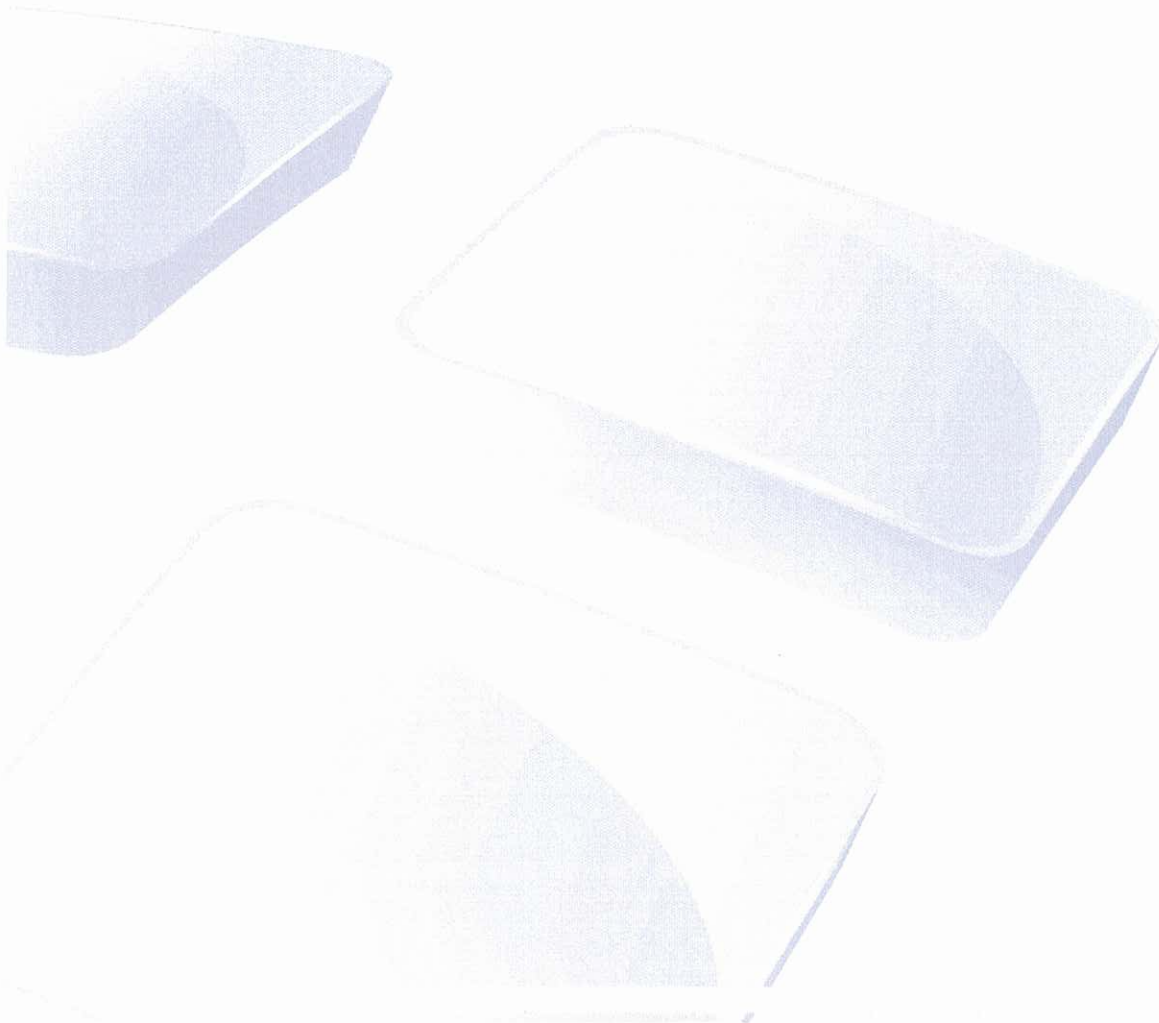




Translation from Arabic

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2016
And The Limited Review Report





Translation from Arabic

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2016
And The Limited Review Report

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Translation from Arabic

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

Introduction

We have performed a limited review on the accompanying condensed separate statement of financial position of Telecom Egypt Company “an Egyptian joint stock company” as at March 31, 2016 and the related condensed separate statements of income, comprehensive income, changes in equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with Egyptian Accounting Standard number (30) “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements do not present fairly, in all material respects, the financial position of the company as at March 31, 2016 and of its financial performance and its cash flows for the three months then ended in accordance with Egyptian Accounting Standard number (30) “Interim Financial Reporting”.

Translation from Arabic

Emphasis of Matters

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

- 1- As explained in note no. (29-1) of the notes to the condensed separate interim financial statements, which describes the dispute between the company and Orange Egypt Company (previously named Mobinil) 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, Orange filed lawsuits for ceasing the implementation of the said resolutions. In addition, to the lawsuits and arbitral, litigations filed by or against the company and Orange, 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 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. (29-3) of the notes to the condensed separate interim 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 its 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 its 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 its 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
Public Accountants & Consultants**

Cairo, May 8, 2016



Translation from Arabic

Telecom Egypt Company
(An Egyptian Joint Stock Company)

Condensed Separate Statement of Financial Position As of:

