

**TENTH OF RAMADAN FOR PHARMACEUTICAL
INDUSTRIES AND DIAGNOSTIC REAGENTS
(RAMEDA) (S.A.E)
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
TOGETHER WITH AUDITOR'S REPORT**

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

**Separate Financial Statements
For the year ended 31 December 2018**

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Translation of Auditor's report
Originally issued in Arabic

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 2018, 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

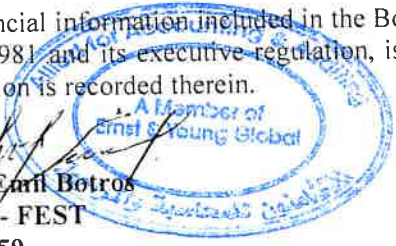

In our opinion, the separate financial statements present fairly in all material respects, the separate financial position of the Company, as at 31 December 2018, and its separate financial performance and its separate cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

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 year ended 31 December 2018 in accordance with the Egyptian accounting Standards. For better understanding of the Company's consolidated financial position as at 31 December 2018 and its consolidated financial performance and its consolidated cash flows for the year 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.



Ashraf Emil Botros
FESAA - FEST
RAA 9259
EFSAR 81

Cairo: 9 May 2019

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

**SEPARATE STATEMENT OF FINANCIAL POSITION
As at 31 December 2018**

	Notes	2018 EGP	2017 EGP
ASSETS			
Non-current assets			
Fixed assets	(5)	219,883,705	227,967,499
Assets under construction	(6)	213,050,197	9,619,534
Intangible assets	(7)	83,721,658	53,218,672
Investment in subsidiaries	(8)	749,300	749,300
Total non-current assets		517,404,860	291,555,005
Current assets			
Inventories	(9)	267,380,109	170,144,941
Trade and notes receivable	(10)	366,108,974	271,469,890
Due from related parties	(29)	26,532,095	21,383,993
Prepayments and other receivables	(11)	39,342,355	38,263,108
Cash on hand and at banks	(12)	4,209,555	13,216,649
Total current assets		703,573,088	514,478,581
TOTAL ASSETS		1,220,977,948	806,033,586
EQUITY AND LIABILITIES			
Equity			
Capital	(16)	160,900,000	160,900,000
Legal reserve		10,213,168	5,738,185
Other reserves		278,952	278,952
Retained earnings		172,856,825	92,362,657
Profits for the year		128,728,832	89,499,651
Total equity		472,977,777	348,779,445
LIABILITIES			
Non-current liabilities			
Long term loans	(18)	-	37,379,654
Deferred tax liabilities	(26)	20,235,766	20,884,657
Total non-current liabilities		20,235,766	58,264,311
Current liabilities			
Provisions	(13)	7,556,954	612,270
Credit facilities	(17)	424,657,282	273,910,371
Current portion of long term loans	(18)	153,991,022	25,500,000
Trade and notes payable	(14)	57,444,361	38,951,512
Due to related parties	(29)	8,148	1,290,832
Dividends payable		-	523,846
Income taxes payable		39,002,081	26,223,737
Accrued expenses and other payables	(15)	45,104,557	31,977,262
Total current liabilities		727,764,405	398,989,830
TOTAL LIABILITIES		748,000,171	457,254,141
TOTAL LIABILITIES AND EQUITY		1,220,977,948	806,033,586

Chief Financial Officer
Mohamed Abo Amira



Board Member
Amr Abdallah Morsy



- The accompanying notes from (1) to (34) 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 year ended 31 December 2018

	Note	2018 EGP	2017 EGP
Revenues	(20)	805,211,069 <	628,454,615
Cost of revenues	(21)	(402,012,527) <	(327,263,699)
GROSS PROFIT		403,198,542	301,190,916
Selling and marketing expenses	(22)	(116,337,505) <	(98,668,166)
General and administrative expenses	(23)	(38,707,888) <	(21,209,089)
Other income	(24)	4,540,373 <	2,703,729
Impairment of trade and notes receivable		(1,394,654) <	-
Provisions	(13)	(1,600,000) <	-
Finance expenses	(25)	(83,699,352) <	(66,438,167)
Other Expenses		-	(274,860)
Net foreign exchange gain (loss)		1,082,506 <	(1,608,777)
PROFITS FOR THE YEAR BEFORE INCOME TAXES		167,082,022 <	115,695,586
Income taxes	(26)	(38,353,190) <	(26,195,935)
PROFITS FOR THE YEAR		128,728,832 <	89,499,651
Earnings per share			
Basic and diluted, profit for the year	(27)	<u>0.200</u>	<u>0.139</u>

