

# Ibnsina Pharma Releases 1H2022 Consolidated Results

*Inflation and interest rate pressures materialized in an accelerated pace; we remain confident in our ability to navigate short-term challenges as we started to reap the benefits of optimization and digitalization strategy*

**Cairo, 14 August 2022**

## 1H22 Highlights

### Net Revenues

**EGP 10.3 BN**

+1.4% y-o-y

### Gross Profit

**EGP 768.7 MN**

+0.9% y-o-y

### EBITDA

**EGP 299.1 MN**

-11.1% y-o-y

### Net Profit

**EGP 88.6 MN**

-15.6% y-o-y

Ibnsina Pharma (ISPH.CA on the Egyptian Stock Exchange), Egypt's fastest-growing and second-largest pharmaceutical distributor, released today its audited results for the six-month period ended 30 June 2022. Net revenue recorded EGP 10.3 billion for the period up by 1.4% year-on-year as ibnsina pharma adopted a number of initiatives to mitigate any potential credit risk during these challenges including decreasing credit limit for some clients.

Gross profit came in at EGP 768.7 million, up by 0.9% year-on-year and yielding a gross profit margin of 7.5% against steady as one year previously. Gross Profit Margin reflect the increase in the share of revenues generated by the company's wholesale segment, where customers receive cash discounts in exchange for cash payments.

Despite the devaluation effect and the associated inflation that reached 13% by June 2022 which impacted most of cost elements (consumables, packing, prints,); ibnsina pharma adopt conservative policies that kept OPEX growth at minimal level of 3.9% only driven by OPEX optimization initiatives in salaries, electricity, packing, transportation management system (TMS) and prints.

EBITDA declined by 11.1% year-on-year to EGP 299.1 million during 1H22. The company's EBITDA margin declined closing at 2.9%.

Meanwhile, Ibnsina Pharma recorded a net profit of EGP 87.6 million in the first half of 2022, declined 15.6% year-on-year. The company's net profit margin declined to 0.86% in 1H22 against the 1.04% booked for 1H21.

## Summary Income Statement

EGP MN	1H2021	1H2022	Change
Net Revenue	10,123,523	10,261,154	1.4%
<b>Gross Profit</b>	<b>761,641</b>	<b>768,705</b>	0.9%
GP Margin	7.5%	7.5%	
<b>OPEX</b>	<b>412,213</b>	<b>428,147</b>	3.9%
OPEX / Sales	4.1 %	4.2 %	
<b>EBITDA</b>	<b>336,446</b>	<b>299,086</b>	(11.1 %)
EBITDA Margin	3.3%	2.9%	
<b>Net Profit of Parent Company</b>	<b>104,993</b>	<b>88,609</b>	(15.6 %)
NP Margin	1.04%	0.86%	

## Comments from our Co-CEOs

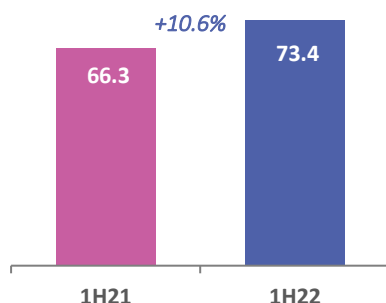
“The 2nd quarter was challenging where the effect of interest rate increase, exchange rate devaluation and the associated inflationary and supply chain pressures materialized in an accelerated pace” said Omar Abdel Gawad, Co-CEO of Ibnsina Pharma. “Despite these challenges, many parts of our core business performed well in the second quarter.”

“We adopted a number of initiatives to mitigate any potential credit risk during these challenges including decreasing credit limit for some clients and getting collaterals from others. Our prudent credit risk policy protected the company’s rights against the default of some clients. We opted also not to run after market share by increasing cash discount as other struggling competitors do on the expense of profitability as this strategy is negatively affect them on both the short and long-term. Cash conversion cycle continue to be a major focus for us, we are currently in talks to extend payment period from suppliers while focusing on cash sales segments, decreasing cash discounts, focusing on imported items with zero cash discounts. in Q2 2022 we distributed EGP 112 million to shareholders according to AGM decision and currently buying treasury shares up to 10% of the company’s capital as per BOD approval.” **said Omar Abdel Gawad, Co-CEO of Ibnsina Pharma.**

