

**TENTH OF RAMADAN FOR PHARMACEUTICAL
INDUSTRIES AND DIAGNOSTIC REAGENTS
(RAMEDA) (S.A.E)
CONDENSED INTERIM SEPARATE FINANCIAL
STATEMENTS
TOGETHER WITH REVIEW REPORT
FOR THE PERIOD ENDED 30 JUNE 2020**

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

**Condensed Interim Separate Financial Statements
For the Period Ended 30 JUNE 2020**

Table of Contents

	<u>Page</u>
Review Report on the Condensed Interim Separate Financial Statements	3
Condensed Interim Separate Statement of Financial Position	4
Condensed Interim Separate Statement of Profit or Loss	5
Condensed Interim Separate Statement of Comprehensive Income	6
Condensed Interim Separate Statement of Changes in Equity	7
Condensed Interim Separate Statement of Cash Flows	8
Notes to the Condensed Interim Separate Financial Statements	9 -28

**REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS
TO THE MEMBERS OF THE BOARD OF DIRECTORS OF TENTH OF RAMADAN FOR
PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)**

Introduction

We have reviewed the accompanying condensed interim financial position of **TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)** as of 30 June 2020 as well as the related condensed statements of profit or loss, Comprehensive income, changes in equity and cash flows for the six months ended on 30 June 2020, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim separate financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these condensed interim separate financial statements based on our review.

Scope of Review

We conducted our review in accordance with Egyptian Standard on Review Engagements No. 2410, "Review of Condensed Interim Financial Statements Performed by the Independent Auditor of the Entity." A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim separate financial statements does not give a true and fair view, in all material respects, of the financial position of the entity as at 30 June 2020, and of its financial performance and its cash flows for the six months ended on 30 June 2020 in accordance with Egyptian Accounting Standards.

Cairo: 13 August 2020

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



TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

as at 30 June 2020

	Notes	30 June 2020 EGP	31 December 2019 EGP
ASSETS			
Non-current assets			
Fixed assets & Assets under construction	(5)	486,806,447	483,452,748
Right of use assets	(6)	18,098,912	-
Intangible assets	(7)	182,934,470	88,645,303
Investment in subsidiaries		1,461,800	1,461,800
Total non-current assets		689,301,629	573,559,851
Current assets			
Inventories	(8)	279,044,054	211,915,179
Trade and notes receivable	(9)	516,382,491	498,966,783
Treasury Bills	(10)	469,616,953	464,890,000
Due from related parties	(25)	20,335,940	19,849,471
Prepayments and other receivables		92,295,893	46,806,909
Cash on hand and at banks	(11)	36,076,422	53,116,260
Total current assets		1,413,751,753	1,295,544,602
TOTAL ASSETS		2,103,053,382	1,869,104,453
EQUITY AND LIABILITIES			
Equity			
Capital	(14)	192,150,000	192,150,000
Legal reserve		20,798,851	16,649,610
General reserves - issuance Premium	(15)	486,965,000	486,965,000
Other reserves		278,952	278,952
Retained earnings		418,044,725	378,134,062
Total equity		1,118,237,528	1,074,177,624
LIABILITIES			
Non-current liabilities			
Long-term loans	(17)	29,549,676	61,649,676
Lease liabilities	(6)	16,213,576	-
Deferred tax liabilities	(22)	26,069,923	25,957,056
Total non-current liabilities		71,833,175	87,606,732
Current liabilities			
Provisions	(12)	11,119,606	9,963,935
Credit facilities	(16)	695,056,260	486,336,405
Current portion of long-term loans	(17)	80,250,000	64,200,000
Current lease liabilities	(6)	2,265,641	-
Trade, notes & other payables	(13)	117,006,775	126,695,938
Due to related parties	(25)	431,392	335,384
Income taxes payable		6,853,005	19,788,435
Total current liabilities		912,982,679	707,320,097
TOTAL LIABILITIES		984,815,854	794,926,829
TOTAL LIABILITIES AND EQUITY		2,103,053,382	1,869,104,453

Finance Director

Mohamed Abo Amira

Board Member

Amr Abdallah Morsy

The accompanying notes from (1) to (26) are an integral part of these condensed interim separate financial statements.
Review report attached.

