IBN SINA PHARMA
S.A.E.
Financial Statements
Together with Auditor's Report
For The Financial Year Ended
December 31, 2016

Deloitte.

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Translation of the auditor's report
Originally issued in Arabic

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 financial position as of December 31, 2016, and income statement, statement of comprehensive income, 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.

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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, 2016, 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 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, March 1, 2017

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

Saleh, Barsoum, Abdel Aziz & Co. Auditors & Accountants

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Ibn Sina Pharma (S.A.E)
Financial Position as of December 31, 2016

	Note No.	December 31, 2016 EGP	December 31, 2015 EGP
Non-current assets			
Fixed assets (net)	(3-2/5)	171 326 679	152 479 284
Projects under construction	(3-3/7)	47 639 424	13 787 246
Deferred tax assets	(3-8/19)	11 703 726	6 910 970
Other assets	(3-4/6)	6 666 637	5 307 263
Total long term assets		**237 336 466**	**178 484 763**
Current assets			
Inventories	(3-5/8)	614 350 464	456 212 484
Accounts and notes receivable (net)	(3-6/9)	1 946 303 807	1 379 306 986
Suppliers advance payment	(3-6)	59 951 169	30 652 464
Debtors and other debit balances (net)	(3-6/10)	153 602 223	135 713 784
Due from related parties		371 635	371 035
Cash and cash equivalents	(3-11/11)	43 879 849	32 865 900
Total current assets		**2 818 459 147**	**2 035 122 653**
Total Assets		**3 055 795 613**	**2 213 607 416**
Shareholders equity and liabilities			
Shareholders' equity			
Issued and paid-up capital	(17)	24 000 000	24 000 000
Share premium	(18)	-	148 000 000
Legal reserve		12 000 000	8 211 418
General reserve	(18)	147 079 334	-
Retained earnings		26 943 934	13 000 157
Net profit for the year		101 747 851	57 358 320
Total Shareholders' equity		**311 771 119**	**250 569 895**
Non-current liabilities			
Accrued long-term loan installments	(15)	29 631 705	14 768 161
Long-term notes payable		20 312 360	35 861 139
Other non-current liabilities	(3-16/21)	11 250 992	-
Long term land purchase creditors	(3-13/16)	70 865	141 439
Total non-current liabilities		**61 265 922**	**50 770 739**
Current liabilities			
Provisions for claims	(3-7)	3 100 000	600 000
Credit facilities	(14)	68 643 994	156 685 745
Accounts and notes payable	(3-13/13)	2 519 984 745	1 678 860 117
Customers advance payment	(3-13)	6 324 384	6 002 767
Creditors and other credit balances	(3-13/12)	71 491 865	44 251 025
Land purchase creditors	(3-13/16)	101 324	1 001 324
Accrued short-term loan installments	(15)	13 112 260	24 865 804
Total current liabilities		**2 682 758 572**	**1 912 266 782**
Total Shareholder's equity & Liabilities		**3 055 795 613**	**2 213 607 416**

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

Finance Manager	Managing Director	Chairman

attached auditor report"

Translation of the financial statements
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Ibn Sina Pharma (S.A.E)
Income Statement
For the financial year ended December 31, 2016

	Note No.	December 31, 2016 EGP	December 31, 2015 EGP
Sales	(3-9)	7 368 955 704	5 437 428 208
(Less)			
Sales discount		(166 483 633)	(111 391 184)
Sales (Net)		7 202 472 071	5 326 037 024
Cost of sales		(6 636 864 714)	(4 931 514 834)
Gross profit		**565 607 357**	**394 522 190**
(Less)			
Selling and marketing expenses		(246 444 706)	(188 349 279)
General and administrative expenses		(86 392 050)	(54 746 924)
Fixed assets depreciation		(24 713 506)	(17 721 410)
Amortization of company share in finance leased assets		(2 076 237)	(1 071 088)
Impairment of accounts and notes receivable		(13 338 388)	(6 475 000)
Provisions for claims		(2 500 000)	(600 000)
Impairment for debtors and other debit balances		(1 000 000)	(200 000)
Interest and financing expenses	(3-10)	(74 272 011)	(56 330 766)
Operating profit		**114 870 459**	**69 027 723**
Add			
Capital gain		2 750 360	1 376 700
Gain revaluation of foreign currency	(3-1)	5 772 434	152 369
Other income		9 704 719	5 330 849
Net profit for the year before tax		**133 097 972**	**75 887 641**
Current tax	(3-8/19)	(36 142 877)	(21 563 921)
Deferred tax	(3-8/19)	4 792 756	3 034 600
Net profit for the year		**101 747 851**	**57 358 320**

