

**TENTH OF RAMADAN FOR PHARMACEUTICAL
INDUSTRIES AND DIAGNOSTIC REAGENTS
(RAMEDA) (S.A.E)
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
FOR THE PERIOD ENDED 30 JUNE 2020**

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

**Condensed Interim Consolidated Financial Statements
For the Period Ended 30 June 2020**

Table of Contents

	<u>Page</u>
Review Report on the Condensed Interim Consolidated Financial Statements	3
Condensed Interim Consolidated Statement of Financial Position	4
Condensed Interim Consolidated Statement of Profit or Loss	5
Condensed Interim Consolidated Statement of Comprehensive Income	6
Condensed Interim Consolidated Statement of Changes in Equity	7
Condensed Interim Consolidated Statement of Cash Flows	8
Notes to the Condensed Interim Consolidated Financial Statements	9-27

REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS TO THE MEMBERS OF THE BOARD OF DIRECTORS OF TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)

Introduction

We have reviewed the accompanying condensed interim financial position of **TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)** as of 30 June 2020 as well as the related condensed statements of profit or loss, Comprehensive income, changes in equity and cash flows for the six months ended on 30 June 2020, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements does not give a true and fair view, in all material respects, of the financial position of the entity as at 30 June 2020, and of its financial performance and its cash flows for the six months ended on 30 June 2020 in accordance with Egyptian Accounting Standards.

Cairo: 13 August 2020



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

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 June 2020

	Notes	30 June 2020 EGP	31 December 2019 EGP
ASSETS			
Non-current assets			
Fixed assets and projects under construction	(5)	486,806,447	483,452,748
Right of use assets	(6)	18,098,912	-
Intangible assets	(7)	198,499,127	104,648,049
Total non-current assets		703,404,486	588,100,797
Current assets			
Inventories	(8)	281,002,937	214,068,473
Trade and notes receivable	(9)	516,613,091	499,197,383
Treasury Bills	(10)	469,616,953	464,890,000
Due from related parties		25,500	25,500
Prepayments and other receivables		92,574,770	47,132,638
Cash on hand and at banks	(11)	37,056,288	53,935,240
Total current assets		1,396,889,539	1,279,249,234
TOTAL ASSETS		2,100,294,025	1,867,350,031
EQUITY AND LIABILITIES			
Equity			
Paid up Capital	(14)	192,150,000	192,150,000
Legal reserve		20,798,851	16,649,610
General reserves - Issuance Premium	(15)	486,965,000	486,965,000
Other reserves		278,952	278,952
Profits for the period and retained earnings		416,581,235	376,964,719
Total equity of Parent Company		1,116,774,038	1,073,008,281
Non-controlling interest		(1,243,465)	(953,175)
Total equity		1,115,530,573	1,072,055,106
LIABILITIES			
Non-current liabilities			
Long term loans	(17)	29,549,676	61,649,676
Long term lease liabilities	(6)	16,213,576	-
Deferred tax liabilities	(22)	26,069,923	25,957,056
Total non-current liabilities		71,833,175	87,606,732
Current liabilities			
Provisions	(12)	11,119,606	9,963,935
Credit facilities	(16)	695,056,260	486,336,405
Current portion of long-term loans	(17)	80,250,000	64,200,000
Current portion of lease liabilities	(6)	2,265,641	-
Trade, notes and other payables	(13)	117,385,765	127,399,418
Income taxes payable		6,853,005	19,788,435
Total current liabilities		912,930,277	707,688,193
TOTAL LIABILITIES		984,763,452	795,294,925
TOTAL LIABILITIES AND EQUITY		2,100,294,025	1,867,350,031

Finance Director

Mohamed Abo Amra

Board Member

Amr Abdallah Morsy

The accompanying notes from (1) to (25) are an integral part of these condensed Interim consolidated financial statements.
Review report attached.