	Note No.	31/3/2016 L.E. (000)	31/12/2015 L.E. (000)
Assets			
Non Current Assets			
Fixed assets	(11)	11 698 330	11 484 056
Projects in progress	(12)	1 653 756	1 995 617
Investments in subsidiaries and associates	(13)	6 377 283	6 377 283
Available-for-sale investments		98 639	98 639
Other assets	(14)	946 990	903 240
Deferred tax assets	(24-1)	333 956	334 604
Total Non Current Assets		21 108 954	21 193 439
Current Assets			
Inventories	(15)	566 451	501 850
Trade receivables	(16)	5 072 375	4 734 369
Debtors and other debit balances	(17)	1 228 229	1 656 258
Cash and cash equivalents	(18)	2 406 196	1 646 158
Total Current Assets		9 273 251	8 538 635
Total Assets		30 382 205	29 732 074
Equity			
Capital	(22)	17 070 716	17 070 716
Reserves	(23)	4 380 491	6 317 415
Retained earnings		2 132 473	1 289 817
Total Equity		23 583 680	24 677 948
Non Current Liabilities			
Loans and credit facilities	(19)	341 199	326 914
Total Non Current Liabilities		341 199	326 914
Current Liabilities			
Loans and credit facilities installments due within one year	(19)	62 931	57 424
Creditors and other credit balances	(20)	5 541 063	3 672 998
Provisions	(21)	853 332	996 790
Total Current Liabilities		6 457 326	4 727 212
Total Liabilities		6 798 525	5 054 126
Total Equity and Liabilities		30 382 205	29 732 074

The attached notes on pages (8) to (27) are an integral part of these condensed separate interim financial statements.

Financial Director

shaher shokry

Acc. Shaher Shokry

Vice President,
for Financial affairs

M. Shamroukh

Eng. Mohamed Shamroukh

Managing Director
& Chief Executive Officer

Tamer Gadalla
Eng. Tamer Gadalla

Board of Directors approval

Chairman

M. Osman

Limited review report "attached"

Dr. Maged Osman



Translation from Arabic

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

	Note No.	<u>For the three months ended</u>	
		<u>31/3/2016</u>	<u>31/3/2015</u>
		<u>L.E.(000)</u>	<u>Reclassified L.E.(000)</u>
Operating revenues	(3)	2 581 117	2 342 577
Operating cost	(4)	(1 424 848)	(1 543 688)
Gross Profit		1 156 269	798 889
Other income		87 104	57 813
Selling and distribution expenses	(5)	(269 077)	(258 636)
General and administrative expenses	(6)	(437 300)	(399 409)
Other expenses		(40 108)	(2 123)
Operating profit		496 888	196 534
Finance income		417 976	148 011
Finance cost		(2 054)	(1 654)
Net finance income	(7)	415 922	146 357
Income from investments in subsidiaries and associates	(8)	1 702	1 430
Profit before tax		914 512	344 321
Income tax expense		(171 363)	(87 493)
Deferred tax	(24-1)	(648)	(1 553)
Total income tax		(172 011)	(89 046)
Profit for the period		742 501	255 275
Basic earnings per share for the period (L.E. / Share)	(10)	0.43	0.15

The attached notes on pages (8) to (27) are an integral part of these condensed separate interim financial statements.



Translation from Arabic

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

	<u>For the three months ended</u>	
	<u>31/3/2016</u>	<u>31/3/2015</u>
	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Profit for the period	742 501	255 275
<u>Other Comprehensive Income Items</u>		
Other Comprehensive Income	-	-
Total Comprehensive Income	<u>742 501</u>	<u>255 275</u>

The attached notes on pages (8) to (27) are an integral part of these condensed separate interim financial staten



Translation from Arabic

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Statement of Changes In Equity
For the Three Months Ended March 31, 2016

	Capital	Legal reserve	Other reserves	Retained earnings	Total
	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
Balance as of 1/1/2015	17 070 716	1 501 738	4 796 578	797 723	24 166 755
Comprehensive income					
Profit for the period	-	-	-	255 275	255 275
Total comprehensive income	-	-	-	255 275	255 275
Transactions with owners of the company					
Transferred to legal reserve	-	19 099	-	(19 099)	-
Dividends for year 2014 (Shareholders)	-	-	-	(341 414)	(341 414)
Dividends for year 2014 (Employees & Board of Directors)	-	-	-	(408 920)	(408 920)
Total transactions with owners of the company	-	19 099	-	(769 433)	(750 334)
Balance as of March 31, 2015	17 070 716	1 520 837	4 796 578	283 565	23 671 696
Balance as of 1/1/2016	17 070 716	1 520 837	4 796 578	1 289 817	24 677 948
Comprehensive income					
Profit for the period	-	-	-	742 501	742 501
Total comprehensive income	-	-	-	742 501	742 501
Transactions with owners of the company					
Transferred from general reserve to retained earnings	-	-	(2 000 000)	2 000 000	-
Transferred to legal reserve	-	63 076	-	(63 076)	-
Dividends for year 2015 (Shareholders)	-	-	-	(1 280 304)	(1 280 304)
Dividends for year 2015 (Employees & Board of Directors)	-	-	-	(556 465)	(556 465)
Total transactions with owners of the company	-	63 076	(2 000 000)	100 155	(1 836 769)
Balance as of March 31, 2016	17 070 716	1 583 913	2 796 578	2 132 473	23 583 680

The attached notes on pages (8) to (27) are an integral part of these condensed separate interim financial statements.



