

**Prime Global
(Khaled El-Ghannam & Co.)**

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

**IBN SINA PHARMA
S.A.E.
Interim Financial Statements
Review report
For The Period Ended June 30, 2018**

Contents	Page
Review Report	--
Interim Financial Position Statement	1
Interim Profit or Loss Statement	2
Interim Comprehensive Statement	3
Interim Cash Flows Statement	4
Interim Statement of Changes in Equity	5
Notes to the Interim Financial Statements	6 to 16

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Review Report

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

Introduction

We have reviewed the accompanying interim financial position of Ibn Sina Pharma Company "S.A.E" as of 30 June 2018 and the related interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months then ended. The management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standard No. (30), "Interim Financial Statements". Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We have conducted our review in accordance with the Egyptian Standard on Review Engagements No. (2410) "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion


Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly in all material respects in accordance with Egyptian Accounting Standard No. (30), "Interim Financial Statements".

Emphasis of Matter

Without qualifying our conclusion on the financial statements as referred to above and as explained in note (28), A primary court decision was issued on February 28, 2018 with fines against all companies accused in the lawsuit filed against the company and other members of the pharmaceutical distribution companies association by the Egyptian Competition Authority regarding a complaint claiming that these companies entered an agreement to standardize the sales policies, reduce the cash discount rates and reduce the credit periods, the legal dispute is still ongoing in front of courts, and in the light of uncertainty, the final results of this matter cannot be precisely or accurately determined at the current time. The company has taken all the necessary actions and legal procedures to appeal this ruling as explained in the note mentioned above.

Cairo, August 9, 2018

**Khaled El Ghannam,
F.E.S.A.A (R.A.A. 4771)
Register of Financial Supervisory
Authority (49)**


**Kamel Magdy Saleh, FCA
F.E.S.A.A (R.A.A. 8510)
Register of Financial Supervisory
Authority (69)**

Ibn Sina Pharma (S.A.E)
Statement of Financial Position as of June 30, 2018

	<u>Note</u>	<u>30-Jun-18</u>	<u>31-Dec-17</u>
	<u>No.</u>	<u>EGP</u>	<u>EGP</u>
<u>Non-current assets</u>			
Fixed assets (net)	(12)	220 749 533	210 264 340
Projects under construction	(13)	341 642 008	161 266 505
Deferred tax assets		12 332 491	11 103 923
Other assets		8 092 214	8 803 598
Total long term assets		<u>582 816 246</u>	<u>391 438 366</u>
<u>Current assets</u>			
Inventories	(15)	989 321 952	1 050 821 516
Accounts and notes receivable (net)	(14)	2 973 416 789	2 459 296 312
Suppliers advance payments	(19)	251 937 669	101 359 555
Debtors and other debit balances (net)		130 611 304	165 717 705
Due from related parties		371 635	371 635
Cash and cash equivalents		86 518 110	164 790 862
Total current assets		<u>4 432 177 459</u>	<u>3 942 357 585</u>
Total Assets		<u>5 014 993 705</u>	<u>4 333 795 951</u>
<u>Shareholders equity and liabilities</u>			
<u>Shareholders' equity</u>			
Issued and paid-up capital	(21)	180 500 000	168 000 000
Share premium	(22)	277 500 000	-
Legal reserve		20 506 852	12 000 000
General reserve		3 079 334	3 079 334
Retained earnings		216 161 432	62 979 961
Net profit for the period / year		75 183 179	170 137 041
Total Shareholders' equity		<u>772 930 797</u>	<u>416 196 336</u>
<u>Non-current liabilities</u>			
long-term loans installments	(18)	56 524 677	25 083 272
Long-term notes payable		15 650 532	7 660 274
Other non-current liabilities		29 516 559	20 815 429
Total non-current liabilities		<u>101 691 768</u>	<u>53 558 975</u>
<u>Current liabilities</u>			
Provisions for claims		47 066 773	24 066 773
Credit facilities	(17)	138 251 877	6 951 866
Accounts and notes payable	(16)	3 832 440 511	3 700 785 721
Customers advance payments		11 160 282	6 453 218
Creditors and other credit balances	(20)	78 447 999	99 918 509
Land purchase payable		70 865	70 865
Short-term loan installments	(18)	32 932 833	25 793 688
Total current liabilities		<u>4 140 371 140</u>	<u>3 864 040 640</u>
Total Shareholder's equity & Liabilities		<u>5 014 993 705</u>	<u>4 333 795 951</u>

