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

SEPARATE FINANCIAL STATEMENTS

TOGETHER WITH AUDITOR'S REPORT

FOR THE YEAR ENDED 31 December 2022

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

Separate Financial Statements
For the Year Ended 31 December 2022

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

Report on the Separate Financial Statements
We have audited the accompanying separate financial statements of **TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E) (the "Company")**, represented in the separate statement of financial position as at 31 December 2022, and the related separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

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

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

Opinion
In our opinion, the separate financial statements present fairly in all material respects, the separate financial position of the Company, as at 31 December 2022 and its separate financial performance and its separate cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

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Auditor's Report
TO THE SHAREHOLDERS OF TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E) - (CONTINUED)

Emphasis of Matter

Without qualifying our opinion, we draw attention to note (8) in the accompanying separate financial statements. As stated therein, the Company has investments in subsidiaries and has prepared consolidated financial statements as at and for the year then ended 31 December 2022 in accordance with the Egyptian accounting Standards. For better understanding of the Company's consolidated financial position as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended, the matter necessitates reference to the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

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

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

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المتضامنون للمحاسبة والمراجعة

Ehab Mourad Azer
FESAA – FEST
(RAA 6537)
(EFSAR 87)

Cairo: 07 March 2023

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2022

	Notes	*31 December 2022* *EGP*	*31 December 2021* *EGP*
ASSETS			
Non-current assets			
Fixed assets & Assets under construction	(5)	**540,765,324**	541,954,828
Right of use assets	(6-A)	**16,215,560**	13,032,359
Intangible assets	(7)	**438,483,986**	369,440,856
Investment in subsidiaries	(8)	**1,461,800**	1,461,800
Total non-current assets		**996,926,670**	925,889,843
Current assets			
Inventories	(9)	**335,894,054**	259,350,256
Trade and notes receivable	(10)	**893,048,470**	659,403,591
Treasury Bills	(11)	**361,862,202**	468,010,954
Due from related parties	(34)	**24,422,539**	25,180,985
Prepayments and other receivables	(12)	**75,873,064**	74,784,887
Cash on hand and at banks	(13)	**65,599,444**	13,221,950
Total current assets		**1,756,699,773**	1,499,952,623
TOTAL ASSETS		**2,753,626,443**	2,425,842,466
EQUITY AND LIABILITIES			
Equity			
Capital	(16)	**250,000,000**	250,000,000
Paid under capital increase		**160,606**	-
Legal reserve		**125,000,000**	26,446,118
General reserve	(17)	**397,521,390**	486,965,000
Treasury Shares	(18)	**(65,926,198)**	-
Share based payments reserve	(19)	**14,873,267**	-
Other reserves		**278,952**	278,952
Retained earnings		**788,698,090**	587,471,195
Total equity		**1,510,606,107**	1,351,161,265
LIABILITIES			
Non-current liabilities			
Lease liabilities	(6-B)	**16,343,678**	12,256,160
Deferred tax liabilities	(31)	**51,555,823**	40,498,236
Total non-current liabilities		**67,899,501**	52,754,396
Current liabilities			
Provisions	(14)	**14,158,105**	14,261,845
Credit facilities	(20)	**904,752,873**	820,655,235
Current portion of long-term loans	(21)	-	21,949,676
Current lease liabilities	(6-B)	**3,663,480**	3,130,595
Trade, notes & other payables	(15)	**204,600,751**	128,276,066
Due to related parties	(34)	-	290,361
Income taxes payable		**47,945,626**	33,363,027
Total current liabilities		**1,175,120,835**	1,021,926,805
TOTAL LIABILITIES		**1,243,020,336**	1,074,681,201
TOTAL LIABILITIES AND EQUITY		**2,753,626,443**	2,425,842,466

Finance Director
Mohamed Abo Amira

Board Member
Amr Abdallah Morsy

The accompanying notes from (1) to (38) are an integral part of these separate financial statements.
Auditor's Report Attached.

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

SEPARATE STATEMENT OF PROFIT OR LOSS
For the Year Ended 31 December 2022

	Notes	*31 December 2022*	*31 December 2021*
		EGP	*EGP*
Revenues	(24)	**1,466,318,532**	1,246,433,734
Cost of revenues	(25)	**(771,008,930)**	(667,528,022)
GROSS PROFIT		**695,309,602**	578,905,712
Selling and marketing expenses	(26)	**(296,417,891)**	(251,984,883)
General and administrative expenses	(27)	**(65,230,587)**	(51,400,292)
Other income	(28)	**5,859,530**	40,773
Operating profit		**339,520,654**	275,561,310
Finance income	(29)	**56,732,176**	59,973,000
Finance expenses	(30)	**(92,084,277)**	(94,817,656)
Net foreign exchange losses		**25,651,096**	(596,919)
Finance expense		**(9,701,005)**	(35,441,575)
Impairment of trade and notes receivable	(10)	**(3,576,846)**	-
Provisions	(14)	-	(1,250,000)
Share Based payment expenses	(19)	**(17,847,920)**	-
Contribution for health insurance		**(3,823,609)**	(3,268,141)
PROFITS FOR THE YEAR BEFORE INCOME TAXES		**304,571,274**	235,601,594
Income taxes	(31)	**(69,926,607)**	(53,396,156)
PROFITS FOR THE YEAR		**234,644,667**	182,205,438
Basic Earnings Per Share	(32)	0.2217	0.1675
Diluted Earnings Per Share		0.2200	0.1675

Finance Director

Mohamed Abo Amira

Board Member

Amr Abdallah Morsy

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

SEPARATE STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2022

	31 December 2022	31 December 2021
	EGP	*EGP*
PROFITS FOR THE YEAR	**234,644,667**	182,205,438
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	**234,644,667**	182,205,438

The accompanying notes from (1) to (38) are an integral part of these separate financial statements.

