(Khaled El-Ghannam & Co.)
Accountants, Auditors & Consultants

(Deloitte - Saleh, Barsoum & Abdel Aziz)
Accountants & Auditors

IBN SINA PHARMA
S.A.E.
Financial Statements
Together with Auditor's Report
For The Financial Year Ended
December 31, 2015

Translation of the auditor's report
Originally issued in Arabic

(Khaled El-Ghannam & Co.)
Accountants, Auditors & Consultants

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Auditor's Report

To: The Shareholders of IBN SINA PHARMA (S.A.E.)

Report on the financial statements

We have audited the accompanying financial statements of Ibn Sina Pharma (S.A.E), which comprise of the balance sheet as of December 31, 2015, and income statement, statement of changes in equity and cash flows statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

These financial statements are the responsibility of company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards, and in light of the prevailing Egyptian laws. Management responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, management responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.we conducted our audit in accordance with the Egyptian Auditing Standards and in the light of the prevailing Egyptian laws. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above give a true and fair view, in all material respects, of the financial position of Ibn Sina Pharma (S.A.E.) as of December 31, 2015, its financial performance and its cash flows for the financial year then ended in accordance with the Egyptian Accounting Standards and in the light of the related applicable Egyptian laws and regulations.

Report on the legal requirements and other regulations

The company maintains proper books of accounts, which include all that is required by law and by the statutes of the company, the financial statements are in agreement with the company's books of accounts. The company also maintains cost accounting records that meet the purposes thereof and the physical inventory was counted by the company's management in accordance with methods in practice.

The financial information referred to in the report of the Board of Directors is prepared in compliance with Law No. 159 of 1981 and its executive regulations thereto and is in agreement with the company's books of account.

Cairo, February 28, 2016

Kamel Magdy Saleh, FCA
F.E.S.A.A (R.A.A. 8510)

Khaled El Ghannam,
F.E.S.A.A (R.A.A. [illegible])
F.E.S.[illegible]

Translation of the financial statements
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Ibn Sina Pharma (S.A.E)
Balance Sheet as of December 31, 2015

	Note No.	December 31, 2015 EGP	December 31, 2014 EGP
Long-term assets			
Fixed assets (net)	(3-2/4)	152 479 284	118 665 534
Projects under construction	(3-3/6)	13 787 246	25 864 360
Deferred tax assets	(3-8/18)	6 910 970	3 876 370
Other assets	(3-4/5)	5 307 263	2 839 753
Total long term assets		178 484 763	151 246 017
Current assets			
Inventories (net)	(3-5/7)	456 212 484	427 636 583
Accounts and notes receivable (net)	(3-6/8)	1 379 306 986	1 127 421 416
Suppliers advance payment (net)	(3-6)	30 652 464	12 390 885
Debtors and other debit balances (net)	(3-6/9)	135 713 784	90 214 055
Due from related parties		371 035	371 035
Cash and cash equivalents	(3-12/10)	32 865 900	16 367 823
Total current assets		2 035 122 653	1 674 401 797
Current liabilities			
Provisions for claims		600 000	-
Credit facilities	(13)	156 685 745	206 501 191
Accounts and notes payable	(3-14/12)	1 678 860 117	1 389 369 884
Customers advance payment	(3-14)	6 002 767	4 756 561
Creditors and other credit balances	(3-14/11)	44 251 025	43 206 215
Land purchase creditors	(3-14/15)	1 001 324	401 324
Short-term loans	(14)	24 865 804	25 211 634
Total current liabilities		1 912 266 782	1 669 446 809
Working capital		122 855 871	4 954 988
Total investment		301 340 634	156 201 005
Financed as follows:			
Shareholders' equity			
Issued and paid-up capital	(16)	24 000 000	20 000 000
Share premium	(17)	148 000 000	-
Legal reserve		8 211 418	6 334 368
Retained earnings		13 000 157	46 255 304
Net profit for the year		57 358 320	37 540 995
Total Shareholders' equity		250 569 895	110 130 667
Long term liabilities:			
Long-term loans	(14)	14 768 161	21 978 215
Long-term notes payable		35 861 139	23 880 110
Long term land purchase creditors	(3-14/15)	141 439	212 013
Total long term liabilities		50 770 739	46 070 338
Total working capital finance and long term assets		301 340 634	156 201 005

- The accompanying notes form an integral part of the financial statements and to be read therewith.

