

PIL Trading Egypt (L.L.C)

**AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AT 31 MARCH 2021**

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

PIL Trading Egypt (L.L.C.)
Financial statement and auditor report
For the year ended at 31 March 2021

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Auditor's Report

To: The Quota Holders' of PIL Trading EGYPT - (L.L.C)

Report on the Financial Statements

We have audited the accompanying financial statements of **PIL TRADING EGYPT - (L.L.C)**, which comprise the financial position as of 31 March 2021, income statement, 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 2021, financial performance and of its cash flows for the period then ended in accordance with Egyptian Accounting Standards and with the requirements of applicable Egyptian laws and regulations.

Emphasis of matter:

Material Uncertainty Related to Going Concern

Without qualifying our opinion on the financial statements, we draw attention that the company incurred a net loss of EGP (14,101,871) during the year ended 31 March 2021 and has no current sources of revenue and its ability to carry out its planned business. This financial statement is prepared on the basis of the shareholders willingness to support the Company's financials in order to continue its planned business. In accordance with Article 69 of the Companies Law No. 159 of 1981, the amendments require the Shareholders Extraordinary General Meeting to decide on the continuation of the Company's operations.

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, 2 May 2021



PIL TRADING (EGYPT) L.L.C
Financial Position At 31 MARCH 2021

| | Note No. | 31 March 2021 EGP | 31 March 2020 EGP |
|---|----------|----------------------|----------------------|
| Assets | | | |
| Non-current assets | | | |
| Fixed Assets (Net book value) | (3) | 15 503 | 15 726 |
| Deferred tax | (14) | 1 770 | 8 091 |
| Total non-current assets | | 17 273 | 23 818 |
| Current assets | | | |
| Inventory | (4) | 3 094 081 | 3 550 010 |
| Account receivables | (5) | 2 047 281 | 2 478 237 |
| Other receivables and prepayments | (6) | 2 028 111 | 1 743 550 |
| Cash and cash equivalents | (7) | 1 465 545 | 1 652 421 |
| Total current assets | | 8 635 018 | 9 424 217 |
| Total assets | | 8 652 291 | 9 448 035 |
| Shareholders' equity | | | |
| Paid up capital | (8) | 5 440 000 | 5 440 000 |
| Retained losses | | (11 504 781) | (10 435 160) |
| Net loss for the year | | (2 597 089) | (1 069 621) |
| Total shareholders' equity | | (8 661 871) | (6 064 781) |
| Current liabilities | | | |
| Trade Payables | (9) | 14 470 501 | 13 986 936 |
| Other Payables | (10) | 2 843 660 | 1 525 879 |
| Total current liabilities | | 17 314 161 | 15 512 816 |
| Total shareholders' equity and Current liabilities | | 8 652 291 | 9 448 035 |

The accompanying policies and the notes from page number (8) to (16) form an integral part of these financial statements

Mohamed Mowafi
General Manager

Abdellatif Mohamed
Financial Controller

Auditor's Report issued on 2nd May, 2021



PIL TRADING (EGYPT) L.L.C
INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

| | Note No. | From 1 April 2020 To 31 March 2021 EGP | From 1 April 2019 To 31 March 2020 EGP |
|---|-------------|--|--|
| Sales | | 15,124,569 | 12,028,909 |
| Cost of sales | | (11,776,643) | (9,327,000) |
| Gross Profit | | 3,347,926 | 2,701,909 |
| Selling & Marketing Expenses | (11) | (5,293,260) | (3,460,302) |
| General & Administrative Expenses | (12) | (566,054) | (446,259) |
| Allowance for doubtful debts | | (59,829) | - |
| Profit / (Loss) on Foreign Exchange | | (5,612) | (148,353) |
| Bad Debt | | (62,624) | (17,824) |
| Other income | | 48,685 | 288,451 |
| Gross Expenses | | (5,938,694) | (3,784,287) |
| Net profit (loss) for the year before income tax | | (2,590,768) | (1,082,378) |
| Deferred tax | | (6,321) | 12,758 |
| Net loss for the year | | (2,597,089) | (1,069,620) |

