

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Consolidated Interim Financial Statements
For The Six Months Ended June 30, 2024
And Limited Review Report

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Translation from Arabic

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

Introduction

We have performed a limited review on the accompanying June 30, 2024, condensed interim consolidated financial statements of Telecom Egypt Company “an Egyptian joint stock company” and its subsidiaries “the Group”, which comprises:

- The condensed interim consolidated statement of financial position as of June 30, 2024;
- The condensed interim consolidated statements of income for the three months and six months periods ended June 30, 2024;
- The condensed interim consolidated statements of comprehensive income for the three months and six months periods ended June 30, 2024;
- The condensed interim consolidated statements of changes in equity for six months period ended June 30, 2024;
- The condensed interim consolidated statements of cash flows for six months period ended June 30, 2024;
- The notes to the condensed interim consolidated financial statements.

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

Scope of Limited Review

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



Hazem Hassan

Translation from Arabic

Basis of Qualified Conclusion

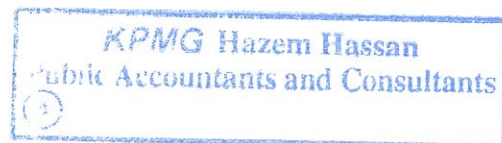
“As explained in Note No (14) of the condensed interim consolidated financial statements, the company holds an investment in Vodafone Egypt (Associate Company), which is accounted for using the equity method. The group’s share of the associate company’s equity was determined as of December 31, 2023, and June 30, 2024, based on financial information prepared by the management of the associate company. No reports were issued by the associate company’s external auditor on them. Furthermore, we were unable to verify the reasonableness of both the investment balance and the group’s share in the equity of Vodafone Egypt (Associate Company) by performing alternative procedures.”

Qualified Conclusion

Based on our limited review, except for the possible effect on the condensed interim consolidated financial statements of the matter described in the basis of the qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying June 30, 2024, condensed interim consolidated financial statements do not present fairly, in all material respects, in accordance with Egyptian Accounting Standard number (30) “Interim Financial Reporting”.

**KPMG Hazem Hassan
Public Accountants & Consultants**

Cairo, August 14, 2024



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

	Note <u>No.</u>	30/06/2024 <u>L.E. (000)</u>	31/12/2023 <u>L.E. (000)</u>
Assets			
<u>Non Current Assets</u>			
Fixed assets and projects under construction	(11)	92 068 988	77 846 793
Intangible assets (licenses and frequencies)		20 397 526	15 043 035
Usufruct assets	(12)	7 423 149	6 617 213
Right of use assets (lease contracts)	(13-1)	1 072 153	872 300
Investments in equity accounted investees	(14)	17 848 360	14 884 865
Financial assets at FVOCI		83 442	83 442
Trade and notes receivables	(16)	1 288 566	857 855
Debtors and other debit balances	(17)	108 894	74 870
Deferred tax assets	(24-3)	3 138 192	-
Total Non Current Assets		143 429 270	116 280 373
<u>Current Assets</u>			
Inventories	(15)	6 747 024	5 080 871
Trade and notes receivables	(16)	16 194 982	10 217 719
Current income tax	(24-5)	260 774	890 660
Debtors and other debit balances	(17)	10 869 636	7 192 489
Cash and cash equivalents	(18)	7 367 581	10 977 982
Total Current Assets		41 439 997	34 359 721
Total Assets		184 869 267	150 640 094
<u>Equity</u>			
Capital	(22)	17 070 716	17 070 716
Reserves	(23)	6 186 879	5 864 699
Retained earnings		18 694 269	27 224 185
Foreign entities translation reserve		1 495 987	707 362
Equity attributable to shareholders of the company		43 447 851	50 866 962
Non - controlling interest		14 913	17 970
Total Equity		43 462 764	50 884 932
<u>Non Current Liabilities</u>			
Long term loans and credit facilities	(19)	33 991 082	19 725 744
Creditors and other credit balances	(20)	16 395 815	13 893 622
Lease obligations	(13-2)	987 387	809 090
Deferred tax liabilities	(24-3)	-	1 449 418
Total Non Current Liabilities		51 374 284	35 877 874
<u>Current Liabilities</u>			
Short term loans and credit facilities	(19)	46 803 388	29 616 014
Creditors and other credit balances	(20)	41 452 530	31 497 698
Lease obligations	(13-2)	306 084	253 439
Credit balances to associates	(28-1)	373 117	1 083 772
Provisions	(21)	1 097 100	1 426 365
Total Current Liabilities		90 032 219	63 877 288
Total Liabilities		141 406 503	99 755 162
Total Equity and Liabilities		184 869 267	150 640 094

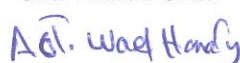
The accompanying notes on pages (6) to (29) are an integral part of these Condensed Consolidated Interim Financial Statements.

Director of Financial Affairs



"Ehab Abdo "

Chief Financial Officer



" Wael Hanafy "

Managing Director &
Chief Executive Officer



"Mohamed Nasr"

Board of Directors approval



Limited Review Report "attached"

Chairman

"Maged Osman"

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

	Note	<u>For the six months ended:</u>		<u>For the three months ended:</u>	
		30/6/2024	30/6/2023	30/6/2024	30/6/2023
		<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)	37 952 947	28 135 660	20 466 279	14 176 999
Operating costs	(4)	(23 060 699)	(16 284 400)	(12 535 181)	(8 373 770)
Gross Profit		14 892 248	11 851 260	7 931 098	5 803 229
Other incomes		302 361	210 365	243 924	130 104
Selling and distributing expenses	(5)	(2 766 734)	(2 189 960)	(1 530 304)	(1 185 722)
General and administrative expenses	(6)	(3 340 840)	(2 494 167)	(1 702 774)	(1 312 381)
Other expenses		(218 346)	(167 059)	(56 596)	(57 117)
Expected credit loss		(451 515)	(101 344)	(83 866)	(76 585)
Operating profit		8 417 174	7 109 095	4 801 482	3 301 528
Finance income		342 678	376 643	(78 187)	152 021
Finance cost		(5 555 685)	(2 277 876)	(3 468 474)	(1 150 532)
Net finance cost	(7)	(5 213 007)	(1 901 233)	(3 546 661)	(998 511)
Share of profit of equity accounted investees	(8)	2 984 744	1 964 230	2 086 150	1 070 153
Net profit for the period before income tax		6 188 911	7 172 092	3 340 971	3 373 170
Income tax	(24-1)	326 374	(472 683)	(709 678)	(487 494)
Net profit for the period after income tax		6 515 285	6 699 409	2 631 293	2 885 676
<u>Profit attributable to :</u>					
Shareholders of the holding company		6 511 417	6 695 533	2 629 353	2 882 163
Non-controlling interest		3 868	3 876	1 940	3 513
Net profit for the period after income tax		6 515 285	6 699 409	2 631 293	2 885 676
Basic and diluted earning per share for the period (L.E. / Share)	(10)	3.81	3.92	1.54	1.69

The accompanying notes on pages (6) to (29) are an integral part of these Condensed Consolidated Interim Financial Statements.