Finance Manager   Managing Director   Chairman

Translation of the financial statements
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Ibn Sina Pharma (S.A.E)

Income Statement

For the Financial Year Ended December 31, 2015

	Note No.	December 31, 2015 EGP	December 31, 2014 EGP
Sales	(3-10)	5 437 428 208	4 301 431 071
(Less)			
Sales discount		(111 391 184)	(104 139 914)
Sales (Net)		5 326 037 024	4 197 291 157
Cost of sales		(4 931 514 834)	(3 889 571 576)
Gross profit		**394 522 190**	**307 719 581**
(Less)			
Selling and marketing expenses		(188 349 279)	(144 135 752)
General and administrative expenses		(54 746 924)	(43 965 382)
Fixed assets depreciation		(17 721 410)	(10 328 474)
Amortization of company share in finance leased assets		(1 071 088)	(708 637)
Impairment of accounts and notes receivable		(6 475 000)	(5 776 118)
Provisions for claims		(600 000)	-
Impairment for debtors and other debit balances		(200 000)	(937 396)
Interest and financing expenses	(3-11)	(56 330 766)	(48 879 962)
Operating profits		**69 027 723**	**52 987 860**
Add / (Less)			
Capital gain		1 376 700	7 119 374
Gain / (loss) revaluation of foreign currency		152 369	(90 086)
Other income		5 330 849	2 158 942
Interest Income		-	79 404
Net profit for the year before tax		**75 887 641**	**62 255 494**
Current tax	(3-8/18)	(21 563 921)	(22 335 421)
Deferred tax	(3-8/18)	3 034 600	(2 379 078)
Net profit for the year		**57 358 320**	**37 540 995**

- The accompanying notes form an integral part of the financial statements and to be read therewith.

Finance Manager **Managing Director** **Chairman**

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Ibn Sina Pharma (S.A.E)
Cash Flows Statement
For the Financial Year Ended December 31, 2015

	December 31, 2015 EGP	December 31, 2014 EGP
Cash flows from operating activities		
Net profits for the year before tax	75 887 641	62 255 494
Adjustments to reconcile net profit to net cash flows generated from operating activities:		
Fixed assets depreciation	17 721 410	10 328 474
Other assets amortization	1 071 088	708 637
Impairment of accounts and notes receivable	6 475 000	5 776 118
Provisions for claims	600 000	-
Impairment of debtors and other debit balances	200 000	937 396
Capital gain	(1 376 700)	(7 119 374)
Interest and financing expenses	56 330 766	48 879 962
Net operation profit before changes in working capital	156 909 205	121 766 707
Changes in working capital		
(Increase) in inventories	(28 575 901)	(91 040 102)
(Increase) in accounts and notes receivable	(258 360 570)	(280 709 791)
(Increase) in suppliers advance payment	(18 261 579)	(3 124 196)
(Increase) in debtors and other debit balances	(45 702 022)	(37 142 187)
(Increase) in due from related parties	-	(16 000)
Increase in accounts and notes payable	301 471 262	391 899 870
Increase / (decrease) in customers advance payments	1 246 206	(2 542 785)
(Decrease) in creditors and other credit balances	(13 612 744)	(3 963 288)
Cash flows generated from operating activities	95 113 857	95 128 228
Income tax paid	(7 192 013)	-
Finance cost paid	(56 117 204)	(48 844 679)
Net cash flows generated from operating activities	31 804 640	46 283 549
Cash flows from investing activities		
(Payments) for purchase of fixed assets	(27 945 190)	(7 774 339)
(Payments) for projects under construction	(11 603 952)	(48 302 522)
(Payments) for purchase of other assets	(3 539 067)	(2 155 186)
Increase / (decrease) in land purchase creditors	529 426	(70 574)
Proceeds from selling of fixed assets	1 470 558	4 234 517
Net cash flows (used in) investing activities	(41 088 225)	(54 068 104)
Cash flows from financing activities		
Dividends paid	(68 847 008)	(24 249 654)
(Decrease) / increase in short and long term loans	(7 555 884)	17 914 827
(Decrease) / increase in credit facilities	(49 815 446)	18 247 731
Increase in capital	4 000 000	-
Share premium	148 000 000	-
Net cash flows generated from financing activities	25 781 662	11 912 904
Net change in cash and cash equivalents during the year	16 498 077	4 128 349
Cash and cash equivalents at beginning of the year	16 367 823	12 239 474
Cash and cash equivalents at end of the year	32 865 900	16 367 823

Non-cash transactions

*The effect of transfer amounted to EGP 23 346 810 has been eliminated from projects under construction and fixed assets
*The effect of unpaid portion of dividend payable amounted to EGP 72 084 has been eliminated from the dividends paid.