Translation from Arabic

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

	Note No.	For the three months ended:	
		31/3/2016	31/3/2015
		L.E.(000)	Reclassified L.E.(000)
<u>Cash flows from operating activities</u>			
Cash receipts from customers		2 333 254	1 952 820
Sales tax collected from customers		61 901	53 565
Stamp tax and fees collected (from third party)		24 256	22 662
Deposits (payments) returned to customers		2 095	(875)
Cash paid to suppliers		(310 215)	(200 285)
Payments of NTRA license fees		(46 647)	(68 355)
Dividends paid to employees		(338)	(3 697)
Cash paid to employees		(683 006)	(706 173)
Cash paid on behalf of employees to third party		(132 297)	(108 559)
Cash provided by operating activities		1 249 003	941 103
Interest paid		(3 409)	(4 791)
Payments to Tax Authority - sales tax		(165 148)	(98 992)
Payments to Tax Authority - other taxes		(106 495)	(145 252)
Other proceeds		231 463	44 319
Net cash provided by operating activities		1 205 414	736 387
<u>Cash flows from investing activities</u>			
Payments for purchase of fixed assets and projects in progress		(805 617)	(641 920)
Interest received		10 417	9 371
Dividends collected from investments		377 496	167 437
Proceeds for purchase of held-to-maturity investment -treasury bills		-	176 396
Proceeds from securities - treasury bills interest		12 467	43 341
Net cash used in investing activities		(405 237)	(245 375)
<u>Cash flows from financing activities</u>			
Payments for loans and other facilities		(40 139)	(39 689)
Net cash used in financing activities		(40 139)	(39 689)
Net change in cash and cash equivalents during the period		760 038	451 323
Cash and cash equivalents at the beginning of the period	(18)	1 636 917	2 256 017
Cash and cash equivalents at the end of the period	(18)	2 396 955	2 707 340

The attached notes on pages (8) to (27) are an integral part of these condensed separate interim financial statements.



Telecom Egypt Company
(An Egyptian Joint Stock Company)

Notes to the Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2016

1. BACKGROUND

1-1 Legal Entity

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

1-2 Purpose of the company

The main purpose of the company represents in the following:

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

1-3 Issuance of the condensed separate interim financial statements

- These Condensed Separate Interim Financial Statements were approved by the company's Board of Directors on May 8, 2016.

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

2-1 Statement of compliance

- These Condensed Separate Interim Financial Statements as of March 31, 2016 have been prepared in accordance with Egyptian Accounting Standard No.30 "Interim Financial Reporting" accordingly it is condensed comparative view to the annual separate financial statements for the company, and in the light of applicable Egyptian laws and regulations.
- These condensed separate interim financial statements don't include all the required information needed for preparing the full annual financial statements and must be read with the annual separate financial statements as of December 31, 2015.



*Notes to the Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2016 (continued)*

Translation from Arabic

2-2 Basis of measurement

These Condensed Separate Interim Financial Statements have been prepared under the historical cost basis, except for certain financial investments which are evaluated at fair value in according to the Egyptian Accounting Standards.

For presentational purposes, the current and non-current classification has been used for the condensed separate statement of Financial Position, while expenses are analyzed in condensed separate statement of income using a classification based on their function. The direct method has been used in preparing the condensed separate statement of cash flows.

2-3 Functional and presentation currency

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

2-4 Use of estimates

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

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

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

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

2-5 Fair value measurement

The fair value of financial instruments are determined based on the market value of those financial instruments or similar financial instruments at the date of the financial statements without deducting any estimated future costs of sale. Financial assets values are determined at current prices for the purchase of those assets, while determining the value of financial liabilities at the current prices, which would settle those commitments.

In the absence of an active market to determine the fair value of financial instruments, the fair value is estimated using various valuation techniques, taking into account recent transactions prices, guided by the current fair value of other substantially similar instruments - discounted cash flow method - or any other methods to produce reliable results.

When using the discounted cash flow method as a method of evaluation, future cash flows are estimated based on the best estimate of the management. Discount rate used is determined in the light of the prevailing market price at the date of the financial statements for financial instruments similar in nature and terms.



Notes to the Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2016 (continued)

Translation from Arabic

3. OPERATING REVENUES

	For the three months ended	
	31/3/2016	31/3/2015
	L.E. (000)	L.E. (000)
Home	354 728	386 401
Enterprise	352 758	247 077
Domestic wholesale	1 105 765	832 668
International carriers	646 876	764 797
International cables and networks	120 990	111 634
	2 581 117	2 342 577

Total operating revenues have increased by an amount of L.E. 238 540 K mainly due to the increase in domestic wholesale by an amount of L.E. 273 097 K as a result of the increase in infrastructural revenue in addition to the increase in enterprise revenue by an amount of L.E. 105 681 K as a result of increase in access service revenues by an amount of L.E. 85 841 K but the decrease in home revenues by an amount of L.E. 31 673 K and international carriers revenues by an amount of L.E. 117 921 K which led to limitation from this increase.

4. OPERATING COSTS

	For the three months ended	
	31/3/2016	31/3/2015
	L.E. (000)	Reclassified L.E. (000)
Interconnection cost	494 910	608 138
Depreciation and amortization	350 547	374 907
Other operating cost*	579 391	560 643
	1 424 848	1 543 688

Operating costs have decreased by an amount of L.E. 118 840 k due to the following: -

- The decrease of interconnection cost by an amount of L.E. 113 228 K which is mainly due to the decrease in international fees of transit service and international connection cost.
- The decrease of depreciation and amortization by an amount of L.E. 24 360 K.

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



Notes to the Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2016 (continued)

Translation from Arabic

5. SELLING AND DISTRIBUTION EXPENSES

	<u>For the three months ended</u>	
	<u>31/3/2016</u>	<u>31/3/2015</u>
	<u>L.E. (000)</u>	<u>Reclassified L.E. (000)</u>
Salaries & wages	161 347	161 587
Discount allowed	46 024	50 573
Advertising & marketing	14 859	2 828
Organizations service cost *	18 811	20 431
Other expenses	28 036	23 217
	<u>269 077</u>	<u>258 636</u>

The increase in selling and distribution expenses by an amount of L.E 10 441 K, is mainly due to the increase in advertising and marketing by an amount of L.E 12 031 K.

