Telecom Egypt Company
Consolidated Financial Statements
Prepared in Accordance with IFRSs
For The Financial Year Ended December 31, 2015
And Auditor's Report

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Index

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of Telecom Egypt Company

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Telecom Egypt Company and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2015, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matters

Without qualifying our opinion, we draw attention to the following:

1. As explained in note no. (35-1) of the notes to the consolidated financial statements, which describes the dispute between the company and both companies Mobinil and Vodafone (Mobile Operators) in regards to the interconnection rates. Several resolutions were issued by the National Telecommunication Regulatory Authority (NTRA) determining the interconnection rates based on the complaint filed by the company. As a result, the Mobile Operators filed lawsuits and arbitral litigations for ceasing the implementation of the said resolutions. In addition, to the lawsuits and arbitral, litigations filed by or against the company and the dispute parties, several rulings were issued but were appealed before the relevant authorities. These litigations and appeals are still under deliberation before the court and the arbitral tribunals and the final ruling has not been issued yet.

   According to the opinion of the company's legal consultant, the company has the right to apply the interconnection rates used between the Mobile Operators, and that the company's position is based on the relevant agreements and laws, and there are several arbitral and judicial stages to finalize this dispute. It is difficult, in the meantime to determine the outcome of the above mentioned lawsuits and arbitral litigations till the final ruling of the judicial and arbitral bodies is issued.

2. As explained in note no. (35-2) of the notes to the consolidated financial statements, which describes the dispute between the company and one of its investee in which Telecom Egypt company owns 25%, in regards to an agreement that is concluded between the company and the investee, the company has filed an arbitration case against the investee, claiming compensation and the termination of the agreement as the investee breached the obligations stated in the agreement.In addition to, the investee has filed a counter arbitration case against the company claiming compensation according to the obligations of the same agreement. The arbitral tribunal issued an award to depute an expert to express his technical opinion for all the financial claims submitted by the both parties.

   On August 31,2015 the arbitral tribunal issued it's award regarding the above mentioned arbitral litigations rejecting the company's claim for a compensation, accepting the arbitral litigation filed by the investee, terminating the agreement concluded with the company and it's amendments and awarded compensation to the investee. Telecom Egypt started to take the necessary legal actions to cease the implementation of the award and annulling it.

   According to the opinion of the company's legal consultant, the company's management is of the opinion that it has sufficient legal corroboration which provide preponderance to it's position before the legal bodies regarding ceasing the implementation of the award and annulling it, it's difficult, in the meantime to determine the final outcome of the above mentioned legal actions till the final ruling of the competent legal bodies is issued.

KPMG Hazem Hassan

KPMG Hazem Hassan

Cairo March 6, 2016

KPMG Hazem Hassan
Public Accountants and Consultants
23

Telecom Egypt Company
Consolidated statement of financial position

In thousands of Egyptian Pound	Note	31 December 2015	31 December 2014 Restated
Assets			
Property, plant and equipment	13,3c	13 822 726	12 169 940
Intangible assets	14,3d	933 047	1 045 662
Equity-accounted investees	15,3a	10 252 828	9 177 354
Available-for-sale investments	16,3f	98 639	99 014
Deferred tax assets	18,3q	350 763	374 890
Non-current assets		25 458 003	22 866 860
Inventories	19,3g	556 880	438 050
Held-to-maturity investment (treasury bills)		173 338	1 093 688
Trade and other receivables	20	5 741 222	5 049 366
Cash and cash equivalents	21	2 413 451	2 716 259
Current assets		8 884 891	9 297 363
Total assets		34 342 894	32 164 223
Equity			
Share capital	22	17 070 716	17 070 716
Reserves	22,3j	6 384 444	6 352 771
Retained earnings		4 706 075	3 171 505
Interim dividends		-	(668 258)
Equity attributable to owners of the company		28 161 235	25 926 734
Non–controlling interests	3a	10 085	16 623
Total equity		28 171 320	25 943 357
Liabilities			
Loans and borrowings	24	326 914	382 544
Other payables		182	515
Deferred income	26	-	2 438
Deferred tax liabilities	18,3q	382 899	1 005 536
Non-current liabilities		709 995	1 391 033
Loans and borrowings	24	62 476	83 574
Trade and other payables	25	4 378 979	4 178 996
Deferred income	26	2 438	8 922
Provisions	27,3n	1 017 686	558 341
Current liabilities		5 461 579	4 829 833
Total liabilities		6 171 574	6 220 866
Total equity and liabilities		34 342 894	32 164 223

Financial Director	Financial Affairs Senior Director	Senior Vice President for Financial Affairs	Chief Executive Officer & Managing Director
Shaher Shokry	M. Shamroukh	Hassan Helmy	Osama
Shaher Shokry	Mohamed Shamroukh	Hassan Helmy	Osama Yasin

Board of Directors' approval

Chairman

Waleed Gad

Auditor's report " attached "

The notes on pages 7 to 40 are an integral part of these consolidated financial statements.

Telecom Egypt Company
Consolidated statement of profit or loss and other comprehensive income

In thousands of Egyptian Pound	Note	For the year ended 31 December 2015	2014 Restated
Continuing operations			
Revenue	4,3o	**12 184 202**	12 157 528
Operating costs	5	**(7 194 506)**	(6 962 695)
Gross profit		**4 989 696**	5 194 833
Other income	6	**192 295**	163 051
Selling and distribution expenses	7	**(1 475 131)**	(1 447 478)
Administrative expenses	8	**(2 126 417)**	(2 001 930)
Other expenses	9	**(502 151)**	(382 622)
Operating profit		**1 078 292**	1 525 854
Finance income	11	**347 417**	397 164
Finance costs	11	**(47 231)**	(166 662)
Net finance income	11	**300 186**	230 502
Share of profit of equity-accounted investees, net of tax		**1 102 438**	836 222
Profit before tax		**2 480 916**	2 592 578
Income tax	12	**97 680**	(1 742 575)
Profit		**2 578 596**	850 003
Other comprehensive income			
Foreign operations - foreign currency translation differences		**1 290**	(7 109)
Other comprehensive income , net of tax		**1 290**	(7 109)
Total comprehensive income		**2 579 886**	842 894
Profit attributable to:			
Owners of the company		**2 576 791**	847 204
Non - controlling interests		**1 805**	2 799
		2 578 596	850 003
Total comprehensive income attributable to:			
Owners of the company		**2 578 081**	840 125
Non - controlling interests		**1 805**	2 769
		2 579 886	842 894
Earning per share			
Basic earnings per share (LE)	23	1.51	0.50

The notes on pages 7 to 40 are an integral part of these consolidated financial statements.

Telecom Egypt Company
Consolidated statement of changes in equity
For the financial year ended 31 December 2015

In thousands of Egyptian Pound	Attributable to owners of the company								
	Share capital	Legal reserve	Translation reserve	Other reserve	Retained Earnings	Interim dividends	Total equity attributable to equity holders of the company	Non-controlling interest	Total equity
Restated balance at 1 January 2015	17 070 716	1 553 184	3 009	4 796 578	3 171 505	(668 258)	25 926 734	16 623	25 943 357
Total comprehensive income for the year									
Profit for the year	-	-	-	-	2 576 791	-	2 576 791	1 805	2 578 596
Other comprehensive income	-	-	1 290	-	-	-	1 290	-	1 290
Total comprehensive income for the year	**-**	**-**	**1 290**	**-**	**2 576 791**	**-**	**2 578 081**	**1 805**	**2 579 886**
Transactions with owners of the company									
Transferred to reserves	-	29 236	-	-	(85 931)	56 695	-	-	-
Dividends of 2014	-	-	-	-	(952 977)	611 563	(341 414)	(1 660)	(343 074)
Acquistion of non-controlling interest	-	1 136	11	-	(3 313)	-	(2 166)	(6 683)	(8 849)
Total transactions with owners of the company	**-**	**30 372**	**11**	**-**	**(1 042 221)**	**668 258**	**(343 580)**	**(8 343)**	**(351 923)**
Balance as at 31 December 2015	**17 070 716**	**1 583 556**	**4 310**	**4 796 578**	**4 706 075**	**-**	**28 161 235**	**10 085**	**28 171 320**
Balance as at 1 January 2014	17 070 716	1 377 564	10 088	4 810 362	4 150 298	-	27 419 028	16 493	27 435 521
Total comprehensive income for the year									
Profit for the year (restated)	-	-	-	-	847 204	-	847 204	2 799	850 003
Other comprehensive income	-	-	(7 079)	-	-	-	(7 079)	(30)	(7 109)
Total comprehensive income for the year (restated)	**-**	**-**	**(7 079)**	**-**	**847 204**	**-**	**840 125**	**2 769**	**842 894**
Transactions with owners of the company									
Transferred to reserves	-	118 925	-	-	(118 925)	-	-	-	-
Adjustments to other reserve	-	-	-	(13 784)	-	-	(13 784)	-	(13 784)
Dividends of 2013	-	-	-	-	(1 707 072)	-	(1 707 072)	(2 639)	(1 709 711)
Interim dividends during 2014	-	56 695	-	-	-	(668 258)	(611 563)	-	(611 563)
Total transactions with owners of the company	**-**	**175 620**	**-**	**(13 784)**	**(1 825 997)**	**(668 258)**	**(2 332 419)**	**(2 639)**	**(2 335 058)**
Balance as at 31 December 2014 (restated)	**17 070 716**	**1 553 184**	**3 009**	**4 796 578**	**3 171 505**	**(668 258)**	**25 926 734**	**16 623**	**25 943 357**

The notes on pages 7 to 40 are an integral part of these consolidated financial statements.

