

**PIDILITE INDUSTRIES EGYPT (S.A.E)
AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AT 31 March 2024**

**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 2024

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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 2024, 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 2024, 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, 29 April 2024

PIDILITE INDUSTRIES EGYPT S.A.E
Financial Position At 31 MARCH 2024

	<u>Note No.</u>	<u>31 March 2024 EGP</u>	<u>31 March 2023 EGP</u>
Assets			
Non-current assets			
Property, Plant and Equipments (Net book value)	(3)	4 621 475	4 803 096
Deferred tax	(14)	94 283	-
Total non-current assets		4 715 758	4 803 096
Current assets			
Inventory	(4)	28 482 950	29 484 598
Account Receivables	(5)	51 024 513	51 020 487
Other Receivables	(6)	12 804 923	6 041 263
Investment in Subsidiary Companies		5 439 900	5 439 900
Cash and cash equivalents	(7)	81 172 030	11 124 958
Total current assets		178 924 316	103 111 206
Total assets		183 640 074	107 914 302
Shareholders' equity			
Paid up capital	(8)	36 980 000	36 980 000
Paid under capital increase		150 665 737	73 298 564
Retained Losses		(57 542 758)	(49 617 820)
Net Profit / (loss) for the Year		21 969 705	(7 924 938)
Total shareholders' equity		152 072 683	52 735 806
Current liabilities			
Account Payables	(9)	22 401 036	36 472 166
Other Payables	(10)	9 166 355	6 175 269
Total current liabilities		31 567 391	42 647 435
Non-current liabilities			
long - term loan		-	12 319 520
Deferred tax	(14)	-	211 541
Total non-current liabilities		-	12 531 061
Total shareholders' equity And Liabilities		183 640 074	107 914 302

The accompanying policies and the notes from page number (8) to (20) form an integral part of these financial statements

Mohamed Mowafi
General Manager

Abdellatif Mohamed
Financial Controller

Auditor's Report issued on 29 April,2024

PIDILITE INDUSTRIES EGYPT S.A.E
INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

		From 1 April 2023 To 31 March 2024	From 1 April 2022 To 31 March 2023
		EGP	EGP
Sales		139 297 554	129 692 196
Cost of goods sold	(11)	(96,731,506)	(98 382 745)
Depreciation	(3)	(600,654)	(1 822 507)
Gross Profit		41 965 394	29 486 945
Selling, General & Administrative expenses	(12)	(29,313,422)	(23 272 836)
Depreciation	(3)	(171,174)	(209 341)
Bad debts allowance		4,772	(31 550)
Bad debts write off		(56,899)	(89 679)
(Gain) Loss on Foreign Exchange		9,510,798	(13 192 258)
Interest		(381,359)	(291 348)
Other gains		105,771	134 990
Tax Provision		-	(360 000)
Net profit (loss) for the year before interest and income tax		21 663 881	(7 825 077)
Interest		-	-
Net profit (loss) for the year before income tax		21 663 881	(7 825 077)
Income Tax		-	-
Deferred tax		305,824	(99 861)
Net Profit (Loss) for the year		21 969 705	(7 924 938)

The accompanying policies and the notes from page number (8) to (20) 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 2024

	From 1 April 2023 To 31 March 2024 EGP	From 1 April 2022 To 31 March 2023 EGP
Net Profit (loss) after income tax	21 969 705	(7 924 938)
Other comperhensive Income	-	-
Total comperhensive Income for the year	<u>21 969 705</u>	<u>(7 924 938)</u>

PIDILITE INDUSTRIES EGYPT S.A.E

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	Paid up		Paid under		Net		Retained		Total
	Capital	EGP	Capital increase	EGP	(Loss)	EGP	losses	EGP	
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
Transfer to Retained losses	-				10,750,720		(10,750,720)		-
Correction and Adjustments for pervious Year					-		(350,499)		(350,499)
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)		(49,617,820)		52,735,806
Paid under capital increase			77,367,173						77,367,172.50
Transfer to Retained losses					7,924,938		(7,924,938)		-
Net Profit for the year					21,969,705				21,969,705
Balance at 31 March 2024	36,980,000		150,665,736		21,969,705		(57,542,757)		152,072,684

The accompanying policies and the notes from page number (8) to (20) form an integral part of these financial statements

