

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Interim Financial Statements
For The Six Months Ended June 30, 2018
And The Limited Review Report

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Condensed Separate Interim Financial Statements
For The Six Months Ended June 30, 2018
And The Limited Review Report

Index

<u>Explanation</u>	<u>Page Number</u>
- Limited Review Report	1
- Condensed Separate Statement of Financial Position	2
- Condensed Separate Statement of Income	3
- Condensed Separate Statement of Comprehensive Income	4
- Condensed Separate Statement of Changes in Equity	5
- Condensed Separate Statement of Cash Flows	6
- Notes to the Condensed Separate Interim Financial Statements	7:22

Hazem Hassan

Public Accountants & Consultants

Pyramids Heights Office Park
Km 22 Cairo/Alex Road
P.O. Box 48 Al Ahram
Giza - Cairo - Egypt

Telephone : (202) 35 36 22 00 - 35 36 22 11
Telefax : (202) 35 36 23 01 - 35 36 23 05
E-mail : egypt@kpmg.com.eg
Postal Code : 12556 Al Ahram

Translation from Arabic

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

Introduction

We have performed a limited review on the accompanying condensed separate statement of financial position of Telecom Egypt Company "an Egyptian joint stock company" as at June 30, 2018 and the related condensed separate statements of income, comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with Egyptian Accounting Standard number (30) "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements do not present fairly, in all material respects, the financial position of the company as at June 30, 2018 and of its financial performance and its cash flows for the six months then ended in accordance with Egyptian Accounting Standard number (30) "Interim Financial Reporting".



KPMG Hazem Hassan
Public Accountants & Consultants
KPMG Hazem Hassan
Public Accountants and Consultants
(26)

Cairo, August 13, 2018

Telecom Egypt Company

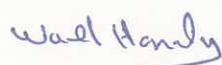
(An Egyptian Joint Stock Company)

Condensed Separate Statement of Financial Position As of:

	Note	30/6/2018	31/12/2017	1/1/2017
	No.	L.E. (000)	Restated L.E. (000)	Reclassified L.E. (000)
Assets				
Non Current Assets				
Fixed assets	(11)	18 894 097	17 852 509	13 872 262
Projects in progress	(12)	2 489 678	2 837 275	7 384 247
Investments in subsidiaries and associates	(13)	6 377 424	6 377 301	6 377 283
Available-for-sale investments		77 561	77 568	81 273
Other assets	(14)	10 082 630	10 320 926	1 363 904
Deferred tax assets	(24-1)	239 641	396 877	408 552
Total Non Current Assets		38 161 031	37 862 456	29 487 521
Current Assets				
Inventories	(15)	1 103 113	1 056 663	612 467
Trade receivables	(16)	3 818 800	3 902 221	4 748 507
Debtors and other debit balances	(17)	2 667 606	2 210 058	1 589 983
Debit balances in associates		-	-	30 245
Held-to-maturity investments -treasury bills		102 084	102 090	101 922
Cash and cash equivalents	(18)	199 459	58 263	530 195
Total Current Assets		7 891 062	7 329 295	7 613 319
Total Assets		46 052 093	45 191 751	37 100 840
Equity				
Capital	(22)	17 070 716	17 070 716	17 070 716
Reserves	(23)	4 578 032	4 550 115	4 380 491
Retained earnings		3 125 951	2 797 513	4 782 442
Total Equity		24 774 699	24 418 344	26 233 649
Non Current Liabilities				
Loans and credit facilities	(19)	575 774	614 472	626 235
Creditors and other credit balances	(20)	1 530 805	1 303 429	114 226
Deferred tax liabilities	(24-1)	318 466	265 345	317 167
Total Non Current Liabilities		2 425 045	2 183 246	1 057 628
Current Liabilities				
Loans and credit facilities installments due within one year	(19)	8 660 153	6 678 314	2 710 704
Credit accounts to subsidiaries and associates	(28)	1 012 168	1 165 977	429 910
Creditors and other credit balances	(20)	8 616 024	8 998 976	5 611 292
Provisions	(21)	564 004	1 746 894	1 057 657
Total Current Liabilities		18 852 349	18 590 161	9 809 563
Total Liabilities		21 277 394	20 773 407	10 867 191
Total Equity and Liabilities		46 052 093	45 191 751	37 100 840

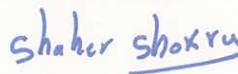
The attached notes on pages (7) to (22) are an integral part of these condensed separate interim financial statements.

Financial Director



" Wael Hanafy "

Senior Financial Director



" Shaher Shokry "

Chief Financial Officer



" Mohamed Shamroukh "

Managing Director

& Chief Executive Officer



" Ahmed El Beheiry "

Board of Directors approval

Chairman



"Maged Osman"

Limited Review Report "attached"

