rameda

Quality For All

Rising to the Challenge

2020 Annual Report

On the frontline
of the pandemic

As one of the few pharma groups in the region that are licensed to produce and sell Anviziram and Remdezivir, two new antiviral medicines included in the Ministry of Health's official treatment protocol, Rameda stands ready to devote its capabilities and resources to do its part for Egyptian healthcare workers and patients, both locally and regionally, in the global fight against COVID-19.

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Rising to the
Challenge

MESSAGES FROM THE CHAIRMAN AND CEO

A Message from our Chairman

"I am fully confident in our ability to leverage the current challenges and deliver on our objective to continue innovating and generating value for all our stakeholders

Fellow Shareholders,

On behalf of Rameda's esteemed Board of Directors and senior management, I am pleased to present to you Rameda's first annual report as a listed company. The issuance of our first annual report coincides with a year that has been wrought with challenges unlike any we have seen before. One year into COVID-19, we are still in the midst of the most serious global public health crisis that we have seen this century. Needless to say, the unprecedented economic headwinds that have ensued have impacted businesses across all sectors and geographies. The pandemic has upended the way we work and live, bringing about a rapid, and perhaps permanent, evolution in the way companies operate globally.

Though a relatively inelastic industry, Pharma was also heavily impacted, primarily during the first half of the year on the back of, among other factors, major API procurement issues due to disruptions in global trade and social distancing measures which brought about a reduction in the mobility of both customers and sales teams across both pharmacies and inpatient facilities. I am however pleased to report that our management team responded to the pandemic swiftly and decisively to institute a set of policies and procedures that made the health and safety of our employees a priority, all while delivering on our commitment to ensure the uninterrupted supply of medicines.

As a major Egyptian supplier of pharmaceuticals, Rameda has placed itself at the forefront of the fight against the Coronavirus with the commercial production of the vital antiviral drugs, Remdesivir and Anivziram, that have been distributed to hospitals across the country as part of the Ministry of Health's (MOH) official treatment protocol. In addition to hospital-use, Anviziram has recently been availed in pharmacies across Egypt. Our cooperation with public health initiatives, along with our strategic global partnerships and alliances with industry associations further illustrates our solidarity with national and regional efforts towards combating the Coronavirus and saving millions of lives that have been impacted by the pandemic.

The successful conclusion of our December 2019 IPO, coupled with upgrades to our manufacturing facility post-listing, has positioned Rameda to fully capture growth and evolving demand dynamics of Egypt's ever-growing pharmaceutical industry. Despite economic headwinds, Rameda was able to deliver steady top line growth in 2020, demonstrating the breadth and resilience of our portfolio as well as the vital role of the generic medicines we supply.

Going into 2021, our management team have focused on repositioning our business for further growth by restructuring our cost base, further rationalizing our portfolio and launching new molecules in high-growth therapeutic areas. The strategy and operational priorities that have guided us since 2011 will continue to steer us on our path to growth. I am honored to assume responsibility for an organization that has such strong foundations built on an effective customer-centric strategy and a culture that focuses on patient needs.

As a recently listed company, we are mindful of the responsibilities we now have in terms of accountability and transparency and we have accordingly put in place a framework that enables Rameda to comply with the highest standards of governance, which we believe is a cornerstone of the Group's long-term success and value creation. Since our listing, we have already taken measures to meet our institutionalization and governance improvement targets, including a complete overhaul our internal policies and procedures and the appointment of an experienced Director for internal audit, risk management and compliance.

As a Board member, I have had the good fortune to participate in Rameda's ongoing turnaround since 2011 and I have witnessed firsthand, the company's exceptional path to growth. I saw the progress that our executive management, alongside our operational teams, have made to create new opportunities that will propel the company forward. Management has a clear understanding of how to deliver on both immediate goals and long-term growth opportunities. With every challenge the Egyptian market faced over the past decade, Rameda has emerged stronger and more resilient with robust fundamentals. I am fully confident of our ability to leverage the current challenges and deliver on our objective to continue innovating and generating value for all our stakeholders.

On behalf of the Board, I would like to thank the entire team at Rameda for their hard work and our shareholders, patients and stakeholders for their continued support during this challenging year as we work towards expansive yet sustainable growth.

Ayman Abbas
Non-Executive Chairman

Note from our CEO

With 2020 now behind us, we can reflect on our strong performance amidst a tumultuous period that saw us navigate a market heavily impacted by the staggering number of COVID-19 cases in Egypt and worldwide since March 2020. Over the course of the past twelve months, Rameda has proven its resilience despite the extremely challenging external environment, delivering steady top line growth which exceeded the overall market growth, with an overall market evolution index of 120 recorded for the year.

Our solid growth can be attributed to our constantly expanding portfolio of products across high-growth therapeutic areas and our ongoing portfolio optimization strategy skewed towards the production and sales of higher-priced products. This was particularly pronounced during the last quarter of the year on the back of recovering market conditions and rising demand, with the easing of social distancing restrictions resulting in a marked growth in over-the-counter (OTC) sales and physician visits, which was reflected in strong growth across all our verticals.

COVID-19 Response

At the onset of the pandemic, we promptly established a Risk Management Plan and formed multiple task force teams under the guidance of the senior management team to tackle the challenges presented by COVID-19. In accordance with our position as a responsible corporate actor, our priority has been to ensure the health and safety of our employees. We grounded our salesforce, adjusted our manufacturing shifts and instituted a work-from-home policy in accordance with the social distancing guidelines stipulated by Egypt's Ministry of Health (MOH) and the World Health Organization (WHO).

Additionally, changes at manufacturing facilities and head office were made to ensure productivity as well adherence to all safety and hygiene protocols. We also instituted a targeted set of working capital policies to ensure the uninterrupted supply of our products across markets that enabled us to continue providing patients with their much-needed medication throughout the year, with 90% of our production requirements before year-end secured by 1H20. With the easing of COVID-19 restrictions in June, 100% of our workforce, including our salesforce, have been back to work on-site and we look forward to committing our full capabilities to realizing our growth plans in 2021.

As a large Egyptian pharmaceutical player, we stood ready to devote our capabilities and resources to do our part, both locally and regionally, in the global fight against COVID-19. To this end, in the second half of the year, we began the commercial production of two new antiviral medicines, Remdesivir and Anviziram, which are currently being used in hospitals across Egypt for the treatment of patients suffering from COVID-19. We have also begun to export these products to Libya and Lebanon and, with further orders already received from other markets across the region, we believe that these antiviral medications present a significant upside for our exports vertical in the coming year.

2020 Performance

The challenges brought on by COVID-19, such as decreased traffic across outpatient clinics and limitations to the marketing and promotion of our products, hindered the Group's ability to properly market these products and utilize its expanded salesforce in 1H20, subsequently leading to a 14% y-o-y decline in total volumes (excluding toll manufacturing) in FY20, with only toll manufacturing witnessing a modest 3% y-o-y growth during the period. Despite the slow-down on a full year basis, recovering market conditions on the back of loosened social distancing restrictions in the final quarter of the year saw volumes (excluding toll manufacturing) surge by 82% q-o-q in 4Q20, with tenders driving growth for the period. Meanwhile, toll manufacturing volumes grew by 40% q-o-q during the same period.

Despite declining volumes on a full-year basis, total revenues grew by 7% y-o-y to EGP 960.2 million in FY20, with revenue growth seen across all verticals with the exception of exports, on the back of the continued optimization of Rameda's portfolio towards higher priced products. Additionally, the Group's revenues increased by 22% q-o-q in 4Q20, driven by volume growth across all our verticals, with a marked growth in our tenders segment on the back of the successful integration of the UPMA's digital platform for conducting tenders in the final quarter of the year. Moreover, our gross profit grew by 10% y-o-y, yielding a GPM expansion of 1.1 percentage points to 46.5% in FY20 on account of Rameda's strategy of focusing on higher-margin products and a reduction in raw material costs, partially due to a favorable US dollar rate during the year. Despite increasing SG&A expenses as a percentage of revenue, the growth in gross profit trickled down to the EBTIDA level, which grew by 1% y-o-y to EGP 263.8 million in FY20. Our bottom line grew by 36% y-o-y to EGP 112.2 million in FY20, with the corresponding net profit margin up by 2.5 percentage points to record 11.7% during the period.

Accretive molecule acquisitions

Accretive molecule acquisitions have remained the backbone to Rameda's growth, with molecules launched since 2012 contributing 69.9% of revenues in 2020 compared to 47.8% of revenues in 2019. We acquired three molecules and launched nine products in 2020, thereby successfully expanding the Group's product offering into two new therapeutic areas with the acquisition of anti-inflammatory (NSAIDs), Recoxibright, and the launch of three food supplements, Homo, Robesta and Vensia. The acquisition of Recoxibright, which marked Rameda's largest acquisition to date, was successfully executed during the height of the pandemic during 1Q21. The drug, alongside Augram which was also acquired during the year, were among the Group's top selling products in 2020, contributing a combined 16% to FY20 revenues.

We plan to launch 8-10 new products at high price points in the new year, comprising of new molecules line extensions of pharmaceutical products, and food supplements, with an eye to maximizing both the Group's top line and margins. With a total of 127 marketed products in our portfolio across 12 therapeutic areas, and pipeline of more than 185 products by year-end, we look forward to newly launched products in high-growth therapeutic areas to continue to drive growth into 2021.

Outlook

Developments in the final quarter of the year, including the rollout of vaccines which began in December 2020, have signaled a promising outlook for 2021. With quarter-on-quarter results across all of the Group's lines of business reflecting the positive impacts of the market recovery in 4Q20, we are optimistic about our outlook going into the new year.

With the continued easing of global trade restrictions, we are looking to tap into new export markets across the Middle East and Asia, including Kuwait, Bahrain, United Arab Emirates and Moldova.

At our toll manufacturing facilities, Rameda's lyophilized production lines were operating at a capacity utilization rate of c. 80% at year-end 2020, and we are anticipating solid utilization growth in 2021 on the back of recovering demand levels with the reduction in API procurement disruptions faced by our toll clients during the beginning of the pandemic. Moreover, the successful integration of the Unified Medical Procurement Authority's (UMPA) digital platform resulted in a significant increase in Rameda's tender volumes in 4Q20, and we are optimistic about the expected growth and contribution of this vertical in 2021.

On the investment front, we are primarily focused on machinery upgrades in line with environmental guidelines that aim to increase efficiency and minimize waste. Additionally, targeted cost reduction efforts with an eye to improving operating margins, coupled with a recovery in sales, should see Rameda's SG&A expenses as a percentage of revenue return to a desirable level on the back of improved economies of scale. Furthermore, we expect the normalization of inventory levels to improve the Group's cash conversion cycle in the new year.

With the easing of COVID-19 restrictions and a strong market recovery, Rameda is perfectly poised to unlock value in the growing pharmaceutical space going into the new year. The Group stands ready to fully realize its growth strategy, centered around launching new products covering key high-growth therapeutic areas, optimizing our portfolio towards higher-priced products, monetizing our excess capacity to enhance toll revenue generation and expanding our footprint into new, high-growth markets across the region.

Dr. Amr Morsy
Chief Executive Officer

RAMEDA AT A GLANCE

Rameda
at a Glance

One of the fastest-growing generic pharmaceutical groups in Egypt

960.2mn
Revenues FY20
▲ 7% YoY

263.8mn
EBITDA[1] FY20
▲ 1% YoY/27.5% Margin

112.2mn
Net Income[2] FY20
▲ 36% YoY/11.7% Margin

units60.8mn
Volume Sold FY20
▼ 14% YoY

127
Marketed Products FY20

185+
Pipeline Products FY20

Established in 1986, Rameda (RMDA.CA on EGX) is a leading Egyptian pharmaceutical company principally engaged in the manufacture and sale of branded generic pharmaceuticals, nutraceuticals and food supplements. The Group produces its quality products in a wide range of dosage forms at its state-of-the art manufacturing facility in Cairo's Sixth of October Industrial Zone, combining world-class standards with local insights and a customer-centric approach. Led by a world-class team of professionals with extensive industry experience, Rameda has developed a broad portfolio across multiple therapeutics areas through accretive molecule acquisitions and successfully leveraged its strong portfolio and highly skilled marketing representatives to become one of the fastest-growing pharmaceutical players in Egypt; Between 2016 and 2020, Rameda recorded an overall revenue CAGR of 24.9%. Rameda was listed on the Egyptian Stock Exchange after its successful IPO in December 2019 and achieved solid growth over the following year, despite an overall market slowdown due to COVID-19.

[1] *Adjusted for impairments, provisions, and universal healthcare tax*
[2] *After minority interest*

Our Portfolio

Through management's extensive experience in the Egyptian pharmaceutical space, Rameda has a demonstrated track record of success in being able to efficiently select, acquire and register accretive molecules. To date, Rameda has developed an attractive portfolio across 12 of the 16 therapeutic areas in the Egyptian industry.

Our therapeutic areas include, but are not limited to, the following:

Systemic anti-infectives	32% of FY20 Revenue
Alimentary tract and metabolism	29% of FY20 Revenue
Nonsteroidal anti-inflammatory[1]	10% of FY20 Revenue
Genitourinary system and sex hormones	9% of FY20 Revenue
Cardiovascular system	7% of FY20 Revenue
Nervous system	3% of FY20 Revenue
Blood and blood-forming organs	2% of FY20 Revenue
Musculo-skeletal system	2% of FY20 Revenue
Sensory Organs	1% of FY20 Revenue
Food Supplements[1]	0.5% of FY20 Revenue

[1] *Launched in 2020*

Our Routes to Market

1 Private Sales

Rameda sells its pharmaceuticals, nutraceuticals and food supplements to domestic distributors who subsequently distribute them to pharmacies throughout Egypt. Marketing reps engage physicians to create demand for its products through prescriptions.

68%
% of FY20 Revenues

705
medical reps & merchandisers

2 Domestic Tenders

Rameda engages in institutional sales by selling its products to government-owned institutions, such as the Ministry of Health and public hospitals, through select tender contracts that ensure certain profitability levels.

22%
% of FY20 Revenues

209MN
2020 Revenues (EGP)

3 Export Sales

Rameda exports in USD-denomination to different regional markets via export agents. In 2020, the Group's key export markets included Iraq, Yemen and Jordan.

5%
% of FY20 Revenues

9
export markets

4 Toll Manufacturing

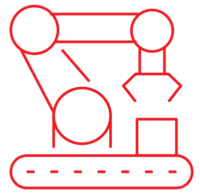
Rameda produces goods for local and multinational pharma companies by monetizing its unused capacity with the stamp of approval from leading blue-chip companies, such as Sanofi.

5%
% of FY20 Revenues

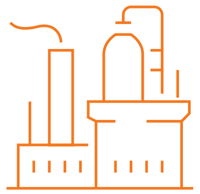
30+
companies served

Our Manufacturing Capabilities

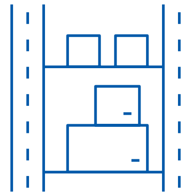
Rameda's well-invested state-of-the-art production facility is located in an industrial complex at 6th of October City in the Giza Governorate west of Cairo and houses three independent factories – a general production plant, cephalosporin plant and penicillin plant - each with its own warehousing, packaging, production and distribution areas. The Group is committed to the highest standards of quality, health and safety throughout the production cycle to delivery, in its policies, specifications and programs. Its production facility complies with the latest Good Manufacturing Practice ("GMP") requirements and has been granted multiple ISO certifications from the International Standardization Organization in recognition of the Group's diligent initiatives to enhance its product quality and preserve the production facility's hygiene and safety.