The accompanying policies and the notes from page number (8) to (16) form an integral part of these financial statements

PIL TRADING (EGYPT) L.L.C

Other comprehensive income statement for the year ended at 31 March 2021

| | From 1 April 2020 To 31 March 2021 EGP | From 1 April 2019 To 31 March 2020 EGP |
|--|---|---|
| Net loss after income tax | (2 597 089) | (1 069 620) |
| Other comprehensive income | - | - |
| Total comprehensive income for the year | <u>(2 597 089)</u> | <u>(1 069 620)</u> |

PIL TRADING (EGYPT) L.L.C

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2021

| | Paid up Capital EGP | Accumulated Losses EGP | Net Profit/ (Loss) EGP | Total EGP |
|---------------------------------|---------------------------|------------------------------|------------------------------|--------------|
| Balance at 31 March 2019 | 5,440,000 | (7,850,097) | (2,585,063) | (4,995,160) |
| Transfer to Retained losses | - | (2,585,063) | 2,585,063 | - |
| Net loss for the year | - | - | (1,069,621) | (1,069,621) |
| Balance at 31 March 2020 | 5,440,000 | (10,435,160) | (1,069,621) | (6,064,781) |
| Transfer to Retained losses | - | (1,069,621) | 1,069,621 | - |
| Net loss for the year | - | - | (2,597,089) | (2,597,089) |
| Balance at 31 March 2021 | 5,440,000 | (11,504,781) | (2,597,089) | (8,661,870) |

The accompanying policies and the notes from page number (8) to (16) form an integral part of these financial statements

PIL TRADING (EGYPT) L.L.C**STATEMENT OF CASH FLOWS 'FOR THE YEAR ENDED 31 MARCH 2021**

| | From 1 April 2020 To 31 March 2021 | From 1 April 2019 To 31 March 2020 |
|---|---|---|
| | EGP | EGP |
| <u>Cash flows from operating activities</u> | | |
| Net profit (loss) for the year before tax | (2 590 768) | (1 082 379) |
| Depreciation | 7 541 | 4 469 |
| Operating loss before changes in working capital | (2 583 227) | (1 077 910) |
| <u>Change in working capital</u> | | |
| Change in inventory | 455 928 | (1 582 338) |
| Change in trade receivables and prepayments | 146 394 | (1 446 781) |
| Change in creditors and other payable | 1 801 346 | 4 902 963 |
| Cash flow generating from operating activities | 2 403 668 | 1 873 844 |
| <u>Cash flows from investing activities</u> | | |
| Payment in respect of purchasing fixed assets | (7 318) | (16 997) |
| Net cash flows used in investing activities | (7 318) | (16 997) |
| Change in cash and cash equivalents during the year | (186 876) | 778 937 |
| Cash and cash equivalents at the beginning of the year | 1 652 421 | 873 484 |
| Cash and cash equivalents at the end of the year | 1 465 545 | 1 652 421 |

PIL TRADING EGYPT (L.L.C)
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH 2021

1. GENERAL

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

1-2 The objectives of the company are:

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

2. SIGNIFICANT ACCOUNTING POLICIES

2-1 Basis of preparation

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

2-2 Statement of compliance

The financial statements of the company have been prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.
The Financial Statements are authorized for issue by The Board of Directors.

2-3 Changes in accounting policies

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

2-4 Foreign currency translation

The financial statements are prepared and presented in Egyptian pound, which is the company's functional currency.
Transactions in foreign currencies are initially recorded using the exchange rate prevailing on the date of the transaction.
Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rate prevailing at the balance sheet date.

PIL TRADING EGYPT (L.L.C)
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH 2021

2-5 Fixed assets and depreciation

Fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred, and this cost depreciated with similar annual premium during the producing life of each asset according to the following rates:

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

Depreciation of an asset begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, and is computed using the straight-line method according to the estimated useful life of the asset.

2-6 The inventory elements are valued as follows:

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

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

2-7 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate.

PIL TRADING EGYPT (L.L.C)
NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH 2021

2-8 Revenue recognition

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

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

2-9 Expenses

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

2-10 Accounting estimates

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

2-11 Statement of cash flows

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

2-13 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.