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

	Note <u>No.</u>	For the Six months ended		For the three months ended	
		30/6/2018	30/6/2017 <u>Restated</u>	30/6/2018	30/6/2017 <u>Restated</u>
		L.E.(000)	L.E.(000)	L.E.(000)	L.E.(000)
Operating revenues	(3)	8 394 501	7 328 462	4 452 008	3 788 253
Operating cost	(4)	(5 343 025)	(4 323 282)	(2 684 661)	(2 323 769)
Gross Profit		3 051 476	3 005 180	1 767 347	1 464 484
Other income		204 123	125 306	132 941	58 785
Selling and distribution expenses	(5)	(809 583)	(475 485)	(460 781)	(254 478)
General and administrative expenses	(6)	(846 459)	(804 057)	(428 496)	(428 623)
Other expenses		(41 266)	(65 466)	(18 645)	(65 424)
Operating profit		1 558 291	1 785 478	992 366	774 744
Finance income		89 439	47 748	55 376	25 515
Finance cost		(666 475)	(185 281)	(330 740)	(30 988)
Net finance cost	(7)	(577 036)	(137 533)	(275 364)	(5 473)
Income from investments in subsidiaries and associates	(8)	687 034	108 014	449 458	26 968
Net profit before tax		1 668 289	1 755 959	1 166 460	796 239
Income tax expense		(34 464)	(454 069)	(22 565)	(151 236)
Deferred tax	(24-1)	(210 357)	88 457	(168 558)	1 798
Total income tax		(244 821)	(365 612)	(191 123)	(149 438)
Net profit for the period		1 423 468	1 390 347	975 337	646 801
Basic and diluted earning per share for the period (L.E. / Share)	(10)	0.83	0.81	0.57	0.38

The attached notes on pages (7) to (22) are an integral part of these condensed separate interim financial statements.

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

	<u>For the six months ended</u>		<u>For the three months ended</u>	
	<u>30/6/2018</u>	<u>30/6/2017</u>	<u>30/6/2018</u>	<u>30/6/2017</u>
	<u>Restated</u>		<u>Restated</u>	
	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>	<u>L.E.(000)</u>
Net profit for the period	1 423 468	1 390 347	975 337	646 801
Other Comprehensive Income Items				
Other Comprehensive Income items	-	-	-	-
Total Comprehensive Income	<u>1 423 468</u>	<u>1 390 347</u>	<u>975 337</u>	<u>646 801</u>

The attached notes on pages (7) to (22) 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 Changes In Equity
For the Six Months Ended June 30, 2018

	Capital <u>L.E. (000)</u>	Legal reserve <u>L.E. (000)</u>	Other reserves <u>L.E. (000)</u>	Retained earnings <u>L.E. (000)</u>	Total <u>L.E. (000)</u>
Balance as of January 1, 2017	17 070 716	1 583 913	2 796 578	4 782 442	26 233 649
Comprehensive income					
Net profit for the period (Restated)	-	-	-	1 390 347	1 390 347
Other comprehensive income items	-	-	-	-	-
Total comprehensive income (Restated)					1 390 347
Transactions with shareholders of the company					
Transferred to legal reserve	-	169 624	-	(169 624)	-
Dividends for year 2016 (Shareholders)	-	-	-	(1 707 071)	(1 707 071)
Dividends for year 2016 (Employees & Board of Directors)	-	-	-	(568 102)	(568 102)
Total transactions with shareholders		169 624		(2 444 797)	(2 275 173)
Balance as of June 30, 2018 (Restated)	17 070 716	1 753 537	2 796 578	3 727 992	25 348 823
Balance as of January 1, 2018 (Restated)	17 070 716	1 753 537	2 796 578	2 797 513	24 418 344
Comprehensive income					
Net profit for the period	-	-	-	1 423 468	1 423 468
Other comprehensive income items	-	-	-	-	-
Total comprehensive income					1 423 468
Transactions with shareholders					
Transferred to legal reserve	-	27 917	-	(27 917)	-
Dividends for year 2017 (Shareholders)	-	-	-	(426 768)	(426 768)
Dividends for year 2017 (Employees & Board of Directors)	-	-	-	(640 345)	(640 345)
Total transactions with shareholders		27 917		(1 095 030)	(1 067 113)
Balance as of June 30, 2018	17 070 716	1 781 454	2 796 578	3 125 951	24 774 699

The attached notes on pages (7) to (22) are an integral part of these condensed separate interim financial statements.

Telecom Egypt Company
(An Egyptian Joint Stock Company)

Condensed Separate Statement of Cash Flows

	<u>Note</u>	<u>For the six months ended:</u>	
	<u>No.</u>	<u>30/6/2018</u>	<u>30/6/2017</u>
		<u>L.E.(000)</u>	<u>Reclassified</u> <u>L.E.(000)</u>
<u>Cash flows from operating activities</u>			
Cash receipts from customers		7 773 957	6 671 968
Value added tax collected from customers		175 565	150 411
Stamp tax and fees collected from third party		26 537	24 700
Deposits returned / (payments) from customers		524	(5)
Cash paid to suppliers		(1 475 073)	(637 201)
Payments of NTRA license fees		(447 331)	(271 464)
Dividends paid to employees and Board of Directors		(527 752)	(491 679)
Cash paid to employees and Board of Directors		(1 446 863)	(1 298 417)
Cash paid on behalf of employees to third party		(326 209)	(284 180)
Cash provided by operating activities		3 753 355	3 864 133
Interest paid		(449 132)	(9 354)
Payments to Tax Authority - income tax		(182 447)	(220 808)
Payments to Tax Authority - value added tax		(975 594)	(852 292)
Payments to Tax Authority - other taxes		(414 336)	(304 113)
Cash paid to third parties for claims		(919 278)	- .
Other proceeds / (payments)		457 199	(371 255)
Net cash provided by operating activities		1 269 767	2 106 311
<u>Cash flows from investing activities</u>			
Payments for purchase of fixed assets , other assets and projects in progress		(2 850 481)	(2 793 397)
Payments for purchase of other assets		(73 307)	(269 426)
Payments for purchase of investments		(123)	- .
Payments for purchase of held-to-maturity investment - treasury bills		(100 023)	(100 025)
Interest received		7 830	11 346
Dividends collected from investments		240 517	89 198
Proceeds from sale of available for sale investment		7	- .
Proceeds from retrieval of held-to-maturity investment - treasury bills		100 023	100 013
Proceeds from securities - treasury bills interest		9 177	8 687
Net cash used in investing activities		(2 666 380)	(2 953 604)
<u>Cash flows from financing activities</u>			
Payments for loans and other facilities		(40 816)	(108 754)
Proceeds from credit facilities		2 003 475	3 765 541
Dividends paid to shareholders		(426 768)	(1 707 071)
Net cash provided by financing activities		1 535 891	1 949 716
Net change in cash and cash equivalents during the period		139 278	1 102 423
Cash and cash equivalents at the beginning of the period	(18)	46 226	520 730
Cash and cash equivalents at the end of the period	(18)	185 504	1 623 153