Telecom Egypt Company
Consolidated statement of cash flows

In thousands of Egyptian Pound	Note	For the year ended 31 December 2015	2014 Restated
Cash flows from operating activities			
Cash receipts from customers		8 730 173	8 309 148
Sales tax collected from customers		224 444	253 500
Stamp tax and fees collected (from third party)		31 375	31 579
Deposits Returned to customers		(1 951)	(4 225)
Cash paid to suppliers		(1 125 443)	(589 937)
Payments of NTRA licence fees		(409 869)	(452 869)
Cash paid to employees		(3 448 009)	(3 176 628)
Cash paid on behalf of employees to third party		(538 604)	(444 040)
Interest paid		(9 037)	(8 920)
Payments to Tax Authority - income tax		(709 356)	(658 114)
Payments to Tax Authority - sales tax		(561 945)	(774 519)
Payments to Tax Authority - other taxes		(468 784)	(423 173)
Other payments		(116 110)	(265 820)
Net cash from operating activities		1 596 884	1 795 982
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(2 609 234)	(1 584 313)
Proceeds from sale of property, plant and equipment		350	726
Acquisition of Investments		(8 849)	(2 500)
Payments for purchase of held to maturity investments - treasury bills		(514 377)	(2 192 191)
Interest received		34 849	32 029
Dividends collected from investments		32 516	36 659
Proceeds from sale of held-to-maturity investment - treasury bills		1 424 522	1 111 137
Proceeds from securities (treasury bills - mutual fund)		181 768	300 065
Net cash used in investing activities		(1 458 455)	(2 298 388)
Cash flows from financing activities			
Payments of loans and other facilities		(78 222)	(94 454)
Payments of finance lease liabilities		-	(15)
Proceeds from other facilities		-	10 173
Dividends paid to shareholders		(357 410)	(2 354 812)
Net cash used in financing activities		(435 632)	(2 439 108)
Net change in cash and cash equivalents		(297 203)	(2 941 514)
Cash and cash equivalents at 1 January		2 698 964	5 644 304
Effect of movements in exchange rate on cash held		2 249	(3 826)
Cash and cash equivalents at 31 December	(21)	2 404 010	2 698 964

The notes on pages 7 to 40 are an integral part of these consolidated financial statements.

1. Reporting entity

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 consolidated financial statements of the Company for the year ended December 31, 2015 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

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.
- Real estate investment for serving its purposes and executing its projects.
- The registered office of the Company is 26 Ramses Street, Cairo, Egypt.
- The nominal shares for the company are traded in the Egyptian Stock Exchange and London Stock Exchange.

2. Basis of preparation

a. *Basis of accounting*

These consolidated financial statements have been prepared in accordance with IFRS. It was authorized for issuance by the company's Board of Directors on March 6, 2016.

b. *Basis of measurement*

The consolidated financial statements have been prepared under the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss are measured at fair value.
- Available-for-sale financial assets are measured at fair value.

For presentational purposes, the current/non-current distinction has been used for the financial position, while expenses are analyzed in the profit or loss using a classification based on their function. The direct method has been selected to present the cash flow statement.

c. *Functional and presentation currency*

These consolidated financial statements are presented in Egyptian Pound (LE), which is the Company's functional currency. All amounts have has been rounded to the nearest thousand, unless otherwise indicated.

d. *Use of judgements and estimates*

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas of assumptions and estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Impairment of non-financial and financial assets.
- Provisions and contingencies.
- Deferred tax assets.
- Useful life of property, plant & equipment.

3. Significant accounting polices

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and material amounts in the financial statements.

Certain comparative amounts have been restated and reclassified to conform with the current period's presentation (see note 36).

a. *Basis of consolidation*

(i) *Business combinations*

The Group accounts for business combinations using the acquisition method when control is transferred to the Group .The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment .Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) *Non-controlling interests*

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. a Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.
Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.
Interests in associates and the joint venture are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b. Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions.
Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.
However, foreign currency differences arising from the translation of the following items are recognised in OCI:
Available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the dates of the transactions.
Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.
When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

c. *Property, plant and equipment*

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost or deemed cost less accumulated depreciation (see below) and accumulated impairment losses (see accounting policy i).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and they are recognised in profit or loss and are recognized within other income/expenses in profit or loss.

(ii) Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

	Estimated useful life/years
• Buildings and infrastructure	10 - 50
• Technical equipment & Information technologies equipment	5 - 20
• Vehicles	5 - 10
• Furniture and fixtures	3 - 16.67
• Tools and other equipment	1 - 8

d. *Intangible assets*

Intangible assets are identifiable non-monetary assets without physical substance which can be controlled and which are capable of generating future economic benefits. Intangible assets are stated at purchased cost including any expenses that are directly attributable to preparing the asset for its intended use, net of accumulated amortization and impairment losses. Amortization is recognized in profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this mostly reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

(i) Licenses

Licenses are measured initially at cost. Amortization is charged to the profit or loss on a straight-line basis over the period of its expected use or the term of the underlying agreement, whichever is shorter.

(ii) Right of way and Right of use

The Group recognises an intangible asset arising from a Right of Way and Right of Use of an assets when it has the exclusive right for using that asset and deriving the benefits of that uses. An intangible asset is measured initially at cost upon initial recognition. Subsequent to initial recognition the intangible asset is measured at cost, less accumulated amortisation and accumulated impairment losses. Amortization is charged on a straight-line basis over the shorter of the period of its expected use which ranges from 10 to 20 years and the term of the underlying agreement, starting from the date of the acquisition of the right.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

e. Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.
Other leases are operating leases and are not recognized on the Group's financial position.

f. Financial Instruments

Financial instruments consist of financial assets and liabilities whose classification is determined on their initial recognition and on the basis of the purpose for which they were acquired / incurred. Purchases and sales of financial instruments are recognized at their settlement date. Financial assets are derecognized when the right to receive cash flows from them ceases and the Group has effectively transferred all risks and rewards related to the instrument and its control.
The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities unless its fair value cannot be reliably determined), the Group establishes fair value by using valuation models based primarily on objective financial variables and, where possible, prices in recent transactions and market prices for similar financial instruments.

(i) Financial Assets
Financial assets are initially recognized at fair value and classified in one of the following categories and subsequently measured as described:

- Financial receivables
  Financial receivables are non-derivative financial instruments which are not traded on an active market and which are expected to generate fixed or determinable repayments. They are included as current assets unless they are contractually due over more than twelve months after the financial position date in which case they are classified as non-current assets. (These assets are measured at amortized cost using the effective interest method). If there is objective evidence of factors which indicate impairment, the asset is reduced to the present value of future cash flows. The impairment loss is recognized in the profit or loss. If, in future years, the factors which caused the impairment cease to exist, the carrying amount of the asset are reinstated up to the amount that would have been obtained had amortized cost been applied.

(ii) Non-derivative financial liabilities
Financial liabilities consisting of borrowings, trade payables and other obligations, such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. When there is a change in cash flows which can be reliably estimated, the value of the financial liability is recalculated to reflect such change based on the present value of expected cash flows and the originally determined internal rate of return. Financial liabilities are classified as current liabilities except where the Group has an unconditional right to defer payment until at least twelve months after the financial position date.
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(iii) Financial assets available-for-sale
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognised in other comprehensive income and presented within equity in fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

(iv) Financial asset at fair value through profit or loss (Investment- held for trading)

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

(v) Investment-held-to-maturity (Treasury bills)

When the Group has the positive intent and ability to hold debt securities (Treasury bills) to maturity, then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured amortised cost using the effective interest method, less any impairment losses.
Treasury bills are shown in the balance sheet at their nominal value unearned interests.