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

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Ibn Sina Pharma (S.A.E)
Comprehensive Income
For the financial year ended December 31, 2016

	Note No.	December 31, 2016 EGP	December 31, 2015 EGP
Net profit for the year		101 747 851	57 358 320
		-	-
Total comprehensive income		**101 747 851**	**57 358 320**

- 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, 2016

		December 31, 2016 EGP	December 31, 2015 EGP
Cash flows from operating activities			
Net profits for the year before tax		133 097 972	75 887 641
Adjustments to reconcile net profit to net cash flows generated from operating activities:			
Fixed assets depreciation		24 713 506	17 721 410
Company's share in amortization of finance lease assets		2 076 237	1 071 088
Impairment of accounts and notes receivable		13 338 388	6 475 000
Provisions for claims		2 500 000	600 000
Impairment of debtors and other debit balances		1 000 000	200 000
Capital gain		(2 750 360)	(1 376 700)
Interest and financing expenses		74 272 011	56 330 766
Other long term Liabilities		11 250 992	-
Net operating profit before changes in working capital		**259 498 746**	**156 909 205**
Changes in working capital			
(Increase) in inventories		(158 137 980)	(28 575 901)
(Increase) in accounts and notes receivable		(580 335 209)	(258 360 570)
(Increase) in suppliers advance payment		(29 298 705)	(18 261 579)
(Increase) in debitors & other debit balances		(18 888 439)	(45 702 022)
(Increase) in due from related parties		(600)	-
Increase in accounts and notes payable		825 575 849	301 471 262
Increase in customers advance payments		321 617	1 246 206
(Decrease) / increase in creditors and other credit balances		(7 095 342)	(13 468 576)
Cash flows generated from operating activities		**291 639 937**	**95 258 025**
Income tax paid		(1 939 267)	(7 192 013)
Interest and financing expense		(74 058 449)	(56 117 204)
Net cash flows generated from operating activities		**215 642 221**	**31 948 808**
Cash flows from investing activities			
(Payments) for purchase of fixed assets & Projects under constructions		(81 750 385)	(39 549 142)
(Payments) for purchase of other assets		(3 438 297)	(3 539 067)
(Decrease) / increase in land purchase creditors		(970 574)	529 426
Proceeds from selling of fixed assets		6 679 270	1 470 558
Net cash flows (used in) investing activities		**(79 479 986)**	**(41 088 225)**
Cash flows from financing activities			
(Payments) for dividends		(40 216 535)	(68 991 176)
Increase / (Decrease) in short and long term loans		3 110 000	(7 555 884)
(Decrease) / increase in credit facilities		(88 041 751)	(49 815 446)
Increase in capital		-	4 000 000
Share premium		-	148 000 000
Net cash flows (used in) generated from financing activities		**(125 148 286)**	**25 637 494**
Net change in cash and cash equivalents during the year		11 013 949	16 498 077
Cash and cash equivalents at beginning of the year		32 865 900	16 367 823
Cash and cash equivalents at end of the year	(3-12)	**43 879 849**	**32 865 900**

Non-cash transactions

*The effect of transfer amounted to EGP 27 822 346 has been eliminated from projects under construction and fixed assets
*The effect of unpaid portion of dividends payable amounted to EGP 330 541 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**

Ibn Sina Pharma (S.A.E)
Statement of Changes in Equity
For the financial year ended December 31, 2016

