

PIDILITE INDUSTRIES EGYPT (S.A.E)

**AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AT 31 March 2023**

**Strategy Financial Advisors
Audit, Tax and Advisory Services**

Pidilite Industries Egypt (S.A.E)
Financial statements and auditor's report
For the year ended 31 March 2023

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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 2023, income statement, other comprehensive income, statement of changes in quota holders' 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 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 2023, 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.

Amr Arafa Hassan

Member at Egyptian society of taxation

Registered Accountants and Auditors No. 20137

Strategy Financial Advisors

Cairo, 30 April 2023



PIDILITE INDUSTRIES EGYPT S.A.E
Financial Position At 31 MARCH 2023

	<u>Note</u> <u>No.</u>	31 March 2023 EGP	31 March 2022 EGP
Assets			
<u>Non-current assets</u>			
Property, Plant and Equipments (Net book value)	(3)	4 803 097	6 479 554
Total non-current assets		4 803 097	6 479 554
<u>Current assets</u>			
Inventory	(4)	29 484 598	19 629 318
Account Receivables	(5)	51 020 487	32 566 763
Other Receivables	(6)	6 041 263	4 687 187
Investment in Subsidiary Companies		5 439 900	5 439 900
Cash and cash equivalents	(7)	11 124 958	9 266 659
Total current assets		103 111 206	71 589 826
Total assets		107 914 303	78 069 380
<u>Shareholders' equity</u>			
Paid up capital	(8)	36 980 000	36 980 000
Paid under capital increase		73 298 564	60 828 801
Retained Losses		(49 617 820)	(38 516 600)
Net loss for the Year		(7 924 938)	(10 750 721)
Total shareholders' equity		52 735 807	48 541 480
<u>Current liabilities</u>			
Account Payables	(9)	36 472 166	25 834 683
Other Payables	(10)	6 175 269	3 581 537
Total current liabilities		42 647 435	29 416 220
<u>Non-current liabilities</u>			
long - term loan		12 319 520	-
Deferred tax	(14)	211 541	111 680
Total non-current liabilities		12 531 061	111 680
Total shareholders' equity And Liabilities		107 914 303	78 069 380

The accompanying policies and the notes from page number (8) to (19) form an integral part of these financial statements

Mohamed Mowafi
General Manager

Abdellatif Mohamed
Financial Controller

Auditor's Report issued on 30 April, 2023



Abdellatif

PIDILITE INDUSTRIES EGYPT S.A.E
INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		From 1 April 2022 To 31 March 2023	From 1 April 2021 To 31 March 2022
		EGP	EGP
Sales		129,692,196	88,457,036
Cost of goods sold	(11)	(98,382,744)	(78,437,994)
Depreciation	(3)	(1,822,507)	(1,853,995)
Gross Profit		29,486,945	8,165,047
Selling, General & Administrative expenses	(12)	(23,272,836)	(17,400,925)
Depreciation	(3)	(209,341)	(178,129)
Bad debts allowance		(31,550)	198,356
Bad debts write off		(89,679)	(82,923)
Loss on Foreign Exchange		(13,192,258)	(1,830,977)
Interest		(291,348)	123,740
Other gains (losses)		134,990	106,631
Tax Provision		(360,000)	-
Net profit (loss) for the year before interest and income tax		(7,825,077)	(10,899,180)
Interest		-	-
Net profit (loss) for the year before income tax		(7,825,077)	(10,899,180)
Income Tax		-	-
Deferred tax		(99,861)	148,459
Net loss for the year		(7,924,938)	(10,750,721)

The accompanying policies and the notes from page number (8) to (19) form an integral part of these financial statements

PIDILITE INDUSTRIES EGYPT S.A.E

Other comprehensive income statement for the year ended at 31 March 2023

	From 1 April 2022 To 31 March 2023 EGP	From 1 April 2021 To 31 March 2022 EGP
Net loss after income tax	(7 924 938)	(10 750 721)
Other comprehensive Income	-	-
Total comprehensive Income for the year	<u>(7 924 938)</u>	<u>(10 750 721)</u>