PIDILITE INDUSTRIES EGYPT S.A.E
STATEMENT OF CASH FLOWS 'FOR THE YEAR ENDED 31 MARCH 2024

	From 1 April 2023 To 31 March 2024 EGP	From 1 April 2022 To 31 March 2023 EGP
<u>Cash flows from operating activities</u>		
Net Profit (loss) for the year before tax	21 663 881	(7 825 077)
<u>Adjustments to reconcile net loss with cash flows from operating activities</u>		
Depreciation	771 829	2 031 848
Bad debts allowance	(4 772)	31 550
Correction and Adjustments for pervious Year	-	(350 499)
Provision for Inventory releas	(60 946)	(323 515)
Operating profit before changes in working capital	22 369 992	(6 435 692)
<u>Change in working capital</u>		
Change in inventory	1 062 592	(9 531 767)
Change in Account Receivables	747	(18 485 275)
Change in Other Receivables	(6 763 660)	(1 354 076)
Change in Account Payables	(14 071 130)	10 637 483
Change in Other Payables	2 991 085	2 593 733
Cash flow (used in)/ generated from operating activities	(16 780 366)	(16 139 902)
<u>Cash flows from investing activities</u>		
Payment in respect of purchasing fixed assets	(590 207)	(355 390)
Cash flows used in investing activities	(590 207)	(355 390)
<u>Cash flows from financing activities</u>		
Loan	(12 319 520)	12 319 520
Paid under capital increase	77 367 173	12 469 763
Cash flows (used in) / generated from financing activities	65 047 653	24 789 283
Change in cash and cash equivalents during the year	70 047 072	1 858 299
Cash and cash equivalents at the beginning of the year	11 124 958	9 266 659
Cash and cash equivalents at the end of the year	81 172 030	11 124 958

PIDILITE INDUSTRIES EGYPT S.A.E
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

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 2024

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.

PIDILITE INDUSTRIES EGYPT S.A.E
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

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 S.A.E
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

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 2024

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 2023	14 303 009	6 856 479	4 685 844	1 147 912	369 979	394 812	333 596	201 914	628 871	28 922 416										
Additions	71 000		132 460		358 947	8 550				590 207										
Balance at 31 March 2024	14 374 009	6 856 479	4 818 303	1 147 912	369 979	753 759	333 596	221 164	637 421	29 512 623										
Accumulated Depreciation																				
Balance at 1 April 2023	14 299 308	4 744 465	3 513 505	-	310 728	366 921	333 596	155 265	395 532	24 119 319										
Depreciation for the year	74 701	342 824	183 186		10 329	34 595		9 427	116 766	771 829										
Balance at end of the year	14 374 009	5 087 289	3 696 691	-	321 057	401 516	333 596	164 692	512 298	24 891 148										
Net Book Value at 31 March 2024	-	1 769 191	1 121 612	1 147 912	48 922	352 243	-	56 472	125 124	4 621 475										
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	4 803 096										

PIDILITE INDUSTRIES EGYPT S.A.E
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	31 March 2024 EGP	31 March 2023 EGP
Note 4 : Inventory		
Raw material	11 090 405	16 467 504
Packing material	5 813 249	5 786 724
Raw material in transit	8 466 397	3 414 792
Finished goods	2 867 269	3 904 129
Promotional Goods Stock	273 237	-
	<u>28 510 556</u>	<u>29 573 148</u>
Provision for Inventory	(27 605)	(88 551)
Net Inventory	<u>28 482 950</u>	<u>29 484 598</u>

Note 1/4 : Provision for Inventory

Provision for Packing material	-	-
Provision for Raw Material	-	-
Provision for Finished Goods	27 605	88 551
	<u>27 605</u>	<u>88 551</u>

	31 March 2024 EGP	31 March 2023 EGP
Note 5 : Account receivables		
Account Receivables		
Unsecured	51 855 265	51 856 011
Provision for doubtful Account receivables	(830 752)	(835 524)
Total Receivables	<u>51 024 513</u>	<u>51 020 487</u>
Trade receivables from:		
Others	18 173 371	31 310 517
Related Parties	33 681 894	20 545 494
Total	<u>51 855 265</u>	<u>51 856 011</u>
Current	<u>51 855 265</u>	<u>51 856 011</u>
Movement in the allowance for doubtful debts		
Balance at beginning of the year - April 1, 2023	835 525	803 975
a) Impairment losses recognised in the year based on ECL		
On receivables originated in the year	(61 671)	(58 130)
Amounts recovered during the year		
Amounts written off during the year as uncollectible	56 899	89 679
Balance at end of the year - March 31, 2024-2023	<u>830 752</u>	<u>835 525</u>

PIDILITE INDUSTRIES EGYPT S.A.E
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	31 March 2024	31 March 2023
	EGP	EGP
Note 6 : Other Receivables		
Withholding Taxes	4 230 510	3 286 497
Other Prepaid Expense	1 107 571	665 967
Mis. Receivables	1 804 312	1 204 832
Advance from suppliers	5 019 000	437 597
Advances and loans for employees	490 214	293 056
Rent Deposit	116 000	116 000
Additional Tax	37 315	37 315
	<u>12 804 923</u>	<u>6 041 263</u>