(vi) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from proceeds.

g. Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses
The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.
Work in progress is valued at cost at the latest production process reached. Finished goods are valued at the manufactory cost.

h. Cash and cash equivalent

Cash and cash equivalent comprise cash balances, banks current accounts, treasury bills, time deposits which do not exceed three months, money market funds and bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

i. Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in other reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment attributable to time value are reflected as a component of interest income.

Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives, the recoverable amount is estimated each period at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss in respect of non-financial assets or cash-generating units, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

j. Reserves

(i)Legal Reserves

As per the Company's statutes 5% of net profit for the year is set aside to form a legal reserve, the transfer to such reserve ceases once it reaches 50% of the Company's paid in share capital. The reserve can be utilized for covering losses or for increasing the Company's share capital. If the reserve falls below the said 50%, the Company should resume setting aside 5% of its annual net profit until the reserve reaches 50% of the Company's paid in share capital.

(ii)Other Reserves

The General Assembly may form other reserves based on the Board of Directors' recommendation.

k. Employee benefits

Pension

The Group contributes to the government social insurance system for the benefits of its personnel in accordance with the social insurance law. Under this law, the employees and the employers contribute into the system on a fixed percentage - of - salaries basis. The Group's liability is confined to the amount of its contribution. Contributions are charged to profit or loss using accrual basis of accounting.

l. *Grants*

Grants are recognized initially as deferred income at fair value when there is reasonable assurance that it will be received and that the Group will comply with the associated conditions. Grants that compensate the Group for expenses incurred are recognized in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognized. Grants that compensate the Group for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the asset.

m. *Dividends*

Dividends recognized as a liability in the statement of financial position in the financial period in which the dividends are approved for distribution by the ordinary meeting of the shareholders.

n. *Provisions*

A provision is recognized if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

o. *Revenue*

Revenue represents the value of services provided, equipment sold, investments income and interest income. It includes revenue received and receivable from revenue sharing agreements entered into with national and international telecommunication operators in respect of traffic exchange. Revenue is recognized as set below:

- **Voice services:** revenues are measured in terms of traffic minutes processed or transmission capacity provided and is recognized in the period in which the connection is provided.
- **Value added services:** these services include call waiting and divert, callers ID and hotline are recognized in the period in which the service is provided.
- **Data services:** revenue from the provision of managed bandwidth to business customers is recognized over the period in which the bandwidth is provided.
- **Other services:** revenue from web hosting and internet access is recognized over the life of the contract and over the period that the service is provided respectively.
- **Sale of goods:** revenue from sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer and when there is adequate emphasis to recover for them.
- **Investments:** The Dividend income is recognized after the date of acquisition and according to dividends declaration by General Assembly of the investee, within the company's share in the investee.
- The income from deposit interest and returns of securities according to accrual basis with considering the targeted rate of return from the asset.

p. *Expenses*

(i) Operating lease payments

Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, impairment losses recognized on financial assets, change in the fair value of financial assets at fair value through profit or loss. Interest income includes, interest receivable on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss.

Foreign currency gains or losses are reported on a net basis.

Interest income is recognized in the profit or loss as it occurs, using the effective interest method. Dividend income is recognized in the profit or loss on the date the entity's right to receive payments is established. The interest expense component of finance lease payments is recognized in the profit or loss using the effective interest rate method.

q. ***Income tax***

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the profit or loss except to the extent that it relates to business combination, or items recognized directly in equity, or other comprehensive income.

Current tax is the expected tax payable or the taxable income for the period, using tax rates enacted or substantially enacted at the financial position date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the financial position asset & liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

r. ***Earnings per share***

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for owned shares held.

s. ***New and amended IFRSs and Interpretations:***

The Group has adopted the new and amended IFRSs and IFRIC interpretations that are effective for the financial year beginning on or after January 1, 2015, with no material impact on these consolidated financial statement.

t. ***Standards issued but not yet adopted***

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these consolidated financial statements:

New or amended standards	**Summary of the requirements**	**Possible impact on consolidated financial statements**
IFRS 9 *Financial Instruments*	IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.
IFRS 15 *Revenue from Contracts with Customers*	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

u. Financial risk management

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group objectives, policies and processes for measuring and managing risk, and the Group management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group risk management framework.

The Group risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

In general Trade & other receivables included in current assets relate to a variety of smaller amounts due from a wide range of counterparties, therefore, the Group does not consider that it has a significant concentration of credit risk.

Cash and cash equivalents

Credit risk relating to cash and cash equivalents and financial deposits arises from the risk that the counterparty becomes insolvent and accordingly is unable to return the deposited funds. To mitigate this risk, wherever possible the Group conducts transactions and deposits funds with financial institutions with high investment grade.

The maximum exposure to credit risk is disclosed in note (28–i).

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group reputation.

The Group monitors and mitigates liquidity risk arising from the uncertainty of cash inflows and outflows by maintaining sufficient liquidity of cash balances as well as undrawn credit lines and by diversifying its sources of finance. In general, liquidity risk is monitored at entity level whereby each subsidiary is responsible for managing and monitoring its cash flows and rolling liquidity reserve forecast in order to ensure that it has sufficient committed facilities to meet its liquidity needs.

The table included in note (28–ii) analyzes the group's financial liabilities into relevant maturity groupings based on the remaining period at the financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Group is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currencies of the Group, primarily the U.S. Dollars (USD) and Euro.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level through purchase or sale of the foreign currencies with current prices when that is necessary to match non long term balance.

Interest rate risk

The Group is exposed to market risks as a result of changes in interest rates particularly in relation to borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The basic strategy of interest rate risk management is to balance the debt structure with an appropriate mix of fixed and floating interest rate borrowings based on the Group's perception of future interest rate movements. In particular, the risk monitored relates to the impact of movements in floating rate indices on the Group's finance costs.

Other market prices risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

v. Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net profit from operating activities divided by total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to shareholders. There were no changes in the Group's approach to capital management during the period. The Group is not subject to externally imposed capital requirements.

w. Segment reporting

The Group's operations fall into one broad class of business which is telecommunication and information services and hence, segmental analysis of revenue, expenses, assets and liabilities is not considered meaningful.

4. Revenue

In thousands of Egyptian Pound	For the year ended 31 December 2015	2014
Home	**3 567 580**	3 128 554
Enterprise	**1 905 466**	1 879 455
Domestic wholesale	**2 926 575**	2 702 822
International carrier	**2 977 380**	3 066 664
International cables and networks	**807 201**	1 380 033
	12 184 202	12 157 528

5. Operating costs

In thousands of Egyptian Pound	Note	For the year ended 31 December 2015	2014 Reclassified
Interconnection cost		**2 404 539**	2 349 588
Fuel		**270 377**	173 981
Spare parts*		**82 825**	77 942
Maintenance*		**310 461**	286 293
Leased circuits & satellite subscriptions		**137 786**	102 924
Property, plant and equipment depreciation*	13	**1 416 554**	1 419 893
Amortization of intangible assets	14	**83 793**	89 831
Salaries and wages*	10	**1 198 286**	1 211 848
Company's social insurance contribution		**129 635**	126 080
Employee's compensated absence		**5 600**	5 794
Employees' share in profit		**174 832**	193 728
Frequencies and licenses		**380 892**	459 472
Cost of merchandise available for sale		**164 205**	106 335
Right of use (IRU) outside Egypt		**57 922**	42 405
Other operating costs*		**376 799**	316 581
		7 194 506	6 962 695

*Reclassification was made to operating costs items as shown in Note no. (36 - 2)

6. Other income

In thousands of Egyptian Pound	For the year ended 31 December 2015	2014
Grants*	**8 922**	8 922
Fines and delay interest collected	**112 817**	73 943
Provisions no longer required	**-**	14 485
Others	**70 556**	65 701
	192 295	163 051

* The amount represents amortization of the grants awarded by the USAID to finance some of the Company's projects, as well as the grants awarded by the projects' management of Marine Cables for the construction of a building in Alexandria and the right of way for Marine Cables.

