

PIDILITE INDUSTRIES EGYPT (S.A.E)

**AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AT 31 March 2020**

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

PIDILITE INDUSTRIES EGYPT (S.A.E)

**AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AT 31 March 2020**

**Strategy Financial Advisors
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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 2020, 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 2020, 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, 31 May 2020



PIDILITE INDUSTRIES EGYPT S.A.E
Financial Position At 31 MARCH 2020

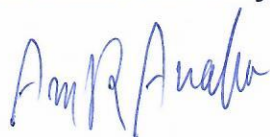
	<u>Note</u>	31 March 2020	31 March 2019
	<u>No.</u>	EGP	EGP
<u>Assets</u>			
<u>Non-current assets</u>			
Property, Plant and Equipments (Net book value)	(3)	8 092 080	7 917 964
Deferred tax	(14)	156 966	-
Total non-current assets		8 249 046	7 917 964
<u>Current assets</u>			
Inventory	(4)	17 205 674	18 854 961
Account Receivables	(5)	31 844 960	20 328 111
Other Receivables	(6)	2 951 500	2 493 383
Investment in Subsidiary Companies		5 439 900	5 439 900
Cash and cash equivalents	(7)	37 761 891	1 788 436
Total current assets		95 203 925	48 904 791
Total assets		103 452 971	56 822 755
<u>Shareholders' equity</u>			
Paid up capital	(8)	36 980 000	36 980 000
Paid under capital increase		60 489 247	27 751 020
Accumulated Losses		(35 946 957)	(30 115 559)
Net loss for the Year		(946 725)	(5 831 398)
Total shareholders' equity		60 575 565	28 784 063
<u>Current liabilities</u>			
Account Payables	(9)	27 998 565	13 147 883
Short - term loan		11 023 320	6 059 445
Other Payables	(10)	3 855 521	2 614 214
Total current liabilities		42 877 405	21 821 542
<u>Non-current liabilities</u>			
Long - term loan		-	6 059 445
Deferred tax		-	157 705
Total non-current liabilities		-	6 217 150
Total shareholders' equity And Liabilities		103 452 971	56 822 755

The accompanying policies and the notes from page number (8) to (18) form an integral part of these financial statements

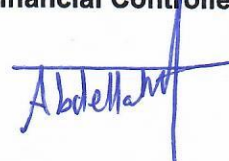

Mohamed Mowafi
General Manager

Abdellatif Mohamed
Financial Controller

Auditor's Report issued on 31 May, 2020







PIDILITE INDUSTRIES EGYPT S.A.E
INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		From 1 April 2019 To 31 March 2020	From 1 April 2018 To 31 March 2019
		EGP	EGP
Sales		74,409,522	64,121,709
Cost of goods sold	(11)	(60,423,709)	(54,801,186)
Depreciation	(3)	(1,657,096)	(1,824,044)
Gross Profit		12,328,718	7,496,479
Selling, General & Administrative expenses	(12)	(14,824,506)	(13,426,254)
Depreciation	(3)	(76,974)	(43,259)
Bad debts allowance		(562,847)	(267,366)
Loss on Foreign Exchange		2,125,881	608,903
Other gains (losses)		180,764	63,956
Net profit (loss) for the year before interest and income tax		(828,964)	(5,567,541)
Interest		(432,432)	(153,506)
Net profit (loss) for the year before income tax		(1,261,396)	(5,721,047)
Deferred tax		314,671	(110,351)
Net loss for the year		(946,725)	(5,831,398)

The accompanying policies and the notes from page number (8) to (18) 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 2020

	From 1 April 2019 To 31 March 2020 EGP	From 1 April 2018 To 31 March 2019 EGP
Net loss after income tax	(946 725)	(5 831 398)
Other comprehensive Income	-	-
Total comprehensive Income for the year	(946 725)	(5 831 398)



PIDILITE INDUSTRIES EGYPT S.A.E

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2020

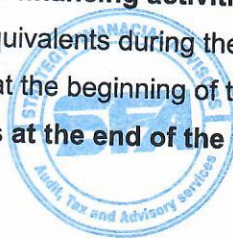
	Paid up	Paid under	Net	Accumulated	Total
	Capital EGP	Capital increase EGP	(Loss) EGP	losses EGP	EGP
Balance at 31 March 2018	36,980,000	27,751,020	(4,694,936)	(25,420,623)	34,615,461
Transfer to Retained losses	-	-	4,694,936	(4,694,936)	-
Net loss for the year	-	-	(5,831,398)	-	(5,831,398)
Balance at 31 March 2019	36,980,000	27,751,020	(5,831,398)	(30,115,559)	28,784,063
Transfer to Retained losses	-	-	5,831,398	(5,831,398)	-
Paid under capital increase	-	32,738,227	-	-	32,738,227
Net loss for the year	-	-	(946,725)	-	(946,725)
Balance at 31 March 2020	36,980,000	60,489,247	(946,725)	(35,946,957)	60,575,565

