

Ibnsina Pharma Releases 1H23 Consolidated Results

Ibnsina Pharma is at the forefront of drug distribution companies in Egypt in the first six months of 2023; Strong Gross Revenues recording EGP 15 billion with a growth of 42.6% while reducing net debt by EGP 326 million compared to 1Q23.

Cairo, 13 August 2023

Ibnsina Pharma (ISPH.CA on the Egyptian Stock Exchange), Egypt's largest pharmaceutical distributor, released today its audited results for quarter ended 30 June 2023, Net revenue recorded EGP 14.69 billion for the period up by 43.2% Y-on-Y.

Gross profit came in at EGP 1.18 billion, up by 53.9% Y-on-Y and yielding a gross profit margin of 8.1% against 7.5% one year previously.

Key Financial and Operational Highlights:

- **Ibnsina Pharma is at the forefront of drug distribution companies in Egypt in the first six months of 2023**
- **Ibnsina Pharma recording EGP 7.8 bn net revenues in 2Q23 for the 1st time and record a market Share of 24% as of 1H23**
- **Gross Profit Margin of 8.1% driven by enchantment in cash discount given, product mix and cash discount taken.**
- **Clear Economies of scale benefits where EBITDA growth exceeded both gross Profit and Revenues growth.**
- **Zero days cash conversion cycle with EGP 1.2 billion improvement in cash flow from operations**

Despite the devaluation effect and the associated inflation that reached 36.8% by June 2023 which impacted most of cost elements (consumables, packing, prints); Ibnsina pharma adopt conservative policies that kept OPEX growth at minimal level of 19.7% only driven by OPEX optimization initiatives in salaries, electricity, packing, transportation management system (TMS) and prints. EBITDA increased by 111% Y-on-Y to EGP 631.1 million during 1H23 with an EBITDA margin closing at 4.3%.

Meanwhile, Ibnsina Pharma recorded a net profit of EGP 132 million for 1H23 an increase of 49% Y-on-Y.

Summary Income Statement

EGP MN	2Q22	2Q23	Change	1H2022	1H2023	Change
Net Revenue	4,928,358,532	7,853,663,546	59.4%	10,261,153,959	14,697,036,688	43.2%
Gross Profit	373,049,204	636,984,467	70.8%	768,704,876	1,183,413,426	53.9%
GP Margin	7.6%	8.1%		7.5%	8.1%	
OPEX	(198,848,821)	(267,232,647)	34.4%	(428,147,071)	(512,294,371)	19.7%
OPEX / Sales	(4.0 %)	(3.4 %)		(4.2 %)	(3.5 %)	
EBITDA	132,728,809	349,795,671	163.5%	299,086,232	631,199,761	111.0%
EBITDA Margin	2.7%	4.5%		2.9%	4.3%	
Net Profit	29,225,747	59,448,498	103.4%	88,609,282	132,003,347	49.0%
NP Margin	0.6%	0.8%		0.9%	0.9%	

1H23 Highlights

Market Share

EGP 24%

**+3.4% market share gain
y-o-y**

Gross Revenues

EGP 15.1 BN

+42.6% y-o-y

Gross Profit

EGP 1.18 BN

+53.9% y-o-y

EBITDA

EGP 631.2 MN

+111% y-o-y

Net Profit

EGP 132 MN

+49% y-o-y

100%

**Of revenues growth
financed by spontaneous
financing**

Cash Flow from Operations

EGP 1.2 billion

improvement y-o-y

Cash Conversion Cycle

Zero Days

Comments from our Co-CEOs

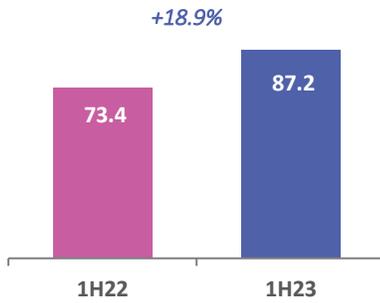
Ibnsina Pharma is at the forefront of drug distribution companies in Egypt in the first six months of 2023 according to the latest data available from IQVIA. With 43.2% revenues growth and 4.3% EBITDA margin, we are on the way to retrieve our previous profitability levels once interest rates start to decline.