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS For the Period Ended 30 June 2020

	Notes	Six-Months Ended		Three-Months Ended	
		30 June 2020 EGP	30 June 2019 EGP	30 June 2020 EGP	30 June 2019 EGP
Revenues	(18)	437,460,856	384,356,098	205,041,168	194,201,355
Cost of revenues	(19)	(232,806,927)	(212,523,592)	(106,559,599)	(101,667,340)
GROSS PROFIT		204,653,929	171,832,506	98,481,569	92,534,015
Selling and marketing expenses		(102,974,365)	(70,433,894)	(54,060,440)	(36,854,900)
General and administrative expenses		(23,756,589)	(17,008,492)	(12,639,086)	(6,956,605)
Other income		483,472	977,485	175,676	538,334
OPERATING PROFIT		78,406,447	85,367,605	31,957,719	49,260,844
Finance income	(20)	34,808,611	25,010	17,141,026	10,862
Finance expenses	(21)	(52,505,172)	(50,603,507)	(21,699,245)	(26,928,260)
Net foreign exchange gain/(loss)		(29,108)	(1,258,216)	689,879	(421,413)
NET FINANCE COST		(17,725,669)	(51,836,713)	(3,868,340)	(27,338,811)
Impairment of trade and notes receivable		(2,529,514)	(787,944)	(1,867,306)	(350,870)
Provisions	(12)	-	(3,768,059)	-	(3,713,079)
Contribution for health insurance		(1,187,918)	(940,329)	(561,515)	(475,976)
PROFITS FOR THE YEAR BEFORE INCOME TAXES		56,963,346	28,034,560	25,660,558	17,382,108
Income taxes	(22)	(13,487,879)	(7,363,138)	(5,953,018)	(5,041,703)
PROFITS FOR THE YEAR		43,475,467	20,671,422	19,707,540	12,340,405
Attributable to:					
Equity holders of the Parent Company		43,765,757	20,961,625	19,870,789	12,896,263
Non-controlling interests		(290,290)	(290,203)	(163,249)	(555,858)
		43,475,467	20,671,422	19,707,540	12,340,405
Earnings Per Share - basic and diluted		0.0569	0.0273	0.0259	0.0168

Finance Director

Mohamed Abu Amira

Board Member

Amr Abdallah Morsy

The accompanying notes from (1) to (25) are an integral part of these condensed Interim consolidated financial statements.

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Period Ended 30 June 2020

	Six-Months Ended		Three-Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	EGP	EGP	EGP	EGP
PROFITS FOR THE PERIOD	43,475,467	20,671,422	19,707,540	12,340,405
OTHER COMPREHENSIVE INCOME	-	-	-	-
OTHER COMPREHENSIVE INCOME	43,475,467	20,671,422	19,707,540	12,340,405
Attributable to				
Equity holders of the Parent Company	43,765,757	20,961,625	19,870,789	12,896,263
Non-controlling interest	(290,290)	(290,203)	(163,249)	(555,858)
	43,475,467	20,671,422	19,707,540	12,340,405

The accompanying notes from (1) to (25) are an integral part of these condensed Interim consolidated financial statements.

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Period Ended 30 June 2020

	Paid up Capital EGP	Legal reserve EGP	General reserve -Issuance Premium EGP	Other reserves 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)	-	-	-
Total comprehensive income for the period	-	-	-	-	20,961,625	20,961,625	(290,203)	20,671,422
Balance as at 30 June 2019	160,900,000	16,649,610	-	278,952	315,532,387	493,360,949	(529,137)	492,831,812
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 period	-	-	-	-	43,765,757	43,765,757	(290,290)	43,475,467
Balance as at 30 June 2020	192,150,000	20,798,851	486,965,000	278,952	416,581,235	1,116,774,038	(1,243,465)	1,115,530,573

The accompanying notes from (1) to (25) are an integral part of these condensed Interim consolidated financial statements.

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the Period Ended 30 June 2020