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

CONDENSED INTERIM SEPARATE STATEMENT OF PROFIT OR LOSS

For the Period Ended 30 June 2020

	Notes	Six-Months Ended		Three-Months Ended	
		30 June 2020	30 June 2019	30 June 2020	30 June 2019
		EGP	EGP	EGP	EGP
Revenues	(18)	437,460,856	384,356,098	205,041,168	194,201,355
Cost of revenues	(19)	(232,422,509)	(212,143,388)	(106,321,054)	(100,610,240)
GROSS PROFIT		205,038,347	172,212,710	98,720,114	93,591,115
Selling and marketing expenses		(102,974,365)	(70,433,894)	(54,060,440)	(36,854,900)
General and administrative expenses		(23,560,972)	(16,929,360)	(12,500,347)	(6,903,663)
Other income		483,472	976,235	175,676	538,335
Operating profit		78,986,482	85,825,691	32,335,003	50,370,887
Finance income	(20)	34,808,611	25,010	17,141,026	10,862
Finance expenses	(21)	(52,505,172)	(50,603,507)	(21,699,245)	(26,928,260)
Net foreign exchange losses		(29,108)	(1,258,216)	689,879	(421,413)
Finance expense		(17,725,669)	(51,836,713)	(3,868,340)	(27,338,811)
Impairment of trade and notes receivable		(2,529,514)	(787,944)	(1,867,306)	(350,870)
Provisions	(12)	-	(3,768,059)	-	(3,713,079)
Contribution for health insurance		(1,187,918)	(940,329)	(561,515)	(475,976)
PROFITS FOR THE PERIOD BEFORE INCOME TAXES		57,543,381	28,492,646	26,037,842	18,492,151
Income taxes	(22)	(13,483,477)	(7,363,138)	(5,948,616)	(5,041,703)
PROFITS FOR THE PEIROD		44,059,904	21,129,508	20,089,226	13,450,448
Earnings Per Share - basic and diluted		0.0573	0.0275	0.0261	0.0175

Finance Director

Mohamed Abo Amira

Board Member

Amr Abdallah Morsy

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)
CONDENSED INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the Period Ended 30 June 2020

	Six-Months Ended		Three-Months Ended	
	<i>30 June 2020</i>	30 June 2019	<i>30 June 2020</i>	30 June 2019
	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>	<i>EGP</i>
PROFITS FOR THE PERIOD	44,059,904	21,129,508	20,089,226	13,450,448
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	44,059,904	21,129,508	20,089,226	13,450,448

The accompanying notes from (1) to (26) are an integral part of these condensed interim separate financial statements.

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

CONDENSED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

For the Period Ended 30 June 2020

	Paid up -Capital		Legal reserve		General reserve - Issuance Premium		Other Reserves		Retained earnings		Total	
	EGP		EGP		EGP		EGP		EGP		EGP	
Balance as at 1 January 2019	160,900,000		10,213,168		-		278,952		301,585,657		472,977,777	
Transferred to legal reserve	-		6,436,442		-		-		(6,436,442)		-	
Total comprehensive income for the period	-		-		-		-		21,129,508		21,129,508	
Balance as at 30 June 2019	160,900,000		16,649,610		-		278,952		316,278,723		494,107,285	
Balance as at 1 January 2020	192,150,000		16,649,610		486,965,000		278,952		378,134,062		1,074,177,624	
Transferred to legal reserve	-		4,149,241		-		-		(4,149,241)		-	
Total comprehensive income for the period	-		-		-		-		44,059,904		44,059,904	
Balance as at 30 June 2020	192,150,000		20,798,851		486,965,000		278,952		418,044,725		1,118,237,528	

The accompanying notes from (1) to (26) are an integral part of these condensed interim separate financial statements.

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

NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

For the period ended 30 June 2020

1- BACKGROUND

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

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

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

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

The Company is principally engaged in:

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

The financial statements for the period ended 30 June 2020 were authorized for issuance in accordance with a resolution of the Board of Directors' dated 13 August 2020.

2- SIGNIFICANT ACCOUNTING POLICIES

2-1 BASIS OF PREPARATION

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

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

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

2-2 CHANGES IN ACCOUNTING POLICIES

The accounting policies applied during this period are those applied in preparing the financial statements for the year ended 31 December 2019, except for the adoption of the new Egyptian Accounting Standards No. 48, "revenue from contracts with customers" and 49 "leases" as of 01 January 2020. The nature and impact of these standards and amendments are explained below.

The company has postponed the implementation of Egyptian Accounting Standard No. (47) "Financial Instruments" in accordance with a decision of the Financial Supervisory Authority provided that it is fully implemented and included at the end of the fiscal year ending 31 December 2020.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)**NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS**
For the Period Ended 30 June 2020**2-2 CHANGES IN ACCOUNTING POLICIES (continued)****2-2-1 EFFECT OF ADOPTION OF EAS NO. (48) "REVENUE FROM CONTRACTS WITH CUSTOMERS"**

EAS No. (48) "Revenue from contracts with customers" was issued to replace the EAS No. (8) "Construction contracts" and EAS No. (11) "Revenue" and establishes a five-step model for revenue from contracts with customers.

According to EAS No. (48) "Revenue from contracts with customers" is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new standard will replace all requirements for recognition under Egyptian Accounting Standards. EAS (48) requires either a full retrospective approach or modified retrospective approach for prior periods beginning on or after January 1, 2020 and early application is permitted.

The Company adopted EAS (48) using the modified retrospective method of adoption with the date of initial application of 1 January 2020. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date.

The cumulative effect of initially applying EAS (48) is recognized at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under EAS No. (8) "Construction Contracts" and the EAS No. (11) "Revenue".

