

**ELECTRO CABLE EGYPT COMPANY (S.A.E)
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023
TOGETHER WITH A LIMITED REVIEW REPORT**

ELECTRO CABLE EGYPT COMPANY (S.A.E)
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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Limited Review Report on consolidated Financial Statements

To The Board of Director Members of Electro Cable Egypt Company (S.A.E)

Introduction

We have performed a limited review for the accompanying consolidated Interim statement of financial position of **Electro Cable Egypt Company (S.A.E)** as of 30 June 2023, as well as the consolidated Interim statements of profit or loss, 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 consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these financial statements based on our limited review.

Scope of Limited Review

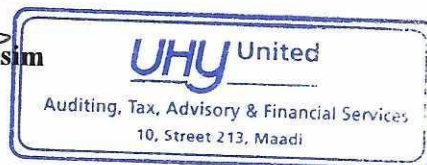
We conducted our limited review in accordance with Egyptian Standard on Review Engagements No. 2410, "Limited Review of consolidated Interim Financial Statements Performed by the Independent Auditor of the Entity." A Limited review of consolidated Interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, 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 financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated Interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of 30 June 2023, and of its financial performance and its cash flows for the six-months then ended in accordance with Egyptian Accounting Standards.

Cairo: 15 August 2023

M. Elkassim
Mohamed Abu Elkassim
FESAA - FEST
(R.A.A 17553)
(EFSAR. 359)
UHY- United



ELECTRO CABLE EGYPT COMPANY (S.A.E)
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF 31 JUNE 2023

	Note	30 June 2023 LE	31 December 2022 LE
Asset			
Noncurrent assets			
Fixed assets	(3)	796,993,504	798,010,856
Right of use assets	(1/4)	9,893,012	10,668,694
Projects under construction		50,281,682	48,553,882
Investments in subsidiaries	(5)	73,459,648	73,130,064
Investments held for maturity	(6)	2,643,282	2,643,282
Total Non-current assets		933,271,128	933,006,778
Current assets			
Inventory	(7)	1,197,660,481	1,385,689,898
Trade, notes receivables, and other debit balances	(8)	2,980,517,074	1,765,537,991
Projects under process (Housing and Development)	(9)	314,841,782	273,945,483
Tax Assets		21,931,388	39,901,283
Investment fair value through P&L	(10)	6,375,567	19,186,282
Investments through treasury bills	(11)	28,948,628	-
Cash on hands and at banks	(12)	1,132,533,172	545,957,888
Total current assets		5,682,808,092	4,030,218,825
Total Assets		6,616,079,220	4,963,225,603
Equity and liabilities			
Equity			
Share Capital	(11)	680,928,642	711,447,385
Treasury Stocks	(14)	(52,265,165)	(56,348,727)
Legal reserve		31,176,922	24,111,408
Capital reserve	(15)	53,384,153	53,384,153
Retained earnings		769,339,386	354,609,027
Profits for the period/year		539,187,281	542,247,461
Total		2,021,751,219	1,629,450,707
Non-controlling interests		854,719	854,528
Total Owner Equity		2,022,605,938	1,630,305,235
Liabilities			
Non-current liabilities			
Lease obligations and short-term financing arrangements -	(16)	257,545,039	162,451,643
Deferred tax liabilities	(2/4)	25,033,475	17,823,441
Total Non-current liabilities		282,578,514	180,275,084
Current liabilities			
Provisions	(17)	5,590,123	12,403,778
Banks facilities	(18)	2,366,162,094	1,989,764,751
Lease obligations and long-term financing arrangements	(2/4)	53,298,557	71,010,767
Suppliers, notes payable and other credit balances	(19)	1,614,589,671	868,624,469
Tax liabilities	(20)	237,787,567	204,544,400
Due to related parties	(21)	1,700,000	1,700,000
Dividends payables		31,766,756	4,597,119
Total current liabilities		4,310,894,768	3,152,645,284
Total liabilities		4,593,473,282	3,332,920,368
Total liabilities and equity		6,616,079,220	4,963,225,603

Financial Director
Tamer Ali

Executive Director
Mohamed Ibrahim

Chairman
Walid Essam Eldeen

-The accompanying notes from (1) to (28) are integral part of these financial statements

-Limited review report attached

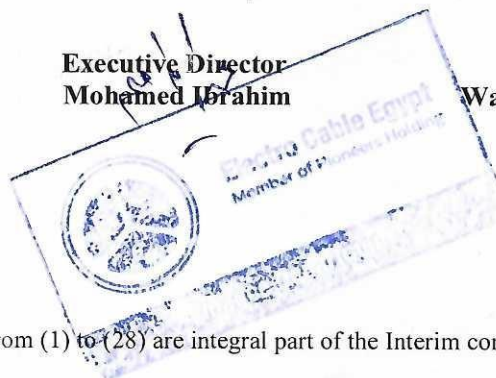
ELECTRO CABLE EGYPT COMPANY (S.A.E)
CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTHS ENDED 30 JUNE 2023

	Note	Six- months ended at 30 June 2023 EGP	Six- months ended at 30 June 2022 EGP	Three- months ended at 30 June 2023 EGP	Three- months ended at 30 June 2022 EGP
Sales	(19)	3,568,489,288	2,311,943,503	2,035,267,906	1,243,712,988
Cost of sales	(20)	(2,553,437,092)	(1,911,861,113)	(1,400,939,490)	(1,000,339,623)
GROSS PROFIT		1,015,052,196	400,082,390	634,328,416	243,373,365
Selling and marketing expenses	(21)	(20,502,511)	(19,151,867)	(9,367,030)	(15,353,279)
General and administrative expenses	(22)	(70,584,554)	(73,200,529)	(38,961,132)	(33,977,282)
Expected credit loss of trade receivables balances	(8)	(15,385,458)	(4,083,523)	(8,836,660)	(3,262,594)
Remuneration, allowances, and salaries of board of directors		(934,137)	(952,922)	(502,835)	(483,329)
Operating Gain		907,645,536	302,693,549	576,660,759	190,296,881
Finance Cost		(194,763,050)	(65,671,139)	(113,919,147)	(35,637,293)
Finance income		17,488,615	5,257,485	11,283,071	3,216,278
Income from Investments held for maturity		46,257	46,257	23,128	23,128
Treasury bill income	(3)	927,557	-	143,956	-
A relative share of the investment in associate company		329,584	-	160,159	-
Difference in revaluating investments at fair value through profit or loss		411,109	577,122	218,606	118,103
Other Income		292,584	365,703	157,584	188,159
Gain from disposal of fixed assets		2,983,403	205,742	-	254,930
Foreign exchange differences		(34,260,561)	(2,584,304)	(18,277,288)	(3,366,047)
PROFITS BEFORE INCOME TAXES		701,101,034	240,890,415	456,450,828	155,094,139
Income taxes		(161,913,507)	(50,347,065)	(119,434,418)	(36,083,577)
PROFITS FOR THE PERIOD		539,187,527	190,543,350	337,016,410	119,010,562
Distributed as follows					
Holding Company		539,187,281	190,543,272	337,016,264	119,010,515
Non-controlling interest	(23)	246	78	146	47
PROFITS FOR THE PERIOD		539,187,527	190,543,350	337,016,410	119,010,562
Earnings Per Share	(25)	<u>0.16</u>	<u>0.05</u>	<u>0.10</u>	<u>0.03</u>

Financial Director
Tamer Ali

Executive Director
Mohamed Ibrahim

Chairman
Walid Essam Eldeen



- The accompanying notes from (1) to (28) are integral part of the Interim consolidated financial statements

ELECTRO CABLE EGYPT COMPANY (S.A.E)
CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTHS ENDED 30 JUNE 2023

	Six- months ended at 30 June 2023 EGP	Six- months ended at 30 June 2022 EGP	Three- months ended at 30 June 2023 EGP	Three- months ended at 30 June 2022 EGP
PROFIT FOR THE PERIOD	539,187,527	190,543,350	337,016,410	119,010,562
OTHER COMPREHENSIVE INCOME	-	-	-	-
Currency valuation differences Resulting from the Translation of Monetary Items on the Date of the Exchange Rate liberalization	-	(33,946,867)	-	(154,973)
Transferred to Retained Earnings During the Same Period	-	33,946,867	-	154,973
TOTAL COMPREHENSIVE INCOME	539,187,527	190,543,350	337,016,410	119,010,562
Distributed as follows				
Holding Company	539,187,281	190,543,272	337,016,164	119,010,515
Non-controlling interest	246	78	246	47
TOTAL COMPREHENSIVE INCOME	539,187,527	190,543,350	337,016,410	119,010,562

- The accompanying notes from (1) to (28) are integral part of the Interim consolidated financial statements.