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

		<u>For the six months ended :</u>		<u>For the three months ended :</u>	
	Note	30/6/2024	30/6/2023	30/6/2024	30/6/2023
	<u>No.</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		6 515 285	6 699 409	2 631 293	2 885 676
<u>Other Comprehensive Income items :</u>					
Translation differences of foreign entities		788 625	300 670	52 368	2 248
Translation differences of foreign currency balances		(13 453 681)	(4 684 535)	-	(102 644)
Income tax on translation differences of foreign currency balances	(24-2)	3 027 078	1 054 020	-	23 094
		<u>(10 426 603)</u>	<u>(3 630 515)</u>	<u>-</u>	<u>(79 550)</u>
Transferred to retained earnings during the period	(31-2)	10 426 603	3 630 515	-	79 550
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income		<u>7 303 910</u>	<u>7 000 079</u>	<u>2 683 661</u>	<u>2 887 924</u>
Attributable to :					
Shareholders of the holding company		7 300 042	6 996 203	2 681 721	2 884 411
Non-controlling interest		3 868	3 876	1 940	3 513
Total Comprehensive Income		<u>7 303 910</u>	<u>7 000 079</u>	<u>2 683 661</u>	<u>2 887 924</u>

The accompanying notes on pages (6) to (29) are an integral part of these Condensed Consolidated Interim Financial Statements.

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Consolidated Interim Statement of Changes in Equity
For The Six Months Ended June 30, 2024

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, 2023	17 070 716	2 702 825	2 787 550	23 289 323	402 277	46 252 691	15 159	46 267 850
Comprehensive Income								
Net profit for the period	-	-	-	6 695 533	-	6 695 533	3 876	6 699 409
Translation differences of foreign entities	-	-	-	-	300 670	300 670	-	300 670
Total Comprehensive Income	-	-	-	6 695 533	300 670	6 996 203	3 876	7 000 079
Impact of translation differences of foreign currencies balances transferred to legal reserve	-	-	-	(3 630 515)	-	(3 630 515)	-	(3 630 515)
	-	367 670	-	(367 670)	-	-	-	-
Transactions with shareholders								
Announced dividends for employees & associates	-	-	-	(225 275)	-	(225 275)	-	(225 275)
Dividends for year 2022 (shareholders)	-	-	-	(2 133 840)	-	(2 133 840)	(3 792)	(2 137 632)
Dividends for year 2022 (Employees & Board of Directors)	-	-	-	(1 306 367)	-	(1 306 367)	(843)	(1 307 210)
Total transactions with shareholders	-	-	-	(3 665 482)	-	(3 665 482)	(4 635)	(3 670 117)
Balance as of June 30, 2023	17 070 716	3 070 495	2 787 550	22 321 189	702 947	45 952 897	14 400	45 967 297
Balance as of January 1, 2024	17 070 716	3 070 495	2 794 204	27 224 185	707 362	50 866 962	17 970	50 884 932
Comprehensive Income								
Net profit for the period	-	-	-	6 511 417	-	6 511 417	3 868	6 515 285
Translation differences of foreign entities	-	-	-	-	788 625	788 625	-	788 625
Total Comprehensive Income	-	-	-	6 511 417	788 625	7 300 042	3 868	7 303 910
Impact of translation differences of foreign currencies balances transferred to legal reserve	-	-	-	(10 426 603)	-	(10 426 603)	-	(10 426 603)
	-	322 180	-	(322 180)	-	-	-	-
Transactions with shareholders:								
Dividends for year 2023 (shareholders)	-	-	-	(2 560 607)	-	(2 560 607)	(5 646)	(2 566 253)
Dividends for year 2023 (Employees & Board of Directors)	-	-	-	(1 731 943)	-	(1 731 943)	(1 279)	(1 733 222)
Total transactions with shareholders	-	-	-	(4 292 550)	-	(4 292 550)	(6 925)	(4 299 475)
Balance as of June 30, 2024	17 070 716	3 392 675	2 794 204	18 694 269	1 495 987	43 447 851	14 913	43 462 764

The accompanying notes on pages from (6) to (29) are an integral part of these Condensed Consolidated Interim Financial Statements.

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

	For the six months ended:		
	Note	30/6/2024	30/6/2023
	No.	L.E. (000)	L.E. (000)
<u>Cash flows from operating activities:-</u>			
Cash receipts from customers and notes receivables		39 544 225	30 338 256
Stamp tax and fees collected (from third parties)		8 094	71 478
Deposits collected from customers		26 299	31 097
Cash paid to suppliers		(10 051 173)	(7 709 102)
Payments for NTRA		(2 553 444)	(1 727 511)
Cash paid to Board of Directors		(46 423)	(30 514)
Cash paid to employees		(5 553 523)	(4 835 587)
Cash paid on behalf of employees to third parties		(895 967)	(742 842)
Payments to Tax Authority - taxes other than income tax		(3 979 779)	(2 371 444)
Other proceeds/ (payments)		944 993	(338 747)
Cash provided by operating activities		17 443 302	12 685 084
Interest paid		(4 525 173)	(1 842 527)
Payments to Tax Authority - income tax		(14 010)	(307 147)
Net cash provided by operating activities		12 904 119	10 535 410
<u>Cash flows from investing activities:-</u>			
Payments for purchase of fixed assets and projects under construction		(20 884 325)	(11 235 384)
Payments for purchase of intangible assets		(6 475 490)	(2 780 130)
Proceeds form sale of fixed assets and intangible assets		64	270
Credit interest		192 600	180 152
Dividends collected from investments		4 228	4 250
Proceeds from financial assets at amortized cost - treasury bills income		70 679	94 841
Net cash used in investing activities		(27 092 244)	(13 736 001)
<u>Cash flows from financing activities:-</u>			
Payments for loans		(1 839 708)	(2 124 685)
Proceeds from loans		9 440 000	-
Net proceeds from credit facilities		5 362 106	10 525 413
Payments of lease obligations		(213 924)	(175 604)
Payments for long term investments (associates)		(3 750)	-
Dividends paid to Shareholders		(2 566 253)	(2 137 632)
Net cash provided by financing activities		10 178 471	6 087 492
Net change in cash and cash equivalents during the period		(4 009 654)	2 886 901
Translation differences of foreign entities		240 844	116 654
Cash and cash equivalents at the beginning of the period	(18)	10 442 683	6 751 791
Cash and cash equivalents at the end of the period	(18)	6 673 873	9 755 346

The accompanying notes on pages from (6) to (29) 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, 2024

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 address of the company is 26 Ramses Street, Cairo, Egypt.
- 70% is owned by the Egyptian government, 30% of the company's nominal shares are traded on the Egyptian Stock Exchange, while GDRs are traded on the London Stock Exchange, each consisting of five ordinary shares.

