

PIDILITE INDUSTRIES EGYPT (S.A.E)

**AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AT 31 March 2017**

**YASSER AHMED IBRAHIM
CERTIFIED ACCOUNTANT**

Auditor's Report

To: The Shareholders of PIDILITE INDUSTRIES EGYPT - (S.A.E)

Report on the Financial Statements

We have audited the accompanying financial statements of **PIDILITE INDUSTRIES EGYPT - (S.A.E)** "the Company" which comprise the balance sheet as of 31 March 2017, income statement, statement of changes in shareholders 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.

YASSER IBRAHIM

Certified Accountants and Consultants

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In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 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 2017, and of its 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 Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account.

Yasser Ahmed Ibrahim

Fellow of Egyptian society of accountants & auditors

Fellow of Egyptian society of taxation

Register in of Egyptian central bank no 475

Register in public financial controlling authority

Cairo, 30 April 2017

Yasser Ahmed



PIDILITE INDUSTRIES EGYPT
"AN EGYPTIAN JOINT STOCK COMPANY"

Balance sheet At 31 MARCH 2017

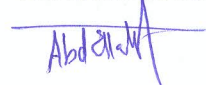
	Note	31 March 2017	31 March 2016
	No.	EGP	EGP
Assets			
Non-current assets			
Property, Plant and Equipments (Net book value)	(3)	9,300,303	10,956,268
Total non-current assets		9,300,303	10,956,268
Current assets			
Inventory	(4)	11,487,984	6,195,751
Account Receivables	(5)	8,348,887	7,793,083
Other Receivables	(6)	1,409,796	865,618
Investment in subsidiary company		5,439,900	5,439,900
Cash and cash equivalents	(7)	4,306,712	2,167,475
Total current assets		30,993,279	22,461,827
Total assets		40,293,582	33,418,095
Shareholders' equity			
Paid up capital	(10)	36,980,000	32,140,000
Paid under capital increase		8,656,911	9,847,931
Retained Losses		(18,159,140)	(16,735,347)
Net loss for the Year		(7,261,483)	(1,423,793)
Total shareholders' equity		20,216,288	23,828,791
Current liabilities			
Account Payables	(8)	16,313,612	7,854,906
Other Payables	(9)	3,590,034	1,321,898
Total current liabilities		19,903,646	9,176,804
Non-current liabilities			
Deferred tax		173,648	412,500
Total non-current liabilities		173,648	412,500
Total shareholders' equity And Liabilities		40,293,582	33,418,095

The accompanying policies and the notes from page number (8) to (17) form an integral part of these financial statements

Ahmed Zeyada
Accounting Manager



Abdullatif Mohamed
financial controller



Mohamed Mowafi
General manager



Auditor's Report issued in 30 April '2017

PIDILITE INDUSTRIES EGYPT
"AN EGYPTIAN JOINT STOCK COMPANY"
INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		From 1 April 2016 To 31 March 2017	From 1 April 2015 To 31 March 2016
		<u>EGP</u>	<u>EGP</u>
Sales		49,562,750	29,564,268
Cost of goods sold	(11)	(40,137,613)	(22,112,232)
Depreciation	(3)	(1,455,549)	(972,693)
<u>Gross Profit</u>		<u>7,969,588</u>	<u>6,479,343</u>
Selling, General & Administrative expenses	(12)	(9,009,786)	(6,649,422)
Depreciation	(3)	(336,949)	(702,530)
Bad debts allowance		(118,815)	(59,778)
Loss on Foreign Exchange		(6,008,466)	(639,019)
Other revenue		4,093	7,123
<u>Net loss before Deferred tax</u>		<u>(7,500,335)</u>	<u>(1,564,283)</u>
Deferred tax		238,852	140,490
<u>Net loss for the year</u>		<u>(7,261,483)</u>	<u>(1,423,793)</u>

The accompanying policies and the notes from page number (8) to (17) form an integral part of these financial statements