“We remain confident in our ability to navigate short-term challenges, dynamically manage our resources. We have adjusted our full-year 2022 outlook to reflect our expectations that current challenges will continue for the remainder of 2022 which will pressure our profitability growth. However, the 2<sup>nd</sup> half of the year is expected to be much stronger with the effect of drugs re-pricing, payment extension from suppliers will start to materialize beside our focus in some categories of clients where we see growth potential without bearing risk. Medium and long-term growth opportunity remains intact; our optimization strategy, our investments in subsidiaries, liquidation or operation of available for sales assets and interest rate normalization will give Ibnsina Pharma the opportunity in 2023 and beyond for margins enhancement” **added Omar Abdel Gawad, Co-CEO of Ibnsina Pharma.**

“Growth, Optimization, Digitalization and Investment are our strategic priorities. On the optimization front, we are working to engender margin-boosting efficiencies through a variety of cost-based initiatives in our supply chain and employment cost. We expect the effects of this measures to become progressively more evident in our financial performance over years with OPEX growth curbed. On the digitalization front, we remain committed to introducing meaningful innovations across each link in the pharmaceutical value chain. On the Investment side, we optimize investment in our core business through a light asset model that introduces new generation of tiered warehouses while attracting developers willing to invest in a build and rent model for our new regional warehouses which will keep our CAPEX for the coming years in the level of EGP 120 million only. For the non-core business investment, we have an investment budget of EGP 280 million for our investment arm “AIM” for investments in logistics and digital transformation including our acquisition of Elshorouk hospital in Elshorouk city which was announced in Q1” **said Mahmoud Abdel Gawad, Co-CEO of Ibnsina Pharma.** “

Total Market Growth  
(EGP bn)



## Market Overview

According to IQVIA Egypt’s total pharmaceutical market registered sales of EGP 73.4 billion during 1H2022. Sales were up by 10.6%. Sales growth was mainly driven by increases in the average selling price (ASP).

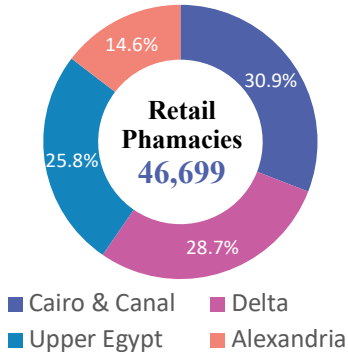
Although the pharma market didn’t fully recover since COVID-19 spread, total market pharmaceutical sales are anticipated to record continuous recovery growth approaching a rate of 10-12% in FY2022, higher than the rate achieved in FY2021. Such expectations are supported by the anticipated re-pricing of pharmaceutical products due to inflationary and supply chain pressures facing pharma manufacturers. The Egyptian drug Authority have requested pharma manufacturers to submit their requests for re-pricing in order to prevent shortage on those items. The effect of re-pricing is expected to be reflected in the market starting 3Q2022.

Expectations of double-digit growth in FY2022 and beyond are further backed by strong market fundamentals as demand is further bolstered by rapid population growth. Rising at an annual rate of c.2%, Egypt’s population has surpassed the 100-million mark. Consumer demand is consequently a major driver of Egypt’s economic growth, with relatively inelastic goods such as pharmaceuticals experiencing consistent demand growth. Egypt’s per capita outlay on pharmaceuticals continues to lag behind regional peers, leaving significant room for further growth and attracting large investments from domestic and foreign pharma players. Ibnsina Pharma is fastest-growing distributor of pharmaceutical products in Egypt for several consecutive years.

Growth in tender sales is expected to accelerate more in 2H2022 following a relative slowdown in Q2 in anticipation for the new health spending budget for 2022/2023. With the maturity of the UPA new processes, it is anticipated that the UPA will significantly enhance the efficiency of procurement practices at upwards of 1,800 public hospitals and other establishments. Ibnsina Pharma’s strong presence in both the retail and non-retail segments continues to support the company’s performance and provides it with a strong competitive advantage.