- The accompanying notes form an integral part of the financial statements and to be read therewith.

Finance Manager Managing Director Chairman

Translation of the financial statements
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Ibn Sina Pharma (S.A.E)
Statement of Changes in Equity
For the Financial Year Ended December 31, 2015

	Issued and Paid-up Capital	Share Premium	Legal Reserve	Capital Reserve	Retained Earnings	Net Profits for the Year	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of December 31, 2013	20 000 000	-	4 577 089	5 498 180	31 935 000	35 145 579	97 155 848
Transferred to legal reserve	-	-	1 757 279	-	-	(1 757 279)	-
Adjustments on retained earnings	-	-	-	(5 498 180)	5 498 180	-	-
Transferred to retained earnings	-	-	-	-	33 388 300	(33,388,300)	-
Dividends paid	-	-	-	-	(24 566 176)	-	(24 566 176)
Net profit for the year	-	-	-	-	-	37 540 995	37 540 995
Balance as of December 31, 2014	20 000 000	-	6 334 368	-	46 255 304	37 540 995	110 130 667
Capital increase	4 000 000	-	-	-	-	-	4 000 000
Share premium	-	148 000 000	-	-	-	-	148 000 000
Transferred to legal reserve	-	-	1 877 050	-	-	(1 877 050)	-
Transferred to retained earnings	-	-	-	-	35 663 945	(35 663 945)	-
Dividends paid	-	-	-	-	(68 919 092)	-	(68 919 092)
Net profit for the year	-	-	-	-	-	57 358 320	57 358 320
Balance as of December 31, 2015	24 000 000	148 000 000	8 211 418	-	13 000 157	57 358 320	250 569 895

- The accompanying notes form an integral part of the financial statements and to be read therewith.

Finance Manager　　　　Managing Director　　　　Chairman

1 General Information

IBN SINA LABOREX (S.A.E) was established according to Law No. 159 of 1981 and its executive regulation and pursuant to the provisions of Law No. 95 of 1992 and its executive regulations, for the purpose of purchasing and selling in wholesale and distribution of all pharmaceutical and semi-pharmaceutical products locally or imported, and for the purchasing and selling in wholesale and distribution of any other products and tools related to health and health care, and the export and import of all products, equipment and tools, processing and packing of all products, equipment and tools related to health and medical care, maintenance, supply of information and consultancy that are related to medicine field, and to train and supply the materials required for training in all fields and activities, obtain an economic income, and perform the commercial and scientific adverting related to medicine as well as all the activities. Also, to obtain the commercial agencies from the foreign and local companies which are specialized in manufacturing and distributing the pharmaceutical and semi-pharmaceutical products, as well as the equipment, tools which are related to health and medical care, and to store the pharmaceutical, semi-pharmaceutical products, equipment, tools by any means, and assemble, manufacture and package of human, biotechnological, and veterinary medicine, cosmetics, food supplements, all types of disinfectants, manufacturing all the companies products for third parties and laboratories and hospital supplies and medicine production supplies and pursue all the related services and own the pharmaceutical and semi-pharmaceutical products, and register the above mentioned products by the regulations, and also the packaging of products, tools, equipment pharmaceutical and semi-pharmaceutical which are related to health and superior care, provided that the company would issue all the licenses required for this issue, concerning the pursue of each activity in accordance with all the laws and regulations. January 8, 2002, was considered as the start date of the company's activity in accordance with the Commercial Register. The company's name was changed during the year 2007 from IBN SINA LABOREX to IBN SINA PHARMA. In addition, the company had added some activities during year 2014, and these activities were added in the Commercial Register, as mentioned above.

2 Basis of Preparing the Financial Statements

2.1 Compliance with Accounting Standards and Laws

The financial statements have been prepared in accordance with the Egyptian Accounting Standards "EASs" and applicable laws and regulations. The Egyptian Accounting Standards require referral to International Financial Reporting Standards "IFRSs", when no Egyptian Accounting Standard or legal requirement exists to address certain types of transactions and events.

Functional and Presentation Currency

The financial statements are presented in Egyptian Pound which represents the functional currency of the company.

2.2 Basis of Measurements

The financial statements are prepared on historical cost basis.

