

**TENTH OF RAMADAN FOR PHARMACEUTICAL  
INDUSTRIES AND DIAGNOSTIC REAGENTS  
(RAMEDA) (S.A.E)  
SEPARATE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2019  
TOGETHER WITH AUDITOR'S REPORT**

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

**Separate Financial Statements  
For the six - months period ended 30 June 2019**

**Table of Contents**

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	<u>Page</u>
Auditor's Report on the Separate Financial Statements	1-2
Separate Statement of Financial Position	3
Separate Statement of Profit or Loss	4
Separate Statement of Comprehensive Income	5
Separate Statement of Changes in Equity	6
Separate Statement of Cash Flows	7
Notes to the Separate Financial Statements	8-34

## **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 30 June 2019, and the related separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the six - months 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 30 June 2019 and its separate financial performance and its separate cash flows for the six - months then ended in accordance with the Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

### Report on Other Legal and Regulatory Requirements

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

As indicated in note (8), the Company has investments in subsidiaries and has prepared consolidated financial statements as at and for the six - months ended 30 June 2019 in accordance with the Egyptian accounting Standards. For better understanding of the Company's consolidated financial position as at 30 June 2019 and its consolidated financial performance and its consolidated cash flows for the period then ended, the matter necessitates reference to the consolidated financial statements.

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

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



Cairo: 28 August 2019

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

**SEPARATE STATEMENT OF FINANCIAL POSITION**

As of 30 June 2019

	Notes	June 2019 EGP	Dec 2018 EGP
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	(5)	303,780,923	219,883,705
Assets under construction	(6)	156,290,650	213,050,197
Intangible assets	(7)	89,909,252	83,721,658
Investment in subsidiaries	(8)	749,300	749,300
<b>Total non-current assets</b>		<b>550,730,125</b>	<b>517,404,860</b>
<b>Current assets</b>			
Inventories	(9)	272,839,899	267,380,109
Trade and notes receivable	(10)	381,967,838	366,108,974
Due from related parties	(30)	32,874,612	26,532,095
Prepayments and other receivables	(11)	31,199,817	39,342,355
Cash on hand and at banks	(12)	6,465,302	4,209,555
<b>Total current assets</b>		<b>725,347,468</b>	<b>703,573,088</b>
<b>TOTAL ASSETS</b>		<b>1,276,077,593</b>	<b>1,220,977,948</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Paid up capital	(16)	160,900,000	160,900,000
Legal reserve		16,649,610	10,213,168
Other reserves		278,952	278,952
Retained earnings		295,149,215	172,856,825
Profits for the period/year		21,129,508	128,728,832
<b>Total equity</b>		<b>494,107,285</b>	<b>472,977,777</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current portion of long-term loans	(18)	45,951,248	-
Deferred tax liabilities	(27)	20,364,798	20,235,766
<b>Total non-current liabilities</b>		<b>66,316,046</b>	<b>20,235,766</b>
<b>Current liabilities</b>			
Provisions	(13)	11,767,139	7,556,954
Credit facilities and Bank credit	(17)	489,598,157	424,657,282
Current portion of long-term loans	(18)	87,972,000	153,991,022
Trade and notes payable	(14)	66,043,736	57,444,361
Due to related parties	(30)	1,342,305	8,148
Income taxes payable		7,234,107	39,002,081
Accrued expenses and other payables	(15)	51,696,818	45,104,557
<b>Total current liabilities</b>		<b>715,654,262</b>	<b>727,764,405</b>
<b>TOTAL LIABILITIES</b>		<b>781,970,308</b>	<b>748,000,171</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,276,077,593</b>	<b>1,220,977,948</b>

Finance Director  
Mohamed Abo Amira



Board Member  
Amr Abdallah Morsy



- The accompanying notes from (1) to (35) 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 PROFIT OR LOSS**

For the six - months period ended 30 June 2019

	Note	June 2019 EGP	(Restated) June 2018 EGP
Revenues	(21)	383,872,098	375,293,558
Cost of revenues	(22)	<u>(212,979,608)</u>	<u>(188,243,804)</u>
<b>GROSS PROFIT</b>		<b>170,892,490</b>	<b>187,049,754</b>
Selling and marketing expenses	(23)	(70,433,894)	(59,499,282)
General and administrative expenses	(24)	(17,869,689)	(11,598,902)
Other income	(25)	2,321,465	1,993,567
Impairment of trade and notes receivable		(787,944)	(1,394,654)
Provisions	(13)	(3,768,059)	(1,600,000)
Finance expenses	(26)	(50,603,507)	(38,742,265)
Net foreign exchange gain (loss)		<u>(1,258,216)</u>	<u>1,215,544</u>
<b>PROFITS FOR THE PERIOD BEFORE INCOME TAXES</b>		<b>28,492,646</b>	<b>77,423,762</b>
Income taxes	(27)	(7,363,138)	(17,985,603)
<b>PROFITS FOR THE PERIOD</b>		<b><u>21,129,508</u></b>	<b><u>59,438,159</u></b>
Earnings per share			
Basic and diluted, profit for the period	(28)	<u>0.0328</u>	<u>0.0924</u>

**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 six - months period ended 30 June 2019

	<b>June 2019</b>	<b>June 2018</b>
	<b>EGP</b>	<b>EGP</b>
<b>PROFITS FOR THE PERIOD</b>	<b>21,129,508</b>	<b>59,438,159</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b><u>21,129,508</u></b>	<b><u>59,438,159</u></b>

