

Galaxy Chemicals- Egypt (SAE)

**Audited Financial Statements
For The Year Ended March 31,2018
&
Independent Auditor's Report**

Contents

Page

Independent Auditor's Report

3-4

Income Statement

5

Statement of comprehensive Income

6

Financial Position

7

Statement of changes in Shareholders' Equity

8

Statement of Cash Flow

9

Notes to the Financial Statements

10-20

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Independent Auditor's Report

TO: THE SHAREHOLDERS OF GALAXY CHEMICALS- EGYPT (SAE)

Report on the Financial Statements

We have audited the accompanying financial statements of GALAXY CHEMICALS- EGYPT (SAE) which comprise of the financial position as of March 31, 2018 and its related statements of income, other comprehensive income, changes in owner's equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The financial statements are the responsibility of the company's management. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations. This responsibility includes: designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes; 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 the financial statements based on our audit. We conducted our audit in accordance with the Egyptian Auditing Standards along with any applicable relevant laws and regulations. The standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing risk, the auditor considers the internal controls relevant to the entity's preparation of the consolidated financial statements, in order to design audit procedures that are appropriate and relevant. An audit also includes evaluating the appropriateness of accounting policies used by the entity, the reasonableness of accounting estimates made by management, and also evaluating the overall presentation of the consolidated financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

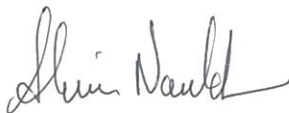
Audit Opinion

In our opinion, the financial statements referred to above presented fairly, in all material respects, the financial position of GALAXY CHEMICALS- EGYPT (SAE) as of March 31, 2018; and the results of its operations and its cash flows for the year then ended, are in accordance with the Egyptian Accounting Standards and any applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

The company keeps proper accounting records; and includes all that is required by the relevant laws and regulations. The financial information included in the Board of Director's report, is in compliance with Company's Law (no. 159) of the year 1981 and its executive regulations and is in agreement with the company's books of account. The inventory stock count and inventory valuation were done and completed by management; as result management are solely responsible of the inventory valuation.

Cairo,
April, 18, 2018



Sherin Nouredin
R.A.A 6809
Moore Stephens Egypt

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Income Statement

		Form 1 April 2017 till 31 Mar 2018	Form 1 April 2016 till 31 Mar 2017
	Note	USD	USD
Revenue	(20)	103,071,272	86,964,135
Other Income	(21)	2,391,489	2,604,610
Total Income		105,462,761	89,568,745
Less/(Add)			
Cost of Raw Materials & Other Components Used		87,108,672	73,182,562
Employee Benefit Expense		2,347,818	2,619,639
Depreciation & Amortization		2,582,217	2,477,469
Changes in Inventory of Finished & Semi Finished Goods	(8)	701,724	(1,473,367)
Other Expenses		6,619,309	6,051,163
Claims provisions	(12)	10,131	15,338
Foreign Exchange Losses		(272,481)	470,130
Finance Expenses		2,384,398	1,956,950
Inventory Write-Off		53,038	189,133
Capital Loss From Sale of Fixed Assets		--	144
Net Profit For The Year		3,927,935	4,079,584
Earnings Per Share	(5)	0.13	0.14

- The accompanying notes from (1) to (22) form an integral part of these financial statements.



Statement of Comprehensive Income

	Form 1 April 2017 till 31 Mar 2018 USD	Form 1 April 2016 till 31 Mar 2017 USD
Net Profit For The Year	3,927,935	4,079,584
Add		
Other Comprehensive Income	--	--
Total Comprehensive Income For The Year	3,927,935	4,079,584

- The accompanying notes from (1) to (22) form an integral part of these financial statements



