

**TENTH OF RAMADAN FOR PHARMACEUTICAL
INDUSTRIES AND DIAGNOSTIC REAGENTS
(RAMEDA) (S.A.E)
SEPARATE FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

**TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC
REAGENTS (RAMEDA) (S.A.E)**

**Separate Financial Statements
For the Year Ended 31 December 2020**

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Auditor's Report

TO THE SHAREHOLDERS OF TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of **TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E) (the "Company")**, represented in the separate statement of financial position as at 31 December 2020, and the related separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance that the separate financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the separate financial statements present fairly in all material respects, the separate financial position of the Company, as at 31 December 2020 and its separate financial performance and its separate cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.



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working world

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Translation of Auditor's report
Originally issued in Arabic

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records that comply with the laws and the Company's articles of association and the financial statements agree with the Company's records. The Company maintains a costing system that meets the purpose and the physical inventory count was undertaken by the Company's, Management in accordance with the proper norms.

As indicated in note (8), the Company has investments in subsidiaries and has prepared consolidated financial statements as at and for the year then ended 31 December 2020 in accordance with the Egyptian accounting Standards. For better understanding of the Company's consolidated financial position as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended, the matter necessitates reference to the consolidated financial statements.

The financial information included in the Board of Directors' Report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the books of the Company insofar as such information is recorded therein.

Ehab Morad Azer
FESAA - FEST
(RAA 6537)
(EFSA 87)



Cairo: 2 March 2021

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

**STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2020**

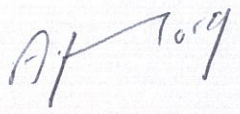
ASSETS	Notes	31 December 2020 EGP	31 December 2019 EGP
Non-current assets			
Fixed assets & Assets under construction	(5)	521,901,281	483,452,748
Right of use assets	(6)	16,258,305	-
Intangible assets	(7)	199,477,806	88,645,303
Investment in subsidiaries	(8)	1,461,800	1,461,800
Total non-current assets		739,099,192	573,559,851
Current assets			
Inventories	(9)	306,920,367	211,915,179
Trade and notes receivable	(10)	633,408,300	498,966,783
Treasury Bills	(11)	469,349,545	464,890,000
Due from related parties	(32)	20,576,327	19,849,471
Prepayments and other receivables	(12)	71,192,770	46,806,909
Cash on hand and at banks	(13)	12,415,827	53,116,260
Total current assets		1,513,863,136	1,295,544,602
TOTAL ASSETS		2,252,962,328	1,869,104,453
EQUITY AND LIABILITIES			
Equity			
Capital	(16)	192,150,000	192,150,000
Legal reserve		20,798,851	16,649,610
General reserves - issuance Premium	(17)	486,965,000	486,965,000
Other reserves		278,952	278,952
Retained earnings		486,930,158	378,134,062
Total equity		1,187,122,961	1,074,177,624
LIABILITIES			
Non-current liabilities			
Long-term loans	(19)	29,549,676	61,649,676
Lease liabilities	(6)	14,807,299	-
Deferred tax liabilities	(29)	31,061,481	25,957,056
Total non-current liabilities		75,418,456	87,606,732
Current liabilities			
Provisions	(14)	12,287,619	9,963,935
Credit facilities	(18)	804,558,554	486,336,405
Current portion of long-term loans	(19)	58,850,000	64,200,000
Current lease liabilities	(6)	2,601,924	-
Trade, notes & other payables	(15)	93,411,032	126,695,938
Due to related parties	(32)	402,918	335,384
Income taxes payable		18,308,864	19,788,435
Total current liabilities		990,420,911	707,320,097
TOTAL LIABILITIES		1,065,839,367	794,926,829
TOTAL LIABILITIES AND EQUITY		2,252,962,328	1,869,104,453

Finance Director



Mohamed Abo Amira

Board Member



Amr Abdallah Morsy

The accompanying notes from (1) to (37) are an integral part of these separate financial statements.
Auditor's Report Attached.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

SEPARATE STATEMENT OF PROFIT OR LOSS
For the Year Ended 31 December 2020

	Notes	31 December 2020 EGP	31 December 2019 EGP
Revenues	(22)	960,169,349	893,965,461
Cost of revenues	(23)	(512,610,351)	(487,434,814)
GROSS PROFIT		447,558,998	406,530,647
Selling and marketing expenses	(24)	(214,204,258)	(152,635,612)
General and administrative expenses	(25)	(44,279,650)	(35,296,234)
Other income	(26)	1,019,971	2,015,916
Operating profit		190,095,061	220,614,717
Finance income	(27)	64,160,293	4,646,899
Finance expenses	(28)	(100,058,934)	(109,916,798)
Net foreign exchange losses		(1,695,406)	(2,183,357)
Finance expense		(37,594,047)	(107,453,256)
Impairment of trade and notes receivable	(10)	(1,802,092)	(1,286,890)
Provisions	(14)	(1,600,000)	(1,128,179)
Contribution for health insurance		(2,563,370)	(2,251,820)
PROFITS FOR THE YEAR BEFORE INCOME TAXES		146,535,552	108,494,572
Income taxes	(29)	(33,590,215)	(25,509,725)
PROFITS FOR THE YEAR		112,945,337	82,984,847
Earnings Per Share - basic and diluted	(30)	0.1278	0.1080

Finance Director

Mohamed Abo Amira

Board Member

Amr Abdallah Morsy

The accompanying notes from (1) to (37) are an integral part of these separate financial statements.

**TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC
REAGENTS (RAMEDA) (S.A.E)**

SEPARATE STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2020

	<i>31 December 2020</i>	31 December 2019
	<i>EGP</i>	<i>EGP</i>
PROFITS FOR THE YEAR	112,945,337	82,984,847
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	112,945,337	82,984,847

The accompanying notes from (1) to (36) are an integral part of these separate financial statements.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)**SEPARATE STATEMENT OF CHANGES IN EQUITY**

For the Year Ended 31 December 2020

	<i>Paid up -Capital</i>	<i>Legal reserve</i>	<i>General reserve - Issuance Premium</i>	<i>Other Reserves</i>	<i>Retained earnings</i>	<i>Total</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Balance as at 1 January 2019	160,900,000	10,213,168	-	278,952	301,585,657	472,977,777
Transferred to legal reserve	-	6,436,442	-	-	(6,436,442)	-
Capital increase through offering the shares for subscription	31,250,000	-	551,250,000	-	-	582,500,000
Expenses of offering the shares for subscription	-	-	(64,285,000)	-	-	(64,285,000)
Total comprehensive income for the year	-	-	-	-	82,984,847	82,984,847
Balance as at 31 December 2019	<u>192,150,000</u>	<u>16,649,610</u>	<u>486,965,000</u>	<u>278,952</u>	<u>378,134,062</u>	<u>1,074,177,624</u>
Balance as at 1 January 2020	192,150,000	16,649,610	486,965,000	278,952	378,134,062	1,074,177,624
Transferred to legal reserve	-	4,149,241	-	-	(4,149,241)	-
Total comprehensive income for the year	-	-	-	-	112,945,337	112,945,337
Balance as at 31 December 2020	<u>192,150,000</u>	<u>20,798,851</u>	<u>486,965,000</u>	<u>278,952</u>	<u>486,930,158</u>	<u>1,187,122,961</u>

The accompanying notes from (1) to (36) are an integral part of these separate financial statements.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