- The accompanying notes from (1) to (35) 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 six - months period ended 30 June 2019

	Paid up Capital	Legal reserve	Other Reserves	Retained earnings	Profit for the period	Total
	EGP	EGP	EGP	EGP	EGP	EGP
Balance as at 1 January 2018	160,900,000	5,738,185	278,952	92,362,657	89,499,651	348,779,445
Transferred to legal reserve and retained earnings	-	4,474,983	-	85,024,668	(89,499,651)	(4,530,500)
Dividends	-	-	-	(4,530,500)	-	(4,530,500)
Profits for the period	-	-	-	-	59,438,159	59,438,159
Balance as at 30 June 2018	160,900,000	10,213,168	278,952	172,856,825	59,438,159	403,687,104
Balance as at 1 January 2019	160,900,000	10,213,168	278,952	172,856,825	128,728,832	472,977,777
Transferred to legal reserve and retained earnings	-	6,436,442	-	122,292,390	(128,728,832)	-
Dividends	-	-	-	-	-	-
Profits for the period	-	-	-	-	21,129,508	21,129,508
Balance as at 30 June 2019	160,900,000	16,649,610	278,952	295,149,215	21,129,508	494,107,285

- The accompanying notes from (1) to (35) 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 six - months period ended 30 June 2019

	Note	June 2019 EGP	June 2018 EGP
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profits for the period before income taxes		28,492,646	77,423,762
<b>Adjustments to reconcile profit before tax to net cash flow:</b>			
Net foreign exchange differences		1,258,216	(1,362,872)
Depreciation and amortization	(5,7)	14,946,953	11,987,006
Provision charged	(13)	4,210,185	5,032,500
Impairment of trade and notes receivable	(10)	787,944	1,394,654
Reversal of impairment of assets under constructions	(6)	-	(361,622)
Write down of inventory		5,052,488	-
Finance expenses	(26)	50,603,507	38,742,265
Gain from sale of fixed assets	(5)	(3,199)	(15,736)
		<u>105,348,740</u>	<u>132,839,957</u>
Change in inventories		(10,512,278)	(72,607,337)
Change in trade and notes receivable		(16,646,808)	(16,732,396)
Change in prepayments and other receivables		8,142,538	(55,819,720)
Change in trade and notes payable		8,599,375	13,604,862
Change in due to related parties		1,334,157	(93,536)
Change in accrued expenses and other payables		<u>1,052,262</u>	<u>5,198,786</u>
<b>Cash flows provided from operating activities</b>		<b>97,317,986</b>	<b>6,390,616</b>
Finance expenses paid		(45,063,507)	(36,742,265)
Provisions used	(13)	-	(140,448)
Income taxes paid		(39,002,081)	(22,679,671)
<b>NET CASH FLOWS PROVIDED FROM/ (USED IN) OPERATING ACTIVITIES</b>		<u><b>13,252,398</b></u>	<u><b>(53,171,768)</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments to acquire fixed assets	(5)	(5,744,078)	(7,774,478)
Payments to acquire assets under construction	(6)	(34,516,593)	(24,378,042)
Payments to acquire intangible assets	(7)	(8,012,499)	-
Proceeds from sale of fixed assets	(5)	4,151	39,950
Investment in term deposit		(14,198)	(425,000)
Change in due from related parties		<u>(6,342,517)</u>	<u>(5,163,122)</u>
<b>NET CASH FLOWS (USED IN) INVESTING ACTIVITIES</b>		<u><b>(54,625,734)</b></u>	<u><b>(37,700,692)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Credit facilities used		274,670,100	313,904,662
Payment of credit facilities		(209,729,225)	(239,322,518)
Receipts from long term loans		732,226	20,147,890
Payment of long-term loans		<u>(20,800,000)</u>	<u>(12,000,000)</u>
<b>NET CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES</b>		<u><b>44,873,101</b></u>	<u><b>82,730,034</b></u>
<b>Net change in cash and cash equivalent during the period</b>		<b>3,499,765</b>	<b>(8,142,426)</b>
Net foreign exchange difference		(1,258,216)	302,751
Cash and cash equivalent - beginning of the period		<u>3,765,679</u>	<u>9,073,153</u>
<b>CASH AND CASH EQUIVALENT - END OF THE PERIOD</b>	(12)	<u><b>6,007,228</b></u>	<u><b>1,233,478</b></u>

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

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

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**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

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

The Company is principally engaged in:

- Producing, marketing, selling and storing of pharmaceutical reagents for human and veterinary use.
- Producing, 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.

The financial statements for the six -months period ended 30 June 2019 were authorized for issuance in accordance with a resolution of the Board of Directors' dated 4 August 2019.

**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.

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

**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.

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**2- 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2-2-1 CURRENT VERSUS NON-CURRENT CLASSIFICATION (continued)**

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.

**2-2-2 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	10
Transportation and dragging equipment	5-10
Laboratory equipment	10
Tools	10
Furniture and fixtures	4-10

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

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year-end position date.

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

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**2- 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

**2-2-4 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



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

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**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

**2-2-7 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.

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

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**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**2- 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2-2-8 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.

**2-2-9 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.

**2-2-10 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.

**2-2-11 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.

**2-2-12 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.

**2-2-13 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.

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**2- 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2-2-14 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.