- The accompanying notes form an integral part of The financial statements and to be read therewith.
attached "Review Report"

Chief Financial Officer
Moa'men Gomaa

Chief Executive Officer
Omar Abdel-Gawad

Chairman
Mohamed Mahgoub

Ibn Sina Pharma (S.A.E)
Statement of Profit or Loss
For the financial period ended June 30, 2018

	Note	Three months ended		Six months ended	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
		EGP	EGP	EGP	EGP
Sales	(5)	3 149 036 284	2 222 809 091	6 107 377 688	4 175 998 200
(Less)					
Sales discount		(79 274 436)	(54 162 419)	(156 517 099)	(100 605 068)
Sales (Net)		3 069 761 848	2 168 646 672	5 950 860 589	4 075 393 132
Cost of sales		(2 821 193 376)	(1 992 085 267)	(5 486 557 661)	(3 749 954 164)
Gross profit		248 568 472	176 561 405	464 302 928	325 438 968
(Less)					
Selling and marketing expenses	(6)	(100 590 289)	(83 829 111)	(194 190 132)	(156 893 499)
General and administrative expenses	(6)	(33 955 611)	(15 584 690)	(65 493 892)	(36 785 436)
Fixed assets depreciation		(9 750 462)	(6 952 876)	(18 845 623)	(13 519 856)
Amortization of company share in other assets		(658 052)	(588 584)	(1 321 878)	(1 146 038)
Impairment of accounts and notes receivable		(857 361)	(4 415 213)	(1 638 827)	(6 109 213)
Formed provisions for claims		(19 500 000)	-	(23 000 000)	-
Finance cost	(7)	(19 863 759)	(31 158 504)	(58 119 903)	(49 964 073)
Operating Profit		63 392 938	34 032 427	101 692 673	61 020 853
Add					
Other revenues	(8)	5 002 493	6 531 015	13 894 678	8 412 662
Other expenses	(9)	(3 196 481)	(56 000)	(11 481 548)	(56 000)
Net profit for the period before tax		65 198 950	40 507 442	104 105 803	69 377 515
Income tax	(10)	(18 902 057)	(8 322 379)	(30 151 192)	(17 937 299)
Deferred tax		932 113	2 372 313	1 228 568	2 222 362
Net profit for the period		47 229 006	34 557 376	75 183 179	53 662 578
Average earning per share	(24)	0.07	0.05	0.10	0.08

The accompanying notes form an integral part of the financial statements and to be read therewith.
Attached "Review Report"

Chief Financial Officer
Moa'men Gomaa

Chief Executive Officer
Omar Abdel-Gawad

Chairman
Mohamed Mahgoub

Ibn Sina Pharma (S.A.E)
Statement of Comprehensive Income
For the financial period ended June 30, 2018

Note	Three months ended		Six months ended	
	June 30,2018	June 30,2017	June 30,2018	June 30,2017
No.	EGP	EGP	EGP	EGP
Net profit for the period	47 229 006	34 557 376	75 183 179	53 662 578
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>47 229 006</u>	<u>34 557 376</u>	<u>75 183 179</u>	<u>53 662 578</u>

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

Chief Financial Officer
Moa'men Gomaa

Chief Executive Officer
Omar Abdel-Gawad

Chairman
Mohamed Mahgoub

	Note No.	30/06/2018 EGP	30/06/2017 EGP
<u>Cash flows from operating activities</u>			
Cash flows from operating activities		(261 342 362)	(252 438 910)
Payments of Finance Costs		(73 994 742)	(49 964 073)
Net cash flows (used in) operating activities		<u>(335 337 104)</u>	<u>(302 402 983)</u>
<u>Cash flows from investing activities</u>			
Payments) for purchase of fixed assets & Projects under constructions		(193 877 338)	(101 467 468)
Payments) for purchase of other assets		(610 650)	(2 003 126)
Proceeds from selling of fixed assets		120 497	1 670 023
Net cash flows (used in) investing activities		<u>(194 367 491)</u>	<u>(101 800 571)</u>
<u>Cash flows from financing activities</u>			
Payments for dividends	(11)	(8 448 718)	(65 563 970)
Increase in capital	(21)	290 000 000	-
Loans Proceeds	(18)	75 117 476	16 950 500
(Payments) for loans		(36 536 926)	(5 730 162)
Increase in credit facilities		131 300 011	485 367 254
Net cash flows generated from financing activities		<u>451 431 843</u>	<u>431 023 622</u>
Net change in cash and cash equivalents during the period		<u>(78 272 752)</u>	<u>26 820 068</u>
Cash and cash equivalents at beginning of the period		164 790 862	43 879 849
Cash and cash equivalents at end of the period		<u>86 518 110</u>	<u>70 699 917</u>

