

**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 SEPTEMBER 2020**

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

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

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**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 September 2020 as well as the related condensed statements of profit or loss, Comprehensive income, changes in equity and cash flows for the nine months ended on 30 September 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 September 2020, and of its financial performance and its cash flows for the nine months ended on 30 September 2020 in accordance with Egyptian Accounting Standards.


Ehab Morad Azer
FESAA - FES
(RAA 6537)
(EYSA 87)

Cairo: November 9, 2020

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

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

	Notes	30 September 2020 EGP	31 December 2019 EGP
ASSETS			
Non-current assets			
Fixed assets and projects under construction	(5)	512,512,903	483,452,748
Right of use assets	(6)	17,178,609	-
Intangible assets	(7)	208,671,142	104,648,049
Total non-current assets		738,362,654	588,100,797
Current assets			
Inventories	(8)	343,208,315	214,068,473
Trade and notes receivable	(9)	523,849,494	499,197,383
Treasury Bills	(10)	469,634,145	464,890,000
Due from related parties		25,500	25,500
Prepayments and other receivables		97,961,216	47,132,638
Cash on hand and at banks	(11)	36,373,425	53,935,240
Total current assets		1,471,052,095	1,279,249,234
TOTAL ASSETS		2,209,414,749	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		441,481,953	376,964,719
Total equity of Parent Company		1,141,674,756	1,073,008,281
Non-controlling interest		(1,450,734)	(953,175)
Total equity		1,140,224,022	1,072,055,106
LIABILITIES			
Non-current liabilities			
Long term loans	(17)	45,599,676	61,649,676
Long term lease liabilities	(6)	14,432,607	-
Deferred tax liabilities	(22)	25,665,491	25,957,056
Total non-current liabilities		85,697,774	87,606,732
Current liabilities			
Provisions	(12)	11,528,532	9,963,935
Credit facilities	(16)	757,664,911	486,336,405
Current portion of long-term loans	(17)	58,850,000	64,200,000
Current portion of lease liabilities	(6)	2,550,469	-
Trade, notes and other payables	(13)	138,772,557	127,399,418
Income taxes payable		14,126,484	19,788,435
Total current liabilities		983,492,953	707,688,193
TOTAL LIABILITIES		1,069,190,727	795,294,925
TOTAL LIABILITIES AND EQUITY		2,209,414,749	1,867,350,031

Finance Director

Mohamed Abo Amira



Board Member

Amr Abdallah Morsy



The accompanying notes from (1) to (27) 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 September 2020

	Notes	Nine-Months Ended		Three-Months Ended	
		30 September 2020 EGP	30 September 2019 EGP	30 September 2020 EGP	30 September 2019 EGP
Revenues	(18)	672,858,339	619,459,322	235,397,483	235,103,224
Cost of revenues	(19)	(355,709,365)	(356,110,215)	(122,902,438)	(143,586,623)
GROSS PROFIT		317,148,974	263,349,107	112,495,045	91,516,601
Selling and marketing expenses	(20)	(159,454,432)	(107,461,120)	(56,480,067)	(37,027,226)
General and administrative expenses	(21)	(34,206,204)	(25,111,032)	(10,449,615)	(8,102,540)
Other income		892,928	1,303,501	409,456	326,016
OPERATING PROFIT		124,381,266	132,080,456	45,974,819	46,712,851
Finance income	(22)	49,354,731	29,155	14,546,120	4,145
Finance expenses	(23)	(76,640,831)	(81,292,271)	(24,135,659)	(30,688,764)
Net foreign exchange gain/(loss)		(1,389,377)	(1,577,374)	(1,360,269)	(319,158)
NET FINANCE COST		(28,675,477)	(82,840,490)	(10,949,808)	(31,003,777)
Impairment of trade and notes receivable		(4,768,081)	(1,958,945)	(2,238,567)	(1,171,001)
Provisions	(12)	-	(3,768,059)	-	-
Contribution for health insurance		(1,803,754)	(1,520,541)	(615,836)	(580,212)
PROFITS FOR THE YEAR BEFORE INCOME TAXES		89,133,954	41,992,421	32,170,608	13,957,861
Income taxes	(24)	(20,965,038)	(10,848,023)	(7,477,159)	(3,484,885)
PROFITS FOR THE YEAR		68,168,916	31,144,398	24,693,449	10,472,976
Attributable to:					
Equity holders of the Parent Company		68,666,475	31,612,409	24,900,718	10,650,784
Non-controlling interests		(497,559)	(468,011)	(207,269)	(177,808)
		68,168,916	31,144,398	24,693,449	10,472,976
Earnings Per Share - basic and diluted	(25)	0.0893	0.0411	0.0324	0.014