	Notes	Six-Months Ended	
		30 June 2020 EGP	30 June 2019 EGP
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits for the period before income taxes		56,963,346	28,034,560
Adjustments to reconcile profit before tax to net cash flow:			
Net foreign exchange differences		(346,342)	1,258,216
Depreciation and amortization	(5,6,7)	26,839,866	15,406,043
Provision charged	(12)	1,655,671	4,210,185
Impairment of trade and notes receivable	(9)	2,529,514	787,944
Impairment of inventory	(8)	9,209,400	5,052,488
Finance income		(2,204,728)	-
Finance expenses	(21)	51,392,453	50,603,507
Unwinding interests of lease liabilities	(21)	1,112,719	-
(Gain) from sale of fixed assets	(5)	(3,300)	(3,199)
		<u>147,148,599</u>	<u>105,349,744</u>
Change in inventories		(71,908,278)	(2,808,846)
Used of inventory provision		(4,235,586)	-
Change in trade and notes receivable		(19,945,222)	(16,752,408)
Change in prepayments and other receivables		(78,810,501)	8,433,157
Change in Due to Related Parties		-	1,244,420
Change in trade, notes and other payable		(12,720,801)	8,992,403
Cash flows (used in) provided from operating activities		<u>(40,471,789)</u>	<u>104,458,470</u>
Debit interests paid		(48,689,655)	(45,063,507)
Provisions used	(12)	(500,000)	-
Income taxes paid		(26,306,092)	(39,002,081)
NET CASH FLOWS (USED IN) PROVIDED FROM OPERATING ACTIVITIES		<u>(115,967,536)</u>	<u>20,392,882</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire fixed assets	(5)	(23,424,938)	(5,744,078)
Payments to acquire assets under construction	(5)	(2,015,671)	(34,516,593)
Payments to acquire intangible assets	(7)	(96,786,040)	(8,012,499)
Payment to acquire treasury bills		(469,616,953)	-
Matured treasury bills collection		500,000,000	-
Proceeds from sale of fixed assets	(5)	3,300	4,151
Investment in term deposits	(11)	(15,435)	(14,198)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		<u>(91,855,737)</u>	<u>(48,283,217)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Credit facilities used	(16)	496,754,617	274,670,100
Payment of credit facilities	(16)	(288,034,762)	(209,729,225)
Receipts from long term loans	(17)	-	732,226
Payment of long-term loans	(17)	(16,050,000)	(20,800,000)
Change in due from related parties		-	(13,466,225)
Lease payments paid during the period		(2,087,311)	-
NET CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES		<u>190,582,544</u>	<u>31,406,876</u>
Net change in cash and cash equivalent during the period		<u>(17,240,729)</u>	<u>3,516,541</u>
Net foreign exchange difference		346,342	(1,258,216)
Cash and cash equivalent - beginning of the year		<u>53,462,159</u>	<u>3,855,115</u>
CASH AND CASH EQUIVALENT - END OF THE PERIOD	(11)	<u>36,567,772</u>	<u>6,113,440</u>

The accompanying notes from (1) to (25) are an integral part of these condensed Interim consolidated financial statements.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 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.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2020

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.

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 provided that it is fully implemented and included at the end of the fiscal year ending 31 December 2020.

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.

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

For the Period Ended 30 June 2020

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

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2020

2-2 CHANGES IN ACCOUNTING POLICIES (continued)

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

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

	<i>1 January 2020</i>
	<i>EGP</i>
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:

	<i>1 January 2020</i>
	<i>EGP</i>
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	<u>17,743,169</u>

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

i) Right-of-use assets

Leases are recognized as right-of-use assets along with their corresponding liabilities at the date of which the leased assets are available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is recognized in the interim condensed 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.

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

For the Period Ended 30 June 2020

2-2 CHANGES IN ACCOUNTING POLICIES (continued)**2-2-2 EFFECT OF ADOPTION OF EAS NO. (49) "LEASES" (continued)****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 interim condensed consolidated 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 interim condensed 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 interim condensed 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 BEFORE THE END OF THE FISCAL YEAR ENDING DECEMBER 31, 2020**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.

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

For the Period Ended 30 June 2020

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.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2020

3- SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

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 96% of total revenue and balance 4% is contributed by toll manufacturing services (30 June 2019: 95% and 5% respectively). 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 period ended 30 June 2020 were reported under two segments in the consolidated financial statements.

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

Period	Services		Sales of pharmaceutical products			Total EGP
	Toll Manufacturing "Domestic"	Export	Private sales	Domestic Veterinary	Tenders	
	EGP	EGP	EGP	EGP	EGP	
30 June 2020	<u>18,531,377</u>	<u>12,369,174</u>	<u>277,543,581</u>	-	<u>129,016,724</u>	<u>437,460,856</u>
30 June 2019	<u>18,436,681</u>	<u>25,703,753</u>	<u>252,613,031</u>	<u>382,113</u>	<u>87,220,520</u>	<u>384,356,098</u>

Revenue from the top five customers presented 86% of total revenues (30 June 2019: 83%).