**2-2-15 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.



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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**2- 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2-2-15 Income taxes (continued)**

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.

**2-2-16 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.

**2-2-17 Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The following specific recognition criteria must also be met before revenue is recognized:

• **Sale of Pharmaceutical products**

Revenue from the sale of pharmaceutical products is recognized when the significant risks and rewards of ownership of the pharmaceutical products have passed to the buyer, for 'local sales' usually upon the delivery of the goods, for 'export sales', once the products are dispatched to dedicated stores area belonging to the customer.

• **Provision for sales of goods returns**

As part of the normal sales cycle, the Company receives sales returns from its customers. To account for the financial impact of potential customer goods returns, the Company estimates future returns on previously sold goods. Provision for the sales returns are recorded for estimated goods returns based on return history, current sales levels and expiry dates for the products sold.

• **Rendering of services (toll manufacturing)**

Revenue from toll manufacturing services, which takes from one to three days, is recognized upon the completion of the manufacturing process and the internal tests.

• **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.

• **Lease income**

Lease income is accounted for on a straight-line basis over the lease term.

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**2- 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2-3-18 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.

**2-2-19 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.

**2-2-20 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.

**2-2-21 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.

**2-2-22 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.

**2-2-23 Fair value measurement**

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

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

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

For assets traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

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:

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**2- 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- 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.

**2-2-24 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.

**2-2-25 Statement of cash flows**

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

**2-2-26 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 of placement date.



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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

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

**Useful lives of fixed assets**

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

**Useful lives of intangible assets**

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

The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**3- SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)**

**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 95% of total revenue and balance 5% is contributed by toll manufacturing services (June 2018: 95% and 5% receptively). 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 six – months period ended 30 June 2019 were reported under two segments in the separate financial statements.

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

	Services		Sale of pharmaceutical products			Total
	Toll Manufacturing "Domestic"	Export	Private sales	Domestic Veterinary	Tenders	
	EGP	EGP	EGP	EGP	EGP	EGP
June 2019	<u>17,952,681</u>	<u>25,703,753</u>	<u>252,613,031</u>	<u>382,113</u>	<u>87,220,520</u>	<u>383,872,098</u>
June 2018	<u>20,167,195</u>	<u>25,338,305</u>	<u>237,947,289</u>	<u>2,221,929</u>	<u>89,618,840</u>	<u>375,293,558</u>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the six - months period ended 30 June 2019

5- FIXED ASSETS

	Freehold Land	Buildings	Machinery and equipment	Transportation and dragging equipment	Laboratory equipment	Tools	Office furniture and fixtures	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost								
As of 1 January, 2019	18,637,425	173,615,138	145,848,968	12,200,342	14,748,298	3,342,702	18,421,709	386,814,582
Additions	-	1,054,712	2,843,623	174,306	53,860	128,473	1,489,104	5,744,078
Transferred from assets under construction	-	7,737,252	83,517,342	-	-	-	21,546	91,276,140
Disposals	-	-	-	-	-	-	(5,858)	(5,858)
As of 30 June, 2019	18,637,425	182,407,102	232,209,933	12,374,648	14,802,158	3,471,175	19,926,501	483,828,942
Accumulated depreciation								
As of 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 period related to Disposals	-	(3,375,148)	(7,924,195)	(318,143)	(647,582)	(143,836)	(713,144)	(13,122,048)
As of 30 June, 2019	-	(47,534,903)	(100,745,770)	(9,265,866)	(7,817,467)	(1,158,950)	(13,525,063)	(180,048,019)
Net book value as at 30 June 2019	18,637,425	134,872,199	131,464,163	3,108,782	6,984,691	2,312,225	6,401,438	303,780,923
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	219,883,705

There is a commercial mortgage on all machinery and equipment in favour of the Commercial International Bank as a guarantee for the loans granted to the Company (note 18).

The cost of fixed assets as of 30 June 2019 include EGP 15,747,380 which represents fully depreciated assets that are still in use.

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

	June 2019
	EGP
Cost of revenue (note 22)	5,858
Selling and marketing expenses (note 23)	4,906
General and administrative expenses (note 24)	952
	4,151
	3,199
Gain from sale of fixed assets	
Cost of disposed assets	
Accumulated depreciation of disposed assets	
Net book value of disposed assets	
Proceeds from sale of fixed assets	
Gain from sale of fixed assets	

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the six - months period ended 30 June 2019

5- FIXED ASSETS (cont.)

	Freehold Land	Buildings	Machinery and equipment	Transportation and dragging equipment	Laboratory equipment	Tools	Office furniture and fixtures	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost								
As of 1 January, 2018	18,637,425	172,626,690	140,791,852	10,297,938	13,374,308	1,455,946	16,116,670	373,300,829
Additions	-	988,448	4,315,166	1,902,404	1,373,990	1,886,756	2,373,624	12,840,388
Transferred from assets under construction	-	-	741,950	-	-	-	-	741,950
Disposals	-	-	-	-	-	-	(68,585)	(68,585)
As of 31 December, 2018	18,637,425	173,615,138	145,848,968	12,200,342	14,748,298	3,342,702	18,421,709	386,814,582
Accumulated depreciation								
As of 1 January, 2018	-	(39,138,509)	(79,029,671)	(8,372,334)	(6,252,652)	(920,608)	(11,619,556)	(145,333,330)
Depreciation for the period	-	(5,021,246)	(13,791,904)	(575,389)	(917,233)	(94,506)	(1,224,952)	(21,625,230)
Disposals	-	-	-	-	-	-	27,683	27,683
As of 31 December, 2018	-	(44,159,755)	(92,821,575)	(8,947,723)	(7,169,885)	(1,015,114)	(12,816,825)	(166,930,877)
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	219,883,705
Net book value as at 31 December 2017	18,637,425	133,488,181	61,762,181	1,925,604	7,121,656	535,338	4,497,114	227,967,499

There is a commercial mortgage on all machinery and equipment in favour of the Commercial International Bank as a guarantee for the loans granted to the Company (note 18).