2.3 Critical Accounting Judgments and Key Sources of Uncertain Estimations

In the application of the company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates and the differences could be material. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period during 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

The following are the significant assumptions and estimates used by management:

- Long-term assets
- Inventory
- Accounts receivable
- Debtors and other debit balance
- Provisions
- Accrued expenses
- Deferred tax

3 Significant Accounting Policies

The accounting policies described below have been applied in a consistent manner during the financial periods presented in these financial statements.

3.1 Foreign Currencies Transactions

The company maintains its books of accounts in Egyptian pound. Transactions denominated in foreign currencies are translated to the Egyptian pound at the rates prevailing on the transactions date. At the balance sheet date, monetary assets and liabilities denominated in other currencies are translated to the Egyptian pound at the rates prevailing on that date. Currency differences arising from transactions concluded during the year, and from the re-evaluation as of the balance sheet date are stated in the income statement. Non-monetary assets and liabilities which are recorded using historical cost in foreign currencies, are recorded using the foreign exchange rate at the date of the transaction.

3.2 Fixed Assets and their Depreciation

3.2.1 Recognition and Measurement

Owned fixed assets held for use in the production, supply of goods or service, or for administrative purposes, are stated at cost less accumulated depreciation and accumulated impairment losses (Note No. 3.15). Cost includes all costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Where an item of fixed asset comprises major components having different useful lives, they are accounted for as separate items of fixed assets.

Assets in the course of construction for production, rental or administration purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees as well as all directly attributable cost. Depreciation of these assets commences when the assets are ready for their intended use on the same basis as other fixed assets.

3.2.2 Subsequent Expenditures

Expenditures incurred to replace a fixed asset or a component of an item of a fixed asset that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Other subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the item of fixed asset. All other expenditures are recognized in the income statement as expenses when incurred.

3.2.3 Depreciation

The depreciation expense is charged to the income statement according to the straight-line method, over the estimated useful life of each type of asset or the useful life of the main components of the assets which are considered as an asset by itself (except for the lands which are not depreciated). The remaining of the estimated useful life of fixed assets is reviewed on a periodic basis, and if the remaining of the estimated useful life is significantly different from the primary estimate, then the net book value is amortized over the remaining useful life after its amendment. The following is a statement of the estimated useful life for each item of the fixed asset items:

Description	Estimated useful life (in Years)
Buildings	10 - 40
Machinery and equipment	7 - 35
Vehicles	5
Computers and networks	3 - 40
Furniture and office equipment	5

Depreciation commences when the fixed asset is completed and made available for its intended use.

Gains and losses on disposal of fixed assets are determined by comparing the net disposal proceeds with the carrying amount, which are included in the income statement.

3.3 Projects under Construction

Costs relating to the acquisition and construction of fixed assets are initially recorded under projects under construction. When the asset is completed and ready for use, it is transferred to fixed assets.

3.4 Other Assets

The other assets are represented in the company's share of the finance lease assets and associated with the finance lease contracts, which are concluded through the amortization of the company's share of financing the construction and purchase of leased assets over the finance lease contracts starting from the leased assets operation.

3.5 Inventories

Inventories are measured at lower of cost or net realizable value. The net realizable value is determined based on the estimated selling price, in the ordinary course of business, less the estimated costs necessary to make the sale, and cost is determined using the moving average method.

3.6 Accounts Receivable, Notes Receivable, and Debtors and Other Debit Balances

Accounts receivable, notes receivable, and debtors and other debit balances, which are not interest bearing, are recognized at nominal value and stated less accumulated losses resulting from the impairment in its value (Note No. 3-15).

3.7 Provisions

Provisions are recognized when the company has a present obligation legal or constructive as a result of a past event, and it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows - at the discount rate before tax – which reflects the current estimate of the market, for the time value of money and the risks associated with the obligation, if appropriate Provisions are reviewed at the consolidated balance sheet date and amended (when necessary) to reflect the best current estimate.

3.8 Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Income tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

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

3.9 Revenue Recognition

Revenue from the sale of products, is recognized in the income statement when the significant risks and rewards of ownerships have been transferred to the buyer. Revenues are presented net of returns and allowances.

Revenue is measured at the fair value of the consideration received or receivable, and represents the amounts receivable for goods and services provided in the normal course of business, net of discounts and other sales related taxes.

