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 31 MARCH 2020

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

Condensed Interim Consolidated Financial Statements
For the Period Ended 31 March 2020

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Building a better working world

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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 31 March 2020 as well as the related condensed statements of profit or loss, Comprehensive income, changes in equity and cash flows for the three months ended on 31 March 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 31 March 2020, and of its financial performance and its cash flows for the three months ended on 31 March 2020 in accordance with Egyptian Accounting Standards.

Cairo: May 17, 2020

Allied for Accounting & Auditing
A Member of Ernst & Young Global
المتضامنون للمحاسبة والمراجعة

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 31 MARCH 2020

	Notes	*31 March 2020* *EGP*	*31 December 2019* *EGP*
ASSETS			
Non-current assets			
Fixed assets and projects under construction	(5)	**480,774,902**	483,452,748
Right of use assets	(6)	**17,442,531**	-
Intangible assets	(7)	**199,507,377**	104,648,049
Total non-current assets		**697,724,810**	588,100,797
Current assets			
Inventories	(8)	**229,102,693**	214,068,473
Trade and notes receivable	(9)	**501,016,435**	499,197,383
Treasury Bills	(10)	**464,890,000**	464,890,000
Due from related parties		**25,500**	25,500
Prepayments and other receivables		**81,103,090**	47,132,638
Cash on hand and at banks	(11)	**30,850,412**	53,935,240
Total current assets		**1,306,988,130**	1,279,249,234
TOTAL ASSETS		**2,004,712,940**	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		**396,710,446**	376,964,719
Total equity of Parent Company		**1,096,903,249**	1,073,008,281
Non-controlling interest		**(1,080,216)**	(953,175)
Total equity		**1,095,823,033**	1,072,055,106
LIABILITIES			
Non-current liabilities			
Long term loans	(17)	**45,599,676**	61,649,676
Long term lease liabilities	(6)	**13,844,339**	-
Deferred tax liabilities	(25)	**25,653,317**	25,957,056
Total non-current liabilities		**85,097,332**	87,606,732
Current liabilities			
Provisions	(12)	**9,634,178**	9,963,935
Credit facilities	(16)	**576,876,716**	486,336,405
Current portion of long-term loans	(17)	**66,950,000**	64,200,000
Current portion of lease liabilities	(6)	**2,503,735**	-
Trade, notes and other payables	(13)	**140,200,859**	127,399,418
Income taxes payable		**27,627,087**	19,788,435
Total current liabilities		**823,792,575**	**707,688,193**
TOTAL LIABILITIES		**908,889,907**	**795,294,925**
TOTAL LIABILITIES AND EQUITY		**2,004,712,940**	**1,867,350,031**

Finance Director	**Board Member**
Mohamed Abo Amira	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 31 March 2020

	Notes	**31 March 2020 EGP**	31 March 2019 EGP
Revenues	(18)	**232,419,688**	190,154,743
Cost of revenues	(19)	**(126,247,328)**	(110,856,252)
GROSS PROFIT		**106,172,360**	79,298,491
Selling and marketing expenses		**(48,913,925)**	(33,578,994)
General and administrative expenses		**(11,117,503)**	(10,051,887)
Other income		**307,796**	439,151
Other expenses		**(626,403)**	(464,353)
OPERATING PROFIT		**45,822,325**	35,642,408
Finance income	(20)	**17,667,585**	14,148
Finance expenses	(21)	**(30,805,927)**	(23,675,247)
Net foreign exchange gain/(loss)		**(718,987)**	(836,803)
NET FINANCE COST		**(13,857,329)**	(24,497,902)
Impairment of trade and notes receivable		**(662,208)**	(437,074)
Provisions (net)	(12)	**-**	(54,980)
PROFITS FOR THE YEAR BEFORE INCOME TAXES		**31,302,788**	10,652,452
Income taxes	(22)	**(7,534,861)**	(2,321,435)
PROFITS FOR THE YEAR		**23,767,927**	8,331,017
Attributable to:			
Equity holders of the Parent Company		**23,894,968**	8,065,362
Non-controlling interests		**(127,041)**	265,655
		23,767,927	8,331,017