	Note NO.	Issued and Paid-up Capital EGP	Share Premium EGP	Legal Reserve EGP	General Reserve EGP	Retained Earnings EGP	Net Profits for the Year EGP	Total EGP
Shareholders' equity as of December 31, 2014	(17)	**20 000 000**	**-**	**6 334 368**	**-**	**46 255 304**	**37 540 995**	**110 130 667**
Comprehensive income								
Net profit for the year		-	-	-	-	-	57 358 320	57 358 320
Total comprehensive income during the year		**-**	**-**	**-**	**-**	**-**	**57 358 320**	**57 358 320**
Capital increase	(17)	4 000 000	-	-	-	-	-	4 000 000
Share premium	(18)	-	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)
Shareholders' equity as of December 31, 2015	(17)	**24 000 000**	**148 000 000**	**8 211 418**	**-**	**13 000 157**	**57 358 320**	**250 569 895**
Comprehensive income								
Net profit for the year		-	-	-	-	-	101 747 851	101 747 851
Total comprehensive income during the year		**-**	**-**	**-**	**-**	**-**	**101 747 851**	**101 747 851**
Transferred from Share premium		-	(148 000 000)	920 666	147 079 334	-	-	-
Transferred to legal reserve	(18)	-	-	2 867 916	-	-	(2 867 916)	-
Transferred to retained earnings		-	-	-	-	54 490 404	(54 490 404)	-
Dividends paid		-	-	-	-	(40 546 627)	-	(40 546 627)
Shareholders' equity as of December 31, 2016		**24 000 000**	**-**	**12 000 000**	**147 079 334**	**26 943 934**	**101 747 851**	**311 771 119**

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 same accounting policies which is followed in the last year, except the accounting policies resulted from the application of the Egyptian Accounting Standards "EASs" which have been issued during 2015 and is effective from the periods starting from or after 1 January 2016.

First: The main adjustments which is applied and affecting the company's financial statements:

EAS (1) revised Presentation of Financial Statements:

The revised standard requires the company to disclose all items of income and expenses that were recognized during the period in two separate statements, statement of profit or loss (statement of income) which disclose all items of income and expenses and statement of comprehensive income which starts with profit or loss and presents items of other comprehensive income (statement of comprehensive income).

It also requires an additional statement to the statement of Financial Position disclosing balances as of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the company The amended standard does not require the presentation of working capital.

The company has prepared the statement of Comprehensive income and presentation of financial statements according to revised standard and there are no retrospective adjustments that requires presenting statement of financial position which beginning of the first presented comparative period.

EAS (10) revised Fixed Assets and depreciation:

The revised Standard has eliminated the option of using the revaluation model in the subsequent measurement of fixed assets.

The strategic (major) spare parts and stand-by equipment can be classified as fixed assets when the entity expects to use them for than one period (when the definition of fixed assets applies there to)

There is no impact for this amendment on company's financial statements.

EAS (14) revised Borrowing Costs:

The revised standard has eliminated previous benchmark treatment that recognized the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in the statement of profit or loss.

The revised standard requires capitalization of this cost on qualifying assets.

There is no impact for this amendment on company's financial statements.

EAS (23) revised Intangible Assets:

The revised standard has eliminated the option of using the revaluation model in the subsequent measurement of intangible assets.

There is no impact for this amendment on company's financial statements.

EAS (34) revised investment property:

The revised standard has eliminated the option of using the fair value model in the measurement after recognition of the investment property. The standard requires to disclose fair value.

There is no impact for this amendment on company's financial statements.

EAS (38) Employees Benefits:

Employee Benefits: Actuarial accumulated gains and losses shall be recognized as part of the defined benefit liabilities and charged to the other comprehensive income items. Also, actuarial accumulated gains and interests shall be recognized as part of the defined benefit liabilities and charged to the other comprehensive income items. Also, the cost of the past service shall recognize immediately as an expense as of the following dates:

a) When change happened or benefits decreased, or
b) When the firm apply a plan for significant restructuring its operation and the firm recognize the cost of restructuring related to benefit plan which include the payment end of service benefits.

There is no impact for this amendment on company's financial statements

New EAS (40) Financial instruments" Disclosures"

A new EAS (40) financial instruments:" Disclosures "has been issued to include all required disclosures for financial instruments. The company has disclosed required disclosures in the financial statements.