ELECTRO CABLE EGYPT COMPANY (S.A.E)
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTHS ENDED 30 JUNE 2023

	Capital		Treasury stocks		Legal reserve		Capital reserve		Retained earnings		Profits for the period		Total equity of the holding company		Total equity of the Non-controlling interest		Total	
	EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP	
Balance as of 1 January 2023	711,447,385	-	(56,348,727)	-	24,111,408	-	53,384,153	-	354,609,027	-	542,247,461	-	1,629,450,707	-	854,528	-	1,630,305,235	-
Transferred to legal reserve and retained earnings	-	7,065,514	-	-	-	-	-	-	535,181,947	(542,247,461)	-	-	-	-	-	-	-	-
Treasury stocks purchases	-	-	(52,265,165)	-	-	-	-	-	-	-	-	(52,265,165)	-	-	-	-	(52,265,165)	-
Treasury stocks Written- off	(30,518,743)	-	56,348,727	-	-	-	-	-	(25,829,984)	-	-	-	-	-	-	-	-	-
Profit dividends	-	-	-	-	-	-	-	-	(94,621,604)	-	-	-	(94,621,604)	(55)	-	-	(94,621,659)	-
Profits for the period	-	-	-	-	-	-	-	-	539,187,281	539,187,281	539,187,281	246	2,021,751,219	854,719	246	539,187,527	2,022,605,938	-
Balance as of 30 June 2023	680,928,642	(52,265,165)	(52,265,165)	31,176,922	24,111,408	53,384,153	769,339,386	539,187,281	224,625,614	1,326,072,602	676	1,326,072,602	(10,121,361)	(32,687,039)	853,510	(33,946,867)	190,543,350	1,440,714,871
Balance as of 1 January 2022	711,447,385	(14,188,188)	-	20,466,226	3,645,182	21,255,545	362,466,020	224,625,614	188,851,824	(224,625,614)	-	-	1,326,072,602	-	-	-	1,326,073,278	-
Transferred to retained earnings and legal reserve	-	-	(10,121,361)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury Stocks	-	-	-	-	-	-	-	-	-	-	-	-	(10,121,361)	(15)	-	-	(10,121,361)	-
Dividends of a subsidiary	-	-	-	-	-	-	(32,687,024)	-	-	-	-	-	(32,687,024)	853,501	-	-	(32,687,039)	-
Incorporation subsidiary company	-	-	-	-	-	-	9	-	-	-	-	-	9	-	(9)	-	853,510	-
Foreign exchange differences	-	-	-	-	-	-	(33,946,858)	-	-	-	-	-	(33,946,858)	78	-	-	(33,946,867)	-
Profits for the period	-	-	-	-	-	-	484,683,971	190,543,272	190,543,272	190,543,272	854,231	854,231	1,439,860,640	854,528	854,528	1,440,714,871	1,630,305,235	-
Balance as of 30 June 2022	711,447,385	(24,309,549)	(24,309,549)	24,111,408	53,384,153	484,683,971	190,543,272	190,543,272	1,439,860,640	854,528	854,528	1,630,305,235	(10,121,361)	(32,687,039)	853,510	(33,946,867)	190,543,350	1,440,714,871

- The accompanying notes from (1) to (28) are integral part of the Interim consolidated financial statements.

ELECTRO CABLE EGYPT COMPANY (S.A.E)
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTHS ENDED 30 JUNE 2023

	Note	Six- months ended at 30 June 2023 LE	Six- months ended at 30 June 2022 LE
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits before income taxes		701,101,034	240,890,415
Depreciation of fixed assets	(3)	18,726,555	14,052,201
Amortization of right of use assets	(4)	775,682	665,607
Expected Credit Loss on Receivables balances	(8)	15,385,458	4,083,523
Financing cost		194,763,050	65,671,139
Finance Income		(17,488,615)	(5,257,485)
Treasury bill income		(927,557)	-
A relative share of the business results of a sister company	(5)	(329,584)	-
Differences in revaluating investments at fair value through profit or loss	(10)	(411,109)	(577,122)
Net gain from disposal of fixed assets	(3)	(2,983,403)	(205,742)
Foreign currency exchange		34,260,561	2,584,304
Operating profit before changes in working capital		942,872,072	321,906,840
Change in inventory		188,029,417	(174,716,627)
Change in Trade, notes receivables, and other debit balances		(1,230,364,541)	(373,678,464)
Change in housing and reconstruction projects		(40,896,299)	4,725,288
Change in tax assets		17,969,895	20,726,821
Change in Suppliers, notes payable and other credit balances		745,965,202	152,761,543
Change in tax liabilities		(121,460,306)	(624,414)
Change in due to related parties		-	1,700,000
Provisions used	(17)	(6,813,655)	(1,633,538)
NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES		495,301,785	(48,832,551)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments to acquire fixed assets	(3)	(22,069,381)	(108,487,950)
Proceeds from disposal of fixed assets	(3)	7,343,581	560,244
Payment for Projects under construction		(1,727,800)	(54,433,060)
Payments to Purchase investment at fair value through PL		-	(5,093,949)
Proceeds from investment at fair value through PL	(10)	13,221,824	-
Payments for investments in sister company		-	(100)
Payments under capital increase		-	(130,000,000)
Payments to purchase of treasury Stocks	(11)	(38,354,197)	-
Proceeds from selling treasury Stocks	(11)	10,333,126	5,093,949
Finance Income gained		17,488,615	5,257,485
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(13,764,232)	(287,103,381)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from credit facilities		376,397,343	629,352,161
Financing cost paid		(194,763,050)	(65,671,139)
Paid to lease and arrangement obligations		(16,686,865)	(20,470,579)
collection of lease companies		94,068,051	40,000,000
Payments for the purchase of treasury Stocks	(14)	(52,265,165)	(10,121,361)
Non-controlling interest in establishing subsidiaries		-	853,510
Dividends Paid		(67,452,022)	(16,156,330)
NET CASH FLOWS (USED IN) PROVIDED FROM FINANCING ACTIVITIES		139,298,292	557,786,262
NET CHANGE IN CASH AND CASH EQUIVALENTS- DURING THE PERIOD		620,835,845	221,850,330
Foreign currency exchange		(34,260,561)	(2,584,304)
Currency differences resulting from the liberalization of the exchange rate *		-	(33,946,867)
Cash and cash equivalent – Beginning of the period		545,957,888	145,935,761
CASH AND CASH EQUIVALENT - END OF THE PERIOD	(12)	1,132,533,172	331,254,920

- The accompanying notes from (1) to (31) are integral part of these financial statements

ELECTRO CABLE EGYPT COMPANY (S.A.E)
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 BACKGROUND

the company was established on September 10, 1954, and it was nationalized according to Law No. 117 of 1961, and then the company was subject to the Holding Company for Engineering Industries under Law No. 97 of 1983 under the supervision of the Public Sector Authority, and under Article II. From Law No. 203 of 1991 promulgating the Business Sector Companies Law for the period, the company became a subsidiary of the Holding Company for Engineering Industries, and in 1995 part of the company's shares were offered on the Stock Exchange, and on March 8, 1997, the holding company for engineering industries by offered the rest of its share in the company for sale, which led to the company's exit from the umbrella of the law of business companies' Law during the period and became subject to the Law No. 159 of 1981.

The company's main activities

- the manufacture of wires, cables, electrical and telephone connections of various types and sizes as well as all kinds of equipment and devices related to the nature of its industrial activity and trafficking locally and externally.
- Start all administrative, commercial, and industrial work including imports, exports, and contracting work related to the nature of its industrial and marketing activity.
- Providing technical and marketing consultancy in its field of specialization. Obtaining and exploiting all patents and trademarks.
- It is permissible to set up or rent factories or workshops to serve their purposes. Importing cables and their components for use in operation or selling them to others.
- It is permissible to obtain commercial agencies and represent local companies and cooperates with them in all fields, whether for manufacturing purposes inside or outside their factories or marketing their products locally and abroad.

Duration of company

The company's duration is 25 years starting from the date of registration on the Commercial Registry from September 10, 2018, to September 9, 2043.

Location of company

The company is located at km 4.6 in Mostorod - Shubra El-Kheima - Qalyubia .