Earnings per share

Basic and diluted, profit for the year attributable to equity holders of the Parent Company	(23)	**0.0311**	0.0105

Finance Director
Mohamed Abo 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 31 March 2020

	31 March 2020 ***EGP***	*31 March 2019* *EGP*
PROFITS FOR THE PERIOD	**23,767,927**	8,331,017
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	**23,767,927**	8,331,017
Attributable to		
Equity holders of the Parent Company	**23,894,968**	8,065,362
Non-controlling interest	**(127,041)**	265,655
	23,767,927	8,331,017

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 31 March 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	-	-	-	-	8,065,362	8,065,362	265,655	8,331,017
Balance as at 31 March 2019	160,900,000	16,649,610	-	278,952	302,636,124	480,464,686	26,721	480,491,407
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	-	-	-	-	**23,894,968**	**23,894,968**	**(127,041)**	**23,767,927**
Balance as at 31 March 2020	**192,150,000**	**20,798,851**	**486,965,000**	**278,952**	**396,710,446**	**1,096,903,249**	**(1,080,216)**	**1,095,823,033**

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 31 March 2020

	Notes	31 March 2020 EGP	31 March 2019 EGP
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits for the period before income taxes		**31,302,788**	10,652,452
Adjustments to reconcile profit before tax to net cash flow:			
Net foreign exchange differences		**1,093,196**	61,658
Depreciation and amortization	(5,6,7)	**12,961,158**	7,412,234
Provision charged	(12)	**170,243**	596,315
Impairment of trade and notes receivable	(9)	**662,208**	437,074
Impairment of inventory	(8)	**4,115,297**	1,113,168
Finance income		**(17,667,585)**	-
Finance expenses	(21)	**30,262,692**	23,675,247
Unwinding interests of lease liabilities	(21)	**543,235**	-
(Gain) from sale of fixed assets	(5)	-	(3,200)
		63,443,232	43,944,948
Change in inventories		**(19,149,517)**	9,353,544
Change in trade and notes receivable		**(2,481,260)**	4,473,264
Change in prepayments and other receivables		**(16,765,963)**	2,757,361
Change in Due to Related Parties		-	1,244,420
Change in trade, notes and other payable		**8,651,258**	4,280,662
Cash flows provided from operating activities		**33,697,750**	66,054,199
Debit interests paid		**(26,112,458)**	(19,181,095)
Provisions used	(12)	**(500,000)**	-
Income taxes paid		-	(6,431,092)
NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES		7,085,292	40,442,012
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire fixed assets	(5)	**(3,271,450)**	(2,482,697)
Payments to acquire assets under construction	(5)	**(4,806,693)**	(21,756,820)
Payments to acquire intangible assets	(7)	**(96,300,762)**	(8,012,500)
Proceeds from sale of fixed assets	(5)	-	4,151
Investment in term deposits	(11)	**(15,435)**	(14,198)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(104,394,340)**	(32,262,064)
CASH FLOWS FROM FINANCING ACTIVITIES			
Credit facilities used	(16)	**261,536,748**	155,431,816
Payment of credit facilities	(16)	**(170,996,437)**	(147,898,438)
Receipts from long term loans	(17)	-	732,226
Payment of long-term loans	(17)	**(13,300,000)**	(7,717,200)
Change in due from related parties		-	(4,412,925)
Lease payments paid during the period		**(1,938,330)**	-
NET CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES		75,301,981	(3,864,521)
Net change in cash and cash equivalent during the period		**(22,007,067)**	4,315,427
Net foreign exchange difference		**(1,093,196)**	(61,658)
Cash and cash equivalent - beginning of the year		**53,462,159**	3,855,116
CASH AND CASH EQUIVALENT - END OF THE PERIOD	(11)	30,361,896	8,108,885

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 31 March 2020

1- BACKGROUND

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

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

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

The registered office is located at plot No. 5 Second Industrial Zone, 6th of October City – Giza– Egypt.
The consolidated financial statements include the separate financial statements of the Parent Company and its subsidiaries (collectively referred to as the "Group").