PIDILITE INDUSTRIES EGYPT
"AN EGYPTIAN JOINT STOCK COMPANY"

Other comprehensive income statement for the year ended at 31 March 2017

	From 1 April 2016 To 31 March 2017 <u>EGP</u>	From 1 April 2015 To 31 March 2016 <u>EGP</u>
Net loss after income tax	(7 261 483)	(1 423 793)
Other comprehensive Income	-	-
Total comprehensive Income for the year	<u>(7 261 483)</u>	<u>(1 423 793)</u>

PIDILITE INDUSTRIES EGYPT
"AN EGYPTIAN JOINT STOCK COMPANY"
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
	Paid up Capital	Paid under Capital increase	Net (Loss)	Retained losses	Total	
Balance at 31 March 2015	32,140,000	4,850,346	(1,914,467)	(14,820,879)	20,254,999	
Transfer to Retained losses	-	-	1,914,468	(1,914,468)	-	
Paid under capital increase	-	4,997,585	-	-	4,997,585	
Net loss for the year	-	-	(1,423,794)	-	(1,423,794)	
Balance at 31 March 2016	32,140,000	9,847,931	(1,423,793)	(16,735,347)	23,828,791	
paid up capital	4,840,000	(4,840,000)	-	-	-	
Transfer to Retained losses	-	-	1,423,793	(1,423,793)	-	
Paid under capital increase	-	3,648,980	-	-	3,648,980	
Net loss for the year	-	-	(7,261,483)	-	(7,261,483)	
Balance at 31 March 2017	36,980,000	8,656,911	(7,261,483)	(18,159,140)	20,216,288	

The accompanying policies and the notes from page number (8) to (17) form an integral part of these financial statements

PIDILITE INDUSTRIES EGYPT
AN EGYPTIAN JOINT STOCK COMPANY
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	From 1 April 2016 To 31 March 2017	From 1 April 2015 To 31 March 2016
	<u>EGP</u>	<u>EGP</u>
<u>Cash flows from operating activities</u>		
Net loss for the year before tax	(7,500,335)	(1,564,283)
<u>Adjustments to reconcile net loss with cash flows from operating activities</u>		
Depreciation	1,792,497	1,675,223
Operating profit (loss) before changes in working capital	<u>(5,707,838)</u>	<u>110,940</u>
<u>Change in working capital</u>		
Change in inventory	(5,292,233)	(298,604)
Change in debtors and other debit accounts	(1,099,982)	(2,765,049)
Change in creditors and other credit accounts	10,726,842	(931,249)
Cash flow generated from / (used in) operating activities	<u>4,334,627</u>	<u>(3,994,903)</u>
<u>Cash flows from investing activities</u>		
Payment in respect of purchasing fixed assets	(136,532)	(880,629)
Proceeds of sale of fixed assets	-	338,173
Net cash flows used in investing activities	<u>(136,532)</u>	<u>(542,456)</u>
<u>Cash flows from financing activities</u>		
Capital Increase	4,840,000	-
Paid under capital increase	(1,191,020)	4,997,585
Cash flows generated from financing activities	<u>3,648,980</u>	<u>4,997,585</u>
Change in cash and cash equivalents during the year	2,139,237	571,166
Cash and cash equivalents at the beginning of the year	2,167,475	1,596,309
Cash and cash equivalents at the end of the year	<u>4,306,712</u>	<u>2,167,475</u>

PIDILITE INDUSTRIES EGYPT

(AN EGYPTIAN JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 31 MARCH 2017

1- General

- 1-1 The Company was established as an joint stock company under the investment Law and by virtue of the minister of economy and foreign trade's decree No 165 of 1997 which was published in the official investment gazette, edition 436 on April 26, 1997. The Company was registered in the Investment Commercial Registry under no. 30 178 on March 13, 1997.
- 1-2 The Company Extraordinary General Assembly meeting on 13/2/2006 decide to change the name of the Company from Sadafco Foodstuff & Drinks Company to Pidilite Industries Egypt and the activity to producing and packing all kinds of resins and adhesives as well as sealants, paints, building chemicals and all related materials and the GAFI approved the changes by decision Number 411/2006 at April 2006 and registered in commercial registrar at 2/5/2006.