EAS No. (48) requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

Sale of goods

The Company's contracts with customers for the sale of finished goods generally include one performance obligation. The Company has concluded that revenue from sale of finished goods should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the finished goods. Therefore, the adoption did not have an impact on the timing of revenue recognition.

i) Variable consideration

Some contracts for the sale of finished goods provide customers with a right of return and volume rebates. Prior to the adoption of EAS (48), the Company recognized revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and volume rebates. If revenue could not be reliably measured, the Company deferred revenue recognition until the uncertainty was resolved.

Under EAS (48), rights of return and volume rebates give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration has not increased the amount of revenue that will be deferred.

ii) Rights of return

When a contract provides a customer with a right to return the goods within a specified period, the Company previously estimated expected returns using a probability-weighted average amount approach similar to the expected value method under EAS (48).

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

NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS
For the Period Ended 30 June 2020

2-2 CHANGES IN ACCOUNTING POLICIES (continued)

2-2-1 EFFECT OF ADOPTION OF EAS NO. (48) "REVENUE FROM CONTRACTS WITH CUSTOMERS" (continued)

Under EAS (48), the consideration received from the customer is variable because the contract allows the customer to return the products. The Company used the expected value method to estimate the goods that will not be returned. For goods expected to be returned, the Company presented a refund liability and an asset for the right to recover products from a customer separately in the statement of financial position. Upon adoption of EAS (48), the Company measure the impact on refund liability and an asset for the right to recover products from a customer and retained earnings as of 1 January 2020.

iii) Volume rebates

Under EAS (48), retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Company applied the 'most likely amount method' for contracts with a single volume threshold and the 'expected value method' for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration was primarily driven by the number of sales value / volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration. Upon adoption of EAS (48), the Company recognized contract liabilities for the expected future rebates, derecognized the provision for rebates under trade payable and accrued expenses.

The management conducted an exercise and concluded that there is no material impact on transition to EAS (48) on 1 January 2020.

2-2-2 EFFECT OF ADOPTION OF EAS NO. (49) "LEASES"

The company has implemented the EAS No. (49) "Leases". The standard is defined the principles of recognition, measurement, presentation, and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

With regard to operating lease contracts for EAS No. (49) "Leases", the company implemented the EAS (49) "Leases" on 01 January 2020.

The following are the adjustments to the financial position on 01 January 2020:

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

The Company has used the practical expedient of applying EAS 49 only those contracts that were previously identified as leases.

In adopting EAS 49, the Company has applied the following practical expedients:

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

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

NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

For the Period Ended 30 June 2020

2-2 CHANGES IN ACCOUNTING POLICIES (continued)

2-2-2 EFFECT OF ADOPTION OF EAS NO. (49) "LEASES" (continued)

On adoption of EAS (49), the company has recognized lease liabilities and associated right-of-use assets in relation to contracts that have been concluded as leases under the principles of EAS No. (49), the liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of 1 January 2020. The associated right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of prepayments relating to that lease recognized in the statement of financial position as at 31 December 2019.

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

	<i>1 January 2020</i>
Operating lease commitments as at 31 December 2019	25,232,281
Weighted average incremental borrowing rate as at 1 January 2020	<u>14.17%</u>
Lease liabilities as at 1 January 2020	<u>17,743,169</u>

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

i) Right-of-use assets

Leases are recognized as right-of-use assets along with their corresponding liabilities at the date of which the leased assets are available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is recognized in the interim condensed separate statement of comprehensive income over the lease term. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs, if applicable.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. The lease payments are discounted using the interest rate implicit to the lease or the Company's incremental borrowing rate.

iii) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low value assets are items that do not meet the Company's capitalization threshold and are considered to be insignificant for the interim condensed separate statement of financial position for the Company as a whole. Payments for short-term leases and leases of low value assets are recognized on a straight-line basis in the interim condensed separate statement of comprehensive income.

TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)**NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS**
For the Period Ended 30 June 2020**2-2 CHANGES IN ACCOUNTING POLICIES (continued)****2-2-2 EFFECT OF ADOPTION OF EAS NO. (49) "LEASES" (continued)***iv) Variable lease payments*

Some leases contain variable payments that are linked to the usage/performance of the leased asset. Such payments are recognized in interim condensed separate statement of comprehensive income.

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

The amounts recognized in the separate statement of financial position and separate statement of profit or loss related to right of use asset and lease liabilities and the movement during the period disclosed in (notes 6).

2-3 STANDARDS THAT WILL BE APPLIED BEFORE THE END OF THE FISCAL YEAR ENDING DECEMBER 31, 2020**2-3-1 EGYPTIAN ACCOUNTING STANDARD NO. (47) "FINANCIAL INSTRUMENTS"**

The standard bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

i) Classification and measurement

Under EAS (47), debt instruments are subsequently measured at fair value through profit or loss, amortized cost, or fair value through OCI. The classification is based on two criteria: The Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The following are the changes in the classification of the Company's financial assets:

- Trade receivables and other financial assets classified as loans and receivables as at 31 December 2019 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortized cost.

ii) Impairment

The adoption of EAS (47) will fundamentally change the Company's accounting for impairment losses for financial assets by replacing EAS (26) incurred loss approach with a forward-looking expected credit loss (ECL) approach. EAS (47) requires the Company to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

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: