

**PIL TRADING EGYPT (L.L.C)**  
**FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**MARCH 31,2015**  
**AND AUDITOR'S REPORT**

**YASSER AHMED IBRAHIM**  
**CERTIFIED ACCOUNTANT**

**PIL TRADING EGYPT (L.L.C)  
FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
MARCH 31,2015  
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**Yasser Ahmed Ibrahim**  
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**Auditor's Report**

**To: The Qutaholders' Of PIL Trading EGYPT - (L.L.C)**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **PIL TRADING EGYPT - (L.L.C)** "the Company" which comprise the balance sheet as of 31 March 2015, income statement , statement of changes in qutaholders' equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

**Company's Management Responsibility for the Financial Statements**

Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Egyptian Accounting Standards and with the requirements of applicable Egyptian laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; 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 financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements in



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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 financial statements.

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

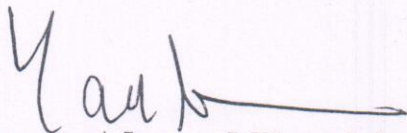
**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 March 2015, and Financial performance and cash flows for the year then ended in accordance with Egyptian Accounting Standards and with the requirements of applicable Egyptian laws and regulations.

**Report on Other Legal and Regulatory Requirements**

The Company keeps proper financial records, which includes all that is required by the law and the Company's statute, and the accompanying financial statements are in agreement therewith, the Company applies a proper costing system and the inventory counts were taken in accordance with recognized practices.

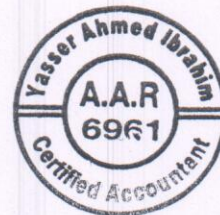
The financial information included in the director' report prepared in accordance with law no159 of 1981 and its executive regulations, is in agreement with the company's book of account.



**Yasser Ahmed Ibrahim**

*Fellow of Egyptian society of accountants & auditors*

*Fellow of Egyptian society of taxation*



*Cairo, 25 April 2015*

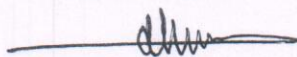


PIL TRADING (EGYPT) L.L.C  
BALANCE SHEET  
AS OF 31 MARCH 2015

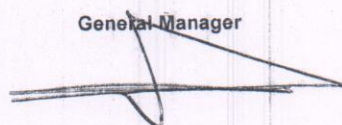
|                                    | Note | 31 March 2015    | 31 March 2014    |
|------------------------------------|------|------------------|------------------|
|                                    | No.  | L.E.             | L.E.             |
| <b><u>Non- current Assets</u></b>  |      |                  |                  |
| Fixed Assets ( Net book value)     | (3)  | 121,205          | 4,131            |
| <b>Total Current Assets</b>        |      | <b>121,205</b>   | <b>4,131</b>     |
| <b><u>Current Assets</u></b>       |      |                  |                  |
| Trade receivables and prepayments  | (4)  | 1,513,017        | 1,682,376        |
| Cash and cash equivalents          | (5)  | 1,510,528        | 1,129,642        |
| Inventory                          | (6)  | 2,608,240        | 2,306,637        |
| <b>Total Current Assets</b>        |      | <b>5,631,785</b> | <b>5,118,655</b> |
| <b><u>Current Liabilities</u></b>  |      |                  |                  |
| Trade creditors and other payables | (7)  | 5,220,239        | 4,331,605        |
| Deferred Tax Liability             |      | 5,269            | -                |
| <b>Total Current Liabilities</b>   |      | <b>5,225,508</b> | <b>4,331,605</b> |
| <b>Working Capital</b>             |      | <b>406,277</b>   | <b>787,050</b>   |
| <b>Total Invested Funds</b>        |      | <b>527,483</b>   | <b>791,181</b>   |
| <b><u>Represented in :</u></b>     |      |                  |                  |
| <b><u>Partners' Equity</u></b>     |      |                  |                  |
| Paid up capital                    | (8)  | 5,440,000        | 5,440,000        |
| Retained losses                    |      | (4,648,819)      | (5,053,602)      |
| Net (loss) / profit for the year   |      | (263,698)        | 404,783          |
| <b>Total Partners' Equity</b>      |      | <b>527,483</b>   | <b>791,181</b>   |

The accompanying policies and the note from page (7) to page (12) form an integral part of these financial statements.

