

**TENTH OF RAMADAN FOR PHARMACEUTICAL
INDUSTRIES AND DIAGNOSTIC REAGENTS
(RAMEDA) (S.A.E)
SEPARATE FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

**Separate Financial Statements
For the Year Ended 31 December 2021**

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Auditor's Report

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

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of **TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA) (S.A.E)** (the "Company"), represented in the separate statement of financial position as at 31 December 2021, 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 2021 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.



Auditor's Report

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


Emphasis of Matter

Without qualifying our opinion, we draw attention to note (8) in the accompanying separate financial statements. As stated therein, the Company has investments in subsidiaries and has prepared consolidated financial statements as at and for the year then ended 31 December 2021 in accordance with the Egyptian accounting Standards. For better understanding of the Company's consolidated financial position as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended, the matter necessitates reference to the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

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

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


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



Cairo: 24 February 2022

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

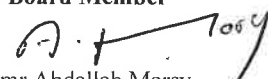
**STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2021**

	Notes	31 December 2021 EGP	31 December 2020 EGP
ASSETS			
Non-current assets			
Fixed assets & Assets under construction	(5)	541,954,828	521,901,281
Right of use assets	(6-A)	13,032,359	16,258,305
Intangible assets	(7)	369,440,856	199,477,806
Investment in subsidiaries	(8)	1,461,800	1,461,800
Total non-current assets		925,889,843	739,099,192
Current assets			
Inventories	(9)	259,350,256	303,431,218
Trade and notes receivable	(10)	659,403,591	633,408,300
Treasury Bills	(11)	468,010,954	469,349,545
Due from related parties	(32)	25,180,985	20,576,327
Prepayments and other receivables	(12)	74,784,887	74,681,919
Cash on hand and at banks	(13)	13,221,950	12,415,827
Total current assets		1,499,952,623	1,513,863,136
TOTAL ASSETS		2,425,842,466	2,252,962,328
EQUITY AND LIABILITIES			
Equity			
Capital	(16)	250,000,000	192,150,000
Legal reserve		26,446,118	20,798,851
General reserves - issuance Premium	(17)	486,965,000	486,965,000
Other reserves		278,952	278,952
Retained earnings		587,471,195	486,930,158
Total equity		1,351,161,265	1,187,122,961
LIABILITIES			
Non-current liabilities			
Long-term loans	(19)	-	29,549,676
Lease liabilities	(6-B)	12,256,160	14,807,299
Deferred tax liabilities	(29)	40,498,236	31,061,481
Total non-current liabilities		52,754,396	75,418,456
Current liabilities			
Provisions	(14)	14,261,845	12,287,619
Credit facilities	(18)	820,655,235	804,558,554
Current portion of long-term loans	(19)	21,949,676	58,850,000
Current lease liabilities	(6-B)	3,130,595	2,601,924
Trade, notes & other payables	(15)	128,276,066	93,411,032
Due to related parties	(32)	290,361	402,918
Income taxes payable		33,363,027	18,308,864
Total current liabilities		1,021,926,805	990,420,911
TOTAL LIABILITIES		1,074,681,201	1,065,839,367
TOTAL LIABILITIES AND EQUITY		2,425,842,466	2,252,962,328

Finance Director


Mohamed Abo Amira

Board Member


Amr Abdallah Morsy

The accompanying notes from (1) to (36) are an integral part of these separate financial statements.
Auditor's Report Attached.

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

SEPARATE STATEMENT OF PROFIT OR LOSS
For the Year Ended 31 December 2021

	Notes	31 December 2021	31 December 2020
		EGP	EGP
Revenues	(22)	1,246,433,734	960,169,349
Cost of revenues	(23)	(667,528,022)	(512,610,351)
GROSS PROFIT		578,905,712	447,558,998
Selling and marketing expenses	(24)	(251,984,883)	(214,204,258)
General and administrative expenses	(25)	(51,400,292)	(44,279,650)
Other income	(26)	40,773	1,019,971
Operating profit		275,561,310	190,095,061
Finance income	(27)	59,973,000	64,160,293
Finance expenses	(28)	(94,817,656)	(100,058,934)
Net foreign exchange losses		(596,919)	(1,695,406)
Finance expense		(35,441,575)	(37,594,047)
Impairment of trade and notes receivable	(10)	-	(1,802,092)
Provisions	(14)	(1,250,000)	(1,600,000)
Contribution for health insurance		(3,268,141)	(2,563,370)
PROFITS FOR THE YEAR BEFORE INCOME TAXES		235,601,594	146,535,552
Income taxes	(29)	(53,396,156)	(33,590,215)
PROFITS FOR THE YEAR		182,205,438	112,945,337
Earnings Per Share - basic and diluted	(30)	0.1675	0.0982

Finance Director



Mohamed Abo Amira

Board Member

Amr Abdallah Morsy



The accompanying notes from (1) to (36) 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 COMPREHENSIVE INCOME

For the Year Ended 31 December 2021

	<i>31 December 2021</i>	31 December 2020
	<i>EGP</i>	<i>EGP</i>
PROFITS FOR THE YEAR	182,205,438	112,945,337
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	182,205,438	112,945,337

The accompanying notes from (1) to (36) 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 2021