The cost of fixed assets as of 31 Dec 2018 include EGP 15,634,658, which represents fully depreciated assets that are still in use.

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

	Dec 2018 EGP
Cost of revenue	20,172,451
Selling and marketing expenses	411,991
General and administrative expenses	1,040,788
	<u>21,625,230</u>

Gain from sale of fixed assets was calculated as follows:

	Dec 2018 EGP
Cost of disposed assets	68,585
Accumulated depreciation of disposed assets	27,683
Net book value of disposed assets	40,902
Proceeds from sale of fixed assets	57,730
Gain from sale of fixed assets	<u>16,828</u>



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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**6 -ASSETS UNDER CONSTRUCTION**

	June 2019	Dec 2018
	EGP	EGP
Service equipment and infra-structure facilities	105,623,869	166,664,672
Laboratory equipment	570,590	570,590
Buildings and furniture	50,782,628	46,501,372
	156,977,087	213,736,634
Impairment in value of assets under construction	(686,437)	(686,437)
	156,290,650	213,050,197

The movement of assets under construction during the period/year is as follows:

	June 2019	Dec 2018
	EGP	EGP
Beginning balance	213,736,634	10,667,593
Additions during the period/year	34,516,593	203,810,991
Transferred to fixed assets during the period/year	(91,276,140)	(741,950)
Ending balance	156,977,087	213,736,634

The movement of the impairment in assets under construction is as follows:

	June 2019	Dec 2018
	EGP	EGP
Beginning balance	(686,437)	(686,437)
No longer required during the period/year	-	-
Ending balance	(686,437)	(686,437)

**Capitalized borrowing cost:**

The amount of borrowing costs capitalized on service equipment and infra-structure facilities during the period ended 30 June 2019 amounted to EGP 10,517,476 (December 2018: EGP 7,648,622). The capitalized borrowing cost represents the cost of specific borrowings made for these assets at a rate of 17.78% (December 2018: 18.78%).

**7- INTANGIBLE ASSETS**

	<b>Registration Rights</b>	
	June 2019	Dec 2018
	EGP	EGP
Cost as at 1 January	95,683,406	62,035,406
Additions	8,012,499	33,648,000
Total cost as at 30 June 2019	103,695,905	95,683,406
Accumulated amortization as at 1 January	(11,961,748)	(8,816,734)
Amortization for period/year	(1,824,905)	(3,145,014)
Accumulated amortization as at 30 June 2019	(13,786,653)	(11,961,748)
Net book value as at 30 June 2019	89,909,252	83,721,658

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 assets under development amounted to EGP 29,390,000 (December 2018: EGP 20,338,500).

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**8 - INVESTEMENT IN SUBSIDIARIES**

	Country of incorporate	%	June 2019 EGP	%	Dec 2018 EGP
Rameda for Pharmaceuticals Trading	Egypt	99,97%	724,800	99,97%	724,800
Ramecare Company	Egypt	49%	12,250	49%	12,250
Ramepharma Company	Egypt	49%	12,250	49%	12,250
			<u>749,300</u>		<u>749,300</u>

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

**9 - INVENTORIES**

	June 2019 EGP	Dec 2018 EGP
Raw materials	78,140,810	67,051,026
Packing and packaging materials	32,840,782	22,540,397
Spare parts	8,919,188	11,231,382
Finished goods	96,730,202	106,649,651
Work in progress	26,503,591	36,964,491
Goods in transit	33,680,778	21,503,128
Inventory with others	2,647,334	3,010,332
	<u>279,462,685</u>	<u>268,950,407</u>
Write down in inventories	<u>(6,622,786)</u>	<u>(1,570,298)</u>
	<u>272,839,899</u>	<u>267,380,109</u>

Raw material and finished goods inventory amounting to EGP 312.2 Million are mortgaged as a guarantee for the credit facilities (Note 17).

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

	June 2019 EGP	Dec 2018 EGP
Beginning balance	(1,570,298)	(2,569,522)
Charged during the period/year *	(5,052,488)	-
Reversal	-	999,224
Ending balance	<u>(6,622,786)</u>	<u>(1,570,298)</u>

\*The write down in inventories charged during the period/year is included in the cost of sales.

**10 - TRADE AND NOTES RECEIVABLE**

	June 2019 EGP	Dec 2018 EGP
Trade receivable	151,200,576	121,228,875
Trade receivable – toll manufacturing	10,560,542	8,192,593
Notes receivable	223,113,223	238,806,065
	<u>384,874,341</u>	<u>368,227,533</u>
Impairment of trade and notes receivable	<u>(2,906,503)</u>	<u>(2,118,559)</u>
	<u>381,967,838</u>	<u>366,108,974</u>

Notes receivable amounting to EGP 213.3 Million are mortgage as a guarantee for the credit facilities (Note 17).