PIDILITE INDUSTRIES EGYPT S.A.E
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Paid up Capital		Paid under Capital increase		Net (Loss)		Retained losses		Total	
	EGP		EGP		EGP		EGP		EGP	
Balance at 31 March 2021	36,980,000		60,828,801		(1,622,918)		(36,893,683)		59,292,200	
Transfer to Retained losses	-				1,622,918		(1,622,918)		-	
Net loss for the year	-		-		(10,750,720)		-		(10,750,720)	
Balance at 31 March 2022	36,980,000		60,828,801		(10,750,720)		(38,516,601)		48,541,480	
Paid under capital increase	-		12,469,763		-		-		12,469,763.05	
Transfer to Retained losses	-		-		10,750,720		(10,750,720)		-	
Correction and Adjustments for pervious Year							(350,499)		(350,499.00)	
Net loss for the year	-		-		(7,924,938)		-		(7,924,938)	
Balance at 31 March 2023	36,980,000		73,298,564		(7,924,938)		(49,617,819)		52,735,807	

The accompanying policies and the notes from page number (8) to (19) form an integral part of these financial statements

PIDILITE INDUSTRIES EGYPT S.A.E

STATEMENT OF CASH FLOWS 'FOR THE YEAR ENDED 31 MARCH 2023

	From 1 April 2022 To 31 March 2023	From 1 April 2021 To 31 March 2022
	EGP	EGP
<u>Cash flows from operating activities</u>		
Net loss for the year before tax	(7 825 077)	(10 899 179)
<u>Adjustments to reconcile net loss with cash flows from operating activities</u>		
Depreciation	2 031 848	2 034 075
Bad debts allowance	31 550	-
Correction and Adjustments for pervious Year	(350 499)	-
Provision for Inventory releas	(323 514)	-
Operating profit before changes in working capital	(6 435 692)	(8 865 104)
<u>Change in working capital</u>		
Change in inventory	(9 531 767)	(4 225 301)
Change in Account Receivables	(18 485 274)	(982 051)
Change in Other Receivables	(1 354 076)	(1 101 590)
Change in Account Payables	10 637 483	12 921 937
Change in Other Payables	2 593 733	(1 120 266)
Cash flow (used in)/ generated from operating activities	(16 139 901)	5 492 729
<u>Cash flows from investing activities</u>		
Payment in respect of purchasing fixed assets	(355 390)	(783 838)
Cash flows used in investing activities	(355 390)	(783 838)
<u>Cash flows from financing activities</u>		
Loan	12 319 520	-
Paid under capital increase	12 469 763	-
Cash flows (used in) / generated from financing activities	24 789 283	-
Change in cash and cash equivalentents during the year	1 858 300	(4 156 212)
Cash and cash equivalentents at the beginning of the year	9 266 659	13 422 871
Cash and cash equivalentents at the end of the year	11 124 958	9 266 659

PIDILITE INDUSTRIES EGYPT S.A.E
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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 polices

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 S.A.E
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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 & Dyes	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.

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.

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.

PIDILITE INDUSTRIES EGYPT S.A.E
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

3. Property Plant and Equipments

	Machinery & Equipment		Buildings-Factory		Furniture & Fixtures		Land		Laboratory Equipment		Computers & software		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 at 1 April 2022	14 055 306	6 856 479	4 602 894	1 147 912	354 979	386 215	333 596	201 174	628 471	28 567 026										
Additions	247,703	-	82 950	-	15 000	8 597	-	740	400	355 390										
Balance at 31 March 2023	14 303 009	6 856 479	4 685 844	1 147 912	369 979	394 812	333 596	201 914	628 871	28 922 417										
<u>Accumulated Depreciation</u>																				
Balance at 1 April 2022	12 995 549	4 401 641	3 347 442	-	301 523	301 643	333 596	134 517	271 560	22 087 472										
Depreciation for the year	1 303 759	342 824	166 063	-	9 204	65 278	-	20 748	123 971	2 031 848										
Balance at end of the year	14 299 308	4 744 465	3 513 505	-	310 728	366 921	333 596	155 265	395 532	24 119 319										
Net Book Value at 31 March 2023	3 701	2 112 015	1 172 339	1 147 912	59 251	27 891	-	46 649	233 340	4 803 097										
Net book value at 31 March 2022	1 059 757	2 454 839	1 255 452	1 147 912	53 456	84 571	-	66 657	356 911	6 479 554										