Chief Financial Officer
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 2018

	2018	2017
	EGP	EGP
PROFITS FOR THE YEAR	128,728,832	89,499,651
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	<u>128,728,832</u>	<u>89,499,651</u>

- The accompanying notes from (1) to (34) 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 2018

	Paid up Capital	Legal reserve	Other Reserves	Retained earnings	Profit for the year	Total
	EGP	EGP	EGP	EGP	EGP	EGP
Balance as at 1 January 2017	160,900,000	4,379,996	278,952	71,795,536	27,163,772	264,518,256
Transferred to legal reserve and retained earnings	-	1,358,189	-	25,805,583	(27,163,772)	-
Dividends	-	-	-	(5,238,462)	-	(5,238,462)
Profits for the year	-	-	-	-	89,499,651	89,499,651
Balance as at 31 December 2017	160,900,000	5,738,185	278,952	92,362,657	89,499,651	348,779,445
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)	-
Dividends (Notes 16)	-	-	-	(4,530,500)	-	(4,530,500)
Profits for the year	-	-	-	-	128,728,832	128,728,832
Balance as at 31 December 2018	160,900,000	10,213,168	278,952	172,856,825	128,728,832	472,977,777

- The accompanying notes from (1) to (34) 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 2018

	Note	2018 EGP	2017 EGP
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits for the year before income taxes		167,082,022	115,695,586
Adjustments to reconcile profit before tax to net cash flow :			
Net foreign exchange differences		(1,082,506)	-
Depreciation and amortization	(5,7)	24,770,244	22,977,024
Provision charged	(13)	7,085,132	-
Impairment of trade and notes receivable	(10)	1,394,654	-
Reversal of impairment of assets under constructions	(6)	(361,622)	-
Reversal of impairment of inventory		(999,224)	-
Debit interests	(25)	83,699,352	66,438,167
Gain/(Loss) from sale of fixed assets	(5)	(16,828)	274,860
		<u>281,571,224</u>	<u>205,385,637</u>
Change in inventories		(96,235,944)	(39,098,258)
Change in trade and notes receivable		(96,041,892)	(80,990,250)
Change in prepayments and other receivables		(4,623,313)	(21,093,319)
Change in trade and notes payable		18,492,849	(5,644,694)
Change in due to related parties		(1,282,684)	1,290,832
Change in accrued expenses and other payables		<u>11,544,377</u>	<u>1,233,158</u>
Cash flows provided from operating activities		113,424,617	61,083,106
Debit interests paid		(82,116,434)	(66,438,167)
Provisions used	(13)	(140,448)	(500,000)
Income taxes paid		<u>(22,679,671)</u>	<u>(8,070,458)</u>
NET CASH FLOWS (USED IN) PROVIDED FROM OPERATING ACTIVITIES		<u>8,488,064</u>	<u>(13,925,519)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire fixed assets, assets under construction and intangible assets	(5,6,7)	(250,299,379)	(25,099,631)
Payments to acquire Investment in subsidiaries		-	(475,000)
Proceeds from sale of fixed assets	(5)	57,730	271,101
Investment in term deposit		(443,876)	-
Change in due from related parties		<u>(5,148,102)</u>	<u>(19,988,541)</u>
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		<u>(255,833,627)</u>	<u>(45,292,071)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Credit facilities used		704,898,779	430,135,837
Payment of credit facilities		(554,151,868)	(347,749,121)
Receipts from long term loans		116,611,368	11,427,875
Payment of long term loans		(25,500,000)	(20,400,000)
Dividends Paid		<u>(5,054,346)</u>	<u>(4,714,615)</u>
NET CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES		<u>236,803,933</u>	<u>68,699,976</u>
Net change in cash and cash equivalent during the year		(10,541,630)	9,482,386
Net foreign exchange difference		1,090,660	-
Cash and cash equivalent - beginning of the year		<u>13,216,649</u>	<u>3,734,263</u>
CASH AND CASH EQUIVALENT - END OF THE YEAR	(12)	<u>3,765,679</u>	<u>13,216,649</u>