Statement of Financial Position

		31-Mar-18	31-Mar-17
	Note	USD	USD
Non-Current Assets			
Fixed Assets	6	24,123,685	26,081,629
Intangible Assets (Net)			--
Projects Under Constructions	7	952,173	100,669
Total Non-Current Assets		25,075,858	26,182,298
Current Assets			
Inventory	8	12,349,735	12,537,800
Receivables	9	14,292,539	12,678,717
Advance Payments to Suppliers		2,962,980	2,127,485
Debtors & Other Debit Balances	10	317,567	319,296
Cash & Cash Equivalents	11	545,150	2,794,663
Total Current Assets		30,467,971	30,457,961
Total Assets		55,543,829	56,640,259
Shareholders' Equity			
Issued & Paid-Up Capital	18	30,000,000	30,000,000
Retained Earnings/(Losses)		(6,981,644)	(10,909,579)
Total Shareholders' Equity		23,018,356	19,090,421
Non-Current Liabilities			
Long-Term Loans	14	666,670	2,000,003
Shareholders' Loan	15	5,000,000	5,000,000
Total Non-Current Liabilities		5,666,670	7,000,003
Current Liabilities			
Provisions	12	10,131	14,222
Banks Over Draft	13	17,824,009	15,868,430
Short-Term Loans (Current Portion of Long Term Loans)	14	1,333,332	3,333,332
Advance Payments From Customers		821,042	1,105,280
Due To Related Parties	19	4,904,567	8,141,141
Trade Creditors	16	1,333,671	1,482,371
Creditors & Other Credit Balances	17	632,051	605,059
Total Current Liabilities		26,858,803	30,549,835
Total Shareholders' Equity & Liabilities		55,543,829	56,640,259

- The accompanying notes from (1) to (20) are an integral part of these financial statements.
- Independent Auditor's Report Attached.

Chairman

Ramakrishnan Gopalkrishnan

Managing Director

Vaishanath Kulkarni

Director

U. Shekhar



Statement of Changes In Shareholders' Equity

	Issued & Paid Up Capital	Accumulated Losses	Total
	USD	USD	USD
Balance at April 1, 2017	30,000,000	(10,909,579)	19,090,421
Net Profit For The Year		3,927,935	3,927,935
Balance at March 31, 2018	30,000,000	(6,981,644)	23,018,356
Balance at April 1, 2016	30,000,000	(14,989,163)	15,010,837
Net Profit For The Year	--	4,079,584	4,079,584
Balance at March 31, 2017	30,000,000	(10,909,579)	19,090,421

- The accompanying notes from (1) to (22) form an integral part of these financial statements.



Statement of Cash Flows

	Form 1 April 2017 till 31 Mar 2018	Form 1 April 2016 till 31 Mar 2017
Note	USD	USD
Cash Flows From Operating Activities		
Net Profit For The Year	3,927,935	4,079,584
Adjustments To Reconcile Net Income To Net Cash Provided By Operating Activities		
Depreciation	2,582,218	2,477,469
Provisions-Created	10,131	15,338
Provisions-Used	(14,222)	(24,663)
Inventory Write-Off	53,038	189,133
Capital Losses From The Sale Of Fixed Assets	-	144
Changes In Assets & Liabilities		
Change In Inventory	135,027	(3,713,003)
Change In Receivables	(1,284,921)	(5,644,567)
Change In Suppliers Advanced Payments	(835,495)	380,582
Change In Debtors & Other Debit Balances	1,729	162,664
Change in Advance Payments From Customers	(284,238)	762,667
Change In Due to Related Parties	(3,201,841)	1,258,834
Change In Trade Creditors	(148,700)	(728,334)
Change In Creditors & Other Credit Balances	(336,642)	270,591
Net Cash Inflow/(Outflow) From Operating Activities	604,019	(513,561)
Cash Flows From Investment Activities		
Payments For The Purchasing Of Fixed Assets	(624,274)	(456,645)
Payments For Projects In Progress	(851,504)	-
Proceeds From The Sale Of Fixed Assets	-	163
Net Cash Inflow/(Outflow) From Investing Activities	(1,475,778)	(456,482)
Cash Flows From Financing Activities		
Bank Overdraft	1,955,579	6,099,653
Loan Repayments	(3,333,333)	(3,333,332)
Net Cash Inflow/(Outflow) From Financing Activities	(1,377,754)	2,766,321
Net Cash Generated/(Provided) During The Year	(2,249,513)	1,796,278
Cash & Cash Equivalents At The Beginning Of The Year	2,794,663	998,385
Cash & Cash Equivalents At The End Of The Year	11 545,150	2,794,663

- The accompanying notes from (1) to (22) form an integral part of these financial statements.