It should be noted that data on market shares provided by IQVIA is different from the data that ibnsina pharma have from pharmaceutical manufacturers, a discrepancy that need to be revised from IQVIA. Ibnsina Pharma is currently in talks with IQVIA to agree on a mechanism which will validate the data sent by different players in the pharma market, with the aim of ensuring the accuracy and consistency of the IQVIA reports.

**Retail Pharmacies by Geography (1H2022)**

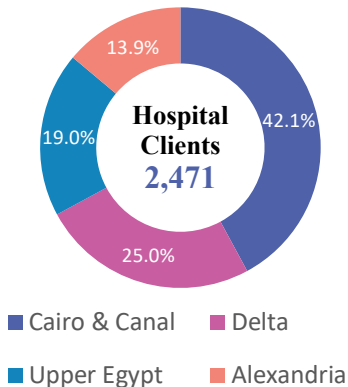


**Operational Review**

Ibnsina Pharma serviced 50,042 clients during 1H21. More than 30.9% of Ibnsina Pharma’s retail client base was located in Cairo in the Canal Zone, Egypt’s most heavily populated metropolitan areas. The Delta and Upper Egypt were home to 28.7% and 25.8% of clients, respectively. Clients in Egypt’s second-largest city, Alexandria, constituted 14.6% of Ibnsina Pharma’s client base during the period. Ibnsina Pharma works to optimize the geographical distribution of its client base, aligning the network as far as possible with population density in Egypt’s various regions.

Ibnsina Pharma operated 65 sites as at 1H22, up from 64 one year previously. Revenue per site is steady year-on-year to record EGP 157.8 million for 1H22 as revenues grew only 1.4% due to the adopted initiatives to mitigate any potential credit risk during these challenges including decreasing credit limit for some clients.

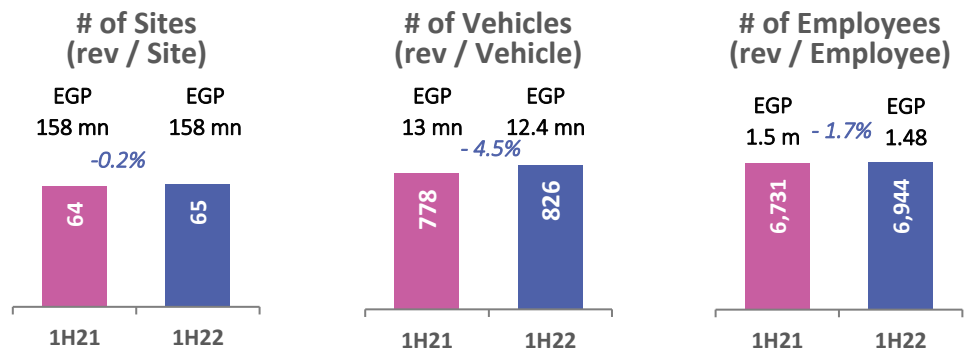
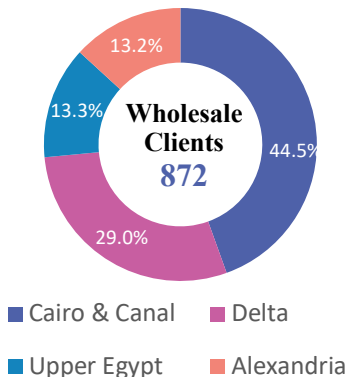
**Hospital Clients by Geography (1H2022)**



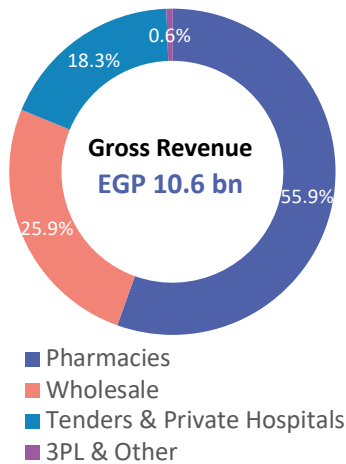
Meanwhile, the number of vehicles in Ibnsina Pharma’s delivery fleet stood at 826 vehicles at the close of 1H22, up from 778 vehicles one year previously. The company’s investment optimization plan in core business through the introduction of new generation of regional warehouses (which will replace some of the existing branches) needed addition to the fleet. revenues per vehicle decreased by 4.5% year-on-to reach EGP 12.4 million in 1H22.