1-2 Purpose of the company

The main purpose of the company represents in the following:

- Owning, setting up, operating, maintenance and development of telecommunication networks and infrastructure necessary for communication services for using and / or managing and / or leasing to others and / or 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 13, 2024.

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, 2024 have been prepared according to Egyptian Accounting Standard No.30 requirements "Interim Financial Reporting" and in the light of applicable laws and regulations accordingly it was prepared as a Condensed Consolidated Interim Financial Statements comparative view to the annual consolidated financial statements for the company for the financial year ended December 31, 2023.

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 separate annual financial statements as of December 31, 2023.

The company's management also applied the special accounting treatment to deal with the effects of the liberalization of exchange foreign rates contained in Appendix (E) of the Egyptian Accounting Standard No. (13) Amended in 2024 "Effects of Changes in Foreign Currency Exchange Rates", according to what is detailed in Note No. (31 2).

2-2 Basis of measurement

- These Condensed Consolidated Interim Financial Statements have been prepared according to the historical cost basis, except for:
 - (A) Financial instruments that are recorded at fair value through profit or loss.
 - (B) Financial instruments that are recorded at fair value through other comprehensive income.
 - (C) Financial instruments that are recorded at amortized cost.
- For presentational purposes, the current and non-current classification has been used for the condensed consolidated 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 Consolidated Interim Financial Statements are presented in Egyptian pound (L.E.) which represents the group's functional currency, All financial information presented in "L.E." has been rounded to the nearest thousand unless otherwise stated.

2-4 Use of estimates and judgments

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, the revaluation impact is reflect on that period or any other future financial period that could be impacted.

Information about significant areas used in these estimates and critical judgements that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements is included in the following notes:

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

2-5 Fair value measurement

- The fair value of financial instruments is determined based on the market value of the financial instrument or similar financial instruments at the date of the condensed 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 an integrated activity, based on the nature of product and the service provided. The segment reporting is prepared according to services provided by activities as a group as follows:

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

2-7 SIGNIFICANT ACCOUNTING POLICIES

With the exeption of a new accounting standards or amendments on the currnt accounting standards, the accounting policies applied in the preparation of the condensed consolidated interim financial statements as of June 30, 2024 is the same as the accounting policies applied in the preparation of the annual separate financial statements as of December 31, 2023.and approved in March 3, 2024

2-8 New Editions and Amendments to Egyptian Accounting Standards:

(A). On March 3, 2024, the Prime Minister's Decree No. (636) of 2024 was issued amending some provisions of the Egyptian Accounting Standards the following is a summary of the most significant amendments:

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
<p>Egyptian Accounting Standard No. (50) "Insurance Contracts".</p>	<p>1-This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the Company provides appropriate information that truthfully reflects those contracts. This information provides users of financial statements with the basis for assessing the impact of insurance contracts on the Company's financial position, financial performance, and cash flows.</p> <p>2-Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts". Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50).</p> <p>3-The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (10) "Fixed Assets". - Egyptian Accounting Standard No. (23) "Intangible Assets". - Egyptian Accounting Standard No. (34) " Investment property". 	<p>The Company is currently assessing the impact of applying this new standard on its financial statements.</p>	<p>Egyptian Accounting Standard No. (50) is effective for annual financial periods starting on or after July 1, 2024, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the Company should disclose that fact.</p>
<p>Egyptian Accounting Standard No. (34) amended 2024 "Investment Property "</p>	<p>The Egyptian Accounting Standard No. (34) "Investment Property" was reissued in 2024, to amend the fair value application mechanism by the mandate of recognizing the gain or loss arising from the change in the fair value of the investment property in the statement of profit or loss for the period in which the change arises or through the statement of other comprehensive income for one time in the life of the asset or investment, taking into account paragraphs (35a) and (35b) of the standard.</p>	<p>The Company doesn't have this type of asset. Accordingly, this change doesn't have an impact on the financial statement of</p>	<p>The amendments to the amendment of addition of the option to use the fair value model apply to financial periods commencing on or after January 1, 2024 with early adaption allowed retrospectively by recognizing the cumulative impact of the application of the fair value model initially by adding it to the opening balance of retained earnings/losses as at the</p>

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
		the Company.	beginning of the financial period in which the Company applies this model for the first time.
Egyptian Accounting Standard No. (17) amended 2024 "Separate Financial Statements"	Egyptian Accounting Standard No. (17) "Separate Financial Statements" was reissued in 2024, adding the option to use the equity method as described in Egyptian Accounting Standard No. (18) "Investments in Sister Companies" when accounting for investments in associates, sister companies and jointly controlled companies.	The change doesn't have an impact on the Consolidated financial statement of the Company.	The amendments shall apply to financial periods commencing on or after January 1, 2024 with early adaption allowed retrospectively by recognizing the cumulative impact of the application of the equity method by adding it to the opening balance of retained earnings/losses as at the beginning of the financial period in which the Company applies this method for the first time.

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
<p>Egyptian Accounting Standard No. (13) amended 2024 "Effects of changes in foreign exchange rates"</p>	<p>This standard was reissued in 2024, to add how to determine the spot exchange rate when exchange between two currencies is difficult and what are the conditions that must be met for determining the spot exchange rate at the measurement date.</p> <p>An appendix to the application guidelines has been added, which includes guidelines for assessing whether a currency is exchangeable for another currency, and guidelines for applying the required treatments in case of non-exchangeability.</p>	<p>The change doesn't have an impact on the Consolidated financial statement of the Company.</p>	<p>Amendments regarding the determination of spot exchange rate when it is difficult to exchange between two currencies is applicable to financial periods commencing on or after January 1, 2024 with early adaption allowed. If the entity made an early application, this has to be disclosed. Entity shall not be modifying comparative information and instead should:</p> <ul style="list-style-type: none"> • When the entity reports foreign currency transactions to its functional currency, any effect of the initial application is recognized as an adjustment to the opening balance retained earnings/losses on the date of initial application. • When an entity uses presentation currency different than its functional currency or translates the results and balances of foreign operation, the resulting differences and financial position of a foreign transaction, any effect of the initial application is recognized as an adjustment to the cumulative translation adjustment reserve - accumulated in equity section on the date of initial application.