1-3 The objectives of the Company are :

Establishing and operating a factory for producing and packing all kinds of resins and adhesives as well as sealants, paints, building chemicals and all related materials.

The Company may make other projects or amend its purpose in the light of the provisions of the investment law, also it may participate in any manner what so ever in subsidiary projects taking into consideration the provisions of law No. 59/1995 and the provisions of the investment law, provided that the Company should obtain all the licenses necessary for practicing its activity.

2- SIGNIFICANT ACCOUNTING POLICIES

2-1 Basis of preparation

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

2-2 Statement of compliance

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

The Financial Statement 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.

PIDILITE INDUSTRIES EGYPT

(AN EGYPTIAN JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 31 MARCH 2017

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:

Machinery & Equipment	10%
Buildings-Factory	5%
Furniture	10%
Fixtures	20 %
Laboratory Equipment	10%
Computers	33%
Automobiles	25%
Office Equipment	10%
Tools & Dies	20%

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.

PIDILITE INDUSTRIES EGYPT

(AN EGYPTIAN JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 31 MARCH 2017

2-6 Investments in subsidiary

The investments in subsidiary are initially recorded at cost.

2-7 The inventory elements are valued as follows:

Raw materials and packing materials: at the lower of cost (using the Weight Average Method) or net realizable value.

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

Cost of production includes direct material, direct labor and allocated share of manufacturing overhead and excluding borrowing costs

Work in process: at the cost of production (of the latest completed phase based on the costing sheets).

Cost includes allocated share of direct material, direct labor and allocated share of manufacturing overhead until latest completed phase and excluding borrowing costs

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.

2-8 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.

2-9 Revenue recognition

Revenue from sales is recognized when all the following conditions are 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.

PIDILITE INDUSTRIES EGYPT

(AN EGYPTIAN JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 31 MARCH 2017

2-10 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.

2-11 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.

2-12 Statement of cash flows

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

2-13 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.

2-14 Subsequent Event

The preparation of financial statements in conformity with Egyptian accounting standard requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

PIDILITE INDUSTRIES EGYPT
"AN EGYPTIAN JOINT STOCK COMPANY"
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

3. Property Plant and Equipments

	Machinery & Equipment		Buildings-Factory		Furniture & Fixtures		Land		Laboratory Equipment		Computers		Automobiles		Office Equipment		Tools		Total	
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost																				
Cost at 1 April 2016	9,969,444	6,856,479	3,020,152	1,147,912	265,184	168,205	333,596	137,813	18,386	21,917,171										
Additions	101,590	-	17,593	-	-	13,499	-	-	3,850	136,532										
Balance at 31 March 2017	10,071,034	6,856,479	3,037,745	1,147,912	265,184	181,704	333,596	137,813	22,236	22,053,703										
Accumulated Depreciation																				
Balance at 1 April 2016	(5,971,548)	(2,344,697)	(2,057,727)	-	(168,982)	(144,115)	(213,298)	(43,374)	(17,162)	(10,960,903)										
Depreciation for the year	(1,002,807)	(342,824)	(311,304)	-	(26,518)	(9,618)	(83,399)	(13,782)	(2,245)	(1,792,497)										
Balance at end of the year	6,974,355	2,687,521	2,369,031	-	195,500	153,733	296,697	57,156	19,407	12,753,400										
Net book value at 31 March 2017	3,096,679	4,168,958	668,714	1,147,912	69,684	27,971	36,899	80,657	2,829	9,300,303										
Net book value at 31 March 2016	3,997,896	4,511,782	962,425	1,147,912	96,202	24,090	120,298	94,439	1,224	10,956,268										