The attached notes on pages (7) to (22) are an integral part of these condensed separate interim financial statements.

Telecom Egypt Company
(An Egyptian Joint Stock Company)

Notes to the Condensed Separate Interim Financial Statements
For The Six Months Ended June 30, 2018

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 for issuance on August 13, 2018.

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

2-1 Statement of compliance

- These Condensed Separate Interim Financial Statements as of June 30, 2018 have been prepared in accordance with Egyptian Accounting Standard No.30 "Interim Financial Reporting" accordingly it is condensed comparative view to the annual separate financial statements for the company, and in the light of applicable Egyptian laws and regulations related to.
- These Condensed Separate Interim Financial Statements don't include all the required information needed for preparing the full annual financial statements and must be read with the separate annual financial statements as of December 31, 2017

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 and liabilities.
- Operational useful life of fixed assets.

2-5 Fair value measurement

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

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

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

2-6 Segment reporting

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

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

3. OPERATING REVENUES

	For the six months ended		For the three months ended	
	30/6/2018	30/6/2017	30/6/2018	30/6/2017
	Reclassified		Reclassified	
	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
Home and personal communications*	1 228 954	710 005	649 989	358 875
Enterprise*	871 494	755 603	377 186	454 794
Domestic wholesale*	3 441 889	2 830 992	1 897 960	1 346 123
International carriers	2 236 002	2 512 567	1 139 645	1 325 929
International cables and networks	616 162	519 295	387 228	302 532
	8 394 501	7 328 462	4 452 008	3 788 253

Total operating revenues have increased by an amount of L.E. 1 066 039 K mainly due to the increase in both of domestic wholesale revenue by an amount of L.E 610 897 K due to the increase in Access Service revenue in addition to increase in home and personal communications revenues by an amount of L.E 518 949 K due to the increase in revenues resulting from subscription fees of fixed line and rendering Mobile phone services, in addition to the increase in enterprise revenues works by an amount of L.E 115 891 K due to the increase in sales of devices by an amount of L.E 201 146 K, however the decrease in supplementary services revenue led to the limitation of this increase, and also increase in international cables and networks revenue by an amount of L.E 96 867 K due to the increase in international leased circuits, however the decrease in international cables and networks revenue by an amount of L.E 276 565 K led to the limitation of this increase.

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

4. OPERATING COSTS

	For the six months ended		For the three months ended	
	30/6/2018	30/6/2017	30/6/2018	30/6/2017
	Restated		Restated	
	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
Interconnection cost	2 093 490	2 030 603	1 078 596	1 088 111
Depreciation and amortization*	1 135 032	729 964	591 395	376 230
Salaries and wages	747 134	708 003	365 499	381 726
Company's social insurance contribution	93 335	83 193	46 645	41 525
Frequencies and licenses charges (NTRA)	241 382	212 961	126 326	111 778
Other operating cost*	1 032 652	558 558	476 200	324 399
	5 343 025	4 323 282	2 684 661	2 323 769

Operating costs have increased by an amount of L.E. 1 019 743 K mainly due to the following: -

- The increase in the depreciation and amortization item by an amount of L.E 405 068 K due to the additions of the last year after the first half and the current period.
- The increase of other operating cost by an amount of L.E. 474 094 K which is mainly due to the increase of merchandise for sale cost by an amount of L.E 221 630 K also the increase of Fuel and power item by an amount of L.E 100 386 K.
- The increase of interconnection cost by an amount of L.E. 62 887 K which is mainly due to the increase in cost of national roaming and interconnection fees, however the decrease in cost of international connection fees led to limitation from this increase.

*Restatement and reclassification were made to comparative figures as shown in note no (30-2).

5. SELLING AND DISTRIBUTION EXPENSES

	For the six months ended		For the three months ended	
	30/6/2018	30/6/2017	30/6/2018	30/6/2017
	L.E. (000)	Reclassified L.E. (000)	L.E. (000)	Reclassified L.E. (000)
Salaries & wages	385 162	386 650	190 031	206 810
Company's social insurance contribution	43 651	41 757	21 709	20 987
Advertising & marketing	144 793	4 727	98 128	4 712
Organizations services cost	102 632	34 972	55 233	17 544
Other selling and distribution expenses*	133 345	7 379	95 680	4 425
	<u>809 583</u>	<u>475 485</u>	<u>460 781</u>	<u>254 478</u>

The increase in selling and distribution expenses by an amount of L.E 334 098 K mainly due to the increase in Advertising and marketing item by an amount of L.E 140 066 K, also the increase in both of organizations services cost by an amount of L.E 67 660 K and other selling and distribution expenses by an amount L.E 125 966 K mainly due to the increase in Tax and duties by an amount of L.E 58 176 K.