7. Selling and distribution expenses

In thousands of Egyptian Pound	Note	For the year ended 31 December 2015	2014 Reclassified
Salaries & wages*	10	**811 742**	790 958
Company's social insurance contribution		**90 602**	82 862
Employees' compensated absence		**3 827**	3 979
Employees' share in profit		**118 435**	122 107
Property, plant & equipment depreciation	13	**8 573**	9 130
Amortization of intangible assets*	14	**28**	26
Tax & fees		**14 554**	15 316
Rent		**19 631**	23 002
Advertisements*		**136 661**	167 384
Discount		**198 373**	180 666
Others selling and distribution expenses*		**72 705**	52 048
		1 475 131	1 447 478

*Reclassification was made to selling and distribution expenses items as shown in Note no.(36 - 2)

8. Administrative expenses

In thousands of Egyptian Pound	Note	For the year ended 31 December 2015	2014 Reclassified
Salaries & wages*	10	**1 180 449**	1 100 379
Company's social insurance contribution		**104 433**	78 771
Employees' compensated absence		**6 416**	6 100
Early retirement compensations	10	**1 843**	1 809
End of service benefits	10	**188 636**	171 487
Employees' & BOD share in profit*		**180 946**	199 975
Property, plant & equipment depreciation	13	**64 401**	55 418
Amortization of intangible assets*	14	**28**	26
Organizations service cost		**94 081**	94 845
Tax & customs fees		**176 658**	178 426
Bad debts		**22 237**	8 088
Bank charges		**6 185**	5 093
Other administration expenses*		**100 104**	101 513
		2 126 417	2 001 930

*Reclassification was made to administrative expenses, amortization of intangible assets item as shown in Note no. (36 - 2)

9. Other expenses

In thousands of Egyptian Pound	Note	For the year ended 31 December 2015	2014
Provisions formed	27	**444 623**	336 517
Net loss on disposal of property plant & equipment		**3 165**	10 584
Donations		**49 765**	33 791
Others		**4 598**	1 730
		502 151	382 622

10. Personnel expenses

In thousands of Egyptian Pound	Note	For the year ended 31 December 2015	2014 Reclassified
Salaries and wages:			
Operating cost	5	**1 198 286**	1 211 848
Selling and distribution expenses	7	**811 742**	790 958
Administrative expenses	8	**1 180 449**	1 100 379
		3 190 477	3 103 185
Compulsory social security contributions	3k	**324 670**	287 713
Early retirement compensations	8	**1 843**	1 809
End of service benefits	8	**188 636**	171 487
Employees compensated absence		**15 843**	15 873
Employees' & BOD share in profit		**474 213**	515 810
		4 195 682	4 095 877

Employees' Benefits

(i) Early Retirement Scheme

The Company has an early retirement scheme whereby employees who wish to retire, prior to the legal retirement age, are entitled to receive a compensation amounting to 75% of their latest basic salary for the remaining service period up to the retirement age with a maximum of 10 years for men and 15 years for women.Compensations relating to early retirement amounted to L.E. 1 843 K for the financial year ending December 31, 2015 (against LE 1 809 K for year 2014) are included in general and administrative expenses.

(ii) End of service Benefits

The employees are granted an end of service benefits through a Loyalty & belonging Fund established in January 2004. Employees' benefit are based on the employees' basic salary in January 1, 2005 increasing at a compound rate of 5%. The subscription for employees hired after January 1, 2005, is calculated according to a subscription schedule for new hires and increasing at a compound rate of 5% starting from the next year from the hiring 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 contribution for the year ended December 31, 2015 amounted to L.E. 188 636 K (against L.E. 171 487 K for year 2014). The Company's contribution is included in general and administrative expenses.

11. Net finance income

In thousands of Egyptian Pound	Note	For the year ended 31 December 2015	2014
Interest income		**214 258**	318 901
Divided incmoe from available for sale investment		**8 217**	5 766
Net foreign exchange gain		**124 942**	72 497
Finance income		**347 417**	397 164
Interest expense		**(7 977)**	(9 360)
Impairment loss on available-for-sale investments		**(375)**	(1 305)
Impairment lose on financial assets	(28)	**(38 879)**	(155 997)
Finance costs		**(47 231)**	(166 662)
Net finance income		**300 186**	230 502

12. Income taxes

In thousands of Egyptian Pound	For the year ended 31 December 2015	2014 Restated
Amounts recognised in profit or loss		
Current tax expense		
Current year	**(500 830)**	(787 374)
Deferred tax		
Origination and reversal of temporary differences	**598 510**	(955 201)
Tax expense	**97 680**	**(1 742 575)**

*Adjustments were made to comparative figures by an amount of L.E. 692 483 K as shown Note no (36 - 2).

13. Property, plant and equipment

In thousands of Egyptian Pound	Land, buildings &infrastructure	Technical equipments & information technologies & fixtures on trunk radio network	Vehicles	Office furniture & fixtures	Tools & supplies	Under construction	Total
Cost							
Balance at 1 January 2014	21 248 857	20 438 517	157 587	657 393	71 765	486 258	43 060 377
Acquisitions	927 125	478 010	18 844	50 664	13 519	2 414 491	3 902 653
Disposals	(82 285)	(542 204)	(4 591)	(9 572)	(840)	-	(639 492)
Transfer to assets	-	-	-	-	-	(1 690 698)	(1 690 698)
Effect of movements in foreign exchange	-	(3 123)	(12)	(278)	-	-	(3 413)
Balance at 31 December 2014	22 093 697	20 371 200	171 828	698 207	84 444	1 210 051	44 629 427
Balance at 1 January 2015	**22 093 697**	**20 371 200**	**171 828**	**698 207**	**84 444**	**1 210 051**	**44 629 427**
Classification	**(417)**	**(30 196)**	**-**	**(2 737)**	**-**	**-**	**(33 350)**
Acquisitions	**1 503 938**	**703 213**	**4 435**	**16 336**	**52 938**	**3 149 106**	**5 429 966**
Disposals	**(3 901)**	**(13 157)**	**(4 860)**	**(7 174)**	**(8 843)**	**(815)**	**(38 750)**
Transfer to assets	-	-	-	-	-	**(2 280 860)**	**(2 280 860)**
Effect of movements in foreign exchange	-	**(252)**	**4**	**76**	**221**	-	**49**
Balance at 31 December 2015	**23 593 317**	**21 030 808**	**171 407**	**704 708**	**128 760**	**2 077 482**	**47 706 482**

13. Property, plant and equipment (continued)

In thousands of Egyptian Pound	Land, buildings &infrastructure	Technical equipments & information technologies & fixtures on trunk radio network	Vehicles	Office furniture & fixtures	Tools & supplies	Under construction	Total
Depreciation							
Balance at 1 January 2014 (Reclassified)	12 486 971	18 316 542	148 178	542 630	56 876	-	31 551 197
Depreciation charge for the year (Reclassified)	800 838	628 925	5 939	44 990	3 749	-	1 484 441
Disposals	(32 545)	(527 940)	(4 414)	(9 736)	(840)	-	(575 475)
Effect of movements in foreign exchange	-	(377)	(7)	(292)	-	-	(676)
Balance at 31 December 2014 (Reclassified)	13 255 264	18 417 150	149 696	577 592	59 785	-	32 459 487
Balance at 1 January 2015	**13 255 264**	**18 417 150**	**149 696**	**577 592**	**59 785**	-	**32 459 487**
Reclass	**(417)**	**(30 553)**	-	**(2 380)**	-	-	**(33 350)**
Depreciation charge for the year	**817 614**	**615 965**	**6 940**	**17 567**	**31 442**	-	**1 489 528**
Disposals	**(801)**	**(13 149)**	**(4 694)**	**(5 219)**	**(8 496)**	-	**(32 359)**
Effect of movements in foreign exchange	-	**273**	**5**	**37**	**135**	-	**450**
Balance at 31 December 2015	**14 071 660**	**18 989 686**	**151 947**	**587 597**	**82 866**	-	**33 883 756**
Carrying amounts							
At 1 January 2014 (Reclassified)	8 761 886	2 121 975	9 409	114 763	14 889	486 258	11 509 180
At 31 December 2014	8 838 433	1 954 050	22 132	120 615	24 659	1 210 051	12 169 940
At 31 December 2015	**9 521 657**	**2 041 122**	**19 460**	**117 111**	**45 894**	**2 077 482**	**13 822 726**

13. Property, plant and equipment (continued)

Fully depreciated property, plant and equipment (PPE)
PPE cost includes an amount of L.E. 23 160 million relating to fully depreciated PPE that are still in use.