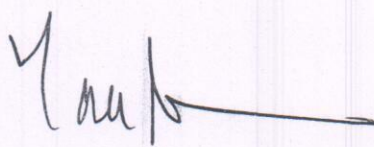
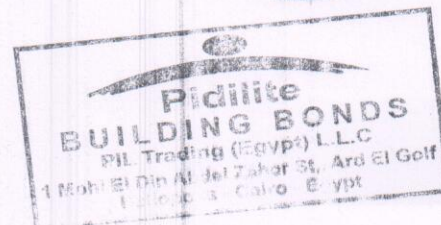
Ahmed Zeyada  
Accounts Manager



Mohamed Mowafi  
General Manager



Auditor's Report issued in 25 April 2015 " attached"

PIL TRADING (EGYPT) L.L.C  
 INCOME STATEMENT  
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

|   | Note<br>No. | From<br>1 April 2014<br>To<br>31 March 2015<br>L.E. | From<br>1 April 2013<br>To<br>31 March 2014<br>L.E. |
|---|-------------|---|---|
| Sales                                   |             | 7,626,802   | 6,368,965   |
| Cost of Sales                           |             | (6,062,496)   | (4,874,244)   |
| <b>Gross Profit</b>                     |             | <b>1,564,306</b>                                    | <b>1,494,721</b>                                    |
| Selling & Marketing Expenses            | (9)         | (1,107,738)   | (884,375)   |
| General & Administrative Expenses       | (10)        | (207,151)   | (127,553)   |
| Allowance for doubtful debts            |             | (72,878)  | (36,493)  |
| Loss on Foreign Exchange                |             | (434,968)   | (65,682)  |
| Other Income                            |             | -   | 24,165  |
| Deferred Tax                            |             | (5,269)   | -   |
| <b>Net (Loss) / Profit for the year</b> |             | <b>(263,698)</b>                                    | <b>404,783</b>                                      |

The accompanying policies and the note from page (7) to page (12) form an integral part of these financial statements.



**PIL TRADING (EGYPT) L.L.C**  
**STATEMENT OF CHANGES IN Qutaholders' EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

|   | Paid up<br>Capital | Retained<br>Loss   | Total          |
|---|--------------------|--------------------|----------------|
|   | L.E.               | L.E.               | L.E.           |
| <b>Balance at 31 March 2013</b>             | <b>5,440,000</b>   | <b>(5,053,602)</b> | <b>386,398</b> |
| Net profit for the year ended 31 March 2014 | -                  | 404,783            | 404,783        |
| <b>Balance at 31 March 2014</b>             | <b>5,440,000</b>   | <b>(4,648,819)</b> | <b>791,181</b> |
| Net loss for the year ended 31 March 2015   | -                  | (263,698)          | (263,698)      |
| <b>Balance at 31 March 2015</b>             | <b>5,440,000</b>   | <b>(4,912,517)</b> | <b>527,483</b> |

The accompanying policies and the note from page (7) to page (12) form an integral part of these financial statements.

PIL TRADING (EGYPT) L.L.C  
 STATEMENT OF CASH FLOWS  
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

|  | From<br>1 April 2014<br>To<br>31 March 2015<br>L.E. | From<br>1 April 2013<br>To<br>31 March 2014<br>L.E. |
|--|---|---|
| <b><u>Cash flows from operating activities</u></b>                 |   |   |
| Net (losses) / profit for the year                                 | (263,698)   | 404,783   |
| Depreciation   | 10,926  | 1,405   |
| Deferred Tax   | 5,269   | -   |
| <b>Operating (loss) / Profit before changes in working capital</b> | <b>(247,503)</b>                                    | <b>406,188</b>                                      |
| <b><u>Change in working capital</u></b>                            |   |   |
| Change in inventories  | (301,603)   | (887,429)   |
| Change in trade receivables and prepayments                        | 169,359   | (687,466)   |
| Change in creditors and other payable                              | 888,634   | 652,473   |
| <b>Cash flows generated ( used in ) from operating activities</b>  | <b>756,390</b>                                      | <b>(922,422)</b>                                    |
| <b><u>Cash flows from investing activities</u></b>                 |   |   |
| Payment in respect of purchasing fixed assets                      | (128,000)   | (1,325)   |
| <b>Net cash flows used in investing activities</b>                 | <b>(128,000)</b>                                    | <b>(1,325)</b>                                      |
| <b>Change in cash and cash equivalents during the year</b>         | <b>380,887</b>                                      | <b>(517,559)</b>                                    |
| Cash and cash equivalents at the beginning of the year             | 1,129,642   | 1,647,201   |
| <b>Cash and cash equivalents at the end of the year</b>            | <b>1,510,528</b>                                    | <b>1,129,642</b>                                    |

The accompanying policies and the note from page (7) to page (12) form an integral part of these financial statements.