Balance sheet, cash conversion cycle and debt levels continue to be a major focus for us. Debt levels are slightly lower than 1H22 although we succeeded in increasing revenues by 43.2% as we succeeded in financing our growth by spontaneous financing. We succeeded also in enhancing our cash conversion cycle to reach zero days while enhancing our cash flow from operation by EGP 1.2 billion versus last year. We took a number of successful initiatives to achieve these objectives including focusing on cash sales segments, decreasing cash discounts, focusing on imported items, extend payments term from suppliers.

Economies of scale started to show again in our financials where EBITDA is growing faster Gross profit and net revenues. A high-interest rate environment hinders the translation of our growth into higher net profit levels, however; liquidation/operation of available assets for-sale, getting free finance from our suppliers and focusing on cash segments will partially mitigate the high finance cost effects.

“Our Financial stability is encouraging more pharma suppliers to shift a large portion of their business to Ibnsina Pharma. We are investing in technology and infrastructure, allowing us to streamline our operations and improve efficiency, which will result in faster delivery times and better customer service. We take great pride in being recognized as the top pharmaceutical distributor in Egypt, and we are committed to maintain this position by continuing to innovate, invest, and provide exceptional services.

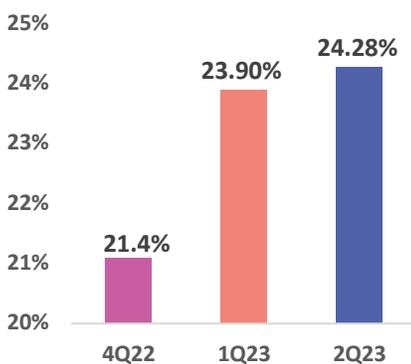
**Total Market Growth
(EGP bn)**



ISP Market Share



ISP Market Share



Market Overview

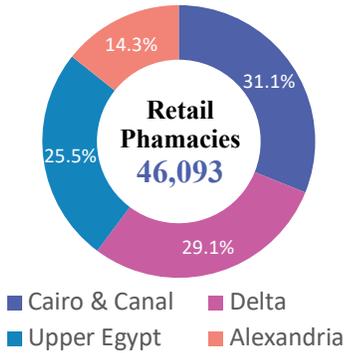
According to IQVIA Egypt’s total market registered sales of EGP 87.2 billion in 1H23. Sales were up by 18.9%. Sales growth was driven by increases in the average selling price (ASP).

Although the pharma market is pressured by interest rate rise, exchange rate devaluation and the associated inflationary and supply chain pressures; total market pharmaceutical sales are anticipated to record strong growth in FY2023. Such expectations are supported by the continuous re-pricing of pharmaceutical products. The Egyptian drug Authority is currently approving pharma manufacturer’s requests for re-pricing after the devaluations waves which started early 2022 in order to prevent shortage on those items. The effect of re-pricing is expected to be reflected in the market gradually.

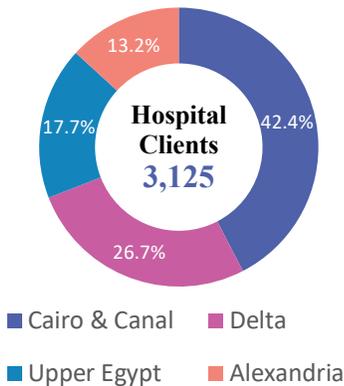
ISP total market share recorded 24% in 1H23 vs 20.6% in 1H22 a 3.4% market share gain as our financial stability and competitive advantage vs our competitors induced more clients to deal with us and more pharma suppliers to sign distribution and importation agreements with Ibnsina Pharma to join our portfolio as Omron Healthcare, Boehringer Ingelheim, Sandoz Egypt with more suppliers in the pipeline.