Depreciation
The depreciation charge is recognized in the following line items in the profit or loss:

In thousands of Egyptian Pound	Note	For the year ended 31 December 2015	2014 Reclassified
Operating costs	5	**1 416 554**	1 419 893
Selling and distribution expenses	7	**8 573**	9 130
Administrative expenses	8	**64 401**	55 418
		1 489 528	1 484 441

14. Intangible assets

In thousands of Egyptian Pound	Right of way	Right of using ROU	soft ware license	Internet service license	Land possession	Land usufruct	Total
Cost							
Balance at 1 January 2014	737 238	147 598	-	21 469	445 268	1	1 351 574
Additions	133 099	345	69 092	-	-	-	202 536
Disposals	(26 219)	-	-	-	(4 585)	-	(30 804)
Effects of movements in foreign exchange	-	83	-	28	-	-	111
Balance at 31 December 2014	844 118	148 026	69 092	21 497	440 683	1	1 523 417
Balance at 1 January 2015	**844 118**	**148 026**	**69 092**	**21 497**	**440 683**	**1**	**1 523 417**
Additions	**10 208**	**3 063**	**-**	**-**	**-**	**-**	**13 271**
Disposal	**(62 690)**	**(3 148)**	**-**	**-**	**-**	**-**	**(65 838)**
Effects of movements in foreign exchange	**-**	**124**	**-**	**86**	**-**	**-**	**210**
Balance at 31 December 2015	**791 636**	**148 065**	**69 092**	**21 583**	**440 683**	**1**	**1 471 060**
Amortization							
Balance at 1 January 2014 (Reclassified)	266 056	111 096	-	20 542	-	-	397 694
Amortization for the year (Reclassified)	43 952	5 409	40 304	218	-	-	89 883
Disposal	(9 906)	-	-	-	-	-	(9 906)
Effects of movements in foreign exchange	-	77	-	7	-	-	84
Balance at 31 December 2014 (Reclassified)	300 102	116 582	40 304	20 767	-	-	477 755
Balance at 1 January 2015	**300 102**	**116 582**	**40 304**	**20 767**	**-**	**-**	**477 755**
Amortization for the year	**49 476**	**5 481**	**28 788**	**104**	**-**	**-**	**83 849**
Disposal	**(20 499)**	**(3 148)**	**-**	**-**	**-**	**-**	**(23 647)**
Effect of movements in foreign exchange	**-**	**26**	**-**	**30**	**-**	**-**	**56**
Balance at 31 December 2015	**329 079**	**118 941**	**69 092**	**20 901**	**-**	**-**	**538 013**
Carrying amounts							
At 1 January 2014 (Reclassified)	471 182	36 502	-	927	445 268	1	953 880
At 31 December 2014	544 016	31 444	28 788	730	440 683	1	1 045 662
At 31 December 2015	**462 557**	**29 124**	**-**	**682**	**440 683**	**1**	**933 047**

14. Intangible assets (continued)

- Accumulated amortization and impairment loss as at December 31,2015 include an amount of LE 79 825 K represented in impairment loss on Right of Use (ROU) and Internet Services Licensing in one of the subsidiaries

Amortization charge
The amortization charge is recognized in the following line items in the profit or loss:

In thousands of Egyptian Pound	Note	For the year ended 31 December	
		2015	2014 Reclassified
Operating costs	5	83 793	89 831
Selling and distribution expenses	7	28	26
Administrative expenses	8	28	26
		83 849	89 883

15. Equity-accounted investees

The Group has the following investment in associates:

In thousands of Egyptian Pound	Ownership		Carrying amount	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Wataneya for Telecommunication	50.00%	50.00%	-	-
International Telecommunication Consortium Limited. (ITCL)	50.00%	50.00%	-	-
Vodafone Egypt. (SAE)*	44.95%	44.95%	10 252 059	9 176 421
Egypt Trust	35.71%	35.71%	-	-
Consortium Algérien de Télé – communications (CAT)	33.00%	33.00%	-	-
Sofisat	25.00%	25.00%	-	-
Payments for investments purchase				
Egypt Trust**			769	933
Total			10 252 828	9 177 354

- Investment in Wataneya for Telecommunication amounted to LE 125 K is fully impaired.
- Investment in International Telecommunication Consortium Limited (ITCL) amounted to LE 54 K is fully impaired.
- Investment in Egypt Trust amounted to LE 7 500 k is fully impaired.
- Investment in Consortium Algerien de Telecommunications (CAT) amounted to LE 133 K is shown a nil balance as the Company sustained losses that exceed the investment's carrying amount.

*** Investment in Vodafone – Egypt**

The financial year of Vodafone Egypt ends on March 31, of each year the equity method was applied in recognizing the investment in Vodafone Egypt when preparing the Consolidated Financial Statements as of December 31, 2015 by using the financial statments of Vodafone Egypt for the financial year ended in March 31, 2015 which presents the 12 months from the 1st of April 2014 till March 31, 2015, deduct the movements of the period from April 1, 2014 till December 31, 2014 from the interim financial statments of Vodafone Egypt as of December 31, 2014 and add the movements of the period from April 1,2015 till December 31,2015 from interim financial statments of Vodafone Egypt as of December 31,2015 to determine the share of financial year from January 1, 2015 to December 31, 2015 of business results.

**** Egypt Trust**

The balance is represented in Subscription of the remaining 25% of the company's share in Egypt Trust capital after deducting the company's share in the associate accumulated losses, the commercial registration related to it is in process.

Summary of financial information for equity accounted investees, not adjusted by the percentage of ownership held by the group:

In million of Egyptian Pound

	Assets	Liabilities	Equity	Revenues	Profit
31-12-2014:				(For 9 months)	
Vodafone Egypt	18 529	8 278	10 251	10 170	1 398
31-3-2015:				(For the financial year)	
Vodafone Egypt	19 551	8 744	10 807	14 334	1 951
31-12-2015:				(For 9 months)	
Vodafone Egypt	21 662	8 949	12 713	11 014	1 966

16. Available-for-sale investments

In thousands of Egyptian Pound	31 December 2015	31 December 2014
Equity securities available-for-sale – Foreign*	**26 683**	26 683
Investment in other companies	**94 705**	94 705
	121 388	121 388
Less:		
Impairment loss on investment in other companies	**22 749**	22 374
	98 639	99 014

* The company's share in Arab Sat represented in 7 968 455 shares amounting to LE 11 856 K including free shares distributed during 2010 by Arab Sat to all the shareholders pro - rata of existing shares at that time. The company's contribution in Arab Sat remains the same at 1.5937%

17. Other financial assets

Other financial assets balance as of December 31.2015 amounted to LE 453 902 K represented the finance provided by Telecom Egypt to Consortium Algerian de Telecommunication Company (CAT) where Telecom Egypt participates directly and indirectly by 50%. this company suffers from financial difficulties and sustains material losses. The Extra-Ordinary General Assembly Meeting of the company (CAT) held on July 1, 2009 approved the dissolution and liquidation of the company. an impairment loss was formed for the full balance in the light of these circumstances. since there is high probability that Telecom Egypt will not be able to collect the finance given to Consortium Algerian de Telecommunication Company.

18. Deferred tax assets and liabilities

Recognized deferred tax assets

Deferred tax assets \ (liabilities) are attributable to the following:

In thousands of Egyptian Pound	Assets		Liabilities	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014 Restated
Property, plant and equipment	16 159	21 173	-	-
Intangible assets	-	-	(8 328)	(6 151)
Inventory	5 993	6 465	-	-
Trade & other receivables	204 135	258 526	-	-
Provisions	88 783	49 117	-	-
Accrued liabilities	35 693	39 609	-	-
Undistributed profit in subsidiaries and associates *	-	-	(374 571)	(999 385)
Total deferred tax assets (liability)	350 763	374 890	(382 899)	(1 005 536)

Deferred tax liabilities for undistributed profit in subsidiaries and associates are due to the adoption of the presidential decree no. (53) for the year 2014 which was amended by president decree no.(96) for the year 2015 as shown note no. (33-2/33-3).

* Adjustments were made to comparative figures by an amount of L.E. 692 483 K as shown note no. (36).

Unrecognized deferred tax assets

In thousands of Egyptian Pound	31 December 2015	31 December 2014
Property, plant and equipment	51 377	45 532
Impairment loss on trade and other receivables	479 234	564 597
Provision for liabilities and claims	90 314	90 649
Other	6 390	1 402
	627 315	702 180

Deferred tax assets have not been recognized in respect of the above items because there is no reasonable certainty concerning the company's ability to use the benefits in the future from these assets.