- The parent holding company is Jadwa Industrial Development Company (Egyptian Joint Stock Company)
- The consolidated interim financial statements for the six months ended June 30, 2023, were approved by the Board of Directors on August 15, 2023.

2 SIGNIFICANT ACCOUNTING POLICIES

2-1 BASIS OF PREPARATION

- The financial statements of the Company are prepared in accordance with Egyptian Accounting Standards ("EAS").
- The financial statements have been prepared in Egyptian pounds (LE), which is the Company's functional and presentation currency.

Compliance with accounting standards

The company's independent consolidated financial statements are prepared in accordance with Egyptian accounting standards and applicable laws and regulations.

The accounting policies applied in this period are consistent with those applied in previous periods. On March 6, 2023, the Prime Minister's Decision No. 883 of 2023 was issued to amend some provisions of the Egyptian Accounting Standards, as shown, and these amendments did not affect the company's financial statements on June 30, 2023 (note 31).

ELECTRO CABLE EGYPT COMPANY (S.A.E)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2-2 Scope Of Interim Consolidated Financial Statement

The Consolidated financial statements of ELECTRO CABLE EGYPT COMPANY (S.A.E) and its subsidiaries (The Group) includes the financial statements of the Parent and the following subsidiaries:

Company name	% of ownership
1- Giza Power Industry Company (S.A.E.)	%99.99993
Giza Egyptian Transport and Distribution Company (S.A.E.)	%99.99981
2- (S.A.E.)	
3- GPI Projects Company (S.A.E.).	%99.99993
4- OMS Cables Company (S.A.E.)	%44.99999
5- GPI Metters Company (S.A.E.).	%83.39994

*** The company's financial statements have been compiled, although the shareholding of the holding company in its capital is less than 50%, but the holding company controls the company with its ability to control the financial and operational policies of the company in order to obtain benefits from its activities.

Subsidiaries

Subsidiaries are companies under the control of the Group, when the Group has the ability to control the financial and operating policies of those companies in order to obtain benefits from its activities. When assessing the extent of control, current and potential voting rights are taken into account at the date of preparing the consolidated financial statements.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date of acquisition until the date the holding company loses control of the subsidiary.

2-3 Basis of consolidation

The company follows the following steps when preparing consolidated financial statements :

The carrying value of the holding company's investment in each subsidiary is excluded together with the holding company's share of equity in each subsidiary .

(B) the rights of the non-controlling interest shall be determined in the net profit / loss of the subsidiaries during the year for which the consolidated financial statements are prepared.

C. the non-controlling interest Rights in the net assets of the subsidiaries shall be determined and presented in the consolidated financial statements independent of the shareholders ' rights of the parent company and the minority rights in the net assets shall consist of :

- (1) the amount of minority rights at the date of original compilation .
- (2) the share of the non-controlling interest in the change in equity from the date of collection .

D-transaction balances, income and expenses exchanged between the group companies shall be completely excluded .

* The financial statements of the holding company as well as the financial statements of the subsidiaries used in the preparation of the consolidated financial statements shall be prepared on the same date.

* Consolidated financial statements are prepared using standardized accounting policies for similar transactions and for events occurring in the same circumstances .

ELECTRO CABLE EGYPT COMPANY (S.A.E)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2-3 Basis of consolidation (Continued)

* Non-controlling interest Rights in the consolidated financial position are presented as equity in a separate clause from the equity of the holding company's shareholders. The share of minority rights in the group's profit or loss is also presented separately.

The entity shall attribute income (profit or loss) and all other elements of comprehensive income to the owners of the parent company and minority / non-controlling rights. The entity shall also attribute total comprehensive income to the owners of the parent company and non-controlling interests, even if this results in a deficit balance.

The share of non-controlling interests in subsidiaries in the consolidated financial statements is as follows:

subsidiaries	Contribution percentage	
	June 30, 2023	December 31, 2022
Giza power for industry	% 0.00007	% 0.00007
Egyptian Giza company for Transport and distribution	% 0.00016	% 0.00006
G.B.I projects company	%0.00007	%0.00007
OMS Cables*	%55.00001	-
GBI Meters	%16.60006	-

2-4 Financial Instruments: (Continued)

A. Initial Recognition

The institution is to recognize in the balance sheet the financial asset, or liability only when the institution is a contractual part in a financial instrument.

At initial recognition the financial asset, or liability is measured at fair value if they are classified as financial assets, or liabilities at fair value through profits or losses.

At initial recognition, the financial assets classified as financial assets at fair value through other comprehensive income, and financial assets at amortized cost are recognized at fair value plus the transaction cost.

At initial recognition, the financial liabilities classified as amortized cost are recognized at fair value minus the transaction cost.

B. Classification and measurement of financial assets and liabilities

The Egyptian standard number (47) – Financial Instruments include three main categories based on the subsequent measurement for the financial assets, as follows:

- Financial assets by amortized cost.
- Financial assets at fair value through other comprehensive income.
- Financial assets through profits or losses.

In general, the classification of the financial assets as per the Egyptian standard number (47) – Financial Instruments is based on the business model managing the financial asset and related contractual cash flows.

Financial assets are classified based on amortized cost, or fair value through other comprehensive income, or fair value through profits or losses.

The financial asset is classified based on the business model managing the financial asset and related contractual cash flows.

ELECTRO CABLE EGYPT COMPANY (S.A.E)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2-4 Financial Instruments: (Continued)

Financial assets are measured by amortized cost, if two conditions were met, and if was not measure by fair value through profits or losses.

- The asset is included in a business model planning to keep the asset for its contractual future cash flows.
- The asset contractual conditions generate cash flows in specific dates, based on only the asset and related interest payments for the principal amount due.

The debt instrument is measured at fair value through other comprehensive income, if two conditions were met, and if was not measured by fair value through profits or losses.

- The asset is included in a business model. Its goal is to collect contractual cash flows and sale of the financial asset.

The financial asset must be measured at fair value through profits or losses, if not measured by the amortized cost, or at fair value through comprehensive income.

The institution can, without recourse, assign a financial asset to be measured at fair value through profits or losses, if this would materially result in reducing the volatility of measurement and recognition.

The institution must classify all its assets to be subsequently measure at amortized cost, except for the following:

- Financial liabilities at fair value through profits or losses, where those kinds of liabilities and related derivatives representing these liabilities, subsequently, at fair value.
- Financial liabilities resulting from financial asset not qualified to be disposed from books, or when continuous interference is not applicable, in accordance with the Egyptian accounting Standards, like those financial liabilities.
- Financial guarantee contracts: after initial recognition, the issuer must subsequently measure the contract in accordance with the Egyptian Accounting Standards, by the larger one of the two following amounts:
 - A- Impairment loss in accordance with Egyptian accounting standard.
 - B- Or the recognized balance- initially minus, when it is applicable, the consolidated income balance recognized in accordance with the Egyptian Accounting Standard number (48).
- Granting loans engagements with a lower interest than the market: the issuer must in accordance with the Egyptian Accounting Standards, by the larger one of the two following amounts:
 - A- Impairment loss in accordance with Egyptian accounting standard.
 - B- Or the recognized balance- initially minus, when it is applicable, the consolidated income balance recognized in accordance with the Egyptian Accounting Standard number (48).

ELECTRO CABLE EGYPT COMPANY (S.A.E)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2- Significant Accounting Policies (Continued)

2-4 Financial Instruments: (Continued)

• Expected return recognized by the acquirer through consolidation applied by the Egyptian accounting Standard number (29), where subsequent measurement for such return must be in fair value, with changes are to be recognized through profits and losses.

The institution can, without recourse, assign a financial asset to be measured at fair value through profits or losses, when applicable by the Egyptian Accounting Standards, or when it results in better information, for:

A- Eliminate, or materially reduce – the measurement or recognition non-steadiness (shown as – sometimes- as "accounting non uniformness"), resulting from, except from that, measuring the assets and liabilities, or profits or losses recognition, from it, on different bases.

B- There were other financial liabilities, or financial assets, managed and performance valuated based on fair value bases, in accordance with the approved strategy for managing risks and investments; and internally, information is presented for this group on this base to the top management of the institution (also as defined in the Egyptian Accounting Standard number (15)"Disclosing the Related Party", example, the institution board of directors and the managing president.

Classification of the financial assets and liabilities for the company in accordance with the Egyptian accounting standard number (47) "Financial Instruments".