SEPARATE STATEMENT OF CASH FLOWS For the Year Ended 31 December 2020

	Notes	31 December 2020	31 December 2019
		EGP	EGP
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits for the year before income taxes		146,535,552	108,494,572
Adjustments to reconcile profit before tax to net cash flow:			
Net foreign exchange differences		732,284	(382,367)
Depreciation and amortization	(5,6,7)	55,283,627	35,334,478
Provision charged	(14)	2,823,684	2,406,981
Impairment of trade and notes receivable	(10)	1,802,092	1,286,890
Impairment of inventory	(9)	18,732,306	4,791,674
Finance income		(64,136,566)	-
Finance expenses	(26)	97,792,446	109,916,798
Unwinding interests of lease liabilities	(26)	2,266,488	-
Loss / Gain from sale of fixed assets	(24)	138,889	(9,249)
		<u>261,970,802</u>	<u>261,839,777</u>
Change in inventories		(100,863,432)	50,673,256
Used from inventory provision		(12,874,062)	-
Change in trade and notes receivable		(136,003,528)	(134,144,699)
Used from Impairment of trade and notes receivable		(240,081)	-
Change in prepayments and other receivables		(14,119,002)	(10,430,450)
Change in trade, notes and other payable		(36,129,607)	25,168,299
Change in due to related parties		67,534	327,236
Cash flows (used in) provided from operating activities		<u>(38,191,376)</u>	<u>193,433,419</u>
Debit interests paid		(94,947,750)	(107,972,181)
Provisions used		(500,000)	-
Income taxes paid		(29,965,413)	(39,002,081)
NET CASH FLOWS (USED IN) PROVIDED FROM OPERATING ACTIVITIES		<u>(163,604,539)</u>	<u>46,459,157</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire fixed assets	(5)	(24,946,811)	(18,386,754)
Payments to acquire assets under construction	(5)	(60,038,349)	(63,263,938)
Payments to acquire intangible assets	(7)	(116,127,335)	(9,130,978)
Payment to acquire treasury bills	(11)	(819,052,935)	(464,890,000)
Matured treasury bills collection	(11)	868,000,000	-
Payment to acquire investment in subsidiaries	(8)	-	(712,500)
Proceeds from sale of fixed assets	(5)	67,545	13,950
Investment in term deposit	(13)	(133,961)	(29,205)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		<u>(152,231,847)</u>	<u>(556,399,425)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from capital increase	(17)	-	582,500,000
Expenses of offering the shares for subscription	(17)	-	(64,285,000)
Credit facilities used	(18)	1,047,145,149	664,774,601
Payment of credit facilities	(18)	(728,922,948)	(603,095,478)
Receipts from long term loans	(19)	-	12,288,638
Payment of long-term loans	(19)	(37,450,000)	(40,429,984)
Change in due from related parties	(32)	(726,856)	6,682,624
Lease payments paid during the year	(6)	(4,311,069)	-
NET CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES		<u>275,734,276</u>	<u>558,435,401</u>
Net change in cash and cash equivalent during the year		<u>(40,102,110)</u>	<u>48,495,133</u>
Net foreign exchange difference		(732,284)	382,367
Cash and cash equivalent - beginning of the year		52,643,179	3,765,679
CASH AND CASH EQUIVALENT - END OF THE YEAR	(13)	<u>11,808,785</u>	<u>52,643,179</u>

The accompanying notes from (1) to (36) are an integral part of these separate financial statements.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

1- BACKGROUND

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) (S.A.E) was established under the provisions of Law No. 43 of 1974.

The Company was registered in the commercial registry under No.84008 on 15 January 1986.

The listing of Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) (S.A.E) on the Egyptian stock exchange was approved in 26 November 2019 according to resolution of listing committee of Egyptian stock exchange.

The registered office is located at plot No. 5 Second Industrial Zone, 6th of October City – Giza– Egypt.

The Company is principally engaged in:

1. Producing, marketing, selling and storing of pharmaceutical reagents for human and veterinary use.
2. Producing, marketing, selling and storing of diagnostic reagents necessary for individuals, laboratories and hospitals.
3. Importing pharmaceutical reagents and raw materials necessary for serving the Company's purposes without trading.
4. Producing pharmaceutical reagents for human and veterinary and diagnostic use for others and by others.
5. Producing food supplements for human use for others and by others.

The financial statements for the year ended 31 December 2020 were authorized for issuance in accordance with a resolution of the Board of Directors' dated 01 March 2021.

2- SIGNIFICANT ACCOUNTING POLICIES

2-1 BASIS OF PREPARATION

The separate financial statements are prepared under the going concern assumption on a historical cost basis.

The separate financial statements are prepared and presented in Egyptian pounds, which is the Company's functional currency.

The separate financial statements of the Company have been prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.

2-2 CHANGES IN ACCOUNTING POLICIES

The accounting policies applied during this period are those applied in preparing the financial statements for the year ended 31 December 2019, except for the adoption of the new Egyptian Accounting Standards No. 48, "revenue from contracts with customers" and 49 "leases" as of 01 January 2020. The nature and impact of these standards and amendments are explained below.

The company has postponed the implementation of Egyptian Accounting Standard No. (47) "Financial Instruments" in accordance with a decision of the Financial Supervisory Authority that it is fully implemented and included as of 01 January 2021.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the Year Ended 31 December 2020

2-2 CHANGES IN ACCOUNTING POLICIES (continued)**2-2-1 EFFECT OF ADOPTION OF EAS NO. (48) "REVENUE FROM CONTRACTS WITH CUSTOMERS"**

EAS No. (48) "Revenue from contracts with customers" was issued to replace the EAS No. (8) "Construction contracts" and EAS No. (11) "Revenue" and establishes a five-step model for revenue from contracts with customers.

According to EAS No. (48) "Revenue from contracts with customers" is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new standard will replace all requirements for recognition under Egyptian Accounting Standards. EAS (48) requires either a full retrospective approach or modified retrospective approach for prior periods beginning on or after January 1, 2020 and early application is permitted.

The Company adopted EAS (48) using the modified retrospective method of adoption with the date of initial application of 1 January 2020. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date.

The cumulative effect of initially applying EAS (48) is recognized at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under EAS No. (8) "Construction Contracts" and the EAS No. (11) "Revenue".

EAS No. (48) Requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

Sale of goods

The Company's contracts with customers for the sale of finished goods generally include one performance obligation. The Company has concluded that revenue from sale of finished goods should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the finished goods. Therefore, the adoption did not have an impact on the timing of revenue recognition.

i) Variable consideration

Some contracts for the sale of finished goods provide customers with a right of return and volume rebates. Prior to the adoption of EAS (48), the Company recognized revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and volume rebates. If revenue could not be reliably measured, the Company deferred revenue recognition until the uncertainty was resolved.

Under EAS (48), rights of return and volume rebates give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration has not increased the amount of revenue that will be deferred.

ii) Rights of return

When a contract provides a customer with a right to return the goods within a specified period, the Company previously estimated expected returns using a probability-weighted average amount approach similar to the expected value method under EAS (48).

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

2-2 CHANGES IN ACCOUNTING POLICIES (continued)

2-2-1 EFFECT OF ADOPTION OF EAS NO. (48) "REVENUE FROM CONTRACTS WITH CUSTOMERS" (continued)

Under EAS (48), the consideration received from the customer is variable because the contract allows the customer to return the products. The Company used the expected value method to estimate the goods that will not be returned. For goods expected to be returned, the Company presented a refund liability and an asset for the right to recover products from a customer separately in the statement of financial position. Upon adoption of EAS (48), the Company measure the impact on refund liability and an asset for the right to recover products from a customer and retained earnings as of 1 January 2020.

iii) Volume rebates

Under EAS (48), retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Company applied the 'most likely amount method' for contracts with a single volume threshold and the 'expected value method' for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration was primarily driven by the number of sales value / volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration. Upon adoption of EAS (48), the Company recognized contract liabilities for the expected future rebates, derecognized the provision for rebates under trade payable and accrued expenses.

The management conducted an exercise and concluded that there is no material impact on transition to EAS (48) on 1 January 2020.

2-2-2 EFFECT OF ADOPTION OF EAS NO. (49) "LEASES"

The company has implemented the EAS No. (49) "Leases". The standard is defined the principles of recognition, measurement, presentation, and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

With regard to operating lease contracts for EAS No. (49) "Leases", the company implemented the EAS (49) "Leases" on 01 January 2020.

The following are the adjustments to the financial position on 01 January 2020:

	01 January 2020
	EGP
Right of use Assets	18,206,266
Prepayments and other receivables	463,097
Lease liabilities	17,743,169

The Company has used the practical expedient of applying EAS 49 only those contracts that were previously identified as leases.