19. Inventories

In thousands of Egyptian Pound	31 December 2015	31 December 2014
Spare parts	**390 707**	349 719
Project cables and supplies	**78 794**	47 020
Others	**87 379**	41 311
	556 880	438 050

*The value of inventory was written down by LE 28 128 K (against LE 27 309 K as at December 31, 2014) for obsolete and slow moving items directly from the cost of each type of inventory.

20. Trade and other receivables

In thousands of Egyptian Pound	Note	31 December 2015	31 December 2014 Reclassified
Trade receivables due to equity accounted investees	(32)	**125 600**	(145 231)
Other trade and notes receivable:			
Trade receivables - National		**1 920 048**	1 549 166
Trade receivables - International		**2 565 698**	2 341 898
Notes Receivable		**233**	2 738
		4 611 579	3 748 571
Other receivables and pre-payments:			
Advance payments to suppliers		**47 204**	55 337
Deposits with others		**30 650**	22 754
Due from organizations and companies*		**119 128**	174 170
payments on the account of corporate tax		**104 636**	144 272
Tax authority - withholding tax*		**162 976**	62 013
Due from ministries*		**177 051**	58 199
Other receivables *		**487 998**	784 050
		5 741 222	5 049 366

*Reclassification was made to trade and other receivables item as shown in Note no. (36-1).

21. Cash and cash equivalents

In thousands of Egyptian Pound	Note	31 December 2015	31 December 2014 Reclassified
Bank balances		**(20 322)**	82 119
Time deposits (less than 3 months)		**1 862 855**	2 204 161
Cash On Hand		**50 845**	24 152
Treasury bills (less than 3 months)*		**102 170**	246 568
Money market funds (less than 3 months)		**417 903**	159 259
Cash and cash equivalents		**2 413 451**	2 716 259
Restricted Cash	(31)	**(9 441)**	(17 295)
Cash and cash equivalents in the statement of cash flows		**2 404 010**	2 698 964

*Reclassification was made to cash and cash equivalents - treasury bills (less than 3 months) by amount of L.E. 197 997 K to held to maturity investment (treasury bills) as shown in Note no. (36-1).

22. Capital and reserves

Share capital

The Company's issued and fully paid up capital amounted to LE 17 070 716 K represented in 1 707 071 600 shares of par value LE 10.

In December 2005, the share capital ownership became as follows; 80% the Egyptian Government and 20% private investors.

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

23. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at December 31, 2015 based on the profit attributable to owners of the company of LE 2 576 791 K (December 31, 2014: LE 847 204 K) and a number of ordinary shares outstanding during the year ended December 31, 2015 of 1 707 071 600 (December 31, 2014:1 707 071 600), calculated as follows:

In thousands of Egyptian Pound	For the year ended 31 December	
	2015	**2014 Restated**
Profit for the year	**2 578 596**	850 003
Profit attributable to owners of the company	**2 576 791**	847 204

Number of ordinary shares

In thousands	**2015**	**2014**
Issued ordinary shares at 1 January	**1 707 072**	1 707 072
Number of ordinary shares at 31 December	**1 707 072**	1 707 072
Basic earnings per share (LE/share - Restated)	**1.51**	0.50

24. Loans and borrowings

This note provides information about the contractual terms of the Group`s interest-bearing loans and borrowings. For more information about the Group`s exposure to foreign currency risk and interest rate risk, see note 28 (iii), (v).

In thousands of Egyptian Pound	31 December 2015	31 December 2014
Non-current liabilities		
Unsecured bank loans:		
Governmental loans	**46 230**	77 367
Foreign loans	**280 684**	305 177
	326 914	382 544
Current liabilities		
Current portion of unsecured bank loans:		
Governmental loans	**38 318**	36 983
Foreign loans	**18 431**	24 956
Local banks	**5 052**	20 946
Foreign suppliers facilities	**675**	689
Total current liabilities	**62 476**	83 574

Security

- Foreign suppliers facilities in euro amounted to LE 675 K equivalent to Euro 79 K against letters of guarantee issued by National Bank of Egypt in favor of Siemens as a guarantee for payment of this facility and there are no other guarantees.

Repayment

In thousands of Egyptian Pound	Loan Currency	Effective Interest Rate	Total	12 months or less	1-2 Years	3-5 Years	More than 5 years
Telecom Egypt – the parent:							
Governmental loans	U.S.$	4%	84 548	38 318	37 246	8 984	-
Total Governmental loans			84 548	38 318	37 246	8 984	-
Foreign loans	EURO	0.75 - 5.5%	299 115	18 431	33 535	33 535	213 614
Total foreign loans			299 115	18 431	33 535	33 535	213 614
Foreign suppliers' facilities - foreign	EURO	5.50%	675	675	-	-	-
Local suppliers' facilities - subsidiary	LE	Avg. corridor rate+0.1%	5 052	5 052	-	-	-
Total suppliers' facilities			5 727	5 727	-	-	-
			389 390	62 476	70 781	42 519	213 614

25. Trade and other payables

In thousands of Egyptian Pound	Note	31 December 2015	31 December 2014 Reclassified
Trade payables:			
Local suppliers		**326 401**	209 439
Notes payable		**3 423**	4 410
		329 824	213 849
Other payables:			
Tax Authority (taxes other than income tax)		**247 983**	191 038
Tax Authority - income tax *		**472 807**	752 652
Deposits from others		**696 702**	670 599
Customers advances		**334 223**	307 644
Other payables due to equity accounted investees	(32)	**5 042**	3 047
Accrued Expenses		**536 668**	589 630
Dividends Payable		**22 559**	6 694
Fixed Assets Creditors		**978 601**	583 279
Due to organizations and companies		**72 592**	231 510
Due to National Telecommuincation Reguletary Authority (NTRA)		**166 356**	179 571
Advanced revenues		**134 722**	108 425
Other credit balances		**380 900**	341 058
		4 378 979	4 178 996

* Reclassification was made to trade and other payables item as shown in Note no. (36-1).

26. Deferred income

Deferred income as at December 31, 2015 which classified as current liabilites is amounting to L.E. 2 438 K (December 31,2014: 8 922). which are represented in grant given by the USAID and Submarine Cables Project Management for the construction of a building in Alexandria and the right of use for submarine, there is no Deferred income classified as non-current liabilites as at 31/12/2015 (December 31, 2014, LE. 2 438).

27. Provisions

In thousands of Egyptian Pound	Note	31 December 2015			31 December 2014		
		Taxes	Claims	Total	Taxes	Claims	Total
Balance at 1 January		**536 279**	**22 062**	**558 341**	428 289	58 504	486 793
Reclassification		**(45 824)**	**180 958**	**135 134**	–	–	–
Provisions formed	9	**122 623**	**322 000**	**444 623**	336 517	–	336 517
Provisions used		**(119 970)**	**(442)**	**(120 412)**	(228 527)	(21 951)	(250 478)
Provisions no longer required		–	–	–	–	(14 485)	(14 485)
Translation differences		–	–	–	–	(6)	(6)
Balance at end of the year		**493 108**	**524 578**	**1 017 686**	536 279	22 062	558 341

As at December 31, 201٥ provisions are mainly related to taxes, lawsuits, and expected social insurance claim in respect of contracts concluded with suppliers.

28. Financial instruments

The Group's principal financial instruments comprise of cash and cash equivalents, available- for- sale investments, borrowings, finance lease obligations and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables which arise directly from operations.

The Group does not enter into derivative transactions for the purpose of trading or hedging exposure to fluctuations in the foreign exchange rates or interest rates.