PIL TRADING (EGYPT) L.L.C
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

3. Fixed Assets

| | Tools | | Automobiles | | Furniture & Fixtures | | Computer | | Office Equipment | | Total | |
|--|---------------|----------------|---------------|---------------|----------------------|----------------|----------|-----|------------------|-----|-------|-----|
| | EGP | EGP | EGP | EGP | EGP | EGP | EGP | EGP | EGP | EGP | EGP | EGP |
| Cost at 1 April 2020 | 11 400 | 128 000 | 8 952 | 19 691 | - | 168 043 | | | | | | |
| Additions | - | 6 943 | 375 | 7 318 | | | | | | | | |
| Balance at 31 March 2021 | 11 400 | 128 000 | 15 895 | 19 691 | 375 | 175 361 | | | | | | |
| Accumulated Depreciation | | | | | | | | | | | | |
| Depreciation at 1 April 2020 | 1 900 | 128 000 | 8 952 | 13 465 | - | 152 317 | | | | | | |
| Depreciation for the year | 2 280 | - | 1 898 | 2 988 | 375 | 7 541 | | | | | | |
| Balance at 31 March 2021 | 4 180 | 128 000 | 10 849 | 16 453 | 375 | 159 857 | | | | | | |
| Net Book Value at 31 March 2021 | 7 220 | (0) | 5 045 | 3 238 | - | 15 503 | | | | | | |
| Net book value at 31 March 2020 | 9 500 | (0) | 0 | 6 226 | - | 15 726 | | | | | | |

PIL TRADING (EGYPT) L.L.C
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

| | 31 March 2021 EGP | 31 March 2020 EGP |
|---------------------------|----------------------|----------------------|
| Note 4 : Inventory | | |
| Inventory | 2 799 844 | 2 881 294 |
| Provision for Inventories | (122 353) | (183 246) |
| Net Inventory | 2 677 491 | 2 698 047 |
| Finished Good In transit | 416 590 | 851 962 |
| | 3 094 081 | 3 550 010 |

| | 31 March 2021 EGP | 31 March 2020 EGP |
|--|----------------------|----------------------|
| Note 5 : Trade receivables | | |
| Account Receivables | | |
| Secured | - | - |
| Unsecured | 2 244 866 | 2 615 993 |
| Provision for doubtful account receivables | (197 584) | (137 756) |
| Total Receivables | 2 047 281 | 2 478 237 |
| Trade receivables from: | | |
| Others | 2 244 866 | 2 615 993 |
| Related Parties | - | - |
| Total | 2 244 866 | 2 615 993 |
| Current | 2 244 866 | 2 615 993 |

Note 1/5: Movement in the allowance for doubtful debts

| | | |
|---|----------------|----------------|
| Balance at beginning of the year - April 1, 2020 | 137 756 | 119 932 |
| a) Impairment losses recognised in the year | 59 829 | 17 824 |
| On receivables originated in the year | - | - |
| Other receivables | - | - |
| Allowance for instruments modified in the year | - | - |
| Amounts written off during the year as uncollectible | - | - |
| Amounts recovered during the year | - | - |
| Impairment losses reversed | - | - |
| Balance at end of the year - March 31, 2021 / 2020 | 197 585 | 137 756 |

| | 31 March 2021 EGP | 31 March 2020 EGP |
|---|----------------------|----------------------|
| Note 6 : Other receivables and prepayments | | |
| Value Added-Tax Authority | 1 128 406 | 986 641 |
| Withholding Tax - Clients | 276 322 | 236 619 |
| Letters of Gurantees | 200 000 | 200 000 |
| Loans / Advances and security deposits | 324 191 | 166 992 |
| Prepaid Expense | 58 741 | 114 848 |
| Refundable deposits | 34 000 | 32 000 |
| Additional Tax | 6 451 | 6 451 |
| | 2 028 111 | 1 743 550 |

PIL TRADING (EGYPT) L.L.C**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

| | 31 March 2021 EGP | 31 March 2020 EGP |
|---|----------------------|----------------------|
| Note 7 : Cash and cash equivalents | | |
| Bank EGP | 1 288 214 | 1 407 929 |
| Cash | 158 939 | 119 792 |
| Bank USD | 18 391 | 124 700 |
| | 1 465 545 | 1 652 421 |