Revenue per employee decreased by 1.7% only during the period due to the addition of 213 personnel mainly in subsidiaries (El Shorouk Hospital, Ramp logistics and Digi360) .

**Wholesale Clients by Geography (1H2022)**

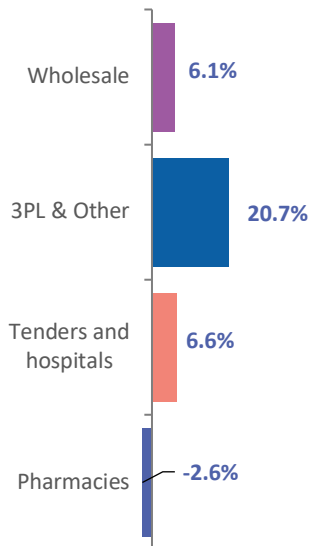


Revenue\* by Business Line (1H22)



\* Revenues refer to gross sales prior to discounts

Business Line Revenue Growth (1H2022)

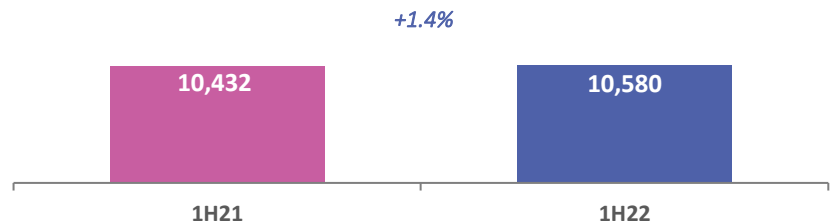


Financial Performance

Revenues

1H22 saw Ibnsina Pharma’s gross revenues climb by 1.4% year-on-year to register EGP 10.6 billion. The company’s core retail business with pharmacies declined by 2.6% year-on-year to book EGP 5.8 billion for 1H22. Retail sales generated 55.9% of the company’s overall top line during 1H22, down from 57.4% one year previously, reflecting the adopted initiatives to mitigate any potential credit risk during these challenges including decreasing credit limit for some clients. The company’s wholesale segment expanded by 6.1% year-on-year to book revenues of EGP 2.7 billion for 1H22, contributing 25.9% of total revenues for the period against 24.7% for 1H21. Meanwhile, revenues from tenders and private hospitals expanded by 6.6% year-on-year to book EGP 1.9 billion in 1H22. Revenue from tenders and private hospitals constituted 18.3% of the company’s top line the same level as one year previously.

Gross Revenue Progression (EGP mn)



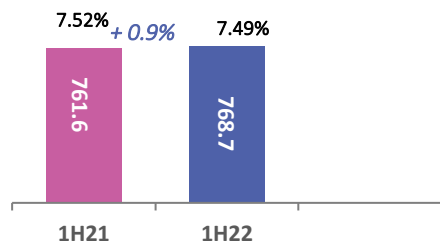
Gross Profit

Ibnsina Pharma booked a gross profit of EGP 768.7 million for 1H22, an increase of 0.9% from the EGP 761.6 million recorded in 1H21. The gross profit margin recorded 7.5% over the same period. This reflects growth in the wholesale segment’s contribution to the overall top line for the period. Ibnsina Pharma’s wholesale clients typically transact in cash, receiving cash discounts from the company.

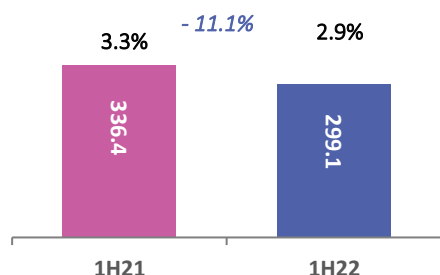
OPEX

Despite the devaluation effect and the associated inflation that reached 13% by June 2022 which impacted most of cost elements (consumables, packing, prints,) management adopt conservative policies that kept OPEX growth at minimal level of 3.9% only driven by OPEX optimization initiatives in salaries, electricity, packing, transportation management system (TMS) and prints. The company registered EGP 428.1 million in operational expenses OPEX for 1H22, up by 3.9 % year-on-year from the EGP 412.2 million booked in 1H21.