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

Below is a brief background about the subsidiaries:

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

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

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

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

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

2- SIGNIFICANT ACCOUNTING POLICIES

2-1 BASIS OF PREPARATION

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

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

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

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 recognised 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 31 March 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 recognised 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 recognised 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 recognised contract liabilities for the expected future rebates, derecognised the provision for rebates under trade payable and accrued expenses.

The management conducted an exercise and concluded that there is no material impact on transition to EAS (48) on 1 January 2020.
The company has implemented the EAS No. (49) "Leases". The standard is defined the principles of recognition, measurement, presentation, and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.
With regard to operating lease contracts for EAS No. (49) "Leases", the company implemented the EAS (49) "Leases" on 01 January 2020.

2-2 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:

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

The Company has used the practical expedient of applying EAS 49 only those contracts that were previously identified as leases.
In adopting EAS 49, the Company has applied the following practical expedients:

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

On adoption of EAS (49), the company has recognised 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 recognised in the statement of financial position as at 31 December 2019.

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

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

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

i) ***Right-of-use assets***

Leases are recognised 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.

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 recognises 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 recognised 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 recognised in interim condensed consolidated statement of comprehensive income.

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

The amounts recognised 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, amortised 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 amortised 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 recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

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 96% of total revenue and balance 4% is contributed by toll manufacturing services (31 March 2019: 96% and 4% 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 31 March 2020 were reported under two segments in the consolidated financial statements.

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

	Services	Sales of pharmaceutical products				
Period	Toll Manufacturing "Domestic" EGP	Export EGP	Private sales EGP	Domestic Veterinary EGP	Tenders EGP	Total EGP
31 March 2020	**10,352,575**	**5,227,965**	**150,713,960**	**-**	**66,125,188**	**232,419,688**
31 March 2019	7,536,635	15,787,736	121,962,570	-	44,867,802	190,154,743

Revenue from the top five customers presented 87% of total revenues (31 March 2019: 84%).

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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*
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	-	635,465	769,349	625,000	178,410	207,457	855,769	4,806,693	**8,078,143**
Transferred from assets under construction	-	-	14,157,204	-	-	-	-	(14,157,204)	-
As of 31 March 2020	**18,637,425**	**228,471,038**	**328,530,247**	**13,036,128**	**17,308,334**	**3,962,048**	**22,653,381**	**56,977,135**	**689,575,736**
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	-	(1,755,326)	(7,895,792)	(157,738)	(392,328)	(81,454)	(473,351)	-	**(10,755,989)**
As of 31 March 2020	-	**(52,389,448)**	**(121,497,256)**	**(9,741,257)**	**(8,951,383)**	**(1,391,253)**	**(14,830,237)**	-	**(208,800,834)**
Net book value as at 31 March 2020	**18,637,425**	**176,081,590**	**207,032,991**	**3,294,871**	**8,356,951**	**2,570,795**	**7,823,144**	**56,977,135**	**480,774,902**

There is a commercial mortgage on all machinery and equipment in favour of the Commercial International Bank as collateral for the loans granted to the Group (note 17).
The cost of fixed assets as of 31 March 2020 includes EGP 17,222,771 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:

	31 March 2020
	EGP
Cost of revenues	**10,227,090**
Selling and marketing expenses	**120,303**
General and administrative expenses	**408,596**
	10,755,989

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

Gain from sale of fixed assets was calculated as follows:

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

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6- LEASES

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

A) Right of use assets

	31 March 2020 EGP
Cost at 1 January 2020	18,206,266
Additions	-
Total Cost as of 31 March 2020	**18,206,266**
Accumulated amortization at 1 January 2020	-
Amortization for period	(763,735)
Accumulated amortization as of 31 March 2020	**(763,735)**
Net book value as of 31 March 2020	**17,442,531**