Non-Cash Transaction:

The effect of the transfer of the EGP 15 687 674 from the project under construction category to fixed assets has been eliminated.
The effect of the unpaid portion of the dividends payables has been eliminated from the Paid dividends in the amount of EGP 478 395.

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

**Chief Financial Officer
Moa'men Gomaa**

**Chief Executive Officer
Omar Abdel-Gawad**

**Chairman
Mohamed Mahgoub**

Translation of the financial statements
Originally issued in Arabic

Ibn Sina Pharma (S.A.E)
Statement of Changes in Equity
For the financial period ended June 30, 2018

Note NO.	Issued and Paid-up Capital	Share Premium	Legal Reserve		General Reserve		Retained Earnings		Net Profits for the Period	
			EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
	24 000 000	-	12 000 000	147 079 334	26 943 934	101 747 851	3			
Shareholders' equity as of December 31, 2016										
Comprehensive income										
Net profit for the period										
Total comprehensive income during the period										
Transferred to retained earnings										
Dividends paid										
Shareholders' equity as of June 30, 2017										
	24 000 000	-	12 000 000	147 079 334	26 943 934	101 747 851	3			
Shareholders' equity as of January 1, 2018										
Comprehensive income										
Net profit for the period										
Total comprehensive income during the period										
Capital increase										
Share Premium										
Transferred to legal reserve										
Transferred to retained earnings										
Dividends paid										
Shareholders' equity as of June 30, 2018										
	180 500 000	277 500 000	20 506 852	3 079 334	216 161 432	75 183 179	7			
	168 000 000	-	12 000 000	3 079 334	62 979 961	170 137 041	41			
	168 000 000	-	12 000 000	3 079 334	62 979 961	245 320 220	7			
	12 500 000	277 500 000	8 506 852	-	(8 506 852)	(170 137 041)	4			
	-	-	-	-	(8 448 718)	(170 137 041)	1			
	-	-	-	-	-	-	27			
	-	-	-	-	-	-	-			
	180 500 000	277 500 000	20 506 852	3 079 334	216 161 432	75 183 179	7			

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

Chief Financial Officer
Moa'men Gomaa

Omar Abdel-Gawad
Omar Abdel-Gawad

Chairman
Mohamed Mahgoub

1. Company's background

IBN SINA Pharma 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 advertising 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, were considered as the start date of the company's activity in accordance with the Commercial Register. The company's name changed during the year 2007 from IBN SINA LABOREX to IBN SINA PHARMA. In addition, the company had added some activities.

On March 5, 2017, The Extraordinary General Assembly decided to amend the Company's purpose to read as follows:

Buy and sell wholesale, distribution, manufacturing and manufacturing at third parties, packaging, transportation, storage, import and export, own and publicize commercial, scientific and marketing offers for all human pharmaceutical products, biological, veterinary, semi-prepared pharmaceuticals, chemicals, cosmetics, food, food supplements, pesticides, all kinds of disinfectants in any medical devices and prosthetic supplies laboratories, hospitals, equipment, tools, materials, laboratory reagents and alum Packaging and advertising materials - whether manufactured locally or imported, in addition to the advertisement of the above mentioned products in seals, as well as labelling, training and supply information and programs of systems and consultancy relating to the areas mentioned above and rental services and sale of administrative and storage areas, with the company's pledge extracted all permits due in this regard and the private practice of each activity and the observance of all laws and regulations in direct to these activities. The registration conducted in the Commercial Register on 12 September 2017.

2. Basis of Preparing the Financial Statement

The financial statements have been prepared in accordance with the Egyptian Accounting Standards no. (30).

3. Significant Accounting Policies Applied

The interim financial statements are prepared on the principle historical cost except for the financial instruments, which measured at fair value, or amortized cost, according to the relative condition. The historical cost generally based on the recognized fair value of the exchange of asset. Moreover, the company shall not be subject to any material effects periodically or seasonally. The interim financial statements have been prepared in accordance with the same accounting policies, fair presentation and mathematical methods applied when preparing the financial statements for the year ended 31 December 2017.