20
Production Lines



3
Factories



units 182mn
Production Capacity

ISO 9001:2015
Quality Management Systems

ISO 14001:2015
Environmental Management Systems

OHSAS 18001:2007
Occupational Health and Safety Management System

ISO 45001:2018
Occupational Health and Safety Management System

OUR STRATEGY

Our Strategy

Over the last decade, Rameda's management has embarked on a multi-phased expansion plan that has solidified its position today as one of the leading and fastest-growing players in Egypt's generic pharmaceutical market. Our ongoing strategy focuses on leveraging our existing strengths within the Egyptian pharmaceutical industry to grow sustainably while continuing to provide high-quality, innovative products to our clients in Egypt and across the wider Middle East and Africa (MEA) region.

Strategy Pillars

Grow our portfolio through accretive molecule acquisitions and launches

The acquisition of new molecules has played a central role in Rameda's growth, and the Group has continuously demonstrated its proven ability to identify, acquire and register high-growth molecules at attractive pricing terms. The Group's emphasis on being an early mover to register and launch new molecules enables it to offer its products at higher prices than its peers, gaining the Group further market share and operating margins. In addition to acquiring and registering new molecules from abroad, Rameda strategically acquires molecules from competitors with existing market share, or molecules which were in advanced stages of the registration process, and launches them under the Group's brand. An example of this is Rameda's acquisition of Recoxibright in March 2020, which marked the Group's largest transaction to date and was the third-largest contributor to total revenues in FY20 at 11%. The Group's acquisition capabilities are further supplemented by a salesforce of 705 employees as of year-end 2020, enabling Rameda to effectively manage the process of launching and marketing its new products across Egypt.

Despite a slowdown due to the advent of COVID-19 in early 2020, Rameda acquired three molecules and launched nine products in FY20. Going forward, the Group aims to capitalize on its market reputation, successful acquisition experience and its deep market knowledge to continue to identify and ultimately acquire attractive new molecules at attractive acquisition pricing terms which enable it to deliver its strategy.

Penetrate large and fast-growing therapeutic areas

Rameda has developed an attractive portfolio of 185 marketed products as well as a robust pipeline of more than 190 new products focused on key fast-growing therapeutic areas, with 70% of revenues in 2020 generated from products that didn't exist in the Group before 2012. Since then, Rameda has developed its portfolio to better position itself to address the pharmacological needs presented by the increasing prevalence of chronic and lifestyle diseases in Egypt and the wider region, such as diabetes, hypertension and depressive disorder, and as such, has successfully adapted to the industry-wide shift towards the consumption of medication to treat and manage such diseases. As a result, the contribution of chronic medication to Group sales surged to approximately 60% in 2020 from 40% in 2019.

In 2020, Rameda introduced two new therapeutic areas to our roster with the acquisition of non-steroidal anti-inflammatory (NSAID), Recoxibright, and the launch of three food supplements Homo, Robesta and Vensia. Other notable launches during the year included antiviral medicines, Remdesivir and Anviziram, for the treatment of COVID-19. Rameda plans to grow its sales in these and other large and fast-growing therapeutic areas by increasing the market share of its existing products and introducing new ones to respond to their increasing demand and growth potential, which management believes comes with a significant upside.

Optimize our portfolio towards higher priced products

Over the three years, Rameda has embarked on an extensive and ongoing optimization exercise, with an overhaul of the Group's portfolio to focus on higher-priced, higher-margin products. As a result, despite an overall decrease of 14% in volume sold year-on-year in FY20, the Group successfully grew its top line by 7% year-on-year in 2020 and expanded its gross margin by 1.1 percentage points during the same period. In parallel to optimizing its existing portfolio, the Group has focused its new molecule acquisitions on higher priced products. Moreover, the average gross profit margin of molecules launched since 2012 came in at c.57% in 2020 compared to the average gross profit margin of c.49% generated from products launched before 2012. The Group achieves this using attractive acquisition criteria that deliver a solid return on investment and prioritizing high-growth therapeutic areas with first-to-market potential.

Monetise our excess capacity to enhance revenue generation

Between 2016 and 2019, Rameda invested more than EGP c. 250 million in its production facility to renovate and grow production capabilities and capacity. With utilization at 34% in 2020, the Group leverages its excess capacity to toll manufacture products for third-parties. Over the years, the Group has developed a solid and diverse client base, including well-known regional and international pharmaceutical companies such as Sanofi, which has in turn has enabled Rameda to benefit from an enhanced brand equity.

In line with Rameda's strategy to grow its toll manufacturing business in the coming years, the Group installed two lyophilised machines in 2019 year-end, technology which very few of Egypt's pharmaceutical companies currently possess. While toll sales was negatively impacted by API procurement issues faced by a number of the Group's toll clients at the onset of the pandemic, particularly during the first half of the year, the easing of these restrictions during the second half of the year led to an exceptional recovery in volumes, and an increase in the utilization of its lyophilized machines to 80% by 2020 year-end. The Group's management expects Rameda to realize the full benefit of its lyophilized production capabilities in 2021.

Expand our footprint into new high-growth markets across the region

The impact of COVID-19 on global trade, which saw a country-wide lockdown in Iraq from March to July, drove a decline in both export volumes and revenues, at 14.5% y-o-y and 23.3% y-o-y respectively in 2020. However, recovering market conditions on the back of easing global trade restrictions towards the end of the year saw export volumes in 4Q20 grow by 40.3% q-o-q its corresponding revenues increase by 30.6% q-o-q in the same period. Rameda is also looking to expand its footprint into new markets, with Kuwait, Bahrain, the United Arab Emirates and Moldova among its shortlist of prospective export markets.

Furthermore, we have already started to export our new antiviral medication, Remdesivir and Anviziram, to Libya and Lebanon, and have received further orders for these medicines from Jordan and other countries across the region. With the roll-out of the vaccines still at its infancy, the increased international use of these medicines in their generic form is expected to boost near-term export sales.

MARKET INSIGHT | EGYPT

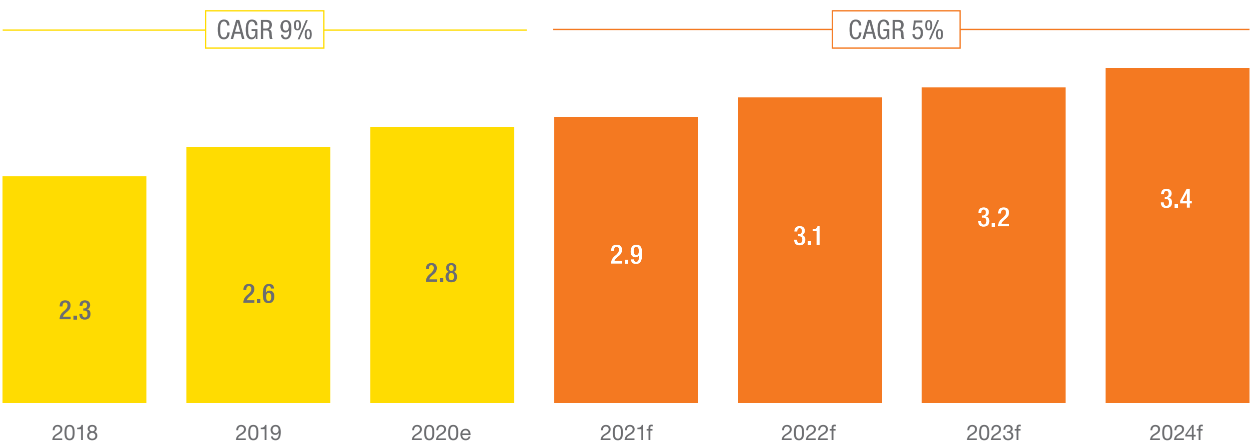
Market Insight
Egypt

Egypt's pharmaceutical market represents an attractive investment opportunity with significant growth prospects over the coming years.

Egypt's pharmaceutical market is one of the largest and fastest growing in the MENA region, expected to be valued at USD 2.8 billion in 2020, representing a 2017-20 CAGR of 9%[1]. Its growth over the last three years far exceeded that of global and MENA pharmaceutical markets, which grew at CAGRs of 2% and 4% (in USD terms), respectively over the same period[1].

Egypt Pharmaceutical Sales (USD bn)

Source: Fitch Solutions



Despite the defensive nature of the pharmaceutical industry, the onset of the COVID-19 outbreak in Egypt by March 2020 and its resulting social distancing and lock-down measures took a toll on pharma demand on the back of reduced traffic across health facilities for non-COVID related conditions, disruptions in consumer spending in a space that is predominantly funded out-of-pocket, and the inability of pharmaceutical companies to effectively deploy their sales teams. Moreover, the disruption in trade, particularly at the height of the lockdown between March and June, significantly impacted pharmaceutical exports and caused API procurement issues for some domestic manufacturers.

By July 2020, social distancing restrictions were eased significantly with the removal of daily curfews, the gradual and partial reopening of restaurants and entertainment facilities, and the resumption of international flights to specific destinations, among other steps. Additional steps were taken in August and September to further limit an economic fall-out from the pandemic. As a result, Egypt is one of only three Middle Eastern and Central Asian economies that will escape economic contraction in 2020[2]. The easing of restrictions, combined with the high demand from the government to stockpile on necessary medication during the pandemic to hedge against potential supply shortages, resulted in a healthy 8% year-on-year growth of Egypt's pharmaceutical industry in 2020[1].

The pharmaceutical industry in Egypt is underpinned by strong underlying demographic fundamentals and a shift in the country's epidemiological profile which is expected to present unique opportunities for pharmaceutical businesses. New initiatives by the government to provide universal healthcare coverage, free screenings and attractive pricing framework, combined with a shifting epidemiological profile towards noncommunicable diseases across an ever-growing Egyptian population, will see the Egyptian pharma market continue to grow at a significantly high rate relative to both regional and global averages. Moreover, Rameda is poised to benefit from the growing awareness of generic medicines as a substitute for more expensive innovator medicines.

Expected Market Growth (2020e-24f CAGR)

Egypt	MENA	World
5.1%	4.3%	4.6%

[1] *Source: Fitch Solutions Global Pharmaceutical & Healthcare Report - 1Q21*
[2] *Source: IMF World Outlook Report - 2020*

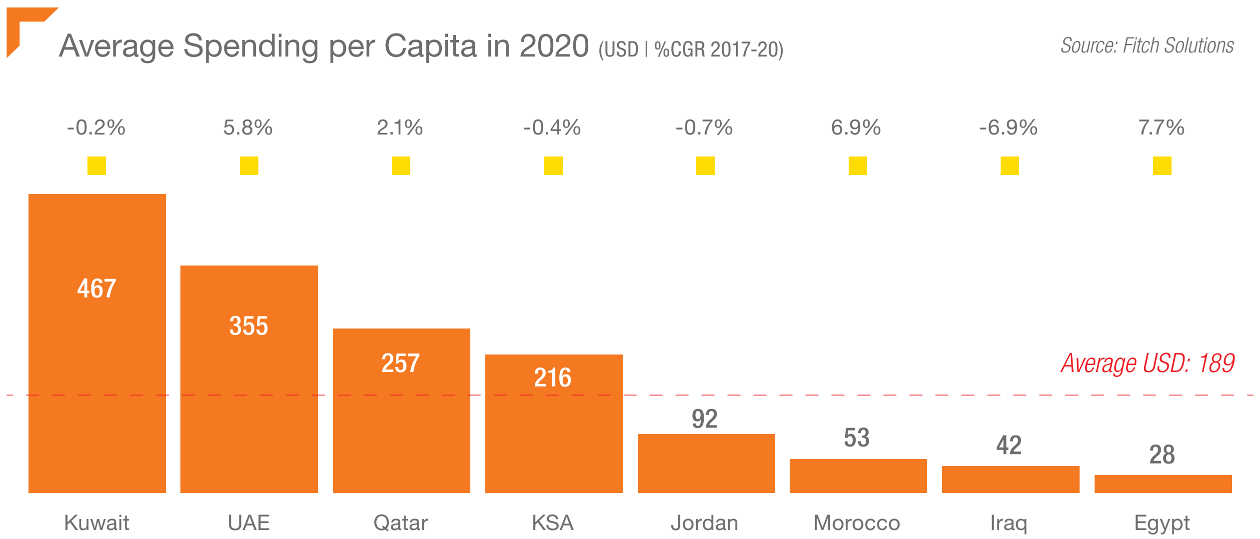
Supporting demographic trends and shifting epidemiological profile

With an expected population of 102 million in 2020e, Egypt is the most populated nation in the MENA region. The country recorded higher-than-average 2017-20 growth in its population, at 2.0% against the global average of 0.9%[1]. With population growth has come an increasing ageing population, with individuals exceeding 40 years of age expected to comprise 30% the total population in 2027 from 27% in 2020[1]. This, alongside lifestyle elements, has resulted in the increasing prevalence of chronic and lifestyle diseases in Egypt, such as diabetes, hypertension and depressive disorder.

The increasing prevalence of these conditions across the country has driven Rameda to shift its portfolio to better cater to these noncommunicable conditions. With 60% of our current product portfolio focused on chronic conditions by year-end 2020, Rameda is ideally positioned to provide products to the market that address the nation's evolving pharmacological needs.

Underpenetrated Market with Significant Upside

Despite being the fourth largest pharmaceutical market in MENA, the Egyptian pharma market remains substantially underpenetrated. The country has one of the lowest per capita pharma spend in comparison to its neighbors; In 2020, Egypt's pharmaceutical expenditure per capita came in at just USD 28, representing significant upside potential in the country's burgeoning industry[1].



Egypt's generic pharmaceutical industry has experienced strong growth over the past decade, driven by greater awareness of generic medicines as a substitute for expensive patented medicines. Although multinational pharmaceutical manufacturers operate in Egypt, the market is increasingly shifting in favour of domestically-produced generic products. The increase in the market share of generic manufacturers in the Egyptian pharmaceutical industry has been more pronounced since the EGP floatation in 2016 and high inflationary environment.

Supportive Government Framework

The Egyptian government has taken significant measures in recent years to modernize the country's healthcare system with the objective to eradicate the current difficulties witnessed in the Egyptian healthcare sector by improving the quality and increasing the capacity of health services and infrastructure provided to all Egyptians. The government's approach to healthcare subsidies has been shifting, with increasing means-tested coverage designed to support low-income individuals. According to Egypt's Ministry of Finance, government spending on public healthcare jumped by 82% between 2014 and 2019, to EGP 210 billion (or USD 12.5 billion).

The government's commitment to improve the quality of - and increase access to - healthcare across Egypt and encourage the establishment of new facilities in light of the country's supply deficit, provides the sector with long-term opportunities for both healthcare providers and pharmaceutical companies.

[3] *Excludes OTC Sales*

Unified Medical Procurement Authority's (UMPA) digital platform

On 25 August 2019, a new law was issued for the establishment of the Egyptian Authority for Unified Medical Procurement ("UMPA"), an exclusive government authority tasked to carry out purchase transactions of pharmaceutical products and medical equipment on behalf of all governmental and public entities in Egypt. Streamlining the purchasers' needs through the UMPA's recently enhanced digital platform has facilitated public tender sales by creating efficiencies when matching up buyers with sellers.

Universal Health Insurance

The Universal Health Insurance Law, which entered into force on July 2018, is expected to reshape Egypt's insurance system to make healthcare more accessible to all Egyptian nationals residing in Egypt and reduce the cost of healthcare for individuals. Under the new law, the Egyptian government will pay for the entire cost of covered items for individuals whom the law deems unable to pay, which is expected to be approximately 23.7 million people based on the expected population at the time the law was fully implemented.