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

SEPARATE STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2022

	Paid up Capital	Paid under capital increase	Legal reserve	General reserve	Treasury Shares	Share Based Payment	Other Reserves	Retained earnings	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as at 1 January 2021	192,150,000	-	20,798,851	486,965,000	-	-	278,952	486,930,158	1,187,122,961
Effect of adoption of EAS (47)	-	-	-	-	-	-	-	(3,467,134)	(3,467,134)
Balance as at 1 January 2021(Adjusted)	192,150,000	-	20,798,851	486,965,000	-	-	278,952	483,463,024	1,183,655,827
Transferred to legal reserve	-	-	5,647,267	-	-	-	-	(5,647,267)	-
Transferred from retained earnings to capital increase	57,850,000	-	-	-	-	-	-	(57,850,000)	-
Dividend distributions	-	-	-	-	-	-	-	(14,700,000)	(14,700,000)
Total comprehensive income for the period	-	-	-	-		-	-	182,205,438	182,205,438
Balance as at 31 December 2022	250,000,000	-	26,446,118	486,965,000	-	-	278,952	587,471,195	1,351,161,265
Balance as at 1 January 2022	**250,000,000**	-	**26,446,118**	**486,965,000**	-	-	**278,952**	**587,471,195**	**1,351,161,265**
Transferred to legal reserve	-	-	**98,553,882**	**(89,443,610)**	-	-	-	**(9,110,272)**	-
Paid under capital increase (Note 16)	-	**160,606**	-	-	-	-	-	-	**160,606**
Acquisition of treasury shares	-	-	-	-	**(65,926,198)**	-	-	-	**(65,926,198)**
Share based Payment reserve	-	-	-	-	-	**14,873,267**	-	-	**14,873,267**
Dividends distribution	-	-	-	-	-	-	-	**(24,307,500)**	**(24,307,500)**
Total comprehensive income for the period	-	-	-	-	-	-	-	**234,644,667**	**234,644,667**
Balance as at 31 December 2022	**250,000,000**	**160,606**	**125,000,000**	**397,521,390**	**(65,926,198)**	**14,873,267**	**278,952**	**788,698,090**	**1,510,606,107**

The accompanying notes from (1) to (38) are an integral part of these separate financial statements.

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

SEPARATE STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2022

	Notes	***31 December 2022***	*31 December 2021*
		EGP	EGP
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits for the year before income taxes		**304,571,274**	235,601,594
Adjustments to reconcile profit before tax to net cash flow:			
Net foreign exchange differences		**(17,220,566)**	187,866
Depreciation and amortization	(5,6,7)	**64,326,560**	45,111,941
Share based payment expense		**17,847,920**	
Provision charged	(14)	**(103,740)**	1,974,226
Impairment of trade and notes receivable	(10)	**3,576,846**	-
Impairment of inventory	(9)	**19,808,279**	16,389,100
Finance income		**(56,724,822)**	(59,960,672)
Finance expenses	(30)	**89,532,944**	92,746,112
Unwinding interests of lease liabilities	(30)	**2,551,333**	2,071,544
Loss from sale of fixed assets	(28)	**128,285**	717,262
		428,294,313	334,838,973
Change in inventories		**(76,126,264)**	45,227,284
Used from inventory provision		**(20,225,813)**	(17,535,422)
Change in trade and notes receivable		**(236,041,998)**	(29,462,425)
Used from Impairment of trade and notes receivable		**(1,179,727)**	-
Change in prepayments and other receivables		**(5,959,091)**	(6,375,852)
Change in trade, notes and other payable		**68,628,816**	31,527,188
Change in due to related parties		**(290,361)**	(112,557)
Cash flows provided from operating activities		**157,099,875**	358,107,189
Debit interests paid		**(84,819,761)**	(89,408,266)
Income taxes paid		**(44,286,421)**	(28,905,238)
NET CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES		**27,993,693**	239,793,685
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire fixed assets	(5)	**(24,769,326)**	(14,483,900)
Payments to acquire assets under construction	(5)	**(9,606,254)**	(38,187,101)
Payments to acquire intangible assets	(7)	**(93,880,155)**	(179,329,910)
Payment to acquire treasury bills	(11)	**(1,322,700,580)**	(1,057,602,853)
Matured treasury bills collection	(11)	**1,461,450,000**	1,125,175,000
Sale of treasury bills		**29,003,101**	-
Proceeds from sale of fixed assets	(5)	**22,850**	22,740
Investment in term deposit	(13)	**(47,260,570)**	491,501
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(7,740,934)**	(163,914,523)
CASH FLOWS FROM FINANCING ACTIVITIES			
Credit facilities used	(18)	**1,205,464,975**	1,172,462,925
Payment of credit facilities	(18)	**(1,121,367,337)**	(1,156,366,726)
Payment of long-term loans	(19)	**(21,949,676)**	(66,450,000)
Acquisition of Treasury shares		**(65,926,198)**	-
Change in due from related parties	(32)	**758,446**	(4,604,658)
Dividends paid during the year		**(24,307,500)**	(14,700,000)
Lease payments paid during the year	(6)	**(5,189,717)**	(4,735,213)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		**(32,517,007)**	(74,393,672)
Net change in cash and cash equivalent during the year		**(12,264,248)**	1,485,490
Net foreign exchange difference		**17,220,566**	(187,866)
Cash and cash equivalent - beginning of the year		**13,106,409**	11,808,785
CASH AND CASH EQUIVALENT - END OF THE YEAR	(13)	**18,062,727**	13,106,409

The accompanying notes from (1) to (38) are an integral part of these separate financial statements.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended 31 December 2022

1- BACKGROUND

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

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

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

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

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

The financial statements for the year ended 31 December 2022 were authorized for issuance in accordance with a resolution of the Board of Directors' dated March 06, 2023.

2- SIGNIFICANT ACCOUNTING POLICIES

2-1 BASIS OF PREPARATION

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

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

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

2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2-2-1 CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Company presents assets and liabilities in the separate statement of financial position based on current/non-current classification. An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting year, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year.

All other assets are classified as non-current.

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

All other liabilities are classified as non-current.

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

2- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-2-2 Foreign Currency Translation

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

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

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

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

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

2-2-3 Fixed assets

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

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

	Years
Buildings	33
Machinery and equipment	20
Transportation and dragging equipment	5-10
Laboratory equipment	10
Tools	10
Furniture and fixtures	4-10

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

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year-end position date. The useful lives of machinery and equipment related to the production activity were re-estimated to be 20 years. Freehold Land is recognized at its acquisition cost and is not depreciated.

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

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

2- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-2-4 Assets under construction
Assets under construction represent the amounts that are incurred for the purpose of constructing or purchasing fixed assets or intangible assets until it is ready to be used in the operation, upon which it is transferred to fixed assets or intangible assets. Assets under construction are valued at cost less impairment.

2-2-5 Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost.

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

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

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

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

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

2-2-6 Investments in subsidiaries
Investments in subsidiaries are investments in entities which the Company has control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Company controls an investee if, and only if, the Company has:
- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

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

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

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

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

2- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-2-7 Available for sale

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

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

2-2-8 Inventory

The inventory elements are valued as follows:

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

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

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

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

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

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

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

The Company assesses whether impairment exists individually, for receivables that are individually significant, or collectively for receivables that are not individually significant.
The calculation of impairment is based on actual incurred historical data. The impairment loss is recognized in the separate statement of profit or loss. Reversal of impairment is recognized in the separate statement of profit or loss in the period in which it occurs.

2- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

2-2-11 Provisions

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

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

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

2-2-12 Social Insurance

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

2-2-13 Legal reserve

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

2-2-14 General Reserve

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

2-2-15 Borrowings

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

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

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

2- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-2-16 Income taxes

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

Current income tax

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

Deferred income tax

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

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

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

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

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

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

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

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

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

2- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-2-17 Dividends
The Company recognizes a liability to pay a dividend when the distribution is authorized and distribution is no longer at the discretion of the Company. As per law 159, a distribution is authorized when it is approved by the shareholders in the general assembly meeting.

2-2-18 Interest income
Interest income is recognized as interest accrues using the effective interest "EIR" method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

2-2-19 Expenses
All expenses including cost of revenues, general and administrative expenses, selling and marketing expenses, finance expenses and other expenses are recognized and charged to the separate statement of profit or loss in the financial year in which these expenses are incurred.

2-2-20 Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2-2-21 Leases (as a lessee)
Lease contracts are classified as operating lease in accordance with the Egyptian accounting standards and Egyptian laws and regulations, where the lease payments are recognized as an expense on a straight-line basis over the lease term.

2-2-22 Related party transactions
Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Boards of Directors.

2-2-23 Contingent Liabilities and Assets
Contingent liabilities are not recognized in the separate financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the separate financial statements but disclosed when an inflow of economic benefits is probable.

2-2-24 Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

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

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

2- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4-24 Fair value measurement (continued)

For assets traded in an active market, fair value is determined by reference to quoted market bid prices.
The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.
For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2-4-25 Impairment of assets

Impairment of financial assets

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

Impairment of non-financial assets

The Company assesses at each financial position date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset or cash-generating units (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Impairment losses are recognized in the separate statement of profit or loss.
A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the separate statement of profit or loss.

2- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4-26 Statement of cash flows
The statement of cash flows is prepared using the indirect method.

2-4-27 Cash and cash equivalent
For the purpose of preparing the separate statement of cash flow, the cash and cash equivalent comprise of cash on hand, current accounts with banks and time deposits maturing within three months.

2-4-28 Interest income
Interest income is recognized as interest accrues using the effective interest "EIR" method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

3- SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these separate financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.
Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.
The key judgments and estimates that have a significant impact on the separate financial statements of the Company are discussed below:

3-1 Judgments
Revenue Recognition for sale of goods
In making their judgment, the management considered the detailed criteria for the recognition of revenue from the sale of goods as set out in “EAS 48 Revenue from contracts with customers’’ including the judgement about whether significant risks and rewards have been transferred.

3-2- Estimates
Impairment of trade and other receivables
An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimate is performed on an individual basis. Amounts which are not individually significant, but are past due, are assessed collectively and a provision is applied according to the length of time past due, based on historical recovery rates.

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

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

3- SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Useful lives of intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

Taxes

The Company is subject to income taxes in Egypt. Significant judgment is required to determine the total provision for current and deferred taxes. The Company establishes provision, based on reasonable estimates, for possible consequences of audits by the tax authorities in Egypt. The amount of such provision is based on various factors, such as experience of previous tax audits and different interpretations of tax regulations by the Company and the responsible tax authority. Such differences of interpretations may be on a wide variety of issues depending on the conditions prevailing in Egypt.

Deferred tax assets are recognized for unused accumulated tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets

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

4- SEGMENT INFORMATION

Currently the Company's primary business segment is the production and selling of pharmaceutical products which contributes to 90% of total revenue and balance 10% is contributed by toll manufacturing services (31 December 2021: 94% and 6% respectively). The Company's management monitors the business under two segments, "production and selling of pharmaceutical products" and "manufacturing for others" (Toll manufacturing) for the purpose of making business decisions. Accordingly, the Company's revenues during the year ended 31 December 2022 were reported under two segments in the separate financial statements.

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

	Services	*Sales of pharmaceutical products*			
	Toll Manufacturing		*Domestic*		
Year	*"Domestic"*	*Export*	*Private sales*	*Tenders*	*Total*
	EGP	*EGP*	*EGP*	*EGP*	*EGP*
31 December 2022	**146,996,624**	**106,506,582**	**1,049,832,376**	**162,982,950**	**1,466,318,532**
31 December 2021	77,490,353	87,872,886	829,080,259	251,990,236	1,246,433,734

Revenue from the top five customers presented 77% of total pharmaceutical products revenues (31 December 2021: 84%).

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5- FIXED ASSETS AND ASSETS UNDER CONSTRUCTION

	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 2022	18,637,425	273,341,106	414,773,502	13,369,898	28,261,762	6,022,977	29,123,411	27,041,385	810,571,466
Additions	-	5,274,519	9,935,733	1,898,136	2,181,576	1,333,683	4,145,679	9,606,254	34,375,580
Transferred from assets under construction	-	556,909	20,329,505	1,037,870	1,811,035	-	54,105	(23,789,424)	-
Disposals	-	-	(179,150)	-	(271,696)	(11,268)	(211,795)	-	(673,909)
As of 31 December 2022	18,637,425	279,172,534	444,859,590	16,305,904	31,982,677	7,345,392	33,111,400	12,858,215	844,273,137
Accumulated depreciation									
As of 1 January 2022	-	(66,075,076)	(163,135,409)	(10,890,741)	(8,406,398)	(2,234,098)	(17,874,916)	-	(268,616,638)
Depreciation for the period	-	(8,814,811)	(19,475,517)	(816,681)	(2,800,934)	(588,204)	(2,917,802)	-	(35,413,949)
Disposals	-	-	150,442	-	179,807	4,051	188,474	-	522,774
As of 31 December 2022	-	(74,889,887)	(182,460,484)	(11,707,422)	(11,027,525)	(2,818,251)	(20,604,244)	-	(303,507,813)
Net book value as of 31 December 2022	18,637,425	204,282,647	262,399,106	4,598,482	20,955,152	4,527,141	12,507,156	12,858,215	540,765,324

- The cost of fixed assets as of 31 December 2022 includes EGP 110,490,122 which represents fully depreciated assets that are still in use.
- The cost of asset under construction as of 31 December 2022 includes impairment by EGP 686,437, (EGP 686,437 as at 31 December 2021).