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

6. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>For the three months ended</u>	
	<u>31/3/2016</u>	<u>31/3/2015</u>
	<u>L.E. (000)</u>	<u>Reclassified L.E. (000)</u>
Salaries and wages	308 755	265 985
Depreciation	8 007	5 940
Tax and duty	14 149	29 561
Service cost from organizations and consultations *	16 501	17 098
Other expenses	89 888	80 825
	<u>437 300</u>	<u>399 409</u>

The increase in general and administrative expenses by an amount of L.E. 37 891 K is mainly due to the increase in salaries and wages by an amount of L.E. 42 770 K as a result of the annual raise by 8 % from the basic salary starting from Jan 2016, but the decrease in tax and duty item by an amount of L.E. 15 412 K which led to limitation of this increase during the period.

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



Notes to the Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2016 (continued)

Translation from Arabic

7. NET FINANCE INCOME

	For the three months ended	
	31/3/2016	31/3/2015
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Total finance income	417 976	148 011
Total finance cost	(2 054)	(1 654)
Net finance income	<u>415 922</u>	<u>146 357</u>

The increase in net finance income by an amount of L.E 269 565 K during the period is mainly due to the increase in foreign exchange currency gain by an amount of L.E 312 179 K but the decrease in treasury bills interest by an amount of L.E. 25 732 K which led to limitation of this increase.

8. INCOME FROM INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

	For the three months ended	
	31/3/2016	31/3/2015
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Middle East Radio Communication (MERC)	1 702	1 430
	<u>1 702</u>	<u>1 430</u>

This income is represented in the Company's share in the dividends from investment according to the decree of the General Assembly of investees.

9. EMPLOYEE'S BENEFITS

9-1 Early retirement scheme

The Company has an early retirement scheme whereby employees who wishes 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. 484 K for the financial period ending March 31, 2016 (against LE 562 K for the same period of year 2015) are included in general and administrative expenses.



9-2 End of service benefits (Company's Contribution in Loyalty & Belonging Fund)

The employees are granted an end of service benefits through a Loyalty & belonging Fund established in January 2004. Employees' benefit 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 period ended March 31, 2016 amounted to L.E. 47 552 K (against L.E. 47 159 K for the same period as of the year 2015). The Company's contribution is included in general and administrative expenses.

10. BASIC EARNINGS PER SHARE.

	<u>For the three months ended</u>	
	<u>31/3/2016</u>	<u>31/3/2015</u>
Profit for the period (LE (000))	742 501	255 275
Number of shares available during the period	1707 071 600	1707 071 600
Basic earnings per share for the period (LE/ share)	<u>0.43</u>	<u>0.15</u>



Notes to the Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2016 (continued)

Translation from Arabic

11. FIXED ASSETS

Description	31/12/2015	31/3/2016	31/12/2015	31/3/2016	31/3/2016	31/12/2015
	Cost	Cost	Accumulated depreciation	Accumulated depreciation	Net	Net
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Land	2 371 423	2 371 423	-	-	2 371 423	2 371 423
Buildings & Infrastructure	21 434 569	21 751 692	14 222 101	14 438 497	7 313 195	7 212 468
Centrals and information technology equipment	20 521 719	20 725 499	18 734 605	18 846 230	1 879 269	1 787 114
Vehicles	124 828	144 555	106 257	108 163	36 392	18 571
Furniture	274 274	282 562	206 782	211 042	71 520	67 492
Tools & supplies	89 949	90 764	62 961	64 233	26 531	26 988
Total	44 816 762	45 366 495	33 332 706	33 668 165	11 698 330	11 484 056

- The increase in net carrying value of fixed assets mainly due to the period additions by an amount of L.E. 558 788 K but the depreciation of the period by an amount of L.E. 341 908 K which led to limitation of this increase.
- The cost of fixed assets as of March 31, 2016 includes an amount of L.E. 23 740 million fully depreciated fixed assets and still in use.

12. PROJECTS IN PROGRESS

	<u>31/3/2016</u>	<u>31/12/2015</u>
	<u>LE (000)</u>	<u>LE (000)</u>
Land	14 420	14 420
Buildings and Infrastructure	663 653	731 589
Furniture	390	8 881
Centrals and information technology equipment	442 914	618 925
Other Assets (cables)	456 147	501 665
Advanced payments	76 232	120 137
	1 653 756	1 995 617

The balance of projects in progress is represented in the part that have been completed from commitments and capital contracts until March 31, 2016 and related advanced payment.



Notes to the Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2016 (continued)

Translation from Arabic

13. INVESTMENTS IN SUBSIDIARIES & ASSOCIATES

	<u>31/3/2016</u>		<u>31/12/2015</u>	
	<u>Ownership</u>	<u>Amount</u>	<u>Ownership</u>	<u>Amount</u>
	<u>%</u>	<u>L.E. (000)</u>	<u>%</u>	<u>L.E. (000)</u>
- Telecom Egypt France (TE France)	100.00	69 220	100.00	69 220
- TE Data	99.99	252 461	99.99	252 461
- TE Investment Holding	99.95	4 997	99.95	4 997
- Egyptian Telecommunication for Information System	97.66	31 250	97.66	31 250
- Centra Technology	58.76	14 737	58.76	14 737
- Wataneya for Telecommunications	50.00	125	50.00	125
- International Telecommunications Consortium limited (ITCL)	50.00	54	50.00	54
- Middle East Radio Communication	49.00	7 350	49.00	7 350
- Vodafone Egypt Telecommunications Company	44.95	5 960 054	44.95	5 960 054
- Egypt Trust	35.71	7 500	35.71	7 500
- Consortium Algerien de Telecommunications	33.00	133	33.00	133
- Sofisat company	25.00	-	25.00	-
		6 347 881		6 347 881
<u>Payments for investments purchase</u>				
- TE Investment Holding *		34 983		34 983
- Egypt Trust **		2 500		2 500
		6 385 364		6 385 364
<u>Less:</u>				
Impairment loss on investments of :-				
Consortium Algerien de Telecommunications, International Telecommunications Consortium Limited, Egypt Trust, Wataneya for Telecommunications and Telecom Egypt France		8 081		8 081
		6 377 283		6 377 283