Financial Statements items	Classification as per Standard number "47"
Cash and cash equivalent	Amortized cost
Investments In Treasury Bills	Amortized cost
Investments held for maturity	Amortized cost
Investments Through Profit Or Loss	Fair Value
Trade, notes receivables, and other debit balances	Amortized cost
Suppliers, notes payable and other credit balances	Amortized cost
Due from / to related parties	Amortized cost
Credit facilities	Amortized cost
Lease liabilities	Amortized cost

Financial assets and liabilities – re-classification: financial instruments are re-classified only when the financial model of the portfolio as a total change.

B. Impairment of financial assets value

The "Expected Credit Loss" model is applied on the financial assets measured at amortized cost, and contractual assets, and debt investments, at fair value through other comprehensive income, but not based on investments in equity.

The company values all available information, including future based information for the expected credit losses related to the included assets at amortized cost.

ELECTRO CABLE EGYPT COMPANY (S.A.E)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2- Significant Accounting Policies (Continued)

2-4 Financial Instruments: (Continued)

C. Impairment of financial assets value (Continued)

The "Expected Credit Loss" model is based on if there is an increase in the expected credit losses. And to valuate if there is a material increase in credit risk, the failure to pay risk, at the separate financial statements date, is compared with the failure to pay risk at the initial recognition date, according to all the available information, and reasonable supporting future information.

As for only trading debtors' balances, due from related parties, and cash and cash equivalent, the company recognize the expected credit losses according to simple approach as per Egyptian Accounting Standard number (47).

The simple approach for recognizing expected credit losses, don't require the company to track the credit risk changes, but it can recognize impairment losses according to the permanent expected credit losses, at the preparation date of the separate financial statements.

The impairment in the credit losses value guide may include indicators showing that debtors or group of debtors are facing material financial problems, or failure, or delay in profits or principal payment, or liquidation problem, or any other financial restructuring, and as the observable information are showing a measurable impairment in the expected future cash flows, like, delays variables, or economic conditions related to payment failure. The trading debtors are audited in kind, depending on each situation, to detect if there is any reason for disposal.

The company measures the expected credit losses through considering payment failure risks during the contractual period, and includes, during measurement, the future information.

D. Disposing of the financial asset from the books

The institution is to dispose of the financial assets from the books, only when:

- The contractual rights of the financial asset cash flows are over, or
- The institution transfers the financial asset.

The institution must dispose of the financial asset from the books (or part of the financial liability) from the balance sheet, when only it is reconciled – meaning that, the liability is paid to the contractual exact time, or canceled, or expired.

2-5 Foreign currency translation

The Consolidated financial statements have been prepared and presented in Egyptian pounds, which is the company's functional currency.

Transactions in foreign currencies are initially recognized using the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the date of the financial position.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using

The exchange rates prevail on the date of initial recognition.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated using the exchange rates at the date that the fair value was determined.

2-6 Fixed assets

Fixed assets appear at historical cost after deducting the depreciation pool and accumulated losses of impairment. This cost includes the cost of replacing part of the fixed assets when that cost is realized and meeting the conditions for recognition. Similarly, when comprehensive substantial improvements are made, their costs are recognized within the book value of fixed assets as a replacement if the terms of recognition are met. All other repair and maintenance costs are recognized in the list of profits or losses when they are realized. The depreciation of the asset begins when it is in place and in a situation where it can operate in the manner specified by the administration, and depreciation is calculated by following the fixed premium method according to the default age of the asset as follows:

ELECTRO CABLE EGYPT COMPANY (S.A.E)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2- Significant Accounting Policies (Continued)

2-6 Fixed assets (continued)

	Years
Buildings, constructions, and facilities	10 – 50
Machinery and equipment	4 – 25
Vehicles	5 – 20
Tools and supplies	5 – 20
Computers	5
Furnitures	5 – 10

Fixed assets are excluded when disposed of or when no future economic benefits are expected to be obtained from future use or sale. The remaining values of the assets, their production ages, and their depreciation methods are reviewed at the end of each financial year. Any profits or losses that arise when the asset is excluded are recognized in the list of profits or losses in the period in which the asset was excluded.

Subsequent costs to acquire

The value of the cost of substantial renovations is demonstrated by the cost of fixed assets at the cost of replacing one of the components of that item when it is likely to bring future economic benefits to the company with the possibility of reliably measuring the cost and perishing over the remaining productive life of the asset or the life expectancy of those renovations, whichever is lower, and other costs are recognized in the list of profits or losses as expenses when incurred. The remaining values of the assets, their production ages, and their depreciation methods are reviewed at the end of each financial year. On the date of each budget, the company periodically determines whether there is an indication that a fixed asset has been eroded. When the book value of the asset exceeds its recovered value, it is considered that there is impairment of the asset and therefore reduced to its recovered value, and the loss of impairment is confirmed by the list of profits or losses. Loss from impairment is refunded only if there is a change in the assumptions used

Subsequent costs to acquire (continued)

To determine the value of the recovered asset since the last loss resulting from impairment was established, the impairment loss refund is limited so that the book value of the asset does not exceed the recovered value or book value that would have been determined (net after depreciation) unless the loss resulting from impairment for the asset was recognized in previous years. The response to the loss resulting from impairment is established by the list of profits or losses.

2-7 Investments

Investments in subsidiaries

Investments in subsidiaries are investments in companies where the company has control, and control is assumed when the holding company, either directly or indirectly through its subsidiaries, owns the company invested in it because of its ability to control the company's financial and operational policies to obtain benefits from its development, except in those exceptional cases where it clearly shows that that ownership does not represent control. Investments in subsidiaries are accounted for at independent financial lists at cost, including the cost of acquisition, and in the event of impairment of those investments, the book value is adjusted for the value of this impairment and is included in the list of profits or losses for each investment.

Investments held up to maturity

Investments held up to maturity are non-derivative financial assets with a specified or identifiable repayment amount and a specific maturity date and when the company manages the intention and the ability to hold it until its due date. Upon first recognition, investments held up to maturity are measured at fair value, including direct expenses. After the first recognition, investments held up to maturity are measured at the cost consumed using the actual rate of return method, less impairment losses. Profits or losses in the list of profits or losses are recognized when the financial asset is excluded from the books, impairment or impairment coverage occurs, and also through the depreciation process.

ELECTRO CABLE EGYPT COMPANY (S.A.E)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2-Significant Accounting Policies (Continued)

2-8 Inventory

Inventory elements are assessed as follows:

A- Raw materials, materials, tasks, spare parts, fuel, and packaging materials on a cost basis (using the weighted average) or net selling value whichever is lower.

B- Production under operation: the industrial cost of the stage at which production has reached.

C- Full production: at industrial cost or net selling value, whichever is lower (industrial cost includes direct materials, direct wages, and indirect industrial costs). Net selling value is the estimated selling price in the context of normal activity minus the estimated cost required to complete the sale. The decrease in the value of the inventory to the net selling value is recognized in the list of profits or losses in the period when the decrease or loss occurred. The response to the decline in inventory resulting from the rise in net selling value is recognized as a reduction in the cost of sales in the period when the response occurred.

2-9 Receivables and other debtors

Receivables and other debtors are proven at the original value of the invoice, minus impairment losses. Impairment losses are measured by the difference between the book value of customers and other debit balances and the current value of the expected future cash flows, and impairment losses are recognized by the list of profits or losses. The return of impairment losses was recognized in the period in which it occurred.

2-10 Provisions

Provisions are recognized when the company has a current legal or judgment obligation as a result of a past event, and with it, it is expected that this will require an outflow of economic resources to settle the obligation, with the possibility of making a reliable estimate of the amount of the obligation and the allocation is reviewed on the date of each budget and determined to show the best current estimate. Where the impact of the time value of the cash is substantial, the amount recognized as an allocation must be the current value of the expected expenditure required to settle the obligation. If the discount is used, the increase in the allocation is recognized as a result of the passage of time by the list of profits or losses within the financing costs.

2-11 Legal Capital

According to the company's statutes, 5% of the period's profits are avoided to form a legal reserve, and this percentage is discontinued if this reserve reaches 50% of the company's exporting capital and when the reserve shortage has to return to the deduction. The reserve is used based on a decision of the association in accordance with the proposal of the Board of Directors.

2-12 Borrowings

Borrowing is initially recognized as the values received. Amounts due within a year are tabulated under current obligations, unless the company has the right to postpone the repayment of the loan balance for more than a year after the date of the financial position, and the loan balance is offered within long-term obligations. Loans and interest borrowing after initial recognition are measured based on the cost consumed in an effective interest rate manner. Profits and losses resulting from the exclusion of liabilities as well as the depreciation process are included in the effective interest rate method on the list of profits or losses. The cost consumed is calculated taking into account any discount or premium when purchasing, fees, or costs that are part of the effective interest rate. Depreciation at the effective interest rate is included in the financing expenses in the list of profits or losses.