4. Critical Accounting Judgments and Key Sources Of Estimation Uncertainty

In applying 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 clearly appear from other sources. The estimates and associated assumptions based on historical experience and other factors that considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions reviewed on an ongoing basis. The amendments effect on the accounting estimates recognized in the period, which these amendments recognized if the effect of these amendments affect this period, but if the effect has an impact on the current period and future periods, in this case, the recognition of the amendments effect will be in the current period and future periods.

5. Revenues

The increase in revenues on 30 June 2018 is due to the expansion of the company in the establishment of new branches in the current period compared to the prior period, which led to the increase in the volume of sales, as well as the increase in the prices of medicine compared to the period ended 30 June 2017 as a result of the decision of the Ministry of Health in February 2017, which had an impact on the sales of the company from the beginning of the second quarter of 2017 according to the Instructions of the Ministry of Health, which decided an increase in prices of some types of medicines and to be applied on the new production and new packs.

6. General & Administrative expense / selling & marketing expense

The increase in general & administrative generally due to the increase in salaries and wages which resulted from the increase in the number of employees and the annual increase in June 30, 2018 compared to the period ending 30 June 2017. In addition to the increase in the sales commission related to the increase in sales during the period.

7. Finance costs

The finance costs amounted to EGP 58 119 903 during the period ended on 30 June 2018 (during the period ended on 30 June 2017: EGP 49 964 073) the Company received a medium term loan amounted to EGP 75 000 000 to finance the new branches of the Company.

8. Other revenues

Other income includes the revenue of fines for the delay of receipts from customers up to June 30, 2018 that amounted to EGP 7 149 398 (EGP 5 395 107 up to 30 June 2017) in addition to credit interest as of June 30, 2018 the amount of EGP 6 108 543.

9. Other expenses

Other expenses consist of expenses for the capital increase in addition to attorneys' fees expense.

10. Income tax

Income tax expense for the period has been recognized by an amount of EGP 30 151 192 (6 months ended 30 June 2017: income tax expense amounted to EGP 17 937 299) based on the estimated projected effective weighted average annual tax burden for the full financial year by applying it to net profit before Taxes for the six-month period.

11. Dividends

The Company did not announce any profit dividends to shareholders for the period from 1 January 2018 to 30 June 2018.

On April 2, 2018, the Ordinary General Assembly approved the distribution of dividends to the employees in the amount of EGP 8 600 000. An amount of EGP 8 448 718 was paid.

12. Fixed Assets (net)

2018 <u>Cost</u>	Land		Building		Machinery and equipments		Vehicles		Computers and software		Furniture and fixtures		Tot EGP
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	
Cost as of 1/1/2018	15 886 220	190 698 242	90 999 925	6 668 558	18 344 093	6 942 701	329 5	-	-	-	-	-	-
Additions during the period	-	12 364 491	16 082 615	47 220	324 512	557 781	29 3	-	-	-	-	-	-
Disposals during the period	-	(6 750)	(202 410)	(97 283)	(17 932)	-	(37	-	-	-	-	-	-
Cost as of 30/6/2018	15 886 220	203 055 983	106 880 130	6 618 495	18 650 673	7 500 482	358 5	-	-	-	-	-	-
Accumulated depreciation	-	66 463 629	34 858 520	4 036 918	8 314 231	5 602 101	119 2	-	-	-	-	-	-
Accumulated depreciation as of 1/1/2018	-	9 656 473	6 807 625	581 344	1 356 990	443 191	18 8	-	-	-	-	-	-
Depreciation charged for the period	-	(6 750)	(181 211)	(83 414)	(7 197)	-	(27	-	-	-	-	-	-
Accumulated depreciation of disposals	-	76 113 352	41 484 934	4 534 848	9 664 024	6 045 292	137 8	-	-	-	-	-	-
Accumulated depreciation as of 30/06/2018	-	76 113 352	41 484 934	4 534 848	9 664 024	6 045 292	137 8	-	-	-	-	-	-
Net book value as of 30/06/2018	15 886 220	126 942 631	65 395 196	2 083 647	8 986 649	1 455 190	220 7	-	-	-	-	-	-

* The Land item includes some lands not yet registered and currently being registered