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

	31 December 2022
	EGP
Cost of revenue	32,581,460
Selling and marketing expenses	825,673
General and administrative expenses	2,006,816
	35,413,949

Loss from sale of fixed assets was calculated as follows:

	31 December 2022
	EGP
Cost of disposed assets	673,909
Accumulated depreciation of disposed assets	(522,774)
Net book value of disposed assets	151,135
Proceeds from sale of fixed assets	22,850
Loss from sale of fixed assets	(128,285)

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5- FIXED ASSETS AND ASSETS UNDER CONSTRUCTION (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 2021	18,637,425	257,225,388	397,711,971	13,025,828	20,292,443	5,689,305	25,385,313	26,589,818	764,557,491
Additions	-	2,628,798	6,387,704	344,070	3,454,965	357,601	1,310,762	38,187,101	52,671,001
Transferred from assets under construction	-	13,486,920	13,639,600	-	7,938,130	-	2,670,884	(37,735,534)	-
Disposals	-	-	(2,965,773)	-	(3,423,776)	(23,929)	(243,548)	-	(6,657,026)
As at 31 December 2021	18,637,425	273,341,106	414,773,502	13,369,898	28,261,762	6,022,977	29,123,411	27,041,385	810,571,466
Accumulated depreciation									
As at 1 January 2021	-	(57,853,893)	(147,381,612)	(10,254,249)	(9,971,721)	(1,728,708)	(15,466,027)	-	(242,656,210)
Depreciation for the year	-	(8,221,183)	(18,065,453)	(636,492)	(1,787,573)	(524,798)	(2,641,953)	-	(31,877,452)
Disposals	-	-	2,311,656	-	3,352,896	19,408	233,064	-	5,917,024
As at 31 December 2021	-	(66,075,076)	(163,135,409)	(10,890,741)	(8,406,398)	(2,234,098)	(17,874,916)	-	(268,616,638)
Net book value as at 31 December 2021	18,637,425	207,266,030	251,638,093	2,479,157	19,855,364	3,788,879	11,248,495	27,041,385	541,954,828

- The cost of fixed assets as of 31 December 2022 include EGP 106,816,740 which represents fully depreciated assets that are still in use.
- The cost of asset under construction as of 31 December 2022 includes impairment by EGP 686,437 .

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

	31 December 2021
	EGP
Cost of revenue	29,340,376
Selling and marketing expenses	629,764
General and administrative expenses	1,907,312
	31,877,452

Loss from sale of fixed assets was calculated as follows:

	31 December 2021
	EGP
Cost of disposed assets	6,657,026
Accumulated depreciation of disposed assets	(5,917,024)
Net book value of disposed assets	740,002
Proceeds from sale of fixed assets	22,740
Loss from sale of fixed assets	(717,262)

6- LEASES

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

A) Right of use assets

	31 December 2022	*31 December 2021*
	EGP	*EGP*
Cost at 1 January 2022	**20,558,589**	19,916,906
Additions	**7,258,787**	641,683
Total Cost as of 31 December 2022	**27,817,376**	20,558,589
Accumulated amortization at 1 January 2022	**(7,526,230)**	(3,658,601)
Amortization for year	**(4,075,586)**	(3,867,629)
Accumulated amortization as of 31 December 2022	**(11,601,816)**	(7,526,230)
Net book value as of 31 December 2022	**16,215,560**	13,032,359

B) Lease liability

	31 December 2022	*31 December 2021*
	EGP	*EGP*
Opening balance as of 1 January 2022	**15,386,755**	17,409,223
Additions	**7,258,787**	641,683
Unwinding interests recognized during the year	**2,551,333**	2,071,062
Lease payments paid during the year	**(5,189,717)**	(4,735,213)
As at 31 December 2022	**20,007,158**	15,386,755
Deduct: Current balance	**3,663,480**	3,130,595
Non-current balance	**16,343,678**	12,256,160

7- INTANGIBLE ASSETS

	Registration Rights	
	31 December 2022	*31 December 2021*
	EGP	*EGP*
Cost as at 1 January 2022	**400,271,629**	220,941,719
Additions	**93,880,155**	185,522,410
Transferred to Ramepharma company	**-**	(6,192,500)
Total cost as at 31 December 2022	**494,151,784**	400,271,629
Accumulated amortization as at1 January 2022	**(30,830,773)**	(21,463,913)
Amortization for the year	**(24,837,025)**	(9,366,860)
Accumulated amortization as at 31 December 2022	**(55,667,798)**	(30,830,773)
Net book value as at 31 December 2022	**438,483,986**	369,440,856

7- INTANGIBLE ASSETS (Continued)

- The balance of the intangible assets represents the cost of acquiring the registration rights of certain pharmaceutical products and is amortized using the straight-line method over their useful life (20 years).
- Management estimate the expected future benefit of the registration rights to be utilize over 20 years, and assessed for impaired whenever there is an indication that the economic benefit of the product is impaired.
- Intangible asset balance includes registration right assets under approval amounted to EGP 34,917,222 (31 December 2021: EGP 28,914,832).

8- INVESTEMENT IN SUBSIDARIES

	Country of incorporate	%	*31 December 2022* EGP	%	*31 December 2021* EGP
Rameda for Pharmaceuticals Trading	Egypt	**99,97%**	**1,437,300**	99,97%	1,437,300
Ramecare Company	Egypt	**49%**	**12,250**	49%	12,250
Ramepharma Company	Egypt	**49%**	**12,250**	49%	12,250
			1,461,800		1,461,800

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

9- INVENTORIES

	31 December 2022	*31 December 2021*
	EGP	*EGP*
Raw materials	**127,123,447**	110,924,816
Packing and packaging materials	**66,850,553**	38,421,560
Spare parts	**19,009,433**	14,549,227
Finished goods	**77,537,207**	65,107,399
Work in progress	**51,192,105**	27,652,773
Goods in transit	**4,657,299**	13,148,916
Inventory with others	**180,370**	619,459
	346,550,414	270,424,150
Write down in inventories	**(10,656,360)**	(11,073,894)
	335,894,054	259,350,256

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

	31 December 2022	*31 December 2021*
	EGP	*EGP*
Beginning balance	**(11,073,894)**	(12,220,216)
Charge during the year	**(19,808,279)**	(16,389,100)
Used of inventory provision	**20,225,813**	17,535,422
Ending balance	**(10,656,360)**	(11,073,894)

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

10- TRADE AND NOTES RECEIVABLE

	31 December 2022	*31 December 2021*
	EGP	*EGP*
Trade receivable	**254,831,970**	265,101,013
Trade receivable – toll manufacturing	**31,131,130**	9,297,115
Notes receivable	**617,917,083**	393,440,057
	903,880,183	667,838,185
Impairment of trade and notes receivable	**(10,831,713)**	(8,434,594)
	893,048,470	659,403,591

Notes receivable amounting to 398 MEGP are mortgage as a guarantee for the credit facilities (Note 20).