- The accompanying notes from (1) to (34) 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 2018

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 year ended 31 December 2018 were authorized for issuance in accordance with a resolution of the Board of Directors' dated 22th April 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 realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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.

**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 2018

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	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.

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.

**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 2018

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.

**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 2018

2- 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

**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 2018

2- 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

**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 2018

2- 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2-2-15 Income taxes (continued)

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.

2-2-16 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.

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2- 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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2- 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

- 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.

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2- 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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3- SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

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.

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.

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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 (December 2017 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 year ended 31 December 2018 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
2018	<u>39,496,189</u>	<u>60,513,864</u>	<u>523,513,072</u>	<u>4,220,691</u>	<u>177,467,253</u>	<u>805,211,069</u>
2017	<u>30,974,024</u>	<u>50,666,141</u>	<u>383,255,867</u>	<u>6,126,389</u>	<u>157,432,194</u>	<u>628,454,615</u>

Revenue from the top five customers presented 76% of total revenues (December 2017: 78%).

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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	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)							
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 year related to Disposals	-	(5,021,246)	(13,791,904)	(575,389)	(917,233)	(94,506)	(1,224,952)	(21,625,230)								
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 December 2018 include EGP 15,634,658, which represents fully depreciated assets that are still in use.

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

	2018	2018
	EGP	EGP
Cost of revenue	20,172,451	(68,585)
Selling and marketing expenses	411,991	27,683
General and administrative expenses	1,040,788	(40,902)
	21,625,230	57,730
Gain from sale of fixed assets		16,828

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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	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	
Cost																	
As at 1 January 2017	18,637,425	168,872,184	133,248,686	10,945,110	12,580,168	1,450,861	14,833,993	360,568,427									
Additions	-	2,113,320	2,096,905	37,438	794,140	5,085	1,310,798	6,357,686									
Transferred from assets under construction	-	1,641,186	6,570,631	-	-	-	9,944	8,221,761									
Disposals	-	-	(1,124,370)	(684,610)	-	-	(38,065)	(1,847,045)									
As at 31 December 2017	18,637,425	172,626,690	140,791,852	10,297,938	13,374,308	1,455,946	16,116,670	373,300,829									
Accumulated depreciation																	
As of 1 January 2017	-	(34,216,707)	(67,134,232)	(8,340,989)	(5,107,436)	(827,012)	(10,709,100)	(126,335,476)									
Depreciation for the year	-	(4,921,802)	(12,640,344)	(561,028)	(1,145,216)	(93,596)	(936,951)	(20,298,937)									
Disposals	-	-	744,905	529,683	-	-	26,495	1,301,083									
As at 31 December 2017	-	(39,138,509)	(79,029,671)	(8,372,334)	(6,252,652)	(920,608)	(11,619,556)	(145,333,330)									
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 December 2017 include EGP 15,218,888, which represents fully depreciated assets that are still in use.

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

	December 2017	December 2017
	EGP	EGP
Cost of revenue	18,993,072	(1,847,045)
Selling and marketing expenses	376,957	1,301,084
General and administrative expenses	928,908	(545,961)
	20,298,937	271,101
		(274,860)

Gain from sale of fixed assets was calculated as follows :

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	

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6 –ASSETS UNDER CONSTRUCTION

	2018	2017
	EGP	EGP
Service equipment and infra-structure facilities	166,664,672	8,433,008
Laboratory equipment	570,590	570,590
Buildings and furniture	<u>46,501,372</u>	<u>1,663,995</u>
	213,736,634	10,667,593
Impairment in value of assets under construction	<u>(686,437)</u>	<u>(1,048,059)</u>
	<u>213,050,197</u>	<u>9,619,534</u>