Ibn Sina Pharma (S.A.E)
Notes to the Financial Statements
For the Financial Period Ended June 30, 2018

Translation of the financial statements
Originally issued in Arabic

2017 Cost	Land		Building		Machinery and equipments		Vehicles		Computers and software		Furniture and fixtures		Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	
Cost as of 1/1/2017	15 886 220	163 724 545	61 006 343	5 273 555	11 190 434	6 300 776	263						
Additions during the period	-	7 383 012	13 118 706	1 107 176	3 961 649	370 829	25						
Disposals during the period	-	-	(149 883)	(163 127)	(52 538)	-	(
Cost as of 30/6/2017	15 886 220	171 107 557	73 975 166	6 217 604	15 099 545	6 671 605	288						
Accumulated depreciation													
Accumulated depreciation as of 1/1/2017	-	52 216 320	25 210 098	3 094 038	6 609 473	4 925 265	92						
Depreciation charged for the period	-	7 115 985	4 597 173	509 983	868 098	428 617	1						
Accumulated depreciation of disposals	-	-	(139 698)	(159 718)	(35 721)	-	(
Accumulated depreciation as of 30/6/2017	-	59 332 305	29 667 573	3 444 303	7 441 850	5 353 882	105						
Net book value as of 30/6/2017	15 886 220	111 775 252	44 307 593	2 773 301	7 657 695	1 317 723	183						

13. Projects under construction

The main reason for the increase in the balance of projects under construction as of June 30, 2018 is due to the leasehold improvements of the new branches, the new head office, the main projects during the period are the land of 6 October, the new accounting system and the new administrative building.

14. Accounts and notes receivables (net)

The increase in account receivables resulted from the increase in sales during the current period compared to the prior year period. In addition, there is no significant change in the average collection period from customers.

15. Inventories

The decrease in inventories is due to increased sales during the period ending June 30, 2018. There is no significant change in the average period of inventory retention during the current period.

16. Accounts and notes payable

The increase in accounts and notes payable resulted from the increase in purchases during the period ended June 30, 2018. There is no significant change in the average payment period for suppliers.

17. Credit Facilities

The increase is due to the use of the credit facilities granted to the company to pay the suppliers, some of these facilities without guarantee and others guaranteed by notes receivable or insurance policy on a part of the inventory for the benefit of the banks.

18. Long & short loans installments

On January 17, 2018, the company obtained a new medium-term loan by an amount of EGP 75 000 000 from Ahli united bank against an insurance policy that equivalent to 125% of the loan value for the benefit of the bank.

19. Suppliers advance payment

The increase in suppliers' advance payment balance resulted from the terms & conditions of contracts with some suppliers that require the company to pay in advance to supply the company with the medicine according to these contracts.

20. Creditors and other credit balances

The decrease in creditors & other credit balances is due to the payments of the income tax of 2017.

21. Capital

The company's authorized capital amounted to EGP 50 000 000 (only fifty million Egyptian pounds), and the company 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 shareholder's contribution at the rate of 93.5%, and the employees 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 in the Commercial Register on June 29, 2015.
- On March 5, 2017, the Extraordinary General Assembly decided to increase the authorized share capital by an amount of EGP 144 000 000 to become 168 000 000 as well as increase the issued capital of the Company by an amount of EGP 144 000 000 to become 168 000 000 to be financed from the balance of the general reserve as of December 31, 2016 given that each (6) free shares of the share capital increase to be allocated to each one share of the original shares of the company owned by the shareholders at the date of the General Assembly Meeting. And splitting the nominal value of the share from 100 Egyptian pounds to 1 Egyptian pounds to become the total number of shares of the company after the increase and the splitting the nominal value per share to be 168 000 000 shares paid in full. This amendment was registered in the Commercial Register on September 12, 2017.
- On September 7, 2017, the Extraordinary General Assembly decided to split the share capital from EGP (1) to EGP (0.25) per share to become the paid in capital by an amount of EGP 168 000 000 distributed on 672 000 000 shares of value EGP (0.25) per share. This amendment was in the Commercial Register on September 28, 2017.
- On January 17, 2018, the Board of Directors of Ibn Sina Pharma agreed to increase the issued capital from EGP 168 million to EGP 180.5 million, through subscription by the old shareholders whom sold their shares in the public or private placement. The capital will be increased by issuing 50 000 000 shares with subscribing price equal the final offer price which amounted to EGP 5.80, Accordingly, the issued and paid up share capital of the company was increased by EGP 12 500 000 to become the issued and paid up capital amounted to EGP 180 500 000 according to the bank deposit certificate issued by Arab African International Bank on February 13, 2018. Moreover, share premium for this capital increase amounted EGP 277 500 000. This capital increase initialled in the commercial register on March 22, 2018.

22. Share Premium

On January 17, 2018, the Board of Directors of Ibn Sina Pharma agreed to increase the issued capital from EGP 168 million to EGP 180.5 million, through subscription by the old shareholders whom sold their shares in the public or private placement. The capital will be increased by issuing 50 000 000 shares with subscribing price equal the final offer price which amounted to EGP 5.80, Accordingly, the issued and paid up share capital of the company was increased by EGP 12 500 000 to become the issued and paid up capital amounted to EGP 180 500 000 according to the bank deposit certificate issued by Arab African International Bank on February 13, 2018. Moreover, share premium for this capital increase amounted EGP 277 500 000. This capital increase initialed in the commercial register on March 22, 2018.

23. Finance Lease Contracts

The Company has entered into finance lease contracts for certain assets such as vehicles, equipment, computers and computers software. The value of these contracts as of June 30, 2018 amounted to EGP 111 831 265 and the company bears a portion of these contracts that are recorded as other assets.

24. Basic earnings per share for the period

Basic earnings per share calculated by dividing the earning attributable to shareholders over the number of outstanding shares during the period.

EGP	2018	2017
Basic earnings per share	0.10	0.08
Net income and number of shares used in calculating the EPS		
EGP	2018	2017
income of the period	75 183 179	53 662 578
Deduct :		
Proposed share of employee distributions	(8 600 000)	--
Net income of the period	66 583 179	53 662 578
Number of shares	2018	2017
Average number of shares for basic EPS purpose	699 624 309	672 000 000

25. Tax Position**First: Corporate Income Tax:**

- Company was inspected and taxes were settled until year 2013.

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 2015.

Fourth: Sales tax

- The company was inspected, and taxes were settled until year 2015.

Fifth: Withholding tax

- The company was inspected until year 2012 and the company did not receive yet tax claims.

26. Financial Instruments

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

- Credit Risk
- Liquidity Risk
- Marketing Risk

The Company's financial instruments consist of financial assets (bank balances, receivables, trade receivables, due from related parties and customers), financial liabilities (creditors, credit balances, credit facilities, suppliers, payment notes and land purchase creditors). The following are the main risks related to them and how they are managed:

Categorize of the Financial Instruments

EGP	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Financial assets		
Cash and Cash Equivalent	86 518 110	164 790 862
Financial assets measured by Amortized cost(A)	3 009 395 316	2 526 390 513
Financial Liabilities		
Financial Liabilities measured by Amortized cost (B)	4 169 129 658	3 842 058 795

A) Includes customers and accounts receivable as well as other current assets that meet the definition of financial assets. Total amount of EGP 1 422 782 143 (2017: EGP 1 415 967 072) of other current assets does not meet the definition of financial assets.

B) Includes loans and credit balances, and other financial liabilities as well as other current liabilities that meet the definition of financial liabilities. Total amount of EGP 57 933 250 (2017: EGP 75 540 820) of other current liabilities does not meet the definition of financial liabilities.

The overall responsibility is to develop the risk management framework for the company and follow up its implementation to the Board of Directors. The Board of Directors is also responsible for developing and monitoring the implementation of its risk management policies.

Risk management policies are developed to identify risks to the company, the acceptable risk limits and risk management rules, and ensure adherence to acceptable limits.

Risk policies and systems are reviewed periodically, to reflect changes in market conditions and activities. Through its training management standards and procedures, the company aims at developing and building a disciplined regulatory environment in which employees understand the role assigned to them and their obligations.

The Board of Directors oversees how the Management monitors compliance with risk policies and procedures, reviews the adequacy of the risk framework of the Company and internal audit cooperates with the Board of Directors in the performing its following up and monitoring role. The internal audit undertakes both periodic review of the risk management controls and procedures, and reports on the results to management.