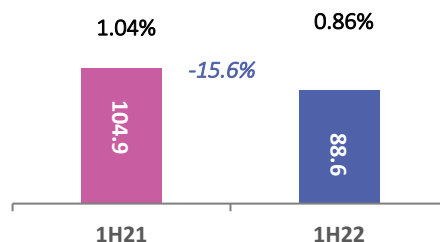
### Gross Profit Progression (EGP mn, % margin)



### EBITDA Progression (EGP mn, % margin)



### Net Profit Progression (EGP mn, % margin)



### EBITDA

EBITDA booked EGP 299.1 million in 1H22, a decrease of 11.1% from the EGP 336.4 million recorded in 1H21. EBITDA figure reflects the relatively slow growth of OPEX in 1H2022. Ibnsina Pharma saw its EBITDA margin decline to reach 2.9% in 1H22 as sales grew only 1.4%. With an anticipated stronger performance. In the 2<sup>nd</sup> half of the year, the company will continue to successfully leverage economies of scale, effectively spreading fixed operational and administrative costs across a wide revenue base.

### Depreciation & Amortization

Depreciation & amortization expense registered EGP 94.5 million in 1H22, up by 7.5% from the EGP 87.9 million booked for 1H21, driven largely by the adoption of IFRS 16 accounting standards. IFRS 16 requires lessees to recognize assets and liabilities for all high-value leases, with consequent effects for depreciation expense.

### Net Interest Expense

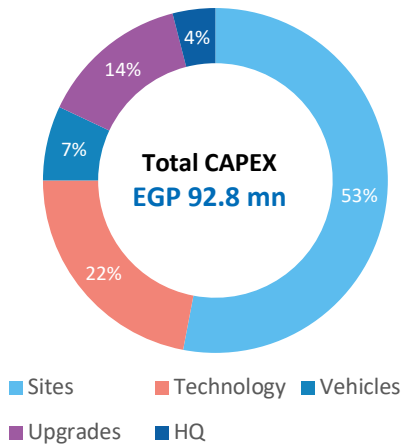
Net Interest expense booked EGP 97.0 million for 1H22, down 13% year-on-year from the EGP 111.6 million recorded in 1H21. Interest expenses as a percentage of sales enhanced to record 0.94% compared to 1.10% in 1H21 although interest rate increased 3% since the beginning of the year.

### Net Profit

Net profit came in at EGP 88.6 million in 1H22, down by 15.6% year-on-year from the EGP 104.9 million posted in 1H21. The period saw Ibnsina Pharma's net profit margin declining to 0.86% in 1H22 from 1.04% in 1H21.



**CAPEX Breakdown  
(1H2022)**



## Key Balance Sheet Items

### CAPEX

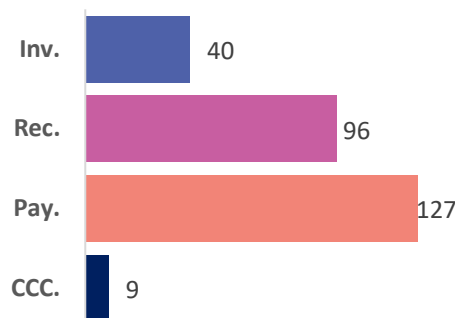
Ibnsina Pharma made total CAPEX outlays of EGP 92.8 million in 1H22 against the EGP 75.7 million committed one year previously. Investments during the period included EGP 48.9 million on distribution centers and sales offices to enhance customer accessibility. At EGP 12.8 million, upgrades were allocated, while EGP 6.8 million was allocated to vehicles. Construction at Ibnsina Pharma’s headquarters was allocated EGP 3.4 million during 1H22. Ibnsina Pharma allocated EGP 20.8 million in CAPEX to technology projects as the company continued to implement its pre-COVID plans for technology investment.