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

	2018	2017
	EGP	EGP
Beginning balance	10,667,593	10,826,708
Additions during the year	203,810,991	8,062,646
Transferred to fixed assets during the year	<u>(741,950)</u>	<u>(8,221,761)</u>
Ending balance	<u>213,736,634</u>	<u>10,667,593</u>

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

	2018	2017
	EGP	EGP
Beginning balance	(686,437)	(1,048,059)
No longer required during the year	-	-
Ending balance	<u>(686,437)</u>	<u>(1,048,059)</u>

Capitalized borrowing cost:

The amount of borrowing costs capitalized on service equipment and infra-structure facilities during the year ended 31 December 2018 amounted to EGP 7,648,622 (December 2017: EGP 833,283). The capitalized borrowing cost represents the cost of specific borrowings made for these assets at a rate of 18.78% (December 2017: 20.35%).

7- INTANGIBLE ASSETS

	<u>Registration Rights</u>	
	2018	2017
	EGP	EGP
Cost as at 1 January	62,035,406	51,356,106
Additions	<u>33,648,000</u>	<u>10,679,300</u>
Total cost as at 31 December	<u>95,683,406</u>	<u>62,035,406</u>
Accumulated amortization as at 1 January	(8,816,734)	(6,138,647)
Amortization for year	<u>(3,145,014)</u>	<u>(2,678,087)</u>
Accumulated amortization as at 31 December	<u>(11,961,748)</u>	<u>(8,816,734)</u>
Net book value as at 31 December	<u>83,721,658</u>	<u>53,218,672</u>

Amortization charged to cost of goods sold and services for the year ended 31 December 2018 is EGP 3,145,014 (31 December 2017: EGP 2,678,087). 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.

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8 - INVESTEMENT IN SUBSIDIARIES

	Country of incorporate	%	2018 EGP	%	2017 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

	2018 EGP	2017 EGP
Raw materials	67,051,026 <	29,461,337
Packing and packaging materials	22,540,397 <	30,465,098
Spare parts	11,231,382	6,606,483
Finished goods	106,649,651	44,368,768
Work in progress	36,964,491	29,650,018
Goods in transit	21,503,128	27,074,697
Inventory with others	3,010,332	5,088,062
	<u>268,950,407</u>	<u>172,714,463</u>
Write down in inventories	<u>(1,570,298)</u>	<u>(2,569,522)</u>
	<u>267,380,109 <</u>	<u>170,144,941</u>

Raw material and finished goods inventory amounting to EGP 275,7 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:

	2018 EGP	2017 EGP
Beginning balance	(2,569,522)	(1,578,075)
Charge during the year	-	(991,447)
Reversal	999,224	-
Ending balance	<u>(1,570,298)</u>	<u>(2,569,522)</u>

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

10 - TRADE AND NOTES RECEIVABLE

	2018 EGP	2017 EGP
Trade receivable	121,228,875	60,283,664
Trade receivable – toll manufacturing	8,192,593	4,606,406
Trade receivable - warehouse rent	-	6,616
Notes receivable	<u>238,806,065</u>	<u>207,297,109</u>
	<u>368,227,533</u>	<u>272,193,795</u>
Impairment of trade and notes receivable	<u>(2,118,559)</u>	<u>(723,905)</u>
	<u>366,108,974</u>	<u>271,469,890</u>

Notes receivable amounting to EGP 187,4 Million are mortgage as a guarantee for the credit facilities (Note 17).

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10 - TRADE AND NOTES RECEIVABLE (continued)

The ageing analysis of net trade and notes receivable is as follows:

	Neither impaired nor past due				Past due but not impaired More than 365 days	Past Due and Impaired
	Total	Less than 60 days	From 61 to 120 days	From 121 to 365 days		
December 2018	<u>366,108,974</u>	<u>214,595,309</u>	<u>100,268,047</u>	<u>52,184,432</u>	<u>1,179,745</u>	<u>(2,118,559)</u>
December 2017	<u>271,469,890</u>	<u>170,770,351</u>	<u>60,026,347</u>	<u>40,810,658</u>	<u>586,439</u>	<u>(723,905)</u>