* The Extra-Ordinary General Assembly for TE Investment Holding held on 16/2/2015 approved the increase of the authorized capital to be L.E. 100 Million, and the issued capital to be L.E. 40 Million , the commercial registration related to is in process.

** The remaining 25% represents the company's share in Egypt Trust capital and the commercial registration related to is in process.



Notes to the Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2016 (continued)

Translation from Arabic

14. OTHER ASSETS

	31/3/2016	31/12/2015
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Cost		
Submarine cables (right of way)	784 815	788 803
Land (possession-usufruct)	440 684	440 684
Licenses and programs	125 475	69 092
	<u>1 350 974</u>	<u>1 298 579</u>
Less:		
Accumulated amortization	403 984	395 339
Net carrying amount	<u>946 990</u>	<u>903 240</u>

- The increase in net carrying value of other assets is due to the period additions by an amount of L.E. 80 267 K but the amortization of the period by an amount of L.E. 16 646 K and the disposals during the period by an amount of L.E. 19 871 K led to limitation of this increase.
- Other assets amortization is charged to operating costs.

15. INVENTORIES

	31/3/2016	31/12/2015
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Spare parts	395 348	390 707
Material supplies , Merchandise for sale and Letters of credit	45 541	32 349
Others – project cables and supplies	125 562	78 794
	<u>566 451</u>	<u>501 850</u>

The value of inventory was written down by an amount of L.E. 25 369 K (against L.E. 26 635 K as at December 31, 2015) for obsolete and slow moving items directly from the cost of each type of inventory.

16. TRADE RECEIVABLES

	31/3/2016	31/12/2015
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Trade Receivables - National	4 656 319	4 714 251
Trade Receivables - International	2 783 000	2 366 104
	<u>7 439 319</u>	<u>7 080 355</u>
Less:		
Impairment loss on trade receivables	2 366 944	2 345 986
	<u>5 072 375</u>	<u>4 734 369</u>

Trade receivables balance increased by an amount of L.E. 338 006 K due to the increase in trade receivables – international carrier by an amount of L.E 487 228 K due to delay in payment for some customers but the decrease in trade receivables – international cables and networks by an amount of L.E. 70 332 K led to limitation of the increase.



Notes to the Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2016 (continued)

Translation from Arabic

17. DEBTORS AND OTHER DEBIT BALANCES

	31/3/2016	31/12/2015
	<u>LE (000)</u>	<u>LE (000)</u>
Accrued revenues	9 699	385 615
Suppliers – debit balances	96 000	36 295
Tax Authority - withholding tax	137 113	110 414
Due from organizations and companies	267 373	243 932
Payments on the account of income tax	180 846	100 411
Payments on the account of employee dividends	–	282 428
Other debit balances	681 947	641 523
	<u>1 372 978</u>	<u>1 800 618</u>
Less:		
Impairment loss on debtors and other debit balances	144 749	144 360
	<u>1 228 229</u>	<u>1 656 258</u>

Debtors and other debit balances decreased by an amount of L.E. 428 029 K mainly due to the decrease in accrued revenues by L.E. 375 916 K as a result of collecting cash dividends of investments by an amount of L.E. 374 886 K in addition to the settlement in payments on the account of employees dividends for year 2015 after the approval on dividends under general assembly decree , but the increase in suppliers – debit balances and payments on the account of income tax by an amount of L.E. 59 705 K and L.E. 80 435 K respectively led to limitation of the decrease.

18. CASH AND CASH EQUIVALENTS

	Note	31/3/2016	31/12/2015
	No.	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Banks - time deposits (less than 3 months)		821 326	1 738 073
Banks - current accounts		(155 039)	(112 072)
Cash on hand		5 455	3 146
Treasury bills (less than 3 months)		1 734 454	17 011
Cash and cash equivalents		<u>2 406 196</u>	<u>1 646 158</u>
Less:			
Restricted time deposits	(26)	9 241	9 241
Cash and cash equivalents as per cash flows statement		<u>2 396 955</u>	<u>1 636 917</u>

19. LOANS AND CREDIT FACILITIES

- The increase in the balance of loans and credit facilities mainly resulting from the increase in foreign currency rate against L.E., and taking into consideration that foreign suppliers facilities in Euro amounted to L.E. 796 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.



Notes to the Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2016 (continued)

Translation from Arabic

20. CREDITORS AND OTHER CREDIT BALANCES

	31/3/2016	31/12/2015
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Suppliers	344 467	375 606
Tax Authority-Income Tax	522 435	351 072
Tax Authority (taxes other than income tax)	215 804	190 582
Deposits from others	717 341	695 030
Accrued expenses	372 803	272 695
Trade receivables - credit balances	272 959	293 082
Fixed assets creditors	561 895	944 151
Deferred revenues	-	2 438
Prepaid revenue	347 788	-
Dividends payable	1 549 903	770
Due to organizations and companies	105 404	72 592
National Telecommunication Regulatory Authority (NTRA)	160 265	88 926
Other credit balances	369 999	386 054
	<u>5 541 063</u>	<u>3 672 998</u>

Creditors and other credit balances have been increased by an amount of L.E. 1 868 065 K mainly due to the increase in dividends payable item by an amount of L.E. 1 549 133 K due to 2015 dividends according to General Assembly decree in March 30,2016 and tax authority-income tax by an amount of L.E 171 363 K represents due tax for the period.