**10 - TRADE AND NOTES RECEIVABLE (continued)**

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

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

	Neither impaired nor past due				Past due but not impaired More than 365 days
	Total	Less than 60 days	From 61 to 120 days	From 121 to 365 days	
June 2019	<u>384,874,341</u>	<u>188,567,078</u>	<u>128,036,118</u>	<u>65,627,381</u>	<u>2,643,764</u>
December 2018	<u>368,227,533</u>	<u>214,595,309</u>	<u>100,268,047</u>	<u>52,184,432</u>	<u>1,179,745</u>

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

	June 2019 EGP	Dec 2018 EGP
Beginning balance	(2,118,559)	(723,905)
Charged during the period/year	<u>(787,944)</u>	<u>(1,394,654)</u>
Ending balance	<u>(2,906,503)</u>	<u>(2,118,559)</u>

**11 - PREPAYMENTS AND OTHER RECEIVABLES**

	June 2019 EGP	Dec 2018 EGP
Prepaid expenses	1,050,584	905,915
Advances to suppliers	16,669,853	17,170,848
Tax authority	4,478,526	6,586,101
Social insurance authority	129,419	271,190
Letters of credit margin	414,878	4,139,652
Deposits with others	1,449,925	1,432,625
Employees' imprests and advances	1,671,582	1,674,542
Customs-authority	2,892,537	4,111,999
Other receivables	2,442,513	3,049,483
	<u>31,199,817</u>	<u>39,342,355</u>

**12 - CASH ON HAND AND AT BANKS**

	June 2019 EGP	Dec 2018 EGP
<b>a) Egyptian Pounds</b>		
Cash on hand	22,270	31,688
Current accounts	4,062,730	3,182,882
Checks under collection	111,871	-
Term deposits	458,074	443,876
	<u>4,654,945</u>	<u>3,658,446</u>
<b>b) Foreign currencies</b>		
Current accounts	1,810,357	551,109
	<u>1,810,357</u>	<u>551,109</u>
	<u>6,465,302</u>	<u>4,209,555</u>

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**12 - CASH ON HAND AND AT BANKS (continued)**

Cash balances are denominated in the following currencies:

	June 2019	Dec 2018
	EGP	EGP
Egyptian pound (EGP)	4,654,945	3,658,446
US dollar (USD)	1,805,634	521,727
Euro (EUR)	4,670	29,382
GBP	53	-
	<u>6,465,302</u>	<u>4,209,555</u>

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

	June 2019	Dec 2018
	EGP	EGP
Cash in hand	22,270	31,688
Current accounts	5,984,958	3,733,991
	<u>6,007,228</u>	<u>3,765,679</u>

**13 -PROVISIONS**

	Balance as at January 2019	Charged during the period	Used during the period	Balance as at June 2019
	EGP	EGP	EGP	EGP
Provision for expected claims	2,071,822	3,768,059	-	5,839,881
Provision for sales returns*	5,485,132	442,126	-	5,927,258
	<u>7,556,954</u>	<u>4,210,185</u>	<u>-</u>	<u>11,767,139</u>
	Balance as at January 2018	Charged during the year	Used during the year	Balance as at December 2018
	EGP	EGP	EGP	EGP
Provision for expected claims	612,270	1,600,000	(140,448)	2,071,822
Provision for sales returns*	-	5,485,132	-	5,485,132
	<u>612,270</u>	<u>7,085,132</u>	<u>(140,448)</u>	<u>7,556,954</u>

\*Provision for sales returns is deduced from sales disclosed in note 21.

**14- TRADE AND NOTES PAYABLE**

	June 2019	Dec 2018
	EGP	EGP
Trade payable	54,652,647	47,963,906
Notes payable	11,391,089	9,480,455
	<u>66,043,736</u>	<u>57,444,361</u>

**15- ACCRUED EXPENSES AND OTHER PAYABLES**

	June 2019	Dec 2018
	EGP	EGP
Accrued expenses	8,998,499	9,786,333
Tax authority (other than income tax)	30,648,192	24,210,269
Advances from customers	11,190,135	9,872,416
Other payables	859,992	1,235,539
	<u>51,696,818</u>	<u>45,104,557</u>

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

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

For the six - months period ended 30 June 2019

**16- CAPITAL**

The Company's authorized capital amounted to EGP 200 million, whereas the issued and paid up capital amounted to EGP 120 million divided over 120,000 shares of par value EGP 1,000 each.

The extra ordinary general assembly meeting held on 2 May 2011 decided to increase the Company's authorized capital to EGP 1 billion and to increase the issued and paid up capital to EGP 160,900,000 divided over 160,900 shares of par value EGP 1,000 each.

The extra ordinary general assembly meeting held on 14 March 2018 decided to amend the par value of the share from EGP 1,000 per share to EGP 0.25 per share. Accordingly, the Company's issued capital amounts to EGP 160,900,000 divided over 643,600,000 shares of par value EGP 0.25 each as follows:

	%	No, of shares	Amount EGP
Greville Investing Limited	99.9988	643,592,000	160,898,000
Mr.Ayman Mamdouh Fathy Abaas	0.0006	4,000	1,000
Eng. Shamel Faheem Aboul Fadl	0.0006	4,000	1,000
	<u>100</u>	<u>643,600,000</u>	<u>160,900,000</u>

\*General Assembly Meeting held on 22nd May 2018 has approved dividends amounting to EGP 4,530,500.