Finance Director

Mohamed Abo Amira

Board Member

Amr Abdallah Morsy

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 September 2020

	Nine-Months Ended		Three-Months Ended	
	<i>30 September</i> 2020 EGP	30 September 2019 EGP	<i>30 September</i> 2020 EGP	30 September 2019 EGP
PROFITS FOR THE PERIOD	68,168,916	31,144,398	24,693,449	10,472,976
OTHER COMPREHENSIVE INCOME	-	-	-	-
OTHER COMPREHENSIVE INCOME	68,168,916	31,144,398	24,693,449	10,472,976
Attributable to:				
Equity holders of the Parent Company	68,666,475	31,612,409	24,900,718	10,650,784
Non-controlling interest	(497,559)	(468,011)	(207,269)	(177,808)
	68,168,916	31,144,398	24,693,449	10,472,976

The accompanying notes from (1) to (27) 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 September 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	-	-	-	-	31,612,409	31,612,409	(468,011)	31,144,398
Balance as at 30 September 2019	160,900,000	16,649,610	-	278,952	326,183,171	504,011,733	(706,945)	503,304,788
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	-	-	-	-	68,666,475	68,666,475	(497,559)	68,168,916
Balance as at 30 September 2020	192,150,000	20,798,851	486,965,000	278,952	441,481,953	1,141,674,756	(1,450,734)	1,140,224,022

The accompanying notes from (1) to (27) 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 September 2020

	Notes	Nine-Months Ended	
		30 September 2020	30 September 2019
		EGP	EGP
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits for the period before income taxes		89,133,954	41,992,421
Adjustments to reconcile profit before tax to net cash flow:			
Net foreign exchange differences		725,924	52,046
Depreciation and amortization	(5,6,7)	41,216,289	24,768,207
Provision charged	(12)	2,064,597	4,637,344
Impairment of trade and notes receivable	(9)	4,768,081	1,958,944
Impairment of inventory	(8)	15,773,866	5,551,711
Finance income		(13,701,762)	-
Finance expenses	(21)	74,946,456	81,292,272
Unwinding interests of lease liabilities	(21)	1,694,375	-
(Gain) from sale of fixed assets	(5)	(50,934)	(6,999)
		<u>216,570,846</u>	<u>160,245,946</u>
Change in inventories		(137,163,276)	45,783,731
Used of inventory provision		(7,750,432)	-
Change in trade and notes receivable		(29,256,483)	(22,179,370)
Used of Impairment of trade and notes receivable		(163,709)	-
Change in prepayments and other receivables		(72,699,913)	2,052,122
Change in Due to Related Parties		-	3,734,169
Change in trade, notes and other payable		9,387,740	21,588,193
Cash flows (used in) provided from operating activities		<u>(21,075,227)</u>	<u>211,224,791</u>
Debit interests paid		(72,965,407)	(78,348,141)
Provisions used	(12)	(500,000)	(492,087)
Income taxes paid		(26,914,204)	(39,002,080)
NET CASH FLOWS (USED IN) PROVIDED FROM OPERATING ACTIVITIES		<u>(121,454,838)</u>	<u>93,382,483</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire fixed assets	(5)	(20,615,803)	(9,957,801)
Payments to acquire assets under construction	(5)	(42,390,097)	(56,249,398)
Payments to acquire intangible assets	(7)	(108,567,705)	(8,096,871)
Payment to acquire treasury bills		(469,634,145)	-
Matured treasury bills collection		500,000,000	-
Proceeds from sale of fixed assets	(5)	63,299	7,950
Investment in term deposits	(11)	(133,961)	(29,205)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		<u>(141,278,412)</u>	<u>(74,325,325)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Credit facilities used	(16)	734,178,634	424,207,548
Payment of credit facilities	(16)	(462,850,128)	(389,720,584)
Receipts from long term loans	(17)	-	732,226
Payment of long-term loans	(17)	(21,400,000)	(29,610,001)
Change in due from related parties		-	(19,449,533)
Lease payments paid during the period		(4,165,108)	-
NET CASH FLOWS PROVIDED FROM (USED IN) FINANCING ACTIVITIES		<u>245,763,398</u>	<u>(13,840,344)</u>
Net change in cash and cash equivalent during the period		<u>(16,969,852)</u>	<u>5,216,814</u>
Net foreign exchange difference		(725,924)	(52,046)
Cash and cash equivalent - beginning of the year		53,462,159	3,855,115
CASH AND CASH EQUIVALENT - END OF THE PERIOD	(11)	<u>35,766,383</u>	<u>9,019,883</u>