The main risks arising from the Group's operations are credit risk, liquidity risk, foreign currency risk and interest rate risk

(i) Credit risk

In thousands of Egyptian Pound	Note	Carrying amount	
		31 December 2015	31 December 2014 Reclassified
Available-for-sale investments	16	**98 639**	99 014
Trade and other receivables	20	**5 741 222**	5 049 366
Held-to-maturity investment (treasury bills)		**173 338**	1 093 688
Cash at banks and cash equivalents	21	**2 362 606**	2 692 107
		8 375 805	8 934 175

The following table shows the movement in the allowance for impairment of trade and other receivables:

In thousands of Egyptian Pound	Note	31 December 2015	31 December 2014
At January 1		**2 685 755**	2 529 589
Reclassification		**(135 134)**	-
Impairment charged to statement of profit or loss and other comprehensive income	11	**38 879**	155 997
Exchange differences		**528**	169
		2 590 028	2 685 755

(ii) Liquidity risk

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining years at the financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

In thousands of Egyptian Pound	Carrying Amount	One year or less	From 1-2 Years	From 3-5 Years	More than five years
December 31, 2015					
Trade and other payables	**4 378 979**	**4 378 979**	**-**	**-**	**-**
Borrowings	**389 390**	**62 476**	**70 781**	**42 519**	**213 614**
	4 768 369	**4 441 455**	**70 781**	**42 519**	**213 614**
December 31, 2014					
Trade and other payables (Reclassified)	4 181 949	4 178 996	2 953	-	-
Borrowings	466 118	83 574	53 869	76 518	252 157
	4 648 067	4 262 570	56 822	76 518	252 157

(iii) Foreign currency risk

The group's exposure to foregin currency risk was as follows based on notional amount :

Details

In thousands	U.S. Dollars	Sterling Pound	Euro	Canadian Dollar	Swedish krona	Moroccan Dirham	Jordanian Dinar	Total LE
31 December 2015								
Trade and other receivables	186 799	-	2 623	3 229	-	21 210	114	1 521 651
Cash on hand & at banks	165 030	300	49 250	1 010	-	3 099	2 829	1 755 531
Total assets	351 829	300	51 873	4 239	-	24 309	2 943	3 277 182
Trade and other payables	68 257	5	2 983	-	8 196	3 887	488	576 001
Foreign loans & facilities	10 798	-	35 103	-	-	-	-	384 340
Total liabilities	79 055	5	38 086	-	8 196	3 887	488	960 341
Risk surplus (deficit)	**272 774**	**295**	**13 787**	**4 239**	**(8 196)**	**20 422**	**2 455**	**2 316 841**
Equivalent in Egyptian Pound	**2 135 848**	**3 416**	**117 745**	**23 844**	**(7 503)**	**16 542**	**26 949**	**2 316 841**
31 December 2014								
Trade and other receivables	180 529	-	860	1 925	-	12 759	375	1 326 774
Cash on hand & at banks	204 325	299	60 891	1	-	12 653	2 387	2 032 075
Total assets	384 854	299	61 751	1 926	-	25 412	2 762	3 358 849
Trade and other payables	80 405	5	11 494	-	8 692	1 349	530	690 794
Foreign loans & facilities	15 959	-	37 967	-	-	-	-	445 169
Total liabilities	96 364	5	49 461	-	8 692	1 349	530	1 135 963
Risk surplus (deficit)	**288 490**	**294**	**12 290**	**1 926**	**(8 692)**	**24 063**	**2 232**	**2 222 886**
Equivalent in Egyptian Pound	**2 067 060**	**3 279**	**107 088**	**11 902**	**(8 046)**	**19 010**	**22 593**	**2 222 886**

The exchange rates applied in relation to the L.E. are as follows:

	Average exchange rate during:		Closing exchange rate as at:	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
U.S. Dollar	7.6989	7.0955	7.8301	7.1651
Sterling Pound	11.7502	11.6748	11.5800	11.1528
Euro	8.5577	9.4093	8.5403	8.7134
Canadian Dollar	5.9000	6.3600	5.6250	6.1800
Swedish Krona	0.9155	1.0341	0.9155	0.9257
Moroccan Dirham	0.8000	0.8100	0.8100	0.7900
Jordanian Dinar	10.5497	9.9813	10.9772	10.1223

(iv) Sensitivity analysis

A 10 % strengthening of the foreign currencies against the EGP as of December 31, 2015 would have increased profit by the amounts LE 231 684 K (LE 222 289 K as of December 31, 2014). This analysis is based on foreign currency exchange rate variance that the group considered to be reasonably possible at the end of reporting period this analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

A 10 % weakening of the foreign currencies against the EGP at December 31, 2015 would have had the equal but opposite effect on the foreign currencies to the amounts shown above, on the basis that all other variables remain constant.

(v) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates.

At the reporting date the interest rate profile of the company's interest-bearing financial instruments were:

In thousands of Egyptian Pound	Note	31 December 2015	31 December 2014
Fixed rate instruments			
Financial assets – deposits	21	1 862 855	2 204 161
Financial liabilities - (Loans and borrowings)	24	389 390	466 118
		2 252 245	**2 670 279**

29. Fair value of financial instruments

The fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties on an arm's length basis.

Except of the investments in Vodafone Egypt, and Consortium Algerian de Telecommunications (CAT) and Egypt Trust which are accounted for using the equity method of accounting, the carrying values of the Group's other financial instruments approximate their fair values.

Estimation of fair values

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Securities

Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs except for investments in Vodafone Egypt, Consortium Algerian de Telecommunications (CAT) and Egypt Trust which were accounted for using the equity method of accounting and are not listed in the Stock Exchange.

Interest-bearing loans

Fair value is calculated based on discounted expected future principal and interest cash flows.

Finance lease liabilities

The fair value is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The estimated fair values reflect change in interest rates.

Receivables / payables

For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables / payables are discounted to determine the fair value.

Interest rates used for determining fair value.

The entity uses the government yield curve as of December 31, 2015 plus an adequate constant credit spread to discount financial instruments. The discount rate for minimum lease liabilities and receivables is 14%.

30. Capital commitments

The company's capital commitments for the unexecuted parts of contracts until December 31, 2015 approximately amounted to L.E. 124 million (against L.E. 269.7 million as at December 31, 2014) include uncalled installments of investees' share in capital by an amount of L.E. 1 million. These commitments are expected to be settled in the following financial year except the uncalled installments of investees' share capital, which shall be settled when required by the Boards of Directors for those investees companies.

31. Contingencies

In addition to the amounts included in the consolidated statement of financial position as of December 31, 2015, the company has the following contingent liabilities:

In thousands of Egyptian Pound	31 December 2015	31 December 2014
Letters of guarantee issued by banks on behalf of the Group	184 687	122 548
Letters of credit	305 718	171 252

- Letters of guarantee issued by banks on behalf of the group and for the benefits of others as at December 31, 2015 includes letters of guarantee have been issued against restricted cash and cash equivalent – Note no. 21.

32. Related parties

Identity of related parties

The Group has a relationship with its associate Vodafone Egypt and Consortium Algerian de Telecommunications (CAT).

Transaction with Associates

During the financial year ended December 31, 2015 , fixed to mobile interconnection, audio text fees and sale of products and services in favor of Vodafone Egypt LE 1 126 801 K . Lease of company's premises and towers in favor of the group, transmission and international calls and telecomunication services amounted to LE 1 052 065 and the balance due from/to Vodafone Egypt at December 31, 2015 amounted to LE 125 600 K (Note 20) and LE 5 042 K (Note 25) respectively.

33. TAX POSITION (Telecom Egypt Company)

33-1 Corporate tax

- Tax inspection was performed for the years till December 31, 2013 and all due taxes were settled.
- Tax return for the years till 2014 was submitted on the due dates and payments were made accordingly.
- Tax inspection for the year 2014 is in process.

33-2 Amendments to tax laws during 2014

- On June 4, 2014, law no. 44 of 2014 was issued, imposing temporary additional 5% increase in the tax rate for three year on individuals and corporate entities whose annual income exceeds one million Egyptian pounds. This tax will be calculated and collected according to the provisions of the income tax law, and shall come into force on 5 June 2014.
- And on June 30, 2014, a presidential decree no. 53 of 2014 was issued, amending certain provisions of the income tax Law No. 91 of 2005, the main amendments are:
  1. Imposing income tax on dividends.
  2. Imposing income tax on capital gains from selling shares and securities.

  On April 6, 2015 a Ministerial Decree No.172 of 2015 was issued, amending certain provisions of the executive regulation for the income tax law issued by the Minister of Finance decree No.991 of 2005.

33-3 Amendments to tax laws during 2015

- On August 20, 2015, Presidential Decree was issued with Law No. (96) of 2015 amending certain provisions of the income Tax law No. (91) of 2005 and the decision no (44) of 2014 to impose temporary additional income tax, the decree will be effective from the day following its publication, the following are the most significant changes that mentioned in the decree:
  1. Decreasing the income tax rate to be 22.5% of the net annual profits.
  2. Amending the period of imposing the temporary tax 5%.
  3. Amending the tax on dividends.
  4. Suspend the adoption of the capital tax imposed on the income from the dealing of listed securities for two years starting from May 17, 2015.

33-4 Sales Tax

- Tax inspection was performed for the years till December 31, 2010 and all due taxes were settled.
- Tax inspection for the years 2011 till 2013 is in process.
- The company submitting monthely returns and paying taxes regulary, according to the law No.11 for the year 1991 and its edits.

33-5 Salary Tax

- Tax inspection was performed for the years till December 31, 2012, and the Company was notified and all due taxes were settled.
- Tax inspection for the year 2013 is in process.