Notes to the Financial Statements

1. General Information

Galaxy Chemicals- Egypt (SAE) was established under the provisions of law No.8 of Investment Guarantees & Incentives Year 1997, and its Executive Regulations.

Company's Activities

The company is established as a Free Zone Company and is engaged in the manufacturing of surfactants and specialty chemicals for personal and home care industry. The company may have an interest or be involved in any way in the activities of other companies or entities performing similar activities or that may assist it to fulfill its objectives in Egypt or overseas. The company may also merge into the entities or purchase or acquire same according to the provisions of the law and its executive regulations.

2. Significant Accounting Policies

2.1 Upholding Accounting Standards and Legal Principles

- The accompanying financial statements have been prepared in accordance with Egyptian Accounting Standards and the related Egyptian Laws and Regulations.

2.2 Basis of Preparation the of Financial Statements

- The financial statements have been prepared in US Dollars.
- The financial statements have been prepared according to historical cost and continuity presumption.

2.3 Change in Accounting Principles

The accounting principles comply with those adopted in the previous year.

2.4 Foreign Currency Transaction

The company maintains its books in US dollars. For the Income Statement purposes, all transactions denominated in foreign currencies were translated into US dollar at the rate determined on the transaction date. For Balance Sheet purposes, the monetary current assets and liabilities are evaluated in accordance the rates announced on the Balance Sheet date and the differences are charged to income statement.

2.5 Fixed Assets & Depreciation

- Fixed assets are reported at historical cost minus accumulated depreciation and impairment losses. These costs include when realized and at its recognition, the cost of the replaced part of buildings and land. When applying an overall test its cost is recognized in case of compliance with recognition conditions with the book value of the replacement of buildings and equipment. All fixing and other maintenance expenses are recognized in the income statement when realized.
- Depreciation starts when the asset is in its place and ready for used for the purpose acquired. Depreciation is calculated by straight-line method according to the estimated useful life of the asset as follows:

Type of Fixed Asset	Depreciation Rate	Depreciation Method
- Building	4.55%-10.34%	Straight line method
- Machinery	5% -17%	Straight line method
- Furniture & fixture	10%	Straight line method
- Office equipment	10.34%	Straight line method

2.5 Fixed Assets & Depreciation (Continued)

Fixed assets are eliminated on its disposal or when there aren't any expected future returns from its usage or selling. Any gains or losses from disposal of the fixed asset are recognized in the income statement in the same period of its disposal. The asset's remaining values, useful lives and ways of depreciation are reviewed by the end of each fiscal year. On regular basis the Company determines if there is any sign of impairment for the fixed asset at the date of each statement. When the book value of the asset is greater than its redemption value; so the asset is impaired and its value is reduced to its redemption value. Impairment losses are recognized in the income statement. Realized losses from the impairment value are reversed only if there are changes in the estimated redemption value of the asset since the last recognized impairment loss, and it should be less than the book value of the asset, resulting from the reverse of its impairment value, redemption value or exceeding the book value which is recognized with net value after depreciation, unless realized impairment loss of the asset is specified in the last year. Any reverse in the value of the impairment loss is recognized in the income statement.

2.6 Intangible Assets

- Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.
- Intangible assets with indefinite useful lives are not amortized; impairment of assets is tested if there is any sign. Amortization period and value is reviewed for the intangible asset with a certain useful life at least by the end of each year.

- **Amortization**

The value of Amortization charged to income statement in accordance with the straight-line method over the estimated useful lives of intangible assets. The impairment in the value of intangible assets is calculated at the date of balance sheet and amortized from the date available for use according to the following rates

2.7 Projects Under Construction

Projects under constructions are reflected according to cost and include all direct expenses required to prepare the asset to be in a state of operation and for the purpose for which it was acquired. Projects under constructions are recorded as fixed assets once it is finished and it is available for the purpose it was acquired for. Projects under constructions are valued at the date of the balance sheet according to its cost and deducting the impairment in its value if any.

2.8 Inventory Valuation

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor and other direct costs. Net realizable value is the estimated selling price in the ordinary course of business, less the cost of completion and the average estimated costs necessary to make the sale. The required decrease in the inventory provision is in the value of the slow moving and absolute if present according to management estimate.