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 December 2022	**903,880,183**	**610,800,871**	**282,240,737**	**2,998**	**3,864**	**-**	**10,831,713**
31 December 2021	667,838,185	391,733,509	258,323,939	5,494,294	3,302,589	549,260	8,434,594

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

	31 December 2022	*31 December 2021*
	EGP	*EGP*
Balance as at 1 January 2021 before effect of adoption of EAS (47)	-	(4,967,460)
Effect of adoption of EAS (47)	-	(3,467,134)
Balance as at 1 January 2021 after effect of adoption of EAS (47)	**(8,434,594)**	(8,434,594)
Charged during the year	**(3,576,846)**	-
Used provision	**1,179,727**	-
Ending balance	**(10,831,713)**	(8,434,594)

11- TREASURY BILLS

	31 December 2022	*31 December 2021*
	EGP	*EGP*
Treasury bills	**378,900,000**	496,100,000
Unearned interest	**(17,037,798)**	(28,089,046)
	361,862,202	468,010,954

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For the Year Ended 31 December 2022

12- PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2022 ***EGP***	*31 December 2021* *EGP*
Prepaid expenses	**2,828,758**	991,484
Accrued interests	**2,107,871**	6,978,785
Advances to suppliers	**10,588,327**	10,733,798
Tax authority	**18,198,404**	14,871,038
Social insurance authority	**-**	808,203
Letters of credit margin	**35,332,976**	29,508,859
Deposits with others	**2,175,017**	2,457,871
Employees’ imprests and advances	**1,681,681**	3,647,627
Customs-authority	**908,863**	1,475,993
Other receivables	**2,051,167**	3,311,229
	75,873,064	74,784,887

13- CASH ON HAND AND AT BANKS

	31 December 2022 ***EGP***	*31 December 2021* *EGP*
a) Egyptian Pounds		
Cash on hand	**2,020,529**	51,897
Current accounts	**4,011,357**	3,983,825
Checks under collection	**7,179,075**	6,984,687
Term deposits (Maturing within 3 months)	**394,811**	115,541
	13,605,772	11,135,950
b) Foreign currencies		
Cash on hand	**12,815**	24,148
Current accounts	**4,999,557**	2,061,852
Term deposits (Maturing within 3 months)	**46,981,300**	-
	51,993,672	2,086,000
	65,599,444	13,221,950

Cash balances are denominated in the following currencies:

	31 December 2022 ***EGP***	*31 December 2021* *EGP*
Egyptian pound (EGP)	**13,605,772**	11,135,950
US dollar (USD)	**51,964,068**	332,147
Euro (EUR)	**29,604**	1,753,853
	65,599,444	13,221,950

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

	31 December 2022 **EGP**	*31 December 2021* EGP
Cash in hand	**2,033,344**	76,045
Checks under collection	**7,179,075**	6,984,687
Current accounts	**8,850,308**	6,045,677
	18,062,727	13,106,409

14- PROVISIONS

	Balance as at 1 January 2022 EGP	*Charged during the year EGP*	*Used during the year EGP*	*Balance as at 31 December 2022 EGP*
Provision for expected claims	**5,550,001**	**-**	**-**	**5,550,001**
Provision for sales returns*	**8,711,844**	**-**	**(103,740)**	**8,608,104**
	14,261,845	**-**	**(103,740)**	**14,158,105**

	Balance as at 1 January 2021 EGP	*Charged during the year EGP*	*Used during the year EGP*	*Balance as at 31 December 2021 EGP*
Provision for expected claims	4,300,001	1,250,000	-	5,550,001
Provision for sales returns*	7,987,618	724,226	-	8,711,844
	12,287,619	1,974,226	-	14,261,845

*Provision for sales returns is deducted from sales disclosed in note (24).

15- TRADE, NOTES AND OTHER PAYABLE

	31 December 2022 EGP	*31 December 2021 EGP*
Trade payable	**120,246,841**	61,522,201
Notes payable	**5,423,773**	21,946,601
Accrued expenses	**50,670,068**	29,793,723
Tax authority (other than income tax)	**11,782,414**	7,226,570
Advances From Customers	**10,784,502**	5,716,158
Other payables	**5,693,153**	2,070,813
	204,600,751	128,276,066

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

16- CAPITAL

The Company's authorized capital amounted to EGP 1 billion, whereas the issued and paid up capital amounted to EGP 250,000,000 divided over 1,000,000,000 shares of par value EGP 0.25 each.
The extraordinary General Assembly meeting held on May 19, 2021 decided to increase the paid-in capital by 57,850,000 Egyptian pounds by distributing bonus shares of 0.3010668748 free shares for each original share of the company's shares before the increase of 768,600,000 shares with reparations in favor of small shareholders from the smallest to The largest has to finance the increase in shares from the company's distributable net profits (profits for the year + retained earnings) for the fiscal year ending on December 31, 2020, so the company's issued capital after the increase becomes 250,000,000 Egyptian pounds distributed over 1,000,000,000 shares with a nominal value of EGP 0.25 per share.

Based on the decision of the Extraordinary General Assembly on October 14, 2020, the meeting of the Board of Directors held on January 4, 2023 decided to increase the company's issued and paid-up capital from 250,000,000 Egyptian pounds to 252,112,680 Egyptian pounds, an increase of 2,112,680 Egyptian pounds distributed over 8,450,720 shares, funded by the payments of the beneficiaries of the system provided that the increase is allocated entirely for the benefit of the system of rewarding and motivating the company's employees, so that the company's issued capital after the increase will be 252,112,680 EGP paid in full distributed over 1,008,450,720 shares with a nominal value of 0.25 EGP. The amount paid under capital

16- CAPITAL (CONTINUED)

increase reach EGP 160,606 as of 31 December 2022, According to the bank certificate issued by Arab Bank on January 9, 2023, the company's issued and paid-up capital was increased from 250,000,000 EGP to 252,112,680 EGP, an increase of 2,112,680 EGP distributed over 8,450,720 shares (Note 19).