Nationwide Screening

As part of the 100 Million Healthy Lives initiative, the Egyptian government introduced nationwide free screening for hypertension, diabetes and hepatitis C for Egyptian residents who are older than 18 years. With an estimated 6.3% of the population living with Hepatitis C, the program is expected to generate awareness of chronic diseases in the Egyptian population and to result in increased detection rates and treatment compliance and therefore, an increased demand for pharmaceutical products. The seven-month initiative saw the screening of more than 50 million people by April 2019.

Attractive Egyptian Generic Pricing Framework

The pricing of pharmaceutical products in Egypt is regulated by the Ministry of Health and Population (MOHP). The current pricing mechanism, which was introduced in 2012, is that based on an innovators' price, which is the lowest price offered in 36 reference countries, the first five generic pharmaceutical products thereafter are priced at 65% of the innovators' price and the remaining generic pharmaceutical products at 60%.

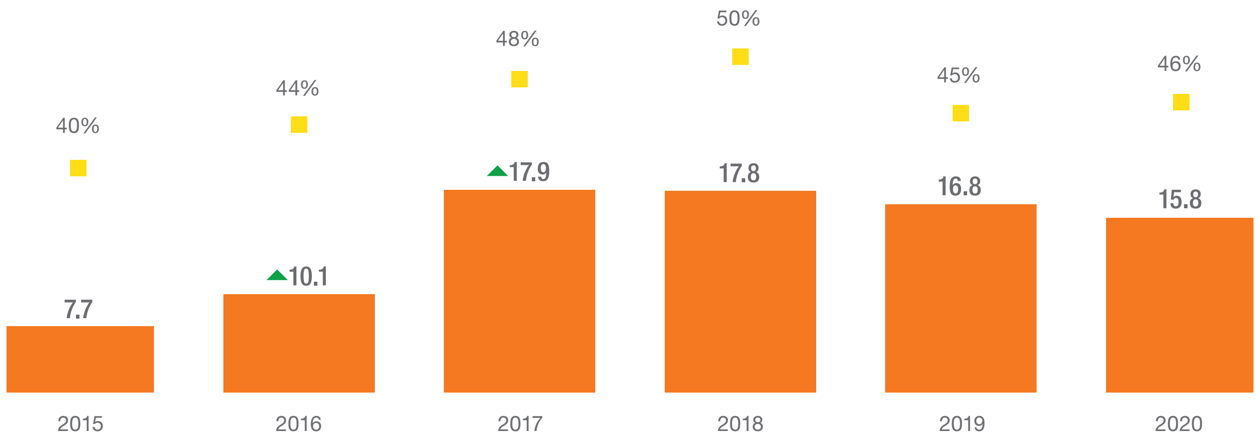
Historically, the MOHP has shown demonstrated sensitivity to the impact of economic factors on the pharmaceutical industry, for instance, by allowing price adjustments in order to account for foreign currency fluctuations resulting from the devaluation of the Egyptian pound. Such adjustments enable price increases in order to avoid margin erosion which may otherwise result from the effects of inflation.

In recent years, the MOHP has intervened on two occasions to increase prices; In 2016, in response to the devaluation of the Egyptian pound, the MOHP applied a price increase of 20% to all products priced under EGP 30 (up to a maximum increase of EGP 6 per unit). In 2017, the MOHP increased the price of 15% of the Group's portfolio by up to 50%.

Effect of MOHP Intervention on Rameda's Margins

EGP | Rameda's Margin

Sources: Central Bank of Egypt (CBE) & the Group



Represents the years in which MOH increased pharmaceutical prices

[1] World Health Organization

2020
IN REVIEW

2020 in Review

Key Developments

Gradual recovery after a slowdown in overall market consumption amid COVID-19

The pandemic slowed down market growth amid decreased traffic throughout outpatient clinics and hindered the Group's ability to properly market its products and utilize its salesforce in 1H20, subsequently leading to a 14% y-o-y decline in volumes (excluding toll sales) for FY20. However, gradually recovering market conditions in the final quarter of the year saw volumes (excluding toll sales) surge 82% q-o-q in 4Q20, with tenders driving growth for the period. 100% of Rameda's workforce returned full-time across the Group's facilities by August 2020 due to the relaxing of social distancing measures.

Solid Top-and-Bottom-Line Growth despite a slowdown in volumes

We reaped the rewards of an optimized portfolio that is increasingly focused on higher priced products, resulting in a 7% y-o-y increase in revenues despite the year-on-year volume decline in FY20. Moreover, recovering market conditions saw the Group's top line grow by 22% q-o-q in 4Q20, primarily driven by domestic tenders. Net income grew by 36% y-o-y, yielding an NPM increase of 2.5 percentage points, driven by the EGP 64.2 million generated by credit income in FY20.

Enhancing our portfolio & supporting the fight against COVID-19

We acquired three molecules and launched nine new products in FY20. Notable launches included antiviral medicines, Remdesivir and Anviziram, which were included in the MOH's official treatment protocol for COVID-19, while notable acquisitions included Recoxibright which marked Rameda's largest acquisition to date and contributed 11% to total revenues in 2020. Two of our newly acquired products in 2020, Recoxibright and Augram, were among the top 10 revenue contributing products during the year.

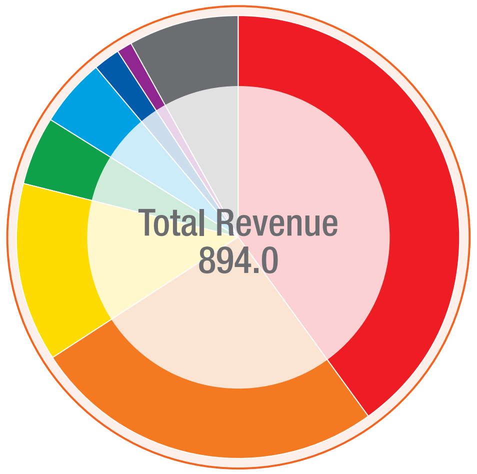
9 Products Launched in 2020

3 Molecule Acquisitions in 2020

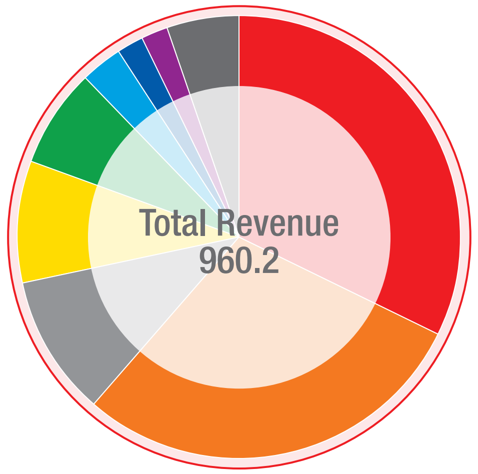
RECOXIBRIGHT ETORICOXIB	Augram Amoxicillin / Clavulanic acid Film Coated Tablets / Chewable Tablets	RIBYAEX Fluxetine Hydrochloride + Olanzapine

Key Revenue Highlights

Revenue by Therapeutic Area[1] FY19



Revenue by Therapeutic Area[1] FY20



	FY19	FY20
Systemic anti-infectives	40%	32%
Alimentary tract and metabolism	26%	29%
Nonsteroidal anti-inflammatory (NSAID)	0%	10%
Genitourinary system and sex hormones	13%	9%
Cardiovascular system	5%	7%
Nervous system	5%	3%
Blood and blood-forming organs	2%	2%
Musculo-Skeletal System	1%	2%
Others[2]	8%	6%

The addition of nonsteroidal anti-inflammatories to Rameda's portfolio in 2020, with the launch of Recoxibright, drove the lion's share of top-line growth during the year, representing 53% of absolute growth to become the third-highest contributing therapeutic area in FY20 at 10% of total revenues. Alimentary tract & metabolism medication was the Group's second-highest contributing therapeutic area to both its FY20 top line at 29%, as well as its absolute revenue growth during period at 27%. While anti-infective remained the Group's top contributor to total revenues between both periods, its contribution to the total fell significantly year-on-year, from 40% in FY19 to 32% in FY20 on the back of a 12.8% y-o-y decrease in revenues from the vertical during the year.

[1]Contribution by therapeutic area is calculated on revenues excluding toll sales and before distributor incentives & discounts and sales return provision

[2]Include sensory organs, dermatologicals, food supplements, respiratory system and others, each contributing less than 1% to FY20 revenues

Top ten products sold in FY20

1

PROTOFIX
Pantoprazole

128.02 FY20 | 14.7% % of Total Revenues

Protofix

Protofix revenues grew by more than two-fold between 2019 and 2020, to command the lion's share of FY20 revenues on the back of the Group's new lyophilized capabilities. Meanwhile, strong revenues generated from newly acquired medicines, including Recoxibright and Augram, saw them included within the top 10 selling products during their first year of operations, contributing a collective 16% to total revenues in FY20.

2 Launched in 2020

RECOXIBRIGHT
ETORICOXIB

100.50 FY20 | 11.2% % of Total Revenues

3

COLONA
Sulpiride + Mebeverine

98.36 FY20 | 11.0% % of Total Revenues

4

Joypox
Dapoxetine

79.07 FY20 | 8.8% % of Total Revenues

5

AMOFLUXIN
Amoxicillin + Flucloxacillin

60.64 FY20 | 6.8% % of Total Revenues

6

RAMETAX
Cefotaxime

48.51 FY20 | 5.4% % of Total Revenues

7

RAMACEFTRAX
Ceftriaxone

44.24 FY20 | 4.9% % of Total Revenues

8 Launched in 2020

Augram
Amoxicillin / Clavulanic acid
Film Coated Tablets / Chewable Tablets

42.61 FY20 | 4.8% % of Total Revenues

9

X-TENSION Plus
Irbesartan/Hydrochlorothiazide

27.66 FY20 | 3.1% % of Total Revenues

10

OPTAMINESS
Diet Supplement

23.58 FY20 | 2.6% % of Total Revenues

2020 Segmental Revenues

Private Sales

EGP650.3MN FY20 Revenue ▲ 10.2% y-o-y	UNITS26.1MN FY20 Volume Sold ▼ 17.6% y-o-y	68% FY20 Contribution to Consolidated Revenue

Volumes sold at Rameda's private sales segment declined by 17.6% y-o-y to 26.1 million units in FY20. The decline came on the back of harsh market conditions due to the onset of COVID-19, which resulted in decreased patient traffic in hospitals and clinics. However, a recovery in OTC sales and inpatient visits has led to strong growth in private sale volumes during the last quarter of the year, which came in at 8.7 million units in 4Q20, up by 34.1% q-o-q.

Despite declining volume sales in year-on-year terms, revenues from private sales grew by 10.2% y-o-y to reach EGP 650.3 million in FY20 and contributed the lion's share of the Group's revenues at 67.7% for the year, with improved performance despite a decline in volumes driven by the Rameda's portfolio optimization strategy. Moreover, private sales contributed the largest segmental contribution to absolute revenue growth, at 73.7% in FY20.

Tenders

EGP209.1MN FY20 Revenue ▲ 6.7% y-o-y	UNITS31.2MN FY20 Volume Sold ▼ 10.5% y-o-y	22% FY20 Contribution to Consolidated Revenue

The Group's tenders segment saw a 10.5% y-o-y decline in volumes to 31.2 million units on the back of the slow transition to the Unified Medical Procurement Authority's (UMPA) new digital tender platform. However, an optimized pricing strategy drove a 6.7% y-o-y increase in the segment's revenues to EGP 209.1 million in FY20. The segment came in second in terms of its contribution to total revenues and absolute revenue growth, at 21.8% and 16.2% respectively in FY20.

It is worthy to note that the transition to the UPMA's digital platform is fully complete and reflected positively on the segment's quarterly performance during the last quarter of the year. Subsequently, the tenders segment saw a volume surge of 216.5% q-o-q to 8.4 million units in 4Q20.

Exports

EGP49.9MN FY20 Revenue ▼ 23.3% y-o-y	UNITS3.4MN FY20 Volume Sold ▼ 14.5% y-o-y	5% FY20 Contribution to Consolidated Revenue

In FY20, the lion's share, or 72.9% of total export sales, were sold in Iraq, 14.5% was sold in Yemen and 8.1% was sold in Jordan. The remainder of exports sold in other markets includes Libya, Palestine, Nigeria, South Sudan, Somalia and the United Arab Emirates, with each contributing less than 2% of total exports in FY20.

The impact of COVID-19 on global trade, which saw a country-wide lockdown in Iraq from March to July, drove a 14.5% y-o-y decline in export volumes, reaching 3.4 million units in FY20. The decrease in volumes resulted in a 23.3% y-o-y decline in export revenues to EGP 49.9 million in FY20. However, recovering market conditions on the back of easing global trade restrictions towards the end of the year saw export volumes grow by 40.3% q-o-q to 1.5 million units and its corresponding revenues increase by 30.6% q-o-q to EGP 21.3 million in 4Q20.

With export conditions beginning to normalize in 4Q20, Rameda is looking to tap new markets in 2021, including Lebanon, Jordan Kuwait, Bahrain, United Arab Emirates and Moldova.

Toll Manufacturing

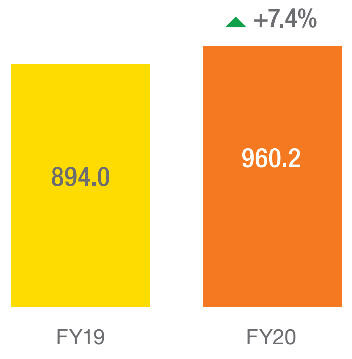
EGP50.8MN FY20 Revenue ▲ 19.4% y-o-y	UNITS3.4MN FY20 Volume Sold ▲ 2.9% y-o-y	5% FY20 Contribution to Consolidated Revenue

Despite the challenging external environment, Rameda's toll manufacturing volumes increased by 2.9% y-o-y to 26.0 million units in FY20. The growth was driven by an increase in capacity utilization at Rameda's lyophilized production facility with the subsiding of API procurement issues faced by its toll clients at the onset of the pandemic, resulting in strong volume recovery during the second half of the year. Subsequently, revenues increased by 19.4% y-o-y to EGP 50.8 million in FY20. Toll manufacturing's contribution to total revenues increased to 5.3% in FY20 compared to 4.8% in the previous year.

As global procurement patterns stabilize, Rameda will leverage its recent upgrades to capitalise on excess capacities and expand on this promising income stream.

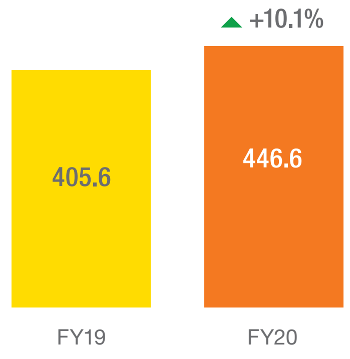
2020 in Review

Revenue



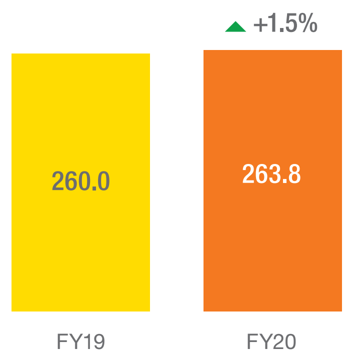
Rameda's top line increased by 7% y-o-y to EGP 960.2 million in FY20, driven by the Group's optimized product portfolio towards higher-priced products as well as recovering market conditions that saw quarter-on-quarter revenues increase by 22% in 4Q20 and support top line growth for the year.