**17- CREDIT FACILITIES**

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

	June 2019 EGP	Dec 2018 EGP
Opening balance	420,514,887	272,598,550
Used during the period/year	275,352,282	702,068,205
Payment during the period/year	<u>(209,729,225)</u>	<u>(554,151,868)</u>
Ending balance	<u>486,137,944</u>	<u>420,514,887</u>
	June 2019 EGP	Dec 2018 EGP
Credit facilities maturing within 12 months	486,137,944	420,514,887
Bank credit	<u>3,460,213</u>	<u>4,142,395</u>
	<u>489,598,157</u>	<u>424,657,282</u>

The interest rate on the Credit facilities ranges from 17.85 % to 18.60 % as of 30 June 2019 (December 2018: from 18.5% to 21.25%).

Credit Facilities	Facility amount EGP	Interest rate	Maturity Date	June 2019 EGP	December 2018 EGP
CIB*	200,000,000	0.75%+CBE corridor rate	31/07/2019	168,784,358	154,585,015
Audi Bank	125,000,000	1 %+CBE lending rate	30/06/2020	123,401,370	136,106,470
Arab Bank	60,000,000	1.5%+CBE lending	31/12/2019	60,364,020	46,911,102
ABK	80,000,000	1 %+CBE lending rate	31/01/2020	76,492,546	32,491,987
ADIB	80,000,000	1.00%+CBE lending rate	31/12/2019	57,095,650	50,420,313
Total Credit Facilities				<u>486,137,944</u>	<u>420,514,887</u>

\* On 10 July 2019, CIB credit facility was renewed for six months.

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



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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**18- LONG TERM LOANS**

During the year 2015, the Company signed an agreement with Commercial International Bank to merge all loans granted to the Company during the years from 2011 to 2015 amounting to EGP 94,853,000 as of July 2015 in a long-term loan carries an annual interest rate of 2.25% over the corridor rate repayable over 52 monthly installments starting 1 August 2015 and maturing on 1 November 2019. During the year ended 31 December 2018, "Loan (1)". The Company paid EGP 14,940,000 during the current year (December 2018: EGP 24,000,000) and the balance outstanding amounted to EGP 12,512,000 as at 30 June 2019 (December 2018: EGP 27,452,000).

During the year 2017, the Company signed an agreement with Commercial International Bank to obtain a loan amounting to EGP 86.422 million with an annual interest rate of 1.25% over the Corridor rate repayable over 36 monthly installments starting from 29 October 2018 and maturing on 29 March 2021. During the period ended 30 June 2019, "Loan (2)". The Company paid EGP 7,200,000 during the current period (December 2018: EGP 1,500,000) the balance outstanding amounted to EGP 54,437,276 as at 30 June 2019 (December 2018: EGP 60,297,276).

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 Corridor rate repayable over 19 monthly installments after the expiry of grace period, which is 15 months from the date of first use. "Loan (3)". The Company has drawn down EGP 732,226 during the period ended 30 June 2019 and the balance outstanding amounted to EGP 66,973,972 as at 30 June 2019.

The Company obtained those loans against a guarantee of a commercial mortgage over all the Company's tangible assets and intangible assets constituents over all imported machinery and equipment financed under this loan (notes 5 and 7).

The balance of loans as of 30 June 2019 as follows:

Loans	Interest rate	June 2019 EGP	Dec 2018 EGP
Current portion of long-term loans			
Loan (1)	1.1%+CBE lending rate	12,512,000	27,452,000
Loan (2)	1.1%+CBE lending rate	25,720,000	60,297,276
Loan (3)	0.9%+CBE lending rate	49,740,000	66,241,746
Total current portion of long-term loans		87,972,000	153,991,022
Non-current portion of long-term loans			
Loan (1)	1.1%+CBE lending rate	-	-
Loan (2)	1.1%+CBE lending rate	28,717,276	-
Loan (3)	0.9%+CBE lending rate	17,233,972	-
Total non-current portion of long-term loans		45,951,248	-
		133,923,248	153,991,022

As of 31 December 2018, Some of the Company's loan agreements (classified as non-current during the year) are subject to covenant clauses, whereby the Company is required to meet certain key financial ratios. The Company did not fulfil the debt/equity ratio as required in the contract for loan 2 and loan 3 of which the Company had drawn an amount of EGP 126,539,022. Due to this breach of the covenant clause, the bank was contractually entitled to request for immediate repayment of the outstanding loan. Consequently, the outstanding balance was presented as a current liability as at 31 December 2018. During the period ended 30 June 2019, the bank has approved exceptional and tentatively the breach and had not requested early repayment of the loans.

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**19- CAPITAL COMMITMENTS**

As at 30 June 2019, the Company had contractual commitments in respect of its assets under construction not provided for in the separate financial statements amounted to EGP 1,847,850. (EGP 848,247 as at 31 December 2018).

**20- CONTINGENT LIABILITIES**

As at 30 June 2019, the Company has obligations in respect of its inventory (Cash against document) not provided for in the separate financial statements amounted to EGP 18,058,575. (EGP 25,038,377 as at 31 December 2018).