In adopting EAS 49, the Company has applied the following practical expedients:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounting for operating leases in accordance with EAS 49 as short-term leases with a remaining lease term of less than 12 months as at 1 January 2019;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- the election, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

2-2 CHANGES IN ACCOUNTING POLICIES (continued)

2-2-2 EFFECT OF ADOPTION OF EAS NO. (49) "LEASES" (continued)

On adoption of EAS (49), the company has recognized lease liabilities and associated right-of-use assets in relation to contracts that have been concluded as leases under the principles of EAS No. (49), the liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of 1 January 2020. The associated right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of prepayments relating to that lease recognized in the statement of financial position as at 31 December 2019.

The following table shows reconciliation of operating lease commitments to lease liability under EAS (49) as on 1 January 2020

	<i>1 January 2020</i>
Operating lease commitments as at 31 December 2019	25,232,281
Weighted average incremental borrowing rate as at 1 January 2020	<u>14.17%</u>
Lease liabilities as at 1 January 2020	<u>17,743,169</u>

Set out below are the new accounting policies of the Company upon adoption of EAS 49, which have been applied from 1 January 2020:

i) Right-of-use assets

Leases are recognized as right-of-use assets along with their corresponding liabilities at the date of which the leased assets are available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is recognized in the separate statement of comprehensive income over the lease term. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs, if applicable.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. The lease payments are discounted using the interest rate implicit to the lease or the Company's incremental borrowing rate.

iii) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low value assets are items that do not meet the Company's capitalization threshold and are considered to be insignificant for the separate statement of financial position for the Company as a whole. Payments for short-term leases and leases of low value assets are recognized on a straight-line basis in the separate statement of comprehensive income.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

2-2 CHANGES IN ACCOUNTING POLICIES (continued)

2-2-2 EFFECT OF ADOPTION OF EAS NO. (49) "LEASES" (continued)

iv) Variable lease payments

Some leases contain variable payments that are linked to the usage/performance of the leased asset. Such payments are recognized in separate statement of comprehensive income.

v) Amounts recognized in the statement of financial position and profit or loss

The amounts recognized in the separate statement of financial position and separate statement of profit or loss related to right of use asset and lease liabilities and the movement during the period disclosed in (notes 6).

2-3 STANDARDS THAT WILL BE APPLIED AS OF 01 JANUARY 2021.

2-3-1 EGYPTIAN ACCOUNTING STANDARD NO. (47) "FINANCIAL INSTRUMENTS"

The standard bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

i) Classification and measurement

Under EAS (47), debt instruments are subsequently measured at fair value through profit or loss, amortized cost, or fair value through OCI. The classification is based on two criteria: The Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The following are the changes in the classification of the Company's financial assets:

- Trade receivables and other financial assets classified as loans and receivables as at 31 December 2019 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortized cost.

ii) Impairment

The adoption of EAS (47) will fundamentally change the Company's accounting for impairment losses for financial assets by replacing EAS (26) incurred loss approach with a forward-looking expected credit loss (ECL) approach. EAS (47) requires the Company to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2-4-1 CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Company presents assets and liabilities in the separate statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting year, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting year, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4-2 Foreign Currency Translation

Transactions in foreign currencies are initially recorded using prevailing exchange rates at date of transaction, whenever practical management may use fixed monthly exchange rates that are revised in case there is a significant change in the prevailing exchange rate at the date of transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rates prevailing at the financial position date. All differences are recognized in the separate statement of profit or loss.

Nonmonetary items that are measured at historical cost in foreign currencies are translated using the exchange rates prevailing at the date of the initial recognition.

Nonmonetary items measured at fair value in foreign currencies are translated using the exchange rates prevailing at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in separate statement of other comprehensive income ("OCI") or separate statement of profit or loss are also recognized in OCI or profit or loss, respectively)

2-4-3 Fixed assets

Fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met. Likewise, when a major improvement is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the separate statement of profit or loss as incurred.

Depreciation of an asset begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, and is computed using the straight-line method according to the estimated useful life of the asset as follows:

	Years
Buildings	33
Machinery and equipment	10
Transportation and dragging equipment	5-10
Laboratory equipment	10
Tools	10
Furniture and fixtures	4-10

Fixed assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing the asset is included in the separate statement of profit or loss when the asset is derecognized.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year-end position date. Freehold Land is recognized at its acquisition cost and is not depreciated.

The Company assesses at each financial position date whether there is an indication that fixed assets may be impaired. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the separate statement of profit or loss.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the separate statement of profit or loss.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4-4 Assets under construction

Assets under construction represent the amounts that are incurred for the purpose of constructing or purchasing fixed assets or intangible assets until it is ready to be used in the operation, upon which it is transferred to fixed assets or intangible assets. Assets under construction are valued at cost less impairment.

2-4-5 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost.

After initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets internally generated are not capitalized and the expenditures are charged to the separate statement of profit or loss in the year in which the expenditure was incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization expense is charged to the separate statement of profit or loss.

The period of amortization and the amortization method for an intangible assets with finite useful lives are reviewed at the end of each financial position date.

2-4-6 Investments in subsidiaries

Investments in subsidiaries are investments in entities which the Company has control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee
- Right arising from other contractual arrangements
- The Company voting rights and potential voting rights

The Company re-assess whether or not it controls an investee if facts and circumstances indicates that there are changes to one or more of the three elements of controls.

Investments in subsidiaries are accounted for at cost inclusive transaction cost and in case the investment is impaired, the carrying amount is adjusted by the value of this impairment and is charged to the separate statement of profit or loss for each investment separately.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4-7 Available for sale

These assets are measured on initial recognition of the fair value, plus the cost of the transaction directly related to the acquisition or issue of the financial asset.

After the initial recognition, they are measured at fair value, changes in the fair value other than the impairment losses and the effects of changes in foreign currency exchange rates for debt instruments are recognized within the other comprehensive income items and accumulated in the fair value reserve, and from the exclusion of these assets, the recognized accumulated profits or losses are reclassified Included in other comprehensive income previously to profit or loss

2-4-8 Inventory

The inventory elements are valued as follows:

- a) Raw materials and packing materials: at the lower of cost (using the moving weighted average method) or net realizable value.
- b) Spare parts: at the lower of cost (using the moving weighted average method) or net realizable value.
- c) Finished goods: at the lower of cost (using the weighted average method) or net realizable value. The cost includes direct materials, direct labor and allocated share of manufacturing overhead excluding borrowing costs.
- d) Work in process: at the lower of cost or net realizable value. Cost includes direct material, direct labor and allocated share of manufacturing overheads based on the percentage of completion.

Goods in transit: at the lower of cost or net realizable value, and is recognized in the separate financial statements when risks and rewards are transferred to the Company which is determined based on shipping terms. Cost includes the purchase price of the materials and directly attributable expenses incurred to date.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

The amount of any write down of inventories to net realizable value and all losses of inventories are recognized in cost of sales in the separate statement of profit or loss in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realizable value, is recognized as reduction of cost of sales in the separate statement of profit or loss in the period in which the reversal occurs.

2-4-9 Trade and notes receivables and other receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

These receivables are recognized initially at fair value. After initial measurement, such financial assets are subsequently measured at amortized cost less impairment.

The Company assesses whether impairment exists individually, for receivables that are individually significant, or collectively for receivables that are not individually significant.

The calculation of impairment is based on actual incurred historical data. The impairment loss is recognized in the separate statement of profit or loss. Reversal of impairment is recognized in the separate statement of profit or loss in the period in which it occurs.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4-10 Trade and notes payable, accrued expenses and other payables

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

2-4-11 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate.

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation.

Where discounting is used, the increase in the provision due to the passage of time is recognized in the separate statement of profit or loss as a finance expense.

2-4-12 Social Insurance

The Company makes contributions to the Social Insurance Authority calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

2-4-13 Legal reserve

According to the Company's articles of association, 5% of the net profits of the year is transferred to the legal reserve until this reserve reaches 50% of the issued capital. The reserve is used upon a decision from the general assembly meeting based on the proposal of the Board of Directors. The transfer to the legal reserve is made once the separate financial statements for the year are approved in the general assembly meeting.

2-4-14 General Reserve

According to the Company's articles of association, the general assembly meeting may decide to allocate a certain percentage of the net profits of the year to the general reserve. The reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors. The general reserve forms part of other reserves.