Gross Profit (EGP mn)



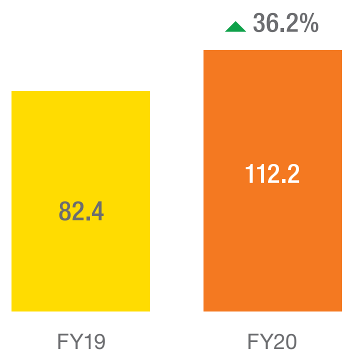
Gross profit grew by 10% y-o-y to EGP 446.6 million in FY20, resulting in a GPM of 46.5%, up by 1.1 percentage points at year end 2020. The increase came on the back of Rameda's optimized product mix and a significant reduction in raw materials costs on both the absolute level and as a percentage of sales, due in part by a favorable US Dollar rate.

EBITDA (EGP mn)



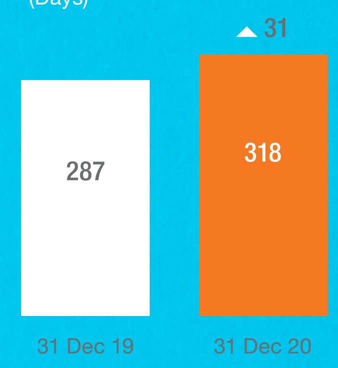
Adjusted EBITDA inched up by 1% y-o-y to EGP 263.8 million in FY20, however, its corresponding margin declined by 1.6 percentage points to record 27.5% during the same period. The decline was due to a significant increase in SG&A expenses, driven by the increase in salary expenses and the payout of commercial bonuses.

Net Profit after Minority Interest (EGP mn)



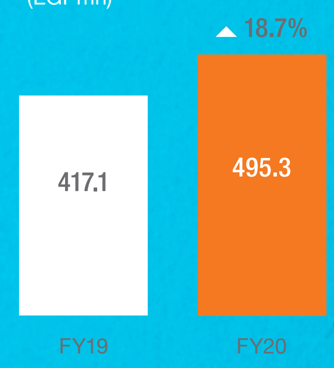
Net profit grew by 36% y-o-y to EGP 112.2 million in FY20, yielding an NPM of 11.7%, an increase of 2.5 percentage points at year end. The increase was driven by the EGP 64.2 million in credit income recorded in FY20, as well as a decrease in finance costs.

Cash Conversion Cycle
(Days)



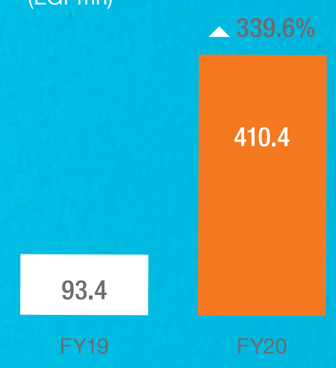
The cash conversion cycle recorded 318 days in 2020, up by 31 days, and was driven by an increase in receivables DSO by 38 days to 212 days. Payables DPO grew by 10 days to 78 days in 2020, while inventories DIO grew by 2 days to 183 days, with the Group taking the strategic decision to stockpile sufficient raw materials during the year to hedge for possible supply disruptions.

Net Fixed Assets
(EGPmn)



With more EGP c. 250 million spent in facility upgrades and expansion between 2016 and 2019 now complete, Net fixed assets came in at EGP 495.3 million as of 31 December 2020, represnting an increase of 18.7% y-o-y with the increase in net fixed assets accounting primarily for asset maintenance.

Net Debt
(EGPmn)



Net debt stood at EGP 410.4 million as at 31 December 2020, representing a year-to-date increase of 340%, driven by a 46.3% y-o-y increase in total debt on the back of the increased use of short-term credit facilities to fund high working capital requirements and molecule acquisitions throughout the year.

OUR LEADERSHIP

Our Leadership

Rameda is led by a strong and experienced senior management team who have driven the turnaround of the business through difficult market conditions and have established a pathway to its future growth and success.

Dr. Amr Morsy
Chief Executive Officer

Dr. Morsy is the Chief Executive Officer of Rameda. He has more than 25 years of experience that cover strategic and operational expertise in the pharmaceutical industry. Dr. Morsy brings to Rameda a wide range of experience in finance, business planning and strategy, human resources, product development, sales, and marketing. Before joining Rameda, Dr. Morsy was the Country Manager of Pfizer Egypt, which he joined in 1995, prior to which, he was a director at Schering-Plough in Saudi Arabia. Dr. Morsy holds a Bachelor's in Pharmacy from Alexandria University and an MBA from Arab Academy for Science and Technology, Alexandria, Egypt. Dr. Morsy also holds a Diploma in Business Development from Harvard Business School.

Mahmoud Fayek
Chief Financial Officer

Mr. Fayek is the Chief Financial Officer of Rameda. He has worked at Compass Capital since its inception and was integral in the completion of several transactions across the pharmaceutical, financial services and real estate sectors. Prior to joining Compass Capital, Mr. Fayek held several senior positions including CFO and Business Development Director in the manufacturing sector. Mr. Fayek is Chartered Financial Analyst (CFA) charterholder and holds a Bachelor's in Business Administration from the Arab Academy for Science, Technology and Maritime Transport.

Dr. Amgad Elgabri
Chief Commercial Officer

Dr. Elgabri serves Rameda as its Chief Commercial Officer. Before joining Rameda, Mr. Elgabri was the National Sales Manager at United Company of Pharmacies and Middle East Chemicals specializing in Pfizer products. Prior to that, he held numerous positions at Bristol Myers Squibb including Area Sales Manager, Field Force Manager and Medical Representative. Mr. Elgabri holds a degree in Veterinary Medicine from Cairo University.

Dr. Hussein Azmy
Pharmaceutical & Business Development Director

Dr. Azmy joined Rameda in 2012 as the Pharmaceutical & Business Development Director. Before joining Rameda, Dr. Azmy was the Medical Director at Pfizer Egypt and Sudan. Prior to that, he held various positions, including Medical and Clinical Research Director at Pfizer Middle East and Senior Cardiologist at Kasr El Aini Hospital. Dr. Azmy holds a Bachelor's Degree in Medicine and Surgery from Cairo University and a Master's Degree and Doctorate in Cardiology from Cairo University.

Dr. Ossama Heiba
Site Director

Dr. Heiba is the Site Director of Rameda's production facility. Prior to joining Rameda, Dr. Heiba was the Plant Manager at Tabuk Pharmaceutical in Sudan. Prior to that, he held the positions of Production Manager and deputy Plant Manager at Tabuk Pharmaceutical, Saudi Arabia and T3A Pharmaceutical. Dr. Heiba was also the Head Assistant for Solid Dosage Forms at EIPICO.

Saied Eisa
Engineering Director

Eng. Eisa is the Engineering Director at Rameda. Prior to this, he was the Engineering Director at Mepaco Pharmaceutical. He also held the position of Engineering Director at Delta Pharma. Mr Eisa holds a Bachelor's of Science in Mechanical Engineering from Zagazig University, Egypt.

Ehab Wasfy
Human Resources Manager

Dr. Wasfy is the Group's Human Resources manager. Before joining Compass Capital, Dr. Wasfy was the human resources manager at Takeda Pharmaceuticals. Prior to that, he led the commercial trade channel at Merck Sharp & Dohme. He was also a Sales Manager at Schering Plough. Dr. Wasfy holds a Bachelor of Science in Pharmacy from Cairo University.

Yasmine Negm
Head of Investor Relations & Strategic Communications

Ms. Negm brings to Rameda more than 15 years of experience in investor communications. She worked at Qalaa Holdings as a Senior Communications Manager where she spent five years co-managing the company's transformation from a leading private equity firm to an investment holding with a portfolio of 55 companies in five core sectors. Ms. Negm also held the post of Communications and Public Affairs Manager at CEMEX Egypt. During 2008-2012, Ms. Negm worked at Orascom Telecom Holding as the Group Corporate Sustainability Manager. She holds a Bachelor's degree in Political Science and a Master's Degree in Economic Development from the American University in Cairo. Ms. Negm is a certified IR Professional from the Investor Relations Society in the UK.

Emad Adel
Internal Audit, Risk Management & Compliance Director

Mr. Adel is the Director of Internal Audit at Rameda. Before joining the Group he held various positions with Middle East Glass (MEG) Group including Internal Audit & Process Validation Senior Manager, Internal Audit Manager, and Internal Control and SOX Senior Supervisor. Mr. Adel holds a Bachelor of Commerce from Ain Shams University and is a Certified ISO 31000 Risk Management Professional..

Khaled Abdel Hamid
Business Technology Director

Eng. Abdel Hamid is the Business Technology Director. Before joining Rameda, he was the Project Manager at United OFOQ and IT General Manager at Helwan Cement. Prior to that, Eng. Abdel Hamid was the Project Manager at Ghabbour Group. He holds a Bachelor of Science in Automatic Control & Computer Science from Ain Shams University.

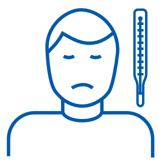
SUSTAINABILITY

Sustainability

Overview

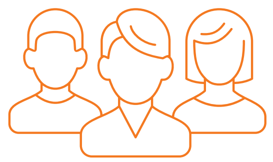
At Rameda, we are aware that our business activities have a direct impact on the lives and interests of our community and, in order to keep serving our patients in the best way possible, we have to grow in a manner that respects the environment, encourages social progress and contributes to long-term economic sustainability. We take this responsibility seriously and attach great importance to maintaining a dialog and a strong relationship with our stakeholders.

Key Sustainability Objectives

Key Stakeholders	 Our Patients	 Our Environment
Sustainability Objectives	Provide patients access to affordable quality medication	Minimize our impact on the environment
SDGs we Champion		

Stakeholder Engagement

We believe our business is strengthened by systematically engaging and fostering relationships with our key internal and external stakeholders in social, environmental and governance matters through a wide range of communication tools. This ongoing dialog provides the underpinning for our responsible business practices and efforts to develop these practices in ways that advance the cause of sustainability. To this end, Rameda launched the first edition of its ESG presentation in 1H20, to be published quarterly on the Group's IR website. The report outlines various measures taken by the Group to better serve its stakeholders in social, environmental and governance-related matters with the objective to increasingly align itself with the United Nations' Sustainable Development Goals.

Key Stakeholders	 Our People	 Our Shareholders
Sustainability Objectives	Attract and retain the best talent, while promoting a safe and healthy work environment	Deliver superior returns to shareholders while ensuring the best in corporate governance practices and accountability
SDGs we Champion		

Our Patients

Improving Access to Quality Medicine

The health and wellbeing of our patients are at the center of everything we do, and our work is focused on bringing innovative medicines that deliver value to our patients by staying attuned to society's unmet needs and ultimately broadening the region's access to essential, high-quality affordable medicines and related products. Our strategy, which is centered around our mission to improve access to medicine, dictates that we continuously work to strengthen and adapt our business model to benefit the patients we serve today as well as those we envision helping in the future. In doing so, Rameda is fully compliant with laws, regulations and fair business practices applicable to the markets in which the Group conducts its business activities.

Quality Management

As a manufacturer of pharmaceutical products that treat patients with a variety of conditions, product quality and patient safety are our highest priorities. We build quality into all that we do and Rameda's proactive quality assurance system meets the highest standards in product safety by outlining clear requirements for the policies, specifications and programs to guide our operations. We employ a dedicated quality assurance team who follow rigid guidelines throughout the product life cycle, from the inspection and quarantine of APIs and other raw materials to the quarantine, warehousing and distribution of the finished product. We are continually refining our production processes, equipment and training to ensure the delivery of safe quality pharmaceuticals to our patients. Furthermore, we dedicate significant time and resources toward educating colleagues throughout Rameda on our approach to quality culture, which is fundamental to the mindset of employees, and where decisions are taken with the best interest of the patient in mind.

Our manufacturing facilities have an established Quality Management System, designed to ensure that our products are manufactured to a high standard and in compliance with the relevant regulatory requirements. Rameda is currently ISO 9001:2015 certified by the International Organization for Standardization in recognition of its diligent efforts to enhance its product quality and preserve its facility's hygiene. All pharma products produced at our GMP-compliant facility are manufactured and controlled in accordance with the guidelines set out by the WHO, while the integrity and security of our products are protected by our compliance with Good Distributing Practices (GDP).

Internal & External Audits

Risk assessment is central to our approach to ensuring quality in our facility. We promote regular self-inspection of our manufacturing site and conduct annual internal audits. We drive appropriate quality management action by tracking quality issues, analyzing metrics to identify trends, issues and risks, examining key performance indicators and providing clear and accurate data analysis.

External Audits

Regulators

As an Egyptian-based pharmaceutical manufacturer, our production cycle is tightly regulated by the MOH and subject to periodical audits in addition to the inspection and approval of raw materials and finished products.

Export Markets

We are also subject to audits from foreign ministries of health in order to open into and maintain our export markets. We have passed audits to export in Iraq, Yemen, Libya, Jordan, Palestine, Niger, Uganda and South Sudan.

Third-Party Multinationals

We passed several annual key production audits which were conducted by our roster of multinational third-party clients, such as Sanofi, seeking to purchase toll manufacturing services from the Group.

Our Environment

Rameda's Corporate Environmental Policies

As a manufacturer with sizeable operations, Rameda is committed to building a sustainable organisation that protects its community and environment. As such, we encourage the preservation of natural resources and strive to minimise the environmental impact of our operations and products. Our corporate environmental policies ensure that Rameda is in full compliance with guidelines set by the industrial area in which we operate, national regulations and international standards for environmental protection. To this end, we have attained the ISO 14001:2015 Environment Management Systems certification across all our factories, which are located adjacent to one another within the industrial zone of 6th of October City, far from residential areas. Rameda ensures its operations are in compliance with Egypt's governing environmental laws, its key points outlining minimal permissible emission and volume levels related to production, licensing to handle hazardous substances and the treatment of waste, among others. Moreover, we employ a systematic approach to monitoring greenhouse gas (GHG) emissions data from our manufacturing facility, which came in at 1,214 mg per cubic meter in 2020.

Recent Initiatives | Water Treatment Station

With liquid waste being a major waste stream for Rameda, a comprehensive feasibility study was conducted with the purpose of finding the most cost-efficient way to treat the Group's wastewater. Based on its results, the Group's management opted to install a new in-house wastewater treatment station, which is expected to be fully operational before the end of 2021 and, in addition to its environmental benefits, is expected to result in cost-savings of c. EGP 1.35 million annually.

Recent Initiatives | Natural Gas Project

During 2020, Rameda finalized an agreement with Egypt's national oil company (EGPC), the Industrial Development Authority (IDA), and Egypt's largest privately owned gas distribution company, NATGAS to begin substituting its use of diesel for natural gas. The project, which was completed in 4Q20, will see Rameda reduce its consumption of diesel by approximately 2 million liters per year.