The company has revised core business CAPEX budget to be EGP 120 million for FY2022. This comes in line with a newly introduced network optimization plan, which will see the company launch differentiated tiers of warehouses with varied functions and storage capacities, including mini distribution centers and regional facilities. The regional warehouses will be constructed and financed by a third party, reducing the initial investment requirement and easing Ibnsina Pharma’s leverage burden.

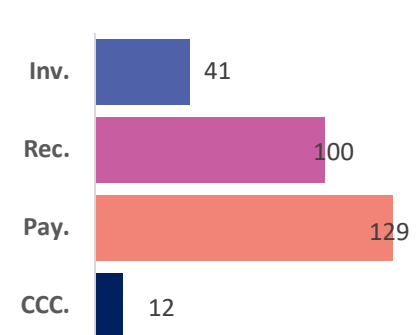
### Working Capital

Ibnsina Pharma’s cash conversion cycle fell to approximately 9 days in 1H22 from approximately 12 days in 1Q22. This decrease was driven by a fall in receivable DOH. Receivable DOH recorded 96 days in 1H22, down from 100 days in 1Q22, driven by enhanced collection periods across the segments and settlement of receivables. Inventory DOH recorded 40 days in 1H22 against 41 days in 1Q21 with an expected improvement by year end. Payables DOH recorded 127 days during the period with further enhancement by year end from extending payment period to suppliers. Ibnsina Pharma expects to maintain normalized DOH for all working capital items and to reach a cash conversion cycle of between zero and positive 1-2 days over the course of FY2022.

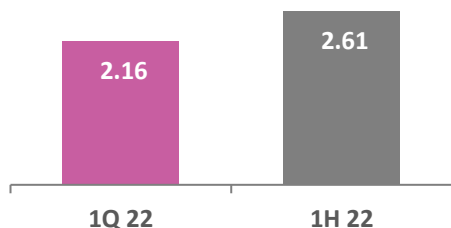
**Cash Conversion Cycle 1H2022**



**Cash Conversion Cycle 1Q2022**



**Net Debt / Equity**



**Net Debt**

Ibnsina Pharma registered a net debt/equity ratio of 2.61 in 1H22, with the company booking total net debt of EGP 3.6 billion as of 30 June 2022 compared to a net debt/equity ratio of 2.16 with balance of EGP 3.26 billion as of 1Q 2022. Medium-term loans allocated to fund Ibnsina Pharma’s CAPEX efforts represent approximately 29% of the company’s debt, while 10% of the company’s debt is represented by obligations under financial lease while working capital financing facilities represent 61%.

It’s worth mentioning that Ibnsina Pharma’s outstanding debt was affected by the restrictions imposed on discounting the receivables of SME’s who don’t prepare full financial statements which is the case of retail pharmacies. Therefore, ibnsina pharma had to switch part of working capital financing from discounting the retail pharmacies’ receivable (off-balance sheet item) to direct financing using overdraft (on balance sheet).



## RECENT CORPORATE DEVELOPMENTS

### Ibnsina Pharma Board of Directors approves buying treasury shares up to 10%

Ibnsina Pharma's Board of Directors approved in the meeting held on 1/6/2022 the purchase of treasury shares with a maximum of 10% of the company's total shares to support the company's share price and give confidence to investors on ISP future performance.

## Income Statement

<i>In EGP</i>	1H2021	1H2022	YoY ▲
<b>Gross Revenue</b>	<b>10,432,920</b>	<b>10,580,079</b>	<b>1.41%</b>
Net Revenue	<b>10,123,523</b>	<b>10,261,153</b>	<b>1.36%</b>
Cost Of Revenue	(9,361,882)	(9,492,449)	
<b>Gross Profit</b>	<b>761,641</b>	<b>768,704</b>	<b>0.93%</b>
<i>Gross Profit Margin</i>	7.52%	7.49%	
Selling, General & Administrative	(412,213)	(427,147)	
AR Provision	(12,982)	(41,472)	
<b>EBITDA</b>	<b>336,446</b>	<b>299,086</b>	<b>(11.10 %)</b>
<i>EBITDA Margin</i>	3.32%	2.92%	
Depreciation & Amortization	(87,886)	(94,511)	
<b>EBIT</b>	<b>248,560</b>	<b>205,575</b>	<b>(17.70 %)</b>
<i>EBIT Margin</i>	2.46%	1.99%	
Net Financial Expenses	-110,778	-105,267	
Forex Gain (Loss)	(829)	8,264	
Other Expenses	-858	-2,018	
Other Income	1,127	3,340	
<b>EBT</b>	<b>137,221</b>	<b>108,894</b>	<b>(19.28 %)</b>
<i>EBT Margin</i>	1.36%	1.06%	
Deferred Tax	5,294	12,578	
Income Tax	(37,764)	(33,732)	
<b>Net Profit</b>	<b>104,752</b>	<b>87,740</b>	<b>(16.24 %)</b>
Minority interest	(242)	(870)	
<b>Net Profit of Parent Company</b>	<b>104,993</b>	<b>88,609</b>	<b>(15.6 %)</b>