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2020

5- FIXED ASSETS

	Freehold Land		Buildings		Machinery and equipment		Transportation and dragging equipment		Laboratory equipment		Tools		Office furniture and fixtures		Assets under construction		Total		
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	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	-	5,105,824	12,887,691	681,500	600,656	1,441,043	2,708,224	2,015,671	25,440,609										
Transferred from assets under construction	-	-	11,327,165	-	-	-	-	-	-										
Disposals	-	-	-	-	-	-	(676,798)	-	(676,798)										
As of 30 June 2020	18,637,425	232,941,397	337,818,550	13,092,628	17,730,580	5,195,634	23,829,038	57,016,152	706,261,404										
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	-	(3,552,640)	(16,254,957)	(347,772)	(787,590)	(170,140)	(973,811)	-	(22,086,910)										
Disposals	-	-	-	-	-	-	676,798	-	676,798										
As of 30 June 2020	-	(54,186,762)	(129,856,421)	(9,931,291)	(9,346,645)	(1,479,939)	(14,653,899)	-	(219,454,957)										
Net book value as at 30 June 2020	18,637,425	178,754,635	207,962,129	3,161,337	8,383,935	3,715,695	9,175,139	57,016,152	486,806,447										

There is a commercial mortgage on all machinery and equipment in favor of the Commercial International Bank as collateral for the loans granted to the Group (note 17).
The cost of fixed assets as of 30 June 2020 includes EGP 17,274,201 which represents fully depreciated assets that are still in use.
The cost of the assets under construction includes impairment of EGP 686,437.

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

	30 June 2020	30 June 2020
	EGP	EGP
Cost of revenue	20,993,641	676,798
Selling and marketing expenses	247,783	676,798
General and administrative expenses	845,486	-
	22,086,910	3,300
		3,300

Gain from sale of fixed assets was calculated as follows:

Cost of disposed assets	676,798
Accumulated depreciation of disposed assets	676,798
Net book value of disposed assets	-
Proceeds from sale of fixed assets	3,300
Gain from sale of fixed assets	3,300

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2020

5- FIXED ASSETS (CONTINUED)

	Freehold Land		Buildings		Machinery and equipment		Transportation and dragging equipment		Laboratory equipment		Tools		Office furniture and fixtures		Assets under construction		Total		
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	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										
Net book value as at 31 December 2018	18,637,425	129,455,383	53,027,393	3,252,619	7,578,413	2,327,588	5,604,884	213,050,197	432,933,902										

There is a commercial mortgage on all machinery and equipment in favour of the Commercial International Bank as a collateral for the loans granted to the Group (note 17).
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.

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

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

Gain from sale of fixed assets was calculated as follows:

	31 December 2019
Cost of disposed assets	EGP 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	<u>9,249</u>

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 For the Period Ended 30 June 2020

6- LEASES

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

A) Right of use assets

	30 June 2020
	EGP
Cost at 1 January 2020	18,206,266
Additions	1,710,640
Total Cost as of 30 June 2020	19,916,906
Accumulated amortization at 1 January 2020	-
Amortization for period	(1,817,994)
Accumulated amortization as of 30 June 2020	(1,817,994)
Net book value as of 30 June 2020	18,098,912

B) Lease liability

	30 June 2020
	EGP
Opening balance as of 1 January 2020	17,743,169
Additions	1,710,640
Unwinding interests recognized during the period	1,112,719
Lease payments paid during the period	(2,087,311)
As at 30 June 2020	18,479,217
Deduct: Current balance	2,265,641
Non-current balance	16,213,576

7- INTANGIBLE ASSETS

	Registration Rights	
	30 June 2020	31 December 2019
	EGP	EGP
Cost as at 1 January 2020	122,484,853	113,306,875
Additions	96,786,040	9,177,978
Total cost as at 30 June 2020	219,270,893	122,484,853
Accumulated amortization as at 1 January 2020	(17,836,804)	(12,711,292)
Amortization for the period/ year	(2,934,962)	(5,125,512)
Accumulated amortization as at 30 June 2020	(20,771,766)	(17,836,804)
Net book value as at 30 June 2020	198,499,127	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 intangible assets in favor of the Commercial International Bank as a collateral for the loans granted to the Group (note 17).

Intangible asset balance includes registration right assets under approval amounted to EGP 95,742,540 (31 December 2019: EGP 7,141,500).