B) Lease liability

	31 March 2020 EGP
Opening balance as of 1 January 2020	17,743,169
Additions	-
Unwinding interests recognized during the period	543,235
Lease payments paid during the period	(1,938,330)
As at 31 March 2020	**16,348,074**
Deduct: Current balance	**2,503,735**
Non-current balance	**13,844,339**

7- INTANGIBLE ASSETS

	Registration Rights	
	31 March 2020 EGP	31 December 2019 EGP
Cost as at 1 January 2020	**122,484,853**	113,306,875
Additions	**96,300,762**	9,177,978
Total cost as at 31 March 2020	**218,785,615**	122,484,853
Accumulated amortization as at1 January 2020	**(17,836,804)**	(12,711,292)
Amortization for the period/ year	**(1,441,434)**	(5,125,512)
Accumulated amortization as at 31 March 2020	**(19,278,238)**	(17,836,804)
Net book value as at 31 March 2020	**199,507,377**	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 103,442,262 (31 December 2019: EGP 7,141,500).

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8- INVENTORIES

	31 March 2020 EGP	31 December 2019 EGP
Raw materials	**83,815,164**	63,937,785
Packing and packaging materials	**32,622,497**	32,644,420
Spare parts	**7,392,064**	7,342,641
Finished goods	**78,439,984**	75,637,934
Work in progress	**24,995,615**	24,516,840
Goods in transit	**9,675,213**	12,803,884
Inventory with others	**2,991,586**	3,899,102
	239,932,123	220,782,606
Write down in inventories	**(10,829,430)**	(6,714,133)
	229,102,693	214,068,473

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:

	31 March 2020 EGP	*31 December 2019 EGP*
Beginning balance	**(6,714,133)**	(1,570,298)
Charged during the period/year	**(4,115,297)**	(5,143,835)
Ending balance	**(10,829,430)**	(6,714,133)

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

9- TRADE AND NOTES RECEIVABLES

	31 March 2020 EGP	*31 December 2019 EGP*
Trade receivable	**341,689,521**	265,925,729
Trade receivable – toll manufacturing	**13,001,323**	13,189,373
Notes receivable	**150,393,248**	223,487,730
	505,084,092	502,602,832
Impairment in value of trade and notes receivables	**(4,067,657)**	(3,405,449)
	501,016,435	499,197,383

Notes receivable amounting to EGP 109.8 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*	
31 March 2020	**505,084,092**	**150,393,248**	**302,046,246**	**47,364,285**	**867,050**	**345,606**	**4,067,657**
31 December 2019	502,602,832	223,487,730	264,433,502	10,675,661	530,036	70,454	3,405,449

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9- TRADE AND NOTES RECEIVABLES (CONTINUED)

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

	31 March 2020	*31 December 2019*
	EGP	*EGP*
Beginning balance	**(3,405,449)**	(2,118,559)
Charged during the period	**(662,208)**	(1,286,890)
Ending balance	**(4,067,657)**	(3,405,449)

10- TREASURY BILLS

	31 March 2020	*31 December 2019*
	EGP	*EGP*
Treasury bills	**500,000,000**	500,000,000
Unearned interest	**(35,110,000)**	(35,110,000)
	464,890,000	464,890,000

Some treasury bills are mortgaged as collateral for credit facilities amounted to EGP 88 Million (Note 16).
On 26 February 2020, the company authorized HSBC to sell its treasury bills EGP 500,000,000, due on 18 June 2020.

11- CASH ON HAND AND AT BANKS

	31 March 2020	*31 December 2019*
	EGP	*EGP*
a) Egyptian Pounds		
Cash on hand	**88,539**	49,790
Current accounts	**11,301,359**	46,630,651
Checks under collection	**8,779,267**	3,706,012
Term deposits	**488,516**	473,081
	20,657,681	50,859,534
b) Foreign currencies		
Current accounts	**10,192,731**	3,075,706
	10,192,731	3,075,706
	30,850,412	53,935,240

Cash balances are denominated in the following currencies:

	31 March 2020	31 December 2019
	EGP	EGP
Egyptian pound (EGP)	**20,657,682**	50,859,534
US dollar (USD)	**4,868,247**	3,069,709
Euro (EUR)	**5,324,483**	5,997
	30,850,412	53,935,240