## Balance Sheet

<i>In EGP</i>	FY2021	1H2022
Property & Equipment, net	952,743	913,730
Projects Under Construction	242,878	1,072,967
Other Assets	15,301	21,283
Leased Assets net	272,150	301,239
Long Term NR	63,916	169,136
Deferred Income Taxes	59,392	72,280
<b>Total Non-Current Assets</b>	<b>1,606,380</b>	<b>2,550,635</b>
Inventories	2,358,841	2,499,146
Trade & Notes receivable, net	5,743,455	4,999,313
Supplier Advances	107,520	170,502
Debtors & Other Debit Balance, net	761,316	717,437
Cash & Cash Equivalent	468,544	319,779
Assets Held for Sale	238,406	634,634
<b>Total Current Assets</b>	<b>9,678,082</b>	<b>9,340,810</b>
<b>Total Assets</b>	<b>11,284,462</b>	<b>11,891,445</b>
Paid-In Capital	240,000	279,042
Share Premium	277,500	277,500
General Reserve	3,079	3,079
Legal Reserve	61,311	77,093
Retained Earnings	569,838	684,697
Net Profit for The Year	314,396	88,609
Treasury Stock	(14,399)	(22,133)
Treasury Stock - Loss/ gain		(12,950)
<b>Holding Shareholders' Equity</b>	<b>1,451,725</b>	<b>1,374,937</b>
Non-controlling	1,769	1,231
<b>Total Shareholders' Equity</b>	<b>1,453,494</b>	<b>1,376,168</b>
Non-Current Portion of Medium-Term Loan	191,311	673,642
Non-Current Notes Payable	13,517	240,714
Non-Current Portion of Obligation Under Finance Lease	224,802	261,204
<b>Total Long-term Liabilities</b>	<b>429,630</b>	<b>1,175,560</b>
Credit Facilities	1,568,301	2,513,331
Contingency Provision	131,433	131,433
Customers Advance Payments	8,149	17,480
Current Portion of Obligation Under Finance Lease	71,198	109,621
Trade and Notes Payable	7,091,976	6,081,478
Current Portion of Medium-Term Loan	216,394	358,629
Income Tax	59,552	33,732
Creditors & Other Credit Balances	254,335	94,014
<b>Total Current Liabilities</b>	<b>9,401,338</b>	<b>9,339,718</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>11,284,462</b>	<b>11,891,445</b>