	31 March 2024	31 March 2023
	EGP	EGP
Note 7 : Cash and cash equivalents		
Cash	188 368	115 733
Bank EGP	47 482 544	8 194 926
Bank -USD	33 497 141	2 808 427
Bank EURO	3 976	5 897
Bank AED	-	(25)
	<u>81 172 030</u>	<u>11 124 958</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 2024	31 March 2023
	EGP	EGP
Note 9 : Account payables		
Account payables	6 130 003	9 425 948
Account Payables - Related Parties	16 271 033	27 046 218
	<u>22 401 036</u>	<u>36 472 166</u>

	31 March 2024	31 March 2023
	EGP	EGP
Note 10 :Other Payables		
Accrued Expense	4 013 440	3 974 870
Notes payable	1 755 088	282 303
Payroll Tax Authority	183 203	164 159
Withholding Tax	70 221	65 952
Social Insurance Authority	300 976	140 690
Advances from Customers	1 586 013	469 393
Value Added Tax Authority	644 352	467 902
Tax Provision	360 000	360 000
Martyres support box	3 062	-
Provision for compliance penalty charges	250 000	250 000
	<u>9 166 355</u>	<u>6 175 269</u>

PIDILITE INDUSTRIES EGYPT S.A.E
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	From 1 April 2023 To 31 March 2024 EGP	From 1 April 2022 To 31 March 2023 EGP
Note 11 : Cost of goods sold		
Materials Cost	86,824,340	89,591,239
Salaries	5,046,207	4,574,347
Gas & Electricity	827,621	801,040
Employee Welfare Expenses	621,071	524,758
Repairs and Maintenance	712,806	524,032
Car Rent	523,415	505,729
Company Share of Social Security	553,198	480,793
Consumable Materials	350,510	398,317
Rent	-	240,900
Security Charges	192,000	179,000
Petrol & Oil	164,395	127,202
Insurance	184,733	120,156
Other Expenses	210,005	107,118
Water Expense	105,996	91,091
Professional Fees	163,927	86,682
Dues and Memberships Expense	156,248	72,331
Buffet expenses	64,952	62,435
Telephone and Fax	34,213	44,213
Rent – Equipment	10,350	21,325
Stationery and Office Supplies	13,197	20,728
Travel and Entertainment	24,938	4,515
Real estate Tax	-	50
Postage	8,330	25
Inventory Provision	(60,946)	(195,281)
	<u>96 731 506</u>	<u>98 382 745</u>

PIDILITE INDUSTRIES EGYPT S.A.E
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	From 1 April 2023 To 31 March 2024 EGP	From 1 April 2022 To 31 March 2023 EGP
Note 12 : Selling, General & Administrative expenses		
Sales Promotion	6 942 570	7 927 416
Salaries	9 781 857	6 785 652
Royalty	2 189 259	2 061 189
Freight Charges - Delivery to Customers	1 716 938	1 791 525
Travel and Entertainment	1 211 815	1 056 794
Export Transportation	1 243 312	816 077
Employee Welfare	797 126	591 492
Company Share of Social Security	613 211	558 364
Professional Fees	1 047 988	367 845
Governmental medical charges	370 179	324 231
Bank Service charges	294 144	163 288
Housekeeping expenses	133 803	126 433
Insurance	162 295	123 094
Telephone and Fax	104 333	109 500
Rent/Lease Exp. – Land and Buildings	76 317	85 050
Repairs and Maintenance	157 879	74 370
Taxes	-	60 000
Miscellaneous	85 324	47 142
Buffet expenses	80 687	45 812
Stationery and Office Supplies	41 891	41 872
External audit fees	40 250	35 004
Dues and Memberships Expense	37 940	33 581
Internet Expenses	58 282	25 019
Postage	16 588	12 295
Heat Light and Power	10 662	9 791
Employees Terminal Benefits	1 864 333	-
Other Expenses	234 440	-
	29 313 422	23 272 836

Note 14 : Deferred Tax	31 March 2024		31 March 2023	
	EGP		EGP	
Tax effect of items constituting Deferred Tax Liabilities				
On difference between book and tax depreciation		484 753		(776 452)
		484 753		(776 452)
Tax effect of items constituting Deferred Tax Assets				
Provision for inventory		(60 946)		(195 281)
Provision for Doubtful Debts		(4 772)		31 550
		(65 718)		(163 731)
Tax effect of items constituting Deferred Tax Assets		22.5%		22.5%
Tax Income Corporate Rate		94 283		(211 541)
TOTAL NET Deferred Tax Assets/(Liability)				