New EAS (41) Operating Segments:

The EAS (33) segment reporting has superseded by EAS (41) Operating segment. Accordingly, segment reporting which should be disclosed and the required disclosures basically depends on the information about segment in the way that operating decision maker use.
There is no impact for this amendment on company's financial statements.

New EAS (45) Fair Value Measurement:

The new EAS (45) Fair value measurement has been issued, this standard is applied when other standard requires or permits to measure or disclose the fair value. This standard defines fair value and set the frame to measure fair value in one standard and determine the required disclosure for measurements of fair value.
There is no impact for this amendment on company's financial statements

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.

3 Significant Accounting Policies

The accounting policies described below have been applied in a consistent basis 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. 3.14). 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 realized 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.

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. 3-14).

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 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.

3.10 Borrowing Costs

The borrowing cost related to the acquisition, construction or production of assets qualified for capitalization, which require a long period of time to get ready for use and sales is charged directly on the cost of such assets until the time these assets are ready for their intended use or sale. All other borrowing costs are recognized as a profit and loss in the period in which they are incurred.

3.11 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.

3.12 Cash Flows Statement

Cash flows statement are prepared using indirect method.

3.13 Payables, Accrual Expenses, Creditors and Other Credit Balances

The Suppliers, accrued expenses, creditors and other credit balances are initially recognized at fair value included the direct cost for the transaction and it's measured subsequently by amortized cost using the effective interest method.

3.14 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.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that have shared characteristics of credit risk.

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.

3.15 Dividends

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

3.16 Employees Benefits

The maturity of employees' benefits scheme is recorded in the financial period during which the aims of the scheme are achieved at the end of each year, until it is paid in accordance with the terms of the scheme as a liability, and the liability is recorded at the present value at each reporting date.

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.

3.18 Finance Lease

The accrued lease value of the finance lease contracts is recognized in accordance with the Egyptian Accounting Standard No. (20) - Accounting Standards and Standards Relating to Finance Lease - as an expense in the income statement during each financial period. The maintenance and maintenance expenses of the leased assets are recognized in the income statement during each financial period. The leased money is recognized as a fixed asset at the value paid to exercise the right to purchase the leased property agreed upon in accordance with the contract and is amortized over the remaining estimated useful life in accordance with policies and rates for similar assets

4 Critical Accounting Judgments And Key Sources Of Estimation Uncertainty

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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting 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.

4.1 Critical judgments in applying accounting policies

The following are the critical judgments that management has made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2.1 Useful lives of property, plant and equipment

The carrying value of the company's property, plant and equipment at the end of the current reporting period is EGP 171 326 679 (31 December 2015: EGP 152 479 284). Management's assessment of the useful life of property, plant and equipment is based on the expected use of the assets, the expected physical wear and tear on the assets, technological developments as well as past experiences with comparable assets. A change in the useful life of any asset may affect the amount of depreciation that is to be recognized in profit or loss for future periods.

4.2.2 Tax Provisions

The carrying amount of provisions at the end of the current reporting period is EGP 3 100 000 (31 December 2015: EGP 600 000). This amount is based on estimates of future costs for infrastructure completion, legal cases, government fees, employee benefits and other charges including taxes in relation to the The company operations. As the provisions cannot be determined exactly, the amount could change based on future developments. Changes in the amount of provisions due to change in management estimates are accounted for on a prospective basis and recognized in the period in which the change in estimates arises.

4.2.3 Impairment of trade and other receivables as well as other current assets

An allowance for doubtful receivables is recognized to record foreseeable losses arising from events such as a customer's insolvency. The carrying amount of the allowance for trade and other receivables at the end of the current reporting period is EGP 54 082 903 (31 December 2015: EGP 39 586 296). In determining the amount of the allowance, several factors are considered. These include the aging of accounts receivables balances, the current solvency of the customer and the historical write-off experience.