The accompanying notes from (1) to (27) 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 September 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 September 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 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.

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 September 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 September 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	<u>14.17%</u>
Lease liabilities as at 1 January 2020	<u>17,743,169</u>

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

i) Right-of-use assets

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

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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.

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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 95% of total revenue and balance 5% is contributed by toll manufacturing services (30 September 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 period ended 30 September 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" EGP	Export EGP	Private sales EGP	Domestic		
				Veterinary EGP	Tenders EGP	
30 September 2020	32,108,376	28,658,920	455,372,104	-	156,718,939	672,858,339
30 September 2019	28,960,619	33,910,827	414,169,705	1,658,555	140,759,616	619,459,322

Revenue from the top five customers presented 85% of total revenues (30 September 2019: 85%).

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5- FIXED ASSETS

Cost	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		
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	-		6,779,350		6,024,902		681,500		2,269,993		1,906,277		2,953,781		42,390,097		63,005,900
Transferred from assets under construction	-		-		19,194,349		-		-		-		645,927		(19,840,276)		-
Disposals	-		-		(31,032)		(66,800)		-		(4,600)		(684,074)		-		(786,506)
As of 30 September 2020	18,637,425		234,614,923		338,791,913		13,025,828		19,399,917		5,656,268		24,713,246		88,877,467		743,716,987
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 period	-		(5,380,055)		(24,947,366)		(542,650)		(1,205,736)		(292,713)		(1,564,860)		-		(33,933,380)
Disposals	-		-		19,356		66,800		-		3,910		684,075		-		774,141
As of 30 September 2020	-		(56,014,177)		(138,529,474)		(10,059,369)		(9,764,791)		(1,598,602)		(15,237,671)		-		(231,204,084)
Net book value as of 30 September 2020	18,637,425		178,600,746		200,262,439		2,966,459		9,635,126		4,057,666		9,475,575		88,877,467		512,512,903

- The cost of fixed assets as of 30 September 2020 includes EGP 17,331,295 which represents fully depreciated assets that are still in use.

- The cost of asset under construction as of 30 September 2020 includes impairment by EGP 686,437.

- There is a commercial mortgage on the parent company's machines & tools in favor of "Commercial international Bank" against loans & facilities receipts (Note 17), this mortgage is in process of replacement transaction to be against treasury bills instead of machines & tools (Note 10).

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

	30 September 2020	EGP
Cost of revenue	32,211,741	786,506
Selling and marketing expenses	385,949	(774,141)
General and administrative expenses	1,335,690	12,365
	33,933,380	63,299
		50,934

Gain from sale of fixed assets was calculated as follows:

	30 September 2020	EGP
Cost of disposed assets		786,506
Accumulated depreciation of disposed assets		(774,141)
Net book value of disposed assets		12,365
Proceeds from sale of fixed assets		63,299
Gain from sale of fixed assets		50,934

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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)										(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										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										

- 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.