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Accounting Interpretation No. (2) "Carbon Reduction Certificates"	Carbon Credits Certificates: Are financial instruments subject to trading that represent units for reducing greenhouse gas emissions. Each unit represents one ton of equivalent carbon dioxide emissions, and are issued in favor of the reduction project developer (owner/non-owner), after approval and verification in accordance with internationally recognized standards and methodologies for reducing carbon emissions, carried out by verification and certification bodies, whether local or international, registered in the list prepared by the Financial Regulatory Authority "FRA" for this purpose. Companies can use Carbon Credits Certificates to meet voluntary emissions reduction targets to achieve carbon trading or other targets, which are traded on the Voluntary Carbon Market "VCM". The interpretation deals with the accounting treatment of different cases in terms of initial measurement, subsequent measurement, exclusion from the books, and necessary disclosures.	The management is currently studying the financial implications of applying the accounting interpretation to the Company's financial statements.	The application starts on or after the first of January 2025, early adaption is allowed.

(B). Evaluate the difficulty of exchanging foreign currencies

- The company applied the amendment to Paragraph No. 57 A of Egyptian Accounting Standard No. (13) amended 2024, "The effects of changes in foreign exchange rates against the Egyptian pound." The following is a summary of the results of this evaluation.
- The company evaluated that there is no difficulty in exchanging assets evaluated in foreign currencies as of January 1, 2024, which is the date of the application of the amended Egyptian Accounting Standard No. (13), and this evaluation was conducted on the basis that assets evaluated in foreign currencies can be exchanged at the bank at any time without difficulty.
- The company also assessed that there is no difficulty in exchanging liabilities evaluated in foreign currencies, to the extent that assets evaluated in foreign currencies can be used to settle these obligations, and that there are no liabilities evaluated in foreign currencies that will be settled from outside the banking system, and there is no estimate that there will be difficulty exchanging these balances in the near future.

3. OPERATING REVENUES

	For the six months ended :		For the three months ended :	
	30/6/2024	30/6/2023	30/6/2024	30/6/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Home and personal communications	17 223 273	12 121 718	8 979 051	6 204 546
Enterprise	4 172 182	3 128 704	2 176 218	1 437 512
Domestic wholesale	4 369 622	4 274 117	2 637 000	1 804 666
International carrier	6 147 066	3 893 765	3 511 016	2 034 827
International cables and networks	6 040 804	4 717 356	3 162 994	2 695 448
	<u>37 952 947</u>	<u>28 135 660</u>	<u>20 466 279</u>	<u>14 176 999</u>

Total operating revenues have increased by an amount of L.E. 9 817 287 K mainly due to the increase in revenues of home and personal communications by an amount of L.E. 5 101 555 K due to the increase in revenues resulting from fixed line and rendering mobile phone services and internet services, international carrier by an amount of L.E. 2 253 301 K, international cables and networks revenues by an amount of L.E. 1 323 448 K, and Enterprise revenues by an amount of L.E. 1 043 478 K.

4. OPERATING COSTS

	For the six months ended :		For the three months ended :	
	30/6/2024	30/6/2023	30/6/2024	30/6/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Call cost	5 895 029	4 129 045	3 289 589	2 189 422
Depreciation and amortization*	6 510 479	4 678 670	3 344 289	2 446 004
Salaries and wages	2 736 459	2 133 316	1 448 854	1 130 673
Company's social insurance contribution	240 943	200 518	121 763	101 172
Frequencies and licenses charges (NTRA)	1 890 664	1 301 970	997 950	636 571
Organizations services cost	2 047 996	1 352 227	1 113 876	693 280
Other operating cost	3 739 129	2 488 654	2 218 860	1 176 648
	<u>23 060 699</u>	<u>16 284 400</u>	<u>12 535 181</u>	<u>8 373 770</u>

Operating costs have increased by an amount of L.E. 6 776 299 K mainly due to the following: -

- The increase of Call cost by an amount of L.E. 1 765 984 K which is mainly due to the increase in cost of international connection fees by an amount of L.E. 646 677 K.
- The increase of the depreciation and amortization item by an amount of L.E. 1 831 809 K due to the additions of the last year after the first half and the current period.
- The increase of Salaries and wages item by an amount of L.E. 603 143 K as a result of the annual increases during the period.
- The increase of frequencies and licenses charges (National Telecom Regulatory Authority) by an amount of L.E. 588 694 K.
- The increase in other operating cost item by an amount of L.E. 1 250 475 which is mainly due to the increase in cost of merchandise available for sale item by an amount of L.E. 359 290 K, leased circuits and subscription to satellites item by an amount of L.E. 150 148 K, and supplies and spare parts item by an amount of L.E. 139 054 K.

* Reclassification was made on comparative figures as shown in Note No. (30).

5. SELLING AND DISTRIBUTING EXPENSES

	<u>For the six months ended :</u>		<u>For the three months ended :</u>	
	<u>30/6/2024</u>	<u>30/6/2023</u>	<u>30/6/2024</u>	<u>30/6/2023</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Salaries and wages	1 248 564	1 006 174	642 189	522 140
Company's social insurance contribution	105 151	93 282	52 322	47 012
Advertising and marketing	831 339	600 721	533 603	379 490
Commissions of agents and collection organizations	442 782	329 190	229 948	148 311
Depreciation and amortization	38 631	34 823	20 029	17 583
Other selling and distributing expenses	100 267	125 770	52 213	71 186
	<u>2 766 734</u>	<u>2 189 960</u>	<u>1 530 304</u>	<u>1 185 722</u>

The increase in selling and distribution expenses by an amount of L.E 576 744 K mainly due to the increase in advertising and marketing by an amount of L.E 230 618 K and salaries and wages item by an amount of L.E 242 390 K which is mainly due to the annual increases during the period.

6. GENERAL AND ADMINISTRATIVE EXPENSES

	Note <u>No</u>	<u>For the six months ended :</u>		<u>For the three months ended :</u>	
		<u>30/6/2024</u>	<u>30/6/2023</u>	<u>30/6/2024</u>	<u>30/6/2023</u>
		<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Salaries and wages		2 060 743	1 592 875	1 059 855	831 624
Company's social insurance contribution		142 024	118 266	69 306	59 878
The company's contribution in loyalty and belonging fund	(9)	130 000	100 000	65 000	50 000
Depreciation and amortization		118 741	80 560	80 935	50 836
Organizations services cost and consultants		318 088	199 976	154 396	108 554
Tax and duties		246 292	114 942	117 132	63 169
Other general and administration expenses		324 952	287 548	156 150	148 320
		<u>3 340 840</u>	<u>2 494 167</u>	<u>1 702 774</u>	<u>1 312 381</u>

The increase in general and administrative expenses by an amount of L.E. 846 673 K is mainly due to the increase in Salaries and wages item by an amount of L.E 467 868 K mainly due to the annual increases during the period and the increase in Taxes and duties item by an amount of L.E 131 350 K., and organizations services costs and consultants item by an amount of L.E. 118 112 K.