Expectations of double-digit growth in FY2023 and beyond are further backed by strong market fundamentals as demand is further bolstered by rapid population growth. 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.

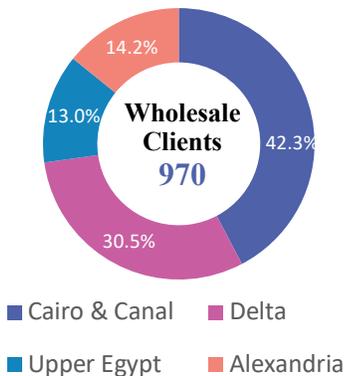
Retail Pharmacies by Geography (1H 2023)



Hospital Clients by Geography (1H 2023)



Wholesale Clients by Geography (1H 2023)



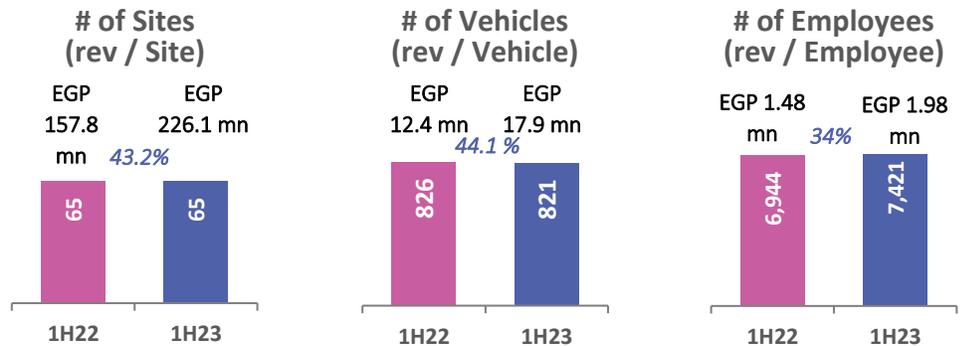
Operational Review

Ibnsina Pharma served 50,188 clients in different segments during 1H23. In retail segment 31.1% 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 29.1% and 25.5% of clients, respectively. Clients in Egypt’s second-largest city, Alexandria, constituted 14.3% 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.

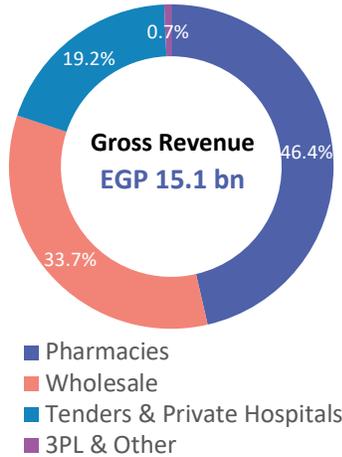
Ibnsina Pharma operated 65 sites as of 1H23, Revenue per site increased by 43.2% year-on-year to record EGP 226.1 million.

The number of vehicles in Ibnsina Pharma’s delivery fleet stood at 821 vehicles at the close of 1H23 from 826 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) will need addition to the fleet. Revenues per vehicle increased by 44.1% year-on-year to reach EGP 17.9 million in 1H23.

Revenue per employee increased by 34% during the period, addition of 477 personnel mainly in our early-stage subsidiaries (El Shorouk Hospital, Ramp logistics and Ibnsina Trade) was the main reason of the increase in headcount.