	<i>Paid up - Capital EGP</i>	<i>Legal reserve EGP</i>	<i>General reserve - Issuance EGP</i>	<i>Other Reserves EGP</i>	<i>Retained earnings EGP</i>	<i>Total EGP</i>
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 year	-	-	-	-	112,945,337	112,945,337
Balance as at 31 December 2020	<u>192,150,000</u>	<u>20,798,851</u>	<u>486,965,000</u>	<u>278,952</u>	<u>486,930,158</u>	<u>1,187,122,961</u>
Balance as at 1 January 2021	192,150,000	20,798,851	486,965,000	278,952	486,930,158	1,187,122,961
Effect of adoption of EAS (47)	-	-	-	-	(3,467,134)	(3,467,134)
Balance as at 1 January 2021(Adjusted)	<u>192,150,000</u>	<u>20,798,851</u>	<u>486,965,000</u>	<u>278,952</u>	<u>483,463,024</u>	<u>1,183,655,827</u>
Transferred to legal reserve	-	5,647,267	-	-	(5,647,267)	-
Transferred from retained earnings to capital increase	57,850,000	-	-	-	(57,850,000)	-
Dividend distributions	-	-	-	-	(14,700,000)	(14,700,000)
Total comprehensive income for the year	-	-	-	-	182,205,438	182,205,438
Balance as at 31 December 2021	<u>250,000,000</u>	<u>26,446,118</u>	<u>486,965,000</u>	<u>278,952</u>	<u>587,471,195</u>	<u>1,351,161,265</u>

The accompanying notes from (1) to (36) 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 2021

	Notes	31 December 2021 EGP	31 December 2020 EGP
CASH FLOWS FROM OPERATING ACTIVITIES			
Profits for the year before income taxes		235,601,594	146,535,552
Adjustments to reconcile profit before tax to net cash flow:			
Net foreign exchange differences		187,866	732,284
Depreciation and amortization	(5,6,7)	45,111,941	55,283,627
Provision charged	(14)	1,974,226	2,823,684
Impairment of trade and notes receivable	(10)	-	1,802,092
Impairment of inventory	(9)	16,389,100	18,732,306
Finance income		(59,960,672)	(64,136,566)
Finance expenses	(28)	92,746,112	97,792,446
Unwinding interests of lease liabilities	(28)	2,071,544	2,266,488
Loss / Gain from sale of fixed assets	(26)	717,262	138,889
		334,838,973	261,970,802
Change in inventories		45,227,284	(100,863,432)
Used from inventory provision		(17,535,422)	(12,874,062)
Change in trade and notes receivable		(29,462,425)	(136,003,528)
Used from Impairment of trade and notes receivable		-	(240,081)
Change in prepayments and other receivables		(6,375,852)	(14,119,002)
Change in trade, notes and other payable		31,527,188	(36,129,607)
Change in due to related parties		(112,557)	67,534
Cash flows provided from (used in) provided from operating activities		358,107,189	(38,191,376)
Debit interests paid		(89,408,266)	(94,947,750)
Provisions used	(14)	-	(500,000)
Income taxes paid		(28,905,238)	(29,965,413)
NET CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES		239,793,685	(163,604,539)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire fixed assets	(5)	(14,483,900)	(24,946,811)
Payments to acquire assets under construction	(5)	(38,187,101)	(60,038,349)
Payments to acquire intangible assets	(7)	(179,329,910)	(116,127,335)
Payment to acquire treasury bills	(11)	(1,057,602,853)	(819,052,935)
Matured treasury bills collection	(11)	1,125,175,000	868,000,000
Proceeds from sale of fixed assets	(5)	22,740	67,544
Investment in term deposit	(13)	491,501	(133,961)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(163,914,523)	(152,231,847)
CASH FLOWS FROM FINANCING ACTIVITIES			
Credit facilities used	(18)	1,172,462,925	1,047,145,149
Payment of credit facilities	(18)	(1,156,366,726)	(728,922,948)
Payment of long-term loans	(19)	(66,450,000)	(37,450,000)
Change in due from related parties	(32)	(4,604,658)	(726,856)
Dividends paid during the year		(14,700,000)	-
Lease payments paid during the year	(6)	(4,735,213)	(4,311,069)
NET CASH FLOWS (USED IN) PROVIDED FROM FINANCING ACTIVITIES		(74,393,672)	275,734,276
Net change in cash and cash equivalent during the year		1,485,490	(40,102,110)
Net foreign exchange difference		(187,866)	(732,284)
Cash and cash equivalent - beginning of the year		11,808,785	52,643,179
CASH AND CASH EQUIVALENT - END OF THE YEAR	(13)	13,106,409	11,808,785

The accompanying notes from (1) to (36) 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 2021

1- BACKGROUND

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

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

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

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

The Company is principally engaged in:

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

The financial statements for the year ended 31 December 2021 were authorized for issuance in accordance with a resolution of the Board of Directors' dated February 23, 2022.

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 year are those applied in preparing the financial statements for the year ended 31 December 2020 other than the implementation of the Egyptian Accounting Standard No. (47) "Financial Instruments" in accordance with the decision of the Financial Supervisory Authority as of January 1, 2021, and the nature and impact of these standards and amendments are explained below.

And the early adoption of the new Egyptian Accounting Standards No. 48, "revenue from contracts with customers" and 49 "leases" applied for the year ended 31 December 2020.

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 2021

2-2 CHANGES IN ACCOUNTING POLICIES (continued)

2-2-1 EFFECT OF ADOPTION OF 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 2020 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 as of 1 January 2021

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.

The following are the adjustments to the financial position on 01 January 2021:

	EGP
Assets - Trade and notes receivable	(3,467,134)
Equity – Retained Earnings	(3,467,134)

2-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2-4-1 CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Company presents assets and liabilities in the separate statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting year, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year.