## Cash Flow

In EGP	1H2021	1H2022
<b>Cash flow from operating activities:</b>		
Net profit before tax	137,221	108,894
<b>Adjustments for:</b>		
Depreciation of fixed assets	60,450	60,480
Impairment of Accounts and notes receivable	12,982	41,472
Right of use Assets Amortization	27,436	34,031
Capital gain (loss)	(84)	3
Credit/Debit interest	136,154	182,828
<b>Operating profit before changes in working capital</b>	<b>374,160</b>	<b>427,707</b>
<b>Changes in working capital:</b>		
Change in inventory	(253,528)	(140,305)
Change in trade receivables	(40,660)	(52,050)
Change in supplier advances	29,517	(62,981)
Change in debtors and other debt balances	44,177	43,879
Change in trade payables	31,069	(1,136,393)
Change in customer advance payments	2,887	9,331
Change in creditors and other credit balances	3,473	(182,591)
<b>Cash flow from operating activities</b>	<b>191,094</b>	<b>(1,093,403)</b>
Income taxes	(76,140)	
Financing expense	(135,412)	(169,009)
<b>Net cash flow from operating activities</b>	<b>(20,458)</b>	<b>(1,262,413)</b>
<b>Cash flow from investment activities:</b>		
Payments for purchase of fixed assets and PUC	(118,140)	(262,988)
Payments for purchase of other assets	(2,479)	(6,840)
Proceeds from sale of fixed assets	981	410
Proceeds from sale of assets held for sale	-	9,550
<b>Net cash flow from investment activities</b>	<b>(119,638)</b>	<b>(259,869)</b>
Proceeds ( Payment ) of borrowings	(87,061)	624,566
Dividends paid	(14,586)	(140,400)
Proceeds from Overdraft facilities	352,530	945,030
Proceeds from treasury stock sales		492
Treasury Stock Purchase	(14,399)	(22,133)
Payment of lease liabilities	(24,374)	(34,038)
<b>Net cash flow from financing activities</b>	<b>212,111</b>	<b>1,373,516</b>
<b>Net change in cash and cash equivalents during the period</b>	<b>72,014</b>	<b>(148,765)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>270,881</b>	<b>468,544</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>342,895</b>	<b>319,779</b>

## About Ibnsina Pharma

Originally established in 2001, today Ibnsina Pharma is Egypt’s fastest-growing and second largest pharmaceutical distribution company. The Company distributes a competitive portfolio of pharmaceutical products from over 350 Egyptian and multinational pharmaceutical companies to more than 46,000 customers including pharmacies, hospitals, retail outlets and wholesalers. Its fleet of around 750 vehicles completes an average of over 890,000 deliveries each month.

Ibnsina Pharma’s core services for suppliers include management of warehousing and logistics for pharmaceutical products as well as the development and execution of tailored marketing solutions targeting a nationwide database of customers. The Company also provides efficient and reliable order-taking and delivery services to customers and was the first in its industry to pioneer a telesales model. Operating nationwide, Ibnsina Pharma’s team of more than 6,000 employees is dedicated to improving people’s quality of life by ensuring their access to safe and high-quality pharmaceutical products.

For more information about Ibnsina Pharma, please visit: [www.ibnsina-pharma.com](http://www.ibnsina-pharma.com).

For further information, please contact:

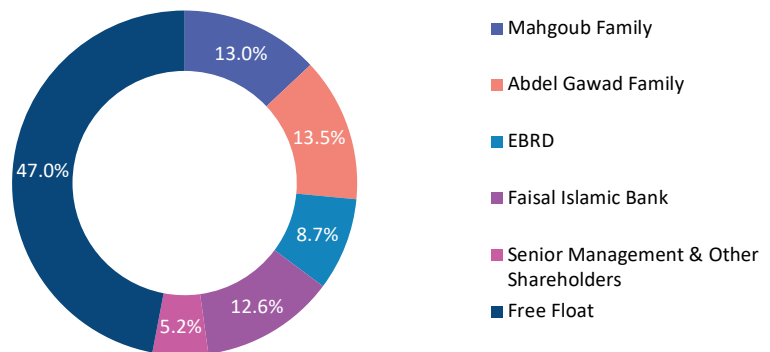
**Mohamed Shawky**

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### Shareholding Structure



## Forward-Looking Statements

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as “according to estimates”, “anticipates”, “assumes”, “believes”, “could”, “estimates”, “expects”, “intends”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “should”, “to the knowledge of”, “will”, “would” or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding our business and management, our future growth or profitability and general economic and regulatory conditions and other matters affecting us.

Forward-looking statements reflect our management’s (“Management”) current views of future events, are based on Management’s assumptions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause our actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements. Our business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to become inaccurate. These risks include fluctuations prices, costs, ability to retain the services of certain key employees, ability to compete successfully, changes in political, social, legal or economic conditions in Egypt, worldwide economic trends, the impact of war and terrorist activity, inflation, interest rate and exchange rate fluctuations and Management’s ability to timely and accurately identify future risks to our business and manage the risks mentioned above.