7. NET FINANCE COST

The increase in net finance cost by an amount of L.E 3 311 774 K during the period is mainly due to the increase in debit interest by an amount of L.E 2 932 875 K and the increase of net loss of foreign currencies during the period by an amount of L.E. 331 313 K.

* Reclassification was made on comparative figures as shown in Note No. (30).

8. SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEES

	<u>For the six months ended :</u>		<u>For the three months ended :</u>	
	<u>30/6/2024</u>	<u>30/6/2023</u>	<u>30/6/2024</u>	<u>30/6/2023</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Vodafone Egypt telecommunications company	2 964 622	1 948 398	2 078 292	1 061 618
Egypt trust	20 122	15 832	7 858	8 535
	<u>2 984 744</u>	<u>1 964 230</u>	<u>2 086 150</u>	<u>1 070 153</u>

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

9. EMPLOYEES' 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, 2017 increasing annually at a compound rate of 5%. The subscription for employees hired after January 1, 2017 is calculated according to a subscription schedule for new hires and increase annually at a compound rate of 5% starting from the next year of the hiring date with the same conditions of periodical raise of employees.
- Noting that the General Assembly of the Loyalty and belonging Fund, which was held in March 31, 2024, approved the amendment of the subscription fee for disbursing benefits and collecting contributions to be the basic wage on 1/1/2021, provided that this amendment takes effect from 1/1/2024 after the issuance of the General Assembly's for financial control decision of the proposed amendments to the Fund's Articles of Association, according to the approval of the General Assembly, which has not been issued to date.
- The employees share in loyalty & belonging fund according to constant subscription are based on the same employees' basic salary where the end of service benefit calculated. The company's share represents annual defined contribution and the company had contributed by an amount of L.E 130 M for the period ended in June 30, 2024 (against an amount of L.E. 100 M for the same period of 2023).

10. BASIC AND DILUTED EARNING PER SHARE FOR THE PERIOD

- The earning per share for the period is calculated as follows:

	<u>For the six months ended:</u>		<u>For the three months ended:</u>	
	<u>30/6/2024</u>	<u>30/6/2023</u>	<u>30/6/2024</u>	<u>30/6/2023</u>
<u>The holding company owners' equity :</u>				
Net profit for the period (LE in thousand)	6 511 417	6 695 533	2 629 353	2 882 163
Weighted average for number of shares available during the period (share)	1 707 071 600	1 707 071 600	1 707 071 600	1 707 071 600
Basic and diluted earning per share for the period (L.E/Share)	<u>3.81</u>	<u>3.92</u>	<u>1.54</u>	<u>1.69</u>

11. FIXED ASSETS AND PROJECTS UNDER CONSTRUCTION

Description	30/6/2024	30/6/2023	30/6/2024	30/6/2023	30/6/2024	30/6/2023	31/12/2023
	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	2 409 967	2 395 085	-	-	2 409 967	2 395 085	2 395 085
Buildings & Infrastructure	57 760 661	48 509 919	24 921 288	21 975 788	32 839 373	26 534 131	29 892 400
Centrals & information technologies equipment	59 507 213	44 381 059	27 496 066	21 650 809	32 011 147	22 730 250	27 921 868
Vehicles	352 345	307 365	169 499	141 841	182 846	165 524	168 482
Furniture	1 342 017	1 305 247	1 053 223	945 797	288 794	359 450	373 081
Tools & supplies	277 873	270 330	202 057	185 319	75 816	85 011	79 517
Decoration & fixtures	248 958	207 007	204 482	202 052	44 476	4 955	39 393
Projects under construction	24 216 569	12 376 261	-	-	24 216 569	12 376 261	16 976 967
Total	146 115 603	109 752 273	54 046 615	45 101 606	92 068 988	64 650 667	77 846 793

- The increase in net carrying value of fixed assets and projects under construction mainly due to the additions during the period by an amount of L.E. 13 717 603 K, however the depreciation of the period by an amount of L.E. 5 475 753 K led to limitation of this increase.
- The cost of fixed assets and projects under construction as of June 30, 2024, includes an amount of L.E. 14 869 million fully depreciated fixed assets and still in use. (against an amount of L.E. 14 642 Million for the same period of 2023)
- The fixed assets and projects under construction include an amount of L.E 5 786 829 K, (against an amount of L.E. 2 716 071 K for the same period of 2023) 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. (31-2).

12. USUFRUCT ASSETS

	30/6/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Cost		
Usufruct (projects)	2 393 155	2 051 260
Submarine cables (rights of way)	4 380 367	3 070 147
Right of way (local)	830 551	796 714
Land (possession-usufruct)	440 684	440 684
Projects under construction	1 499 953	2 014 493
	9 544 710	8 373 298
Less:		
Accumulated amortization	2 121 561	1 756 085
Net carrying amount of usufruct assets	<u>7 423 149</u>	<u>6 617 213</u>

- The increase in net carrying value of usufruct assets by an amount of L.E 805 936 K mainly due to the additions during the period by an amount of L.E 666 642 K, however the amortization of the period by an amount of L.E 208 180 K led to the limitation if this increase.
- Usufruct assets cost includes at June 30, 2024 an amount of L.E 282 Million (against an amount of L.E. 249 Million for the same period of 2023) usufruct assets fully amortized and still in use in operating.
- The usufruct assets include an amount of L.E 332 548 K, (against an amount of L.E 32 679 K for the same period of 2023) 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).

13. Right OF USE ASSETS AND LIABILITIES (LEASE CONTRACTS)

13-1. Right of use assets (lease contracts)

	6/30/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Beginning balance of cost	1 991 207	1 757 190
Additions during the period / year	360 282	256 667
Translation difference from foreign currency contracts	9 939	-
Disposals during the period / year	(3 336)	(93 867)
Foreign entities translation differences	124 427	71 217
Ending balance of cost	<u>2 482 519</u>	<u>1 991 207</u>
Beginning balance of accumulated amortization	1 118 907	805 613
Amortization expense for the period / year	184 949	322 020
Accumulated depreciation for disposals during the period / year	-	(48 228)
Foreign entities translation differences	106 510	39 502
Ending balance of accumulated amortization	<u>1 410 366</u>	<u>1 118 907</u>
Net carrying amount as at the end of period / year	<u>1 072 153</u>	<u>872 300</u>
	30/6/2024	30/6/2023
	<u>L.E (000)</u>	<u>L.E (000)</u>
Amortization expense is distributed as follows:		
Operating Costs	100 559	96 248
Selling and distributing expenses	32 618	29 818
General and administrative expenses	51 772	30 544
	<u>184 949</u>	<u>156 610</u>