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

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 2021

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4-2 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)

2-4-3 Fixed assets

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

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

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

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

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

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

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

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 2021

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2-4-4 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.

2-4-5 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.

2-4-6 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 2021

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4-7 Available for sale

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

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

2-4-8 Inventory

The inventory elements are valued as follows:

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

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

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

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

2-4-9 Trade and notes receivables and other receivables

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

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

The Company assesses whether impairment exists individually, for receivables that are individually significant, or collectively for receivables that are not individually significant.

The calculation of impairment is based on actual incurred historical data. The impairment loss is recognized in the separate statement of profit or loss. Reversal of impairment is recognized in the separate statement of profit or loss in the period in which it occurs.

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 2021

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2-4-10 Trade and notes payable, accrued expenses and other payables**

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

2-4-11 Provisions

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

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

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

2-4-12 Social Insurance

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

2-4-13 Legal reserve

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

2-4-14 General Reserve

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

2-4-15 Borrowings

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

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

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

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4-16 Income taxes

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

Current income tax

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

Deferred income tax

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

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

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

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

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

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

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

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

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

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2-4-17 Dividends**

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

2-4-18 Interest income

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

2-4-19 Expenses

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

2-4-20 Borrowing costs

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

2-4-21 Leases (as a lessee)

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

2-4-22 Related party transactions

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

2-4-23 Contingent Liabilities and Assets

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

2-4-24 Fair value measurement

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

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

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

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 2021

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2-4-24 Fair value measurement (continued)**

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2-4-25 Impairment of assets**Impairment of financial assets**

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

Impairment of non-financial assets

The Company assesses at each financial position date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset or cash-generating units (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Impairment losses are recognized in the separate statement of profit or loss.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2-4-26 Statement of cash flows

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

2-4-27 Cash and cash equivalent

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

2-4-28 Interest income

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

3- SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these separate financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

The key judgments and estimates that have a significant impact on the separate financial statements of the Company are discussed below:

3-1 Judgments**Revenue Recognition for sale of goods**

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

3-2- Estimates**Impairment of trade and other receivables**

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

Provision for sales returns

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

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For the Year Ended 31 December 2021

3- SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

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.

4- SEGMENT INFORMATION

Currently the Company's primary business segment is the production and selling of pharmaceutical products which contributes to 94% of total revenue and balance 6% is contributed by toll manufacturing services (31 December 2020: 95% and 5% respectively). The Company's management monitors the business under two segments, "production and selling of pharmaceutical products" and "manufacturing for others" (Toll manufacturing) for the purpose of making business decisions. Accordingly, the Company's revenues during the year ended 31 December 2021 were reported under two segments in the separate financial statements.

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

Year	Services	Sales of pharmaceutical products			Total
	Toll	Domestic			
	Manufacturing	Export	Private sales	Tenders	
	“Domestic”	EGP	EGP	EGP	
31 December 2021	77,490,353	87,872,886	829,080,259	251,990,236	1,246,433,734
31 December 2020	50,839,648	49,938,750	659,705,700	199,685,251	960,169,349

Revenue from the top five customers presented 84% of total pharmaceutical products revenues (31 December 2020: 85%).

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 2021

5- FIXED ASSETS

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

- The cost of fixed assets as of 31 December 2021 include EGP 106,816,740 which represents fully depreciated assets that are still in use.
- The cost of asset under construction as of 31 December 2021 includes impairment by EGP 686,437 .

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

Loss from sale of fixed assets was calculated as follows:

	<i>31 December 2021 EGP</i>	<i>31 December 2021 EGP</i>
Cost of revenue	29,340,376	Cost of disposed assets
Selling and marketing expenses	629,764	Accumulated depreciation of disposed assets
General and administrative expenses	1,907,312	Net book value of disposed assets
	31,877,452	Proceeds from sale of fixed assets
		Loss from sale of fixed assets
		(717,262)

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For the Year Ended 31 December 2021

5- FIXED ASSETS (CONTINUED)

	<i>Freehold Land EGP</i>	<i>Buildings EGP</i>	<i>Machinery and equipment EGP</i>	<i>Transportation and dragging equipment EGP</i>	<i>Laboratory equipment EGP</i>	<i>Tools EGP</i>	<i>Office furniture and fixtures EGP</i>	<i>Assets under construction EGP</i>	<i>Total EGP</i>
Cost									
As at 1 January 2020	18,637,425	227,835,573	313,603,694	12,411,128	17,129,924	3,754,591	21,797,612	66,327,646	681,497,593
Additions	-	6,992,398	8,432,595	681,500	2,974,732	1,293,386	4,572,201	60,038,349	84,985,161
Transferred from assets under construction	-	22,397,417	76,089,143	-	526,239	645,928	117,450	(99,776,177)	-
Disposals	-	-	(413,461)	(66,800)	(338,452)	(4,600)	(1,101,950)	-	(1,925,263)
As at 31 December 2020	<u>18,637,425</u>	<u>257,225,388</u>	<u>397,711,971</u>	<u>13,025,828</u>	<u>20,292,443</u>	<u>5,689,305</u>	<u>25,385,313</u>	<u>26,589,818</u>	<u>764,557,491</u>
Accumulated depreciation									
As at 1 January 2020	-	(50,634,122)	(113,601,464)	(9,583,519)	(8,559,055)	(1,309,799)	(14,356,886)	-	(198,044,845)
Depreciation for the year	-	(7,219,771)	(34,098,470)	(737,530)	(1,662,378)	(422,819)	(2,189,226)	-	(46,330,194)
Disposals	-	-	318,322	66,800	249,712	3,910	1,080,085	-	1,718,829
As at 31 December 2020	<u>-</u>	<u>(57,853,893)</u>	<u>(147,381,612)</u>	<u>(10,254,249)</u>	<u>(9,971,721)</u>	<u>(1,728,708)</u>	<u>(15,466,027)</u>	<u>-</u>	<u>(242,656,210)</u>
Net book value as at 31 December 2020	<u>18,637,425</u>	<u>199,371,495</u>	<u>250,330,359</u>	<u>2,771,579</u>	<u>10,320,722</u>	<u>3,960,597</u>	<u>9,919,286</u>	<u>26,589,818</u>	<u>521,901,281</u>