33- 6 Stamp tax

- Tax inspection for the period from March 27, 1998 to December 31, 2000 was performed for certain sectors and the company was notified, the company objected on the disputed items on the due dates and the related provisions were formed to meet the disputed tax liabilities.
- Tax inspection for the period from January 1, 2001 till July 31, 2006 was performed for certain sectors of the company and taxes due were settled. Tax inspection for the remaining sectors is currently being undertaken during the same period..
- Tax inspection for period from August 1, 2006 to December 31, 2009 and due taxes were settled, disputed amounts were forwarded to the internal committee.
- Tax inspection for the years 2010 till 2014 was performed and the disputed items were resolved with the exception of the relative stamp on salaries and wages which have been forworded to the appeal committee

33-7 Real estate taxes

- All taxes are paid according to the addition notices received by the company. The company's Legal Affairs Department follows up on the disputes according to the Real Estate Tax Law.
- Tax returns were submitted according to the new Real Estate Tax Law No.196 for the year 2008 on the due dates.

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

34. Group entities

Control of the Group

The Group's ultimate parent company is Telecom Egypt

		Country of incorporation	Ownership interest	
			31 December 2015 %	31 December 2014 %
	Telecom Egypt France	France	100.00	100.00
	T. E. Data	Egypt	100.00	99.99
*	T.E. Data Jordan	Jordan	100.00	99.99
	TE Investment Holding	Egypt	100.00	99.99
	The Egyptian Telecommunication Company for Information Systems (Xceed)	Egypt	100.00	97.66
**	Xceed Customer Care Maroc	Morocco	100.00	97.66
	Centra Technologies	Egypt	100.00	58.76
***	Centra Industries	Egypt	99.89	58.74
***	Centra Distribution	Egypt	99.99	58.87
	Middle East Radio Communication (MERC)	Egypt	51.00	51.00

* TE Data Jordan – a fully owned subsidiary by TE Data Company.

** Xceed Customer Care Maroc – are fully owned subsidiaries by The Egyptian Telecommunication Company for Information Systems (Xceed).

*** Centra Technologies participates in Centra Industries and Centra Distribution – subsidiaries – with 99.88%, 99.99% respectively of its share capital.

35. Claims and litigations

The Company's external legal advisor's opinion is that the following court cases and disputes are still under deliberation before the judicial and arbitral authorities, it is difficult to determine the obligation for any of the disputed parties only after the issuance of the final ruling.

35.1 Interconnect agreement with mobile companies

Telecom Egypt had filed a complaint before the Dispute Resolution Committee of the National Telecommunication Regulatory Authority (NTRA) requesting the application of the same interconnection rates applied between the mobile operators (Mobinil and Vodafone) as per the legal obligations in telecom law and signed agreements between Telecom Egypt and each of Mobinil and Vodafone. On September 3, 2008 NTRA issued the first decision in favor of Telecom Egypt, this was followed by the second on December 31, 2009 and amended on January 14,2010. Vodafone had appealed on NTRA Decision Dated 3 September 2008, and Mobinil appealed as well on both NTRA decisions to the administration court and high administrative court these appeals are still in process before the courts. Telecom Egypt is not a part of the Mobinil appeal against NTRA to repeal the abovementioned decisions.

On September 2009, Mobinil had filed the Arbitration Case no. 644/2009 year requesting the application of the interconnection rates mentioned in the signed agreements with Telecom Egypt and objecting the application of NTRA abovementioned decisions, claiming that Telecom Egypt made a contractual violations by complaining at NTRA, also request damages for not entering into services level agreements related to the transmission leased line and International gateway services.

In October 2009 Telecom Egypt had filed the Arbitration Case against Mobinil and filed the Arbitration Case no. 650/2009 against Vodafone, that's where Telecom Egypt's management believes that these two companies charged Telecom Egypt with rates exceeds the rates where these two companies are charging each other and this violates the article (13) of the interconnection agreement between Telecom Egypt and these two companies. The tribunal in TE-Vodafone arbitration case rejected TE's interpretation of article 13 by its award issued on 10 January 2015.

On 29 March 2015, the tribunal in Mobinil Case rejected Mobinil's request to apply the interconnection rates stated in the interconnection agreement, also the tribunal submit its pproximately to the Egyptian law and the principles that should be followed by both parties to agree on the interconnection rates. Also the tribunal rejected TE's claimed, the Tribunal depute an expert to review Mobinil claims whether from the principle or the amount claimed, and these claims still pending before Tribunal.

The company's legal advisor believes that the company has the right to apply the interconnection rates same as other mobile operators, and this opinion in the light of NTRA decisions that still in effect, the provisions Telecommunication law and Competition law.
According to the legal advisor's opinion, the company recognizes revenues and costs related to the interconnection service with mobinil and pproxim according to the applicable decisions released by the NTRA until pproxim or a final award is issued by the courts and arbitration.
The amount in dispute as per the company's record between Telecom Egypt and both company " Mobinil, Vodafone " in relation to the said dispute for the period from September 3, 2008 to the end of December 2015 is pproximately an amount of L.E. 878 072 K.

35.2 Dispute with one of the investees

The company has filed an arbitration case against an investee, in which Telecom Egypt owns 25%, claiming compensations for breach of obligations stipulated in an agreement concluded between the company, and the investee and requesting the termination of the said agreement. The investee has filed as well another arbitration case against Telecom Egypt claiming compensation for breaching of obligations stipulated in the same agreement. In 31 August 2015, the tribunal issued an arbitral awards in arbitration cases no. 672/2010 and 673/2010, also an interpretation award for case No. 673/2010 on 28 September 2015, and notified TE with the award on 7 October 2015. The tribunal rejected Telecom Egypt claims for compensations, it also decided that it has jurisdiction over the investee claims and decided to terminate the contract dated 25 July 2000, and its amendments dated 2004, and the shareholder's contract dated 27 February 2006 and awarded compensation to the investees. The company started to take the necessary legal action to cease the implementation of such award and to annul it. The external legal counsel believes that the company has a number of strong arguments available on appeal and preponderance of annulling the award or ceasing its implementation.

35.3 Other claim

The company has filed arbitration cases against the three prepaid cards companies, which filed a counter claims against Telecom Egypt. All these cases have been resolved in favor of Telecom Egypt and currently we are in the Execution procedures.

Provisions were formed to meet any contingent liabilities and impairment loss on assets that may arise from the claims and litigations above.

36. Comparative figures

- An adjustment was made to the deferred tax item in both of consolidated statement of financial position and the statement of profit or loss and other comprehensive income which led to the decrease in profit for year 2014 by L.E 692 483 K as a result of the adoption of law no 53 for year 2014 implementation (Note no. 33-2).

- Reclassification was made to some comparative figures of the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows to conform to the current presentation of the consolidated financial statements, the adjustments and reclassifications as follows:-

36.1 Effect on consolidated statement of financial position:

Description	31/12/2014 as previously reported L.E.(000)	Adjustments Debit/(Credit) L.E.(000)	Reclassification Debit/(Credit) L.E.(000)	31/12/2014 Restated L.E.(000)
Trade and other receivables	5 048 881	-	485	5 049 366
Held-to-maturity investment (treasury bills)	895 691	-	197 997	1 093 688
Cash and cash equivalents	2 914 256	-	(197 997)	2 716 259
Trade and other payables	4 178 511	-	(485)	4 178 996
Retained earnings	3 863 988	692 483	-	3 171 505
Deferred tax liabilities	313 053	(692 483)	-	1 005 536

36.2 Effect on consolidated statement of profit or loss and other comprehensive income

Description	For the financial year ended 31/12/2014 as previously reported L.E.(000)	Adjustments/ Reclassification L.E.(000)	For the financial year ended 31/12/2014 Restated L.E.(000)
Operating costs	(6 964 523)	1 828	(6 962 695)
Selling and distribution expenses	(1 445 676)	(1 802)	(1 447 478)
Administrative expenses	(2 001 904)	(26)	(2 001 930)
Income tax	(1 050 092)	(692 483)	(1 742 575)

36.3 Effect on consolidated statement of cash flows

Description	For the financial year ended 31/12/2014 as previously reported L.E.(000)	Adjustments/ Reclassification L.E.(000)	For the financial year ended 31/12/2014 Restated L.E.(000)
Cash paid to suppliers	(504 364)	(85 573)	(589 937)
Other payments	(351 393)	85 573	(265 820)
Payments for purchase of held to maturity investments - treasury bills	(1 994 194)	(197 997)	(2 192 191)