21. PROVISIONS

	31/3/2016	31/12/2015
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Balance at the beginning of the period / year	996 790	546 967
Reclassification during the period/year **	(180 958)	135 134
Charged to income statement for the period / year*	37 500	432 995
Used during the period / year	-	(118 306)
Balance at the end of the period / year	<u>853 332</u>	<u>996 790</u>

* The provision charged to income statement included in other expenses to meet contingent liabilities.

** Reclassification was made during the period to creditors item by an amount of L.E. 160 000 K and L.E 20 958 K to impairment loss on trade receivables



Notes to the Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2016 (continued)

Translation from Arabic

22. CAPITAL

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

23. RESERVES

	31/3/2016	31/12/2015
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Legal reserve	1 583 913	1 520 837
Other reserves	2 796 578	4 796 578
	<u>4 380 491</u>	<u>6 317 415</u>

The balance of legal reserve has increased as a result of retaining an amount of L.E. 63 076 K from 2015 profit in accordance with the company's articles of association.

The balance of other reserve has decreased due to transfer an amount of L.E. 2 000 000 K from general reserve to retained earnings "according to Ordinary General Assembly decree which was held on March 30, 2016"

24. DEFERRED TAX

24-1 Deferred tax assets and liabilities

	31/3/2016		31/12/2015	
	Assets	Liabilities	Assets	Liabilities
	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Total deferred tax asset	333 956	-	334 604	-
Net deferred tax asset	<u>333 956</u>	<u>-</u>	<u>334 604</u>	<u>-</u>
Deferred tax charged to the income statement for the period / year	<u>(648)</u>		<u>(19 113)</u>	

Deferred tax expense that recorded in the income statement during the period mainly due to change in the tax rate as shown in Note no (27-3).

24-2 Unrecognized deferred tax assets

	31/3/2016	31/12/2015
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Unrecognized deferred tax assets	<u>622 219</u>	<u>602 566</u>

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



25. CAPITAL COMMITMENTS

The company's capital commitments for the unexecuted parts of contracts until March 31, 2016 amounted to L.E. 239 million (against L.E. 77 million as at December 31, 2015) includes installments of investees' share in capital and haven't been claimed yet by an amount of L.E. 1 million. These commitments are expected to be settled in the subsequent period except for the uncalled installments of investees' share in capital, which shall be settled when required by the Board of Directors of those investees companies.

26. CONTINGENT LIABILITIES

In addition to the amounts included in the condensed Separate balance sheet, the company has the following contingent liabilities:

	<u>31/3/2016</u>	<u>31/12/2015</u>
	<u>LE (000)</u>	<u>LE (000)</u>
- Letters of guarantee issued by banks on behalf of the company*	152 668	120 177
- Letters of credit	277 793	305 718

* letters of guarantee which were issued by banks include letters of guarantee have been issued against restricted cash deposits (Note no.18)

27. TAX POSITION

27-1 Corporate tax

- Tax inspection was performed for the years till December 31, 2013 and all due taxes were settled.
- Tax inspection for the year 2014 is in process.

27-2 Amendments on important laws issued during years 2014,2015

- On June 4, 2014, law no. 44 of 2014 was issued, imposing temporary additional 5% increase in the tax rate for three years 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 Ministerial Decree No. 172 of 2015 was issued, amending certain provisions of the executive regulations for the Income Tax Law issued by the Minister of Finance decree No. 991 for the year 2005.
- 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 decree 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 were 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 dealing in listed securities for two years starting from 17/5/2015.



*Notes to the Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2016 (continued)*

Translation from Arabic

27- 3 Sales Tax

- Tax inspection was performed for the years till December 31, 2010 and all due taxes were settled.
- Tax inspection for the years 2011,2012 was performed and the company was informed by the inspection differences and the company objected during the legal period and the differences are being discussed with the Appeals Committee.

27- 4 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 2013,2014,2015 is in process.

27- 5 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.
- 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 forwarded to the appeal committee.

27- 6 Real estate taxes

- All taxes are paid according to the addition notices received by the company. The company's Legal Affairs Department follows up the disputes according to the Real Estate Tax Law.
- Tax returns were submitted according to the new Real Estate Tax Law No.196 for the year 2008 on the due dates. Provisions were formed to meet any tax liabilities that may arise from the tax inspection.