	31 March 2023 EGP	31 March 2022 EGP
Note 4 : Inventory		
Raw material	16 467 504	10 745 697
Packing material	5 786 724	4 018 016
Raw material in transit	3 414 792	2 607 764
Finished goods	3 904 129	2 541 673
	<u>29 573 148</u>	<u>19 913 149</u>
Provision for Inventory	1/4 (88 551)	(283 832)
Net Inventory	<u>29 484 598</u>	<u>19 629 318</u>
Note 1/4 : Provision for Inventory		
Provision for Packing material	-	143 953
Provision for Raw Material	-	109 691
Provision for Finished Goods	88 551	30 187
	<u>88 551</u>	<u>283 832</u>

	31 March 2023 EGP	31 March 2022 EGP
Note 5 : Account receivables		
Account Receivables		
Unsecured	51 856 011	33 370 737
Provision for doubtful Account receivables	(835 524)	(803 975)
Total Receivables	<u>51 020 487</u>	<u>32 566 763</u>
Trade receivables from:		
Others	31 310 517	18 559 702
Related Parties	20 545 494	14 811 035
Total	<u>51 856 011</u>	<u>33 370 737</u>
Current	<u>51 856 011</u>	<u>33 370 737</u>
Movement in the allowance for doubtful debts		
Balance at beginning of the year - April 1, 2022	803 975	1 002 331
a) Impairment losses recognised in the year based on ECL		
On receivables originated in the year	(58 130)	(281 279)
Amounts recovered during the year		
Amounts written off during the year as uncollectible	89 679	82 923
Balance at end of the year - March 31, 2023 / 2022	<u>835 525</u>	<u>803 975</u>

PIDILITE INDUSTRIES EGYPT S.A.E
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	31 March 2023 EGP	31 March 2022 EGP
Note 6 : Other Receivables		
Withholding Taxes	3 286 497	2 545 492
Value Added Tax Authority	-	608 819
Other Prepaid Expense	665 967	602 976
Mis. Receivables	1 204 832	593 184
Advance and loans for suppliers	437 597	-
Advances and loans for employees	293 056	183 402
Rent Deposit	116 000	116 000
Additional Tax	37 315	37 315
	<u>6 041 263</u>	<u>4 687 187</u>

	31 March 2023 EGP	31 March 2022 EGP
Note 7 : Cash and cash equivalents		
Cash	115 733	59 849
Bank EGP	8 194 926	6 687 057
Bank -USD	2 808 427	2 518 100
Bank EURO	5 897	1 178
Bank AED	(25)	475
	<u>11 124 958</u>	<u>9 266 659</u>

Note 8 : Paid up capital

Note 1/8 : Issued capital

The Company's issued and paid up capital amounts to EGP 36,980,000 divided into 369800 shares of par value L.E.100 each

Note 2/8 : Paid up capital

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

	31 March 2023 EGP	31 March 2022 EGP
Note 9 : Account payables		
Account payables	9 425 948	14 559 571
Account Payables - Related Parties	27 046 218	11 275 112
	<u>36 472 166</u>	<u>25 834 683</u>

	31 March 2023 EGP	31 March 2022 EGP
Note 10 :Other Payables		
Accrued Expense	4 224 870	2 873 628
Notes payable	282 303	411 590
Payroll Tax Authority	164 159	98 924
Withholding Tax	65 952	51 041
Social Insurance Authority	140 690	136 355
Advances from Customers	469 393	10 000
Value Added Tax Authority	467 902	-
tax Provision	360 000	-
	<u>6 175 269</u>	<u>3 581 537</u>