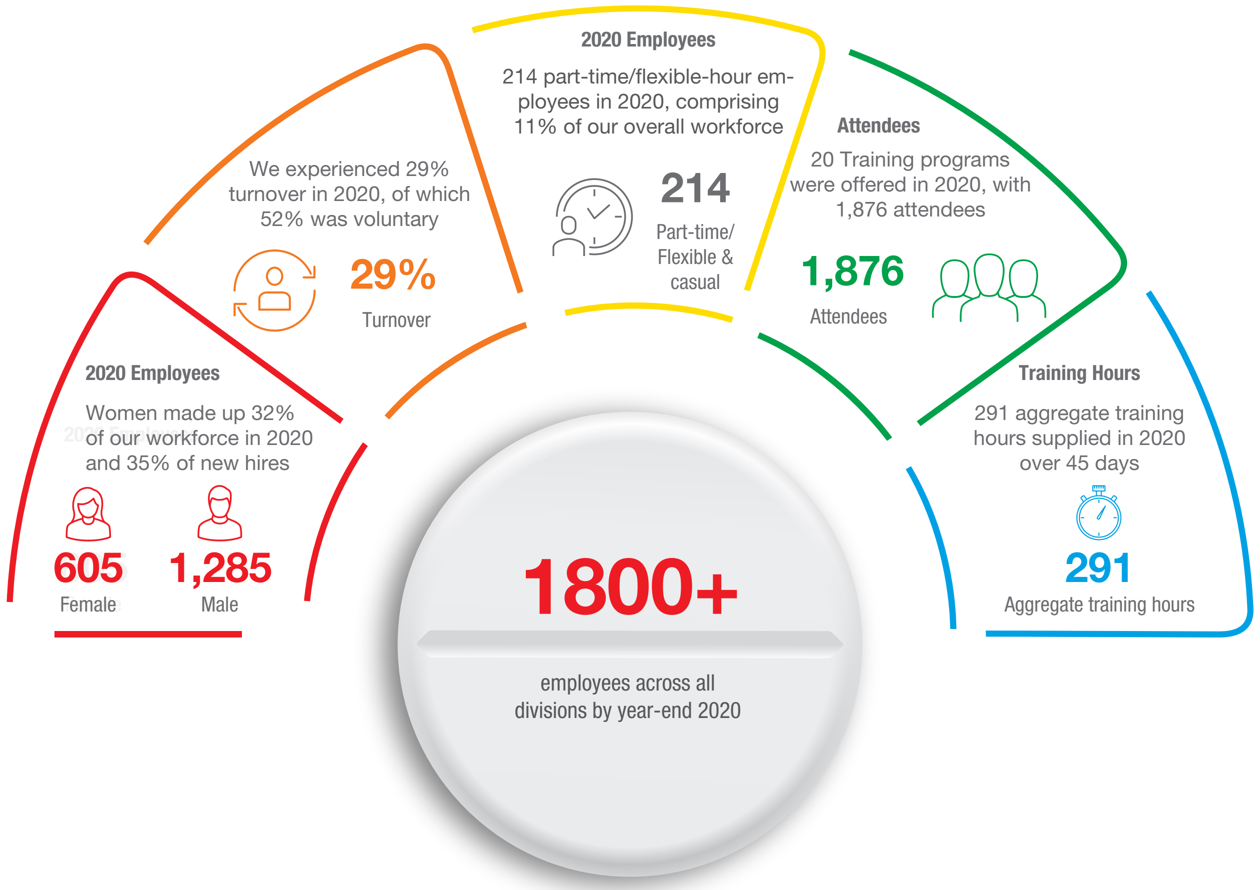
Our People

The Cornerstone to Rameda's Success

We place great emphasis on attracting, retaining and motivating the very best talent to support our busines and embrace a diverse workforce and inclusive culture, with the health, safety, professional development, work-life balance and equitable, respectful treatment of our employees among our highest priorities.

Rameda is an attractive employer offering ample opportunities for advancement within a dynamic organization. We believe in embracing our employees' diverse expertise, fostering their innovation and rewarding their determination through training and education, employee engagement, and fair and comprehensive compensation. Furthermore, we encourage an open dialogue between employees and their management in order to ensure that our employees in all levels of the organization have a voice and are empowered to continue growing both personally and professionally within the Group.

Key Indicators



Investing in Growth

As a responsible manufacturer of pharmaceutical products, we believe in the consistent enrichment of our employees across all levels in matters related to the Group's operations. Our people help deliver our purpose with their scientific and technical know-how, expertise in regulation, intellectual property and commercialization, marketing and merchandising, and other functions of the Group's business which help drive growth. In 2018, we launched the Rameda Learning and Development Academy (RLDA), an in-house teaching institution licensed by the Canadian Corporate Training Organization, a division of Global Courseware Inc. of New Glasgow. Through the RLDA, we provide comprehensive professional learning and development programs in both classroom and lab settings to our employees. We are pleased to report that our continuous efforts to develop the Academy curriculum has seen attendance in training up by 122% year-on-year, coming in at 1,876 attendees in 2020, as we continue to monitor and improve these educational resources with an ear to both scientific and technical developments and the demand dynamics across our markets.

Programs Offered at Rameda Learning & Development Academy (RLDA)

- Introductory Program
- Regulatory Affairs
- Sales Management
- Plant Management
- Business & Marketing
- Medical Sales
- Medical Management
- Executive Programs

We also offer training courses through third-parties for employees requiring more tailored solutions to their learning and development. These courses are provided primarily through LEADS Group, the Middle Eastern partner for the Centre for Management and Organization Effectiveness (CMOE). Based in the United States, the CMOE is one of the most reputable management and leadership development institutions globally, specializing in leadership training, team development, executive coaching, employee development, and organizational development and strategy.

Third-party Training Programs

- Finance
- Digital marketing
- Consumer behavior
- HR Management
- Executive Programs

Furthering Tolerance and Diversity

We are an equal opportunity employer, with the firm belief that the diversity of our colleagues, with their distinctive perspectives, experiences and life stories, is part of our strong and innovative corporate culture. Discrimination and harassment of any kind are strictly prohibited. We educate new employees on our equal employment opportunity, nondiscrimination policies and anti-harassment policies as part of their mandatory induction to the Group and periodically educate our existing employees on a continuing basis. In 2020, Rameda's Human Resources team, with the co-operation and input of our Compliance function, created a new comprehensive Code of Conduct handbook for guidelines on employee behavior. Completed in December 2020, the handbook outlines the ethical principles that govern our decisions and behavior at Rameda, and provides specific guidance for handling workplace issues, such as harassment, safety and conflicts of interest, among others.

When it comes to finding new employees, our attention is increasingly paid to gender issues. Women currently make up 32% of our total workforce in 2020 and 35% of new hires during the year. We will strive to further close the gap between the number of men and women in our workforce, while encouraging our existing female employees to pursue growth within the Group to leadership positions; Currently 13% of our executive and board positions are filled by females, respectively. Key principles and approaches include:

- Flexible work schedules and part-time opportunities based on family needs
- Equal wages for equal work and experience irrespective of gender
- Maternal leave policy as per the Egyptian law
- On-site nursery (daycare) to support return to work from maternity leave
- Effective career mapping for women to management and executive positions

Putting Safety First

Rameda is committed to providing a healthy and safe work environment for its employees, visitors and contractors. The Group's proactive Health and Safety Management system meets the highest standards in occupational safety and health by outlining clear requirements for the policies, specifications and programs to guide its operations, from working with biological and chemical materials to the operation of laboratory equipment and safe warehousing practices. Our Health and Safety Management system is routinely reviewed and updated to ensure continuous improvement and innovation while adhering to the latest in legislation and best practices. We promote health, safety and wellbeing in the workplace and constantly strive to equip our people with the right skills and knowledge to perform their roles through actively engaging its staff in activities and training seminars aimed at cultivating a Group-wide culture of safety.

More recently, the Group has given more focus to risk management reporting through the identification of all possible sources of risk and the implementation of a dedicated strategy to tackle them and minimise their potential impact. As such, Rameda has been granted the OHSAS 18001:2007 Occupational Health and Safety Management System certification in recognition of its diligent efforts to preserve the hygiene and safety of all our employees across our production plants, labs, warehousing, workshop and dispatch areas. Rameda's continuous improvement in health and safety protocol is reflected through a steadily improving first-class safety record; with the Group's Total Injury Frequency Rate at 0 in 2020.

Lost-time Injury Frequency Rate

2020

0

injuries per million hours

2019

2.7

injuries per million hours

18001:2007

14001:2015

Promoting Wellness and Togetherness

As a healthcare company, we believe that a balanced lifestyle can significantly impact the well-being of our people. Rameda is dedicated to helping its employees to successfully integrate their careers and private lives, with a growing collaboration between our executive management team and employees to identify the ways in which we can help our people balance life priorities and improve workplace flexibility. We have begun taking the necessary steps to ensure that this is promoted within all levels of the organization through a combination of empowering employees to maintain a stable work-life balance, creating part-time positions and increasing support for remote-work, where possible. Our leaders are responsible for pushing our strategy ahead by building up the right competences, thereby fostering innovation.

At Rameda, we hold multiple events designed to promote a culture of wellness among our employees and their families, such as recreational trips to coastal cities, team building exercises, annual sporting tournaments, marathons and galas. However, the onset of the pandemic in March 2020 hindered the Group's ability to hold such events throughout the year. With the easing of restrictions and the eventual rollout of the vaccine, we look forward to resuming these activities once it is safe to do so, and adding new mega events, such as concerts and galas, that can strengthen bonds on a corporate, family and personal level. Meanwhile, we provided our employees with subsidized gym memberships in 2020 with the priority to further empower them to take charge of their personal well-being and health, particularly during these trying times.

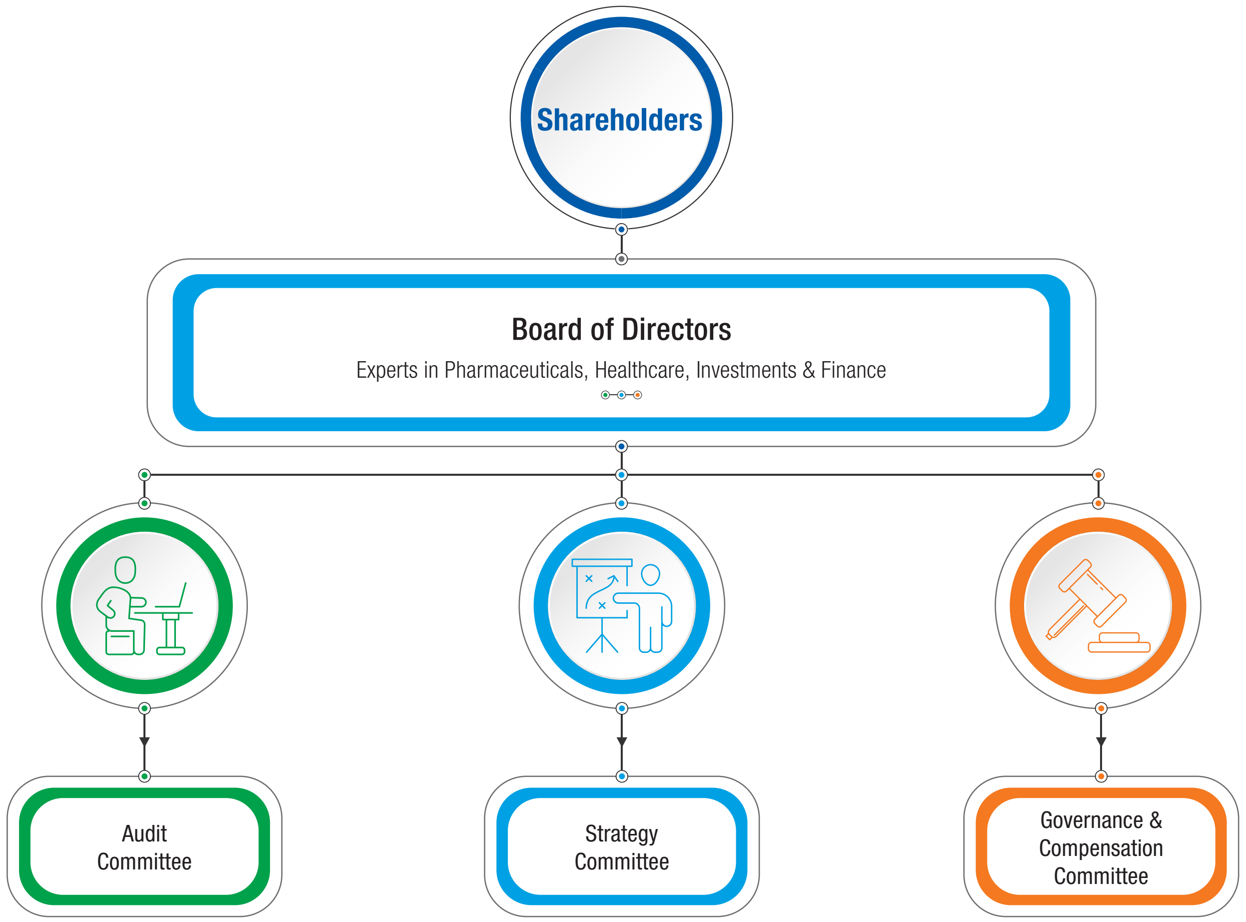
Governance

Overview

The management and Board of Directors of Rameda believe that operating the company in a reliable, efficient, transparent and ethical manner enhances our ability to foster sustainable growth and create value for our stockholders. To ensure that shareholders' interests are comprehensively and effectively protected, the Board of Directors enforces a strong corporate governance framework, whose guidelines conform to the highest global standards and prioritize the values of accountability, transparency and integrity. These values inform the relationships between the Group's board of directors, its management, shareholders and other stakeholders. Rameda's corporate governance frameworks and procedures are continually reviewed to ensure that the Group is in line with the latest standards adopted internationally.

> The Board of Directors enforces a strong corporate governance framework, whose guidelines conform to the highest global standards and prioritize the values of accountability, transparency and integrity.

Corporate Governance Framework



In compliance with its public listing on the Egyptian Stock Exchange (EGX), the corporate affairs of Rameda are regulated under Law No. 159 of 1981 and its Executive Regulations as well as the Companies Law, the Egyptian Capital Market Law, the EGX Listing Regulations as well as other applicable laws governing companies incorporated across Egypt. The Group is required to publish annual and quarterly financial statements prepared as per the Egyptian Accounting Standards (EAS). The Group also provides the Financial Regulatory Authority (FRA) and the EGX with notices of any material developments in addition to providing the EGX with minutes of the Group's ordinary and extraordinary general assembly meetings.

Our Board of Directors

Board Composition

Name	Position	Initial Year of Appointment
Ayman Abbas	Chairman, Non-executive Director	2011
Dr. Amr Morsy	CEO, Executive Director	2011
Mahmoud Fayek	CFO, Executive Director	2019
Shamel Aboul Fadl	Non-executive Director	2011
Dr. Mohamed Farouk	Non-executive Director	2016
Karim Zahran	Non-executive Director	2016
Tarek Abdelrahman	Non-executive Director	2018
Hatem Soliman	Independent Director	2019
Farida Khamis	Independent Director	2020

The role of the Board is to develop and cultivate the value, ethics and culture of Rameda, set the Group's strategic goals and ensure that the necessary resources are in place to effectively meet its set goals. The Board is also responsible for the assessment and establishment of the necessary controls to effectively manage the Group's risk. The Board monitors the performance of the business and management against its strategic objectives with the ultimate objective of creating and delivering shareholder value.

Rameda's Board of Directors brings together a diverse group of individuals with broad expertise and deep industry and financial experience and comprise a total of 9 seats; two executive and seven non-executive members, two of whom are independent.

Ayman Abbas

Non-Executive Chairman

Mr. Abbas is Non-Executive Chairman on the board of Rameda. He is also Chairman of ADES, an LSE-listed oil services company he founded and was instrumental in transforming into a regional player. He has held managerial positions within the oil and gas industry since 1998, where he co-founded and served as board member of the Egyptian Chinese Drilling Company (ECDC). Mr. Abbas also serves as a board member of Advansys Systems, a group focusing on the provision of solutions for the oil and gas industry. Beyond oil and gas, he served as Managing Partner at Invensys for Engineering and Services Egypt, focusing on outsourcing technology and engineering services worldwide. In addition to Rameda, Mr. Abbas serves as a member of the board at Advansys Engineering, M2, and Bonyan for Development & Trade. Mr. Abbas holds a Bachelor's Degree in Arts and Mass Communications from the American University in Cairo

Dr. Amr Morsy

Chief Executive Officer

Dr. Morsy is the Chief Executive Officer of Rameda. He has more than 25 years of experience that cover strategic and operational expertise in the pharmaceutical industry. Dr. Morsy brings to Rameda a wide range of experience in finance, business planning and strategy, human resources, product development, sales, and marketing. Before joining Rameda, Dr. Morsy was the country manager of Pfizer Egypt, which he joined in 1995, prior to which, he was a director at Schering-Plough in Saudi Arabia. Dr. Morsy holds a Bachelor's in Pharmacy from Alexandria University and an MBA from Arab Academy for Science and Technology, Alexandria, Egypt and a Diploma in Business Administration from Harvard Business School.