PIDILITE INDUSTRIES EGYPT
(AN EGYPTIAN JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

<u>Note 4 : Inventory</u>	31 March 2017	31 March 2016
	EGP	EGP
Raw material	6,111,094	3,305,398
Packing material	2,289,095	1,351,851
Finished goods	1,956,641	581,651
Raw material in transit	1,414,362	1,047,177
	11,771,192	6,286,077
Provision for Inventory	(283,208)	(90,326)
Net Inventory	11,487,984	6,195,751

Note 1/4 : Provision for Inventory

Provision for Packing material	201,893	53,134
Provision for Raw Material Stock	73,301	29,178
Provision for Finished Goods	8,014	8,014
	283,208	90,326

There is no write off inventory during the fiscal year 2016-2017 or 2015-2016.

Note 5 : Account receivables

<u>Account Receivables</u>	2016-17	2015-16
	EGP	EGP
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured		
Unsecured	425,951	436,565
Provision for doubtful Account receivables	(405,525)	(372,976)
	20,426	63,589
<u>Other Account Receivables</u>		
Unsecured	8,328,461	7,729,494
Total Receivables	8,348,887	7,793,083

Trade receivables from:

Others	7,043,272	7,049,328
Related Parties	1,711,140	1,116,731
Total	8,754,412	8,166,059
Current	8,754,412	8,754,412

Movement in the allowance for doubtful debts

Balance at beginning of the year - April 1, 2016	372,976	313,197
a) Impairment losses recognised in the year based on ECL		
On receivables originated in the year	118,815	59,779
Amounts written off during the year as uncollectible	(86,266)	-
Balance at end of the year - March 31, 2017 / 2016	32,549	59,779

PIDILITE INDUSTRIES EGYPT
(AN EGYPTIAN JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Particulars	As at March 31, 2017	As at March 31, 2016
Trade receivables from:		
- Related Parties	1,711,140	1,116,731
- Others	7,043,272	7,049,328
Total	8,754,412	8,166,059
Current	8,754,412	8,166,059
Non Current		

Movement in the allowance for doubtful debts

Particulars	As at March 31, 2017	As at March 31, 2016
Balance at beginning of the year - April 1, 2016 / April 1, 2015	372,976	313,197
a) Impairment losses recognised in the year based on ECL		
On receivables originated in the year	118,815	59,779
Other receivables		
Allowance for instruments modified in the year		
Amounts written off during the year as uncollectible	(86,266)	
Amounts recovered during the year	-	
Impairment losses reversed	-	
Balance at end of the year - March 31, 2017 / 2016	405,525	372,976

PIE has written off bad debts by 86266 during the fiscal year 2016- 2017. However, PIE hasn't written off any bad debts during the fiscal year 2015-2016.

Note 6 : Other Receivables

	31 March 2017	31 March 2016
	EGP	EGP
Withholding Taxes	616,709	451,083
Other Prepaid Expense	443,042	317,730
Sales Tax Authority	231,303	-
Advance and loans for employees	81,427	59,490
Add on Tax	37,315	37,315
	1,409,796	865,618

Note 7 : Cash and cash equivalents

	31 March 2017	31 March 2016
	EGP	EGP
Bank -USD	2,247,132	195,607
Bank - L.E	1,885,748	1,920,513
Cash	173,832	51,355
	4,306,712	2,167,475

Note 8 : Account payables

	31 March 2017	31 March 2016
	EGP	EGP
Account payables	16,313,612	7,854,906
	16,313,612	7,854,906

PIDILITE INDUSTRIES EGYPT
(AN EGYPTIAN JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	31 March 2017	31 March 2016
	EGP	EGP
Note 9 :Other Payables		
Notes payable	2,517,289	420,387
Accrued Expense	927,922	685,779
Social Insurance Authority	65,901	49,425
Payroll Tax Authority	56,104	34,849
Withholding Tax	22,818	10,495
Sales Tax Authority	-	120,963
	3,590,034	1,321,898