Revenue is not recognized if there are uncertainties regarding the recovery of the due associated costs or the possible return of goods, and also the continuing management involvement with the goods.

3.10 Sales Revenue

Revenue is recognized when all the following conditions are satisfied:

- The company has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the sold goods.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the entity.
- Costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.11 Borrowing Costs

Borrowing costs are recognized as expense in the income statement when incurred.

3.12 Cash and Cash Equivalents

For the purpose of preparing the cash flows statement, cash and cash equivalents comprise cash at banks and on hand, long-term deposits, other short-term highly liquid investments with maturities of three months or less from the acquisition date, and banks overdraft that are repayable on demand, and which form an integral part of the company management.

3.13 Cash Flows Statement

Cash flows statement are prepared using indirect method.

3.14 Payables, Accrual Expenses, Creditors and Other Credit Balances

Payables, accrued expenses, creditors and other credit balances are initially recognized at fair value including the direct transaction costs.

3.15 Impairment

a. Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost, is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset in calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b. Non-Financial Assets

The carrying amounts of the company's non-financial assets - other than inventories and deferred tax assets - are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income statement.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks associated with the asset.

3.16 Dividends

Dividends are recognized as a liability in the period during which they are declared.

3.17 Employees Profit Sharing

Employees Profit sharing is recognized as a dividend distribution through equity, and as a liability in the financial period during which the company's shareholders approved this distribution. The company pays 10% of their cash dividends as profit sharing to its employees provided that it does not exceed total employees annual salaries. No liability is recognized for profit sharing relating to undistributed profits.

4. Fixed Assets (net)

	Land	Buildings	Machinery and equipments	Vehicles	Computers and software	Furniture and fixtures	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost							
Cost as of 1/1/2015	19 066 920	102 203 301	33 114 640	3 116 144	8 556 884	4 472 861	170 530 750
Additions during the year	1 119 300	33 751 643	13 494 124	405 994	1 904 952	906 747	51 582 760
Disposals during the year	-	-	(187 132)	(34 504)	(184 839)	(1 966)	(408 441)
Adjustments during the year	-	(717 795)	-	-	-	-	(717 795)
Cost as of 31/12/2015	20 186 220	135 237 149	46 421 632	3 487 634	10 276 997	5 377 642	220 987 274
Accumulated depreciation							
Accumulated depreciation as of 1/1/2015	-	27 551 881	13 197 230	2 941 704	4 745 306	3 429 095	51 865 216
Depreciation charged for the year	-	10 265 372	5 393 239	189 043	1 136 795	736 961	17 721 410
Accumulated depreciation of disposals	-	-	(183 825)	(18 882)	(156 172)	(1 962)	(360 841)
Adjustments during the year	-	(717 795)	-	-	-	-	(717 795)
Accumulated depreciation as of 31/12/2015	-	37 099 458	18 406 644	3 111 865	5 725 929	4 164 094	68 507 990
Net book value as of 31/12/2015	20 186 220	98 137 691	28 014 988	375 769	4 551 068	1 213 548	152 479 284
Net book value as of 31/12/2014	19 066 920	74 651 420	19 917 410	174 440	3 811 578	1 043 766	118 665 534

* Fixed assets include assets that fully depreciated which are still in use as of December 31, 2015, amounted to EGP 34 809 494.

** Some of company's lands contracts are not registered yet, and are currently in the process of being registered.

5 Other Assets (net)

	December 31, 2015 EGP	December 31, 2014 EGP
Opening balance	2 839 753	1 401 093
Addition during the year	3 539 067	2 155 186
(Less):		
Disposals during the year	(469)	(7 889)
Amortization during the year	(1 071 088)	(708 637)
	5 307 263	**2 839 753**

* Other assets are represented in the company's share that paid in the finance lease assets, which are related to finance lease contracts, and the remaining balance is represented in the amounts which were not amortized until December 31, 2015. Amortization is concluded over the contract period. For more details, refer to Note No. (19).

6 Projects under Construction

Buildings	12 167 642	23 105 970
Furniture	91 030	348 724
Computers	223 309	262 923
Machines and equipment	1 305 265	2 146 743
	13 787 246	**25 864 360**

* The most significant items in the projects under construction are represented in the cost of constructing and preparing new warehouses in Aswan and Luxor at the cost amounting to EGP 9 300 633 as of December 31, 2015.