Mahmoud Fayek
Executive Director & Group CFO

Mr. Fayek is the Chief Financial Officer of Rameda. He has worked at Compass Capital since its inception and was integral in the completion of several transactions across the pharmaceutical, financial services and real estate sectors. Prior to joining Compass Capital, Mr. Fayek held several senior positions including CFO and Business Development Director in the manufacturing sector. Mr. Fayek is a Chartered Financial Analyst (CFA) charterholder and holds a Bachelor's in Business Administration from the Arab Academy for Science, Technology and Maritime Transport.

Shamel Aboul Fadl
Non-Executive Director

Mr. Aboul Fadl is the founder and Chairman of Compass Capital, a financial services firm established in 2010, with experience in a multitude of industries including pharmaceuticals, financial services, and real estate. Prior to joining Compass Capital, Mr. Aboul Fadl was a Managing Partner at Pharos Holding, where he played a key role in developing the company into a full-fledged investment bank. He was Founder and Managing Partner of Paragon Asset Management, an independent asset manager in Switzerland. Mr. Aboul Fadl also served as Vice President at Citigroup in Switzerland and Vice President at Mansour and Maghraby Investment and Development where he was responsible for private equity investments. Mr. Aboul Fadl holds a Bachelor of Science in Construction Engineering from the American University in Cairo and an MBA from Wharton Business School, University of Pennsylvania.

Dr. Mohamed Farouk
Non-Executive Director

Dr. Farouk is a Non-Executive Director on the board of Rameda. Dr. Farouk is currently the Chief Executive of ADES, an LSE-listed Egyptian oil and gas company that provides offshore and onshore drilling services for the MENA region. He led the firm's expansion transforming ADES into a leading international rig operator. Prior to that Dr. Farouk was Vice President at Invensys Operations Management based in Texas. He also served as Director of Invensys Global Engineering Excellence Centers in Egypt, India, China, and Argentina. Dr. Farouk holds a Bachelor of Science and a Masters degree in Electrical Engineering from Cairo University. Dr. Farouk completed his Ph.D. in Systems Engineering and Control at Case Western Reserve University in Ohio.

Karim Zahran
Non-Executive Director

Mr. Zahran is the Chief Executive Officer of Zahran Group, a diversified group with interests in food, retail and household goods. He spearheaded the restructuring and positioning of Zahran in the Egyptian market. Prior to that, Mr. Zahran has held roles with HSBC Securities in New York where he focused on US based hedge funds and mutual funds investing in the EMEA region. Mr. Zahran holds a Bachelor of Science in Business Administration with a concentration in Finance and a Bachelor of Arts in Economics from Boston University.

Tarek Abdelrahman
Non-Executive Director

Mr. Abdel Rahman is Managing Partner at Compass Capital, a leading private equity firm in Egypt. Prior to joining Compass Capital, Mr. Abdel Rahman spent five years as the CEO of Palm Hills Development where he led the successful turnaround of the company. Mr. Abdel Rahman spent over 20 years within the financial sector and was a founding partner of Akanar Partners, a dedicated corporate finance and M&A advisory firm. Mr. Abdel-Rahman also held the post of Director and Co-Head of Beltone Investment Banking. He was an Associate in the Infrastructure and Energy Finance Department with Citigroup based out of London. Prior to that, he held key posts with EFG Hermes Private Equity and the Corporate Banking department of HSBC Egypt, where he had begun his career. He currently serves as the Chief Executive Officer of Bonyan for Development & Trade and as Non-Executive Member of the board of directors of Palm Hills Development. Mr. Abdel Rahman holds a BA in Business Administration from the American University in Cairo and an MBA from London Business School.

Hatem Soliman
Independent Non-Executive Director

Mr. Abdel Rahman is Managing Partner at Compass Capital, a leading private equity firm in Egypt. Prior to joining Compass Capital, Mr. Abdel Rahman spent five years as the CEO of Palm Hills Development where he led the successful turnaround of the company. Mr. Abdel Rahman spent over 20 years within the financial sector and was a founding partner of Akanar Partners, a dedicated corporate finance and M&A advisory firm. Mr. Abdel-Rahman also held the post of Director and Co-Head of Beltone Investment Banking. He was an Associate in the Infrastructure and Energy Finance Department with Citigroup based out of London. Prior to that, he held key posts with EFG Hermes Private Equity and the Corporate Banking department of HSBC Egypt, where he had begun his career. He currently serves as the Chief Executive Officer of Bonyan for Development & Trade and as Non-Executive Member of the board of directors of Palm Hills Development. Mr. Abdel Rahman holds a BA in Business Administration from the American University in Cairo and an MBA from London Business School.

Farida Khamis
Independent Non-Executive Director

Ms. Khamis serves as a Non-Executive Director on the board of Rameda. She currently holds the role of Vice President of Corporate Financing at Oriental Weavers, bringing with her many years of experience in investor relations, having served as Investor Relations and International Business Director at the leading local textile company. She also serves as a board member for a number of Oriental Weavers subsidiaries. Ms. Khamis is a member of numerous business associations including the European Business Council and Egypt's International Economic Forum and is a member of the Young President's Organization (YPO), participating in the organization on both regional and international levels. She is also a founder and board member of the Kayrazad Organization for Social Care. Ms Khamis holds a bachelor's degree in Business Administration from the American University in Cairo and has completed training modules at Citibank in New York and EFG Hermes' credit course.

Board Committees

Committee	Chairman	Members
Audit Committee	Hatem Soliman	Shamel Abou Fadl – Farida Khamis
Strategy Committee	Dr. Amr Morsy	Shamel Abou Fadl – Ayman Abbas
Governance & Compensation Committee	Shamel Abou Fadl	Dr. Mohamed Farouk – Ayman Abbas

Audit Committee

The Group's Audit Committee is headed by Non-executive director, Hatem Soliman, alongside two members of the Board, Shamel Abou Fadl and Farida Khamis, ensuring complete objectivity in its corporate governance and overseeing responsibilities in relation to Rameda's financial reporting, internal control system, risk management system and internal and external audit functions. Its role is to advise and assist the Board in fulfilling its oversight responsibilities in connection with the Group's compliance and internal and external audits, ensuring mechanisms, procedures, plans and results are up-to-date and follow the latest in reporting standards.

The committee is also responsible for the inspection of the methods that are used in preparation of the periodic and annual financial statements, offering prospectus, public & private offering of securities and estimated balance sheets (that include cash flows and estimated income). This comes alongside the inspection of the preliminary draft of the financial statements before presenting to the board and prior to submitting to the auditor. The committee also oversees (and determines the expense of) the appointment of the auditor and if necessary, issues related to the auditor's resignation or removal to ensure that such processes do not infringe the law, and granting permission of appointment for the auditor to carry out services on behalf of the Group if such services were to extend past the revision of the financial statements or impact estimated costs, while ensuring these do not infringe upon their independence. After the auditor's report is published, the committee is tasked with reviewing it and discussing its substance. The committee is responsible for understanding what was noted in the report's comments, notes and reservations and to then follow up with the Group's senior management and auditor to ensure that the necessary steps to resolve any issues were implemented correctly. Finally, the committee is responsible for the submission to the board of a report by non-conflicted, competent experts concerning all transactions for related parties, including their nature, and the extent to which such transactions effect the Group or its shareholders' interests. The audit committee is required to meet at least four times per year.

Strategy Committee

The primary functions of the Strategy Committee, headed by CEO and Executive-director Dr. Amr Morsy, are to assist the Board in fulfilling its oversight responsibilities in connection to the Group's long-term strategy, the potential risks and opportunities related to said strategy, and to assess strategic decisions regarding potential investments, acquisitions and divestures. The committee also works with the Chief Executive Officer to oversee the development of the Group's strategy and to provide guidance for the strategic planning process. The committee's role is to ensure that the strategic implementation plan is developed, adhered to, and imbedded in the organization, as well as monitor the Group's progress against its strategic goals and, when necessary, provide feedback.

Governance and Compensation Committee

The Governance and Compensation Committee is headed by Shamel Aboul Fadl, alongside two additional members – Dr. Mohamed Farouk and Ayman Abbas, with all three members of the committee being nonexecutive directors of the Group. The primary functions of the Governance and Compensation Committee are to assist the Board in fulfilling its oversight responsibilities in relation to the corporate governance of the Group, oversee process of determining the size, composition and structure of the board and its committees. The committee also leads the director nomination process and oversees the orientation and continual training of directors. Finally, the committee is also tasked with assessing matters involving conflicts of interest and transactions from related parties. In parallel, the committee is also tasked with deciding compensation packages for the Group's senior management up to managing director level, the total compensation for officers and employees, as well as overseeing the Group's human resources policies and procedures. The governance and compensation committee meets on an as-needed basis, with no annual minimum meeting requirement.

FINANCIAL STATEMENTS

Contents

Auditor's Report

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

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of the Parent Company's Management, as Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.

Opinion

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

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

Cairo: -- March 2021

Consolidated statement of financial position

As at 31 December 2020

	Notes	31 December 2020 EGP	31 December 2019 EGP
Assets			
Non-current assets			
Fixed assets and projects under construction	(5)	521,901,281	483,452,748
Right of use assets	(6)	16,258,305	-
Intangible assets	(7)	214,571,373	104,648,049
Total non-current assets		**752,730,959**	**588,100,797**
Current assets			
Inventories	(8)	308,968,712	214,068,473
Trade and notes receivable	(9)	633,522,249	499,197,383
Treasury bills	(10)	469,349,545	464,890,000
Due from related parties	(31)	25,500	25,500
Prepayments and other receivables	(11)	71,485369	47,132,638
Cash on hand and at banks	(12)	13,232,834	53,935,240
Total current assets		**1,496,584,209**	**1,279,249,234**
Total assets		**2,249,315,168**	**1,867,350,031**
Equity and liabilities			
Equity			
Paid up capital	(15)	192,150,000	192,150,000
Legal reserve		20,798,851	16,649,610
General reserves - issuance premium	(16)	486,965,000	486,965,000
Other reserves		278,952	278,952
Profits for the year and retained earnings		484,995,947	376,964,719
Total equity of parent company		1,185,188,750	1,073,008,281
Non-controlling interest		(1,618,706)	(953,175)
Total equity		**1,183,570,044**	**1,072,055,106**
Liabilities			
Non-current liabilities			
Long term loans	(18)	29,549,676	61,649,676
Long term lease liabilities	(6)	14,807,299	-
Deferred tax liabilities	(28)	31,061,481	25,957,056
Total non-current liabilities		**75,418,456**	**87,606,732**
Current liabilities			
Provisions	(13)	12,287,619	9,963,935
Credit facilities	(17)	804,558,554	486,336,405
Current portion of long-term loans	(18)	58,850,000	64,200,000
Current portion of lease liabilities	(6)	2,601,924	-
Trade, notes and other payables	(14)	93,719,707	127,399,418
Income taxes payable		18,308,864	19,788,435
Total current liabilities		**990,326,668**	**707,688,193**
Total liabilities		**1,065,745,124**	**795,294,925**
Total liabilities and equity		**2,249,315,168**	**1,867,350,031**

Finance Director
Mohamed Abo Amira

Board Member
Amr Abdallah Morsy

The accompanying notes from (1) to (35) are an integral part of these consolidated financial statements.
Auditor's Report Attached.

Consolidated statement of profit or loss

For the year ended 31 December 2020

	Notes	31 December 2020 EGP	31 December 2019 EGP
Revenues	(21)	960,169,349	893,965,461
Cost of revenues	(22)	(513,583,458)	(488,392,804)
Gross profit		**446,585,891**	**405,572,657**
Selling and marketing expenses	(23)	(214,204,258)	(152,635,612)
General and administrative expenses	(24)	(44,732,538)	(35,644,625)
Other income	(25)	1,019,971	2,017,166
Operating profit		**188,669,066**	**219,309,586**
Finance income	(26)	64,160,293	4,646,899
Finance expenses	(27)	(100,058,934)	(109,916,798)
Net foreign exchange gain/(loss)		(1,695,406)	(2,183,357)
Net finance cost		**(37,594,047)**	**(107,453,256)**
Impairment of trade and notes receivable		(1,802,092)	(1,286,890)
Provisions	(13)	(1,600,000)	(1,128,179)
Contribution for health insurance		(2,563,370)	(2,251,820)
Profits for the year before income taxes		**145,109,557**	**107,189,441**
Income taxes	(28)	(33,594,619)	(25,509,725)
Profits for the year		111,514,938	81,679,716
Attributable to:			
Equity holders of the parent company		112,180,469	82,393,957
Non-controlling interests		(665,531)	(714,241)
		111,514,938	**81,679,716**
Earnings per share - basic and diluted	(29)	**0.1268**	**0.1072**

Finance Director
Mohamed Abo Amira

Board Member
Amr Abdallah Morsy

The accompanying notes from (1) to (35) are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2020

	31 December 2020 EGP	31 December 2019 EGP
Profits for the year	**111,514,938**	**81,679,716**
Other comprehensive income	-	-
Other comprehensive income	**111,514,938**	**81,679,716**
Attributable to		
Equity holders of the parent company	112,180,469	82,393,957
Non-controlling interest	(665,531)	(714,241)
	111,514,938	**81,679,716**

The accompanying notes from (1) to (35) are an integral part of these consolidated financial statements.