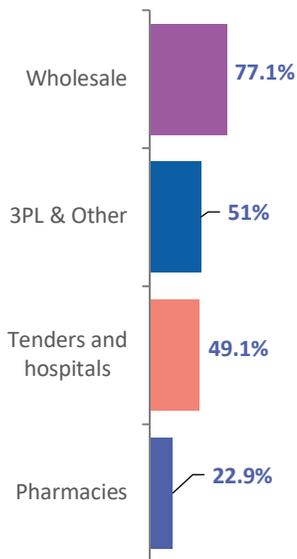


Revenue* by Business Line (1H23)

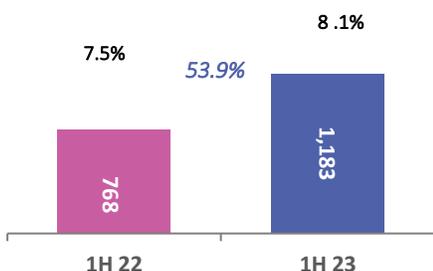


* Revenues refer to gross sales prior to discounts

Business Line Revenue Growth (1H23)



Gross Profit Progression (EGP MN, % margin)

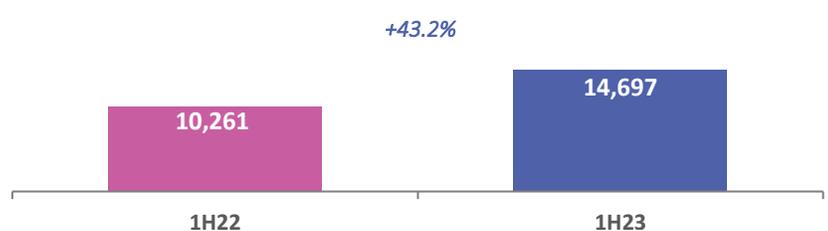


Financial Performance

Revenues

1H23 saw Ibnsina Pharma’s gross revenues climb by 42.6% year-on-year to register EGP 15.1 billion. The company’s core retail business with pharmacies increased by 22.9% year-on-year to book EGP 7.0 billion for 1H23. Retail sales generated 46.4% of the company’s overall top line during 1H23, down from 53.8% 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 77.1% year-on-year to book revenues of EGP 5.1 billion for 1H23, contributing 33.7% of total revenues for the period against 27.1% for 1H22. Meanwhile, revenues from tenders and private hospitals expanded by 49.1% year-on-year to book EGP 2.9 billion in 1H23.

Net Revenue Progression (EGP BN)



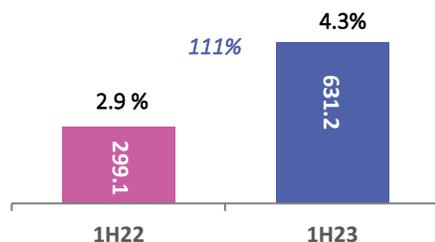
Gross Profit

Ibnsina Pharma booked a gross profit of EGP 1.18 billion for 1H23, an increase of 53.9% from the EGP 768.7 million recorded in 1H22. The gross profit margin recorded 8.1% compared to 7.5% one year previously an enhancement of 0.6% as Ibnsina Pharma succeeded in controlling cash discount given to customers while expanding importation and cosmetics portfolio by adding new contacts with higher margin.

OPEX

Despite the devaluation effect and the associated inflation that reached 36.8% by June 2023 which impacted most of cost elements (consumables, packing, prints,) management adopt conservative policies that kept OPEX growth at minimal level of 19.7 % only driven by OPEX optimization initiatives in salaries, electricity, packing, transportation management system (TMS) and prints.

The company registered EGP 512.3 million in operational expenses OPEX for 1H23, up from the EGP 428.1 million booked in 1H22.

**EBITDA Progression
(EGP MN, % margin)**

EBITDA

EBITDA booked EGP 631.2 million in 1H23, an increase of 111% from the EGP 299.1 million recorded in 1H22. Ibsina Pharma saw its EBITDA margin increased to reach 4.3% in 1H23 from 2.9% recorded in 1H22. EBITDA growth shows a clear economy of scale, effectively spreading fixed operational and administrative costs across a wide revenue base.