The accompanying policies and the notes from page number (8) to (18) form an integral part of these financial statements



PIDILITE INDUSTRIES EGYPT S.A.E
STATEMENT OF CASH FLOWS 'FOR THE YEAR ENDED 31 MARCH 2020

	From 1 April 2019 To 31 March 2020	From 1 April 2018 To 31 March 2019
	EGP	EGP
<u>Cash flows from operating activities</u>		
Net loss for the year before tax	(1 261 396)	(5 721 047)
<u>Adjustments to reconcile net loss with cash flows from operating activities</u>		
Depreciation	1 734 069	1 867 303
Operating profit / (loss) before changes in working capital	472 673	(3 853 744)
<u>Change in working capital</u>		
Change in inventory	1 649 287	(8 994 401)
Change in Account Receivables	(11 516 849)	1 167 309
Change in Other Receivables	(458 117)	(1 038 612)
Change in Account Payables	14 850 682	599 736
Change in Other Payables	1 241 307	520 594
Cash flow generated from / (used in) operating activities	5 766 309	(7 745 374)
<u>Cash flows from investing activities</u>		
Payment in respect of purchasing fixed assets	(1 908 185)	(1 028 375)
Capital Work in Progress	-	21 511
Cash flows used in investing activities	(1 908 185)	(1 006 864)
<u>Cash flows from financing activities</u>		
Loan	(1 095 570)	12 118 890
Paid under capital increase	32 738 227	-
Cash flows generated from financing activities	31 642 657	12 118 890
Change in cash and cash equivalents during the year	35 973 455	(487 092)
Cash and cash equivalents at the beginning of the year	1 788 436	2 275 528
Cash and cash equivalents at the end of the year	37 761 891	1 788 436



PIDILITE INDUSTRIES EGYPT S.A.E
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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 2020

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 2020

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 2020

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 2020

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 at 1 April 2019	12 152 027	6 856 479	3 093 644	1 147 912	265 184	213 559	333 596	137 812	143 741	24 343 955											
Additions	434 058	-	1 190 669	-	31 900	32 328	-	-	219 230	1 908 185											
Balance at 31 March 2020	12 586 085	6 856 479	4 284 313	1 147 912	297 084	245 887	333 596	137 812	362 971	26 252 141											
Accumulated Depreciation																					
Balance at 1 April 2019	9 159 102	3 373 169	3 002 765	-	248 537	190 697	333 596	84 717	33 408	16 425 992											
Depreciation for the year	1 212 556	342 824	69 821	-	27 719	26 301	-	13 781	41 067	1 734 069											
Balance at end of the year	10 371 658	3 715 993	3 072 587	-	276 256	216 997	333 596	98 499	74 475	18 160 061											
Net Book Value at 31 March 2020	2 214 427	3 140 486	1 211 727	1 147 912	20 828	28 889	-	39 314	288 497	8 092 080											
Net book value at 31 March 2019	2 992 925	3 483 310	90 879	1 147 912	16 647	22 863	-	53 095	110 334	7 917 964											



PIDILITE INDUSTRIES EGYPT S.A.E

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	31 March 2020 EGP	31 March 2019 EGP
Note 4 : Inventory		
Raw material	10 059 731	11 366 772
Packing material	2 962 320	2 578 129
Finished goods	2 772 764	4 417 093
Raw material in transit	1 704 817	565 774
	<u>17 499 633</u>	<u>18 927 768</u>
Provision for Inventory	(293 958)	(72 807)
Net Inventory	<u>17 205 674</u>	<u>18 854 961</u>

Note 1/4 : Provision for Inventory

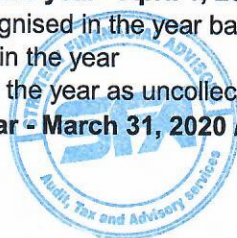
Provision for Raw Material	116 877	-
Provision for Packing material	4 683	32 668
Provision for Finished Goods	172 398	40 139
	<u>293 958</u>	<u>72 807</u>

There is no write off inventory during the fiscal year 2019-2020 or 2018-2019.