Note 10 : Paid up capital

Note 1/10 : Issued capital

The Company's issued and paid up capital amounts to EGP 36,980,000 divided into 36980 shares of par value L.E.100 each

Note 2/10 : Paid up capital

The paid up capital amounts to EGP 36,980,000 which represents 100% of Issued capital

	From 1 April 2016 To 31 March 2017	From 1 April 2015 To 31 March 2016
	EGP	EGP
Note 11 : Cost of goods sold		
Materials Cost	36,904,711	19,629,587
Salaries	1,838,436	1,439,757
Gas & Electricity	515,827	305,585
Repairs and Maintenance	259,533	166,462
Car Rent	197,968	168,876
Consumable Materials	195,954	154,444
Company Share of Social Security	95,915	84,247
Real estate Tax	56,733	25,000
Professional Fees	30,678	76,610
Water Expense	23,497	21,052
Petrol & Oil	10,508	5,087
Postage	5,508	7,526
Rent – Equipment	2,345	27,999
	40,137,613	22,112,232

PIDILITE INDUSTRIES EGYPT
(AN EGYPTIAN JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	From 1 April 2016 To 31 March 2017	From 1 April 2015 To 31 March 2016
	<u>EGP</u>	<u>EGP</u>
<u>Note 12 : Selling, General & Administrative expenses</u>		
Technical Service	-	323,684
Salaries	3,363,665	2,336,156
Sales Promotion	1,325,834	782,346
Royalty	1,100,474	591,285
Freight Charges - Delivery to Customers	1,069,204	765,612
Travel and Entertainment	588,113	444,011
Employee Welfare	400,835	324,468
Company Share of Social Security	256,370	193,390
Export Transportation	128,887	200,031
Bank Service charges	124,233	97,984
Internet Expenses	118,980	82,005
Telephone and Fax	102,514	83,151
Security Charges	88,757	83,383
Professional Fees	76,468	87,235
Repairs and Maintenance	72,679	72,242
Insurance	64,842	67,359
Miscellaneous	52,896	24,415
Audit Fees	21,000	20,000
Stationery and Office Supplies	20,302	12,470
Postage	16,070	13,881
Dues and Memberships Expense	9,333	12,544
Employee Training	8,330	31,770
	<u>9,009,786</u>	<u>6,649,422</u>

Note 1/12 : Audit Fees

audit fees	21,000	20,000
	<u>21,000</u>	<u>20,000</u>

PIDILITE INDUSTRIES EGYPT
(AN EGYPTIAN JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Note 14 : Deferred Tax

Tax effect of items constituting Deferred Tax Liabilities		
On difference between book and tax depreciation	(1,083,464)	(1,709,778)
Tax effect of items constituting Deferred Tax Liabilities	(1,083,464)	(1,709,778)
Tax effect of items constituting Deferred Tax Assets		
Provision for inventory	192,882	-
Provision for Doubtful Debts	118,815	59,778
Tax effect of items constituting Deferred Tax Assets	311,697	59,778
TOTAL NET Deferred Tax Assets/Liability	(173,648)	(412,500)

Reconciliation between accounting and Tax Profit

Book Profit (loss) before tax	(7,500,335)	(1,564,283)
Add back		
<u>Illustrative items :</u>		
Book depreciation	1,792,497	1,675,223
Bad debts provision	192,882	-
Inventory provision	118,815	59,778
Deduct		
<u>Illustrative items :</u>		
Tax depreciation	(920,229)	(1,050,821)
Tax Profit (loss) before tax	(6,316,370)	(880,103)

Note 15 : Transactions in Foreign Currencies

Export Debtors	801,952	16,424
Import Creditors	(13,997,638)	(4,683,870)
	(13,195,686)	(4,667,446)

Note 16 : Contingent Liabilities & Commitments

There are no contingent liability on the company at the date of preparation of the financial statements at 31st, March 2017.