- The cost of fixed assets as of 31 December 2020 includes EGP 108,447,592 which represents fully depreciated assets that are still in use.
- The amount of borrowing costs capitalized on service equipment and infra-structure facilities during the year ended 31 December 2020 amounted to EGP 218,021. The capitalized borrowing cost represents the cost of specific borrowings made for these assets at a rate of 14%.

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

	<i>31 December 2020 EGP</i>
Cost of revenue	43,962,520
Selling and marketing expenses	538,559
General and administrative expenses	1,829,115
	<u>46,330,194</u>

Loss from sale of fixed assets was calculated as follows:

	<i>31 December 2020 EGP</i>
Cost of disposed assets	1,925,263
Accumulated depreciation of disposed assets	(1,718,829)
Net book value of disposed assets	206,434
Proceeds from sale of fixed assets	67,545
Loss from sale of fixed assets	<u>(138,889)</u>

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

6- LEASES

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

A) Right of use assets

	<i>31 December 2021</i>	<i>31 December 2020</i>
	<i>EGP</i>	<i>EGP</i>
Cost at 1 January 2021	19,916,906	18,206,266
Additions	641,683	1,710,640
Total Cost as of 31 December 2021	20,558,589	19,916,906
Accumulated amortization at 1 January 2021	(3,658,601)	-
Amortization for year	(3,867,629)	(3,658,601)
Accumulated amortization as of 31 December 2021	(7,526,230)	(3,658,601)
Net book value as of 31 December 2021	13,032,359	16,258,305

B) Lease liability

	<i>31 December 2021</i>	<i>31 December 2020</i>
	<i>EGP</i>	<i>EGP</i>
Opening balance as of 1 January 2021	17,409,223	17,743,169
Additions	641,683	1,710,640
Unwinding interests recognized during the year	2,071,062	2,266,483
Lease payments paid during the year	(4,735,213)	(4,311,069)
As at 31 December 2021	15,386,755	17,409,223
Deduct: Current balance	3,130,595	2,601,924
Non-current balance	12,256,160	14,807,299

7- INTANGIBLE ASSETS

	<u>Registration Rights</u>	
	<i>31 December 2021</i>	<i>31 December 2020</i>
	<i>EGP</i>	<i>EGP</i>
Cost as at 1 January 2021	220,941,719	104,814,384
Additions	185,522,410	116,127,335
Transferred to Ramepharma company	(6,192,500)	-
Total cost as at 31 December 2021	400,271,629	220,941,719
Accumulated amortization as at 1 January 2021	(21,463,913)	(16,169,081)
Amortization for the year	(9,366,860)	(5,294,832)
Accumulated amortization as at 31 December 2021	(30,830,773)	(21,463,913)
Net book value as at 31 December 2021	369,440,856	199,477,806

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

7- INTANGIBLE ASSETS (Continued)

- The balance of the intangible assets represents the cost of acquiring the registration rights of certain pharmaceutical products and is amortized using the straight-line method over their useful life (20 years).
- Management estimate the expected future benefit of the registration rights to be utilize over 20 years, and assessed for impaired whenever there is an indication that the economic benefit of the product is impaired.
- Intangible asset balance includes registration right assets under approval amounted to EGP 28,914,832 (31 December 2020: EGP 33,779,952).

8- INVESTEMENT IN SUBSIDIARIES

	Country of incorporate	%	31 December 2021 EGP	%	31 December 2020 EGP
Rameda for Pharmaceuticals Trading	Egypt	99,97%	1,437,300	99,97%	1,437,300
Ramecare Company	Egypt	49%	12,250	49%	12,250
Ramepharma Company	Egypt	49%	12,250	49%	12,250
			1,461,800		1,461,800

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

9- INVENTORIES

	31 December 2021 EGP	31 December 2020 EGP
Raw materials	110,924,816	108,542,308
Packing and packaging materials	38,421,560	41,800,322
Spare parts	14,549,227	11,759,761
Finished goods	65,107,399	109,425,594
Work in progress	27,652,773	34,973,039
Goods in transit	13,148,916	7,713,475
Inventory with others	619,459	1,436,935
	270,424,150	315,651,434
Write down in inventories	(11,073,894)	(12,220,216)
	259,350,256	303,431,218

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

	31 December 2021 EGP	31 December 2020 EGP
Beginning balance	(12,220,216)	(6,361,972)
Charge during the year	(16,389,100)	(18,732,306)
Used of inventory provision	17,535,422	12,874,062
Ending balance	(11,073,894)	(12,220,216)

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

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 2021

10- TRADE AND NOTES RECEIVABLE

	<i>31 December 2021</i> <i>EGP</i>	<i>31 December 2020</i> <i>EGP</i>
Trade receivable	265,101,013	231,267,914
Trade receivable – toll manufacturing	9,297,115	11,995,577
Notes receivable	393,440,057	395,112,269
	667,838,185	638,375,760
Impairment of trade and notes receivable	(8,434,594)	(4,967,460)
	659,403,591	633,408,300

Notes receivable amounting to 208.3 MEGP are mortgage as a guarantee for the credit facilities (Note 18).