4.2.4 Deferred income taxes

The measurement of deferred income tax assets and liabilities is based on the judgment of management. Deferred income tax assets are only capitalized if it is probable that they can be used. Their use depends on whether the deductible tax temporary difference can be offset against future taxable gains. To assess the probability of their future use, estimates must be made of various factors including future taxable profits. At 31 December 2016, deferred income tax assets amounted to EGP 11 703 726 (31 December 2015: EGP 6 910 970) that have mainly resulted from the tax impact of carry forward tax losses. Such deferred tax assets are only recorded when the development phase of the project has been started and it becomes evident that future taxable profits are probable. If the actual values differ from the estimates, this can lead to a change in the assessment of recoverability of the deferred tax assets and accounting for such a change, if any, is to be made on a prospective basis in the reporting periods affected by the change. As of 31 December 2016, the reassessment of the recoverability of deferred tax assets did not result in derecognized deferred tax assets (2015: none).

4.2.5 Net realizable value of inventory

The inventory mainly includes pharmaceutical and semi pharmaceutical products which is produced locally or imported with cost or net realizable value.
In 2016, there is no reduction in inventory as well as for 2015.

Ibn Sina Pharma (S.A.E)
Notes to the Financial Statements
For the Financial Year Ended December 31, 2016

5. Fixed Assets (net)

	Land	Building	Machinery and equipments	Vehicles	Computers and software	Furniture and fixtures	Total
2016	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost							
Cost as of 1/1/2016	20 186 220	135 237 149	46 421 632	3 487 634	10 276 997	5 377 642	220 987 274
Additions during the year		28 550 388	14 904 570	2 261 037	1 236 528	945 684	47 898 207
Disposals during the year	(4 300 000)	(62 991)	(319 861)	(475 116)	(323 091)	(22 549)	(5 503 608)
Cost as of 31/12/2016	**15 886 220**	**163 724 546**	**61 006 341**	**5 273 555**	**11 190 434**	**6 300 777**	**263 381 873**
Accumulated depreciation							
Accumulated depreciation as of 1/1/2016	-	37 099 458	18 406 644	3 111 865	5 725 929	4 164 094	68 507 990
Depreciation charged for the year	-	15 168 937	7 121 341	441 255	1 198 253	783 720	24 713 506
Accumulated depreciation of disposals	-	(52,075)	(317 887)	(459 082)	(314 709)	(22 549)	(1 166 302)
Accumulated depreciation as of 31/12/2016	**-**	**52 216 320**	**25 210 098**	**3 094 038**	**6 609 473**	**4 925 265**	**92 055 194**
Net book value as of 31/12/2016	**15 886 220**	**111 508 226**	**35 796 243**	**2 179 517**	**4 580 961**	**1 375 512**	**171 326 679**

2015	Land EGP	Building EGP	Machinery and equipments EGP	Vehicles EGP	Computers and software EGP	Furniture and fixtures EGP	Total 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)
Adjustment 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)
Adjustment 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**

6 Other Assets (net)

	December 31, 2016	December 31, 2015
	EGP	EGP
Opening balance	5 307 263	2 839 753
Addition during the year	3 438 297	3 539 067
(Less):		
Disposals during the year	(28 345)	(469)
Amortization during the year	(2 050 578)	(1 071 088)
	6 666 637	**5 307 263**

* 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, 2016. Amortization is concluded over the contract period. For more details, refer to Note No. (20).

7 Projects under Construction

Buildings	5 265 408	12 167 642
Furniture	--	91 030
Computers	17 109 628	223 309
Machines and equipment	25 264 388	1 305 265
	47 639 424	**13 787 246**

* The most significant items in the projects under construction are represented in the cost of constructing and preparing new warehouses in Aswan, Qena, Alexandria & Mahalla. Refer to Note No. (22).

8 Inventories (net)

Goods available for sale	589 953 929	428 517 950
Sales return warehouse *	17 568 948	25 664 463
Spare parts	4 470 491	1 587 713
Goods in transit	2 357 096	442 358
	614 350 464	**456 212 484**

* 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.

9 Accounts and Notes Receivable (net)

	December 31, 2016 EGP	December 31, 2015 EGP
Accounts receivable	962 146 509	776 142 281
Notes receivable	1 030 393 188	636 062 208
	1 992 539 697	**1 412 204 489**
Less:		
Accounts receivable impairment	(46 235 890)	(32 897 503)
	1 946 303 807	**1 379 306 986**

9-1 Impairment in Accounts Receivable

Beginning balance	32 897 503	26 422 503
Formed during the year	13 338 387	6 475 000
Balance at year end	**46 235 890**	**32 897 503**

10 Debtors and Other Debit Balances

Prepaid installments for finance lease companies *	34 912 600	54 264 279
Suppliers under settlement	46 389 162	44 561 842
Withholding tax	6 745 907	4 269 492
Advance payment for purchasing assets	1 830 012	2 690 466
Deposits with others	4 980 664	4 138 766
Due from finance lease companies	1 505 404	2 448 267
Prepaid expenses	4 108 693	4 041 474
Debit balances under income tax account	41 087 349	15 355 162
Due from employees	1 588 901	2 960 476
Sales tax authority	7 785 056	---
Other debit balance	10 515 488	7 672 353
Total	**161 449 236**	**142 402 577**
Less:		
Impairment in other debit balances	(7 847 013)	(6 688 793)
	153 602 223	**135 713 784**

11 Cash and Cash Equivalents

Letters of guarantee margin	5000	5 000
Bank current account – Egyptian pound	35 774 396	32 669 020
Bank current account – Foreign currencies	8 100 453	191 880
	43 879 849	**32 865 900**

12 Creditors and Other Credit Balances

	December 31, 2016 EGP	December 31, 2015 EGP
Accrued income tax	36 142 877	21 563 921
Withholding tax	6 051 730	4 341 899
Sales Tax Authority	--	1 385 073
Payroll tax	1 078 244	487 445
Social Insurance Authority	1 727 128	875 903
Dividends tax	--	2 069 179
Dividends payable	330 541	72 084
Accrued expenses	12 410 730	8 880 452
Other credit balances	13 750 615	4 575 069
	71 491 865	**44 251 025**

13 Accounts and Notes Payable

Accounts payable	520 859 602	300 223 665
Notes payable *	1 999 125 143	1 378 636 452
	2 519 984 745	**1 678 860 117**

* The balance includes an amount of EGP 17 966 013 as of December 31, 2016 and EGP 18 403 140 as of December 2015, which represents the value of accrued notes payable on the company for finance lease contracts. For more details, refer to Note No. (20).

14 Credit Facilities

Ahli United Bank	12 750 759	54 165 641
Commercial International Bank	14 328 223	60 403 116
Qatar National Bank	13 619 768	4 161 237
The United Bank	1 271 013	11 270 597
HSBC Bank	5 588 229	1 246 726
Barclays Bank	--	4 363 207
Arab Bank	--	2 845 733
Union National Bank	28 509	--
Audi Bank	7 449 036	--
National Bank of Egypt	13 608 457	18 229 488
	68 643 994	**156 685 745**

* 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 favour of the banks.

15 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 31/12/2016	Balance as of 31/12/2015
CIB Bank	Egyptian pound	34 623 946	December 2013	November 2016	--	--	--	15 203 946
HSBC Bank	Egyptian pound	20 500 000	December 2012	January 2016	--	--	--	2 277 778
HSBC Bank	Egyptian pound	35 000 000	December 2014	December 2018	11 460 417	11 460 316	22 920 733	22 152 241
Barclays Bank	Egyptian pound	43 000 000	September 2016	September 2020	1 651 843	18 171 389	19 823 232	--
		133 123 946			**13 112 260**	**29 631 705**	**42 743 965**	**39 633 965**

* 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.

16 Land Purchase Creditors

The balance as of December 31, 2016, is represented in the remaining amount due from the company for the lands purchased in Mansoura and Beni Suef.

17 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.

18 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.

  Share premium has been transferred to the legal reserve to meet the statutory percentage of capital and the remaining balance has been transferred to general reserve in accordance to article no. (94) from corporate law (159) year 1981 and amendments.