- There is a commercial mortgage on the parent company's machines & tools in favor of "Commercial International Bank" against loans & facilities receipts (Note 17).

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

	31 December 2019	31 December 2019
	EGP	EGP
Cost of revenue	28,593,111	17,878
Selling and marketing expenses	404,691	13,177
General and administrative expenses	2,129,343	4,701
	31,127,145	13,950
		9,249

Gain from sale of fixed assets was calculated as follows:

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

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6- LEASES

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

A) Right of use assets

30 September 2020

EGP

Cost at 1 January 2020	18,206,266
Additions	1,710,640
Total Cost as of 30 September 2020	19,916,906
Accumulated amortization at 1 January 2020	-
Amortization for period	(2,738,297)
Accumulated amortization as of 30 September 2020	(2,738,297)
Net book value as of 30 September 2020	17,178,609

B) Lease liability

30 September 2020

EGP

Opening balance as of 1 January 2020	17,743,169
Additions	1,710,640
Unwinding interests recognized during the period	1,694,375
Lease payments paid during the period	(4,165,108)
As at 30 September 2020	16,983,076
Deduct: Current balance	2,550,469
Non-current balance	14,432,607

7- INTANGIBLE ASSETS

Registration Rights

	<i>30 September 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Cost as at 1 January 2020	122,484,853	113,306,875
Additions	108,567,705	9,177,978
Total cost as at 30 September 2020	231,052,558	122,484,853
Accumulated amortization as at 1 January 2020	(17,836,804)	(12,711,292)
Amortization for the period/ year	(4,544,612)	(5,125,512)
Accumulated amortization as at 30 September 2020	(22,381,416)	(17,836,804)
Net book value as at 30 September 2020	208,671,142	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 17), this mortgage is in process of replacement transaction to be against treasury bills instead of machines & tools (Note 10). Intangible asset balance includes registration right assets under approval amounted to EGP 100,653,382 (31 December 2019: EGP 7,141,500).

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8- INVENTORIES

	<i>30 September 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Raw materials	113,809,907	63,937,785
Packing and packaging materials	50,041,543	32,644,420
Spare parts	7,708,820	7,342,641
Finished goods	139,887,898	75,637,934
Work in progress	27,779,809	24,516,840
Goods in transit	17,525,431	12,803,884
Inventory with others	1,192,474	3,899,102
	<u>357,945,882</u>	<u>220,782,606</u>
Write down in inventories	(14,737,567)	(6,714,133)
	<u>343,208,315</u>	<u>214,068,473</u>

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

	<i>30 September 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Beginning balance	(6,714,133)	(1,570,298)
Charged during the period/year	(15,773,866)	(5,143,835)
Used of inventory provision	7,750,432	-
Ending balance	<u>(14,737,567)</u>	<u>(6,714,133)</u>

- The write down in value of inventories during the year was 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 17), this mortgage is in process of replacement transaction to be against treasury bills instead of raw materials & finished (Note 10).

9- TRADE AND NOTES RECEIVABLES

	<i>30 September 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Trade receivable	253,940,531	265,925,729
Trade receivable – toll manufacturing	13,611,262	13,189,373
Notes receivable	264,307,522	223,487,730
	<u>531,859,315</u>	<u>502,602,832</u>
Impairment in value of trade and notes receivables	(8,009,821)	(3,405,449)
	<u>523,849,494</u>	<u>499,197,383</u>

Notes receivable amounting to EGP 160.7 M are mortgage as a guarantee for the credit facilities (Note 16).