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

	<i>Total</i>	<i>Neither Past due nor impaired</i>	<i>Past due but not impaired</i>				<i>Impaired</i>
			<i>Less than 180 days</i>	<i>From 181 to 270 days</i>	<i>From 271 to 365 days</i>	<i>More than 365 days</i>	
31 December 2021	667,838,185	391,733,509	258,323,939	5,494,294	3,302,589	549,260	8,434,594
31 December 2020	638,375,760	393,405,722	231,361,160	4,508,828	4,132,590	-	4,967,460

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

	<i>31 December 2021</i> <i>EGP</i>	<i>31 December 2020</i> <i>EGP</i>
Balance as at 1 January 2021 before effect of adoption of EAS (47)	(4,967,460)	(3,405,449)
Effect of adoption of EAS (47)	(3,467,134)	-
Balance as at 1 January 2021 after effect of adoption of EAS (47)	(8,434,594)	(3,405,449)
Charged during the year	-	(1,802,092)
Used provision	-	240,081
Ending balance	(8,434,594)	(4,967,460)

11- TREASURY BILLS

	<i>31 December 2021</i> <i>EGP</i>	<i>31 December 2020</i> <i>EGP</i>
Treasury bills	496,100,000	500,300,000
Unearned interest	(28,089,046)	(30,950,455)
	468,010,954	469,349,545

- Some treasury bills are mortgaged as collateral for credit facilities amounted to 122 MEGP (Note 18 & 19).

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS For the Year Ended 31 December 2021

12- PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2021 EGP	31 December 2020 EGP
Prepaid expenses	991,484	908,473
Accrued interests	6,978,785	13,251,669
Advances to suppliers	10,733,798	12,030,619
Tax authority	14,871,038	13,127,179
Social insurance authority	808,203	143,853
Letters of credit margin	29,508,859	13,699,153
Deposits with others	2,457,871	2,045,109
Employees' imprests and advances	3,647,627	11,442,724
Customs-authority	1,475,993	1,611,895
Other receivables	3,311,229	6,421,245
	74,784,887	74,681,919

13- CASH ON HAND AND AT BANKS

	31 December 2021 EGP	31 December 2020 EGP
a) Egyptian Pounds		
Cash on hand	51,897	40,439
Current accounts	3,983,825	1,247,737
Checks under collection	6,984,687	27,788
Term deposits (Maturing within 3 months)	115,541	607,042
	11,135,950	1,923,006
b) Foreign currencies		
Cash on hand	24,148	55,158
Checks under collection	-	4,776,000
Current accounts	2,061,852	5,661,663
	2,086,000	10,492,821
	13,221,950	12,415,827

Cash balances are denominated in the following currencies:

	31 December 2021 EGP	31 December 2020 EGP
Egyptian pound (EGP)	11,135,950	1,923,036
US dollar (USD)	332,147	10,464,972
Euro (EUR)	1,753,853	27,819
	13,221,950	12,415,827

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

	31 December 2021 EGP	31 December 2020 EGP
Cash in hand	76,045	95,597
Current accounts	13,030,364	11,713,188
	13,106,409	11,808,785

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

14- PROVISIONS

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

	<i>Balance as at 1 January 2020 EGP</i>	<i>Charged during the year EGP</i>	<i>Used during the year EGP</i>	<i>Balance as at 31 December 2020 EGP</i>
Provision for expected claims	3,200,001	1,600,000	(500,000)	4,300,001
Provision for sales returns*	6,763,934	1,223,684	-	7,987,618
	9,963,935	2,823,684	(500,000)	12,287,619

*Provision for sales returns is deducted from sales disclosed in note (22).

15- TRADE, NOTES AND OTHER PAYABLE

	<i>31 December 2021 EGP</i>	<i>31 December 2020 EGP</i>
Trade payable	61,522,201	46,908,741
Notes payable	21,946,601	19,196,183
Accrued expenses	29,793,723	12,319,168
Tax authority (other than income tax)	7,226,570	8,566,543
Advances From Customers	5,716,158	4,780,965
Other payables	2,070,813	1,639,432
	128,276,066	93,411,032

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

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

16- CAPITAL

The Company's authorized capital amounted to EGP 1 billion, whereas the issued and paid up capital amounted to EGP 250,000,000 divided over 1,000,000,000 shares of par value EGP 0.25 each.

The extra ordinary general assembly meeting held on 4 November 2019 and 23 November 2019 decided to increase the issued capital by cash increase in conjunction with the offering in stock exchange market with total amount EGP 550,000,000 (the value of the increase represent the nominal value plus the issue premium).

The subscription for this increase was limited to Greville Investing Limited Company who represents the main shareholder and delegated from the remaining shareholders for selling process.

The extra ordinary general assembly meeting held on 4 November 2019 and 23 November 2019 decided to increase the issued and paid up capital by 31,250,000 to be EGP 192,150,000 as of 31 December 2020 through issuing 125,000,000 shares at offering price EGP 4.66 to be 768,600,000 shares noting that the deference between offering price and par value represented in share premium recognized in general reserve.

The extraordinary general assembly meeting held on October 14, 2020 decided to approve the application of the incentive & bonus plan of the Company's employees, managers and executive board of director's members, and the plan has not been activated to date.