19 Deferred Tax

Deferred tax assets and liabilities are calculated as of December 31, 2016 as follows:

	Balance as of December 31, 2015	Movement During the Year	Balance as of December 31, 2016
	EGP		EGP
Deferred Tax Assets			
Formed from provisions other than the tax provision	7 691 442	2 711 633	10 403 075
Total deferred tax assets	**7 691 442**	**2 711 633**	**10 403 075**

Deferred Tax Liabilities

Formed from the difference between accounting and taxable net assets according to taxable base	(780 472)	2 081 123	1 300 651
Total deferred tax liabilities	(780 472)	2 081 123	1 300 651
Net deferred tax assets	**6 910 970**		**11 703 726**

20 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, 2016 amounted to EGP 155 727 713. The company bears a portion of these contracts which are recorded as other assets as stated in Note No. (6).

The outstanding contracts as of December 31, 2016, are represented as follows:

Type of leased assets	Contract amount	Rental amount for Year 2016	Useful life for assets ranged between	Accrued amounts due in one year	Remaining accrued amounts due till the end of contracts
Vehicles	108 167 137	18 437 210	5 years	20 464 041	39 225 077
Computers	19 996 272	7 366 153	3-5 years	6 222 698	4 470 152
Equipment	27 564 304	10 143 037	3-5 years	8 035 892	4 017 929
	155 727 713			**34 722 631**	**47 713 158**

21 Other long term liabilities

According to the boards of directors' decision dated May 4, 2016, the company recorded accrued liability for the defined benefits plan as per the terms and conditions related to the program. The present value for the liability as of December 31, 2016 amounted to EGP 11 250 992.

22 Capital Commitments

The capital commitments include commitments amounting to EGP 64 844 877 as of December 31, 2016 which is related to projects under constructions. Refer to Note No. (7).

23 Contingent liability

In addition to the amounts included in the balance sheet items, there are contingent liabilities as of December 31, 2016, representing the uncovered portion of the letters of grantee amounting to EGP 146 308 767 million, and EGP 87 448 360, representing documents provided for collection.

24 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

- Company was inspected and taxes were settled until year 2012.

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 2013.

25 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.

26 Risk Management Related to Financial Instruments

Overview

the company is exposed to the following risks during the pursue of its activities, arising from use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

Risks Framework

The overall responsibility to develop the risk management framework for the company and follow up its implementation belongs to the Board of Directors. The Board also has the responsibility to develop and monitor the implementation of its risk management policies.

Risk management policies are developed to identify the risks which the company faces, the acceptable risk limits, the rules monitoring these risks, and ensure adherence to acceptable limits.
Risk policies and regulations are reviewed periodically, to reflect changes in market conditions and activities. The company aims through its own training and the management standards and procedures, to develop a disciplined regulatory environment through which employees understand their roles and commitments.

The Board of Directors supervises how management monitors compliance with risk policies and procedures, and reviews the extent to which the risk system framework fits the risks which the company faces. The internal audit cooperates with the company's Board of Directors in the supervisory and control roles. The internal audit undertakes both the periodic review of risk management controls and procedures, and it submits a report on its results to management.

26.1 Credit Risk

Credit risk is the risk of financial loss to the company if a client or a financial instrument counterparty fail to meet their contractual obligations, and this risk arises primarily from accounts receivable balances and financial investments.

Accounts Receivable and Other Debit Balances.

The company's exposure to credit risk is primarily affected by the category of each client, including the nature of trade risk, which has a lower impact on credit risk. The company's credit risk is limited due to the company's policy of dealing with a diversified sector of clients and changing the company's policy primarily to cash selling.

The Board of Directors has established a credit policy whereby the creditworthiness of each client is analysed separately, and upon which the terms of delivery and payment are determined. The purchase limits are determined for each client which represents the maximum value allowed. Clients who are unable to meet the company's creditworthiness requirements, can deal with the company on an advance payment basis.

The majority of the company's clients are engaged for many years, through the credit risk control on clients, and clients are grouped according to their credit characteristics including geographic location, maturity dates and previous financial difficulties. Clients classified as "highest risk" are listed on a specific client list and are reviewed by management so that future sales with these clients are dealt with on an advance payment basis.