## PIL TRADING EGYPT ( L.L.C)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

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#### 1. GENERAL

1-1 The Company was established as a Limited liability company, The Company was registered in the Investment Commercial Registry under no. 40376 on July 30, 2009

1-2 **The objectives of the company are :**

Trading in all types of building chemicals, paints and adhesive materials.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### 2-1 Basis of preparation

The financial statements have been prepared under the going concern assumption on a historical cost basis, except for available for sale financial assets that have been measured at fair value.

##### 2-2 Statement of compliance

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

The Financial Statements are authorized for issue by The Board of Directors.

##### 2-3 Changes in accounting policies

The accounting policies adopted this year are consistent with those of the previous year.

##### 2-4 Foreign currency translation

The financial statements are prepared and presented in Egyptian pound, which is the company's functional currency.

Transactions in foreign currencies are initially recorded using the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rate prevailing at the balance sheet date.

##### 2-5 Fixed assets and depreciation

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 plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred, and this cost depreciated with similar annual premium during the producing life of each asset according to the following rates:

|                      |      |
|----------------------|------|
| Furniture & Fixtures | 20 % |
| Computer             | 33 % |
| Automobiles          | 25%  |



## PIL TRADING EGYPT ( L.L.C)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

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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.

#### **2-6 The inventory elements are valued as follows:**

Finished products: at the lower of the cost of production (based on the costing sheets) or net realizable value.

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 shall be recognized in the statement of income in the year the write down or loss occurs according to an authorized study takes into consideration all technical and market bases to estimate any write down. The amount of any reversal of any write down of inventories, arising from an increase in net realizable value, shall be recognized in the statement of income in the year in which the reversal occurs.

#### **2-7 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.

#### **2-8 Revenue recognition**

Revenue from sales is recognized when all the following conditions have been satisfied:

- (a) The company has transferred to the buyer the significant risks and rewards of ownership of the sales;
- (b) The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) The amount of revenue can be measured reliably;
- (d) It is probable that the economic benefits associated with the transaction will flow to the company; and
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.



## **PIL TRADING EGYPT ( L.L.C )**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

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#### **2-9 Expenses**

All expenses including operating expenses, general and administrative expenses and other expenses are recognized and charged to the statement of income in the financial year in which these expenses were incurred.

#### **2-10 Accounting estimates**

The preparation of financial statements in accordance with Egyptian Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the financial years. Actual results could differ from these estimates.

#### **2-11 Statement of cash flows**

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

#### **2-12 Cash and cash equivalent**

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

3. Fixed Assets

|  | Furniture &<br>Fixtures | Automobiles and<br>Trucks | Computer     | Total          |
|--|-------------------------|---------------------------|--------------|----------------|
|  | L.E.                    | L.E.                      | L.E.         | L.E.           |
| <b>Cost at 1 April 2014</b>            | 5,193                   | -                         | 1,650        | 6,843          |
| Additions for the year                 |                         | 128,000                   | -            | 128,000        |
| <b>Balance at 31 March 2015</b>        | <b>5,193</b>            | <b>128,000</b>            | <b>1,650</b> | <b>134,843</b> |
| <b>Accumulated Depreciation</b>        |                         |                           |              |                |
| <b>Depreciation at 1 April 2014</b>    | 1,743                   | -                         | 969          | 2,712          |
| Depreciation for the Year              | 1,039                   | 9,337                     | 550          | 10,926         |
| <b>Balance at end of the year</b>      | <b>2,782</b>            | <b>9,337</b>              | <b>1,519</b> | <b>13,638</b>  |
| <b>Net book value at 31 March 2015</b> | <b>2,411</b>            | <b>118,663</b>            | <b>131</b>   | <b>121,205</b> |
| <b>Net book value at 31 March 2014</b> | <b>3,450</b>            | <b>-</b>                  | <b>681</b>   | <b>4,131</b>   |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