Consolidated statement of change in equity

For the year ended 31 December 2020

	Paid up Capital EGP	Legal reserve EGP	General reserve -Issuance Premium EGP	Other reserve EGP	Retained earnings EGP	Total equity of Parent Company EGP	Non-controlling interest EGP	Total EGP
Balance as at 1 January 2019	160,900,000	10,213,168	-	278,952	301,007,204	472,399,324	(238,934)	472,160,390
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	-	582,500,000
Expenses of offering the shares for subscription	-	-	(64,285,000)	-	-	(64,285,000)	-	(64,285,000)
Total comprehensive income for the year	-	-	-	-	82,393,957	82,393,957	(714,241)	81,679,716
Balance as at 31 December 2019	**192,150,000**	**16,649,610**	**486,965,000**	**278,952**	**376,964,719**	**1,073,008,281**	**(953,175)**	**1,072,055,106**
Balance as at 1 January 2020	**192,150,000**	**16,649,610**	**486,965,000**	**278,952**	**376,964,719**	**1,073,008,281**	**(953,175)**	**1,072,055,106**
Transferred to legal reserve	-	4,149,241	-	-	(4,149,241)	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**112,180,469**	**112,180,469**	**(665,531)**	**111,514,938**
Balance as at 31 December 2020	**192,150,000**	**20,798,851**	**486,965,000**	**278,952**	**484,995,947**	**1,185,188,750**	**(1,618,706)**	**1,183,570,044**

The accompanying notes from (1) to (35) are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2020

	Notes	31 December 2020 EGP	31 December 2019 EGP
Cash flows from operating activities			
Profits for the year before income taxes		145,109,557	107,189,441
Adjustments to reconcile profit before tax to net cash flow:			
Net foreign exchange differences		732,284	(382,367)
Depreciation and amortization	(5,6,7)	56,201,806	36,252,657
Provision charged	(13)	2,823,684	2,406,981
Impairment of trade and notes receivable	(9)	1,802,092	1,286,890
Impairment of inventory	(8)	18,732,306	5,143,835
Finance income		(64,136,566)	-
Finance expenses	(27)	97,792,446	109,916,798
Unwinding interests of lease liabilities	(27)	2,266,488	-
Loss/ gain from sale of fixed assets	(5)	138,889	(9,249)
		261,462,986	**261,804,986**
Change in inventories		(100,758,483)	58,930,010
Used of inventory provision		(12,874,062)	-
Change in trade and notes receivable		(135,886,877)	(134,375,299)
Used of impairment of trade and notes receivable		(240,081)	-
Change in prepayments and other receivables		(14,085,872)	(10,440,404)
Change in due to related parties		-	(8,148)
Change in trade, notes and other payable		(36,528,764)	24,268,941
Cash flows (used in) provided from operating activities		**(38,911,153)**	**200,180,086**
Debit interests paid		(94,947,750)	(107,972,180)
Provisions used	(13)	(500,000)	-
Income taxes paid		(29,965,413)	(39,002,081)
Net cash flows (used in) provided from operating activities		**(164,324,316)**	**53,205,825**
Cash flows from investing activities			
Payments to acquire fixed assets	(5)	(24,946,812)	(18,386,754)
Payments to acquire assets under construction	(5)	(60,038,349)	(63,263,938)
Payments to acquire intangible assets	(7)	(116,136,335)	(9,177,978)
Payment to acquire treasury bills		(819,052,935)	(464,890,000)
Matured treasury bills collection		868,000,000	-
Proceeds from sale of fixed assets	(5)	67,545	13,950
Investment in term deposits	(12)	(133,961)	(29,205)
Net cash flows (used in) investing activities		**(152,240,847)**	**(555,733,925)**
Cash flows from financing activities			
Proceed from capital increase		-	582,500,000
Expenses of offering the shares for subscription		-	(64,285,000)
Credit facilities used	(17)	1,047,145,097	664,774,601
Payment of credit facilities	(17)	(728,922,948)	(603,095,478)
Receipts from long term loans	(18)	-	12,288,638
Payment of long-term loans	(18)	(37,450,000)	(40,429,984)
Lease payments paid during the year		(4,311,069)	-
Net cash flows provided from financing activities		**276,461,080**	**551,752,777**
Net change in cash and cash equivalent during the year		**(40,104,083)**	**49,224,677**
Net foreign exchange difference		(732,284)	382,367
Cash and cash equivalent - beginning of the year		53,462,159	3,855,115
Cash and cash equivalent - end of the year	(12)	**12,625,792**	**53,462,159**

The accompanying notes from (1) to (35) are an integral part of these consolidated financial statements.

Notes to the Consolidated financial statement

For the year ended 31 December 2020

1. Background

Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) (S.A.E) (the "Company" or the "Parent Company") 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 consolidated financial statements include the separate financial statements of the Parent Company and its subsidiaries (collectively referred to as the "Group").

The Group is principally engaged in:

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

Below is a brief background about the subsidiaries:

Rameda for Pharmaceuticals Trading Company

A subsidiary with 99.97% shareholding. Its principal activity is importing and exporting pharmaceutical reagents, producing, marketing, selling and storing of pharmaceutical reagents and producing pharmaceutical reagents for human and veterinary and diagnostic use for others

Ramecare Company

A subsidiary with 49% legal ownership. Its principal activity is producing, marketing, selling and storing of pharmaceutical reagents, producing pharmaceutical reagents for human and veterinary and diagnostic use for others.

It was considered a subsidiary since the Parent Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over it.

Ramepharma Company
A subsidiary with 49% legal ownership. Its principal activity is producing, marketing, selling and storing of pharmaceutical reagents, producing pharmaceutical reagents for human and veterinary and diagnostic use for others.

It was considered a subsidiary since the Parent Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over it.

2. Significant accounting policies
2.1 Basis of preparation
The consolidated financial statements are prepared under the going concern assumption on a historical cost basis.

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

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

The accounting policies adopted in this year are consistent with the policies adopted in the prior year.

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.

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).

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.

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.

2.2.2 Effect of adoption of EAS No. (49) “Leases”

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

	1 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.

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:

	1 January 2020 EGP
Operating lease commitments as at 31 December 2019	25,232,281
Weighted average incremental borrowing rate as at 1 January 2020	14.17%
Lease liabilities as at 1 January 2020	**17,743,169**

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 consolidated 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 capitalisation threshold and are considered to be insignificant for the consolidated statement of financial position for the Company as a whole. Payments for short-term leases and leases of low value assets are recognised on a straight-line basis in the consolidated statement of comprehensive income.

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 consolidated statement of comprehensive income.

v) Amounts recognized in the statement of financial position and profit or loss
The amounts recognized in the consolidated statement of financial position and consolidated 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 31 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 Basis of consolidation
The consolidated financial statements comprise the separate financial statements of the Parent Company and its subsidiaries. Control is achieved when the Group 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 Group controls an investee if, and only if, the Group 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 Group has less than a majority of the voting or similar rights of an investee, the Group 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 Group voting rights and potential voting rights.

The Group 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The following steps are followed in preparing the consolidated financial statements:

a. Eliminate the carrying amount of the Parent Company investment in each subsidiary and the Parent Company share of equity of each subsidiary.
b. Identify the non-controlling interest in the profit or loss of the consolidated subsidiaries for the reporting year.
c. Identify the non-controlling interests in the net assets of consolidated subsidiaries and presented in the consolidated financial statement separately from the Parent ownership interests. Non-controlling interests in the net assets consist of:
   (1) The amount of non-controlling interests as of the original date of combination.
   (2) The non-controlling interests' share of changes in equity since the date of the combination.

d. Intergroup balances and transactions, revenues and expenses are eliminated.

- The separate financial statements of the Parent Company and its subsidiaries used in the preparation of the consolidated financial statements are prepared as of the same date.
- The separate financial statements of the Parent Company and its subsidiaries used in the preparation of the consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events with similar circumstances.

Non-controlling interests are presented in the consolidated financial position within equity, separately from the equity of the owners of the Parent Company, and the non-controlling interests share in the group profit or loss is presented separately.

2.4.2 Business combination

Accounting for business combination under EAS 29 only applies if it is considered that a business has been acquired. For acquisitions meeting the definition of a business, the acquisition method of accounting is used to account for the acquisition of subsidiaries by the Parent Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of profit or loss.

2.4.3 Current versus non-current classification

The Group presents assets and liabilities in the consolidated 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 period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

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 period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

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

2.4.4 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 consolidated 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 consolidated statement of other comprehensive income ("OCI") or profit or loss are also recognized in consolidated statement of OCI or consolidated statement of profit or loss, respectively).

2.4.5 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 consolidated 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 consolidated 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 position date.

Freehold Land is recognized at its acquisition cost and is not depreciated.

The Group 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 consolidated 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 consolidated statement of profit or loss.

2.4.6 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.

2.4.7 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 consolidated 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 live 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 consolidated statement of profit or loss.

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

2.4.8 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

2.4.9 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 consolidated financial statements when risks and rewards are transferred to the Group 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 consolidated 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 be recognized as reduction of cost of sales in the consolidated statement of profit or loss in the period in which the reversal occurs.

2.4.10 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 Group 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 consolidated statement of profit or loss. Reversal of impairment is recognized in the consolidated statement of profit or loss in the period in which it occurs.

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 Group 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 consolidated statement of profit or loss.

2-4.12 Insurance
The Group makes contributions to the Social Insurance Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

2.4.13 Legal reserve
According to the Group's articles of association, 5% of the net profits of the year of the parent Company based on separate financial statement 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 consolidated financial statements for the year are approved in the general assembly meeting.

2.4.14 General Reserve
According to the Group'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 Group 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 consolidated 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 consolidated statement of profit or loss.

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

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 consolidated 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 Related party transactions
Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, 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.

2.4.22 Contingent Liabilities and Assets
Contingent liabilities are not recognized in the consolidated 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 consolidated financial statements but disclosed when an inflow of economic benefits is probable.

2.4.23 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.

For unquoted assets, fair value is determined by reference to the market value of a similar asset or is based on the expected discounted cash flows.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated 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 consolidation financial statements on a recurring basis, the Group 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 Group 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.

2.4.24 Impairment of assets
Impairment of financial assets
The Financial assets of the Group include cash on hand and at banks, trade and notes receivable and due from related parties. The Group 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 Group 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 consolidated 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 consolidated statement of profit or loss.

2.4.25 Statement of cash flows

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

2.4.26 Cash and cash equivalent

For the purpose of preparing the consolidated 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 from placement date.

3. Significant accounting judgments and estimates

The preparation of these consolidated 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 consolidated financial statements of the Group 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 11 Revenue" 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 Group'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 Group'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.

Useful lives of intangible assets

The useful lives of intangible assets are assessed as finite. 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 Group is subject to income taxes in Egypt. Significant judgment is required to determine the total provision for current and deferred taxes. The Group 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 Group 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 Group 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 Group'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% receptively). The Group'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.

Segment performance is evaluated based on revenue and measured consistently with revenue in the consolidated financial statement.

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

The Group produces and sells several pharmaceutical products and renders services as follows:

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

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

5. Fixed assets

	Freehold Land EGP	Buildings EGP	Machinery and equipment EGP	Transportation and dragging equipment EGP	Laboratory equipment EGP	Tools EGP	Office furniture and fixtures EGP	Assets under construction EGP	Total EGP
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 includes 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 favor of "Commercial international Bank" against loans & facilities receipts (Note 18), this mortgage is in process of replacement transaction to be against treasury bills (Note 10).

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

	31-Dec-20 EGP
Cost of revenue	43,962,520
Selling and marketing expenses	538,559
General and administrative expenses	1,829,115
	46,330,194

Loss from sale of fixed assets was calculated as follows

	31-Dec-20 EGP
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	**(138,889)**

	Freehold Land EGP	Buildings EGP	Machinery and equipment EGP	Transportation and dragging equipment EGP	Laboratory equipment EGP	Tools EGP	Office furniture and fixtures EGP	Assets under construction EGP	Total EGP
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	**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**
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	-	(50,634,122)	(113,601,464)	(9,583,519)	(8,559,055)	(1,309,799)	(14,356,886)	-	(198,044,845)
Net book value as at 31 December 2019	18,637,425	177,201,451	200,002,230	2,827,609	8,570,869	2,444,792	7,440,726	66,327,646	483,452,748

- 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 favour of "Commercial international Bank" against loans & facilities receipts (Note 18).

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

	31-Dec-19 EGP
Cost of revenue	28,593,111
Selling and marketing expenses	404,691
General and administrative expenses	2,129,343
	31,127,145

Gain from sale of fixed assets was calculated as follows

	31-Dec-19 EGP
Cost of disposed assets	17,878
Accumulated depreciation of disposed assets	13,177
Net book value of disposed assets	**4,701**
Proceeds from sale of fixed assets	13,950
Gain from sale of fixed assets	**9,249**

6. Leases

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

A) Right of use assets

	31 December 2020 EGP
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

	31 December 2020 EGP
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

	Registration Rights	
	31 December 2020 EGP	31 December 2019 EGP
Cost as at 1 January 2020	122,484,853	113,306,875
Additions	116,136,335	9,177,978
Total cost as at 31 December 2020	**238,621,188**	**122,484,853**
Accumulated amortization as at1 January 2020	**(17,836,804)**	**(12,711,292)**
Amortization for the year	(6,213,011)	(5,125,512)
Accumulated amortization as at 31 December 2020	**(24,049,815)**	**(17,836,804)**
Net book value as at 31 December 2020	**214,571,373**	**104,648,049**

- 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 18), this mortgage is in process of replacement transaction to be against treasury bills (Note 10).
- Intangible asset balance includes registration right assets under approval amounted to EGP 33,788,952 (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. Inventories

	31 December 2020 EGP	31 December 2019 EGP
Raw materials	108,942,551	63,937,785
Packing and packaging materials	41,800,322	32,644,420
Spare parts	11,759,761	7,342,641
Finished goods	114,915,006	75,637,934
Work in progress	34,973,039	24,516,840
Goods in transit	7,713,475	12,803,884
Inventory with others	1,436,935	3,899,102
	321,541,089	**220,782,606**
Write down in inventories	(12,572,377)	(6,714,133)
	308,968,712	**214,068,473**

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 18), this mortgage is in process of replacement transaction to be against treasury bills (Note 10).

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

	31 December 2020 EGP	31 December 2019 EGP
Beginning balance	(6,714,133)	(1,570,298)
Charged during the year	(18,732,306)	(5,143,835)
Used of inventory provision	12,874,062	-
Ending balance	**(12,572,377)**	**(6,714,133)**

- The write down in value of inventories during the year was included in the cost of sales.

9. Trade and notes receivables

	31 December 2020 EGP	31 December 2019 EGP
Trade receivable	231,381,863	265,925,729
Trade receivable – toll manufacturing	11,995,577	13,189,373
Notes receivable	395,112,269	223,487,730
	638,489,709	**502,602,832**
Impairment in value of trade and notes receivables	(4,967,460)	(3,405,449)
	633,522,249	**499,197,383**

Notes receivable amounting to 225.7 MEGP are mortgage as a guarantee for the credit facilities (Note 17). The aging analysis of gross trade and notes receivables before impairment is as follows:

			Past due but not impaired				
	Total	Neither Past due nor impaired	Less than 180 days	From 181 to 270 days	From 271 to 365 days	More than 365 days	Impaired
31 December 2020	**638,489,709**	**393,414,071**	**231,361,160**	**4,508,828**	**4,238,190**	**-**	**4,967,460**
31 December 2019	502,602,832	223,487,730	264,433,502	10,675,661	530,036	70,454	3,405,449

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

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

10. Treasury bills

	31 December 2020 EGP	31 December 2019 EGP
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 17 & 18).
- CIB is in process of replacement transaction commercial mortgage to be against treasury bills by EGP 80M.

11. Prepayments and other receivables

	31 December 2020 EGP	31 December 2019 EGP
Prepaid expenses	908,473	1,448,594
Advances to suppliers	12,039,929	19,462,382
Tax authority	13,408,468	9,297,988
Social insurance authority	143,853	907,676
Letters of credit margin	13,699,153	8,508,352
Accrued interests	13,251,669	2,521,713
Deposits with others	2,045,109	1,689,925
Employees' imprests and advances	11,442,724	1,986,395
Customs-authority	1,611,895	769,509
Other receivables	2,934,096	540,104
	71,485,369	**47,132,638**

12. Cash on hand and at banks

	31 December 2020 EGP	31 December 2019 EGP
a) Egyptian Pounds		
Cash on hand	95,597	49,790
Current accounts	2,064,744	46,630,651
Checks under collection	27,788	3,706,012
Term deposits	607,042	473,081
	2,795,171	**50,859,534**
b) Foreign currencies		
Checks under collection	4,776,000	-
Current accounts	5,661,663	3,075,706
	10,437,663	**3,075,706**
	13,232,834	**53,935,240**

Cash balances are denominated in the following currencies:

	31 December 2020 EGP	31 December 2019 EGP
Egyptian pound (EGP)	2,738,773	50,859,534
US dollar (USD)	10,466,242	3,069,709
Euro (EUR)	27,819	5,997
	13,232,834	**53,935,240**

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	49,790
Current accounts	12,530,195	53,412,369
	12,625,792	**53,462,159**

13. 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
	9,963,935	**2,823,684**	**-**	**(500,000)**	**12,287,619**

	Balance as at 1 January 2019 EGP	Charged during the year EGP	No longer required EGP	Used during the year 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
	7,556,954	**5,046,862**	**(2,639,881)**	**-**	**9,963,935**

**Provision for sales returns is deduced from sales disclosed (NOTE 21).*

14. Trade, notes and other payables

	31 December 2020 EGP	31 December 2019 EGP
Trade payables	46,925,388	45,722,280
Notes payables	19,196,183	15,535,918
Accrued expenses	12,578,841	18,075,611
Tax authority (other than income tax)	8,598,898	26,843,000
Advances from customer	4,780,965	20,210,828
Other payables	1,639,432	1,011,781
	93,719,707	**127,399,418**

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

15. Capital

The Group'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 as of 31 December 2020:

	%	No. of shares	Amount
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).