Depreciation & Amortization

Depreciation & amortization expense registered EGP 92.9 million in 1H23, down by 1.7% from the EGP 94.5 million booked for 1H22. The depreciation figures reflect 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 Profit Progression
(EGP MN, % margin)**

Interest Expense

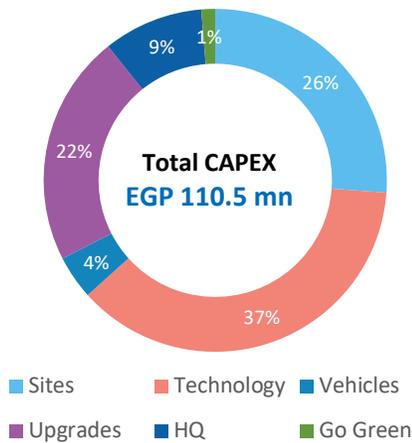
Interest expense booked EGP 442.5 million for 1H23, up 142.1% year-on-year from the EGP 182.8 million recorded in 1H22. By June 2023, interest rates reached 18.75% compared to 11.75% in July 2022. Although Ibsina Pharma recorded 28% revenue growth in 1H23, debt levels were kept in same levels.

Net Profit

Net profit came in at EGP 132 million in 1H23, up by 49% year-on-year from the EGP 88.6 million posted in 1H22. The period saw Ibsina Pharma's net profit margin steady at 0.9%

Key Balance Sheet Items

**CAPEX Breakdown
(1H 2023)**



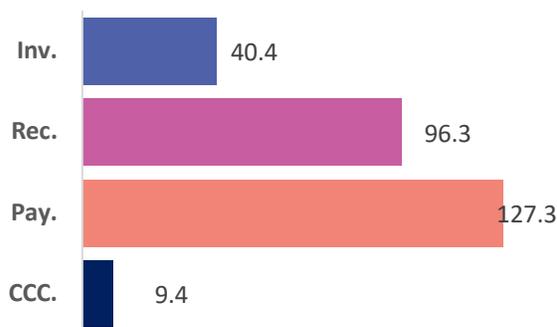
CAPEX

Ibnsina Pharma made core business CAPEX outlays of EGP 110.5 million in 1H23 against the EGP 92.8 million committed one year previously. Investments during the period included EGP 28.7 million on distribution centers and sales offices to enhance customer accessibility. EGP 23.9 million, allocated to upgrades, while EGP 4.5 million was allocated to vehicles. Construction at Ibnsina Pharma’s headquarters was allocated EGP 10.3 million during 1H23. Ibnsina Pharma allocated EGP 41.6 million in CAPEX to technology projects as the company continued to implement its plans for technology investment.

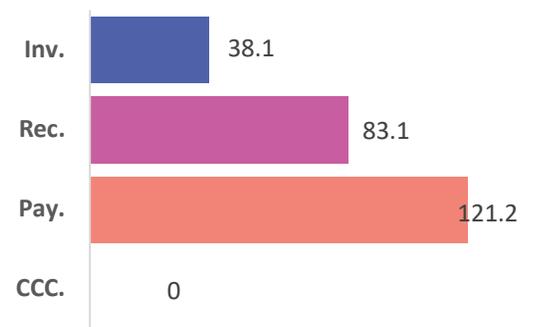
Working Capital

Ibnsina Pharma’s cash conversion cycle showed a significant improvement driven by better cash collection, extending payments from suppliers and better inventory management. CCC fell to zero days from 9.4 days in 1H22 a reduction of 9.4 days. Receivable DOH recorded 83.1 days in 1H23 down from 96.3 in 1H22 driven by enhanced collection periods across the segments. Inventory DOH recorded 38.1 days in 1H23 down from 40.4 days in 1H22. Payables DOH recorded 121.2 days in 1H23 down from 127.3 in 1H22.