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

6. GENERAL AND ADMINISTRATIVE EXPENSES

	For the six months ended		For the three months ended	
	30/6/2018	30/6/2017	30/6/2018	30/6/2017
	L.E. (000)	Reclassified L.E. (000)	L.E. (000)	Reclassified L.E. (000)
Salaries and wages	577 928	541 338	287 794	294 389
Company's social insurance contribution	60 462	54 855	30 072	26 999
Depreciation	18 759	15 801	9 392	8 238
Tax and duties*	40 295	53 766	23 389	36 234
Organizations services cost and consultants	88 464	114 911	53 471	45 027
Other general and administrative expenses*	60 551	23 386	24 378	17 736
	<u>846 459</u>	<u>804 057</u>	<u>428 496</u>	<u>428 623</u>

The increase in general and administrative expenses by an amount of L.E 42 402 K mainly due to the increase in salaries and wages and equivalent item by an amount of L.E 39 776 K due to the annual increase by 10 % from the basic salary starting from January 2018, however the decrease in organizations services cost and consultants item by an amount of L.E 26 447 K led to limitation from this increase.

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

7. NET FINANCE COST

	<u>For the six months ended</u>		<u>For the three months ended</u>	
	<u>30/6/2018</u>	<u>30/6/2017</u>	<u>30/6/2018</u>	<u>30/6/2017</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Total finance income	89 439	47 748	55 376	25 515
Total finance cost	(666 475)	(185 281)	(330 740)	(30 988)
Net finance cost	<u>(577 036)</u>	<u>(137 533)</u>	<u>(275 364)</u>	<u>(5 473)</u>

The increase in net finance cost by an amount of L.E 439 503 K during the period is mainly due to the increase in debit interest for loans and credit facilities by an amount of L.E 433 668 K, also the finance cost of deferred payments contracts by an amount of L.E 194 627 K, however the increase in translation gain of foreign currencies balances and transactions by an amount of L.E 147 101 K against the same period led to limitation from this increase.

8. INCOME FROM INVESTMENT IN SUBSIDIARIES

	<u>For the six months ended</u>		<u>For the three months ended</u>	
	<u>30/6/2018</u>	<u>30/6/2017</u>	<u>30/6/2018</u>	<u>30/6/2017</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Vodafone Egypt Telecommunications Company	449 458	26 968	449 458	26 968
WE-Data	200 000	76 000	-	-
Middle East Radio Communication (MERC)	2 998	1 921	-	-
The Egyptian Telecommunication Company for information system (Xceed)	31 250	3 125	-	-
Centra for Technology	<u>3 328</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>687 034</u>	<u>108 014</u>	<u>449 458</u>	<u>26 968</u>

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

9. EMPLOYEE'S BENEFITS

9-1 Early retirement scheme

The Company had an early retirement scheme where 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 – by the date of 30/3/2016, internal instructions no. 9 were issued related to apply the optional early retirement for employees during the period from 3/4/2016 until 31/5/2016 the employees who wishes to retire prior to the legal retirement age are entitled to receive a compensation amounting to 125% of their latest basic salary for the remaining service period up to the retirement age with a maximum of 15 years. and now the company doesn't apply any early retirement scheme.

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, 2012 increasing annually at a compound rate of 5%. The subscription for employees hired after January 1, 2012, is calculated according to a subscription schedule for new hires (starting of hiring date 1/1/2012) and increasing at a compound rate of 5% starting from the next year from the hiring date with the same conditions of annual raise of employees.

The employees share in loyalty & belonging fund according to constant subscription are based on the same employees' basic salary where the end of service benefit calculated. The company's share represents annual defined contribution.

10. BASIC AND DILUTED EARNING PER SHARE

	For the six months ended		For the three months ended	
	30/6/2018	30/6/2017 Restated	30/6/2018	30/6/2017 Restated
	Net profit for the period (LE (000))	1 423 468	1 390 347	975 337
Number of shares available during the period	1 707 071 600	1 707 071 600	1 707 071 600	1 707 071 600
Basic and diluted earnings per share for the period (LE / share)	0.83	0.81	0.57	0.38

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

11. FIXED ASSETS

Description	30/6/2017	30/6/2018	30/6/2017	30/6/2018	30/6/2017	30/6/2018	31/12/2017
	Cost	Cost	Accumulated depreciation	Accumulated depreciation	Net	Net	Net
	Restated	Restated	Restated	Restated	Restated	Restated	Restated
	LE(000)	LE(000)	LE(000)	LE(000)	LE(000)	LE(000)	LE(000)
Land*	2 344 334	2 344 390	-	-	2 344 334	2 344 390	2 344 390
Buildings & Infrastructure *	23 471 167	25 722 186	14 530 760	15 064 279	8 940 407	10 657 907	10 122 463
Centrals & information technologies equipment	22 093 082	25 766 131	19 001 478	20 037 541	3 091 604	5 728 590	5 216 374
Vehicles	139 088	143 131	104 929	104 635	34 159	38 496	33 997
Furniture	303 582	316 622	229 877	247 916	73 705	68 706	77 235
Tools & supplies	112 051	133 858	70 212	77 850	41 839	56 008	58 050
Total	48 463 304	54 426 318	33 937 256	35 532 221	14 526 048	18 894 097	17 852 509