26.2 Liquidity Risk

The company's goal is to achieve a balance between the continuity of funding and flexibility by obtaining loans from banks. The company manages liquidity risk by maintaining sufficient reserves and by obtaining facilities or loans through monitoring the expected and actual cash flows on an ongoing basis and the reconciliation between maturity of assets and financial liabilities.

The company has sufficient cash to pay the expected operating expenses including the expenses for financial liabilities.

The table below summarizes the maturity of the company's financial liabilities based on undiscounted contractual payments.

The Maturity of non-Derivative Financial Liabilities

2016	Less than 6 Months	From 6 Months until One Year	From 1 to 5 Years	More than 5 Years	Total
EGP					
Instruments with no interest rate	--	2 600 900 994	--	--	**2 600 900 994**
Instruments with variable interest rate	--	81 857 578	61 265 922	--	**143 123 500**
Instruments with fixed interest rate	--	-		--	--
Total	--	**2 682 758 672**	**61 265 922**	--	**2 744 024 494**

2015	Less than 6 Months	From 6 Months until One Year	From 1 to 5 Years	More than 5 Years	Total
EGP					
Instruments with no interest rate	--	1 729 713 909	--	--	1 729 713 909
Instruments with variable interest rate	--	182 552 873	50 770 739	--	233 323 612
Instruments with fixed interest rate	--	--	--	--	--
Total	--	**1 912 266 782**	**50 770 739**	--	**1 963 037 521**

Interest Rate Sensitivity Analysis

The sensitivity analyses have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease will be result in an additional interest cost by EGP 74 272 011 or reduction with the same amount.

26.3 Foreign Exchange Risk

Transactions in foreign currencies are translated at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date, are translated into Egyptian Pounds at the exchange rate ruling on that date. Assets and liabilities of a non-monetary nature that are measured at fair value are translated. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the transaction date. Exchange differences are recognized in profit or loss except for differences recognized in equity

As explained in Note No. (3-1) balances of assets and liabilities of a monetary nature described above, have been translated using the exchange rates announced by the company's banks as of the balance sheet date.

26.4 Interest Rate Risk

This risk is the change in market interest rates which adversely affects the business results and the values of financial assets and liabilities. This risk is limited as the company decreased loans in 2016.

27 Significant events during the current year

a) New Egyptian Accounting Standards

The decision of minister of investment no. (110) for year 2015 was issued on July 9, 2015, whereby it was decided to replace the current Egyptian accounting standards to prepare and present the financial statements and present the financial statements with the new Egyptian Accounting Standards. The application of the previous Egyptian accounting standards issued by Ministerial Decision No. 243 of 2006 was cancelled as of the date of implementation of this decision. This decision has been published in the public journal and will come into effect on January 1, 2016 and will be applied to entities whose financial year begins on or after that date.

b) The Central Bank of Egypt floated the Egyptian pound and allowed banks to deal in foreign currencies with flexible rates

The Central Bank of Egypt decided in its meeting held on November 3, 2016, to float the foreign currencies exchange rate to provide flexibility to the banks operating in Egypt for pricing the purchase and sale of foreign exchange within the legitimate channels.

Coinciding with the floating of the exchange rate, the Central Bank of Egypt has also raised its deposit and overnight lending rates by 300 basis points to become 14.75% and 15.75%, respectively.

c) Value Added Tax Law

On September 7, 2016 the official journal has published, a decree issuing the VAT Act No. 67 of 2016, which abolished the general Sales Tax Law promulgated by Law No. 11 of 1991, and the tax rate on goods and services became 13% for fiscal year 2016/2017 and 14% for the 2017/2018.

28 Subsequent events to financial statements

On February 8, 2017 the Minister of Investment issued the Ministerial Decree No. (16) for the year 2017 to add annex (a) to the Egyptian Accounting Standard No. 13 related to the implications of the foreign currencies exchange differences. This annex aims to setting a special accounting treatment for the implications resulted from the Exceptional Economic Decision pertaining to the flotation of the Foreign Currencies Exchange rates. There is no effect on the company's financial statements.

29 Financial Year

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

30 Financial Statements Approval Date

The financial statements were approved by the Board of Directors on Feb 15, 2017.

Finance Manager	Managing Director	Chairman