PIDILITE INDUSTRIES EGYPT S.A.E
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Note 11 : Cost of goods sold	From 1 April 2022 To 31 March 2023 EGP	From 1 April 2021 To 31 March 2022 EGP
Materials Cost	89 719 472	69 634 399
Salaries	4 574 347	4 097 994
Gas & Electricity	801 040	746 200
Repairs and Maintenance	524 032	612 073
Car Rent	505 729	485 390
Employee Welfare Expenses	524 758	468 501
Company Share of Social Security	480 793	459 954
Consumable Materials	398 317	345 166
Rent	240 900	198 000
Security Charges	179 000	180 000
Professional Fees	86 682	105 198
Insurance	120 156	102 532
Petrol & Oil	127 202	100 455
Water Expense	91 091	60 148
Dues and Memberships Expense	72 331	46 759
Telephone and Fax	44 213	42 859
Others	107 118	379 064
Buffet expenses	62 435	36 342
Real estate Tax	50	23 267
Stationery and Office Supplies	20 728	14 900
Rent – Equipment	21 325	11 100
Travel and Entertainment	4 515	7 980
Postage	25	490
Books and Journals	-	75
Inventory Provision	(323 514)	279 149
	98 382 744	78 437 994

PIDILITE INDUSTRIES EGYPT S.A.E
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Note 12 : Selling, General & Administrative expenses	From 1 April 2022 To 31 March 2023 EGP	From 1 April 2021 To 31 March 2022 EGP
Salaries	6,785,652	5 978 338
Sales Promotion	7,927,416	4 166 974
Freight Charges - Delivery to Customers	1,791,525	1 725 744
Royalty	2,061,189	1 395 891
Travel and Entertainment	1,056,794	963 332
Export Transportation	816,077	647 587
Company Share of Social Security	558,364	484 797
Employee Welfare	591,492	463 194
Taxes	60,000	398 012
Governmental medical charges	324,231	221 101
Professional Fees	367,845	178 944
Rent/Lease Exp. – Land and Buildings	85,050	127 567
Telephone and Fax	109,500	109 825
Repairs and Maintenance	74,370	86 274
Insurance	123,094	85 838
Advertising	-	75 200
Dues and Memberships Expense	33,581	74 958
Bank Service charges	163,288	67 418
Buffet expenses	45,812	35 005
External and internal audit fees	35,004	31 680
Miscellaneous	47,142	26 017
Stationery and Office Supplies	41,872	17 686
Internet Expenses	25 019	16 759
Postage	12,295	11 382
Heat Light and Power	9,791	8 902
Other Allowance	-	2 500
Housekeeping expenses	126,433	-
Compliance penalty	-	-
	23 272 836	17 400 925

PIDILITE INDUSTRIES EGYPT S.A.E
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	31 March 2023 EGP	31 March 2022 EGP
Note 14 : Deferred Tax		
Tax effect of items constituting Deferred Tax Liabilities		
On difference between book and tax depreciation	(776 452)	(577 148)
Tax effect of items constituting Deferred Tax Liabilities	<u>(776 452)</u>	<u>(577 148)</u>
Tax effect of items constituting Deferred Tax Assets		
Provision for inventory	(195 281)	279 149
Provision for Doubtful Debts	31 550	(198 356)
Tax effect of items constituting Deferred Tax Assets	<u>(163 731)</u>	<u>80 793</u>
Tax Income Corporate Rate	22.5%	22.5%
TOTAL NET Deferred Tax Assets/(Liability)	<u><u>(211 541)</u></u>	<u><u>(111 680)</u></u>

	31 March 2023 EGP	31 March 2022 EGP
Reconciliation between accounting and Tax Profit		
Book Profit (loss) before tax	(7 825 077)	(10 899 179)
Add back		
Illustrative items :		
Book depreciation	2 031 847	2 032 124
Bad debts provision	31 550	(198 356)
Inventory provision	(195 281)	279 149
Governmental medical charges	324 231	221 101
Deduct		
Illustrative items :	(1 255 395)	
Tax depreciation		1 454 976
	<u>(6 888 125)</u>	
Adjustments recognised in the current year in relation to the	350 501	
Tax Profit (loss) before tax	<u><u>(6 537 624)</u></u>	<u><u>(7 110 186)</u></u>

	31 March 2023		31 March 2022	
	EGP	USD	EGP	USD
Note 15 : Transactions in Foreign Currencies				
Export Debtors	10 444 893	363 830	3 642 709	235 553
Import Creditors	(66 093 108)	(3 005 927)	(1 46 749 162)	(2 921 823)

Note 16 : Contingent Liabilities & Commitments

Tax position

Due to the nature of the tax assessment process in Egypt, the final outcome of the assessment by the Egyptian Tax Authority (ETA) might not be realistically estimated. Therefore, additional liabilities are contingent upon the tax inspection and assessment of the Tax Authority. Below is a summary of the tax status of the Company as of the date of the financial statements preparation

• **Corporate tax position:**

Years 2006/2008

The company has submitted tax returns on the legal due date.