- The increase in net carrying value of fixed assets mainly due to the additions during the period by an amount of L.E. 1 905 415 K, however the depreciation of the period by an amount of L.E. 857 127 K led to limitation of this increase.
- The cost of fixed assets as of June 30, 2018 includes an amount of L.E. 23 178 million fully depreciated fixed assets and still in use.
- The useful life for some fixed assets items have been modified during the period based on the technical department opinion and the Board of Directors decree in meeting held on July 5, 2018 effective from 1/1/2018 which led to decrease in the depreciation of the period ended June 30, 2018 by an amount of L.E 168 911K, also the depreciation have been modified for the financial period that ended March 31,2018 by an amount of L.E 85 921 K after applied the modified useful life from 1/1/2018.

*Restatement and reclassification were made to comparative figures as shown in note no (30-1).

12. PROJECTS IN PROGRESS

	<u>30/6/2018</u>	<u>31/12/2017</u>
	<u>Reclassified</u>	
	<u>LE (000)</u>	<u>LE (000)</u>
Land*	17 431	16 503
Buildings and Infrastructure *	703 123	494 046
Tools and supplies	-	2 532
Centrals and information technology equipment*	1 079 865	1 595 127
Other Assets (cables)	-	29 767
Advanced payments - fixed assets	689 259	699 300
	2 489 678	2 837 275

The balance of projects in progress is represented in the part that has been executed from commitments capital and contracts, and the advanced payment until June 30, 2018.

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

13. INVESTMENTS IN SUBSIDIARIES & ASSOCIATES

	<u>30/6/2018</u>	<u>31/12/2017</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
- WE Data	99.99	252 461	99.99	252 461
- TE Investment Holding	99.99	39 998	99.99	39 998
- Egyptian Telecommunication for Information System (Xceed)	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
- Egyptian international submarine cables company (Eiscc)	49.00	123	-	-
- Vodafone Egypt Telecommunications Company	44.95	5 960 054	44.95	5 960 054
- Egypt Trust	35.71	10 000	35.71	10 000
- Consortium Algerien de Telecommunications	33.00	133	33.00	133
	6 385 505			6 385 382
Less:				
Impairment loss on investments of subsidiaries and associates		8 081		8 081
		6 377 424		6 377 301

Impairment loss on investments of subsidiaries and associates is formed for Consortium Algerien de Telecommunications International Telecommunications Consortium Limited, Egypt Trust, Wataneya for Telecommunications and Telecom Egypt France

14. OTHER ASSETS

	30/6/2018 <u>L.E. (000)</u>	31/12/2017 <u>L.E. (000)</u>
Cost		
Fourth generation network license	8 633 330	8 633 330
Submarine cables (right of way)	1 877 725	1 819 357
Land (possession-usufruct)	440 684	440 684
Licenses and programs	56 382	56 382
	11 008 121	10 949 753
Less:		
Accumulated amortization	925 491	628 827
Net carrying amount	10 082 630	10 320 926

- The decrease in net carrying value of other assets mainly due to the amortization of the period by an amount of L.E 296 664 K, however the additions of the period by an amount of L.E. 58 368 K led to limitation of this decrease.
- Other assets amortization is charged to operating costs.
- Other assets cost includes at June 30, 2018 an amount of L.E 167 million, other assets fully depreciated and still in use in operating.

- 15. INVENTORIES

	30/6/2018 <u>L.E. (000)</u>	31/12/2017 <u>L.E. (000)</u>
Spare parts	682 375	636 816
Material supplies ,Merchandise for sale and Letters of credit	191 188	155 874
Others – cables and supplies	229 550	263 973
	1 103 113	1 056 663

The value of inventories was written down by an amount of L.E. 13 634 K (against L.E. 15 064 K as at December 31, 2017) for obsolete and slow-moving items directly from the cost of each type of inventory related to.

16. TRADE RECEIVABLES

	30/6/2018	31/12/2017
	<u>Reclassified</u>	
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Trade Receivables - National*	3 166 393	3 428 298
Trade Receivables - International	2 646 446	2 467 962
	5 812 839	5 896 260
Less:		
Impairment loss on trade receivables	1 994 039	1 994 039
	3 818 800	3 902 221

Trade receivables balance has decreased by an amount of L.E 83 421 K mainly due to the decrease in trade receivables-enterprise by an amount of L.E 117 351 K, trade receivable - domestic by an amount of L.E 150 989 K and trade receivables - international cables and networks by an amount of L.E 309 837 K, however the increase in trade receivables - international carriers by an amount of L.E 488 321 K led to limitation of this decrease.