2-4-15 Borrowings

Borrowings are initially recognized at fair value less transaction cost. Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding one year after the financial position date, then the loan balance should be classified as non-current liabilities.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the separate statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance expenses in the separate statement of profit or loss.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4-16 Income taxes

Income tax is calculated in accordance with the Egyptian tax law.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2-4-17 Dividends

The Company recognizes a liability to pay a dividend when the distribution is authorized and distribution is no longer at the discretion of the Company. As per law 159, a distribution is authorized when it is approved by the shareholders in the general assembly meeting.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4-18 Interest income

Interest income is recognized as interest accrues using the effective interest "EIR" method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

2-4-19 Expenses

All expenses including cost of revenues, general and administrative expenses, selling and marketing expenses, finance expenses and other expenses are recognized and charged to the separate statement of profit or loss in the financial year in which these expenses are incurred.

2-4-20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2-4-21 Leases (as a lessee)

Lease contracts are classified as operating lease in accordance with the Egyptian accounting standards and Egyptian laws and regulations, where the lease payments are recognized as an expense on a straight-line basis over the lease term.

2-4-22 Related party transactions

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Boards of Directors.

2-4-23 Contingent Liabilities and Assets

Contingent liabilities are not recognized in the separate financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the separate financial statements but disclosed when an inflow of economic benefits is probable.

2-4-24 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2-4-24 Fair value measurement (continued)**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2-4-25 Impairment of assets**Impairment of financial assets**

The Financial assets of the Company include cash on hand and at banks, trade and notes receivable and due from related parties. The Company assesses at each financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. The policy for the measurement of the impairment losses is included in respective financial assets accounting policy.

Impairment of non-financial assets

The Company assesses at each financial position date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset or cash-generating units (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Impairment losses are recognized in the separate statement of profit or loss.

A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the separate statement of profit or loss.

2-4-26 Statement of cash flows

The statement of cash flows is prepared using the indirect method.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4-27 Cash and cash equivalent

For the purpose of preparing the separate statement of cash flow, the cash and cash equivalent comprise of cash on hand, current accounts with banks and time deposits maturing within three months.

2-4-28 Interest income

Interest income is recognized as interest accrues using the effective interest "EIR" method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

3- SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these separate financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

The key judgments and estimates that have a significant impact on the separate financial statements of the Company are discussed below:

3-1 Judgments

Revenue Recognition for sale of goods

In making their judgment, the management considered the detailed criteria for the recognition of revenue from the sale of goods as set out in "EAS 48 Revenue from contracts with customers" including the judgement about whether significant risks and rewards have been transferred.

3-2- Estimates

Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimate is performed on an individual basis. Amounts which are not individually significant, but are past due, are assessed collectively and a provision is applied according to the length of time past due, based on historical recovery rates.

Provision for sales returns

The Company's management determines the estimates provision for the expected sales returns. This estimate is determined after considering the past experience of sales returns and sales volume and expiry dates of the products sold. The management periodically reviews the estimated provision amount to ensure that provision is adequate to cover the sales return.

Useful lives of fixed assets

The Company's management determines the estimated useful lives of its fixed assets for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews the estimated useful lives and the depreciation method to ensure that the method and the period of depreciation are consistent with the expected pattern of economic benefits from these assets.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

3- SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Useful lives of intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite.

The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The management periodically reviews the estimated useful lives and the amortization method to ensure that the method and the period of amortization are consistent with the expected pattern of economic benefits from these assets.

Taxes

The Company is subject to income taxes in Egypt. Significant judgment is required to determine the total provision for current and deferred taxes. The Company establishes provision, based on reasonable estimates, for possible consequences of audits by the tax authorities in Egypt. The amount of such provision is based on various factors, such as experience of previous tax audits and different interpretations of tax regulations by the Company and the responsible tax authority. Such differences of interpretations may be on a wide variety of issues depending on the conditions prevailing in Egypt. Deferred tax assets are recognized for unused accumulated tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

4- SEGMENT INFORMATION

Currently the Company's primary business segment is the production and selling of pharmaceutical products which contributes to 95% of total revenue and balance 5% is contributed by toll manufacturing services (31 December 2019: 95% and 5% respectively). The Company's management monitors the business under two segments, "production and selling of pharmaceutical products" and "manufacturing for others" (Toll manufacturing) for the purpose of making business decisions.

Accordingly, the Company's revenues during the year ended 31 December 2020 were reported under two segments in the separate financial statements.

The Company produces and sells several products and renders services as follows:

	<i>Services</i>		<i>Sale of pharmaceutical products</i>			<i>Total</i>
	<i>Toll</i>	<i>Export</i>	<i>Domestic</i>			
	<i>Manufacturing</i>		<i>Private sales</i>	<i>Veterinary</i>	<i>Tenders</i>	
	<i>"Domestic"</i>					
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
31 December 2020	<u>50,839,648</u>	<u>49,938,750</u>	<u>650,310,919</u>	<u>-</u>	<u>209,080,032</u>	<u>960,169,349</u>
31 December 2019	<u>42,584,164</u>	<u>65,101,165</u>	<u>588,126,614</u>	<u>2,214,968</u>	<u>195,938,550</u>	<u>893,965,461</u>

Revenue from the top five customers presented 85% of total revenues (31 December 2019: 85%).

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the Year Ended 31 December 2020

5- FIXED ASSETS

	<i>Freehold Land</i>	<i>Buildings</i>	<i>Machinery and equipment</i>	<i>Transportation and dragging equipment</i>	<i>Laboratory equipment</i>	<i>Tools</i>	<i>Office furniture and fixtures</i>	<i>Assets under construction</i>	<i>Total</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Cost									
As of 1 January 2020	18,637,425	227,835,573	313,603,694	12,411,128	17,129,924	3,754,591	21,797,612	66,327,646	681,497,593
Additions	-	6,992,398	8,432,595	681,500	2,974,732	1,293,386	4,572,201	60,038,349	84,985,161
Transferred from assets under construction	-	22,397,417	76,089,143	-	526,239	645,928	117,450	(99,776,177)	-
Disposals	-	-	(413,461)	(66,800)	(338,452)	(4,600)	(1,101,950)	-	(1,925,263)
As of 31 December 2020	18,637,425	257,225,388	397,711,971	13,025,828	20,292,443	5,689,305	25,385,313	26,589,818	764,557,491
Accumulated depreciation									
As of 1 January 2020	-	(50,634,122)	(113,601,464)	(9,583,519)	(8,559,055)	(1,309,799)	(14,356,886)	-	(198,044,845)
Depreciation for the year	-	(7,219,771)	(34,098,470)	(737,530)	(1,662,378)	(422,819)	(2,189,226)	-	(46,330,194)
Disposals	-	-	318,322	66,800	249,712	3,910	1,080,085	-	1,718,829
As of 31 December 2020	-	(57,853,893)	(147,381,612)	(10,254,249)	(9,971,721)	(1,728,708)	(15,466,027)	-	(242,656,210)
Net book value as of 31 December 2020	18,637,425	199,371,495	250,330,359	2,771,579	10,320,722	3,960,597	9,919,286	26,589,818	521,901,281

- The cost of fixed assets as of 31 December 2020 include EGP 108,447,592 which represents fully depreciated assets that are still in use.
- The cost of asset under construction as of 31 December 2020 includes impairment by EGP 686,437 .
- The amount of borrowing costs capitalized on service equipment and infra-structure facilities during the year ended 31 December 2020 amounted to EGP 218,021. The capitalized borrowing cost represents the cost of specific borrowings made for these assets at a rate of 14%.
- There is a commercial mortgage on the parent company's machines & tools in favour of "Commercial international Bank" against loans & facilities receipts (Note 19), this mortgage is in process of replacement transaction to be against treasury bills (Note 11).