27. Significant events during period

On January 17, 2018, the Board of Directors of Ibn Sina Pharma agreed to increase the issued capital from EGP 168 million to EGP 180.5 million, through subscription by the old shareholders whom sold their shares in the public or private placement. The capital will be increased by issuing 50 000 000 shares with subscribing price equal the final offer price which amounted to EGP 5.8. Accordingly, the issued and paid up share capital of the company was increased by EGP 12 500 000 to become the issued and paid up capital amounted to EGP 180 500 000 according to the bank deposit certificate issued by Arab African International Bank on February 13, 2018. Moreover, share premium for this capital increase amounted to EGP 277 500 000 which will be retained in general reserve account.

On April 2, 2018 the ordinary general assembly agreed on the project of dividend distribution to the employees by the amount of EGP 8.6 Million.

On June 28, 2018, The Monetary Policy Committee, chaired by the Governor of the Central Bank of Egypt, decided to cut interest rates on deposits and borrowings by 200 basis points to 16.75% & 17.75% respectively.

28. Litigations

Based on a complaint from one of the individuals about the existence of a written agreement between pharmaceutical companies, including Ibn Sina Pharma (S.A.E), who represent the members of the Association of pharmaceutical distribution companies, and where the allegation that these companies agreed to unify the sales policies and reduce the rates of cash discount and credit periods at the detriment of small pharmacies.

The lawsuit has already been disclosed in Section 4 (Lawsuits Position) of the IPO prospectus concerning the lawsuit No. 2952 for the year 2015 Economic Court, registered under number 1898 for the year 2016 for economic Misdemeanors.

Based on the opinion of the external legal counsel, the lawsuit can be summarized as follows:

- The Public Prosecution referred the defendants in the lawsuit (namely, Ibn Sina Pharma, United Pharma, Ramco Pharma and Middle East for Chemicals) on the allegation of implementing similar sales policies leading to an increase in the prices of pharmaceutical products on the pharmacies and restricting the distribution of medicine.
- The Public Prosecution (Financial and Commercial Affairs Office), then, prepared a report on the whole matter and referred Ibn Sina and the other PDCA members to the judiciary and filed the report as a misdemeanor in accordance with:
 - Articles 1, 2(a) and (b), 3, 6 paragraph 1 (subparagraphs a and d), 19/1, 21/1, 22/1 (first sub paragraph), 24 and 25 of Law N° 3/2005.
 - Articles 1, 2, 5, 6, 9, 10, 11 (a and d), 31, 32, 33, 34, 35 and 38 of the Executive Regulations to Law N° 1316/2005.
- The Public Prosecution determined the period of violation form January 2013 to December 2015.
- On 28 February 2018, the Economic Court issued a decision finding the defendants guilty of the charges (including four individuals from Ibn Sina Pharma) imposing the maximum penalty set by law. The Court imposed the penalty on the companies' representatives relying on the Egyptian Competition Authority Report and the investigations of the Public Prosecution, which concluded the existence of an agreement between the companies to unify the sales policies leading to an increase in the prices of pharmaceutical products and restricting the distribution of medicine in violation of Article 6 of the Competition Law. The Court imposed the maximum penalty by law due to its inability to determine the total revenues of the product in question.

- Article 6 of Law No. 3/2005 restricted any agreement between competitors in any relevant market that targets an increase, decrease or fixing of prices.
- Article 22 also imposed a penalty on violators of Article 6 of not less than 2% of the total revenues of the product in question and not exceeding 12% of such revenues; all during the period of violation. In case of inability to determine such revenues, the penalty shall not be less than 500,000 Egyptian Pounds and not to exceed 500 million Egyptian Pounds.
- All the defendants, including the representatives of Ibn Sina Pharma, appealed the court ruling, and a hearing was set for the appeal on May 19, 2018.
- On May 19 2018, the Court decided postponing the hearing to June 15, 2018, and on that date. The company argued its position and presented the supporting documents defending its position and the court decided to pronounce its Judgment on the hearing dated July 16, 2018.
- On July 16, 2018 the court postponed the pronouncement of its Judgment to the hearing dated September 18, 2018
- The dispute is still ongoing in front of courts. And in the light of uncertainty, the final results can't be accurately determined unless a final court ruling is issued. The company has taken all the necessary actions and the legal procedures measures and defenses that support its legal position.

29. Significant events after Balance date

None.

30. Financial Statements approval date

The financial statements were approved by the management and the Board of Directors on August 9,2018.

Finance Manager
Moa'men Gomaa

Managing Director
Omar Abdel Gawad

Chairman
Mohamed Mahgoub