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

	2018 EGP	2017 EGP
Beginning balance	(723,905)	(723,905)
Charged during the year	<u>(1,394,654)</u>	-
Ending balance	<u>(2,118,559)</u>	<u>(723,905)</u>

11 - PREPAYMENTS AND OTHER RECEIVABLES

	2018 EGP	2017 EGP
Prepaid expenses	905,915	1,041,386
Advances to suppliers	17,170,848	7,082,160
Accrued revenues	-	69,497
Tax authority	6,586,101	3,459,746
Social insurance authority	271,190	131,875
Letters of credit margin	4,139,652	23,093,856
Deposits with others	1,432,625	1,586,022
Employees' imprests and advances	1,674,542	1,664,508
Customs-authority	4,111,999	-
Other receivables	<u>3,049,483</u>	<u>134,058</u>
	<u>39,342,355</u>	<u>38,263,108</u>

12 - CASH ON HAND AND AT BANKS

	2018 EGP	2017 EGP
a) Egyptian Pounds		
Cash on hand	31,688	28,375
Current accounts	3,182,882	6,189,613
Term deposits (Maturing within 3 months)	443,876	-
	<u>3,658,446</u>	<u>6,217,988</u>
b) Foreign currencies		
Current accounts	<u>551,109</u>	<u>6,998,661</u>
	<u>551,109</u>	<u>6,998,661</u>
	<u>4,209,555</u>	<u>13,216,649</u>

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12 - CASH ON HAND AND AT BANKS (continued)

Cash balances are denominated in the following currencies:

	2018	2017
	EGP	EGP
Egyptian pound (EGP)	3,658,446	6,217,988
US dollar (USD)	521,727	6,926,978
Euro (EUR)	29,382	71,683
	<u>4,209,555</u>	<u>13,216,649</u>

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

	2018	2017
	EGP	EGP
Cash in hand	31,688	28,375
Current accounts	3,733,991	13,188,274
	<u>3,765,679</u>	<u>13,216,649</u>

13 - PROVISIONS

	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 20.

	Balance as at January 2017	Charged during the year	Used during the year	Balance as at December 2017
	EGP	EGP	EGP	EGP
Provision for expected claims	1,112,270	-	(500,000)	612,270
	<u>1,112,270</u>	<u>-</u>	<u>(500,000)</u>	<u>612,270</u>

14- TRADE AND NOTES PAYABLE

	2018	2017
	EGP	EGP
Trade payable	47,963,906	20,507,958
Notes payable	9,480,455	18,443,554
	<u>57,444,361</u>	<u>38,951,512</u>

15- ACCRUED EXPENSES AND OTHER PAYABLES

	2018	2017
	EGP	EGP
Accrued expenses	9,786,333	13,630,300
Tax authority (other than income tax)	24,210,269	17,172,940
Other payables	11,107,955	1,174,022
	<u>45,104,557</u>	<u>31,977,262</u>

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

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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 year is as follows:

	2018 EGP	2017 EGP
Opening balance	272,598,550	191,523,654
Used during the year	702,068,205	429,451,944
Payment during the year	(554,151,868)	(347,749,121)
Net foreign exchange differences	-	(627,927)
Ending balance	<u>420,514,887</u>	<u>272,598,550</u>

	2018 EGP	2017 EGP
Credit facilities maturing within 12 months	420,514,887	272,598,550
Bank credit	4,142,395	1,311,821
	<u>424,657,282</u>	<u>273,910,371</u>

The interest rate on the Credit facilities ranges from 18.5 % to 21.25 % as of 31 December 2018 (December 2017: from 16.08% to 17.21%).