	31 March 2020 EGP	31 March 2019 EGP
Note 5 : Account receivables		
Account Receivables		
Secured	-	-
Unsecured	33 431 786	21 352 091
Provision for doubtful Account receivables	(1 586 826)	(1 023 980)
Total Receivables	<u>31 844 960</u>	<u>20 328 111</u>
Trade receivables from:		
Others	20 895 976	13 441 404
Related Parties	12 535 810	7 910 687
Total	<u>33 431 786</u>	<u>21 352 091</u>
Current	<u>33 431 786</u>	<u>21 352 091</u>

Movement in the allowance for doubtful debts

Balance at beginning of the year - April 1, 2019	1 023 980	856 602
a) Impairment losses recognised in the year based on ECL		
On receivables originated in the year	562 846	267 367
Amounts written off during the year as uncollectible	-	(99 989)
Balance at end of the year - March 31, 2020 / 2019	<u>1 586 826</u>	<u>1 023 980</u>



PIDILITE INDUSTRIES EGYPT S.A.E

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	31 March 2020	31 March 2019
Note 6 : Other Receivables	EGP	EGP
Withholding Taxes	1 558 652	1 181 682
Other Prepaid Expense	915 767	799 279
Mis. Receivables	223 296	-
Advances and loans for employees	156 469	102 229
Rent Deposit	60 000	-
Additional Tax	37 315	37 315
Value Added Tax Authority	-	372 878
	2 951 500	2 493 383

	31 March 2020	31 March 2019
Note 7 : Cash and cash equivalents	EGP	EGP
Bank -USD	33 247 853	4 205
Bank EGP	4 341 194	1 675 646
Cash	169 734	107 634
Bank EURO	2 636	-
Bank AED	474	951
	37 761 891	1 788 436

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 2020	31 March 2019
Note 9 : Account payables	EGP	EGP
Account Payables - Related Parties	24 402 838	9 755 392
Account payables	3 595 727	3 392 491
	27 998 565	13 147 883

	31 March 2020	31 March 2019
Note 10 :Other Payables	EGP	EGP
Accrued Expense	2 152 987	1 883 801
Notes payable	1 454 695	527 073
Payroll Tax Authority	86 518	61 508
Value Added Tax Authority	62 339	-
Withholding Tax	50 878	41 190
Social Insurance Authority	38 104	100 642
Advances from Customers	10 000	-
	3 855 521	2 614 214

PIDILITE INDUSTRIES EGYPT S.A.E

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	From 1 April 2019 To 31 March 2020 EGP	From 1 April 2018 To 31 March 2019 EGP
Note 11 : Cost of goods sold		
Materials Cost	53 658 837	49 418 219
Salaries	2 982 333	2 333 504
Gas & Electricity	759 614	782 265
Repairs and Maintenance	501 914	469 292
Car Rent	447 298	399 843
Consumable Materials	365 614	159 607
Company Share of Social Security	328 890	233 057
Employee Welfare Expenses	316 574	584 529
Inventory Provision	221 151	(263 543)
Security Charges	183 000	179 550
Professional Fees	124 037	102 847
Petrol & Oil	99 896	46 678
Insurance	99 614	96 977
Others	57 650	24 073
Travel and Entertainment	55 887	50 766
Dues and Memberships Expense	50 000	23 802
Water Expense	40 090	58 072
Buffet expenses	38 139	-
Rent	30 000	-
Real estate Tax	24 861	27 496
Telephone and Fax	21 374	32 606
Stationery and Office Supplies	13 383	35 806
Rent – Equipment	3 375	5 250
Postage	180	490
	60 423 709	54 801 186



PIDILITE INDUSTRIES EGYPT S.A.E

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	From 1 April 2019 To 31 March 2020 EGP	From 1 April 2018 To 31 March 2019 EGP
Note 12 : Selling, General & Administrative expenses		
Salaries	4 973 134	4 777 198
Sales Promotion	2 490 104	2 204 433
Royalty	1 842 186	1 659 143
Freight Charges - Delivery to Customers	1 651 789	1 362 801
Travel and Entertainment	1 045 583	790 316
Employee Welfare	790 793	454 667
Export Transportation	549 364	652 227
Company Share of Social Security	432 040	423 582
Professional Fees	245 315	151 329
Governmental medical charges	179 730	125 307
Bank Service charges	128 765	221 013
Telephone and Fax	101 817	103 321
Insurance	91 272	85 844
Rent/Lease Exp. – Land and Buildings	85 218	70 297
Repairs and Maintenance	56 258	65 960
Miscellaneous	46 873	26 852
Buffet expenses	19 651	-
Heat Light and Power	18 802	26 044
External and internal audit fees	18 260	143 390
Stationery and Office Supplies	17 225	29 554
Postage	17 167	17 660
Internet Expenses	12 443	21 821
Dues and Memberships Expense	10 717	13 495
	14 824 506	13 426 254