**21- REVENUES**

	June 2019 EGP	June 2018 EGP
Sale of goods (net)	365,919,417	355,937,498
Toll manufacturing services revenue	17,952,681	19,356,060
	<u>383,872,098</u>	<u>375,293,558</u>

**22- COST OF REVENUE**

	June 2019 EGP	June 2018 EGP
Salaries, social insurance and other fringe benefits	31,330,687	28,473,549
Raw materials	123,384,357	113,846,836
Spare parts and materials	8,719,537	8,068,968
Government fees and medical stamps	2,832,762	4,484,650
Other operating expenses	15,424,845	10,199,108
Energy expenses	9,540,011	7,349,977
Depreciation and amortization (Note 5,7)	13,363,144	11,298,471
Rent	2,896,855	1,262,274
Maintenance	5,487,410	3,259,971
	<u>212,979,608</u>	<u>188,243,804</u>

**23- SELLING AND MARKETING EXPENSES**

	June 2019 EGP	June 2018 EGP
Salaries, social insurance and other fringe benefits	36,020,455	27,664,846
Depreciation (Note 5)	199,250	204,314
Rent	1,326,507	1,143,748
Advertising and marketing	32,887,682	30,486,374
	<u>70,433,894</u>	<u>59,499,282</u>



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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**24- GENERAL AND ADMINISTRATIVE EXPENSES**

	June 2019 EGP	June 2018 EGP
Salaries, social insurance and other fringe benefits	11,211,483	8,510,286
Professional fees	2,658,621	1,014,893
Maintenance	228,176	240,700
Depreciation (Note 5)	1,384,559	484,221
Others	2,386,850	1,348,802
	<u>17,869,689</u>	<u>11,598,902</u>

**25- OTHER INCOME**

	June 2019 EGP	June 2018 EGP
Gain from sale of fixed assets (Note 5)	3,199	15,736
Other income	2,318,266	1,977,831
	<u>2,321,465</u>	<u>1,993,567</u>

**26- FINANCE EXPENSES**

	June 2019 EGP	June 2018 EGP
Debit interests	47,916,680	36,773,205
Bank Charges	2,686,827	1,969,060
	<u>50,603,507</u>	<u>38,742,265</u>

**27- INCOME TAXES**

	June 2019 EGP	June 2018 EGP
Current income tax	(7,234,107)	(18,616,431)
Deferred income tax	(129,031)	630,828
Income tax expense	<u>(7,363,138)</u>	<u>(17,985,603)</u>

**DEFERRED INCOME TAXES**

	Statement of financial position		Statement of profit or loss	
	June 2019 EGP	Dec 2018 EGP	June 2019 EGP	June 2018 EGP
Depreciation and amortization	(23,882,056)	(22,056,350)	(1,825,706)	(44,025)
Provisions	1,333,633	1,234,155	99,478	634,552
Impairment of trade and notes receivables	653,963	476,676	177,287	313,797
Write down of inventory	1,490,127	353,317	1,136,810	-
Unrealized foreign exchange differences	39,535	(243,564)	283,100	(273,496)
Net deferred income taxes	<u>(20,364,798)</u>	<u>(20,235,766)</u>	<u>(129,031)</u>	<u>630,828</u>

**RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE**

	Tax Rate	June 2019 EGP	Tax Rate	June 2018 EGP
Profits before income taxes		28,492,646		77,423,762
Income tax based on tax rate	22.5%	6,410,845	22.5%	17,420,346
Non-deductible expenses		952,293		565,257
Effective Tax Rate	25.84%	<u>7,363,138</u>	23.23%	<u>17,985,603</u>

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**28- EARNINGS PER SHARE**

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

	<b>June 2019</b>	June 2018
	<b>EGP</b>	EGP
Basic and diluted, profit for the period	<u>21,129,508</u>	59,438,159
Weighted average number of shares outstanding during the period	<u>643,600,000</u>	643,600,000
<b>Earnings per share</b>	<u><b>0.0328</b></u>	<u>0.0924</u>

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

**29- TAX POSITION**

**a) Corporate Tax**

- The Company's records were inspected till the year 2009 and the taxes due were paid. Except year 2006, the Company objected on the assessment and the issue is currently in the internal committee of tax authority.
- The Company's records were inspected for the years from 2010 till 2013. The company objected on the assessment and the issue is currently in the internal committee of tax authority.
- No tax inspection took place for the Company's records for the years from 2014 till 2018.

**b) Salary Tax**

- The Company's records were inspected till the year 2012 and the taxes due were paid.
- The Company's records are currently under inspection for the years from 2013 till 2015.
- No tax inspection took place for the Company's records for the years 2016 and 2018.

**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 to 2018.

**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 and 2018.

**30- RELATED PARTY DISCLOSURES**

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.