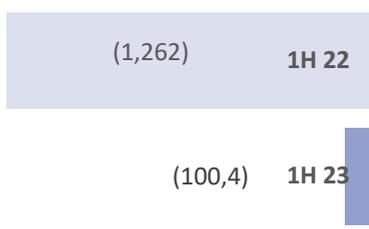
Cash Conversion Cycle 1H 2022



Cash Conversion Cycle 1H 2023



Cash Flow from Operations



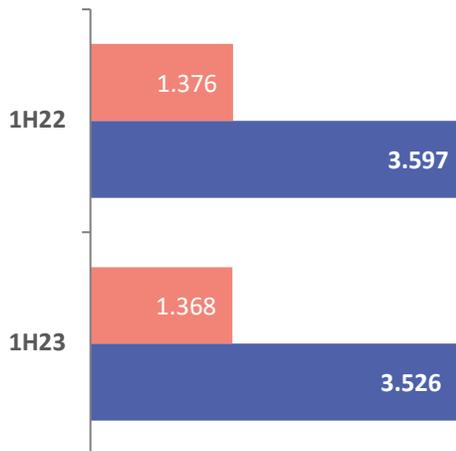
Cash Flow from Operations

Cash flow from operations recorded a significant improvement in 1H23 to record EGP (100.4) million compared to (1,262) million in 1H22. Cash flow from operations recorded an improvement of EGP 1,162 million driven by extension of credit periods from suppliers.

Net Debt

Ibnsina Pharma booked total net debt of EGP 3.526 billion as of 1H23 compared to a 3.597 billion in 1H22 a 70 million decrease in debt level despite 43.2% growth in revenues as a part of debt optimization strategy which rely on spontaneous financing. Net debt to equity recorded 2.58x in 1H23 same level in 1H22.

Net Debt Equity



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).

1H23 Recent Developments

Ibnsina Pharma is at the forefront of drug distribution companies in Egypt in the first Six months of 2023

Ibnsina Pharma, Egypt's largest pharmaceutical distributor, announced that Ibnsina Pharma is ranked first place among drug distribution companies in Egypt as of YTD June 2023 with a market share of 24% according to IQVIA data.

Mohsen Mahgoub, Managing Director of Ibnsina Pharma, expressed his excitement as the company continues to occupy the forefront of drug distribution companies during the first six months of the year as a result of employees' dedication, and the company's financial stability, which induced more pharma suppliers to sign distribution and importation agreements with Ibnsina Pharma to join our portfolio as Omron Healthcare, Boehringer Ingelheim, Sandoz Egypt with more suppliers on the pipeline.

Ibnsina Pharma Issues First Sustainability Report

Ibnsina Pharma, Egypt's largest pharmaceutical distributor, announced the release of its first sustainability report that shows how Ibnsina Pharma manages its social and environmental impacts on its stakeholders and the communities in which it operates.

The report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: core option. The GRI, the world's most widely used standard for sustainability reporting, is an independent international organization that helps businesses and governments understand and communicate their impact on climate change to their stakeholders.

[Presentations and Publications- Ibnsina Pharma IR \(ibnsina-pharma.com\)](https://ibnsina-pharma.com)

Ibnsina Pharma Signed Three Medical Promotion Contracts for the First Time

Ibnsina Pharma (ISPH.CA on the Egyptian Stock Exchange), Egypt's leading pharmaceutical distributor, announced signing three medical promotion contracts under its licensed scientific office.

"Establishing a scientific office is an important milestone in catering to the growing demand for medical promotion outsourcing as part of the company's continued efforts to provide its suppliers with full-fledged services, including importation, 3PL services, distribution, and medical promotion. Synergies between medical promotion and distribution service encouraged Ibnsina Pharma to tap into this business with no additional CAPEX needed while adding a new revenue stream from this service with an average net profit margin of 30-35%, which will enhance the company's overall net profit margin. We already signed contracts with three multinational and local pharma companies with expected revenues of EGP 40 million in 2023 with more in the pipeline," said Mohsen Mahgoub, Managing Director of Ibnsina Pharma

