	269 626	469 186	(720 657)		(521 097)		
-	Egyptian Telecommunication Company for Information Systems	Lease of subsidiary company premises, electricity claims, maintenance and leased circuits and selling fixed assets	27 503	1 019 499	225 048	1 099 390		304 939		
				1 289 125	694 234	378 733		(216 158)		
Credit balances due to subsidiaries and associates										
-	WE Data	Participation contract and Purchasing of fixed assets and services rendered from subsidiaries company	13 824	8 045 231	9 215 949	(7 037 939)		(5 867 221)		
-	WE Data	Leased circuits and information transfer network rendered	4 229 241	8 067 203	8 322 576	(87 716)		167 657		
				16 112 434	17 538 525	(7 125 655)		(5 699 564)		
-	TE Data Jordan	Participation contract	30 693	7 596	8 106	(1 150)		(640)		
		Revenue	5 438	-	-	-		-		
-	Egyptian International Submarine Cables Company (EISCC)	Leased sites for subsidiary company	10	10	-	10		(2 768)		
-	Egyptian International Submarine Cables Company (EISCC)	Purchasing of intigible assets from subsidiaries company	-	-	-	3		1		
-	Egyptian International Submarine Cables Company (EISCC)	Selling of intigible assets to subsidiaries company	-	12	-	(2 755)		(2 767)		
-	Centra for Technologies	Maintenance & supplying devices	80 779	140 856	119 799	(84 108)		(105 165)		
-	Centra for Electronic Industries	Maintenance & supplying devices	1 610	722	1 325	(2 576)		(1 973)		
-	Middle East Radio Communication (MERC)	Leased of information circuits	1 914	2 182	2 182	-		-		
-	TE investment Holding	Rendered services from subsidiary company	97 507	188 953	174 128	(9 995)		(24 820)		
-	TE investment Holding	Leased sites for subsidiary company	11	11	-	6		(5)		
				188 964	174 128	(9 989)		(24 825)		
-	TE France	Participation contract	14 684	17 438	29 782	(92 390)		(80 046)		
-	TE Globe	Participation contract	1 774	788	2 557	(3 420)		(1 651)		
-	Mena Cable	Maintenance - Rendered services from subsidiary company	5 301	40 889	148 044	(161 576)		(54 421)		
-	Mena Cable	Paid of expenses on behalf of parent company	966	684	2 007	(11 653)		(10 330)		
-	Mena Cable	Paid of expenses on behalf of parent company	-	29 366	95 775	(92 953)		(26 544)		
-	Mena Cable	Prepayment	-	-	819	(634)		185		
-	Mena Cable	IRU Equipment upgrade - Rendered services from subsidiary company	1 739	2 851	-	7 611		4 760		
-	Mena Cable	Maintenance - Rendered services to subsidiary company	-	-	-	(587 701)		(587 701)		
-	Vodafone Egypt Telecommunications Company	Outgoing calls and voice services for associate company	710 065	73 790	246 645	(846 906)		(674 051)		
-	Vodafone Egypt Telecommunications Company	Incoming international calls, claims, transmissions, lease of locations and towers for the associate company	1 856 850	6 305 349	5 431 817	(173 918)		(1 047 450)		
				22 850 131	23 554 866	(8 342 867)		(7 854 290)		

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

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

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

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

30. Comparative figures

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

30-1 Effect on Separate statement of financial position

	<u>For the period ended</u> <u>31/12/2021</u> <u>as previously</u> <u>reported</u> <u>Debit\ (Credit)</u> <u>LE(000)</u>	<u>Reclassification</u> <u>Debit\ (Credit)</u> <u>LE(000)</u>	<u>For the period ended</u> <u>31/12/2021</u> <u>Reclassified</u> <u>Debit\ (Credit)</u> <u>LE(000)</u>
Deferred tax assets	134 515	(134 515)	-
Deferred tax liabilities	(1 530 964)	134 515	(1 396 449)
Creditors and other credit balances (Current)	(14 872 205)	547 293	(14 324 912)
Accrued income tax	-	(547 293)	(547 293)

30-2 Effect on Separate statement of income

	For the six months ended		For the six months ended		For the six months ended		For the six months ended	
	30/6/2021	Reclassification	30/6/2021	Reclassification	30/6/2021	Reclassification	30/6/2021	Reclassification
	as previously reported		Reclassified		as previously reported		Reclassified	
	debit / (credit)	debit / (credit)	debit / (credit)		debit / (credit)	debit / (credit)	debit / (credit)	
	LE(000)		LE(000)		LE(000)		LE(000)	
Operating Costs	(8 382 204)	46 575	(8 335 629)		(4 292 147)	(6 689)	(4 298 836)	
Selling and distribution expenses	(1 260 746)	(11 005)	(1 271 751)		(662 296)	4 283	(658 013)	
General and administrative expenses	(1 422 587)	(35 570)	(1 458 157)		(756 830)	2 406	(754 444)	
(Provision) Reversal of expected credit loss provision	-	(59 337)	(59 337)		-	27 499	27 499	
Net finance cost	(412 219)	59 337	(352 882)		(323 576)	(27 499)	(351 075)	

30-3 Effect on Separate statement of cash flows

	For the period ended		Reclassification		For the period ended	
	30/6/2021				30/6/2021	
	as previously reported				Reclassified	
	LE(000)		LE(000)		LE(000)	
Cash flows from investing activities						
Payments of lease liabilities		(68 534)		68 534		-
Cash flows from financing activities						
Payments of lease liabilities		-		(68 534)		(68 534)

31- SIGNIFICANT EVENTS**31-1 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%, respectively. Which may affect the company's finance income and costs.

31-2 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 (31-1). 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 applying of those accounting treatments it may effect on the condensed separate interim financial statements for the current period as follows:

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

	Before applying the accounting transaction	The impact of applying the accounting transaction	After applying the accounting transaction
<u>Item</u>	Debit / (credit)	Debit / (credit)	Debit / (credit)
	<u>L.E(000)</u>	<u>L.E(000)</u>	<u>L.E(000)</u>
	<u>30/6/2022</u>		<u>30/6/2022</u>
<u>1-Statement of financial position</u>			
Fixed assets	42 329 661	654 244	42 983 905
Project in progress	6 763 409	135 024	6 898 433
Other assets	13 746 085	214 419	13 960 504
Deferred tax liabilities	(1 450 701)	653 556	(797 145)
Retained earnings	(12 492 523)	1 473 281	(11 019 242)
<u>2- Statement of income</u>			
Finance cost	(3 691 863)	2 904 695	(787 168)
Depreciation and amortization	(3 061 257)	(25 913)	(3 087 170)
<u>3-Statement of comprehensive income</u>			
Translation differences of foreign currency balances	-	1 901 008	1 901 008
Deferred tax on translation differences of foreign currency balances	-	(427 727)	(427 727)

32- SIGNIFICANT ACCOUNTING POLICIES

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