The aging analysis of gross trade and notes receivables before impairment is as follows:

	<i>Total</i>	<i>Neither Past due nor impaired</i>	<i>Past due but not impaired</i>			<i>Impaired</i>	
			<i>Less than 180 days</i>	<i>From 181 to 270 days</i>	<i>From 271 to 365 days</i>		<i>More than 365 days</i>
30 September 2020	523,849,494	262,608,001	245,936,545	12,680,836	2,624,112	-	8,009,821
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 September 2020

9- TRADE AND NOTES RECEIVABLES (CONTINUED)

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

	<i>30 September 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Beginning balance	(3,405,449)	(2,118,559)
Charged during the period	(4,768,081)	(1,286,890)
Used provision	163,709	-
Ending balance	<u>(8,009,821)</u>	<u>(3,405,449)</u>

10- TREASURY BILLS

	<i>30 September 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Treasury bills	502,300,000	500,000,000
Unearned interest	(32,665,855)	(35,110,000)
	<u>469,634,145</u>	<u>464,890,000</u>

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

- CIB is in process of replacement transaction commercial mortgage to be against treasury bills by EGP 80M.

11- CASH ON HAND AND AT BANKS

	<i>30 September 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
a) Egyptian Pounds		
Cash on hand	85,499	49,790
Current accounts	19,382,289	46,630,651
Checks under collection	9,019,206	3,706,012
Term deposits	607,042	473,081
	<u>29,094,036</u>	<u>50,859,534</u>
b) Foreign currencies		
Current accounts	7,279,389	3,075,706
	<u>7,279,389</u>	<u>3,075,706</u>
	<u>36,373,425</u>	<u>53,935,240</u>

Cash balances are denominated in the following currencies:

	<i>30 September 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Egyptian pound (EGP)	29,092,666	50,859,534
US dollar (USD)	7,263,903	3,069,709
Euro (EUR)	16,856	5,997
	<u>36,373,425</u>	<u>53,935,240</u>

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

	<i>30 September 2020</i>	<i>30 September 2019</i>
	<i>EGP</i>	<i>EGP</i>
Cash in hand	85,499	20,802
Current accounts	35,680,884	8,999,081
	<u>35,766,383</u>	<u>9,019,883</u>

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12- PROVISIONS

	<i>Balance as at January 2020</i>	<i>Charged during the period</i>	<i>No longer required</i>	<i>Used during the period</i>	<i>Balance as at September 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	2,064,597	-	-	8,828,531
	<u>9,963,935</u>	<u>2,064,597</u>	<u>-</u>	<u>(500,000)</u>	<u>11,528,532</u>
	<i>Balance as at January 2019</i>	<i>Charged during the year</i>	<i>No longer required</i>	<i>Used during the year</i>	<i>Balance as at 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 September 2020</i>	<i>31 December 2019</i>
	<i>EGP</i>	<i>EGP</i>
Trade payables	56,906,715	45,722,280
Notes payables	14,954,636	15,535,918
Accrued expenses	18,097,865	18,075,611
Tax authority (other than income tax)	41,084,352	26,843,000
Advances from customer	6,419,804	20,210,828
Other payables	1,309,185	1,011,781
	<u>138,772,557</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 September 2020:

	<i>%</i>	<i>No. of shares</i>	<i>Amount</i>
Main Shareholder's Shares	51.25%	393,879,725	98,469,931
Other listed Free Shares in Stock Exchange Market	48.75%	374,720,275	93,680,069
	<u>100</u>	<u>768,600,000</u>	<u>192,150,000</u>

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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 September 2020 EGP	31 December 2019 EGP
Opening balance	481,938,674	420,514,887
Used during the period	738,195,929	664,519,265
Payment during the period	<u>(462,850,128)</u>	<u>(603,095,478)</u>
Ending balance	<u>757,284,475</u>	<u>481,938,674</u>
	30 September 2020 EGP	31 December 2019 EGP
Credit facilities maturing within 12 months	757,284,475	481,938,674
Bank credit	<u>380,436</u>	<u>4,397,731</u>
	<u>757,664,911</u>	<u>486,336,405</u>

The interest rate on the Credit facilities ranges from 8 % to 10.75 % as of 30 September 2020 (31 December 2019: Range from 13.50% to 19.25%).