13-2. Lease Obligations

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

	30/06/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Beginning balance of Present value for lease Obligations	1 062 529	1 112 374
Additions	360 282	256 667
Disposals	(3 335)	-
Payments	(213 924)	(457 655)
Translation difference from foreign currency contracts	(303)	-
Interest on lease contracts obligations	68 095	122 095
Foreign entities translation differences	20 127	29 048
Net present value for lease obligations resulting from right of use	<u>1 293 471</u>	<u>1 062 529</u>
Less:		
Current Lease obligations	306 084	253 439
Non Current Lease obligations	<u>987 387</u>	<u>809 090</u>

14. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

	<u>30/6/2024</u>		<u>31/12/2023</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>
- Vodafone Egypt Telecommunication company *	44.95	17 795 868	44.95	14 831 246
- Egypt Trust	35.71	47 492	35.71	52 369
- Matrix for advanced technology and integrated solutions	25.50	5 000	25.50	1 250
- Wataneya for Telecommunication **	50.00	-	50.00	-
		<u>17 848 360</u>		<u>14 884 865</u>

- Shares of investments in equity accounted investees are accounted for using the equity method, so that the initial recognition is made at cost, 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, 2024 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 signed Condensed Consolidated Financial Statements as of June 30, 2024 by using the consolidated financial statements of Vodafone Egypt for the financial year ended in March 31, 2024 which presents the 12 months from the 1st of April 2023 till March 31, 2024, deduct the movements of the period from April 1, 2023 till December 31, 2023 from the consolidated interim financial data of Vodafone Egypt as of December 31, 2023, in addition to the period from April 1, 2024 till June 30, 2024 from the consolidated interim financial data of Vodafone Egypt as of June 30, 2024, to determine the share of financial period from January 1 to June 30, 2024 of business results of the associate company.

** The value of the investment in Wataniya for Telecommunication amounted to L.E. 125 K was fully reduced against the company's share in the losses of associates.

15. INVENTORIES

	<u>30/6/2024</u>	<u>31/12/2023</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Spare parts	1 234 802	1 025 685
Material supplies, Merchandise for sale	5 479 699	4 030 556
Others	32 523	24 630
	<u>6 747 024</u>	<u>5 080 871</u>

The value of inventories was written down by L.E. 81 535 K (against LE 81 681 K as at December 31, 2023) for obsolete and slow-moving items directly from the cost of each type of inventory related to.

16. TRADE AND NOTES RECEIVABLES

	30/6/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Trade Receivables - National	9 570 069	6 682 449
Trade Receivables - International	11 104 558	7 071 710
	<u>20 674 627</u>	<u>13 754 159</u>
<u>Add:</u>		
Notes receivables	200 003	260 918
<u>Less:</u>		
Expected credit loss provision	3 391 082	2 939 503
	<u>17 483 548</u>	<u>11 075 574</u>
Non Current Trade Receivables and Notes receivable	<u>1 288 566</u>	<u>857 855</u>
Current Trade Receivables and Notes receivable	<u>16 194 982</u>	<u>10 217 719</u>
Total Trade Receivables and Notes receivable	<u>17 483 548</u>	<u>11 075 574</u>

Trade and notes receivable balance have increased by an amount of L.E. 6 407 974 K is mainly due to the increase in trade receivables – International cables and networks by an amount of L.E 2 895 335 K, trade receivables – Enterprise by an amount of L.E. 1 227 355 K trade receivables - International carrier by an amount of L.E. 1 137 513 K, trade receivables – Domestic wholesale by an amount of L.E. 1 061 974 K, trade receivables – Home and personal communications by an amount of L.E. 598 291 K.

17. DEBTORS AND OTHER DEBIT BALANCES

	30/6/2024	31/12/2023
	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Suppliers – advanced payments	2 736 584	1 337 152
Deposits with other	342 814	324 409
Accrued revenues	272 828	187 465
Tax Authority - value added tax	1 973 022	1 414 405
Due from ministries, organizations and companies	2 917 717	1 393 255
Temporary debts due from employees	850 953	1 660 773
Prepaid expenses	143 955	74 870
Other debit balances	2 086 217	1 220 590
	<u>11 324 090</u>	<u>7 612 919</u>
<u>Less:</u>		
Expected Credit loss Provision	345 560	345 560
	<u>10 978 530</u>	<u>7 267 359</u>
<u>Balances due within more than one year:</u>		
Prepaid expenses	108 894	74 870
Non current debtors and other debit balances	<u>108 894</u>	<u>74 870</u>
Current debtors and other debit balances	<u>10 869 636</u>	<u>7 192 489</u>
Total debtors and other debit balances	<u>10 978 530</u>	<u>7 267 359</u>

- Debtors and other debit balances have increased by an amount of L.E. 3 711 171 K mainly due to the increase in, Suppliers – advanced payments by an amount of L.E. 1 399 432 K, ministries, organization and companies item by an amount of L.E 1 524 462 K, Tax Authority – value added tax item by an amount of L.E. 558 617 K, however the decrease in Temporary debts due from employees by an amount of L.E. 809 820 K led to the limitation of this increase.

18. CASH AND CASH EQUIVALENTS

	Note	30/6/2024	31/12/2023	30/6/2023
	No.	L.E. (000)	L.E. (000)	L.E. (000)
Banks - time deposits (less than 3 months)		2 301 545	8 465 974	5 736 780
Banks - current accounts		4 847 349	2 364 485	3 842 782
Cash on hand		23 809	4 638	16 225
Financial assets at amortized cost - Treasury bills (less than 3 months)		-	-	91 373
Money market funds (less than 3 months)		194 878	142 885	124 070
Cash and cash equivalents		7 367 581	10 977 982	9 811 230
Less:				
Restricted time deposits and current accounts at banks	(26)	693 708	535 299	55 884
Cash and cash equivalents as per statement of cash flows		6 673 873	10 442 683	9 755 346

19. LOANS AND CREDIT FACILITIES

The increase in the balance of loans and credit facilities by an amount of L.E 31 452 712 K mainly resulted from credit facilities with local and foreign currencies during the period amounted to L.E. 21 884 448 K, in addition to the currency differences resulting from translation of foreign loans and facilities amounted to L.E 9 568 264 K where loans and credit facilities with local and foreign currencies on June 30, 2024 amounted to L.E. 80 794 470 K (against LE 49 341 758 K at December 31, 2023) with an amount of L.E. 46 803 388 K due within a year.