Depreciation for the year was allocated to the statement of profit or loss as follows:

	<i>31 December 2020</i>
	<i>EGP</i>
Cost of revenue	43,962,520
Selling and marketing expenses	538,559
General and administrative expenses	1,829,115
	<u>46,330,194</u>

Loss from sale of fixed assets was calculated as follows:

	<i>31 December 2020</i>
	<i>EGP</i>
Cost of disposed assets	1,925,263
Accumulated depreciation of disposed assets	1,718,829
Net book value of disposed assets	206,434
Proceeds from sale of fixed assets	67,545
Gain from sale of fixed assets	<u>(138,889)</u>

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For the Year Ended 31 December 2020

5- FIXED ASSETS (CONTINUED)

	<i>Freehold Land</i>	<i>Buildings</i>	<i>Machinery and equipment</i>	<i>Transportation and dragging equipment</i>	<i>Laboratory equipment</i>	<i>Tools</i>	<i>Office furniture and fixtures</i>	<i>Assets under construction</i>	<i>Total</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Cost									
As at 1 January 2019	18,637,425	173,615,138	145,848,968	12,200,342	14,748,298	3,342,702	18,421,709	213,050,197	599,864,779
Additions	-	5,970,194	6,249,144	210,786	2,381,626	411,889	3,163,115	63,263,938	81,650,692
Transferred from assets under construction	-	48,250,241	161,505,582	-	-	-	230,666	(209,986,489)	-
Disposals	-	-	-	-	-	-	(17,878)	-	(17,878)
As at 31 December 2019	<u>18,637,425</u>	<u>227,835,573</u>	<u>313,603,694</u>	<u>12,411,128</u>	<u>17,129,924</u>	<u>3,754,591</u>	<u>21,797,612</u>	<u>66,327,646</u>	<u>681,497,593</u>
Accumulated depreciation									
As at 1 January 2019	-	(44,159,755)	(92,821,575)	(8,947,723)	(7,169,885)	(1,015,114)	(12,816,825)	-	(166,930,877)
Depreciation for the year	-	(6,474,367)	(20,779,889)	(635,796)	(1,389,170)	(294,685)	(1,553,238)	-	(31,127,145)
Disposals	-	-	-	-	-	-	13,177	-	13,177
As at 31 December 2019	<u>-</u>	<u>(50,634,122)</u>	<u>(113,601,464)</u>	<u>(9,583,519)</u>	<u>(8,559,055)</u>	<u>(1,309,799)</u>	<u>(14,356,886)</u>	<u>-</u>	<u>(198,044,845)</u>
Net book value as at 31 December 2019	<u>18,637,425</u>	<u>177,201,451</u>	<u>200,002,230</u>	<u>2,827,609</u>	<u>8,570,869</u>	<u>2,444,792</u>	<u>7,440,726</u>	<u>66,327,646</u>	<u>483,452,748</u>

- The cost of fixed assets as of 31 December 2019 includes EGP 16,782,958 which represents fully depreciated assets that are still in use.
- The amount of borrowing costs capitalized on service equipment and infra-structure facilities during the year ended 31 December 2019 amounted to EGP 15,605,439. The capitalized borrowing cost represents the cost of specific borrowings made for these assets at a rate of 16.89%.
- There is a commercial mortgage on the parent company's machines & tools in favor of "Commercial international Bank" against loans & facilities receipts (Note 19).

Depreciation for the year was allocated to the statement of profit or loss as follows:

	<i>31 December 2019</i>
	<i>EGP</i>
Cost of revenue	28,593,111
Selling and marketing expenses	404,691
General and administrative expenses	<u>2,129,343</u>
	<u>31,127,145</u>

Gain from sale of fixed assets was calculated as follows:

	<i>31 December 2019</i>
	<i>EGP</i>
Cost of disposed assets	17,878
Accumulated depreciation of disposed assets	<u>13,177</u>
Net book value of disposed assets	4,701
Proceeds from sale of fixed assets	<u>13,950</u>
Gain from sale of fixed assets	<u>9,249</u>

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For the Year Ended 31 December 2020

6- LEASES

Right of use assets are scientific rental offices, operating leases, and warehouses

A) Right of use assets

	<i>31 December 2020</i>
	<i>EGP</i>
Cost at 1 January 2020	18,206,266
Additions	1,710,640
Total Cost as of 31 December 2020	19,916,906
Accumulated amortization at 1 January 2020	-
Amortization for year	(3,658,601)
Accumulated amortization as of 31 December 2020	(3,658,601)
Net book value as of 31 December 2020	16,258,305

B) Lease liability

	<i>31 December 2020</i>
	<i>EGP</i>
Opening balance as of 1 January 2020	17,743,169
Additions	1,710,640
Unwinding interests recognized during the year	2,266,483
Lease payments paid during the year	(4,311,069)
As at 31 December 2020	17,409,223
Deduct: Current balance	2,601,924
Non-current balance	14,807,299

7- INTANGIBLE ASSETS

	<u>Registration Rights</u>	
	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Cost as at 1 January 2020	104,814,384	95,683,406
Additions	116,127,335	9,130,978
Total cost as at 31 December 2020	220,941,719	104,814,384
Accumulated amortization as at 1 January 2020	(16,169,081)	(11,961,748)
Amortization for the year	(5,294,832)	(4,207,333)
Accumulated amortization as at 31 December 2020	(21,463,913)	(16,169,081)
Net book value as at 31 December 2020	199,477,806	88,645,303

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7- INTANGIBLE ASSETS (Continued)

- The balance of the intangible assets represents the cost of acquiring the registration rights of certain pharmaceutical products and is amortized using the straight-line method over their useful life (20 years).
- Management estimate the expected future benefit of the registration rights to be utilize over 20 years, and assessed for impaired whenever there is an indication that the economic benefit of the product is impaired.
- There is a commercial mortgage on the parent company's machines & tools in favor of "Commercial international Bank" against loans & facilities receipts (Note 19), this mortgage is in process of replacement transaction to be against treasury bills (Note 11).
- Intangible asset balance includes registration right assets under approval amounted to EGP 33,779,952 (31 December 2019: EGP 7,141,500).
- The amount of borrowing costs capitalized on intangible assets facilities during the year ended 31 December 2020 amounted to EGP 4,758,369.

8- INVESTEMENT IN SUBSIDIARIES

	Country of incorporate	%	31 December 2020 EGP	%	31 December 2019 EGP
Rameda for Pharmaceuticals Trading	Egypt	99,97%	1,437,300	99,97%	1,437,300
Ramecare Company	Egypt	49%	12,250	49%	12,250
Ramepharma Company	Egypt	49%	12,250	49%	12,250
			<u>1,461,800</u>		<u>1,461,800</u>

Ramecare and Ramepharma were considered subsidiaries since the Company has control over their operational and financial policies.

9- INVENTORIES

	31 December 2020 EGP	31 December 2019 EGP
Raw materials	108,542,308	63,585,624
Packing and packaging materials	41,800,322	32,596,525
Spare parts	11,759,761	7,342,641
Finished goods	112,914,743	75,637,934
Work in progress	34,973,039	24,516,840
Goods in transit	7,713,475	12,615,752
Inventory with others	1,436,935	1,981,835
	<u>319,140,583</u>	<u>218,277,151</u>
Write down in inventories	<u>(12,220,216)</u>	<u>(6,361,972)</u>
	<u>306,920,367</u>	<u>211,915,179</u>

Raw material and finished goods inventory are mortgaged as a collateral for the credit facilities (Note 19), this mortgage is in process of replacement transaction to be against treasury bills (Note 11).

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9- INVENTORIES (Continued)

The movement in the write down in value of inventories is as follows:

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Beginning balance	(6,361,972)	(1,570,298)
Charge during the year	(18,732,306)	(4,791,674)
Used of inventory provision	<u>12,874,062</u>	-
Ending balance	<u>(12,220,216)</u>	<u>(6,361,972)</u>

The write down in inventories during the period, if any, is included in the cost of sales.

There is a commercial mortgage on the parent company's raw materials & finished goods in favor of "Commercial international Bank" against loans & facilities receipts (Note 19), this mortgage is in process of replacement transaction to be against treasury bills (Note 11).

10- TRADE AND NOTES RECEIVABLE

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Trade receivable	231,267,914	265,695,129
Trade receivable – toll manufacturing	11,995,577	13,189,373
Notes receivable	<u>395,112,269</u>	<u>223,487,730</u>
	638,375,760	502,372,232
Impairment of trade and notes receivable	<u>(4,967,460)</u>	<u>(3,405,449)</u>
	<u>633,408,300</u>	<u>498,966,783</u>

Notes receivable amounting to 225.7 MEGP are mortgage as a guarantee for the credit facilities (Note 18).