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

	31 March 2020	*31 March 2019*
	EGP	*EGP*
Cash in hand	**88,539**	152,272
Current accounts	**30,273,357**	7,956,613
	30,361,896	8,108,885

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12- PROVISIONS

	Balance as at January 2020	*Charged during the period*	*No longer required*	*Used during the period*	*Balance as at March 2020*
	EGP	*EGP*	*EGP*	*EGP*	*EGP*
Provision for expected claims	**3,200,001**	-	-	**(500,000)**	**2,700,001**
Provision for sales returns*	**6,763,934**	**170,243**	-	-	**6,934,177**
	9,963,935	**170,243**	-	**(500,000)**	**9,634,178**

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

*Provision for sales returns is deduced from sales disclosed.

13- TRADE, NOTES AND OTHER PAYABLES

	31 March 2020	*31 December 2019*
	EGP	*EGP*
Trade payables	**58,807,168**	45,722,280
Notes payables	**9,217,661**	15,535,918
Accrued expenses	**24,999,301**	18,075,611
Tax authority (other than income tax)	**33,578,238**	26,843,000
Advances from customer	**12,746,019**	20,210,828
Other payables	**852,472**	1,011,781
	140,200,859	127,399,418

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 31 March 2020:

	%	*No. of shares*	*Amount*
Greville Investing Limited	51	391,986,000	97,996,500
Other listed Free Shares in Stock Exchange Market	49	376,614,000	94,153,500
	100	**768,600,000**	**192,150,000**

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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:

	31 March 2020 EGP	*31 December 2019 EGP*
Opening balance	**481,938,674**	420,514,887
Used during the period	**258,052,445**	664,519,265
Payment during period	**(170,996,437)**	(603,095,478)
Ending balance	**568,994,682**	481,938,674

	31 March 2020 EGP	*31 December 2019 EGP*
Credit facilities maturing within 12 months	**568,994,682**	481,938,674
Bank credit	**7,882,034**	4,397,731
	576,876,716	486,336,405

The interest rate on the Credit facilities ranges from 10.25 % to 14.75 % as of 31 March 2020 (31 December 2019: Range from 13.50% to 19.25%).

Credit Facilities	Facility amount EGP	Interest rate	Maturity Date	*31 March 2020 EGP*	*31 December 2019 EGP*
CIB	250,000,000	0.5%+ CBE lending rate	10-Jul-20	**94,912,044**	113,726,345
Audi Bank	125,000,000	0.5 %+ CBE lending rate	30-Jun-20	**113,121,632**	110,541,776
Arab Bank	88,000,000	0.25%+ CBE lending rate	9-Mar-21	**16,651,544**	43,318,210
ABK	80,000,000	1%+ CBE lending rate	30-Apr-20	**65,339,748**	54,958,042
ADIB	130,000,000	0.5% + CBE lending rate	12-Jan-21	**88,401,393**	86,572,770
Alex Bank	150,000,000	0.25% + CBE lending rate	30-Nov-20	**112,968,321**	72,821,531
HSBC Bank	88,000,000	CBE lending rate	16-Sep-20	**77,600,000**	-
Total Credit Facilities				**568,994,682**	481,938,674

All of the above facilities are collateralized by inventories, notes receivables and treasury bills (Note 8,9 and 10)

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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.

The Group paid EGP 7,800,000 during the period ended 31 March 2020 and the balance outstanding amounted to EGP 51,075,704 as at 31 March 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 5,500,000 during the period ended 31 March 2020 and the balance outstanding amounted to EGP 61,473,972 as at 31 March 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 31 March 2020 as follows:

Loans	Interest rate	*31 March 2020 EGP*	*31 December 2019 EGP*
Current portion of long-term loans			
Loan (1)	0.75%+CBE lending rate	**31,200,000**	31,200,000
Loan (2)	0.85%+CBE lending rate	**35,750,000**	33,000,000
Total current portion of long-term loans		**66,950,000**	64,200,000
Non-current portion of long-term loans			
Loan (1)	0.75%+CBE lending rate	**19,875,704**	27,675,704
Loan (2)	0.85%+CBE lending rate	**25,723,972**	33,973,972
Total non-current portion of long-term loans		**45,599,676**	61,649,676
		112,549,676	125,849,676