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

17. DEBTORS AND OTHER DEBIT BALANCES

	30/6/2018	31/12/2017
	<u>Reclassified</u>	
	<u>L.E (000)</u>	<u>L.E (000)</u>
Accrued revenues	448 336	21 669
Deposites with other	182 478	188 343
Suppliers – debit balances	240 187	128 199
Tax Authority - value added tax	591 159	508 447
Tax Authority - withholding tax	90 844	138 429
Due from ministries, organizations and companies*	389 071	315 550
Payments on the account of income tax	25 985	71 916
Temporary debts due from employees	204 180	316 773
Other debit balances*	602 042	632 913
	2 774 282	2 322 239
Less:		
Impairment loss on debtors and other debit balances	106 676	112 181
	2 667 606	2 210 058

Debtors and other debit balances have increased by an amount of L.E. 457 548 K mainly due to the increase in accrued revenues by an amount of L.E. 426 667 K, suppliers - debit balances by an amount of L.E. 111 988 K, and due from ministries, organizations and companies by an amount of L.E 73 521 K, however the settlement of payments on the account of employees as a result of approved dividends for year 2017 led to the limitation of this increase.

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

18. CASH AND CASH EQUIVALENTS

	Note No.	30/6/2018 L.E. (000)	31/12/2017 L.E. (000)
Banks - time deposits (less than 3 months)		122 204	18 504
Banks - current accounts		69 459	38 750
Cash on hand		7 796	1 009
Cash and cash equivalents		199 459	58 263
Less:			
Restricted cash and cash equivalents at banks	(26)	13 955	12 037
Cash and cash equivalents as per cash flows statement		185 504	46 226

19. LOANS AND CREDIT FACILITIES

The increase in the balance of loans and credit facilities by an amount of L.E 1 943 141 K mainly resulting from obtaining of loans and credit facilities with local and foreign currencies amounted to L.E. 9 235 927 K (against LE 7 292 786 K at 31 December, 2017).

20. CREDITORS AND OTHER CREDIT BALANCES

		30/6/2018	31/12/2017
		Reclassified	
		L.E. (000)	L.E. (000)
Suppliers*		185 513	412 903
Tax Authority-Income Tax		51	322 298
Tax Authority (taxes other than income tax)		357 195	424 962
Deposits from others		411 017	400 611
Assets creditors		5 877 416	6 519 614
Dividends payable		770	770
Accrued expenses*		465 527	630 574
Public Authority for Social Insurance		45 264	37 216
Trade receivables - credit balances		357 822	199 481
Credit balances- organizations and companies*		473 981	272 597
Deferred revenue		662 231	74 526
National Telecommunication Regulatory Authority (NTRA)		220 200	345 442
Other credit balances*		1 089 842	661 411
		10 146 829	10 302 405
Less balances due within more than one year:			
Assets creditors		1 488 900	1 258 706
Deffered revenue		36 630	39 448
Credit balances - organizations and companies		5 275	5 275
Non current creditors and other credit balances		1 530 805	1 303 429
Current creditors and other credit balances		8 616 024	8 998 976
Total creditors and other credit balances		10 146 829	10 302 405

Creditors and other credit balances have decreased by an amount of L.E. 155 576 K mainly due to the decrease in both of suppliers item by an amount of L.E 227 390 K, assets creditors item by an amount of L.E 642 198 K, and accrued expenses by an amount of L.E 165 047 K, however the increase in deferred revenue by an amount of L.E 587 705 K led to the limitation of this decrease.

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

21. PROVISIONS

	<u>30/6/2018</u>	<u>31/12/2017</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Balance at the beginning of the period / year	1 746 894	1 057 657
Reclassification during the period/year	793	(96 037)
Reversal of provisions	(4 427)	-
Charged to income statement for the period / year	-	1 158 206
Used during the period / year	(1 179 256)	(372 932)
Balance at the end of the period / year	564 004	1 746 894

*Used provisions during the period for organizations claims settlement.

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

	<u>30/6/2018</u>	<u>31/12/2017</u>
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Legal reserve	1 781 454	1 753 537
Other reserves	2 796 578	2 796 578
	4 578 032	4 550 115

The balance of legal reserve have increased as a result of retaining an amount of L.E. 27 917 K from the profit of 2017 in accordance with the company's articles of association.

24. DEFERRED TAX

24-1 Recognized deferred tax assets and liabilities

	<u>30/6/2018</u>	<u>31/12/2017</u>		
	Assets <u>L.E.(000)</u>	(Liabilities) <u>L.E.(000)</u>	Assets <u>L.E.(000)</u>	(Liabilities) <u>L.E.(000)</u>
Total deferred tax asset (liability)	239 641	(318 466)	396 877	(265 345)
Net deferred tax asset (liability)	-	(78 825)	131 532	-
Deferred tax charged to the income statement for the period / year	(210 357)	40 147		

24-2 Unrecognized deferred tax assets

	30/6/2018	31/12/2017
	<u>L.E. (000)</u>	<u>L.E. (000)</u>
Unrecognized deferred tax assets	<u>495 914</u>	<u>495 127</u>

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

25. CAPITAL COMMITMENTS

The company's capital commitments for the unexecuted parts of contracts until June 30, 2018 amounted to L.E. 325 Million (against L.E. 45 Million at the year ended December 31, 2017) include investees' share in capital 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 statement of financial position, the company has the following contingent liabilities as at June 30, 2018:

	30/6/2018	31/12/2017
	<u>LE (000)</u>	<u>LE (000)</u>
- Letters of guarantee issued by banks on behalf of the company*	809 137	635 836
- Letters of credit	666 677	1 413 702

* Includes letters of guarantee which were issued by banks against restricted cash and cash equivalents at banks (note no.18)

27.TAX POSITION

27-1 Corporate tax

- Tax inspection was performed for the years till December 31, 2015 and all due taxes were settled.
- Tax inspection for the year 2016 is in process.
- Tax return was submitted for the year 2017 and all taxes were paid during the legal dates.