2-13 Income taxes

Income tax is calculated in accordance with the Egyptian tax law

Current income taxes

Income tax assets and obligations for the current period and previous periods are assessed in accordance with the amount expected to be refunded or repaid to the IRS

ELECTRO CABLE EGYPT COMPANY (S.A.E)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2-SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-13 Income taxes (Continued)

Deferred income taxes

Deferred income tax is recognized by following the method of obligations on temporary differences between the recognized value of the asset or the obligation for tax purposes (tax basis) and its value listed in the financial position (accounting basis) using the applicable tax rate. Deferred income tax is recognized as an asset when there is a strong possibility that this asset can be used to reduce future tax profits, and the asset is reduced by the value of the part from which no future benefit will be realized. Current and deferred tax as income or allowance is included in the list of profits or losses for the period, except tax resulting from a transaction or event in the same or another period directly within the property rights.

2-14 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received, excluding discounts and rebates.

The following specific recognition criteria must also be met before revenue is recognized:

- Selling goods

Revenue from selling goods is recognized when the company transfer all risks and returns to the buyer which usually happens when the goods are received and invoices are issued in case the Company is selling these goods locally, or when goods leave the factory in case exporting.

- Contracting revenue

Revenues from construction contracts include the initial value of each construction contract in addition to order changes, incentives or subsequent claims, provided that sufficient expectation exists for the realization of that value and the reliability of its estimate.

Where the results of the contract can be reliably estimated, revenues from construction contracts are recognized in accordance with the percentage of completion method according to the nature of the contract as follows:

- Long-term contracts: The percentage of completion is determined according to limitation of the executed works method. The contract costs incurred to meet this revenue are recognized.

- Short-term contracts: Short-term contract revenue is recognized in accordance with accounting for the work performed method and the actual costs incurred to meet the revenue.

Where a contract revenue cannot be reliably estimated, revenue is recognized within the limit of the actual cost incurred and is expected to be recovered.

Any expected loss of the contract is recognized as an expense in the event that the expected total cost of the contract is likely to exceed the total revenue of the contract irrespective to the percentage of completion of the contract.

Any increase (decrease) in the value of income calculated according to the percentage of completion than the actual bill of progress issued to the client is charged to the clients' account.

- Units' sales

Housing and developments projects revenue is recognized on the sale of unit when all risks and rewards is transferred to the buyer and realized by the completion of the actual contract of the unit.

- Sale on instalments

The net present value of the sold unit is recognized as income on the date of sale. The selling price is the present value of the consideration and is determined

ELECTRO CABLE EGYPT COMPANY (S.A.E)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2-Significant Accounting Policies (Continued)

2-14 Revenue recognition

By discounting the amount of premiums receivable using the targeted interest rate. Deferred interest is recognized as income when earned and on a time proportion basis taking into account the targeted interest rate.

- Dividends revenue

Revenue is recognized when the company's right to receive the payment is established.

- Interest income

Interest income is recognized as interest accrues according to timeline considering the targeted return on the financial asset.

2-15 Expenses

All expenses, including operating expenses, general, administrative, and other expenses, are recognized and included in the list of profits or losses in the period in which these expenses were realized.

2-16 Borrowing costs

The cost of borrowing is established as expenses incurred on the period during which the enterprise incurred this cost and, excluding this, the borrowing cost directly related to the acquisition or establishment of assets eligible to bear the borrowing cost (company projects) which requires a long period to be processed for use for its intended purposes or sale is capitalized. Periods when the processing of the project is temporarily suspended or when it is usable.

2-15 Lease contracts

It is determined whether the contract is (or contains) a lease to the content of the contract at the time of the contract.

The lease at the beginning of the contract is classified as a financing lease or an operating lease. The contract is classified as a financing lease if it substantially transfers approximately all the risks and benefits of ownership of the asset in place of the contract. The lease is classified as an operating lease if it does not substantially transfer approximately all the risks and benefits of ownership of the asset in place of the contract.

ELECTRO CABLE EGYPT COMPANY (S.A.E)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2- Significant Accounting Policies (Continued)

2-17 Lease contracts (Continued)

On the start date of the lease, the asset (right to use) is measured by cost. The cost includes the initial direct costs incurred to process the same asset to the required state in accordance with the contract.

The lease obligation is measured at the current value of unpaid rental payments on that date, and rental payments are deducted using the interest rate implied in the lease if it can be easily determined, or using the interest rate on the additional borrowing of the tenant if it cannot be determined.

Interest is established on the lease obligation, and any variable payments are not included in the measurement of the lease's commitment to the list of profits or losses.

If the lease transfers ownership of the asset to the company or the cost of the asset reflects the exercise of the right of the purchase option, the leased asset is consumed over the productive life of the asset (right of use), otherwise, the asset (right of use) is consumed from the start date of the lease to the end of the productive life of the asset (right of use) or the end of the lease term, whichever is closer.

On the date of each budget, the company periodically determines whether there is an indication that a fixed asset has been eroded. When the book value of the asset exceeds its recovered value, it is considered that there is a impairment of the asset and therefore it is reduced to its recovered value. The loss of impairment is confirmed by the list of profits or losses.

Loss resulting from impairment is refunded only if there is a change in the assumptions used to determine the value of the recoverable asset since the last loss resulting from impairment was established, and the impairment loss is limited so that the book value of the asset does not exceed the recoverable value or book value that would have been determined (net after depreciation) unless the loss resulting from impairment for the asset was recognized in previous years. The response to the loss resulting from impairment is established by the list of profits or losses.

2-18 Transactions with related parties

The relevant parties are subsidiaries, senior shareholders, directors, and senior management of the company, companies controlled or jointly controlled or influentially controlled by those relevant parties, and the pricing terms and policies of transactions with the relevant parties are adopted by the Board of Directors.

ELECTRO CABLE EGYPT COMPANY (S.A.E)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2-Significant Accounting Policies (Continued)

2-19 Accounting estimates

Preparing financial statements in accordance with Egyptian accounting standards requires management to make estimates and assumptions that affect asset values, liabilities, revenues, and expenses during fiscal years, and actual results may differ from those estimates.

2-20 Impairment of fixed assets

Impairment of financial assets

On the date of each budget, the company periodically determines whether there is objective evidence that a financial asset or set of financial assets has been eroded. A financial asset or set of financial assets is therefore considered to have been reduced, and if only there is objective evidence of impairment resulting from one or more events after the initial recognition of the asset and affecting the estimated cash flows of a financial asset or a set of financial assets that can be reliably estimated

Impairment of non-financial assets

On the date of each budget, the company periodically determines whether there is an indication that an asset has been eroded. When the book value of an asset or unit generating cash exceeds its recovered value, it is considered that there is impairment of the asset and therefore reduced to its recovered value. The loss of impairment is confirmed by the list of profits or losses. Loss resulting from impairment is refunded only if there is a change in the estimates used to determine the value of the recovered asset since the last loss resulting from impairment was established, and is limited so that the book value of an asset does not exceed the recovery value or book value that would have been determined unless the loss resulting from impairment for the asset was recognized in previous years. The reply is proved in any loss resulting from the impairment of an asset in the list of profits or losses

2-21 Cash flow statement

The cash flow statement is set up indirectly method.

2-22 Cash and cash equivalent

To prepare the statement of cash flows, cash, and its provision including cash in the fund, bank current accounts and term deposits due within three months, and treasury authorizations.

The useful lives of intangible assets are assessed as either finite or indefinite.

2-23 Treasury stocks

When the company repurchases its property rights (treasury stocks), these instruments are offered less than the property rights and no profits or losses resulting from the list of profits or losses may be recognized from the purchase, sale, cancellation, or issuance of the property rights of this establishment.