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Period Ended 30 June 2020

8- INVENTORIES

	30 June 2020	31 December 2019
	EGP	EGP
Raw materials	68,254,126	63,937,785
Packing and packaging materials	38,149,516	32,644,420
Spare parts	7,596,821	7,342,641
Finished goods	117,556,004	75,637,934
Work in progress	22,192,912	24,516,840
Goods in transit	37,583,517	12,803,884
Inventory with others	1,357,988	3,899,102
	<u>292,690,884</u>	<u>220,782,606</u>
Write down in inventories	(11,687,947)	(6,714,133)
	<u>281,002,937</u>	<u>214,068,473</u>

Raw material and finished goods inventory are mortgaged as collateral for the credit facilities (Note 16).
The movement in the write down in value of inventories is as follows:

	30 June 2020	31 December 2019
	EGP	EGP
Beginning balance	(6,714,133)	(1,570,298)
Charged during the period/year	(9,209,400)	(5,143,835)
Used of inventory provision	4,235,586	-
Ending balance	<u>(11,687,947)</u>	<u>(6,714,133)</u>

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

9- TRADE AND NOTES RECEIVABLES

	30 June 2020	31 December 2019
	EGP	EGP
Trade receivable	283,202,951	265,925,729
Trade receivable – toll manufacturing	11,914,294	13,189,373
Notes receivable	227,430,809	223,487,730
	<u>522,548,054</u>	<u>502,602,832</u>
Impairment in value of trade and notes receivables	(5,934,963)	(3,405,449)
	<u>516,613,091</u>	<u>499,197,383</u>

Notes receivable amounting to EGP 132.6 Million are mortgage as collateral for the credit facilities (Note 16).

The aging analysis of gross trade and notes receivables before impairment 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
30 June 2020	522,548,054	227,430,809	245,028,754	35,460,357	8,081,536	611,635	5,934,963
31 December 2019	502,602,832	223,487,730	264,433,502	10,675,661	530,036	70,454	3,405,449

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS For the Period Ended 30 June 2020

9- TRADE AND NOTES RECEIVABLES (CONTINUED)

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

	30 June 2020	31 December 2019
	EGP	EGP
Beginning balance	(3,405,449)	(2,118,559)
Charged during the period	(2,529,514)	(1,286,890)
Ending balance	<u>(5,934,963)</u>	<u>(3,405,449)</u>

10- TREASURY BILLS

	30 June 2020	31 December 2019
	EGP	EGP
Treasury bills	498,900,000	500,000,000
Unearned interest	(29,283,047)	(35,110,000)
	<u>469,616,953</u>	<u>464,890,000</u>

- Some treasury bills are mortgaged as collateral for credit facilities amounted to EGP 88 Million (Note 16).

11- CASH ON HAND AND AT BANKS

	30 June 2020	31 December 2019
	EGP	EGP
a) Egyptian Pounds		
Cash on hand	4,952	49,790
Current accounts	20,806,905	46,630,651
Checks under collection	14,615,346	3,706,012
Term deposits	488,516	473,081
	<u>35,915,719</u>	<u>50,859,534</u>
b) Foreign currencies		
Current accounts	1,140,569	3,075,706
	<u>1,140,569</u>	<u>3,075,706</u>
	<u>37,056,288</u>	<u>53,935,240</u>

Cash balances are denominated in the following currencies:

	30 June 2020	31 December 2019
	EGP	EGP
Egyptian pound (EGP)	35,915,720	50,859,534
US dollar (USD)	1,123,045	3,069,709
Euro (EUR)	17,523	5,997
	<u>37,056,288</u>	<u>53,935,240</u>

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

	30 June 2020	30 June 2019
	EGP	EGP
Cash in hand	4,952	22,270
Current accounts	36,562,820	6,091,170
	<u>36,567,772</u>	<u>6,113,440</u>

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS For the Period Ended 30 June 2020

12- PROVISIONS

	<i>Balance as at 1 January 2020</i>	<i>Charged during the period</i>	<i>No longer required</i>	<i>Used during the period</i>	<i>Balance as at 30 June 2020</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Provision for expected claims	3,200,001	-	-	(500,000)	2,700,001
Provision for sales returns*	6,763,934	1,655,671	-	-	8,419,605
	<u>9,963,935</u>	<u>1,655,671</u>	<u>-</u>	<u>(500,000)</u>	<u>11,119,606</u>
	<i>Balance as at 1 January 2019</i>	<i>Charged during the year</i>	<i>No longer required</i>	<i>Used during the year</i>	<i>Balance as at 31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
Provision for expected claims	2,071,822	3,768,060	(2,639,881)	-	3,200,001
Provision for sales returns*	5,485,132	1,278,802	-	-	6,763,934
	<u>7,556,954</u>	<u>5,046,862</u>	<u>(2,639,881)</u>	<u>-</u>	<u>9,963,935</u>

*Provision for sales returns is deduced from sales disclosed (NOTE 18).