7 Inventories (net)

Goods available for sale	428 517 950	398 413 335
Sales return warehouse *	25 664 463	27 613 858
Spare parts	1 587 713	1 293 072
Goods in transit	442 358	316 318
	456 212 484	**427 636 583**

* Sales return warehouse is represented in the value of expired goods, which were returned back to the suppliers according to the contracts conditions with them.

8 Accounts and Notes Receivable (net)

	December 31, 2015	December 31, 2014
	EGP	EGP
Accounts receivable	776 142 280	593 148 146
Notes receivable	636 062 209	560 695 773
	1 412 204 489	1 153 843 919
Less:		
Accounts receivable impairment	(32 897 503)	(26 422 503)
	1 379 306 986	**1 127 421 416**

9 Debtors and Other Debit Balances

Prepaid installments for finance lease companies *	54 264 279	34 406 577
Suppliers under settlement	44 561 842	25 956 102
Withholding tax	4 269 492	7 112 617
Advance payment for purchasing assets	2 690 466	4 347 801
Deposits with others	4 138 766	3 784 942
Due from finance lease companies	2 448 267	3 115 320
Prepaid expenses	4 041 474	2 928 139
Debit balances under income tax account	15 355 162	7 192 013
Due from employees	2 960 476	951 420
Other debit balance	7 672 353	6 907 917
Total	**142 402 577**	**96 702 848**
Less:		
Impairment in other debit balances	(6 688 793)	(6 488 793)
	135 713 784	**90 214 055**

* This balance represents the amount due from the company for the finance lease contracts. For more details, refer to Note No. (19).

10 Cash and Cash Equivalents

Letters of guarantee margin	5 000	5 000
Bank current account – Egyptian pound	32 669 020	16 339 253
Bank current account – Foreign currencies	191 880	23 570
	32 865 900	**16 367 823**

11 Creditors and Other Credit Balances

	December 31, 2015 EGP	December 31, 2014 EGP
Accrued income tax	21 563 921	22 335 421
Withholding tax	4 341 899	3 303 655
Sales Tax Authority	1 385 073	863 071
Payroll tax	487 445	370 318
Social Insurance Authority	875 903	833 442
Dividends tax	2 069 179	--
Dividends payable	72 084	361 527
Accrued expenses	8 880 452	9 975 260
Other credit balances	4 575 069	5 163 521
	44 251 025	**43 206 215**

12 Accounts and Notes Payable

Accounts payable	300 223 665	224 461 219
Notes payable *	1 378 636 452	1 164 908 665
	1 678 860 117	**1 389 369 884**

* The balance included an amount of EGP 18 403 140 as of December 31, 2015 and EGP 10 526 467 as of December 2014, which represents the value of accrued notes payable on the company for finance lease contracts. For more details, refer to Note No. (19).

13 Credit Facilities

Ahli United Bank	54 165 641	67 602 378
Commercial International Bank	60 403 116	57 359 951
Qatar National Bank	4 161 237	30 823 644
The United Bank	11 270 597	22 582 206
HSBC Bank	1 246 726	17 808 782
Barclays Bank	4 363 207	6 750 779
Arab Bank	2 845 733	3 434 603
Union National Bank	--	138 848
National Bank of Egypt	18 229 488	--
	156 685 745	**206 501 191**

* The banks credit facilities item - represents the credit facilities provided from some banks in Egyptian pound with variable interest rates, and some of these facilities are without guarantees, and the others are guaranteed by notes receivable or with insurance policy on a portion of the inventory in favor of the banks.

14 Short and Long-Term Loan Installments

Bank	Currency	Available from Loan	Date of the Loan	Date of Last Installment	Current Portion of the Loan	Long-Term Portion of the Loan	Balance as of 31/12/2015	Balance as of 31/12/2014
CIB Bank	Egyptian pound	34 623 946	December 2013	November 2016	15 203 946	-	15 203 946	30 739 946
HSBC Bank	Egyptian pound	20 500 000	December 2012	January 2016	2 277 778	-	2 277 778	9 111 112
HSBC Bank	Egyptian pound	35 000 000	December 2014	December 2018	7 384 080	14 768 161	22 152 241	7 338 791
		90 123 946			**24 865 804**	**14 768 161**	**39 633 965**	**47 189 849**

	December 31, 2015 EGP	December 31, 2014 EGP
Current portion	24 865 804	25 211 634
Long-term loans	14 768 161	21 978 215
Total loans	**39 633 965**	**47 189 489**

* Loans provided for the company with variable interest rates. These loans are guaranteed with insurance policies against all risks on the company's warehouses financed by the bank in favor of banks.