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18- REVENUES

	31 March 2020 *EGP*	*31 March 2019* *EGP*
Sale of goods (net)	**222,067,113**	182,618,108
Toll manufacturing services revenue	**10,352,575**	7,536,635
	232,419,688	190,154,743

19- COST OF REVENUES

	31 March 2020 *EGP*	*31 March 2019* *EGP*
Salaries, social insurance and other fringe benefits	**22,354,456**	13,717,520
Raw materials	**59,848,508**	68,702,319
Spare parts and materials	**6,070,886**	4,640,859
Government fees and medical stamps	**2,279,113**	506,789
Other operating expenses	**10,129,593**	8,266,074
Energy expenses	**10,735,029**	3,353,188
Depreciation and amortization (Note 5,7)	**11,668,524**	6,248,414
Rent	**1,329,239**	1,658,613
Maintenance	**1,831,980**	3,762,476
	126,247,328	110,856,252

20- FINANCE INCOME

	31 March 2020 *EGP*	*31 March 2019* *EGP*
Interest from Treasury Bills	**17,651,989**	-
Interest from time deposits	**15,596**	14,148
	17,667,585	14,148

21- FINANCE EXPENSES

	31 March 2020 *EGP*	*31 March 2019* *EGP*
Debit interests	**29,287,844**	21,988,242
Unwinding interest for lease liabilities	**543,235**	-
Bank Charges	**974,848**	1,687,005
	30,805,927	23,675,247

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22- INCOME TAXES

	31 March 2020 EGP	*31 March 2019* EGP
Current income tax	**(7,838,600)**	(2,996,638)
Deferred income tax	**303,739**	675,203
	(7,534,861)	(2,321,435)

DEFERED INCOME TAXES

	Statement of financial position		*Statement of profit or loss*	
	31 March 2020 EGP	*31 December 2019 EGP*	***31 March 2020 EGP***	*31 March 2019 EGP*
Depreciation and amortization	**(30,676,009)**	(29,762,643)	**(913,366)**	(25,092)
Provisions	**1,560,190**	1,521,885	**38,305**	121,800
Impairment of trade and notes receivables	**915,223**	766,226	**148,997**	98,341
Write down in value of inventory	**2,357,386**	1,431,444	**925,942**	250,463
Others	**(142,108)**	-	**(142,108)**	-
Unrealized foreign exchange differences	**332,001**	86,032	**245,969**	229,691
Net deferred income taxes	**(25,653,317)**	(25,957,056)	**303,739**	675,203

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

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	Tax Rate	*31 March 2020* EGP	*Tax Rate*	*31 March 2019* EGP
Profits before income taxes		**31,302,788**		10,652,452
Income tax based on tax rate	**22.5%**	**7,043,127**	22.5%	2,396,802
Non-deductible expenses		**491,734**		(75,367)
Effective Tax Rate	**24.07%**	**7,534,861**	21.79%	2,321,435

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Period Ended 31 March 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:

	31 March 2020 *EGP*	*31 March 2019* *EGP*
Basic and diluted, profit for the year attributable to Equity holder of the Parent Company	**23,894,968**	8,065,362
Weighted average number of shares outstanding during the period	**768,600,000**	768,600,000
Earnings per share	**0.0311**	0.0105

- 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.
- No tax inspection took place for the Company's records for the years from 2014 till 2019.

b) Salary Tax

- The Company's records were inspected till the year 2015 and the taxes due were paid.
- No tax inspection took place for the Company's records for the years 2016 till 2019.

c) Stamp Tax

- The Company's records were inspected till 2013 and the taxes due were paid.
- No tax inspection took place for the Company's records 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.
- No inspection took place for the Company's records for the year 2016 till 2019.

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 31 March 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.