ELECTRO CABLE EGYPT COMPANY (S.A.E)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

3- FIXED ASSETS	Land	Buildings	Machinery and equipment	Vehicles	Tools	Computers	Furniture and office equipment	Office supplies	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
1 January 2023	393,110,184	142,382,180	467,678,009	12,076,454	30,147,875	7,463,913	11,919,960	1,293,521	1,066,072,096
Additions	-	1,188,991	18,877,008	140,000	377,845	862,571	556,380	66,586	22,069,381
Disposals	-	(326,445)	(6,152,378)	-	-	-	-	-	(6,478,823)
30 June 2023	393,110,184	143,244,726	480,402,639	12,216,454	30,525,720	8,326,484	12,476,340	1,360,107	1,081,662,654
Accumulated depreciation									
1 January 2022	-	(51,962,899)	(183,330,400)	(7,979,031)	(15,197,323)	(4,621,225)	(4,553,563)	(416,799)	(268,061,240)
Depreciation of the year	-	(2,042,346)	(13,621,314)	(441,937)	(1,480,081)	(544,338)	(465,413)	(131,126)	(18,726,555)
Disposals	-	114,070	2,004,575	-	-	-	-	-	2,118,645
30 June 2023	-	(53,891,175)	(194,947,139)	(8,420,968)	(16,677,404)	(5,165,563)	(5,018,976)	(547,925)	(284,669,150)
Net book value as of 30 June 2023	393,110,184	89,353,551	285,455,500	3,795,486	13,848,316	3,160,921	7,457,364	812,182	796,993,504

Depreciation is distributed on the statement of profits or losses as follows:

	Six months ended at 30 June 2023	Six months ended at 30 June 2022	Represents the profits of the sale of fixed assets as follows:
	EGP	EGP	
Cost of sales (note 20)	16,368,260	12,862,261	Net book value of disposal assets
Marketing and selling expenses (note 21)	95,940	92,376	Cost of disposal of fixed assets
general and administrative expenses (note 22)	2,262,355	1,097,564	Accumulated depreciation of disposal assets
	18,726,555	14,052,201	Net book value of disposal assets
			Net gain from disposal assets

	EGP	EGP	
	16,368,260	7,343,581	
	95,940	(6,478,823)	
	2,262,355	2,118,645	
	18,726,555	(4,360,178)	
		2,983,403	

ELECTRO CABLE EGYPT COMPANY (S.A.E)
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3- Fixed Assets (continued)

	Land		Buildings		Machinery and equipment		Vehicles		Tools		Computers		Furniture		Office - Equipment		Total		
	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	
Cost																			
1 January 2022	393,110,184	123,627,230	305,109,914	10,811,665	20,973,553	5,373,341	6,403,151	1,028,735	866,437,773										
Additions	-	15,473,203	131,826,744	1,761,754	9,174,322	2,103,949	5,516,809	674,184	166,530,965										
Transfer of advance payments for the purchase of assets	-	3,641,747	30,741,351	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	(360,000)	-	(496,965)	-	(13,377)	-	(409,398)	-	-	-	-	-	-	-	-	-	-	-
31 December 2022	393,110,184	142,382,180	467,678,009	12,076,454	30,147,875	7,463,913	11,919,960	143,222,725	393,110,184										
Accumulated depreciation																			
1 January 2022	-	(48,422,458)	(160,679,035)	(7,479,109)	(13,374,885)	(3,948,511)	(3,888,609)	(291,721)	(238,084,328)										
Depreciation of the year	-	(3,612,441)	(22,651,365)	(878,197)	(1,971,390)	(673,549)	(664,954)	(162,253)	(30,614,149)										
Disposals	-	72,000	-	378,275	-	835	-	186,127	637,237										
31 December 2022	-	(51,962,899)	(183,330,400)	(7,979,031)	(15,346,275)	(4,621,225)	(4,553,563)	(267,847)	(268,061,240)										
Net book value as of 31 December 2022	393,110,184	90,419,281	284,347,609	4,097,423	14,801,600	2,842,688	7,366,397	1,025,674	798,010,856										

ELECTRO CABLE EGYPT COMPANY (S.A.E)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL
STATEMENTS

4- Leases and financing arrangements

During the year 2021, the company applied the new Egyptian accounting standard (49) - leases on the company's previous leases

Due to the company's right to repurchase and the client's lack of control over the assets (leased), the financing lease transaction was classified as financing in accordance with paragraphs from (66b) to (68b) from the new Egyptian Accounting Standard Supplement No. (48) And the assets were classified within the fixed asset line. The application of the new standard has resulted in the following balances:

1- Right of use assets

	30 June 2023	31 December 2022
	Administrative headquarters EGP	Administrative headquarters EGP
cost		
1 January 2023	<u>12,760,561</u>	11,830,724
Additions	-	2,334,632
Disposals	-	(1,404,795)
30 June 2023	12,760,561	12,760,561
Accumulated depreciation		
Beginning of the period	(2,091,867)	(1,748,185)
Depreciation during the period	(775,682)	(1,535,523)
Disposals	-	1,191,841
End of the Period	<u>(2,867,549)</u>	(2,091,867)
Net book value at the End of the Period	<u>9,893,012</u>	<u>10,668,694</u>

2-Commitment to leases and financing arrangements

	Financing arrangement contracts EGP	LEASES CONTRACTS EGP	30 June 2023 EGP
First: installments within a year	52,528,561	769,996	53,298,557
Second: installments for more than one year	<u>251,456,792</u>	<u>6,088,247</u>	<u>257,545,039</u>
Balance	<u>303,985,353</u>	<u>6,858,243</u>	<u>310,843,596</u>

	Financing arrangement contracts EGP	LEASES CONTRACTS EGP	31 December 2022 EGP
First: installments within a year	68,999,455	2,011,312	71,010,767
Second: installments for more than one year	<u>154,820,481</u>	<u>7,631,162</u>	<u>162,451,643</u>
Balance	<u>223,819,936</u>	<u>9,642,474</u>	<u>233,462,410</u>

ELECTRO CABLE EGYPT COMPANY (S.A.E)
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5- Investments in subsidiaries

	30 June 2023	31 December 2022
	LE	LE
Al Safwa consulting & development	<u>73,459,648</u>	<u>73,130,064</u>
	73,459,648	73,130,064

During 2022, the Extraordinary General Assembly of Al-Safwa consulting and Development Company (an Egyptian Joint Stock Company) approved an increase in the company's issued and paid-up capital to the old shareholders, and one of the group's companies subscribed to this increase by 130,000,000 Egyptian pounds in this increase, to become the share of the group's companies by 130,000,100 Egyptian pounds for 8,125,010 shares at a rate of 5.84% of the capital. The subsidiary also sold 3,250,000 shares worth EGP 52,000,000, bringing the investment value to EGP 78,000,100 to EGP 4,875,010 shares at 3.5% of the capital. The relative share amounted to 329,584 EGP, which was included in the profit or loss list.

6- Investments held to maturity

	30 June 2023	31 December 2022
	LE	LE
Treasury bills at the national investment bank at a rate of 3.5%	2,643,282	2,643,282
	<u>2,643,282</u>	<u>2,643,282</u>

7- Inventory

	30 June 2023	31 December 2022
	LE	LE
Materials, packaging materials, fuel, and others	465,623,317	444,269,584
Spare parts	17,192,760	15,660,153
Work in progress	241,607,457	128,188,792
Finished goods	166,206,402	235,771,720
Goods with third parties	1,796,042	2,843,650
Goods in transit	<u>317,792,227</u>	<u>571,513,723</u>
	1,210,218,205	1,398,247,622
Decrease in inventory value	<u>(12,557,724)</u>	<u>(12,557,724)</u>
	1,197,660,481	1,385,689,898

ELECTRO CABLE EGYPT COMPANY (S.A.E)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Decrease in inventory value	<u>(12,557,724)</u>	<u>(12,557,724)</u>
	<u>1,197,660,481</u>	<u>1,385,689,898</u>

8- Trade, notes receivables, and other debit balances

	30 June 2023 EGP	31 December 2022 EGP
Trade receivable	2,163,190,148	1,201,349,097
Notes Receivables	111,244,266	106,253,822
Advance payment to suppliers	235,130,115	203,422,813
Storage (raw materials)	97,191,967	61,357,672
Prepaid expenses	10,144,834	7,647,673
Customs authority	10,734,214	1,947,139
Cover of letters of guarantee and other (note 22)	206,151,396	26,616,082
Financial advances and custodies	5,782,509	3,576,275
Deposits with others	101,878,407	130,876,307
Other debt balances	91,902,532	59,938,967
	<u>3,033,350,388</u>	<u>1,802,985,847</u>
Expected credit loss of trade receivables balances, note receivables, and other debt balances	<u>(52,833,314)</u>	<u>(37,447,856)</u>
	<u>2,980,517,074</u>	<u>1,765,537,991</u>

- Expected credit loss of trade receivables balances, note receivables, and other debt balances as follows:

	30 June 2023 EGP	31 December 2022 EGP
Expected credit loss of trade receivables	45,847,165	30,461,707
Expected credit loss of other debt balances	6,986,149	6,986,149
	<u>52,833,314</u>	<u>37,447,856</u>

The expected credit loss of the value of the other debtors of 6,986,149 Egyptian pounds is represented by amounts brought by lawsuits against some entities and has not been issued by a judicial judgment or final ruling. The movement of impairment is represented in the value of customers as follows: -

	30 June 2023 EGP	31 December 2022 EGP
Beginning of the period	30,461,707	17,747,191
Formed during the period	15,385,458	4,083,523
Ending balance of the period	<u>45,847,165</u>	<u>21,830,714</u>

9- Housing and reconstruction projects

	30 June 2023 EGP	31 December 2022 EGP
Housing and reconstruction projects	<u>314,841,782</u>	<u>273,945,483</u>
	<u>314,841,782</u>	<u>273,945,483</u>

ELECTRO CABLE EGYPT COMPANY (S.A.E)
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10- Investment in fair value through profit or loss statement

	30 June 2023	31 December 2022
	LE	LE
investment fund documents		
Beginning balance at period/ year	19,186,282	-
Purchase during the period/ year	-	18,315,773
Valuation differences during the period	411,109	870,509
Ending balances at the period/ year	(13,221,824)	-
Current value	<u>6,375,567</u>	<u>19,186,282</u>

11 -- Investments in treasury bills

	30 June 2023	31 December 2022
	LE	LE
Par value	-	5,100,000
Purchase during the period/ year	40,900,000	30,000,000
Deferred returns	(1,074,634)	(6,051)
Taxes on the proceeds of treasury bills	(543,612)	(21,600)
Sales during the period / year	(10,333,126)	(35,072,349)
Current value	<u>28,948,628</u>	<u>-</u>

12-Cash and Bank Balance

	30 June 2023	31 December 2022
	LE	LE
Local Currency		
Cash on hand	11,357,761	4,306,298
Current accounts	767,479,243	443,026,849
Term deposits (less than three months)	316,556,410	61,843,814
	<u>1,095,393,414</u>	<u>509,176,961</u>
Foreign currency		
Cash on hand	9,123,180	17,075,511
Current accounts	28,016,578	19,705,416
	<u>37,139,758</u>	<u>36,780,927</u>
	<u>1,132,533,172</u>	<u>545,957,888</u>

ELECTRO CABLE EGYPT COMPANY (S.A.E)
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13- Capital

The authorized capital is EGP 850 million, and the issued and paid-up capital of the company is EGP 711,447,385, distributed over 3557236925 shares with a value of EGP 1 per share.

And according to the decision of the Extraordinary General Assembly held on April 16, 2023 to reduce the capital by Written- off the treasury shares amounting to 152,593,716 shares, at a nominal value of 0.20 pounds per share, over which a fiscal year has passed and it has not been disposed of. An annotation was made in the commercial register on June 18, 2023 to reduce the capital. The issued capital amounted to 680,928,642 Egyptian pounds distributed over 3404,643,209 shares, the **value of each share being 0.20 Egyptian pounds. Share capital represent of:-**

Shareholder name	%	Number of shares	Book value
Jadwa economic development company	30.55	1040094470	208,018,894
Al Hosn Consulting company	22.54	767576110	153,515,222
Simow consulting company	21.81	742411795	148,482,359
other	25.10	854560834	170,912,167
	100	3404643209	680,928,642

14- Treasury Stocks

During the year 2022, the company purchased treasury stocks in accordance with the decision of the Board of Directors issued on February 26, 2022, and the number of treasury shares purchased until December 31, 2022, amounted to 152,593,716 shares, with a value of EGP 56,348,727.

During the period, the company purchased treasury stocks in accordance with the decision of the Board of Directors issued on February 26, 2022. The number of treasury shares purchased until June 30, 2023, reached 91102836 shares, with a value of 52.265.165 Egyptian pounds.

A decision was issued by the Extraordinary General Assembly on April 16, 2023, to Write- off treasury shares that have been acquired for a year or more by reducing the capital by the value of those shares.

Subsequent events

On July 12, 2023, the Securities Listing Committee, in its session held on that date, decided to approve the execution of the treasury Stocks, which amounted to 152,593,716 shares, at a nominal value of 0.20 pounds per share, and then reduce the company's capital at that value.

15-capital reserve

The capital reserve as of March 31, 2023 is EGP 53,384,153 (December 31, 2022: EGP 53,384,153) in amounts deducted from the distributable surplus in accordance with the Extraordinary General Assembly resolution of the Company dated April 4, 2004, in order to meet losses on disposal of certain fixed assets as well as to cover the risk of foreign exchange rate fluctuations

ELECTRO CABLE EGYPT COMPANY (S.A.E)
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

16- Income tax

16/1- Deferred tax liabilities

	30 June 2023	31 December 2022
	EGP	EGP
Beginning Balance	17,823,441	29,670,837
Adjustments during the period/year	-	(18,905,661)
Deferred income tax for the period / year- Liability	7,210,034	7,058,265
Ending balance	<u>25,033,475</u>	<u>17,823,441</u>

16/2 Income Tax

	Six months ended at 30 June 2023	Six months ended at 30 June 2022
	EGP	EGP
Current income tax	154,703,473	50,641,932
Differed income tax –income	7,210,034	(294,867)
	<u>161,913,507</u>	<u>50,347,065</u>

17- Provisions

	1 January 2023	Used during the year	30 June 2023
	EGP	EGP	EGP
Provision for claims and lawsuits	12,011,545	(6,813,655)	5,197,890
Tax Provision	392,233	-	392,233
	<u>12,403,778</u>	<u>(6,813,655)</u>	<u>5,590,123</u>

18- Banks facilities

	30 June 2023	31 December 2022
	EGP	EGP
credit facilities	2,366,162,094	1,989,764,751
	<u>2,366,162,094</u>	<u>1,989,764,751</u>

The banking facilities are guaranteed to guarantee part of the sales proceeds and promissory notes, with an annual interest rate ranging from 1% to 2% over the corridor price

ELECTRO CABLE EGYPT COMPANY (S.A.E)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

19- Suppliers notes payable, and other credit balances

	30 June 2023	31 December 2022
	EGP	EGP
Suppliers	638,850,535	696,792,482
Notes payable	65,663,089	64,963,105
Accrued expenses	18,823,896	25,272,304
advances from customers	828,476,974	40,524,936
National Social Insurance Authority	1,330,869	1,192,100
Deductions from employees	258,778	550,230
Deposits from others	18,185,565	13,485,166
Other credit balances	42,999,965	25,844,146
	<u>1,614,589,671</u>	<u>868,624,469</u>

20 Tax Liability

	30 June 2023	31 December 2022
	EGP	EGP
income taxes	170,160,478	143,492,594
Value Added Tax	53,427,431	42,763,375
Salary tax	6,330,274	12,616,199
Other Tax	7,869,384	5,672,232
	<u>237,787,567</u>	<u>204,544,400</u>

21- Due to related parties

	30 June 2023	31 December 2022
	EGP	EGP
Jadwa economic development company	1,700,000	1,700,000
	<u>1.700.000</u>	<u>1,700,000</u>

22 contingent liabilities

The potential liabilities are the letters of guarantee issued at the company's request by banks in favor of third parties on 30 June, 2023 amounting to EGP 554,253,917 (December 31, 2022: EGP 350,961,171), with a cash cover of EGP 206,151,396 (December 31, 2022: EGP 26,616,082). Egyptian pounds) (Note 8).

ELECTRO CABLE EGYPT COMPANY (S.A.E)
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

23- Earnings per share

- Earnings per share were calculated by dividing the period earnings by the weighted average number of shares outstanding during the period as follows:

	Six months ended at 30 June 2023	Six months ended at 30 June 2022
	EGP	EGP
Holding Company	539,187,281	190,543,272
Weighted average number of shares outstanding during the period	3366778799	3499500082
Earnings per share	<u>0.16</u>	<u>0.05</u>

24 – Tax situation

The Egyptian Electric Cables Company (an Egyptian joint stock company) as well as its subsidiaries are subject to income tax. Income tax has been calculated for each company separately. The balance of income taxes appearing in the consolidated statement of periodic profits or losses represents the sum of income taxes for the Six months ending on 30 June, 2023.