Reconciliation between accounting and Tax Profit	31 March 2024		31 March 2023	
	EGP		EGP	
Book Profit (loss) before tax		21 663 881		(7 825 077)
Add back				
Illustrative items :				
Book depreciation		771 829		2 031 847
Bad debts provision		(4 772)		31 550
Inventory provision		(60 946)		(195 281)
Governmental medical charges		370 179		324 231
Bad debts write off		56 899		89 679
Deduct				
Illustrative items :				
Tax depreciation		(1 256 582)		(1 255 395)
		21 540 488		(6 798 447)
				350 501
Tax Profit (loss) before tax		21 540 488		(6 447 946)
Retained losses		(22 043 957)		(19 208 380)
Net effect loss - no income tax		(503 470)		(26 006 826)

Note 15 : Transactions in Foreign Currencies	31 March 2024			31 March 2023		
	EGP	USD	EUR	EGP	USD	
Export Debtors	11 405 224	355 576	-	10 444 893	363 830	-
Import Creditors	(44 645 358)	(1 354 064)		(66 093 108)	(3 005 927)	

PIDILITE INDUSTRIES EGYPT S.A.E

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Note 16 : Contingent Liabilities & Commitments

▪ Contingent Liabilities (Corporate tax)

Years 2012 / 2009

The mission sent Form 19 and estimated the company's accounts, and the forms were not received. The Tax Authority sent Form 19 reservation on January 31, 2023, with a number issued 1239 with a total value of 16551633, a link without objection, and the form was objected to on February 8, 2023.

Years 2015 / 2018

The Tax Authority sent Form 19 for taxes for the years 2015-2017-2018
With issuance number / 5514/2513 dated March 7, 2021, with a tax difference of EGP 114,464,808
And it was challenged within the legal period on March 25, 2021, and no date was set for the examination yet
The date of the Appeal Committee session was set for April 21, 2024. The committee was attended and postponed to May 2024.

▪ Contingent Liabilities (VAT tax)

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 form No.15 taxes with an issuing number of 1368 on September 23,2019 and it was appealed against on October 1,2019 and the file is being resolved in the internal committees.
The case file was transferred to the Appeal Committee, which decided to pay a tax of 1,679,586.06 EGP, and 398,011.96 EGP was paid under the tax account. After that, the company decided to file a lawsuit against the Ministry of Finance, and the dispute is being resolved in the courts.

Note 17 :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 Mamore 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.

The recommendation decision has been received and will be submitted to the Tax Authority

Years 2013/2014

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

Years 2019/2023

The Company was not requested for mentioned Years inspection.

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▪ **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 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 inspection are being prepared and sent to the Company.

▪ **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.

Note 18 :Legal position

1- First lawsuit:

Case No. 13913 of 1974, circulated in the State Council regarding the tax on the profits of legal persons for years other than 2006/2008

The current position:

The court issued a decision in its session on 11/13/2023 to stop the case for a period of three months for reconciliation. Then the suspension period was extended for another similar period of its own accord in accordance with Law No. 79 of 2016 regarding ending tax disputes, and the second moratorium period has not yet ended, and reconciliation is still being presented to the committees for ending tax disputes until the Minister of Finance approves the recommendation by agreement, as stipulated in the aforementioned law.

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- Second lawsuit:

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

The current position:

- Case No. 5948 of 1976, circulated in the State Council, regarding the value-added tax for the tax periods from 1/6/2008 to 3/31/2017.

The court issued a ruling on 2/28/2024, acquitting the company of the amount of the tax differences included in the value of the reasons and operative part of the ruling. Which has not yet been copied and is being followed up to receive its official copy and executive form, after completing the legal procedures, including obtaining a certificate from the Supreme Administrative Court regarding whether an appeal has been filed against the ruling or not, after the end of the legal deadlines set for the appeal on 4/27/2024.

3- Third lawsuit:

Case No. 2720 of 2019, Civilian, Shebin El-Kom, Filed by the company against the National Social Insurance Authority.

which was the subject of an appeal against the claim issued by the National Social Insurance Authority against the company with a total value of only 6,464,347.74 EGP, amounting to six million four hundred and four Sixty-three hundred and seventy-four pounds and only seventy-four piasters) which ended with a ruling in favor of company before the court of first instance by canceling the contested claim and recalculating it according to what was stated in the report of the assigned expert in the case, whose report concluded with calculating an amount of 83,297 pounds as wage differences for the period from 2016/ 1/4 until 3/31/2017 and an amount of 109,234 EGP for the period from 4/1/2017 until 3/31/2018. Then the National Social Insurance Authority appealed this ruling and it was decided by rejecting it and upholding the appealed ruling.

The current position:

cancel the claim amount and pay the dues ruled by the court mentioned above, which total 192,531 Egyptian pounds, in addition to legal interest. Owed on this amount.