The following illustrate the structure for shareholders:

	%	*No. of shares*	*Amount EGP*
Main Shareholder's Shares	33.15%	331,574,309	82,893,577
Treasury Shares	2.95%	29,470,000	7,367,500
Other listed Free Shares in Stock Exchange Market	63.90%	638,955,691	159,738,923
	100%	**1,000,000,000**	**250,000,000**

The structure for shareholders as at 31 December 2021:	*%*	*No. of shares*	*Amount EGP*
Main Shareholder's Shares	43.14%	431,370,071	107,842,518
Other listed Free Shares in Stock Exchange Market	56.86%	568,629,929	142,157,482
	100%	**1,000,000,000**	**250,000,000**

17- TREASURY SHARES

The board members meeting held on February 23, 2022, May 31, 2022 and 4 September 2022 decided to re-purchase treasury shares up to 10% of the total shares of the company’s issued capital available in the market. According to board of director resolutions on 23 February 2022, May 31, 2022 and 4 September 2022, the company purchased 29,470,000 shares from the stock market and held in treasury for a total consideration of EGP 65,926,198. The consideration paid has been accounted for as a reserve in the statement of shareholder’s' equity.

18- SHARE BASED PAYMENT RESERVE

The company has approved the reward and incentive program for employees, managers and executive board members under the program the company grant the beneficiaries Ordinary share options at the nominal value in accordance with the approval of the Extraordinary General Assembly on October 14, 2020, and this program allows employees, managers and executive board members who benefit from the incentive and reward system to own part of the company’s shares in accordance to listing and Trading Rules of Egyptian Stock Exchange under the provisions of Law 159 for year 1981 and its executive regulations and under the provision of law 95 for year 1992 and its executive regulations.

On 25 March 2022 the company activated the reward and incentive program. Giving number of employees, managers and executive board members share options for total of 8,450,720 shares at the nominal value (0.25 EGP per share) on condition of staying in service for the required period till the exercise date on 1 November 2022 an archiving the required performance appraisal. Each employee was granted maximum number of shares according to contracts giving one month period from the exercise date to exercise the purchasing right. The fair value of the granted shares for numbers of employees were 14,873,267 Egyptian Pound using the price of the share announced in the Egyptian Stock Exchange on the grant date (2.01 EGP for share) before the deduction of the nominal value of shares that would be paid by the beneficiaries in cash.

Movement of Equity instruments in the period as follow:

	Amount	**Shares No.**
Balance at 1 January 2022	-	-
Granted during the year	**14,873,267**	**8,450,720**
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Total shares at the end of year	**14,873,267**	**8,450,720**

19- GENERAL RESERVE

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.

Pursuant to Article (94) of the executive regulations of the Shareholding Companies Law promulgated by Law No. 159 of 1981, an amount of 89,443,610 Egyptian pounds has been transferred to the legal reserve, amounting to 50% of the value of the issued and paid-up capital.

20- CREDIT FACILITIES

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

	31 December 2022 EGP	*31 December 2021 EGP*
Opening balance	**819,720,928**	802,184,216
Used during the year	**1,195,291,001**	1,173,903,438
Payment during the year	**(1,121,367,337)**	(1,156,366,726)
Ending balance	**893,644,592**	819,720,928

	31 December 2022 EGP	*31 December 2021 EGP*
Credit facilities maturing within 12 months	**893,644,592**	819,720,928
Bank credit	**11,108,281**	934,307
	904,752,873	820,655,235

The interest rate on the Credit facilities ranges from 8 % to 18.25% as of 31 December 2022 (31 December 2021: Range from 8% to 9.75%).

Credit Facilities	Facility amount EGP	Interest rate	*Maturity Date*	***31 December 2022 EGP***	*31 December 2021 EGP*
CIB	250,000,000	0.25%+CBE lending rate	14-Mar-23	**102,163,279**	124,385,085
		8 % CBE INITAVIE*	14-Mar-23	**78,085,383**	55,837,267
FAB Bank	125,000,000	0.5 %+CBE lending rate	31-Dec-23	**23,809,186**	49,314,262
		8 % CBE INITAVIE*	31-Dec-23	**40,038,250**	31,062,538
Arab Bank	88,000,000	0.25%+CBE lending	6-Jul-23	**36,344,373**	-
		8 % CBE INITAVIE*	6-Jul-23	**37,502,956**	36,589,690
ABK Bank	120,000,000	0.5 %+CBE lending rate	31-Oct-23	**49,104,435**	31,950,265
		8 % CBE INITAVIE*	31-Oct-23	**46,032,065**	48,229,814
ADIB	150,000,000	0.5%+CBE lending rate	7-Apr-23	**42,539,694**	51,517,333
		8 % CBE INITAVIE*	7-Apr-23	**88,951,891**	83,650,090
Alex Bank	170,000,000	8% + CBE lending rate	30-Jun-23	**164,828,846**	145,589,868
AUB	130,000,000	0.35% + CBE lending rate	1-Jun-23	**41,675,898**	28,933,333
		8 % CBE INITAVIE*	1-Jun-23	**51,546,612**	45,426,752
ENBD	100,000,000	8 % CBE INITAVIE*	31-Oct-23	**75,911,472**	87,234,631
		0.25%+CBE lending rate	31-Oct-23	**15,110,252**	-
Total Credit Facilities				**893,644,592**	819,720,928

*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.

Some of the above facilities are guaranteed by notes receivables (Note 10).

21- LONG TERM LOANS

Loan (1):
During the year 2017, the Company signed an agreement with Commercial International Bank to obtain a loan amounting to EGP 86,422,000 with an annual interest rate of 1.25% over the Corridor rate repayable over 36 monthly installments starting from 29 October 2018 and maturing on 29 March 2021 **"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 9,475,704 during the year ended 31 December 2021.

Loan (2):
During the year 2018, the Company signed an agreement with Commercial International Bank to obtain a loan amounting to EGP 78,766,000 with an annual interest rate of 0.9% over the CBE lending rate repayable over 19 monthly installments after the expiry of grace year, which is 15 months from the date of first use. **"Loan (2)".**

During September 2019, the Company rescheduled the loan to be repayable over 24 monthly installments starting from 1 January 2020 and maturing on 1 December 2021 and reduce the interest rate to 0.85% over the CBE lending rate.
On 9 September 2020, the Company rescheduled the loan (2) to be repayable over 20 monthly installments starting from 1 October 2020 and maturing on 1 May 2022.

The Group paid EGP 12,473,972 during the year ended 31 December 2021.

The balance of loans as of 31 December 2022 as follows:

Loans	Interest rate	***31 December 2022 EGP***	*31 December 2021 EGP*
Current portion of long-term loans			
Loan (1)	0.75%+CBE lending rate	-	9,475,704
Loan (2)	0.85%+CBE lending rate	-	12,473,972
Total current portion of long-term loans		-	21,949,676

22- CAPTIAL COMMITMENTS

As at 31 December 2022, the Company had contractual commitments in respect of its assets under construction and facility machines not provided for in the financial statements amounted to EGP 42,164,225. (EGP 20,211,522 as at 31 December 2021).