*Notes To The Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2016 (continued)*

Translation from Arabic

28. RELATED PARTY TRANSACTIONS

There are transactions between Telecom Egypt and its subsidiaries and associates and such transactions are approved by the company's management, the following statement contain the most important transactions during the financial period and the balances shown in the condensed separate interim financial statements date:

28-1 Transactions with subsidiaries

	Nature of transaction during the period	Amount of transactions during the period stated in the income statement L.E. 000	Transaction volume during the period		Balance as of		
			Debit	Credit	31/3/2016	31/12/2015	
			L.E. 000	L.E. 000	Debit/(Credit) L.E. 000	Debit/(Credit) L.E. 000	
Debit balances included in trade receivables							
- Egyptian Telecommunication Company for Information Systems	Lease of company premises, electricity claims and Leased circuits maintenance	4 514	4 140	3 124	13 434	12 418	
- TE Data	Variable services	389 614	515 482	339 527	529 906	353 951	
- Middle East Radio Communication (MERC)	Leased circuits and information circuits	367	404	404	-	-	
- Jordanian Egyptian Company for data transfer	participation contract	1 597	76	2 021	(3 384)	(1 439)	
- Jordanian Egyptian Company for data transfer	The movement of international clearing	953	1 472	-	4 652	3 180	
			521 574	345 076	544 608	368 110	
Debit balances included in debtors and other debit balances							
- Egyptian Telecommunication Company for Information Systems	payments of expenses on behalf of the subsidiary company	-	-	-	145	145	
- T E investment Holding		-	37	9	311	283	
			37	9	456	428	
Credit balances included in suppliers balances							
- Centra for Technologies	Maintenance & supplying computers	2 613	6 495	4 074	(8 843)	(11 264)	
- Centra for Electronic Industries	Maintenance & supplying computers	388	696	417	(767)	(1 046)	
- Middle East Radio Communication (MERC)	Supplying & installing communication networks	-	-	-	(138)	(138)	
- TE Data	Services rendered from subsidiary company	16 556	976	29 285	(125 670)	(97 361)	
- Egyptian Telecommunication Company for Information Systems	Services rendered from subsidiary company	19 001	19 069	25 134	(12 432)	(6 367)	
			27 236	58 910	(147 850)	(116 176)	
Credit balance included in creditors and other credit balances							
- TE Data	Internet services	3	21	3	(6)	(24)	
- TE Data	Supplying information technology equipment	-	20 043	13 800	(14 830)	(21 073)	
- T E investment Holding	Lease of premises	5	4	9	(14)	(9)	
- TE France	participation contract	3 550	-	6 912	(22 565)	(15 653)	
- Egyptian Telecommunication Company for Information Systems	Services rendered from subsidiary company	-	6 322	-	-	(6 322)	
			26 390	20 724	(37 415)	(43 081)	



Notes To The Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2016 (continued)

Translation from Arabic

28. RELATED PARTY TRANSACTIONS (continued)

28-2 Related party transactions with associates

Nature of transactions during the period	Amount of transactions during the period recorded in the income statement		Transaction volume during the period		Balance as of	
	L.E. 000	L.E. 000	Debit	Credit	31/3/2016	31/12/2015
Outgoing calls and voice services to the associates company	274 287		592 779	754 074	(35 695)	125 600
Incoming and international calls, transmission premises and towers to the associates company	261 862					
Debit balances included in debit balances - long term						
Consortium Algerien de Telecommunications (CAT)*	-	-	-	-	453 902	453 902
					453 902	453 902
Debit balances included in debtors and other debit balances						
International Telecommunication Consortium Limited (ITCL)**	-	-	-	-	66	66
					66	66

* Impairment was formed to this balance which represented in the value of the finance provided by Telecom Egypt to Consortium Algerien 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. In the light of these circumstances, there is high probability that Telecom Egypt will not be able to collect the finance given to Consortium Algerien de Telecommunication Company.

**The balance is fully impaired due to company's inability to recover this amount in foreseeable future.



29. SIGNIFICANT CLAIMS AND LITIGATIONS

29-1 Interconnection dispute with Orange Egypt previously named Mobinil -

On September 2009, Orange Egypt had filed the Arbitration Case no. 644/2009 requesting the application of the interconnection rates mentioned in the signed agreements with te, and objecting the application of NTRA abovementioned decisions, claiming that te 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.

On October 2009 te had filed the Arbitration Case against Orange Egypt, that's where te's management believes that Orange Egypt charged te with rates exceeds the rates where Orange Egypt and other operator charging each other and this violates the article (13) of the interconnection agreement between TE and Orange Egypt.

The tribunal in Orange Egypt Case rejected Orange Egypt's request to apply the interconnection rates stated in the interconnection agreement, also the tribunal submit its interpretation to the Egyptian law and the principles that should be followed by both parties to agree on the interconnection rates. Also the tribunal rejected a part of TE's claims for the previous period, the Tribunal depute an expert to review Orange Egypt 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.

The amount in dispute as per the company's record between te and Orange Egypt in relation to the said dispute for the period from September 3, 2008 to the end of March 2016 is approximately an amount of L.E 657 471 K.

29-2 Interconnection dispute with Vodafone Egypt

The Ordinary General Assembly dated 30 March 2016 approved the frame agreement of settling all the current disputes between te and VFE and the same frame was approved by the Ordinary General Assembly of VFE dated 14 April 2016. Subject to such settlement, te and VFE settled all disputes raised between both of them, till 31 December 2015.

29-3 Dispute with one of the investees

The company has filed an arbitration case against an investee, in which te 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 TE claiming compensation for breaching of obligations stipulated in the same agreement.

In 31 August 2015, The tribunal rejected te 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 actions to cease the implementation of such award and to annul it, as per the external advisor recommended to the company.

And the company has made the necessary provisions to cover any anticipated future obligations, may arise as a result of the above cases.