Credit Facilities	Facility amount EGP	Interest rate	Maturity Date	30 September 2020	31 December 2019
				EGP	EGP
CIB	250,000,000	0.5%+CBE lending rate	10/07/2020	50,278,130	113,726,345
		8 % CBE INITAVIE*	10/07/2020	71,730,111	-
Audi Bank	125,000,000	0.5 %+CBE lending rate	09/06/2021	79,971,084	110,541,776
		8 % CBE INITAVIE*	09/06/2021	24,244,642	-
Arab Bank	88,000,000	0.25%+CBE lending	09/03/2021	46,308,600	43,318,210
		8 % CBE INITAVIE*	09/03/2021	38,249,674	-
ABK	80,000,000	1 %+CBE lending rate	30/09/2021	40,892,730	54,958,042
		8 % CBE INITAVIE*	30/09/2021	26,463,516	-
ADIB	130,000,000	0.5%+CBE lending rate	12/01/2021	71,058,833	86,572,770
		8 % CBE INITAVIE*	12/01/2021	44,108,698	-
Alex Bank	170,000,000	0.25% + CBE lending rate	30/04/2021	91,320,709	72,821,531
		8 % CBE INITAVIE*	30/04/2021	61,571,527	-
AUB	130,000,000	8 % CBE INITAVIE*	31/05/2021	26,474,976	-
HSBC	88,000,000	CBE lending rate	15/12/2020	84,611,245	-
Total Credit Facilities				<u>757,284,475</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 notes receivables and treasury bills (Note 9 and 10).

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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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.

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 2,901,732 during the period ended 30 September 2020 and the balance outstanding amounted to EGP 55,973,972 as at 30 September 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 Company paid EGP 18,498,268 during the period ended 30 September 2020 and the balance outstanding amounted to EGP 48,475,704 as at 30 September 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 30 September 2020 as follows:

Loans	Interest rate	30 September 2020 EGP	31 December 2019 EGP
Current portion of long-term loans			
Loan (1)	0.75%+CBE lending rate	30,250,000	31,200,000
Loan (2)	0.85%+CBE lending rate	28,600,000	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	25,723,972	27,675,704
Loan (2)	0.85%+CBE lending rate	19,875,704	33,973,972
Total non-current portion of long-term loans		45,599,676	61,649,676
		104,449,676	125,849,676

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18- REVENUES

	Nine-Months Ended		Three-Months Ended	
	30 September 2020 EGP	30 September 2019 EGP	30 September 2020 EGP	30 September 2019 EGP
Sale of goods (net)	640,749,963	590,498,703	221,820,484	224,579,286
Toll manufacturing services revenue	32,108,376	28,960,619	13,576,999	10,523,938
	<u>672,858,339</u>	<u>619,459,322</u>	<u>235,397,483</u>	<u>235,103,224</u>

19- COST OF REVENUES

	Nine-Months Ended		Three-Months Ended	
	30 September 2020 EGP	30 September 2019 EGP	30 September 2020 EGP	30 September 2019 EGP
Salaries, social insurance and other benefits	62,365,559	49,052,421	20,671,405	17,721,734
Raw materials	149,674,428	215,691,738	51,006,881	93,222,487
Spare parts and materials	14,986,442	14,428,145	4,437,623	5,708,608
Government fees and medical stamps	7,759,604	5,069,428	3,409,960	2,236,666
Other operating expenses	38,577,023	21,148,189	14,230,809	5,723,344
Energy expenses	29,743,880	16,022,174	10,151,189	6,482,163
Depreciation and amortization (Note 5,7)	36,756,353	22,722,051	12,827,750	8,899,817
Rent	3,163,455	4,706,919	1,266,248	1,810,063
Maintenance	12,682,621	7,269,150	4,900,573	1,781,741
	<u>355,709,365</u>	<u>356,110,215</u>	<u>122,902,438</u>	<u>143,586,623</u>

20- SELLING & MARKETING EXPENSES

	Nine-Months Ended		Three-Months Ended	
	30 September 2020 EGP	30 September 2019 EGP	30 September 2020 EGP	30 September 2019 EGP
Salaries, social insurance and other benefits	87,306,196	58,513,724	31,529,770	22,493,269
Depreciation (Note 5)	3,124,246	301,875	1,058,469	102,625
Rent	34,200	1,988,154	10,500	661,647
Advertising and marketing	68,989,790	46,657,367	23,881,328	13,769,685
	<u>159,454,432</u>	<u>107,461,120</u>	<u>56,480,067</u>	<u>37,027,226</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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21- GENERAL & ADMINISTRATIVE EXPENSES