Note 8 : Capital

| Name of the Shareholder | No. of Shares EGP | Value of Shares EGP | % Shares EGP |
|-------------------------------|----------------------|------------------------|-----------------|
| Pidilite Industries Egypt SAE | 54 399 | 5 439 900 | 99.998% |
| Khailel EL Khatib | 1 | 100 | 0.002% |
| | 54 400 | 5 440 000 | 100% |

8/1: Subsequent event:

According to extraordinary general assembly meeting dated April 11, 2019 Mr. Khaled Al Khateb sold his allotment from PIL trading (Egypt) L.L.C (which represents 0.002% of the total capital of PIL trading) to Pidilite Middel East Limited - U.A.E

Capital after amendment :

| Name of the Shareholder | No. of Shares EGP | Value of Shares EGP | % Shares EGP |
|--------------------------------------|----------------------|------------------------|-----------------|
| Pidilite Industries Egypt SAE | 54 399 | 5 439 900 | 99.998% |
| Pidilite Middel East Limited - U.A.E | 1 | 100 | 0.002% |
| | 54 400 | 5 440 000 | 100% |

8/2: Going Concern Assumption

The entity has incurred loss of EGP (2,597,089) during the financial year 2021 and has accumulated losses of EGP (14,101,871) as at reporting date. Shareholders will continue to support the entity for carrying on its operations".

| | 31 March 2021 EGP | 31 March 2020 EGP |
|------------------------------------|----------------------|----------------------|
| Note 9 : Trade payables | | |
| Account payables | 607 893 | 999 186 |
| Account Payables - Related Parties | 13 862 608 | 12 987 750 |
| | 14 470 501 | 13 986 936 |

| | 31 March 2021 EGP | 31 March 2020 EGP |
|--------------------------------|----------------------|----------------------|
| Note 10 :Other Payables | | |
| Notes payable | 1 765 726 | 906 757 |
| Accrued Expense | 946 519 | 558 012 |
| Social Insurance Authority | 97 350 | 29 146 |
| Withholding Tax - Suppliers | 21 356 | 20 845 |
| Payroll Tax Authority | 11 611 | 10 022 |
| Additional Tax | 1 097 | 1 097 |
| | 2 843 660 | 1 525 879 |

PIL TRADING (EGYPT) L.L.C

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

| | From 1 April 2020 To 31 March 2021 EGP | From 1 April 2019 To 31 March 2020 EGP |
|---|--|--|
| Note 11 : Selling & Marketing Expenses | | |
| Freight out charges | 1 675 514 | 1 192 363 |
| Staff Salary Expenses | 1 633 282 | 1 179 159 |
| Sales Promotion | 468 770 | (101 850) |
| Rent | 374 515 | 390 050 |
| Travel and Entertainment | 319 129 | 254 012 |
| Employee Welfare | 227 634 | 203 635 |
| Social Insurance | 187 293 | 146 321 |
| Miscellaneous expenses | 122 994 | 56 648 |
| Commissions | 71 494 | - |
| Logistics Expenses | 61 115 | 43 035 |
| Repairs and Maintenance | 47 603 | 21 363 |
| Internet, Telephone & Fax | 40 798 | 33 323 |
| Insurance | 28 400 | 25 087 |
| Printing & Stationary | 14 309 | 15 257 |
| Heat Light and Power | 10 150 | - |
| Dues and Membership | 7 980 | - |
| Depreciation | 2 280 | 1 900 |
| | 5 293 260 | 3 460 302 |

| | From 1 April 2020 To 31 March 2021 EGP | From 1 April 2019 To 31 March 2020 EGP |
|--|--|--|
| Note 12 : General & Administrative expenses | | |
| Rent | 120 586 | 75 218 |
| Staff Salary Expenses | 118 392 | 110 133 |
| Professional Fees legal and others | 97 508 | 90 044 |
| Other admin expenses | 42 338 | 40 786 |
| Bank Charges | 42 273 | 48 243 |
| Governmental medical charges | 37 811 | 29 999 |
| Audit Fees | 33 000 | 9 576 |
| Security Service | 32 190 | - |
| Social Insurance | 16 369 | 16 197 |
| Internet, Telephone & Fax | 13 670 | 13 320 |
| Employee Welfare | 5 252 | 6 528 |
| Depreciation | 5 261 | 2 569 |
| Travel | 1 405 | 3 501 |
| Repairs and Maintenance | - | 145 |
| | 566 054 | 446 259 |