15 Land Purchase Creditors

The balance as of December 31, 2015, is represented in the remaining amount due from the company for the lands purchased in Mansoura, El Sharqia, Beni Suef and Ismailia.

16 Capital

- The company's authorized capital amounted to EGP 50 000 000 (only fifty million Egyptian pounds), and the company's issued and paid-up capital amounted to EGP 35 000 000 (only thirty five million Egyptian pounds) distributed over 350 000 shares, at a par value of EGP 100 each (only one hundred Egyptian pounds), all represented in cash shares.

- On August 26, 2005, the Extraordinary General Assembly Meeting decided to increase the issued and paid-up capital to become EGP 50 000 000 (only fifty million Egyptian pounds), distributed over 500 000 shares, at a par value of EGP 100 (only one hundred Egyptian pounds), all represented in cash shares.

- On December 10, 2006, the Extraordinary General Assembly Meeting decided to buy the shares of the French side which represents the nominal value of EGP 34 193 900 (only thirty four million, one hundred and ninety three thousand, and nine hundred Egyptian pounds) at 68.38% of the total former shareholders contribution at the rate of 93.5%, and the staff at 6.5%. The registration procedures were finalized at the end of year 2007.

- On September 17, 2008, the Extraordinary General Assembly Meeting agreed to amend Article No. (6) of the company's Articles of Association by reducing the accumulated losses at the value of EGP 30 000 000 (only thirty million Egyptian pounds) from the issued and paid-up capital by an amount of EGP 50 000 000 (only fifty million Egyptian pounds) before amendment, and therefore the authorized capital became EGP 50 000 000 (only fifty million Egyptian pounds) and the issued and paid-up capital in full after amendment became EGP 20 000 000 (only twenty million Egyptian pounds) distributed over 200 000 shares, at the par value of EGP 100 each (only one hundred Egyptian pounds), all represented in cash shares.

- On May 27, 2015, the Extraordinary General Assembly Meeting agreed to amend Article No. (6) of the company's Articles of Association by reducing the authorized capital to become EGP 24 000 000 (only twenty four million Egyptian pounds) instead of EGP 50 000 000 (only fifty million Egyptian pounds) and the issued and paid-up capital in full to become EGP 24 000 000 after the amendment (only twenty four million Egyptian pounds) instead of EGP 20 000 000 (only twenty million Egyptian pounds) distributed over 240 000 shares (only two hundred forty thousand shares) at the par value of EGP 100 each (only one hundred Egyptian pounds), all represented in cash shares, and this amendment was registered in the Commercial Register on June 29,2015.

17 Share Premium

- On May 27, 2015, the Extraordinary General Assembly Meeting agreed to increase the issued and paid-up capital to become EGP 24 000 000 (only twenty four million Egyptian pounds) distributed among 240 000 shares (only two hundred forty thousand shares) instead of EGP 20 000 000 (only twenty million Egyptian pounds) distributed over 200 000 shares (only two hundred thousand shares). As a result of this increase, a share premium was produced at the amount of EGP 148 000 000 (one hundred and forty eight million Egyptian pounds) which represents the difference between the book value for 40 000 shares at a nominal value of EGP 100 for each share (only one hundred Egyptian pounds) for each share, and the fair value for the share which amounted to EGP 3 800 (only three thousands and eight hundred Egyptian pounds) at the date of this increase. This increase was subscribed at the number of 39 950 shares by the European Bank shareholder for the reconstruction and development, and the remaining 50 shares were subscribed by other shareholders according to the approval of the Extraordinary General Assembly.

18 Deferred Tax

Deferred tax assets and liabilities are calculated as of December 31, 2015 as follows:

	Balance as of December 31, 2014	Movement During the Year	Balance as of December 31, 2015
	EGP		EGP
Deferred Tax Assets			
Formed form provisions other than the tax provision	5 624 223	2 067 219	7 691 442
Total deferred tax assets	**5 624 223**	**2 067 219**	**7 691 442**
Deferred Tax Liabilities			
Formed form the difference between accounting and taxable net assets	(1 747 853)	967 381	(780 472)
Total deferred tax liabilities	**(1 747 853)**	**967 381**	**(780 472)**
Net deferred tax assets	**3 876 370**		**6 910 970**

19 Finance Lease Contracts

The company concludes finance lease contracts for some assets such as transporting goods vehicles, machines, equipment, and computers' software. The value of these contracts as of December 31, 2015 amounted to EGP 135 048 572. The company bears a portion of these contracts which are recorded as other assets as stated in Note No. (5). The financed amounts of some contracts from finance lease companies, are recorded in other debit balance and notes payable, as stated in Note No. (9), and Note No. (12) Respectively, and the others do not require notes payable to be covered and therefore, the company does not record the financed portion from the finance lease companies in other debit balances and notes payable.