13- TRADE, NOTES AND OTHER PAYABLES

	<i>30 June 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Trade payables	41,302,885	45,722,280
Notes payables	18,363,011	15,535,918
Accrued expenses	16,253,876	18,075,611
Tax authority (other than income tax)	33,747,660	26,843,000
Advances from customer	6,029,298	20,210,828
Other payables	1,689,035	1,011,781
	<u>117,385,765</u>	<u>127,399,418</u>

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

14- 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 following illustrate the new structure for shareholders as of 30 June 2020:

	<i>%</i>	<i>No. of shares</i>	<i>Amount</i>
Greville Investing Limited	52.74	405,365,000	101,341,250
Other listed Free Shares in Stock Exchange Market	47.26	363,235,000	90,808,750
	<u>100</u>	<u>768,600,000</u>	<u>192,150,000</u>

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS For the Period Ended 30 June 2020

15- 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.

16- CREDIT FACILITIES

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

	30 June 2020 EGP	31 December 2019 EGP
Opening balance	481,938,674	420,514,887
Used during the period	496,248,898	664,519,265
Payment during period	(288,034,762)	(603,095,478)
Ending balance	<u>690,152,810</u>	<u>481,938,674</u>
	30 June 2020 EGP	31 December 2019 EGP
Credit facilities maturing within 12 months	690,152,810	481,938,674
Bank credit	4,903,450	4,397,731
	<u>695,056,260</u>	<u>486,336,405</u>

The interest rate on the Credit facilities ranges from 8 % to 11.25 % as of 30 June 2020 (31 December 2019: Range from 13.50% to 19.25%).

Credit Facilities	Facility amount	Interest rate	Maturity Date	30 June 2020 EGP	31 December 2019 EGP
CIB	250,000,000	0.5%+CBE lending rate	10-Jul-21	82,578,681	113,726,345
		8 % CBE INITAVIE*	24-Dec-20	49,737,787	-
Audi Bank	125,000,000	0.5 %+CBE lending rate	9-Jun-21	100,681,587	110,541,776
		8 % CBE INITAVIE*	31-Dec-20	10,138,644	-
Arab Bank	88,000,000	0.25%+CBE lending	9-Mar-21	44,701,204	43,318,210
		8 % CBE INITAVIE*	27-Dec-20	14,059,012	-
ABK	80,000,000	1 %+CBE lending rate	31-May-21	55,632,456	54,958,042
		8 % CBE INITAVIE*	26-Dec-20	8,004,090	-
ADIB	130,000,000	0.5%+CBE lending rate	12-Jan-21	87,945,239	86,572,770
		8 % CBE INITAVIE*	27-Dec-20	36,674,906	-
Alex Bank	150,000,000	0.25% + CBE lending rate	30-Nov-20	119,999,204	72,821,531
HSBC	88,000,000	CBE lending rate	15-Dec-20	80,000,000	-
Total Credit Facilities				<u>690,152,810</u>	<u>481,938,674</u>

*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.

All of the above facilities are guaranteed by inventories and notes receivables (Note 8, 9 and 10).

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Period Ended 30 June 2020

17- 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.

The Group paid EGP 7,800,000 during the period ended 30 June 2020 and the balance outstanding amounted to EGP 51,075,704 as at 30 June 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.

The Group paid EGP 8,250,000 during the period ended 30 June 2020 and the balance outstanding amounted to EGP 58,723,972 as at 30 June 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.