**Note 4 : Trade receivables and prepayments**

|                              | 31 March 2015    | 31 March 2014    |
|------------------------------|------------------|------------------|
|                              | L.E.             | L.E.             |
| Trade receivable             | 1,389,241        | 1,599,133        |
| Allowance for doubtful debts | (105,244)        | (57,858)         |
| Net Trade receivable         | 1,283,997        | 1,541,275        |
| Withholding Tax - Clients    | 102,905          | 77,847           |
| Loans and Advances           | 51,961           | 32,635           |
| Prepaid Expense              | 67,704           | 30,619           |
| Additional Tax               | 6,451            | -                |
|                              | <b>1,513,017</b> | <b>1,682,376</b> |

**Note 5 : Cash and cash equivalents**

|      | 31 March 2015    | 31 March 2014    |
|------|------------------|------------------|
|      | L.E.             | L.E.             |
| Bank | 1,485,644        | 1,123,746        |
| Cash | 24,885           | 5,896            |
|      | <b>1,510,528</b> | <b>1,129,642</b> |

**Note 6 : Inventory**

|                           | 31 March 2015    | 31 March 2014    |
|---------------------------|------------------|------------------|
|                           | L.E.             | L.E.             |
| Inventory                 | 2,398,080        | 1,459,525        |
| Provision for Inventories | (127,492)        | (114,335)        |
| Net Inventory             | 2,270,588        | 1,345,190        |
| F.G.In transit            | 337,652.00       | 961,448          |
|                           | <b>2,608,240</b> | <b>2,306,637</b> |

**Note 7 : Trade creditors and other payables**

|                             | 31 March 2015    | 31 March 2014    |
|-----------------------------|------------------|------------------|
|                             | L.E.             | L.E.             |
| Accounts Payable            | 5,063,126        | 4,191,500        |
| Accrued Expenses            | 98,126           | 95,999           |
| Withholding Tax - Suppliers | 2,135            | 20,219           |
| Sales Tax Authority         | 45,689           | 15,677           |
| Social Insurance Authority  | 6,641            | 4,752            |
| Payroll Tax Authority       | 3,388            | 2,986            |
| Additional Tax              | 1,135            | -                |
| Accrued payroll             | -                | 472              |
|                             | <b>5,220,239</b> | <b>4,331,605</b> |

**Note 8 : Capital**

| Name of the quota-holder      | No of quotas  | Value of quotas  | % quota        |
|-------------------------------|---------------|------------------|----------------|
|                               | L.E.          | L.E.             | L.E.           |
| Pidilite Industries Egypt SAE | 54,399        | 5,439,900        | 99.998%        |
| Khaïd EL Khatib               | 1             | 100              | 0.002%         |
|                               | <b>54,400</b> | <b>5,440,000</b> | <b>100.00%</b> |

Note 9 : Selling & Marketing Expenses

|                          | From<br>1 April 2014<br>To<br>31 March 2015<br>L.E. | From<br>1 April 2013<br>To<br>31 March 2014<br>L.E. |
|--------------------------|---|---|
| Staff Salary Expenses    | 432,300   | 370,995   |
| Sales Promotion          | 237,277   | 156,319   |
| Freight charges          | 150,558   | 125,675   |
| Travel and Entertainment | 68,189  | 51,702  |
| Rent                     | 68,605  | 46,350  |
| Telephone and Fax        | 17,839  | 35,996  |
| Employee Welfare         | 31,815  | 35,826  |
| Logistics Expenses       | 40,649  | 31,949  |
| Export Transportation    | 17,319  | -   |
| Social Insurance         | 43,187  | 29,563  |
|                          | <u>1,107,738</u>                                    | <u>884,375</u>                                      |

Note 10 : General & administrative expenses

|                                    | From<br>1 April 2014<br>To<br>31 March 2015<br>L.E. | From<br>1 April 2013<br>To<br>31 March 2014<br>L.E. |
|------------------------------------|---|---|
| Insurance                          | 29,885  | 27,550  |
| Professional Fees legal and others | 62,919  | 31,510  |
| Bank Charges                       | 44,642  | 23,321  |
| Audit Fees                         | 15,000  | 16,000  |
| Buffet & Hospitality               | 2,600   | -   |
| Repairs and Maintenance            | 11,165  | 12,703  |
| Transportation                     | 4,784   | 10,399  |
| Petrol & Oil                       | 3,491   | -   |
| Postage & Courier Expenses         | 176   | 2,261   |
| Printing & Stationary              | 8,357   | 1,447   |
| Depreciation                       | 10,926  | 1,405   |
| Dues and Memberships               | 9,419   | -   |
| Other admin expenses               | 3,789   | 957   |
|                                    | <u>207,151</u>                                      | <u>127,553</u>                                      |