Notes To The Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2016 (continued)

Translation from Arabic

30. Comparative figures

30-1 Condensed Separate Income Statement

Reclassifications were made to comparative figures for some of the condensed separate income statement and condensed separate statement of cash flows to conform to the current presentation as follows:

	<u>For the three months ended</u>		<u>For the three months ended</u>	
	<u>31/3/2015</u>	<u>Reclassification</u>	<u>31/3/2015</u>	<u>31/3/2015</u>
	<u>as previously</u>	<u>(debit) / credit</u>	<u>current</u>	<u>current</u>
	<u>presented</u>		<u>presentation</u>	<u>presentation</u>
	<u>LE(000)</u>	<u>LE(000)</u>	<u>LE(000)</u>	<u>LE(000)</u>
Operating cost	(1 527 188)	(16 500)	(1 543 688)	(1 543 688)
Selling and distribution expenses	(238 205)	(20 431)	(258 636)	(258 636)
General and administrative expenses	(436 340)	36 931	(399 409)	(399 409)

30-2 Condensed Separate Statement of Cash flows

	<u>For the three months ended</u>		<u>For the three months ended</u>	
	<u>31/3/2015</u>	<u>Reclassification</u>	<u>31/3/2015</u>	<u>31/3/2015</u>
	<u>as previously</u>	<u>(debit) / credit</u>	<u>current</u>	<u>current</u>
	<u>presented</u>		<u>presentation</u>	<u>presentation</u>
	<u>LE(000)</u>	<u>LE(000)</u>	<u>LE(000)</u>	<u>LE(000)</u>
Cash paid to suppliers	(164 723)	(35 562)	(200 285)	(200 285)
Other proceeds	8 757	35 562	44 319	44 319

31- SIGNIFICANT ACCOUNTING POLICIES

31-1 The accounting policies applied in the preparation of the condensed separate interim financial statements as of March 31, 2016 is the same as the accounting policies applied in the preparation of the annual separate financial statements as of December 31, 2015, these accounting policies have been applied consistently to all periods presented in these condensed separate interim financial statements taking into consideration the new issues and amendments issued to the Egyptian Accounting Standards (EAS) and adopted from 1/1/2016 (Note no. 31-2).

31-2 New issues and amendments issued to the Egyptian Accounting Standards (EAS) and effective on 1/1/2016.

During the year 2015, a modified version of the Egyptian Accounting Standards (EAS) was issued including some of the new accounting standards and the amendments to some existing standards provided that they shall come into force for the financial periods that start after January 1, 2016, while taking into consideration that the early implementation of these standards is not permissible.

*In the following table, we shall review the most important amendments that may have an impact on the condensed separate interim financial statements of the company.



Notes To The Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2016 (continued)

Translation from Arabic

New or Amended Standards	Summary of the Most Significant Amendments	Impact on the Financial Statements
<p><u>EAS (1)</u> Presentation of Financial Statements</p>	<p><u>Financial Position Statement</u></p> <ul style="list-style-type: none"> The Standard does not require to present the working capital presentation. The reference financial statements that was included in 2006 Standards was excluded; which presented the working capital presentation. A statement shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity. 	<ul style="list-style-type: none"> All the presented financial statements have been re-presenting, disclosures and their accompanying notes including the comparative figures to be in conformity with the amendments to the Standard. Added a new statement, <i>Statement of Comprehensive Income</i>, for the current and comparative period was added.
	<p><u>Income Statement (Profit or Loss)/Statement of Comprehensive Income</u></p> <p>The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (Income Statement) and the other one starts with the profit or loss and presents the other comprehensive income items (Statement of Comprehensive Income).</p>	
<p><u>EAS (10)</u> Property, Plant and Equipment (PPE)</p>	<ul style="list-style-type: none"> The option of using the revaluation model in the subsequent measurement of PPE has been canceled. The financial shall disclose a reconciliation of the carrying amount – movement of the PPE and its depreciations- in the notes accompanying the financial statements at the beginning and the end of the current period and the comparable period. 	<p>The amendment is not applicable retroactively, the book value and accumulated depreciation on the date of application of the amended standard is to be used.</p> <p>The comparative figures related to the PPE in the notes accompanying the financial statements have been represented to be in conformity with the required amendments on the standard.</p>
<p><u>EAS (23)</u> Intangible Assets</p>	<p>The option of using the revaluation model in the subsequent measurement of intangible assets has been canceled.</p>	<p>The amendment is not applicable retroactively, the book value and accumulated amortization on the date of application of the amended standard is to be used</p>



Notes To The Condensed Separate Interim Financial Statements
For The Three Months Ended March 31, 2016 (continued)



Translation from Arabic

New or Amended Standards	Summary of the Most Significant Amendments	Impact on the Financial Statements
<u>Egyptian Standard No. (45)</u> Fair Value Measurement	<ul style="list-style-type: none">• The new Egyptian Accounting Standard No. (45) "Fair Value Measurement" was issued and shall be applied when another Standard requires or allows measurement or disclosure to be made at fair value. This Standard aims the following:<ul style="list-style-type: none">(a) Defining the fair value(b) Laying down a framework to measure the fair value in one Standard and(c) Identifying the disclosure required for the fair value measurements.	Proactive application of the standard was carried out on the preparation of the financial statements starting from 2016 including the disclosures required by the standard.
<u>EAS (14)</u> Borrowing Costs	<ul style="list-style-type: none">• Elimination of the previous benchmark treatment that recognized the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in the Income Statement without being capitalized on the asset.	The Standard were applied to the borrowing costs attributable to the qualifying assets, where the start date of capitalization falls within or after 1/1/2016.
<u>EAS (40)</u> Financial Instruments: Disclosures	<ul style="list-style-type: none">• A new Egyptian Accounting Standard No.(40) "Financial Instruments: Disclosures" was issued including all the disclosures required for the financial instruments.• Accordingly, EAS (25) was amended by separating the disclosures from it. The name of the Standard became "Financial Instruments: Presentation" instead of "Financial Instruments: Presentation and Disclosure"	Retroactive amendment to all the comparative figures of the presented disclosures were carried out.