	Nine-Months Ended		Three-Months Ended	
	30 September 2020 EGP	30 September 2019 EGP	30 September 2020 EGP	30 September 2019 EGP
Salaries, social insurance and other benefits	25,804,650	17,792,352	8,327,888	6,543,525
Professional fees	963,680	3,007,742	157,917	349,121
Maintenance	513,376	314,244	124,592	86,068
Depreciation (Note 5)	1,335,690	1,744,281	490,204	359,722
Others	5,588,808	2,252,413	1,349,014	764,104
	34,206,204	25,111,032	10,449,615	8,102,540

22- FINANCE INCOME

	Nine-Months Ended		Three-Months Ended	
	30 September 2020 EGP	30 September 2019 EGP	30 September 2020 EGP	30 September 2019 EGP
Interest from Treasury Bills	49,330,609	-	14,537,594	-
Interest from time deposits	24,122	29,155	8,526	4,145
	49,354,731	29,155	14,546,120	4,145

23- FINANCE EXPENSES

	Nine-Months Ended		Three-Months Ended	
	30 September 2020 EGP	30 September 2019 EGP	30 September 2020 EGP	30 September 2019 EGP
Debit interests	72,334,806	77,989,260	22,732,924	30,072,580
Unwinding interests of lease liabilities	1,694,375	-	581,656	-
Bank Charges	2,611,650	3,303,011	821,079	616,184
	76,640,831	81,292,271	24,135,659	30,688,764

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

24- INCOME TAXES

	Nine-Months Ended		Three-Months Ended	
	30 September 2020 EGP	30 September 2019 EGP	30 September 2020 EGP	30 September 2019 EGP
Current income tax	(21,256,603)	(10,116,528)	(7,881,591)	(2,882,421)
Deferred income tax	291,565	(731,495)	404,432	(602,464)
Income tax expense	(20,965,038)	(10,848,023)	(7,477,159)	(3,484,885)

DEFERED INCOME TAXES

	Statement of financial position		Statement of profit or loss	
	30 September 2020 EGP	31 December 2019 EGP	30 September 2020 EGP	30 September 2019 EGP
Depreciation and amortization	(32,940,201)	(29,762,643)	(3,177,558)	(2,605,272)
Provisions	1,986,419	1,521,885	464,534	195,589
Impairment of trade and notes receivables	1,802,210	766,226	1,035,984	440,762
Write down in value of inventory	3,236,716	1,431,444	1,805,272	1,249,136
Unrealized foreign exchange differences	249,365	86,032	163,333	(11,710)
Net deferred income taxes	(25,665,491)	(25,957,056)	291,565	(731,495)

* 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 September 2020 EGP	Tax Rate	30 September 2019 EGP
Profits before income taxes		89,133,954		41,992,421
Income tax based on tax rate	22.5%	20,055,140	22.5%	9,448,295
Non-deductible expenses		909,898		1,399,728
Effective Tax Rate	23.52%	20,965,038	25.83%	10,848,023

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 September 2020

25- 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:

	Nine-Months Ended		Three-Months Ended	
	30 September 2020 EGP	30 September 2019 EGP	30 September 2020 EGP	30 September 2019 EGP
Basic and diluted, profit for the period	68,666,475	31,612,409	24,900,718	10,650,784
Weighted average number of shares outstanding during the period	768,600,000	768,600,000	768,600,000	768,600,000
Earnings per share	0.0893	0.0411	0.0324	0.0139

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

26- 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.
- The Company's records were inspected initially from year 2014 till 2017 which were refused by the company and the actual inspection is under process.
- No tax inspection took place for the Company's records for the years from 2018 till 2019.

b) Salary Tax

- The Company's records were inspected till the year 2015 and the taxes 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**

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