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**30- RELATED PARTY DISCLOSURES (Continued)**

**a) The significant Related party transactions**

During the period/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 transaction	Nature of party	June 2019 EGP	Dec 2018 EGP
Rameda for Pharmaceuticals trading	Rent	Subsidiary	3,000	6,000
	Purchases	Subsidiary	832,905	3,274,498
Ramecare Company	Rent	Subsidiary	3,000	6,000
	Purchases	Subsidiary	-	-
Ramepharma Company	Rent	Subsidiary	3,000	6,000
	Purchases	Subsidiary	2,988,892	18,076,509
Compass Capital	Professional fee	Related	2,473,800	3,581,640
Greville Co.	Expenses	Related	(13,466,226)	-

**b) Related party balances**

	June 2019		Dec 2018	
	Due from EGP	Due to EGP	Due from EGP	Due to EGP
Rameda for Pharmaceuticals Trading	-	89,737	503,522	-
Ramecare Company	3,182,617	-	2,763,059	-
Ramepharma Company	16,225,769	-	23,265,514	-
Compass Capital*	-	1,252,568	-	8,148
Greville Co.	13,466,226	-	-	-
	<u>32,874,612</u>	<u>1,342,305</u>	<u>26,532,095</u>	<u>8,148</u>

\* Management fees amount of EGP 1,252,568 (31 December 2018: EGP 8,148) arises from management services from Compass Capital according to service agreement.

**c) Salaries and incentives of key managers**

The key manager's compensation during period ended 30 June 2019 and 30 June 2018 is as follow:

	June 2019 EGP	June 2018 EGP
Salaries and incentives	10,485,571	8,103,926
	<u>10,485,571</u>	<u>8,103,926</u>

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**31- LEASE COMMITMENTS – COMPANY AS A LESSEE**

The Company has entered into operating lease agreements to lease certain apartments, with lease terms between three to five years. The Company has the option, under some of its leases, to extend the lease terms for three to five years.

Future minimum rentals payments under non-cancellable operating leases as follows:

	<b>June 2019</b>	December 2018
	<b>EGP</b>	EGP
Within one year	<b>3,444,841</b>	2,384,091
After one year but not more than five years	<b>15,377,509</b>	13,143,758
	<b>18,822,350</b>	15,527,849

**32- FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES**

Overview

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 Company's management of capital.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company'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, due from related parties, other receivable, including balances with banks.

**Trade and notes receivables**

The customer credit risk is established by the Company's 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 (10)

**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 Company 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)

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**32- FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**Due from related parties**

Due from related parties are with minimal credit risk, with a maximum exposure 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.

	June 2019		December 2018	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
Financial asset	+1%	282	+1%	790
	-1%	(282)	-1%	(790)
Financial liability	+1%	(542,464)	+1%	(792,748)
	-1%	542,464	-1%	792,748

**Exposure to foreign currency risk**

The following tables demonstrate the sensitivity to a reasonably possible change in USD 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.

	June 2019		December 2018	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
USD	+10%	(315,436)	+10%	248,796
	-10%	315,436	-10%	(248,796)
EURO	+10%	185,077	+10%	-
	-10%	(185,077)	-10%	-

**c) Liquidity risk**

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



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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**32- FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**c) Liquidity risk (continued)**

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 EGP	3 to 12 months EGP	1 to 5 years EGP	Over 5 years EGP	Total EGP
As at 30 June 2019					
Credit facilities	233,252,502	277,159,570	-	-	510,412,072
Trade and notes payables	30,454,795	35,588,944	-	-	66,043,739
Accrued expenses and other payables	8,818,792	42,878,026	-	-	51,696,818
Long term loans	29,514,026	72,898,469	51,473,576	-	153,886,071
Total undiscounted financial liabilities	<u>302,040,115</u>	<u>428,525,009</u>	<u>51,473,576</u>	<u>-</u>	<u>782,038,700</u>

Financial liabilities	Less than 3 Months EGP	3 to 12 months EGP	1 to 5 years EGP	Over 5 years EGP	Total EGP
As at 31 December 2018					
Credit facilities	235,080,590	210,669,520	-	-	445,750,110
Trade and notes payables	21,019,785	36,194,562	-	-	57,214,347
Accrued expenses and other payables	17,922,297	6,226,071	20,956,189	-	45,104,557
Long term loans	17,552,314	73,054,270	94,626,670	-	185,233,254
Total undiscounted financial liabilities	<u>291,574,986</u>	<u>326,144,423</u>	<u>115,582,859</u>	<u>-</u>	<u>733,302,268</u>

**33- CAPITAL MANAGEMENT**

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of Company.

The primary objective of the Company's capital management is to maximise the shareholder value.

The Company 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 Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a leverage ratio, which is total liabilities divided by net equity. The Company's policy is to keep leverage ratio between 1 to 2.

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

For the six - months period ended 30 June 2019

**34- FAIR VALUES OF FINANCIAL INSTRUMENTS**

Financial instruments comprise financial assets and financial liabilities. Financial assets of the Company include cash on hand and at banks, trade and notes receivable, due from related parties and other receivables. Financial liabilities of the Company include credit facilities, long- term loans, trade and notes payable, dividends payable, income taxes payable, accrued expenses and other payables.

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

**35- COMPARATIVE FIGURES**

Certain comparative figures for the six – months period ended 30 June 2019 were reclassified due to judgmentally previously different classification to conform with the current period's presentation which provide reliable and more relevant information.

Separate statement of Profit or Loss as at 30 June 2018:

Account	As previously reported EGP	Reclassification adjustments EGP	As restated EGP
Revenues	374,482,423	811,135	375,293,558
Other income	2,817,324	(811,135)	2,006,189
		-	
General and administrative expenses	(14,080,268)	1,969,060	(12,111,208)
Impairment of trade and notes receivable	-	(1,394,654)	(1,394,654)
Finance expenses	(38,167,859)	(574,406)	(38,742,265)
		-	