The aging analysis of net trade and notes receivable is as follows:

	<i>Total</i>	<i>Neither Past due nor impaired</i>	<i>Past due but not impaired</i>				<i>Impaired</i>
			<i>Less than 180 days</i>	<i>From 181 to 270 days</i>	<i>From 271 to 365 days</i>	<i>More than 365 days</i>	
31 December 2020	<u>638,375,760</u>	<u>393,405,722</u>	<u>231,361,160</u>	<u>4,508,828</u>	<u>4,132,590</u>	<u>-</u>	<u>4,967,460</u>
31 December 2019	<u>502,372,232</u>	<u>223,487,730</u>	<u>264,202,902</u>	<u>10,675,661</u>	<u>530,036</u>	<u>70,454</u>	<u>3,405,449</u>

The movement of the impairment in value of trade receivable is as follows:

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Beginning balance	(3,405,449)	(2,118,559)
Charged during the year	(1,802,092)	(1,286,890)
Used of provision	<u>240,081</u>	-
Ending balance	<u>(4,967,460)</u>	<u>(3,405,449)</u>

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For the Year Ended 31 December 2020

11- TREASURY BILLS

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Treasury bills	500,300,000	500,000,000
Unearned interest	(30,950,455)	(35,110,000)
	469,349,545	464,890,000

- Some treasury bills are mortgaged as collateral for credit facilities amounted to 130.9 MEGP (Note 18 & 19).
- CIB is in process of replacement transaction commercial mortgage to be against treasury bills by EGP 80 Million.

12- PREPAYMENTS AND OTHER RECEIVABLES

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Prepaid expenses	908,473	1,448,594
Accrued interests	13,251,669	2,521,713
Advances to suppliers	12,030,619	19,462,382
Tax authority	13,127,179	8,981,756
Social insurance authority	143,853	907,676
Letters of credit margin	13,699,153	8,508,352
Deposits with others	2,045,109	1,689,925
Employees' imprests and advances	11,442,724	1,986,394
Customs-authority	1,611,895	769,509
Other receivables	2,932,096	530,608
	71,192,770	46,806,909

13- CASH ON HAND AND AT BANKS

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
a) Egyptian Pounds		
Cash on hand	95,597	47,290
Current accounts	1,247,737	45,815,772
Checks under collection	27,788	3,706,012
Term deposits (Maturing within 3 months)	607,042	473,081
	1,978,164	50,042,155
b) Foreign currencies		
Checks under collection	4,776,000	-
Current accounts	5,661,663	3,074,105
	10,437,663	3,074,105
	12,415,827	53,116,260

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

13- CASH ON HAND AND AT BANKS (Continued)

Cash balances are denominated in the following currencies:

	31 December 2020 EGP	31 December 2019 EGP
Egyptian pound (EGP)	1,923,036	50,042,156
US dollar (USD)	10,464,972	3,068,107
Euro (EUR)	27,819	5,997
	<u>12,415,827</u>	<u>53,116,260</u>

For the purpose of cash flow statements, cash and cash equivalents consist of following.

	31 December 2020 EGP	31 December 2019 EGP
Cash in hand	95,597	47,290
Current accounts	11,713,188	52,595,889
	<u>11,808,785</u>	<u>52,643,179</u>

14- PROVISIONS

	Balance as at 1 January 2020 EGP	Charged during the period EGP	No longer required EGP	Used during the period EGP	Balance as at 31 December 2020 EGP
Provision for expected claims	3,200,001	1,600,000	-	(500,000)	4,300,001
Provision for sales returns*	6,763,934	1,223,684	-	-	7,987,618
	<u>9,963,935</u>	<u>2,823,684</u>	<u>-</u>	<u>(500,000)</u>	<u>12,287,619</u>

	Balance as at 1 January 2019 EGP	Charged during the year EGP	No longer required EGP	Used during the EGP	Balance as at 31 December 2019 EGP
Provision for expected claims	2,071,822	3,768,060	(2,639,881)	-	3,200,001
Provision for sales returns*	5,485,132	1,278,802	-	-	6,763,934
	<u>7,556,954</u>	<u>5,046,862</u>	<u>(2,639,881)</u>	<u>-</u>	<u>9,963,935</u>

*Provision for sales returns is deducted from sales disclosed in note (22).

15- TRADE, NOTES AND OTHER PAYABLE

	31 December 2020 EGP	31 December 2019 EGP
Trade payable	46,908,741	45,685,864
Notes payable	19,196,183	15,535,918
Accrued expenses	12,319,168	17,522,004
Tax authority (other than income tax)	8,566,543	26,753,487
Advances From Customers	4,780,965	20,210,828
Other payables	1,639,432	987,837
	<u>93,411,032</u>	<u>126,695,938</u>

Trade payables, accrued expenses and other payables are non-interest bearing.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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16- CAPITAL

The Company's authorized capital amounted to EGP 1 billion, whereas the issued and paid up capital amounted to EGP 160,900,000 divided over 643,600,000 shares of par value EGP 0.25 each.

The extra ordinary general assembly meeting held on 4 November 2019 and 23 November 2019 decided to increase the issued capital by cash increase in conjunction with the offering in stock exchange market with total amount EGP 550,000,000 (the value of the increase represent the nominal value plus the issue premium).

The subscription for this increase was limited to Greville Investing Limited Company who represents the main shareholder and delegated from the remaining shareholders for selling process.

The extra ordinary general assembly meeting held on 4 November 2019 and 23 November 2019 decided to increase the issued and paid up capital by 31,250,000 to be EGP 192,150,000 as of 31 December 2019 through issuing 125,000,000 shares at offering price EGP 4.66 to be 768,600,000 shares noting that the deference between offering price and par value represented in share premium recognized in general reserve.

The extraordinary general assembly meeting held on October 14, 2020 decided to approve the application of the incentive & bonus plan of the Company's employees, managers and executive board of director's members, and the plan has not been activated to date.

The following illustrate the new structure for shareholders:

	%	<i>No. of shares</i>	<i>Amount EGP</i>
Main Shareholder's Shares*	51.33%	394,505,599	98,626,400
Other listed Free Shares in Stock Exchange Market	48.67%	374,094,401	93,523,600
	100%	768,600,000	192,150,000

* Greville Investing Limited Company owned 51% of the company shares and exercised control over the company, sold its shares to other parties during the year ending on December 31, 2020, and accordingly Greville Investing Limited Company lost control over TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA).

17- GENERAL RESERVE-ISSUANCE PREMIUM

The balance of general reserve - issuance premium is representing the net book value of issuing capital increase shares during 2019 amounted EGP 486,965,000 for issuing 125,000,000 Shares after deducting issuing cost of EGP 64,285,000.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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18- CREDIT FACILITIES

The movement of the credit facilities during the period/ year is as follows:

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Opening balance	481,938,674	420,514,887
Used during the year	1,049,168,490	664,519,265
Payment during the year	(728,922,948)	(603,095,478)
Ending balance	802,184,216	481,938,674
	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Credit facilities maturing within 12 months	802,184,216	481,938,674
Bank credit	2,374,338	4,397,731
	804,558,554	486,336,405

The interest rate on the Credit facilities ranges from 8 % to 14.25 % as of 31 December 2020 (31 December 2019: Range from 13.50% to 19.25%).