27- 2 Value added Tax /Sales

- On September 7, 2016, Value added tax law no. 67 for the year 2016 was issued and to be effective starting from September 8, 2016 and tax returns were submitted according to the value added tax law on the due legal dates.
- Tax inspection was performed for the years till December 31, 2010 and all due taxes were settled.
- Tax inspection for the years 2011 until 2015 was performed and the tax differences were settled and the company didn't pay the additional tax, lawsuit was raised regarding it.

27- 3 Salary Tax

- Tax inspection was performed for the years till December 31, 2014, and the Company was notified with tax differences and all due taxes were settled and the company objected on disputed item and follow up the matter.
- Tax inspection for the year 2015 is in process.

27- 4 Stamp Tax

- Tax inspection for the period from March 27, 1998 to December 31, 2000 was performed for certain sectors and the company was notified with assessment basis, the company objected and appealed on the disputed items on the due dates and the provisions were formed to meet any tax liabilities that may arise.
- Tax inspection for the period from January 1, 2001 till July 31, 2006 was performed for certain sectors of the company and taxes due were settled. Tax inspection for the remaining sectors is currently being undertaken for the same period.
- Tax inspection for period from August 1, 2006 to December 31, 2009 was performed and due taxes were settled and the disputed item has been transferred to the internal committee .
- Tax inspection for the years from 2010 to 2014 was performed and the disputed items were settled except for the relative stamp on salaries and wages which have been transferred to the Appeal Committee.
- Tax inspection for the years 2015 and 2016 is in process.

27- 5 Real Estate Tax

- All taxes are paid according to the tax forms received by the company. The company's Legal Department follows up the disputes according to the real estate tax law.
- Tax returns were submitted according to the new real estate tax law No.196 for the year 2008 on the due dates. .

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

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.

Transactions with subsidiaries & associates

	Nature of transaction during the period	Amount of transactions during the period stated in the income statement		Movement during the period		Balance as of 30/6/2018 L.E. 000	Balance as of 31/12/2017 Debit/Credit L.E. 000
		Debit L.E. 000	Credit L.E. 000	Debit L.E. 000	Credit L.E. 000		
Debit balances with associates							
- Consortium Algerien de Telecommunications (CAT)*		-	-	-	-	453 902	453 902
- International Telecommunication Consortium Limited (ITCL)*		-	-	-	-	66	66
Credit balances to subsidiaries and associates						453 968	453 968
Participation contract and Purchasing of fixed assets and services rendered from subsidiaries company	19 662	1 381 343	2 031 722	(1 332 531)	(1 182 152)		
Leased circuits and information transfer network rendered	1 745 498	2 076 676	1 979 769	839 807	742 900		
Services rendered from subsidiary company premises, electricity Lease of subsidiary company premises, electricity claims, maintenance and Leased circuits and selling fixed assets	102 073	3 958 019	4 011 491	(492 724)	(439 252)		
Participation contract and Purchasing of fixed assets and services rendered from subsidiaries company	19 070	24 980	9 270	52 820	37 110		
Maintenance & supplying devices	110 503	137 593	126 958	(12 862)	(23 497)		
Maintenance & supplying devices	748	321 760	126 046	(49 892)	(245 606)		
Leased of information circuits	1 217	660	852	(1 316)	(1 124)		
Supplying & installing communication networks	748	1 387	1 387				
Rendered services from subsidiary company	32 234	1 056	852	(309)	(513)		
Leased sites for subsidiary company	9	2 443	2 239	(309)	(513)		
	9	37 658	36 102	(2 322)	(3 878)		
	9	37 667	36 102	(2 313)	(3 878)		
Participation contract	9 161	-	9 351	(29 268)	(19 917)		
International clearing	-	-	6	(837)	(831)		
Participation contract	15 235	-	9 357	(30 105)	(20 748)		
Outgoing calls and voice services for associate company	1 282 818	2 383 665	2 381 181	(351 555)	(354 039)		
Incoming international calls, claims, transmissions, lease of locations and towers for the company	503 383	-	-	-	-		
		21 895	15 667	(71 092)	(77 320)		
Vodafone Egypt Telecommunications Company	1 282 818	2 383 665	2 381 181	(351 555)	(354 039)		
Vodafone Egypt Telecommunications Company	503 383	-	-	-	-		
		6 863 702	6 709 893	(1 012 168)	(1 165 977)		

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

- Amount of transactions during the period which included in the income statement does not include the value added tax

29. SIGNIFICANT CLAIMS AND LITIGATIONS

Dispute with Etisalat Misr regarding interconnection rates

A case was brought by Etisalat Misr against Telecom Egypt on 6th of June 2015 regarding the International Incoming Voice Services, TE external legal counsel stated that it's an account claim which it differs from the claim for which the plaintiff seeks to ask the other party to pay a certain amount. According to the preliminary ruling the court appoint an expert to calculate of Etisalat Misr entitlement from the company, On August 26, 2017 the expert issued a report include an estimate for Etisalat Misr entitlement from the company by an amount of U\$ 125 millions , according to the opinion of the company's management , this report was prepared on inaccurate assumptions, this report is considered only an opinion and shall not "restrict the court".