PIDILITE INDUSTRIES EGYPT S.A.E
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note 14 : Deferred Tax	31 March 2020	31 March 2019
	EGP	EGP
Tax effect of items constituting Deferred Tax Liabilities		
On difference between book and tax depreciation	(86 371)	(704 732)
Tax effect of items constituting Deferred Tax Liabilities	<u>(86 371)</u>	<u>(704 732)</u>
Tax effect of items constituting Deferred Tax Assets		
Provision for inventory	221 151	(263 543)
Provision for Doubtful Debts	562 847	267 366
Tax effect of items constituting Deferred Tax Assets	<u>783 998</u>	<u>3 823</u>
Tax Income Corporate Rate	22.5%	22.5%
TOTAL NET Deferred Tax Assets/(Liability)	<u><u>156 966</u></u>	<u><u>(157 705)</u></u>

Reconciliation between accounting and Tax Profit	31 March 2020	31 March 2019
	EGP	EGP
Book Profit (loss) before tax	(1 261 396)	(5 721 047)
Add back		
Illustrative items :		
Book depreciation	1 734 069	1 867 303
Bad debts provision	562 847	267 366
Inventory provision	221 151	(263 543)
Deduct		
Illustrative items :		
Governmental medical charges	179 730	125 307
Tax depreciation	<u>(1 647 699)</u>	<u>(1 162 570)</u>
Tax Profit (loss) before tax	<u><u>(211 297)</u></u>	<u><u>(4 887 184)</u></u>

Note 15 : Transactions in Foreign Currencies	31 March 2020	31 March 2019
	EGP	EGP
Export Debtors	1,537,279	1,808,138
Import Creditors	(25,656,807)	(10,874,328)

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 2006/2019

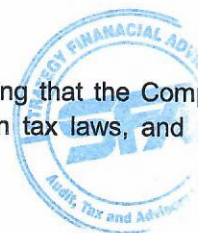
The company has submitted tax returns on the legal due date.

The Tax Authority sent a form No.19 taxes for the year 2006 with an issuing number of 4129 on March 29, 2012 and it was appealed against in the legal date on April 23, 2012 and the file is being resolved in the internal committees.

▪ Payroll tax position:

Years 2006/2019

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.



PIDILITE INDUSTRIES EGYPT S.A.E
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

▪ **Stamp tax position:**

Years 2006/2019

The Company has not been requested for stamp tax inspection.

▪ **VAT position:**

Years 2006/2019

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.

▪ **Withholding tax position:**

Years 2006/2019

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- The social insurance authority has requested the Company in the amount of 6,464,384 EGP and the Company has filed a case against the social insurance authority to drop that claim, and the legal counsel expects that the claim will be canceled or reduced to what is proven in the financial statements.

2- The company has filed a lawsuit against the Ministry of Finance representing the Egyptian Tax Authority, where the Tax Authority estimated net profits for the years 2006, 2007 and 2008 as follows: 500,000 EGP , 521,797 EGP and 1,316,865 EGP, and the company does not approve These results, and the legal advisor did not provide his expectations for the outcome of the case, whether positively or negatively, and did not provide his expectations for any expected tax, fines from that case.

Note 17 : subsequent events :

On March 11, 2020, the World Health Organization announced the global pandemic coronavirus and accordingly issued its recommendations that would negatively affect global economic activity, including the Egyptian market representing a curfew and reducing the working hours, which reflected the reduction of sales and profit rates, as the Central Bank of Egypt has taken several safety measures, including on March 16, 2020, the interest rate was exceptionally reduced by 3%, and its transaction values were reduced by withdrawals and deposits. As well as issuing a decision to postpone loan payments for 6 months to companies.

All of this will be reflected in the economic performance of the Egyptian market in general, and these events did not affect the financial statements of the company on March 31, 2020, but they may affect the financial statements for future financial periods. Although it is difficult to determine the amount of this effect at the present time, this effect will appear in future financial statements, and the effect size varies according to the expected extent and time period at which the event and its impact are expected to end.