Income Statement

<i>In EGP</i>	1H22	1H23	YoY %
Gross Revenue	10,580,080,101	15,092,077,993	42.6%
Net Revenue	10,261,153,959	14,697,036,688	43.2%
Cost Of Revenue	(9,492,449,082)	(13,513,623,262)	42.4%
Gross Profit	768,704,876	1,183,413,426	53.9%
<i>Gross Profit Margin</i>	7.5%	8.1%	
Selling, General & Administrative	(428,147,071)	(512,294,371)	19.7%
AR Provision	(41,471,574)	(39,919,294)	0.0%
EBITDA	299,086,232	631,199,761	111.0%
<i>EBITDA Margin</i>	2.9%	4.3%	
Depreciation & Amortization	(94,511,043)	(92,912,377)	(1.7 %)
EBIT	204,575,189	538,287,384	163.1%
<i>EBIT Margin</i>	2.0%	3.7%	
Financial Expenses	(182,827,649)	(442,562,860)	142.1%
Credit interest from clients	77,561,043	36,314,129	(53.2 %)
FOREX Gain (Loss)	8,263,971	35,168,554	325.6%
Other Expenses	(2,018,479)	(3,001,820)	48.7%
Other Income	3,339,926	2,817,659	(15.6 %)
EBT	108,894,001	167,023,047	53.4%
<i>EBT Margin</i>	1.1%	1.1%	
Deferred Tax	12,577,736	13,090,441	4.1%
Income Tax	(33,732,037)	(48,498,404)	43.8%
Net Profit	87,739,700	131,615,084	50.0%
Minority interest	(869,582)	(388,263)	(55.4 %)
Parent Company Net income	88,609,282	132,003,347	49.0%
<i>Net Profit Margin</i>	0.9%	0.9%	

Balance Sheet

In EGP	FY 2022	1H 23
<u>Non- Current assets</u>		
Property & Equipment, net	909,779,373	896,752,489
Projects Under Construction	944,814,631	643,637,469
Intangible assets, net	30,183,986	31,158,990
Leased Assets, net	301,102,848	272,264,639
Long Term NR	84,457,838	84,736,727
Deferred Income Taxes	82,000,275	96,126,305
Total Non-Current Assets	2,352,338,951	2,024,676,619
<u>Current assets</u>		
Inventories	2,613,821,348	3,832,804,059
Trade & Notes receivable, net	5,759,349,799	7,592,380,702
Supplier Advances	237,359,436	330,207,214
Debtors & Other Debit Balance, net	567,368,742	695,567,652
Due from Related Parties, net	72,023	7,348,766
Cash & Cash Equivalent	541,210,495	688,462,696
Assets Held for Sale	792,272,436	1,182,542,038
Total Current Assets	10,511,454,279	14,329,313,127
Total Assets	12,863,793,230	16,353,989,746
<u>Shareholders equity</u>		
Paid-In Capital	279,041,877	275,516,877
Share Premium	277,500,000	277,500,000
Legal Reserve	77,093,363	86,129,368
General Reserve	3,079,334	3,079,334
Treasury Stock Reserve	(12,949,932)	(31,854,273)
Treasury Stock	(185,735,156)	(163,305,815)
Retained Earnings	821,458,846	920,828,134
Holding Shareholders' Equity	1,259,488,332	1,367,893,625
Non-controlling	388,327	61
Total Shareholders' Equity	1,259,876,659	1,367,893,686
<u>Non-Current liabilities</u>		
Non-Current Portion of Medium-Term Loan	640,919,318	430,577,758
Deferred Tax		1,035,589
Non-Current Portion Of Obligation Under Finance Lease	281,670,327	257,305,576
Non-Current Notes Payable	211,262,076	202,326,506
Total Long-term Liabilities	1,133,851,721	891,245,429
<u>Current liabilities</u>		
Credit Facilities	2,289,930,326	2,974,300,254
Current Portion of Medium-Term Loan	479,174,878	466,941,290
Trade and Notes Payable	7,452,906,511	10,328,061,310
Creditors & Other Credit Balances	123,231,813	178,470,079
Customers Advance Payments	5,502,614	9,841,607
Income Tax	26,731,735	49,576,111
Current Portion Of Obligation Under Finance Lease	90,411,258	85,803,034
Contingency Provision	2,175,715	1,856,946
Total Current Liabilities	10,470,064,850	14,094,850,631
Total Liabilities & Shareholders' Equity	12,863,793,230	16,353,989,746