| | From 1 April 2020 To 31 March 2021 EGP | From 1 April 2019 To 31 March 2020 EGP |
|----------------------------------|--|--|
| Note 12/1 : Audit Fees | | |
| External and internal audit fees | 33,000 | 9,576 |
| | 33 000 | 9 576 |

PIL TRADING (EGYPT) L.L.C

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

| Note 14 : Deferred Tax | 31 March 2021 EGP | 31 March 2020 EGP |
|--|------------------------------|------------------------------|
| Tax effect of items constituting Deferred Tax Liabilities | | |
| On difference between book and tax depreciation | 8 931 | 9 250 |
| Tax effect of items constituting Deferred Tax Liabilities | <u>8 931</u> | <u>9 250</u> |
| Tax effect of items constituting Deferred Tax Assets | | |
| Provision for inventory | (60 893) | 8 887 |
| Provision for Doubtful Debts | 59 829 | 17 824 |
| Tax effect of items constituting Deferred Tax Assets | <u>(1 065)</u> | <u>26 711</u> |
| Tax rate of the year | 22.5% | 22.5% |
| TOTAL NET Deferred Tax Assets/(Liability) | <u>1 770</u> | <u>8 091</u> |

| Reconciliation between accounting and Tax Profit | 31 March 2021 EGP | 31 March 2020 EGP |
|--|------------------------------|------------------------------|
| Book Profit (loss) before tax | (2 590 768) | (1 082 379) |
| Add back | | |
| Illustrative items : | | |
| Book depreciation | 7 541 | 4 469 |
| Inventory provision | (60 893) | 8 887 |
| Bad debts provision | 59 829 | 17 824 |
| Deduct | | |
| Illustrative items : | | |
| Governmental medical charges | 37 811 | 29 999 |
| Tax depreciation | (16 471) | (13 719) |
| | <u>(2 562 953)</u> | <u>(1 034 919)</u> |
| Adjustments recognised in the current year in relation to the current tax of prior years | - | - |
| Tax Profit (loss) before tax | <u>(2 562 953)</u> | <u>(1 034 919)</u> |

| Note 15 : Transactions in Foreign Currencies | 31 March 2021 EGP - USD | 31 March 2020 EGP - USD |
|---|------------------------------------|------------------------------------|
| Export Debtors | | 842 213 - 53 466 |
| Import Creditors | (3 244 842) | (451 950) - (27 163) |

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

PIL TRADING (EGYPT) L.L.C

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

• **Corporate tax position:**

Years 2009/2020

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

The Company was not requested for corporate tax inspection purposes for this years.

• **Payroll tax position:**

Years 2009/2020

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 2009/2020

The Tax Authority sent a form No.19 taxes for the period from 7/2009 till 12/2019 with an issuing number of 2373 on December 7, 2020, and it was appealed against in the legal date on January 13, 2021, and the file is being resolved in the internal committees.

• **VAT position:**

Years 2009/2020

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 March 2011 to March 31,2015, the tax authority sent a form No.15 taxes with an issuing number of 8738 on Decamber 16,2015 and it was appeled against on December 20,2015 and the file is being resolved in the internal committees.

• **Withholding tax position:**

Years 2009/2020

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 17 : Subsequent Events

The coronavirus outbreak, which arose during the reporting period and was declared a pandemic by the World Health Organisation in March 2020, is having a significant adverse impact on economies and financial markets worldwide. Were the severity and duration of the pandemic and the resultant impact on the Middle East and North Africa economy to become significantly prolonged, credit risk would increase for businesses across the economy. Owing to the prevailing level of uncertainty, it is not possible to estimate within these financial statements the probability or value of any such future financial impacts that might occur.