On October 21, 2017, Etisalat Misr request to amend the Claims to compel Telecom Egypt to pay the amount stated in the expert report, the company has submitted a memorandum of defense containing the legal defense against the said report , and has also requested leave to provide a memorandum to challenge the basis of challenges to the method used by the expert to reach its inaccurate findings along with the supporting documents . On November 25, 2017 the company submitted the supporting documents and memo's to the court. The court has decided to postpone the hearing on January 30, 2018 for judgment.

The company's Board of Directors in it's meeting held on January 22, 2018 approved the frame agreement of settling all the said disputes between TE and Etisalat Misr, the agreements which are related to the frame settlement were signed between the dispute parties on January 22, 2018. According to this agreement the two parties completely finalized the differences between them regarding the international incoming voice services.

30. Comparative figures

- Restatement was made to some of the comparative figures of the condensed separate statement of financial position, condensed separate statement of income and condensed separate statement of comprehensive income as a result of the reclassification was made on fixed assets item which led to the increase in its cost by an amount of L.E 856 253 K against decrease in projects in progress by the same amount, as a result of recording these fixed assets since the beginning of providing the service in 2017, which led to make an adjustment led to increase in accumulated depreciation of fixed assets by an amount of L.E 98 479 K against increase in depreciation expense for the year 2017 included in operating costs by the same amount, regarding to the six months ended June 30, 2017 was restated by an amount of L.E 19 622 K.
- Reclassification was made to some of the comparative figures of the condensed separate statement of financial statement, and condensed separate statement of income and condensed separate statement of cash flows to conform to the current presentation of the condensed separate interim financial statements.

The following is the effect of restatement and reclassification on the condensed separate interim financial statements:

30-1 Condensed Separate Statement of Financial position

	1/1/2017 <u>as previously reported</u>	<u>Reclassification</u>	1/1/2017 <u>Reclassified</u>
	<u>debit / (credit)</u> <u>LE(000)</u>	<u>debit / (credit)</u> <u>LE(000)</u>	<u>debit / (credit)</u> <u>LE(000)</u>
Fixed assets	14 020 657	(148 395)	13 872 262
Other assets	1 215 509	148 395	1 363 904
Trade receivables	4 652 069	96 438	4 748 507
Debtors and other debit balances	1 613 138	(23 155)	1 589 983
Debit balances to associates	-	30 245	30 245
Creditors and other credit balances	(5 937 674)	326 382	(5 611 292)
Credit balance to associates	-	(429 910)	(429 910)

	31/12/2017 as previously reported	Restated	Reclassification	31/12/2017 Restated
	debit / (credit) LE(000)	debit / (credit) LE(000)	debit / (credit) LE(000)	debit / (credit) LE(000)
Fixed assets	17 094 735	(98 479)	856 253	17 852 509
Projects in progress	3 693 528	-	(856 253)	2 837 275
Retained earnings	(2 895 992)	98 479	-	(2 797 513)
Trade receivable	4 312 747	-	(410 526)	3 902 221
Debtors and other debit balances	2 210 282	-	(224)	2 210 058
Creditors and other credit balances	(10 575 703)	-	1 576 727	(8 998 976)
Credit balance to subsidiaries and associates	-	-	(1 165 977)	(1 165 977)

30-2 Condensed Separate Statement of Income

	For the six months ended			For the six months ended			For the three months ended			For the three months ended		
	30/6/2017			30/6/2017			30/6/2017			30/6/2017		
	as previously reported	Restatement	Reclassification	Restated	Restated	Restatement	Reclassification	Restated	Restated	Restated	Restatement	Reclassification
	(debit) / credit LE(000)											
Operating revenues	7 419 793	-	(91 331)	7 328 462	3 832 568	-	(44 315)	3 788 253	-	(44 315)	3 788 253	
Operating cost	(4 301 097)	(19 622)	(2 563)	(4 323 282)	(2 316 116)	(5 871)	(1 782)	(2 323 769)	-	(1 782)	(2 323 769)	
Selling and distribution expenses	(566 816)	-	91 331	(475 485)	(298 793)	-	44 315	(254 478)	-	44 315	(254 478)	
General and administrative expenses	(812 633)	-	8 576	(804 057)	(431 785)	-	3 162	(428 623)	-	3 162	(428 623)	
Income tax expense	(448 056)	-	(6 013)	(454 069)	(149 856)	-	(1 380)	(151 236)	-	(1 380)	(151 236)	

30-3 Condensed Separate Statement of Cash Flows

	For the six months ended			For the six months ended		
	30/6/2017			30/6/2017		
	as previously reported	Restatement	Reclassification	Restated	Restatement	Reclassification
	LE(000)	LE(000)	LE(000)	LE(000)	LE(000)	LE(000)
cash paid to suppliers	(641 525)	-	4 324	(637 201)	-	(637 201)
Payments to tax authority - other taxes	(299 789)	-	(4 324)	(304 113)	-	(304 113)

31- SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of the condensed separate interim financial statements as of June 30, 2018 is the same as the accounting policies applied in the preparation of the annual separate financial statements as of December 31, 2017, these accounting policies have been applied consistently to all periods presented in these condensed separate interim financial.

Restatement and reclassification were made to some of comparative figures of the condensed separate interim financial statements (note no.30).