The outstanding contracts as of December 31, 2015, are represented as follows:

Type of leased assets	Contract amount	Rental amount Year 2015	Useful life for assets ranged between	Accrued amounts due in one year	Remaining accrued amounts due till the end of contracts
Vehicles	91 622 956	16 595 108	5 years	17 775 882	35 521 196
Computers	16 603 524	4 590 668	3 – 5 years	5 804 948	5 009 706
Equipment	26 822 092	9 485 240	3 – 5 years	8 272 729	6 460 807
	135 048 572	**30 671 016**		**31 853 559**	**46 991 709**

20 Capital Commitments

The capital commitments include commitments amounting to EGP 10 465 889 as of December 31, 2015.

21 Contingent liability

In addition to the amounts included in the balance sheet items, there are contingent liabilities as of December 31, 2015, representing the uncovered portion of the letters of grantee amounting to EGP 98 248 352 million, and EGP 15 290 307, representing documents provided for collection.

22 Tax Position

First: Corporate Income Tax:

- The company was inspected and the dispute was settled from the beginning of the activity until year 2011.
- Years 2012/2013, are currently under inspection by the company.

Second: Payroll Tax

- The company was inspected, and taxes were settled until year 2007.
- Years 2008/2012, are currently under inspection.

Third: Stamp Tax

- The company was inspected, and taxes were settled until year 2012

Fourth: Sales tax

- The company was inspected, and taxes were settled until year 2012
- Years 2013/2014, are currently under inspection.

23 The Fair Value of the Financial Instruments

According to the valuation basis for the financial assets and liabilities stated in Note No. (3), the fair value of the financial assets and liabilities does not differ significantly from its book value as of the balance sheet date. The book values of these financial instruments represent a reasonable estimate of their fair values. Note No. (3) of notes to the financial statements includes the significant accounting policies used in recording, measuring significant financial instruments and the related revenues and expenses.

24 Risk Management Related to Financial Instruments

24.1 Credit Risk

This risk represents the inability of debtors with credit terms to pay all or part of their debts. In order to minimize this risk, the company obtains checks from the customers as guarantee for payment. Management extends different credit limits to its customers and makes assessment for doubtful accounts in order to account for relevant allowances for doubtful debts.

24.2 Foreign currencies risk

This risk represents changes in exchange rates which affect cash inflows and outflows in foreign currencies and the valuation of assets and liabilities in foreign currency. To reduce this risk to the minimum limit, the company retains sufficient monetary assets in local and foreign currencies to face its liabilities denominated in the same currencies in its due dates.

As disclosed in Note No. (3-1), monetary assets and liabilities denominated in foreign currencies were translated using the official rate declared by the company's banks as of the balance sheet date.

24.3 Interest Rate Risk

This risk represents the effect of changes in interest rate, which might adversely affect the results of operations and this risk is at maximum, as the company has outstanding loans with variable interest rate, and the company follows-up the changes in interest rates regularly.

25 Significant events during the current year

On July 9, 2015, the Investment Minister issued a Decree for No. 110 of 2015, where it was decided that the new release of the Egyptian Accounting Standards would replace the former Egyptian Accounting Standards for the preparation and presentation of financial statements. The former Egyptian Accounting Standards issued by Ministerial Decree No. 243 of 2006 were cancelled. This Decree was published in the Official Gazette, to be effective as of the first day of the month of January 2016, and will be applied on the companies whose financial year starts on that date, or on a subsequent date.

On August 20, 2015, the President of the Arab Republic of Egypt issued a Decree for Law No. 96 of 2015, modifying some provisions of the Income Tax Law No. 91 of 2005, modified by Law No. 44 of 2014. Pursuant to this modification, the tax rate became 22.5% instead of 25%. This Decree was published in the Official Gazette, to be effective as of the day following its publication date.

26 Financial Year

The company's financial year starts on January 1 and ends on December 31 of each year.

Finance Manager **Managing Director** **Chairman**