The balance of loans as of 30 June 2020 as follows:

Loans	Interest rate	30 June 2020 EGP	31 December 2019 EGP
Current portion of long-term loans			
Loan (1)	0.75%+CBE lending rate	39,000,000	31,200,000
Loan (2)	0.85%+CBE lending rate	41,250,000	33,000,000
Total current portion of long-term loans		<u>80,250,000</u>	<u>64,200,000</u>
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		<u>29,549,676</u>	<u>61,649,676</u>
		<u>109,799,676</u>	<u>125,849,676</u>

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Period Ended 30 June 2020

18- REVENUES

	Six-Months Ended		Three-Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	EGP	EGP	EGP	EGP
Sale of goods (net)	418,929,479	365,919,417	196,862,366	183,301,309
Toll manufacturing services revenue	18,531,377	18,436,681	8,178,802	10,900,046
	437,460,856	384,356,098	205,041,168	194,201,355

19- COST OF REVENUES

	Six-Months Ended		Three-Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	EGP	EGP	EGP	EGP
Salaries, social insurance & other benefits	41,694,154	31,330,687	19,339,698	17,613,167
Raw materials	98,667,547	122,469,251	38,819,039	53,766,932
Spare parts and materials	10,548,819	8,719,537	4,477,933	4,078,678
Government fees and medical stamps	4,349,644	2,832,762	2,070,531	2,325,973
Other operating expenses	24,346,214	15,424,845	14,216,621	7,158,771
Energy expenses	19,592,691	9,540,011	8,857,662	6,186,823
Depreciation and amortization (Note 5,7)	23,928,603	13,822,234	12,260,079	7,573,820
Rent	1,897,207	2,896,856	567,968	1,238,243
Maintenance	7,782,048	5,487,409	5,950,068	1,724,933
	232,806,927	212,523,592	106,559,599	101,667,340

20- FINANCE INCOME

	Six-Months Ended		Three-Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	EGP	EGP	EGP	EGP
Interest from Treasury Bills	34,793,015	-	17,141,026	-
Interest from time deposits	15,596	25,010	-	10,862
	34,808,611	25,010	17,141,026	10,862

21- FINANCE EXPENSES

	Six-Months Ended		Three-Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	EGP	EGP	EGP	EGP
Debit interests	49,601,882	47,916,680	20,314,038	25,928,438
Unwinding interests of lease liabilities	1,112,719	-	569,484	-
Bank Charges	1,790,571	2,686,827	815,723	999,822
	52,505,172	50,603,507	21,699,245	26,928,260

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS For the Period Ended 30 June 2020

22- INCOME TAXES

	Six-Months Ended		Three-Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	EGP	EGP	EGP	EGP
Current income tax	(13,375,012)	(7,234,107)	(5,536,412)	(4,237,468)
Deferred income tax	(112,867)	(129,031)	(416,606)	(804,235)
Income tax expense	(13,487,879)	(7,363,138)	(5,953,018)	(5,041,703)

DEFERED INCOME TAXES

	Statement of financial position		Statement of profit or loss	
	30 June 2020	31 December 2019	30 June 2020	30 June 2019
	EGP	EGP	EGP	EGP
Depreciation and amortization	(31,858,358)	(29,762,643)	(2,095,715)	(1,825,706)
Provisions	1,894,411	1,521,885	372,526	99,478
Impairment of trade and notes receivables	1,335,367	766,226	569,141	177,287
Write down in value of inventory	2,550,552	1,431,444	1,119,108	1,136,810
Unrealized foreign exchange differences	8,105	86,032	(77,927)	283,100
Net deferred income taxes	(26,069,923)	(25,957,056)	(112,867)	(129,031)

* 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	30 June 2020	Tax Rate	30 June 2019
		EGP		EGP
Profits before income taxes		56,963,346		28,034,560
Income tax based on tax rate	22.5%	12,816,753	22.5%	6,307,776
Non-deductible expenses		671,126		1,055,362
Effective Tax Rate	23.68%	13,487,879	26.26%	7,363,138

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Period Ended 30 June 2020

23- 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:

	Six-Months Ended		Three-Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	EGP	EGP	EGP	EGP
Basic and diluted, profit for the period	43,765,757	20,961,625	19,870,789	12,896,263
Weighted average number of shares outstanding during the period	768,600,000	768,600,000	768,600,000	768,600,000
Earnings per share	0.0569	0.0273	0.0259	0.0168

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

24- TAX POSITION

a) Corporate Tax

- The Company's records were inspected till the year 2013 and the dispute was ended and the differences are under settlement.
- Discretionary inspection has been made for the years from 2014 to 2017 and it was disputed. Issuance of decision for the actual re-inspection is currently being made.
- 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 due were paid.
- The company is preparing for tax inspection for the years 2016 till 2019.

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.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS For the Period Ended 30 June 2020

25- 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 June 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. The company aims to commence production of Remdesivir over the coming period.