Credit Facilities	Facility amount	Interest rate	Maturity Date	<i>31 December 2020</i>	<i>31 December 2019</i>
	EGP			<i>EGP</i>	<i>EGP</i>
CIB	250,000,000	0.25%+CBE lending rate	10/07/2021	65,500,461	113,726,345
		8 % CBE INITAVIE*	10/07/2021	90,534,880	-
Audi Bank	80,000,000	CBE lending rate	15/10/2021	63,666,667	-
		125,000,000	0.5 % +CBE lending rate	21/07/2021	78,852,012
Arab Bank	88,000,000	8 % CBE INITAVIE*	21/07/2021	35,290,505	-
		0.25%+CBE lending	09/03/2021	24,552,848	43,318,210
ABK	100,000,000	8 % CBE INITAVIE*	09/03/2021	38,054,398	-
		0.5%+CBE lending rate	01/05/2021	41,994,296	54,958,042
ADIB**	130,000,000	8 % CBE INITAVIE*	01/05/2021	43,065,679	-
		0.5%+CBE lending rate	01/01/2021	73,841,852	86,572,770
Alex Bank	170,000,000	8 % CBE INITAVIE*	01/01/2021	42,520,285	-
		0.25% + CBE lending rate	30/04/2021	81,845,141	72,821,531
AUB	130,000,000	8 % CBE INITAVIE*	30/04/2021	75,811,580	-
		8 % CBE INITAVIE*	01/06/2021	43,225,917	-
ENBD	100,000,000	8 % CBE INITAVIE*	31/07/2021	3,427,695	-
Total Credit Facilities				802,184,216	481,938,674

*Those Balance represents the funds granted for the purchase of raw materials, and packaging in accordance with the initiative of the Central Bank of Egypt to support the industrial sector issued on 12 December 2019 to finance companies with private ownership and small and medium enterprises and support them to reach their investment goals and cover operating expenses.

** The Company is in the process to renew ADIB credit facilities at the beginning of year 2021.

All of the above facilities are guaranteed by notes receivables and treasury bills (Note 10 and 11).

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19- LONG TERM LOANS

Loan (1):

During the year 2017, the Company signed an agreement with Commercial International Bank to obtain a loan amounting to EGP 86,422,000 with an annual interest rate of 1.25% over the Corridor rate repayable over 36 monthly installments starting from 29 October 2018 and maturing on 29 March 2021

During September 2019, the Company agreed with the bank to increase the loan by EGP 9,196,000 repayable over 24 monthly installments starting from 1 January 2020 and maturing on 1 December 2021 and reduce the interest rate to 0.75% over the CBE lending rate, However the Company hasn't obtained the additional amount yet.

On 9 September 2020, the Company rescheduled the loan (1) to be repayable over 21 monthly installments starting from 1 October 2020 and maturing on 1 June 2022.

The Company paid EGP 18,200,000 during the year ended 31 December 2020 and the balance outstanding amounted to EGP 40,675,704 as at 31 December 2020 (31 December 2019: EGP 58,875,704).

Loan (2):

During the year 2018, the Company signed an agreement with Commercial International Bank to obtain a loan amounting to EGP 78,766,000 with an annual interest rate of 0.9% over the CBE lending rate repayable over 19 monthly installments after the expiry of grace year, which is 15 months from the date of first use.

During September 2019, the Company rescheduled the loan to be repayable over 24 monthly installments starting from 1 January 2020 and maturing on 1 December 2021 and reduce the interest rate to 0.85% over the CBE lending rate.

On 9 September 2020, the Company rescheduled the loan (2) to be repayable over 20 monthly installments starting from 1 October 2020 and maturing on 1 May 2022.

The Company paid EGP 19,250,000 during the year ended 31 December 2020 and the balance outstanding amounted to EGP 47,723,972 as at 31 December 2020 (31 December 2019: EGP 66,973,972).

The Company obtained those loans against collateral of a commercial mortgage over the Company's tangible assets constituents over all machinery and equipment and intangible assets financed under this loan. This mortgage is in process of replacement transaction to be against treasury bills.

The balance of loans as of 31 December 2020 as follows:

Loans	Interest rate	31 December 2020 EGP	31 December 2019 EGP
Current portion of long-term loans			
Loan (1)	0.75%+CBE lending rate	28,600,000	31,200,000
Loan (2)	0.85%+CBE lending rate	30,250,000	33,000,000
Total current portion of long-term loans		58,850,000	64,200,000
Non-current portion of long-term loans			
Loan (1)	0.75%+CBE lending rate	12,075,704	27,675,704
Loan (2)	0.85%+CBE lending rate	17,473,972	33,973,972
Total non-current portion of long-term loans		29,549,676	61,649,676
		88,399,676	125,849,676

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For the Year Ended 31 December 2020

20- CAPITAL COMMITMENTS

As at 31 December 2019, the Company had contractual commitments in respect of its assets under construction not provided for in the financial statements amounted to EGP 22,646,378. (EGP 20,551,485 as at 31 December 2019).

21- CONTINGENT LIABILITIES

As at 31 December 2019, the Company has obligations in respect of its inventory (Cash against document) not provided for in the financial statements amounted to EGP 5,513,501. (EGP 11,681,143 as at 31 December 2019).

22- REVENUES

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Sale of goods (net)	909,329,701	851,381,297
Toll manufacturing services revenue	50,839,648	42,584,164
	<u>960,169,349</u>	<u>893,965,461</u>

23- COST OF REVENUE

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Salaries, social insurance & other benefits	83,078,733	68,183,742
Raw materials	250,671,551	297,829,559
Spare parts and materials	20,525,288	18,860,250
Government fees and medical stamps	10,834,657	6,360,298
Other operating expenses	44,520,219	25,155,643
Energy expenses	38,781,970	24,414,074
Depreciation and amortization (Note 5,7)	49,257,352	32,800,444
Rent	4,965,466	5,684,413
Maintenance	9,975,115	8,146,391
	<u>512,610,351</u>	<u>487,434,814</u>

24- SELLING AND MARKETING EXPENSES

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Salaries, social insurance and other fringe benefits	113,524,887	83,032,618
Depreciation (Note 5)	4,197,160	404,691
Rent	46,800	3,313,821
Advertising and marketing	96,435,411	65,884,482
	<u>214,204,258</u>	<u>152,635,612</u>

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25- GENERAL AND ADMINISTRATIVE EXPENSES

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Salaries, social insurance and other fringe benefits	33,445,583	25,497,078
Professional fees	1,419,655	4,061,140
Maintenance	756,038	531,642
Depreciation (Note 5)	1,829,115	2,129,343
Others	6,829,259	3,077,031
	44,279,650	35,296,234

26- OTHER INCOME

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Loss / Gain from sale of fixed assets (Note 5)	(138,889)	9,249
Other income	1,158,860	2,006,667
	1,019,971	2,015,916

27- FINANCE INCOME

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Interest from Treasury Bills	64,136,566	2,521,713
Interest from time deposits	23,727	2,125,186
	64,160,293	4,646,899

28- FINANCE EXPENSES

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Debit interests	94,378,045	105,796,957
Unwinding interests of lease liabilities	2,266,488	-
Bank Charges	3,414,401	4,119,841
	100,058,934	109,916,798

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29- INCOME TAXES

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Current income tax	(28,485,790)	(19,788,435)
Deferred income tax	(5,104,425)	(5,721,290)
Income tax expense	<u>(33,590,215)</u>	<u>(25,509,725)</u>

DEFERED INCOME TAX

	<i>Statement of financial position</i>		<i>Statement of profit or loss</i>	
	<i>31 December 2020</i>	<i>31 December 2019</i>	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Depreciation and amortization	(36,890,685)	(29,762,643)	(7,128,042)	(7,706,293)
Provisions	1,797,214	1,521,885	275,329	287,730
Impairment of trade and notes receivables	1,117,679	766,226	351,453	289,550
Write down of inventory	2,749,549	1,431,444	1,318,105	1,078,127
Unrealized foreign exchange differences	164,762	86,032	78,730	329,596
Net deferred income taxes	<u>(31,061,481)</u>	<u>(25,957,056)</u>	<u>(5,104,425)</u>	<u>(5,721,290)</u>

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	<i>Tax Rate</i>	<i>31 December 2020</i>	<i>Tax Rate</i>	<i>31 December 2019</i>
		<i>EGP</i>		<i>EGP</i>
Profits before income taxes		146,535,552		108,494,572
Income tax based on tax rate	22.50%	32,970,499	22.50%	24,411,279
Non-deductible expenses		619,716		1,098,446
Effective Tax Rate	22.92%	<u>33,590,215</u>	23.51%	<u>25,509,725</u>

30- EARNINGS PER SHARE

Basic and diluted earnings per share was calculated by dividing the profits for the period available for distribution by the weighted average number of shares outstanding during the year as follows:

	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Net profit for the year	112,945,337	82,984,847
Remuneration for the Board Members*	(5,200,000)	-
Staff profit Share*	(9,500,000)	-
Profit Available for Shareholders	<u>98,245,337</u>	<u>82,984,847</u>
Weighted average number of shares outstanding during the year	768,600,000	768,600,000
Earnings per share	<u>0.1278</u>	<u>0.108</u>

-There are no shares with diluted effect and hence the basic and diluted earnings per share are the same.