16. 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.

17. Credit facilities

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

	31 December 2020 EGP	31 December 2019 EGP
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**

	31 December 2020 EGP	31 December 2019 EGP
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

Credit Facilities	Facility amount EGP	Interest rate	Maturity Date	31 December 2020 EGP	31 December 2019 EGP
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	-
	80,000,000	CBE lending rate	15/10/2021	63,666,667	-
Audi Bank	125,000,000	0.5 %+CBE lending rate	21/07/2021	78,852,012	110,541,776
		8 % CBE INITAVIE*	21/07/2021	35,290,505	-
Arab Bank	88,000,000	0.25%+CBE lending	09/03/2021	24,552,848	43,318,210
		8 % CBE INITAVIE*	09/03/2021	38,054,398	-
ABK	100,000,000	0.5%+CBE lending rate	01/05/2021	41,994,296	54,958,042
		8 % CBE INITAVIE*	01/05/2021	43,065,679	-
ADIB**	130,000,000	0.5%+CBE lending rate	01/01/2021	73,841,852	86,572,770
		8 % CBE INITAVIE*	01/01/2021	42,520,285	-
Alex Bank	170,000,000	0.25% + CBE lending rate	30/04/2021	81,845,141	72,821,531
		8 % CBE INITAVIE*	30/04/2021	75,811,580	-
AUB	130,000,000	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 Group 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 9 and 10).

18. LONG TERM LOANS

Loan (1):

During the year 2017, the Group 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 “Loan (1)”.

During September 2019, the Group 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 Group 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 Group 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 Group 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. “Loan (2)”.

During September 2019, the Group 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 Group 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 Group obtained those loans against collateral of a commercial mortgage over the Group’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**

19. Captial commitments

As at 31 December 2019, the Group 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).

20. Contingent liabilities

As at 31 December 2019, the Group 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).

21. Revenues

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

22. Cost of revenues

	31 December 2020 EGP	31 December 2019 EGP
Salaries, social insurance and other benefits	83,078,733	68,183,742
Raw materials	250,726,478	297,869,370
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)	50,175,532	33,718,623
Rent	4,965,466	5,684,413
Maintenance	9,975,115	8,146,391
	513,583,458	**488,392,804**

23. Selling & marketing expenses

	31 December 2020 EGP	31 December 2019 EGP
Salaries, social insurance and other 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
	214,204,258	**152,635,612**

24. GENERAL & ADMINISTRATIVE EXPENSES

	31 December 2020 EGP	31 December 2019 EGP
Salaries, social insurance and other benefits	33,520,271	25,571,766
Professional fees	1,655,662	4,257,941
Maintenance	756,038	531,642
Depreciation (Note 5)	1,829,115	2,129,343
Others	6,971,452	3,153,933
	44,732,538	**35,644,625**

25. Other income

	31 December 2020 EGP	31 December 2019 EGP
Loss/ Gain from sale of fixed assets (Note 5)	(138,889)	9,249
Other income	1,158,860	2,007,917
	1,019,971	**2,017,166**

26. Finance income

	31 December 2020 EGP	31 December 2019 EGP
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**

27. Finance expenses

	31 December 2020 EGP	31 December 2019 EGP
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**

28. Income taxes

	31 December 2020 EGP	31 December 2019 EGP
Current income tax	(28,490,194)	(19,788,435)
Deferred income tax	(5,104,425)	(5,721,290)
Income tax expense	**(33,594,619)**	**(25,509,725)**

Defered income taxes

	Statement of financial position		Statement of profit or loss	
	31 December 2020 EGP	31 December 2019 EGP	31 December 2020 EGP	31 December 2019 EGP
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 in value 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	**(31,061,481)**	**(25,957,056)**	**(5,104,425)**	**(5,721,290)**

** No deferred tax assets were recognized for the carry forward tax losses of the subsidiaries, since it is not expected that the future tax profits will be sufficient to offset the carry forward tax losses.*

Reconciliation of the effective income tax rate

	Tax Rate	31 December 2020 EGP	Tax Rate	31 December 2019 EGP
Profits before income taxes		145,109,557		107,189,441
Income tax based on tax rate	**22.5%**	**32,649,650**	**22.5%**	**24,117,624**
Non-deductible expenses		944,969		1,392,101
Effective Tax Rate	**23.15%**	**33,594,619**	**23.80%**	**25,509,725**

29. Earnings per share

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

	31 December 2020 EGP	31 December 2019 EGP
Net profit for the year	112,180,469	82,393,957
Remuneration for the Board Members*	(5,200,000)	-
Staff profit Share*	(9,500,000)	-
Profit Available for Shareholders	**97,480,469**	**82,393,957**
Weighted average number of shares outstanding during the year	768,600,000	768,600,000
Earnings per share	**0.1268**	**0.1072**

- There are no shares with dilutive 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.*

30. 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 in 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.

31. Related party disclosures

For the purpose of these consolidated financial statements, parties are considered to be related to the Group, if the Group 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 Group and the party are subject to common control.

a) Due from related parties

	31 December 2020 EGP	31 December 2019 EGP
Eman Mohamed Hegazy	12,750	12,750
Eman Wahed El-Zomor	12,750	12,750
	25,500	**25,500**

b) 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 EGP	31 December 019 EGP
Salaries and incentives	24,293,661	21,742,279
	24,293,661	**21,742,279**

32. Financial instruments risk management objectives and policies

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

a) Credit risk
b) Market risk
c) Liquidity risk

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

The Board of Directors of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group'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 Group'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 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group 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 Group' 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).

Other financial assets and balances with banks

The Group'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 Group 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 Group'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 Group'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 Group 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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group'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 Group's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group'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

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 Group's profit before tax is due to changes in the value of monetary assets and liabilities. The Group'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 EGP	Change in rate	Effect on profit before tax 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 Group are monitored by Group's management. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Group 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 Group 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 Group's financial liabilities based on contractual undiscounted payments.

Financial liabilities

As at 31 December 2020	Less than 3 Months EGP	3 to 12 months EGP	1 to 5 years EGP	Over 5 years EGP	Total EGP
Credit facilities	392,157,897	429,767,765	-	-	821,925,662
Trade, notes and other payables	76,496,374	17,223,333	-	-	93,719,707
Term loans	12,674,219	54,815,769	31,854,166	-	99,344,154
Total undiscounted financial liabilities	**481,328,490**	**501,806,867**	**31,854,166**	**-**	**1,014,989,523**

Financial liabilities

As at 31 December 2019	Less than 3 Months EGP	3 to 12 months EGP	1 to 5 years EGP	Over 5 years EGP	Total EGP
Credit facilities	215,009,514	285,328,150	-	-	500,337,664
Trade, notes and other payables	114,801,781	12,597,637	-	-	127,399,418
Term loans	20,215,230	75,222,795	57,069,406	-	152,507,431
Total undiscounted financial liabilities	**350,026,525**	**373,148,582**	**57,069,406**	**-**	**780,244,513**

33. 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.

34. 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.

35. Major event

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.

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.

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

Separate statement of financial position

As at 31 December 2020

	Notes	31 December 2020 EGP	31 December 2019 EGP
Assets			
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 (36) are an integral part of these consolidated financial statements.
Auditor's Report Attached.

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**	**0.108**

Finance Director
Mohamed Abo Amira

Board Member
Amr Abdallah Morsy

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

Separate statement of comprehensive income

For the year ended 31 December 2020

	31 December 2020 EGP	31 December 2019 EGP
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 consolidated financial statements.

Separate statement of change in equity

For the year ended 31 December 2020

	Paid up Capital EGP	Legal reserve EGP	General reserve - Issuance Premium EGP	Other reserve EGP	Retained earnings EGP	Total EGP
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	**192,150,000**	**16,649,610**	**486,965,000**	**278,952**	**378,134,062**	**1,074,177,624**
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	**192,150,000**	**20,798,851**	**486,965,000**	**278,952**	**486,930,158**	**1,187,122,961**

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

Separate statement of cash flows

For the year ended 31 December 2020

	Notes	31 December 2020 EGP	31 December 2019 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)
		261,970,802	**261,839,777**
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		**(38,191,376)**	**193,433,419**
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		**(163,604,539)**	**46,459,157**
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		**(152,231,847)**	**(556,399,425)**
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		**275,734,276**	**558,435,401**
Net change in cash and cash equivalent during the year		(40,102,110)	48,495,133
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)**	**11,808,785**	**52,643,179**

The accompanying notes from (128) to (164) are an integral part of these consolidated financial statements.

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.

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).

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.

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

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

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

3. 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:

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

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

4. Fixed assets

	Freehold Land	Buildings	Machinery and equipment	Transpor-tation and dragging equipment	Laboratory equipment	Tools	Office furniture and fixtures	Assets under construction	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
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:

	31-Dec-20
	EGP
Cost of revenue	43,962,520
Selling and marketing expenses	538,559
General and administrative expenses	1,829,115
	46,330,194

Loss from sale of fixed assets was calculated as follows

	31-Dec-20
	EGP
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	**(138,889)**

5- Fixed assets (continued)

	Freehold Land EGP	Buildings EGP	Machinery and equip-ment EGP	Transpor-tation and dragging equipment EGP	Laboratory equipment EGP	Tools EGP	Office fur-niture and fixtures EGP	Assets under construction EGP	Total EGP
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	**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**
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	**-**	**(50,634,122)**	**(113,601,464)**	**(9,583,519)**	**(8,559,055)**	**(1,309,799)**	**(14,356,886)**	**-**	**(198,044,845)**
Net book value as at 31 December 2019	**18,637,425**	**177,201,451**	**200,002,230**	**2,827,609**	**8,570,869**	**2,444,792**	**7,440,726**	**66,327,646**	**483,452,748**

- 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:

	31-Dec-20 EGP
Cost of revenue	28,593,111
Selling and marketing expenses	404,691
General and administrative expenses	2,129,343
	31,127,145

Loss from sale of fixed assets was calculated as follows

	31-Dec-20 EGP
Cost of disposed assets	17,878
Accumulated depreciation of disposed assets	13,177
Net book value of disposed assets	**4,701**
Proceeds from sale of fixed assets	13,950
Gain from sale of fixed assets	**9,249**

6. Leases

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

A) Right of use assets

	31 December 2020 EGP
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

	31 December 2020 EGP
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

	Registration Rights	
	31 December 2020 EGP	31 December 2019 EGP
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 at1 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**

- 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 subsidaries

	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
			1,461,800		**1,461,800**

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
	319,140,583	**218,277,151**
Write down in inventories	(12,220,216)	(6,361,972)
	306,920,367	**211,915,179**

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).

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

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

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

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

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:

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

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

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

11. Treasury bills

	31 December 2020 EGP	31 December 2019 EGP
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

	31 December 2020 EGP	31 December 2019 EGP
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

	31 December 2020 EGP	31 December 2019 EGP
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**

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
	12,415,827	**53,116,260**

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
	11,808,785	**52,643,179**

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
	9,963,935	**2,823,684**	**-**	**(500,000)**	**12,287,619**

	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	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
	7,556,954	**5,046,862**	**(2,639,881)**	**-**	**9,963,935**

**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
	93,411,032	**126,695,938**

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

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:

	%	No. of shares	Amount EGP
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.

18. Credit facilities

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

	31 December 2020 EGP	31 December 2019 EGP
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**

	31 December 2020 EGP	31 December 2019 EGP
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 EGP	Interest rate	Maturity Date	31 December 2020 EGP	31 December 2019 EGP
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	-
	80,000,000	CBE lending rate	15/10/2021	63,666,667	-
Audi Bank	125,000,000	0.5 %+CBE lending rate	21/07/2021	78,852,012	110,541,776
		8 % CBE INITAVIE*	21/07/2021	35,290,505	-
Arab Bank	88,000,000	0.25%+CBE lending	09/03/2021	24,552,848	43,318,210
		8 % CBE INITAVIE*	09/03/2021	38,054,398	-
ABK	100,000,000	0.5%+CBE lending rate	01/05/2021	41,994,296	54,958,042
		8 % CBE INITAVIE*	01/05/2021	43,065,679	-
ADIB**	130,000,000	0.5%+CBE lending rate	01/01/2021	73,841,852	86,572,770
		8 % CBE INITAVIE*	01/01/2021	42,520,285	-
Alex Bank	170,000,000	0.25% + CBE lending rate	30/04/2021	81,845,141	72,821,531
		8 % CBE INITAVIE*	30/04/2021	75,811,580	-
AUB	130,000,000	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).

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**

20. Captial 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

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

23. Cost of revenue

	31 December 2020 EGP	31 December 2019 EGP
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
	512,610,351	**487,434,814**

24. Selling and marketing expenses

	31 December 2020 EGP	31 December 2019 EGP
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
	214,204,258	**152,635,612**

25. General and administrative expenses

	31 December 2020 EGP	31 December 2019 EGP
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

	31 December 2020 EGP	31 December 2019 EGP
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

	31 December 2020 EGP	31 December 2019 EGP
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

	31 December 2020 EGP	31 December 2019 EGP
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**

29. Income taxes

	31 December 2020 EGP	31 Decem-ber2019 EGP
Current income tax	(28,485,790)	(19,788,435)
Deferred income tax	(5,104,425)	(5,721,290)
Income tax expense	**(33,590,215)**	**(25,509,725)**

Defered income tax

	Statement of financial position		Statement of profit or loss	
	31 December 2020 EGP	31 December 2019 EGP	31 December 2020 EGP	31 December 2019 EGP
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	**(31,061,481)**	**(25,957,056)**	**(5,104,425)**	**(5,721,290)**

Reconciliation of the effective income tax rate

	Tax Rate EGP	31 Decem-ber2020	Tax Rate EGP	31 December 2019
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%**	**33,590,215**	**23.51%**	**25,509,725**

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:

	31 December 2020 EGP	31 December 2019 EGP
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	**98,245,337**	**82,984,847**
Weighted average number of shares outstanding during the year	768,600,000	768,600,000
Earnings per share	**0.1278**	**0.108**

- 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.*

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 in 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	31 December 2020 EGP	31 December 2019 EGP
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

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	-
		20,576,327	**402,918**	**19,849,471**	**335,384**

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 EGP	31 December 2019 EGP
Salaries and incentives	24,218,973	21,686,263
	24,218,973	**21,686,263**

33. Financial instruments risk management objectives and policies

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

a) Credit risk
b) Market risk
c) 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' 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).

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**

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 EGP	Change in rate	Effect on profit before tax 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

As at 31 December 2020	Less than 3 months EGP	3 to 12 months EGP	1 to 5 years EGP	Over 5 years EGP	Total 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

As at 31 December 2019	Less than 3 months EGP	3 to 12 months EGP	1 to 5 years EGP	Over 5 years EGP	Total 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**

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 Aurhotity's approval for the manufacture of intravenous Remedisvir, a broad-spectrum antiviral medication which has been used in treatment of covid-19 patients.

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