Credit Facilities	Facility amount EGP	Interest rate	Maturity Date	2018 EGP	2017 EGP
CIB	200,000,000	0.75%+CBE corridor rate	31/07/2019	154,585,015	143,043,831
Audi Bank	125,000,000	1 %+CBE lending rate	31/07/2019	136,106,470	73,894,823
Arab Bank	60,000,000	1.5%+CBE lending	30/06/2019	46,911,102	43,140,079
ABK	49,900,000	0.75%+CBE lending rate with floor interest rate 18.5%	30/06/2019	32,491,987	12,519,817
ADIB	80,000,000	1.00%+CBE lending rate	30/06/2019	50,420,313	-
Total Credit Facilities				<u>420,514,887</u>	<u>272,598,550</u>

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

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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, interest rate reduced from 2.25% to 1.1% over the corridor rate and revised rate is effective for the remaining 11 monthly instalments. "Loan (1)". The Company paid EGP 24,000,000 during the current year (December 2017: EGP 20,400,000) and the balance outstanding amounted to EGP 27,451,779 as at 31 December 2018 (December 2017: EGP 51,451,779).

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 year ended 31 December 2018, interest rate reduced from 1.25% to 1.1% over the corridor rate. "Loan (2)". The Company has drawn down EGP 50,369,622 during the year ended 31 December 2018 (December 2017: EGP 11,427,875) and also paid EGP 1,500,000 during the current year (December 2017: Nil) the balance outstanding amounted to EGP 60,297,497 as at 31 December 2018 (December 2017: EGP 11,427,875).

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 66,241,746 during the year ended 31 December 2018 and the balance outstanding amounted to EGP 66,241,746 as at 31 December 2018.

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 31 December 2018 as follows:

Loans	Interest rate	2018 EGP	2017 EGP
Current portion of long term loans			
Loan (1)*	1.1%+CBE lending rate	27,451,779	24,000,000
Loan (2)*	1.1%+CBE lending rate	60,297,497	1,500,000
Loan (3)*	0.9%+CBE lending rate	66,241,746	-
Total current portion of long term loans		153,991,022	25,500,000
Non-current portion of long term loans			
Loan (1)	1.1%+CBE lending rate	-	27,451,779
Loan (2)	1.1%+CBE lending rate	-	9,927,875
Loan (3)	0.9%+CBE lending rate	-	-
Total non-current portion of long term loans		-	37,379,654
		153,991,022	62,879,654

* Some of the Company's loan agreements (classified as non-current during the year) are subjected 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 1.57 of which the Company has currently drawn an amount of EGP 126,539,022. Due to this breach of the covenant clause, the bank is contractually entitled to request for immediate repayment of the outstanding loans amount of EGP 126,539,022. The outstanding balance is presented as a current liability as at 31 December 2018. The bank has approved exceptional and tentatively the breach and had not requested early repayment of the loans as of the date when these financial statements were approved by the Board of Directors. The company received acceptance letter for CIB that do not recall the loan.

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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, interest rate reduced from 2.25% to 1.1% over the corridor rate and revised rate is effective for the remaining 11 monthly instalments. "Loan (1)". The Company paid EGP 24,000,000 during the current year (December 2017: EGP 20,400,000) and the balance outstanding amounted to EGP 27,451,779 as at 31 December 2018 (December 2017: EGP 51,451,779).

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The balance of loans as of 31 December 2018 as follows:

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Current portion of long term loans			
Loan (1)*	1.1%+CBE lending rate	27,451,779	24,000,000
Loan (2)*	1.1%+CBE lending rate	60,297,497	1,500,000
Loan (3)*	0.9%+CBE lending rate	66,241,746	-
Total current portion of long term loans		153,991,022	25,500,000
Non-current portion of long term loans			
Loan (1)	1.1%+CBE lending rate	-	27,451,779
Loan (2)	1.1%+CBE lending rate	-	9,927,875
Loan (3)	0.9%+CBE lending rate	-	-
Total non-current portion of long term loans		-	37,379,654
		153,991,022	62,879,654

* Some of the Company's loan agreements (classified as non-current during the year) are subjected 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 1.57 of which the Company has currently drawn an amount of EGP 126,539,022. Due to this breach of the covenant clause, the bank is contractually entitled to request for immediate repayment of the outstanding loans amount of EGP 126,539,022. The outstanding balance is presented as a current liability as at 31 December 2018. The bank has approved exceptional and tentatively the breach and had not requested early repayment of the loans as of the date when these financial statements were approved by the Board of Directors. The company received acceptance letter for CIB that do not recall the loan.