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

The board members meeting held on February 23, 2022 decided to re-purchase treasury shares up to 10% of the total shares of the company's issued capital available in the market.

The following illustrate the new structure for shareholders:

	<i>%</i>	<i>No. of shares</i>	<i>Amount EGP</i>
Main Shareholder's Shares*	43.14%	431,370,071	107,842,518
Other listed Free Shares in Stock Exchange Market	56.86%	568,629,929	142,157,482
	100%	1,000,000,000	250,000,000

* Greville Investing Limited Company owned 51% of the company shares and exercised control over the company, sold its shares to other parties during the year ending on December 31, 2020, and accordingly Greville Investing Limited Company lost control over TENTH OF RAMADAN FOR PHARMACEUTICAL INDUSTRIES AND DIAGNOSTIC REAGENTS (RAMEDA).

17- GENERAL RESERVE-ISSUANCE PREMIUM

The balance of general reserve - issuance premium is representing the net book value of issuing capital increase shares during 2019 amounted EGP 486,965,000 for issuing 125,000,000 Shares after deducting issuing cost of EGP 64,285,000.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

18- CREDIT FACILITIES

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

	31 December 2021 EGP	31 December 2020 EGP
Opening balance	802,184,216	481,938,674
Used during the year	1,173,903,438	1,049,168,490
Payment during the year	(1,156,366,726)	(728,922,948)
Ending balance	819,720,928	802,184,216
	31 December 2021 EGP	31 December 2020 EGP
Credit facilities maturing within 12 months	819,720,928	802,184,216
Bank credit	934,307	2,374,338
	820,655,235	804,558,554

The interest rate on the Credit facilities ranges from 8 % to 9.75 % as of 31 December 2021 (31 December 2020: Range from 8% to 14.25%).

Credit Facilities	Facility amount EGP	Interest rate	Maturity Date	31 December 2021 EGP	31 December 2020 EGP
CIB	250,000,000	0.25%+CBE lending rate	10-Jul-22	124,385,085	65,500,461
		8 % CBE INITAVIE*	10-Jul-22	55,837,267	90,534,880
	80,000,000	CBE lending rate	15-Oct-21	-	63,666,667
Audi Bank	125,000,000	0.5 % +CBE lending rate	30-Mar-22	49,314,262	78,852,012
		8 % CBE INITAVIE*	30-Mar-22	31,062,538	35,290,505
Arab Bank	88,000,000	0.75%+CBE lending	30-Mar-22	-	24,552,848
		8 % CBE INITAVIE*	30-Mar-22	36,589,690	38,054,398
ABK	100,000,000	0.5 % +CBE lending rate	31-Oct-22	31,950,265	41,994,296
		8 % CBE INITAVIE*	31-Oct-22	48,229,814	43,065,679
ADIB	130,000,000	0.5%+CBE lending rate	15-Jul-22	51,517,333	73,841,852
		8 % CBE INITAVIE*	15-Jul-22	83,650,090	42,520,285
Alex Bank	170,000,000	0.25% + CBE lending rate	30-Jun-22	-	81,845,141
		8 % CBE INITAVIE*	30-Jun-22	145,589,868	75,811,580
AUB	130,000,000	0.35% + CBE lending rate	1-Jun-22	28,933,333	-
		8 % CBE INITAVIE*	1-Jun-22	45,426,752	43,225,917
ENBD	100,000,000	8 % CBE INITAVIE*	31-Oct-22	87,234,631	3,427,695
Total Credit Facilities				819,720,928	802,184,216

*Those Balance represents the funds granted for the purchase of raw materials, and packaging in accordance with the initiative of the Central Bank of Egypt to support the industrial sector issued on 12 December 2019 to finance companies with private ownership and small and medium enterprises and support them to reach their investment goals and cover operating expenses.

Some of the above facilities are guaranteed by notes receivables and treasury bills (Note 10 and 11).

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

19- LONG TERM LOANS

Loan (1):

During the year 2017, the Company signed an agreement with Commercial International Bank to obtain a loan amounting to EGP 86,422,000 with an annual interest rate of 1.25% over the Corridor rate repayable over 36 monthly installments starting from 29 October 2018 and maturing on 29 March 2021

During September 2019, the Company agreed with the bank to increase the loan by EGP 9,196,000 repayable over 24 monthly installments starting from 1 January 2020 and maturing on 1 December 2021 and reduce the interest rate to 0.75% over the CBE lending rate, However the Company hasn't obtained the additional amount yet.

On 9 September 2020, the Company rescheduled the loan (1) to be repayable over 21 monthly installments starting from 1 October 2020 and maturing on 1 June 2022.

The Company paid EGP 31,200,000 during the year ended 31 December 2021 and the balance outstanding amounted to EGP 9,475,704 as at 31 December 2021 (31 December 2020: EGP 40,675,704).

Loan (2):

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

During September 2019, the Company rescheduled the loan to be repayable over 24 monthly installments starting from 1 January 2020 and maturing on 1 December 2021 and reduce the interest rate to 0.85% over the CBE lending rate.

On 9 September 2020, the Company rescheduled the loan (2) to be repayable over 20 monthly installments starting from 1 October 2020 and maturing on 1 May 2022.

The Company paid EGP 35,250,000 during the year ended 31 December 2021 and the balance outstanding amounted to EGP 12,473,972 as at 31 December 2021 (31 December 2020: EGP 47,723,972).

The Company obtained those loans against Treasury bills collateral.