23- CONTINGENT LIABILITIES

As at 31 December 2022, the Company has obligations in respect of its inventory (Cash against document) not provided for in the financial statements amounted to EGP 16,647,204. (EGP 4,666,847 as at 31 December 2021).

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended 31 December 2022

24- REVENUES

	31 December 2022	*31 December 2021*
	EGP	*EGP*
Sale of goods (net)	**1,319,321,908**	1,168,943,381
Toll manufacturing services revenue	**146,996,624**	77,490,353
	1,466,318,532	1,246,433,734

25- COST OF REVENUE

	31 December 2022	*31 December 2021*
	EGP	*EGP*
Salaries and incentives	**103,668,343**	83,199,259
Social insurance and other benefit	**24,368,704**	14,836,229
Raw materials	**432,625,599**	400,856,200
Spare parts and materials	**21,017,950**	22,613,961
Government fees and medical stamps	**18,281,611**	11,617,092
Other operating expenses	**46,100,019**	45,873,393
Energy expenses	**42,237,341**	34,262,067
Depreciation and amortization (Note 5,7)	**57,418,485**	38,707,236
Rent	**3,613,147**	3,910,976
Maintenance	**21,677,731**	11,651,609
	771,008,930	667,528,022

26- SELLING AND MARKETING EXPENSES

	31 December 2022	*31 December 2021*
	EGP	*EGP*
Salaries and incentives	**116,058,635**	110,239,117
Social insurance and other benefit	**10,470,429**	6,156,170
Depreciation (Note 5)	**4,901,259**	4,497,393
Rent	**54,300**	63,000
Advertising and marketing	**164,933,268**	131,029,203
	296,417,891	251,984,883

27- GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2022	*31 December 2021*
	EGP	*EGP*
Salaries and incentives	**47,800,967**	37,822,846
Social insurance and other benefit	**2,720,150**	3,459,254
Professional fees	**1,663,289**	1,826,928
Maintenance	**1,369,142**	705,134
Depreciation (Note 5)	**2,006,816**	1,907,312
Others	**9,670,223**	5,678,818
	65,230,587	51,400,292

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended 31 December 2022

28- OTHER INCOME

	31 December 2022 EGP	31 December 2021 EGP
Loss from sale of fixed assets (Note 5)	(128,285)	(717,262)
Other income	5,987,815	758,035
	5,859,530	40,773

29- FINANCE INCOME

	31 December 2022 EGP	31 December 2021 EGP
Interest from Treasury Bills	56,724,822	59,960,672
Interest from time deposits	7,354	12,328
	56,732,176	59,973,000

30- FINANCE EXPENSES

	31 December 2022 EGP	31 December 2021 EGP
Debit interests	86,515,124	88,954,870
Unwinding interests of lease liabilities	2,551,333	2,071,544
Bank Charges	3,017,820	3,791,242
	92,084,277	94,817,656

31- INCOME TAXES

	31 December 2022 EGP	31 December 2021 EGP
Current income tax	(58,869,020)	(43,959,401)
Deferred income tax	(11,057,587)	(9,436,755)
Income tax expense	(69,926,607)	(53,396,156)

DEFERED INCOME TAX

	Statement of financial position		Statement of profit or loss	
	31 December 2022 EGP	31 December 2021 EGP	31 December 2022 EGP	31 December 2021 EGP
Depreciation and amortization	(58,468,620)	(46,890,081)	(11,578,539)	(9,999,396)
Provisions	1,936,823	1,960,165	(23,342)	162,951
Impairment of trade and notes receivables	2,437,135	1,897,784	539,351	780,105
Write down of inventory	2,397,681	2,491,626	(93,945)	(257,923)
Share based payment	4,015,782	-	4,015,782	-
Unrealized foreign exchange differences	(3,874,624)	42,270	(3,916,894)	(122,492)
Net deferred income taxes	(51,555,823)	(40,498,236)	(11,057,587)	(9,436,755)

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended 31 December 2022

31- INCOME TAXES (CONTINUED)

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	Tax Rate	***31 December 2022***	*Tax Rate*	*31 December 2021*
		EGP		*EGP*
Profits before income taxes		**304,571,274**		235,601,594
Income tax based on tax rate	**22.50%**	**68,528,537**	22.50%	53,010,359
Non-deductible expenses		**1,398,070**		385,797
Effective Tax Rate	**22.96%**	**69,926,607**	22.66%	53,396,156

32- EARNINGS PER SHARE

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

	31 December 2022	*31 December 2021*
	EGP	*EGP*
Net profit for the year	**234,644,667**	182,205,438
Remuneration for the Board Members*	**(5,200,000)**	(5,200,000)
Staff profit Share*	**(11,400,000)**	(9,500,000)
Profit Available for Shareholders	**218,044,667**	167,505,438
Weighted average number of shares outstanding after purchase of treasury shares during the period	**983,450,000**	1,000,000,000
Share Options for employees and executive board members	**7,593,165**	-
Weighted average number of ordinary shares adjusted for the effect of share option. of dilution	**991,043,165**	1,000,000,000
Earnings per share - Basic	0.2217	0.1675
Earnings per share - Diluted	0.2200	0.1675

*Employees dividends and board of directors' remuneration as recommended in board meeting held on March 6, 2023 and currently is a subject of general assembly approval.

33- TAX POSITION

a) Corporate Tax
- The Company's records were inspected till the year 2013 and the due tax has been paid.
- The years from 2014 to 2017 were inspected as an estimate and were challenged and a decision was issued to re-examine the actual and preparations are underway for the inspection for those years.

b) Salary Tax
- The Company's records were inspected till the year 2015 and the taxes differences were paid and settled.
- Years from 2016 to 2019 the documents related to the inspection were submitted and the tax due in the settlements was paid.

c) Stamp Tax
- The Company's records were inspected till 2013 and the taxes due were paid.
- Years from 2014 till 2020 were inspected and the dispute is being settled in the internal committee.

d) Sales Tax
- The Company's records were inspected till the year 2015 and the due tax has been paid.

a) VAT Tax
- The Company's books were examined from 2016 to 2019 and the due tax has been paid.