20. CREDITORS AND OTHER CREDIT BALANCES

	30/6/2024	31/12/2023
	L.E. (000)	L.E. (000)
Suppliers and notes payables	8 964 430	8 198 306
Tax Authority (taxes other than income tax)	2 935 566	2 224 566
Deposits from others	929 397	816 853
Assets creditors	24 317 915	20 017 063
Accrued interests	724 776	422 217
Accrued expenses	1 776 772	1 473 837
Public Authority for Social Insurance	156 141	137 252
Trade receivables - credit balances	2 245 748	1 727 029
Credit balances organizations and companies	900 583	501 932
Contract liabilities	10 123 344	5 652 310
National Telecommunication Regulatory Authority (NTRA)	3 538 625	3 241 808
Other credit balances	1 235 048	978 147
	57 848 345	45 391 320
balances due within more than one year:		
Assets creditors	11 499 320	9 975 035
Contract liabilities	4 896 495	3 918 587
Non current creditors and other credit balances	16 395 815	13 893 622
Current creditors and other credit balances	41 452 530	31 497 698
Total creditors and other credit balances	57 848 345	45 391 320

- Creditors and other credit balances have increased by an amount of L.E 12 457 025 K mainly due to the increase in Contract liabilities by an amount of L.E 4 471 034 K, Assets creditors by an amount of L.E. 4 300 852 K, Suppliers and notes payables by an amount of L.E. 766 124 K, and tax authority (taxes other than income tax) by an amount of L.E. 711 000 K.

21. PROVISIONS

	30/6/2024	31/12/2023
	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Balance at the beginning of the period / year	1 426 365	1 246 803
Charged to statement of income for the period / year	94 720	339 235
Provision used during the period / year	(424 375)	(159 712)
Translation differences	390	39
Balance at the end of the period / year	<u>1 097 100</u>	<u>1 426 365</u>

22. CAPITAL

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

23. RESERVES

	30/6/2024	31/12/2023
	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Legal reserve*	3 392 675	3 070 495
Other reserves	2 794 204	2 794 204
	<u>6 186 879</u>	<u>5 864 699</u>

- * The balance of legal reserve has increased as a result of retaining an amount of L.E. 322 180 K from the profit of 2023 in accordance with the company's articles of association.

24. DEFERRED TAX

24-1 Items recognized in statement of income

	<u>For the six months ended:</u>	
	30/06/2024	30/6/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Current income tax	(1 507 220)	(1 161 158)
Deferred tax	1 833 594	688 475
	<u>326 374</u>	<u>(472 683)</u>

24-2 Items recognized in Statement of Comprehensive Income

	<u>For the six months ended :</u>	
	30/6/2024	30/6/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Income tax expense	273 062	70 268
Deferred tax expense	2 754 016	983 752
	<u>3 027 078</u>	<u>1 054 020</u>

24-3 Recognized deferred tax assets and liabilities.

	30/6/2024		31/12/2023	
	Assets L.E.(000)	(Liabilities) L.E.(000)	Assets L.E.(000)	(Liabilities) L.E.(000)
Total deferred tax asset / liability	7 595 717	(4 457 525)	2 981 740	(4 431 158)
Net deferred tax asset / liability	3 138 192	-	-	(1 449 418)
Deferred tax in the consolidated income statement for the period\ year	4 587 610	-	32 792	-
Impact of Deferred tax charged to statement of income	1 833 594	-	-	-
Deferred tax charged to statement of comprehensive income	2 754 016	-	588 563	-

24-4 Unrecognized deferred tax assets

	30/06/2024 L.E.(000)	31/12/2023 L.E.(000)
Unrecognized deferred tax assets	880 856	738 041

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

24-5 Current income tax

	30/6/2024 L.E. (000)	31/12/2023 L.E. (000)
Tax Authority - income tax	(770 573)	(704 430)
Less:		
Advanced payments	719 111	1 592 577
Withholding tax	312 236	2 513
	260 774	890 660

25. CAPITAL COMMITMENTS

The company's capital commitments for the unexecuted parts of contracts until June 30, 2024, amounted to L.E. 1 879 Million (against L.E. 1 771 Million at the financial year ended December 31, 2023).

26. CONTINGENT LIABILITIES

In addition to the amounts included in the condensed consolidated interim statement of financial position, the company has the following contingent liabilities as at June 30, 2024:

	30/6/2024	31/12/2023
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
- Letters of guarantee issued by banks on behalf of the company*	4 266 844	3 475 500
- Letters of credit	1 660 040	1 554 291

*Letters of guarantee which were issued by banks on behalf of the company and for others on June 30,2024 including letters of guarantee issued in exchange for a cash cover (restricted cash and equivalent at banks) (Note No.18)

27. TAX POSITION (Telecom Egypt) (Parent Company)

27-1 Corporate tax

- Tax inspection was performed for the years till December 31, 2018 and all due taxes and fines were settled for those years
- Tax inspection for the years from January 1, 2019 until December 31, 2023 have not been done to date.
- Tax return are submitted according to the income tax law No. 206 of 2020, its amendments and its executive regulations, also the due taxes are paid on legal dates.

27- 2 Value Added Tax \ Sales Tax

- Tax inspection for the years till December 31, 2020 was performed and the tax differences were settled for those years except the additional tax for years from 2018 till 2020.
- Tax returns are submitted according to the value added tax law and according to the law No. 206 of 2020 issuing the Unified Tax Procedures Law, and the due taxes, if any, are paid on the legal dates.

27- 3 Salary & wages 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 except the additional tax for years from 2018 till 2020.
- Tax inspection for the year 2015 till 2020 has been performed and all due taxes were settled except fines.
- Years from 2021 till the date, the company is regular in deducting and remitting taxes on legal dates according to the law No. 206 of 2020, its amendments and its executive regulations also, the tax settlement are submitted according to the provisions of law No. 206 of 2020 issuing the Unified Tax Procedures Law.

27- 4 Stamp Tax

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

27- 5 Real Estate Tax

- All due taxes are being paid according to the tax claim 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 also, the due taxes are settled on these due dates.

28. RELATED PARTY TRANSACTIONS IS REPRESENTED IN

28-1. Transactions between the company and its associates.

Related party transactions are presented in company's transactions with associate, the following represents significant transactions and current balances for these companies:-

	Transactions volume				Balance as of 31/12/2023
	Nature of transactions during the period	during the period		Balance as of 30/6/2024	
		Debit LE 000	Credit LE 000		
		Transactions volume during the period stated in the statement of income LE 000	Movement during the period Debit LE 000	Credit LE 000	Balance as of 31/12/2023 Debit (Credit) LE 000
-	Vodafone Egypt Telecommunications Company	2 464 939	10 448 878	9 738 223	(373 117)
	Outgoing calls and voice services to the associate company				(1 083 772)
	Incoming and international calls, transmission & lease of company premises and towers to the associates company	2 321 831			
			<u>10 448 878</u>	<u>9 738 223</u>	<u>(373 117)</u>
					<u>(1 083 772)</u>

28-2 Transactions with the Egyptian government

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

28-3 Transactions with the Board of directors

On March 26, 2024, The Company's ordinary general assembly decided to approve the disbursement of an amount of L.E 18 550 K to the members of the board of directors as the board's share in the profits for the financial year ended in December 31, 2023, in addition to attending board sessions allowances stipulated in the ordinary general assembly of the company.