Cash Flow

In EGP	1H22	1H23
Cash flow from operating activities:		
Net profit before tax	108,894,001	167,023,047
Adjustments for:		
Depreciation of fixed assets & intangible assets	60,479,768	59,361,156
Right of use Assets Amortization	34,031,275	33,551,221
Estimated Credit loss - Customer and receivables	41,471,574	39,919,294
Capital gain (loss) from sale of fixed assets	2,758	(287,656)
Gain from sales of held of sales		(447,527)
Retained earnings settlement		
Financing Expenses	182,827,649	442,562,860
Operating profit before changes in working capital	427,707,024	741,682,395
Changes in working capital:		
Change in inventory	(140,305,264)	(1,218,982,711)
Change in trade receivables	(52,050,280)	(1,873,229,086)
Change in supplier advances	(62,981,230)	(92,847,778)
Change in debtors and other debt balances	43,878,864	(157,522,006)
Change in trade payables	(1,136,392,658)	2,866,219,229
Change in customer advance payments	9,331,228	4,338,993
Change in due from related parties		(7,276,743)
Change in creditors and other credit balances	(182,591,081)	54,567,939
Cash flow from operating activities	(1,093,403,397)	316,950,232
Financing expense	(169,009,421)	(417,007,284)
Used from provision		(318,769)
Net cash flow from operating activities	(1,262,412,818)	(100,375,821)
Cash flow from investment activities:		
Payments for purchase of fixed assets and puc	(262,988,356)	(161,691,609)
Payments for purchase of other assets	(6,840,088)	(1,569,646)
Proceeds from sale of assets held for sale	9,550,000	30,449,976
Proceeds from sale of fixed assets & intangible	409,801	813,812
Net cash flow from investment activities	(259,868,643)	(131,997,467)
Cash flow from financing activities:		
Dividends paid	(140,400,000)	(22,927,727)
Payment of borrowings	624,565,780	(248,130,724)
Overdraft facilities	945,030,118	684,369,928
Payment of lease liabilities	(34,038,496)	(33,685,988)
collected from treasury stock sales	492,448	
Treasury Stock	(22,133,397)	
Net cash flow from financing activities	1,373,516,453	379,625,489
Net change in cash and cash equivalents during the period	(148,765,008)	147,252,201
Cash and cash equivalents at the beginning of the period	468,543,798	541,210,495
Cash and cash equivalents at the end of the period	319,778,790	688,462,696

About Ibnsina Pharma

Originally established in 2001, today Ibnsina Pharma is the largest pharmaceutical distribution company in Egypt. The Company distributes a competitive portfolio of pharmaceutical products from over 350 Egyptian and multinational pharmaceutical companies to more than 50 k customers including pharmacies, hospitals, retail outlets and wholesalers using a fleet of around 830 vehicles.

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.

For further information, please contact:

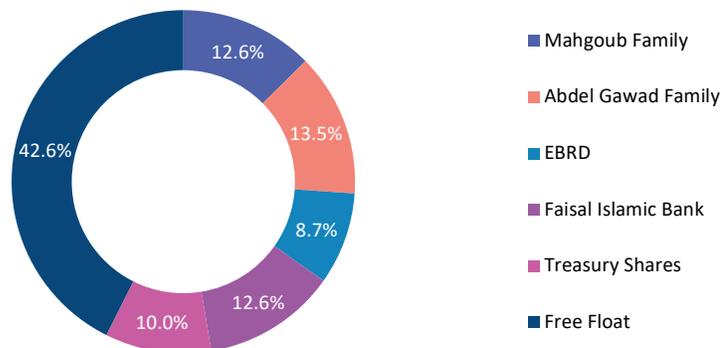
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Investor Relations & Corporate Communication Director

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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.