34- RELATED PARTIES

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

a) Related party transactions

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

Company	Nature of party	Nature of transaction	***31 December 2022***	*31 December 2021*
			EGP	*EGP*
Rameda for Pharmaceuticals trading	Subsidiary	Rent	**6,000**	6,000
		Purchases	**12,493,910**	375,031
		Sales	**520,812**	-
Ramecare Company	Subsidiary	Rent	**6,000**	6,000
		Purchases	**4,277,814**	-
Ramepharma Company	Subsidiary	Rent	**6,000**	6,000
		Purchases	**8,247,090**	-
		Sales	**25,757,069**	1,941,488

34- RELATED PARTIES (CONTINUED)

b) Related party balances

	Nature of party	**31 December 2022**		31 December 2021	
		Due from	**Due to**	Due from	Due to
		EGP	**EGP**	EGP	EGP
Rameda for Pharmaceuticals Trading	Subsidiary	**620,366**	**-**	-	290,361
Ramecare Company	Subsidiary	**1,518,083**	**-**	3,528,144	-
Ramepharma Company	Subsidiary	**22,284,090**	**-**	21,652,841	-
		24,422,539	**-**	25,180,985	290,361

c) Salaries and incentives of key managers

The key manager's compensation during year ended 31 December 2022 and 31 December 2021 is as follow:

	31 December 2022	*31 December 2021*
	EGP	*EGP*
Salaries and incentives	**34,277,555**	28,120,111
Share options for employees, managers, and executive board members	**17,847,920**	-
	52,125,475	28,120,111

35- FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

The Board of Directors of the company has overall responsibility for the establishment and oversight of the Group's risk management framework. The company's senior management are responsible for developing and monitoring the risk management policies and report regularly to the Board of Directors on their activities. The company's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in other areas.

a) Credit risk

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

Trade and notes receivables

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

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

35- FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

Credit risk from balances with banks is managed by group treasury. The Company limits its exposure to credit risk by only placing balances with international banks and local banks of good reputation, in addition, the local banks are under the supervision of the central Bank of Egypt and thus their exposure to credit risk is minimal.
The maximum exposure is limited to the balances disclosed in note (12).

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

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

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

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

	31 December 2022		31 December 2021	
	Change in rate	**Effect on profit before tax EGP**	Change in rate	Effect on profit before tax EGP
Financial assets	**+1%**	**14,267**	+1%	803
	-1%	**(14,267)**	-1%	(803)
Financial liabilities	**+1%**	**(1,158,432)**	+1%	(1,100,013)
	-1%	**1,158,432**	-1%	1,100,013

35- FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Exposure to foreign currency risk

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

	31 December 2022		*31 December 2021*	
	Change in rate	***Effect on profit before tax***	*Change in rate*	*Effect on profit before tax*
		EGP		*EGP*
USD	**+10%**	**10,796,311**	+10%	3,084,372
	-10%	**(10,796,311)**	-10%	(3,084,372)
EUR	**+10%**	**(472,385)**	+10%	107,064
	-10%	**472,385**	-10%	(107,064)

c) Liquidity risk

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

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

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

Financial liabilities	**Less than 3 Months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
As at 31 December 2022	**EGP**	**EGP**	**EGP**	**EGP**	**EGP**
Credit facilities	**444,106,455**	**493,347,092**	**-**	**-**	**937,453,547**
Trade, notes and other payables	**164,253,118**	**40,347,633**	**-**	**-**	**204,600,751**
Total undiscounted financial liabilities	**608,359,573**	**533,694,725**	**-**	**-**	**1,142,054,298**

Financial liabilities	Less than 3 Months	3 to 12 Months	1 to 5 years	Over 5 years	Total
As at 31 December 2021	EGP	EGP	EGP	EGP	EGP
Credit facilities	346,123,008	497,264,228	-	-	843,387,236
Trade, notes and other payables	110,706,953	17,569,113	-	-	128,276,066
Term loans	9,348,719	14,388,869	-	-	23,737,588
Total undiscounted financial liabilities	466,178,680	529,222,210	-	-	995,400,890

36- CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of Parent Company.
The primary objective of the Group's capital management is to maximise the shareholder value.
The Group manage its capital structure and makes adjustments in light of change in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a leverage ratio. Which is total liabilities divided by net equity. The Group's policy is to keep leverage ratio between 1 to 2.

37- FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. Financial assets of the Group include cash on hand and at banks, trade and notes receivable, due from related parties and other receivables. Financial liabilities of the Group include credit facilities, term loans, trade and notes payable, dividends payable, income taxes payable, accrued expenses and other payables.
The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

38- MAJOR EVENTS

Some global fundamental events occurred, including the Arab Republic of Egypt, where an outbreak occurred Corona virus, and the World Health Organization has declared that the outbreak of the virus can be described as a pandemic globally, the government has introduced various measures to combat the outbreak, including travel restrictions and quarantines.

These government responses and their corresponding effects are still evolving, which is expected to affect the economic climate which, in turn, could expose the company It is subject to various risks, including a significant decline in revenues, assessment of impairment of assets and other risks.

These events affected the company's financial statements on December 31, 2022 and may affect financial statements for future financial periods. Although it is difficult to quantify this effect in time current, this effect will appear in the future financial statements. The magnitude of the effect varies according to the extent the expected and the time period by which these events and their impact are expected to end.

Since the beginning of the crisis, the executive management has been keen to take a set of measures and procedures it had a positive impact in mitigating the effects of the crisis and withstanding any possible fluctuations in the various activities caused by that pandemic.

On 21 March 2022 Central Bank of Egypt decided to raise the overnight deposit rate, the overnight lending rate and the rate of the main operation by 100 basis points to 9.25 percent, 10.25 percent, and 9.75 percent, respectively. The discount rate was also raised by 100 basis points to 9.75 percent .

On 19 May 2022, the Monetary Policy Committee (MPC) decided to raise the Central Bank of Egypt's (CBE) overnight deposit rate, overnight lending rate, and the rate of the main operation by 200 basis points to 11.25 percent, 12.25 percent, and 11.75 percent, respectively. The discount rate was also raised by 200 basis points to 11.75 percent.

On 27 October 2022, the Monetary Policy Committee (MPC) decided to raise the Central Bank of Egypt's (CBE) overnight deposit rate, overnight lending rate, and the rate of the main operation by 200 basis points to 13.25 percent, 14.25 percent, and 13.75 percent, respectively. The discount rate was also raised by 200 basis points to 13.75 percent.

The exchange rates of the Egyptian pound against the dollar and some other currencies also declined in the period following the date of the financial statements. The company is studying the impact on the subsequent financial statements. To clarify the effect resulting from the change in exchange rates.