Tax Authority sent a form 19 tax for 2006-2008 with a number 4129 issued on March 29, 2012 with tax differentials of 467,732 other than delayed fines. The legal deadline was challenged on April 23, 2012. The tax appeal committees were referred and the decision was issued in support of the Mammori for not attending.

A court lawsuit was filed during the circulation of the tax file. A request was submitted to the Committee for the termination of disputes. The tax differences of 149,801 were agreed upon pending receipt of the recommendation decision from the Minister's Office.

Years 2009/2012

The Tax Authority sent out Form 19 and the company's accounting estimation and the forms were not received The Tax Authority sent a form 9A booked on 31 January 2023 with a number issued 1239 with a total value of 16551633. linking a non-appeal. The form was appealed on February 8, 2023.

Years 2013/2014

The Tax Authority sent Form 19 and the company's accounting estimates, but the forms were not received

Years 2015/2018

The Tax Authority sent Form 19 taxes for the years 2015 - 2017 - 2018 with issued number 2513 / 5514 on March 7, 2021, with tax differences of 114,464,808 It was challenged within the legal deadline on March 25, 2021, and no date has been set for the examination yet.

Years 2019/2023

The Company was not requested for mentioned Years inspection.

▪ **Payroll tax position:**

Years 2006/2023

The Company was not requested for payroll tax inspection purposes, noting that the Company deducts the payroll tax due from its employees according to the Egyptian tax laws, and paid the tax due accordingly.

▪ **Stamp tax position:**

Years 2006/2023

The Company has not been requested for stamp tax inspection.

▪ **VAT position:**

Years 2006/2017

The Company submitted The monthly returns on The legal due date and paid The tax due accordingly.

The Company was inspected for VAT tax purpose for the period from January 2008 to March 31,2017, the tax authority sent a The case file was transferred to the Appeal Committee, which decided to pay a tax of 967,492.5 EGP, and 398,011.96 EGP

Years 2018/2023

For the period 1/4/2017 until 31/3/2022, we have been notified of the Company's inspection and the data required for

▪ **Withholding tax position:**

Years 2006/2023

The Company submitted The returns (Form No.41) on The legal due date and paid The tax due accordingly.

The Company has not been requested for withholding tax inspection.

▪ **Social insurance position:**

the Company paid the social insurance on the legal due date.

Legal position

1- First lawsuit:

Commercial Lawsuit No. 13913 of the 74 judicial year,Cairo, Filed by the company against Minister of Finance

The current position:

The invalidity if the decision issued in the tax appeal No. 242 of 2017, that determine the net profits for 2006,2007 and 2008 as follows. 500,000 EGP, 521,797 EGP, and 1,316,865 EGP

Legal position

2- Second lawsuit:

Commercial Lawsuit No. 5948 of the 76 judicial year, Cairo, Filed by the company against Minister of Finance

The current position:

The invalidity of the decision of tax appeal No. 448 of the year 2019 issued from tax appeal committee (VAT) from Jan, 6, 2008 until March 31, 2017 as follows:

First : Reduce original tax amounting EGP 712,093.56.

Second : The right of tax office in original tax considered as a difference amounting EGP 967,492.5 for Jan 6, 2008 until March 31, 2017.

3- Third lawsuit:

The labor case filed by Omar Fathi Ali Nada against the company No. 489 for the year 54 BC High Appeal Tanta (Ali Appeal Mission Shebin El-Kom)

Subject:

a request for compensation for unfair dismissal, the payment of the balance of his vacations, and the allowance for the notice period.

The current position:

The case was judged before the Court of First Instance by rejecting it because the plaintiff did not prove his claim, and he was challenged by him on appeal and referred to the Experts Office. For the 9/6/2023 session