The balance of loans as of 31 December 2021 as follows:

Loans	Interest rate	31 December 2021 EGP	31 December 2020 EGP
Current portion of long-term loans			
Loan (1)	0.75%+CBE lending rate	9,475,704	28,600,000
Loan (2)	0.85%+CBE lending rate	12,473,972	30,250,000
Total current portion of long-term loans		21,949,676	58,850,000
Non-current portion of long-term loans			
Loan (1)	0.75%+CBE lending rate	-	12,075,704
Loan (2)	0.85%+CBE lending rate	-	17,473,972
Total non-current portion of long-term loans		-	29,549,676
		21,949,676	88,399,676

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

20- CAPITAL COMMITMENTS

As at 31 December 2021, the Company had contractual commitments in respect of its assets under construction and facility machines not provided for in the financial statements amounted to EGP 20,211,522. (EGP 22,646,378 as at 31 December 2020).

21- CONTINGENT LIABILITIES

As at 31 December 2021, the Company has obligations in respect of its inventory (Cash against document) not provided for in the financial statements amounted to EGP 4,666,847. (EGP 5,513,501 as at 31 December 2020).

22- REVENUES

	<i>31 December 2021</i>	<i>31 December 2020</i>
	<i>EGP</i>	<i>EGP</i>
Sale of goods (net)	1,168,943,381	909,329,701
Toll manufacturing services revenue	77,490,353	50,839,648
	<u>1,246,433,734</u>	<u>960,169,349</u>

23- COST OF REVENUE

	<i>31 December 2021</i>	<i>31 December 2020</i>
	<i>EGP</i>	<i>EGP</i>
Salaries, social insurance & other benefits	98,035,488	83,078,733
Raw materials	400,856,200	250,671,551
Spare parts and materials	22,613,961	20,525,288
Government fees and medical stamps	11,617,092	10,834,657
Other operating expenses	45,873,393	44,520,219
Energy expenses	34,262,067	38,781,970
Depreciation and amortization (Note 5,7)	38,707,236	49,257,352
Rent	3,910,976	4,965,466
Maintenance	11,651,609	9,975,115
	<u>667,528,022</u>	<u>512,610,351</u>

24- SELLING AND MARKETING EXPENSES

	<i>31 December 2021</i>	<i>31 December 2020</i>
	<i>EGP</i>	<i>EGP</i>
Salaries, social insurance and other fringe benefits	116,395,287	113,524,887
Depreciation (Note 5)	4,497,393	4,197,160
Rent	63,000	46,800
Advertising and marketing	131,029,203	96,435,411
	<u>251,984,883</u>	<u>214,204,258</u>

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS For the Year Ended 31 December 2021

25- GENERAL AND ADMINISTRATIVE EXPENSES

	<i>31 December 2021</i>	<i>31 December 2020</i>
	<i>EGP</i>	<i>EGP</i>
Salaries, social insurance and other fringe benefits	41,282,100	33,445,583
Professional fees	1,826,928	1,419,655
Maintenance	705,134	756,038
Depreciation (Note 5)	1,907,312	1,829,115
Others	5,678,818	6,829,259
	51,400,292	44,279,650

26- OTHER INCOME

	<i>31 December 2021</i>	<i>31 December 2020</i>
	<i>EGP</i>	<i>EGP</i>
Loss from sale of fixed assets (Note 5)	(717,262)	(138,889)
Other income	758,035	1,158,860
	40,773	1,019,971

27- FINANCE INCOME

	<i>31 December 2021</i>	<i>31 December 2020</i>
	<i>EGP</i>	<i>EGP</i>
Interest from Treasury Bills	59,960,672	64,136,566
Interest from time deposits	12,328	23,727
	59,973,000	64,160,293

28- FINANCE EXPENSES

	<i>31 December 2021</i>	<i>31 December 2020</i>
	<i>EGP</i>	<i>EGP</i>
Debit interests	88,954,870	94,378,045
Unwinding interests of lease liabilities	2,071,544	2,266,488
Bank Charges	3,791,242	3,414,401
	94,817,656	100,058,934

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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29- INCOME TAXES

	31 December 2021	31 December 2020
	EGP	EGP
Current income tax	(43,959,401)	(28,485,790)
Deferred income tax	(9,436,755)	(5,104,425)
Income tax expense	(53,396,156)	(33,590,215)

DEFERED INCOME TAX

	Statement of financial position		Statement of profit or loss	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	EGP	EGP	EGP	EGP
Depreciation and amortization	(46,890,081)	(36,890,685)	(9,999,396)	(7,128,042)
Provisions	1,960,165	1,797,214	162,951	275,329
Impairment of trade and notes receivables	1,897,784	1,117,679	780,105	351,453
Write down of inventory	2,491,626	2,749,549	(257,923)	1,318,105
Unrealized foreign exchange differences	42,270	164,762	(122,492)	78,730
Net deferred income taxes	(40,498,236)	(31,061,481)	(9,436,755)	(5,104,425)

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	Tax Rate	31 December 2021	Tax Rate	31 December 2020
		EGP		EGP
Profits before income taxes		235,601,594		146,535,552
Income tax based on tax rate	22.50%	53,010,359	22.50%	32,970,499
Non-deductible expenses		385,797		619,716
Effective Tax Rate	22.66%	53,396,156	22.92%	33,590,215

30- EARNINGS PER SHARE

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

	31 December 2021	31 December 2020
	EGP	EGP
Net profit for the year	182,205,438	112,945,337
Remuneration for the Board Members*	(5,200,000)	(5,200,000)
Staff profit Share*	(9,500,000)	(9,500,000)
Profit Available for Shareholders	167,505,438	98,245,337
Weighted average number of shares outstanding during the year	1,000,000,000	1,000,000,000
Earnings per share	0.1675	0.0982