25- Risk management

The company is vulnerable to the following risks arising from the use of financial instruments:

- a) Interest rate risk
- b) Credit risk
- c) Currency risk
- d) capital management risks
- e) Liquidity risk

This note provides information on the company's exposure to both the above risks, the company's objectives, policies, and operations in terms of measuring and managing these risks as well as how the company manages capital.

a) Interest rate risk

Interest rate risks arise from the fluctuation of the fair value of the financial instrument's future cash flows as a result of changes in market interest rates. The company's exposure to the risk of change in interest rates relates mainly to the company's obligations at a reasonable interest rate and interest deposits. Interest rates on financial instruments with an interest rate floating from one period to another are re-priced, but not more than one year.

b) Credit risk

These are financial losses incurred by the company if the customer or counterparty fails to meet its obligations regulated by the financial instrument contract. The company is therefore exposed to credit risks mainly from customers, arrest papers, prepaid expenses, diversified cities, and other city balances due from related parties as well as from its financial activities, including deposits with banks and financial institutions.

c) Currency risk

Currency risks are an acceptable potential change in the exchange rates of the US dollar and the euro, with all other variables remaining constant. The impact on the company's pre-tax profits is due to changes in the value of assets and cash obligations. It must be noted that changes in the exchange rates of all other foreign currencies are not substantial.

ELECTRO CABLE EGYPT COMPANY (S.A.E)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL
STATEMENTS

d) capital management risks

The main objective of capital management is to ensure that the company maintains healthy capital ratios to support its business and maximize shareholder increases. The company manages and adjusts its capital structure in light of changes in business conditions. There were no changes in objectives, policies, and processes during the six- months on June 30, 2023, and The year ended December 31, 2022.

e) Liquidity risk

The management of the local company, supported by the parent company, monitors cash flows, financing requirements, and liquidity of the company. The company's goal is to strike a balance between continuity of financing and flexibility through bank loans. The company manages liquidity risk by maintaining sufficient reserves and by obtaining loan facilities by continuously following expected and actual cash flows and matching asset maturity with financial obligations.

The Company has sufficient cash to pay the expected operating expenses and includes financial obligation expenses.

26-Fair value of financial instruments

Financial instruments include assets and financial obligations, including cash assets in the fund, balances with banks, investments, and debtors, as well as financial obligations, term loans, and creditors, the fair value of financial instruments, is not materially different from their book value.

27-Key sources of uncertain estimates

The company makes estimates and assumptions for the future. The results of accounting estimates, as defined, rarely equal to actual results, estimates, and assumptions of significant risks that may cause a substantial adjustment of the book values of assets and obligations during the following nine financial months indicated below.

A- Production ages of machinery and equipment

The company's management determines the expected production ages of real estate, machinery, and equipment to calculate depreciation and calculates this estimate after taking into account the expected duration of the use of the asset and the nature of the commercial wear and tear and obsolescence. On an annual basis, management reviews the remaining value and productive ages and adjusts the future depreciation allowance when management believes that production ages differ from previous estimates.

B-Income tax

The company is subject to income tax. The company estimates the income tax allocation using an expert opinion and when there are any differences between actual and primary results, these differences affect the income tax allowance and deferred tax in these periods.

28-important events

New Editions and Amendments to Egyptian accounting standards

On March 6, 2023, the Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian Accounting Standards.

The following is a summary of the most significant amendments:

ELECTRO CABLE EGYPT COMPANY (S.A.E)
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

28-important events (continued)

New or reissued standards	Summary of the most important modifications	Potential impact on the financial statements	Application date
<p>Egyptian Accounting Standard No. (10) Amended 2023 "Fixed Assets and Their Depreciation" Egyptian Accounting Standard No. (23) Amended 2023 "Intangible Assets"</p>	<p>These standards were re-issued in 2023, when - it was allowed to use the re-evaluation form for some of the applicable accounting standards, and the following is a description of those standards</p> <p>Egyptian Accounting Standard No. (5) "Accounting policies, changes in accounting estimates and errors" Egyptian Accounting Standard No. (24) "Income Taxes" Egyptian Accounting Standard No. (30) "Interim Financial Statements" Egyptian Accounting Standard No. (31) "impairment of assets" Egyptian Accounting Standard No. (49) "Lease Contracts"</p> <p>In line with the amendments made to the - Egyptian Accounting Standard (35) Amended 2023 "Agriculture", paragraphs (3), (6), (37) of the Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation" were amended, and paragraphs were added 22 (a), 80 (c) and 80 (d) refer to the same standard, with regard to fruiting plants</p> <p>The company is not required to disclose the quantitative information required under Paragraph 28 (f) of the Egyptian Accounting Standard No. (5) for the current period, which is the period of the financial statements in which the Egyptian Accounting Standard No. (35) Accelerated</p> <p>2023 and the Egyptian Accounting Standard No. (10) are applied for the first time Amendment 2023 with regard to fruiting plants</p> <p>However, the quantitative information required by paragraph 28(f) of IAS 5 must be disclosed for each prior period presented</p> <p>The company may choose to measure an - item of fruiting plants at its fair value at the beginning of the earliest period presented in the financial statements for the period in which the company first applied the above amendments and use that fair value as its default cost at that date. Any difference between the previous carrying amount and the fair value should be recognized in the opening balance by adding it to the revaluation surplus account alongside equity at the beginning of the most recent period presented</p>	<p>If the revaluation option is used</p> <p>If it appears that the former mentioned in the previous</p>	<p>The amendments to add the option to use the revaluation model will be applied to the fiscal periods beginning on or after January 1, 2023, retrospectively, with the cumulative effect of applying the revaluation model initially by adding it to the revaluation surplus account next to equity at the beginning of the financial period that you The company applied this model for the first .time</p> <p>The amendments shall be applied for the annual periods beginning on or after January 1, 2023, with retrospective effect, with the cumulative effect of the accounting treatment of fruiting plants being initially recorded by adding it to the profit or loss balance carried forward at the beginning of the financial period in which the company applies this form for .the first time</p>

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

28-Significant events (continued)			
New or reissued standards	Summary of the most important modifications	Potential impact on the financial statements	Application date
Egyptian Accounting Standard No. (34) Amended 2023 "Real Estate Investment"	<p>These standards were re-issued in 2023, - allowing the use of the fair value model when subsequently measuring real estate investments. This resulted in an amendment to some of the -2 paragraphs related to the use of the fair value model option in some applicable Egyptian accounting standards, and the following is a description of those standards</p> <p>Egyptian Accounting Standard No.(1) ""Presentation of Financial Statements Egyptian Accounting Standard No. (5) "Accounting policies, changes in accounting estimates and errors Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates Egyptian Accounting Standard No. (24) "Income Taxes Egyptian Accounting Standard No. (30) "Interim Financial Statements Egyptian Accounting Standard No. (31) ""impairment of assets Egyptian Accounting Standard No. (32) "Non-current assets held for the purpose of sale and non-continuing operations Egyptian Accounting Standard No. (49) "Lease Contracts</p>	<p>Management is based on time The current study is studying the possibility of changing the accounting policy followed and using the fair value model option mentioned in the standard, and evaluating the potential impact on the financial statements if that option is used. Management is currently assessing the potential impact on the financial statements of applying the standard.</p>	<p>Browsers for adding an image of the option to use the fair value model on the financial periods that start on or after January 1, 2023, retrospectively, with the cumulative proof of the real value model initially, by adding it to the balance of value or losses carried forward at the beginning of the financial period in which the company Sample</p>
Egyptian Accounting Standard "No. (50) "Insurance Contracts"	<p>This standard defines the principles of - recognition of insurance contracts that fall within the scope of this standard, and determines their measurement, presentation and disclosure. The standard's objective is to ensure that the company provides appropriate information that faithfully reflects those contracts. This information provides users of the financial statements with the necessary basis for evaluating the impact of those insurance contracts on the company's financial position, financial performance and cash flows Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts Any reference in other Egyptian Accounting Standards to Egyptian Accounting Standard No. (37) shall be replaced by Egyptian Accounting Standard No (50) .Standard No The following amendments have been made to the Egyptian Accounting Standards to comply with the application requirements of Egyptian Accounting Standard No. (50) "Insurance Contracts", which are as follows Egyptian Accounting Standard No. (10) ""Fixed Assets and Their Depreciation And Egyptian Accounting Standard No. (23) "Intangible Assets Egyptian Accounting Standard No. (34) "Real Estate Investment</p>		<p>The Egyptian Accounting Standard No. (50) must be applied for the annual financial periods beginning on or the fiscal year of application after July 1, 2024, and if the Egyptian Accounting Standard No. (50) is applied for an earlier period, the company must disclose that fact</p>