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19- CAPTIAL COMMITMENTS

As at 31 December 2018, the Company had contractual commitments in respect of its assets under construction not provided for in the separate financial statements amounted to EGP 152,526,872. (EGP 84,494,017 as at 31 December 2017).

20- REVENUES

	2018	2017
	EGP	EGP
Sale of goods (net)	765,714,880	597,480,591
Toll manufacturing services revenue	39,496,189	30,974,024
	<u>805,211,069</u>	<u>628,454,615</u>

21- COST OF REVENUE

	2018	2017
	EGP	EGP
Salaries, social insurance and other fringe benefits	59,842,597	47,745,576
Raw materials	242,409,486	187,592,771
Spare parts and materials	15,104,225	9,021,000
Government fees and medical stamps	7,104,302	8,500,057
Other operating expenses	24,647,603	30,393,051
Energy expenses	18,768,754	15,112,269
Depreciation and amortization (Note 5,7)	23,317,465	21,671,158
Rent	3,357,420	1,855,612
Maintenance	7,460,675	5,372,205
	<u>402,012,527</u>	<u>327,263,699</u>

22- SELLING AND MARKETING EXPENSES

	2018	2017
	EGP	EGP
Salaries, social insurance and other fringe benefits	57,421,758	42,490,429
Depreciation (Note 5)	411,991	376,957
Rent	2,466,822	1,953,987
Advertising and marketing	56,036,934	53,846,793
	<u>116,337,505</u>	<u>98,668,166</u>

23- GENERAL AND ADMINISTRATIVE EXPENSES

	2018	2017
	EGP	EGP
Salaries, social insurance and other fringe benefits	18,388,682	14,882,434
Professional fees	14,433,179	2,043,220
Maintenance	679,600	307,635
Depreciation (Note 5)	1,040,788	928,908
Others	4,165,639	3,046,892
	<u>38,707,888</u>	<u>21,209,089</u>

24- OTHER INCOME

	2018	2017
	EGP	EGP
Gain from sale of fixed assets (Note 5)	16,828	-
Other income	4,523,545	2,703,729
	<u>4,540,373</u>	<u>2,703,729</u>

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25- FINANCE EXPENSES

	2018	2017
	EGP	EGP
Debit interests	<u>(83,699,352)</u>	<u>(66,438,167)</u>
	<u>(83,699,352)</u>	<u>(66,438,167)</u>

26- INCOME TAXES

	2018	2017
	EGP	EGP
Current income tax	<u>(39,002,081)</u>	<u>(26,223,737)</u>
Deferred income tax	<u>648,891</u>	<u>27,802</u>
Income tax expense	<u>(38,353,190)</u>	<u>(26,195,935)</u>

DEFERED INCOME TAXES

	Statement of financial position		Statement of profit or loss	
	2018	2017	2018	2017
	EGP	EGP	EGP	EGP
Depreciation and amortization	(22,056,350)	(21,763,439)	(292,911)	(252,781)
Provisions	1,234,155	137,761	1,096,394	(112,500)
Impairment of trade and notes receivables	476,676	162,879	313,797	-
Write down of inventory	353,317	578,142	(224,825)	223,076
Unrealized foreign exchange differences	(243,564)	-	(243,564)	170,007
Net deferred income taxes	<u>(20,235,766)</u>	<u>(20,884,657)</u>	<u>648,891</u>	<u>27,802</u>

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	Tax Rate	2018	Tax Rate	2017
		EGP		EGP
Profits before income taxes		167,082,022		115,695,587
Income tax based on tax rate	22.5%	<u>37,593,455</u>	22.5%	<u>26,031,507</u>
Non-deductible expenses		759,735		164,428
Effective Tax Rate	22.95%	<u>38,353,190</u>	22.64%	<u>26,195,935</u>

27- 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:

	2018	2017
	EGP	EGP
Basic and diluted, profit for the year	<u>128,728,832</u>	<u>89,499,651</u>
Weighted average number of shares outstanding during the year	<u>643,600,000</u>	<u>643,600,000</u>
Earnings per share	<u>0.20001</u>	<u>0.1391</u>

- There are no shares with diluted effect and hence the basic and diluted earnings per share are the same. The par value of the share was amended from EGP 1,000 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 (Note 16). The weighted average number of shares was retrospectively adjusted to reflect the share split accordingly Earnings per share for the year ended 2017 has been restated.