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

*Employees dividends and board of directors' remuneration as recommended in board meeting held on February 23, 2022 and currently is a subject of general assembly approval.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

31- TAX POSITION

a) Corporate Tax

- The Company's records were inspected till the year 2013 and an agreement was reached with the specialized internal committee .
- The years from 2014 to 2017 were inspected as an estimate and were challenged and a decision was issued to re-examine the actual and preparations are underway for the inspection for those years, with the years 2018 to 2020 being prepared for the actual inspection.

b) Salary Tax

- The Company's records were inspected till the year 2015 and the taxes differences were paid.
- Years from 2016 to 2019 the documents related to the inspection were submitted and the tax due in the settlements was paid, and an examination was inspected.

c) Stamp Tax

- The Company's records were inspected till 2013 and the taxes due were paid.
- The company is preparing for tax inspection for the years from 2014 till 2020.

d) VAT Tax

- The Company's records were inspected till the year 2015 and the taxes differences were paid.
- The Company's books were examined from 2016 to 2019 and the payment were made.

32- RELATED PARTIES

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

a) Related party transactions

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

Company	Nature of party	Nature of transaction	31 December 2021 EGP	31 December 2020 EGP
Rameda for Pharmaceuticals trading	Subsidiary	Rent	6,000	6,000
		Purchases	-	375,031
Ramecare Company	Subsidiary	Rent	6,000	6,000
		Purchases	-	-
Ramepharma Company	Subsidiary	Rent	6,000	6,000
		Revenues	1,941,488	-

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32- RELATED PARTIES - Continued

b) Related party balances

	Nature of party	31 December 2021		31 December 2020	
		Due from EGP	Due to EGP	Due from EGP	Due to EGP
Rameda for Pharmaceuticals Trading	Subsidiary	-	290,361	-	402,918
Ramecare Company	Subsidiary	3,528,144	-	3,387,109	-
Ramepharma Company	Subsidiary	21,652,841	-	17,189,218	-
		25,180,985	290,361	20,576,327	402,918

c) Salaries and incentives of key managers

The key manager's compensation during year ended 31 December 2021 and 31 December 2020 is as follow:

	31 December 2021	31 December 2020
	EGP	EGP
Salaries and incentives	28,120,111	24,218,973
	28,120,111	24,218,973

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

33- FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

The Board of Directors of the company has overall responsibility for the establishment and oversight of the Group's risk management framework. The company's senior management are responsible for developing and monitoring the risk management policies and report regularly to the Board of Directors on their activities.

The company's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in other areas.

a) Credit risk

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

Trade and notes receivables

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

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

Other financial assets and balances with banks

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

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

The maximum exposure is limited to the balances disclosed in note (12).

Due from related parties

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

b) Market risk

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

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

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For the Year Ended 31 December 2021

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

Exposure to interest rate risk

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

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

	31 December 2021		31 December 2020	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
Financial assets	+1%	803	+1%	5,831
	-1%	(803)	-1%	(5,831)
Financial liabilities	+1%	(2,834,423)	+1%	(5,280,895)
	-1%	2,834,423	-1%	5,280,895

Exposure to foreign currency risk

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

	31 December 2021		31 December 2020	
	Change in rate	Effect on profit before tax EGP	Change in rate	Effect on profit before tax EGP
USD	+10%	3,084,372	+10%	7,029,214
	-10%	(3,084,372)	-10%	(7,029,214)
EUR	+10%	107,064	+10%	(279,100)
	-10%	(107,064)	-10%	279,100
CHF	+10%	-	+10%	(23,584)
	-10%	-	-10%	23,584

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.

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 2021

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

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 2021					
Credit facilities	346,123,008	497,264,228	-	-	843,387,236
Trade, notes and other payables	110,706,953	17,569,113	-	-	128,276,066
Term loans	9,348,719	14,388,869	-	-	23,737,588
Total undiscounted financial liabilities	466,178,680	529,222,210	-	-	995,400,890

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 2020					
Credit facilities	392,157,897	429,767,765	-	-	821,925,662
Trade, notes and other payables	76,187,699	17,223,333	-	-	93,411,032
Term loans	12,674,219	54,815,769	31,854,166	-	99,344,154
Total undiscounted financial liabilities	481,019,815	501,806,867	31,854,166	-	1,014,680,848

34- CAPITAL MANAGEMENT

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

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

The Group manage its capital structure and makes adjustments in light of change in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a leverage ratio. Which is total liabilities divided by net equity. The Group's policy is to keep leverage ratio between 1 to 2.

35- FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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 2021

36- MAJOR EVENTS

Some major global events occurred, which included the Arab Republic of Egypt as well, where an outbreak of COVID19 occurred soon before the end of 2019, and the World Health Organization “WHO” announced that the outbreak of the virus can be described as a global epidemic, and the government has introduced various measures to combat disease outbreaks, including travel restrictions and quarantine, business closures, and other locations, these government responses and their corresponding impacts are still evolving and which are expected to affect the economic climate and that, in turn, could expose the company to various risks, including a significant reduction in Revenues, and evaluation / impairment of assets and other risks.

These events did not negatively affect the financial statements of the company as on 31 December 2021 but may affect the financial statements for future financial periods. If it is difficult to quantify this effect for now, this effect will appear in future financial statements. The magnitude of the impact varies according to the expected extent, the period during which those events are expected to end and their impact.