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, 2024 which were included in the condensed consolidated interim financial statements is as follows:

<u>Company name</u>	<u>Country of incorporation</u>	<u>Ownership interest</u>	
		<u>30/6/2024</u>	<u>31/12/2023</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 %
Xceed Customer Care FZCO	UAE	100.00 %	100.00 %
AL-MASRIAH for IT Systems Company	KSA	100.00 %	100.00 %
Centra Technologies**	Egypt	100.00 %	100.00 %
Centra for electronic 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 %
TE for sport investment	Egypt	100.00 %	100.00 %
Middle East Radio Communication (MERC)	Egypt	51.00 %	51.00 %

* According to the decisions of the extraordinary general assembly meetings of the companies referred to above, the Egyptian International Submarine Cables Company (EISCC), the merged company, will be merged into the Middle East and North Africa Submarine Cables Company (MENA CABLE), the merging company, and legal measures are being taken regarding the implementation of this merger.

** According to the decisions of the extraordinary general assembly meetings of the companies referred to above, Centra for electronic industries, the merged company, will be merged into Centra Technologies Company, the merging company, and legal measures are being taken regarding the implementation of this merger.

30. COMPARATIVE FIGUERS

- Reclassification was made to some of the comparative figuers of the condensed consolidated interim statement of income 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 statement:

Effect on the condensed consolidated interim statement of income:

	<u>For the Six months ended</u> <u>30/6/2023</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 Six months ended</u> <u>30/6/2023</u> <u>Reclassified</u> <u>Debit\ (Credit)</u> <u>LE(000)</u>	<u>For the three months ended</u> <u>30/6/2023</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 three months ended</u> <u>30/6/2023</u> <u>Reclassified</u> <u>Debit\ (Credit)</u> <u>LE(000)</u>
Operating cost	(16 026 059)	(258 341)	(16 284 400)	(8 241 278)	(132 492)	(8 373 770)
Finance cost	(2 536 217)	258 341	(2 277 876)	(1 283 024)	132 492	(1 150 532)

31- SIGNIFICANT EVENTS

31-1 The effect of the exchange rate liberalization

On March 6, 2024, the Central Bank of Egypt decided to raise the overnight deposit and lending rates by 600 basis points to reach 27.25% and 28.25%, respectively. Also, the credit and discount rate were raised by also 600 points to reach 27.75 with allowing the use of a flexible exchange rate driven by market mechanisms, which led to an increase in the average official exchange rate of US dollars during the first week of the Central Bank's decision date, to reach between 49 to 50 EGP/USD.

31-2 The issuance of Annex (E) the amendment accompanying the Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates":

- On May 23, 2024, prime minister's Decision No. 1711 of 2024 was issued to replace some of the provisions of the Egyptian accounting standards No. 13 "the effects of changes in foreign currency exchange rates" added to appendix (D) of the Egyptian accounting standard mentioned above. This is to establish special, optional accounting treatments through which the implications can be dealt with Extraordinary decisions of the Central Bank, especially amending the foreign exchange rate on the financial statements of the facility whose statements were affected. Finance negatively changes the exchange rate. This optional special accounting treatment issued in this appendix is not considered an amendment to the standards. The amended Egyptian Accounting currently in effect, hereafter the period for the effectiveness of this Appendix. The company's management has implemented the temporary option mentioned in Paragraph (3B) of this Appendix, and these treatments are as follows:

1. An establishment that, prior to the date of edit the exchange rate, may acquire fixed assets and/or real estate investments and/or exploration and evaluation assets and/or intangible assets (other than goodwill) and/or right of use assets for lease contracts, funded by existing obligations in that date in foreign currencies, to recognize within the cost of those assets the debit currency differences resulting from the settled part of these obligations during the financial period to apply this special accounting treatment. In addition to the currency difference resulting from translating the remaining balance of these obligations at the end of March 6, 2024 or on the end of the closing date

of the financial statements for the fiscal period to apply this accounting treatment using the exchange rate used on that date. The facility can apply this option for each asset separately.

2. When editing the cost of assets by applying paragraph "6" of this appendix, the net adjusted cost shall not be more than the realizable value of asset which is measured in accordance with the amended Egyptian accounting standard No. 31 "impairment of assets".

3. as an exception to the requirements of Paragraph No. 28 of the amended Egyptian Accounting Standard No (13) "The Effects of Changes in Foreign Currency Exchange Rates" amended in 2024 regarding the recognition of currency differences, an enterprise whose business results were affected by net profits or losses of currency differences as a result of adjusting the currency exchange rate, Whether the currency of its entry is the Egyptian pound or any other foreign currency, resulting from the retranslation of the balances of items of monetary nature existing at the end of March 6, 2024 or at the end of the closing date of the financial statements for the fiscal period to apply this special accounting treatment using the exchange rate used on that date , less any currency translation differences that have been recognized as cost of assets in accordance with paragraph No. 6 of this Appendix. Considering that these differences were mainly caused by the unusual movements of the exchange rate.

4. The amount of currency differences resulting from the translation of items of monetary nature which are presented in other comprehensive income items in accordance with paragraph No 8 of this appendix is included in retained profits or losses at the end of same financial period to apply the accounting treatment contained in this appendix.

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

<u>Item</u>	Before applying the accounting treatment	The impact of applying the accounting treatment	After applying the accounting treatment
	Debit / (Credit)	Debit / (Credit)	Debit / (Credit)
	<u>L.E(000)</u>	<u>L.E(000)</u>	<u>L.E(000)</u>
	<u>30/6/2024</u>		<u>30/6/2024</u>
<u>1-Statement of financial position</u>			
Fixed assets and projects under construction	86 282 159	5 786 829	92 068 988
Intangible assets (licenses and frequencies)	18 865 620	1 531 906	20 397 526
Usufruct assets	7 090 601	332 548	7 423 149
Retained earnings	(29 120 872)	10 426 603	(18 694 269)
<u>2- Statement of income</u>			
Finance cost	(26 660 649)	21 104 964	(5 555 685)
Depreciations and amortizations	(5 978 353)	(689 497)	(6 667 850)

income tax	(2 700 704)	3 027 078	(326 374)
Basic and diluted (loss) /earnings per share	(6.08)	9.89	3.81

3-Statement of other comprehensive income

Translation differences of foreign currency balances	-	(13 453 681)	(13 453 681)
Income tax on translation differences of foreign currency balances	-	3 027 078	3 027 078