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28- 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.

29- 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.

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 transaction	Nature of party	2018 EGP	2017 EGP
Rameda for Pharmaceuticals trading	Rent	Subsidiary	6,000	6,000
	Purchases	Subsidiary	3,274,498	2,832,972
Ramecare Company	Rent	Subsidiary	6,000	6,000
Ramepharma Company	Rent	Subsidiary	6,000	6,000
	Purchases	Subsidiary	18,076,509	-
Compass Capital	Professional fee	Related	3,581,640	1,720,800

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29- RELATED PARTY DISCLOSURES (Continued)

b) Related party balances

	2018		2017	
	Due from EGP	Due to EGP	Due from EGP	Due to EGP
Rameda for Pharmaceuticals Trading	503,522	-	-	1,290,832
Ramecare Company	2,763,059	-	1,702,023	-
Ramepharma Company	23,265,514	-	19,681,970	-
Compass Capital	-	8,148	-	-
	<u>26,532,095</u>	<u>8,148</u>	<u>21,383,993</u>	<u>1,290,832</u>

c) Salaries and incentives of key managers

The key manager's compensation during year ended 31 December 2018 and 31 December 2017 is as follow:

	2018 EGP	2017 EGP
Salaries and incentives	<u>16,065,756</u>	<u>15,454,079</u>
	<u>16,065,756</u>	<u>15,454,079</u>

30- 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:

	2018 EGP	2017 EGP
Within one year	2,384,091	2,120,219
After one year but not more than five years	13,143,758	4,809,066
	<u>15,527,849</u>	<u>6,929,285</u>

31- FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

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

- Credit risk
- Market risk
- 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.

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31- FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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' 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 bases.

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)

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.

	2018		2017	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
Financial asset	+1%	-	+1%	-
	-1%	-	-1%	-
Financial liability	+1%	(1,131,415)	+1%	(2,738,235)
	-1%	1,131,415	-1%	2,738,235

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31- 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 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.

	2018		2017	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
USD	+10%	248,796	+10%	699,552
	-10%	(248,796)	-10%	(699,552)

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 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	21,249,799	36,194,562	-	-	57,444,361
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>291,805,000</u>	<u>326,144,423</u>	<u>115,582,859</u>	<u>-</u>	<u>733,532,282</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 2017					
Dividends payable	523,846	-	-	-	523,846
Credit facilities	79,419,974	223,574,658	-	-	302,994,632
Trade and notes payables	22,493,632	16,457,880	-	-	38,951,512
Accrued expenses and other payables	7,898,568	24,341,834	-	-	32,240,402
Long term loans	7,576,314	21,581,443	40,633,130	-	69,790,887
Total undiscounted financial liabilities	<u>117,912,334</u>	<u>285,955,815</u>	<u>40,633,130</u>	<u>-</u>	<u>444,501,279</u>

**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 2018

32- 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.

33- 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.

34- COMPARATIVE FIGURES

Certain comparative figures for the year ended 31 December 2017 were reclassified due to judgmentally previously different classification to conform with the current year's presentation which provide reliable and more relevant information as follows:

Separate statement of financial position as at 31 December 2017:

Account	As previously reported EGP	Reclassification adjustments EGP	As reclassified EGP
Credit facilities	273,823,584	(4,056,709) x	269,766,875
Trade and notes payable	34,894,803	4,056,709	38,951,512

Credit facilities and bank credit	(269,766,875)	(4,143,496)	(273,910,371)
Cash on hand and at banks	9,073,153	4,143,496	13,216,649

Assets under construction	15,634,534	(6,015,000)	9,619,534
Intangible assets	47,203,672	6,015,000	53,218,672

Trade and notes receivables	268,469,890	3,000,000	271,469,890
Cash on hand and at banks	12,073,153	(3,000,000)	9,073,153