*Employees dividends and board of directors' remuneration as recommended in board meeting held on 01/03/2021, and currently is a subject of general assembly approval.

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31- TAX POSITION

a) Corporate Tax

- The Company's records were inspected till the year 2013 and the dispute was ended.
- The Company's records were inspected initially from year 2014 till 2017 which were refused by the company and the actual inspection is under process.
- No tax inspection took place for the Company's records for the years from 2018 till 2019.

b) Salary Tax

- The Company's records were inspected till the year 2015 and the taxes differences were paid.
- The company is preparing for tax inspection for the years 2016 till 2019 and the required documents were presented to tax authority and tax settlements were paid.

c) Stamp Tax

- The Company's records were inspected till 2013 and the taxes due were paid.
- The company is preparing for tax inspection for the years from 2014 till 2019.

d) VAT Tax

- The Company's records were inspected till the year 2015 and the taxes due were paid.
- The company is preparing for tax inspection for the year 2016 till 2019.

32- RELATED PARTIES

For the purpose of these separate financial statements, parties are considered to be related to the Company, if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

a) Related party transactions

During the year, the following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

Company	Nature of party	Nature of transaction	<i>31 December 2020</i>	<i>31 December 2019</i>
			<i>EGP</i>	<i>EGP</i>
Rameda for Pharmaceuticals trading	Subsidiary	Rent	6,000	6,000
		Purchases	375,031	1,472,280
Ramecare Company	Subsidiary	Rent	6,000	6,000
		Purchases	-	-
Ramepharma Company	Subsidiary	Rent	6,000	6,000
		Purchases	-	2,988,893

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32- RELATED PARTIES (continued)

b) Related party balances

	Nature of party	31 December 2020		31 December 2019	
		Due from EGP	Due to EGP	Due from EGP	Due to EGP
Rameda for Pharmaceuticals Trading	Subsidiary	-	402,918	-	335,384
Ramecare Company	Subsidiary	3,387,109	-	3,217,460	-
Ramepharma Company	Subsidiary	17,189,218	-	16,632,011	-
		<u>20,576,327</u>	<u>402,918</u>	<u>19,849,471</u>	<u>335,384</u>

c) Salaries and incentives of key managers

The key manager's compensation during year ended 31 December 2020 and 31 December 2019 is as follow:

	31 December 2020	31 December 2019
	EGP	EGP
Salaries and incentives	24,218,973	21,686,263
	<u>24,218,973</u>	<u>21,686,263</u>

33- FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors of the company has overall responsibility for the establishment and oversight of the Group's risk management framework. The company's senior management are responsible for developing and monitoring the risk management policies and report regularly to the Board of Directors on their activities.

The company's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in other areas.

a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is exposed to credit risk principally from its receivables from customers, notes receivable, due from related parties, other receivables, including balances with banks.

Trade and notes receivables

The customer credit risk is established by the company's policies, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed by the management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis.

The maximum exposure is limited to the balances disclosed in note (9).

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2020

33- FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Other financial assets and balances with banks

The Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

Credit risk from balances with banks is managed by group treasury. The Company limits its exposure to credit risk by only placing balances with international banks and local banks of good reputation, in addition, the local banks are under the supervision of the central Bank of Egypt and thus their exposure to credit risk is minimal.

The maximum exposure is limited to the balances disclosed in note (12)

Due from related parties

The Company's exposure to credit risk rises from related parties equal to the carrying amount of these balances.

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk and interest rate risk, which will affect the Company's income. Financial instruments affected by market risk include interest-bearing loans and borrowings and deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company does not hold or issue derivative financial instruments.

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's obligations with floating interest rates and interest bearing time deposits.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings). There is no impact on the Company's equity other than the profit impact stated below.

	31 December 2020		31 December 2019	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
Financial assets	+1%	5,831	+1%	4,300
	-1%	(5,831)	-1%	(4,300)
Financial liabilities	+1%	(5,280,895)	+1%	(3,212,890)
	-1%	5,280,895	-1%	3,212,890

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33- FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Exposure to foreign currency risk

The following tables demonstrate the sensitivity to a reasonably possible change in USD & EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	31 December 2020		31 December 2019	
	Change in rate	Effect on profit before tax	Change in rate	Effect on profit before tax
		EGP		EGP
USD	+10%	7,029,214	+10%	3,407,663
	-10%	(7,029,214)	-10%	(3,407,663)
EUR	+10%	(279,100)	+10%	83
	-10%	279,100	-10%	(83)
CHF	+10%	(23,584)	+10%	-
	-10%	23,584	-10%	-

c) Liquidity risk

The cash flows, funding requirements and liquidity of the Company are monitored by Company's management. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Financial liabilities	Less than 3 Months	3 to 12 months	1 to 5 years	Over 5 years	Total
As at 31 December 2020	EGP	EGP	EGP	EGP	EGP
Credit facilities	392,157,897	429,767,765	-	-	821,925,662
Trade, notes and other payables	76,187,699	17,223,333	-	-	93,411,032
Term loans	12,674,219	54,815,769	31,854,166	-	99,344,154
Total undiscounted financial liabilities	481,019,815	501,806,867	31,854,166	-	1,014,680,848

Financial liabilities	Less than 3 Months	3 to 12 months	1 to 5 years	Over 5 years	Total
As at 31 December 2019	EGP	EGP	EGP	EGP	EGP
Credit facilities	215,009,514	285,328,150	-	-	500,337,664
Trade, notes and other payables	114,098,301	12,597,637	-	-	126,695,938
Term loans	20,215,230	75,222,795	57,069,406	-	152,507,431
Total undiscounted financial liabilities	349,323,045	373,148,582	57,069,406	-	779,541,033

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34- CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of Parent Company.

The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manage its capital structure and makes adjustments in light of change in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a leverage ratio. Which is total liabilities divided by net equity. The Group's policy is to keep leverage ratio between 1 to 2.

35- FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. Financial assets of the Group include cash on hand and at banks, trade and notes receivable, due from related parties and other receivables. Financial liabilities of the Group include credit facilities, term loans, trade and notes payable, dividends payable, income taxes payable, accrued expenses and other payables.

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

36- MAJOR EVENTS

Some major global events occurred, which included the Arab Republic of Egypt as well, where an outbreak of COVID19 occurred soon before the end of 2019, and the World Health Organization "WHO" announced that the outbreak of the virus can be described as a global epidemic, and the government has introduced various measures to combat disease outbreaks, including travel restrictions and quarantine, business closures, and other locations, these government responses and their corresponding impacts are still evolving and which are expected to affect the economic climate and that, in turn, could expose the company to various risks, including a significant reduction in Revenues, and evaluation / impairment of assets and other risks.

These events did not negatively affect the financial statements of the company as on 30 September 2020 but may affect the financial statements for future financial periods. If it is difficult to quantify this effect for now, this effect will appear in future financial statements. The magnitude of the impact varies according to the expected extent, the period during which those events are expected to end and their impact.

The company announced that it has commenced the manufacture of Anviziram, which contains the active pharmaceutical ingredient Favipiravir, which is the generic form of the antiviral sold under the brand name Avigan in Japan. The Company has also secured approval from Egyptian Drug Authority to begin manufacturing intravenous "Remedisivir" vials for use in the treatment of patients suffering from coronavirus disease 2019 (Covid-19).

Avigan" is an antiviral drug developed by Toyama Chemicals, a division of the Japanese conglomerate Fujifilm, and contains the active ingredient Favipiravir. The company's entire production of Favipiravir is being produced under the trade name Anviziram, with capacity focused on the Egyptian market. The company aims to export Anviziram to neighboring countries upon receipt of approval from the Ministry of Health and the Egyptian Drug Authority.

In addition to Anviziram, the company has been granted Egyptian Drug Authority's approval for the manufacture of intravenous Remedisvir, a broad-spectrum antiviral medication which has been used in treatment of covid-19 patients.