2.9 Impairment in the Value of Non-Financial Assets

The book value of the Company's non-financial assets, other than inventory and deferred tax assets is reviewed at the date of each financial position to ascertain the amount of impairment. The Company carries out a regular review to ascertain if there has been impairment in the value of an asset, in comparison with the expected future cash flows.

If there is an indication of such impairment, the impairment is charged in the income statement. The amount of impairment may be returned back in case that there is a change in the future cash inflow to the extent that the amount was reduced in the past.

2. Significant Accounting Policies (Continued)

2.10 Impairment in the Value of Financial Assets

On the date of each balance sheet, an objective estimate is carried out to ascertain if there is true indication that any of the assets have been impaired. Once there is a impairment in the value of an asset the loss is recorded only if there are objective proofs that the impairment of the value was due to an incident or more after the initial realization of the asset and that such incident or incidents had an effect that can be evaluated in a reliable manner for the expected future cash flow from the asset. In the case of financial assets that are recorded according to their amortized cost impairment, the loss due to impairment of its value between the book value of such asset and the present value of the future cash flow that has been discounted by the original actual interest rate relating to this asset.

The book value of the financial asset is reduced directly except in case of clients' accounts that is reduced using provisions. Any amount that will not to be collected is to be written off from the provision and the amount of the realized loss will be reimbursed either directly or by settling the provisions account. It should be ensured that such reversal will not generate a book value for the asset which is higher than the amortized cost at the date of the writing off the amount of impairment if such impairment has not been recognized. The amount of write off will be reflected in the income statement.

2.11 Revenue Recognition

Revenue/ Income and Cost/ Expenditure are generally accounted on accrual basis as they are earned or incurred, except in case of significant uncertainties.

- 1) Sales are recognized when goods are supplied and are recorded net of trade discounts.
- 2) Export Sales are shown recognized at Free On Board (FOB) Value of sales.
- 3) Service income is recognized once the service has been carried out and invoice has been issued according to the accrual basis.
- 4) Interest income is booked on a time proportion basis taking into account the amount invested and the rate of interest.

2.12 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.

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.13 Employees Benefits

- **Social Insurance & Pension Scheme**

The Company contributes to the government social insurance system on behalf of the employees according to the social insurance law No. 79 year 1975 and its amendments. The employees and the Company contribute according to this law with a fixed percentage of their salary and the Company's obligation is limited to its contribution. The Company's contribution is reflected in the income statement according to the accrual principle.

- **Employee Profit Share**

According to its constitution, the Company distributes part of the profits dividends to the employees as per the recommendations stipulated by the Board of Directors and approved by the General Assembly. The employee share of profit will be recognized as distribution of profit in shareholder's equity statement and as an obligation for the period that the Company's shareholders approved such distribution.

2.14 Related Party Transactions

Related parties represent associate companies, major shareholders, directors and management personnel of the company, and entities controlled, jointly controlled or significantly influenced by such parties.

2. Significant Accounting Policies (Continued)**2.15 Significant Accounting Estimates & Judgments**

Estimates and assumptions are evaluated on basis of historical experience and other factors including expectations about future events that are believed to be reasonable under certain circumstances. The Company makes future estimates and assumptions, which may not be equal to the actual results. Estimates and assumptions that are used by the Company are shown as follows:

a. Impairment of Trade Receivables

The evaluation in the value of receivables is made through debt aging. The Company management is studying the credit position and the ability of payments of the customers who their numerous debts are due during the credit limit granted for them and the impairment is recorded with the value of the due amounts on the customers who the Company management sees that their credit position do not allow them to pay their liabilities.

b. Useful Life of Fixed Assets

The estimated useful life is depending on estimation and personal judgment based on the experience of the Company with similar fixed assets taking into consideration the estimated usage of the asset and number of working shifts and technical limitations. Residual values and useful lives of assets are reviewed on periodic basis.

c. Write Down in Value of Inventory

The Company provides for slow moving and obsolete inventory based on the reports which are related to its condition and future utility.

2.16 Expenses

All expense, including administrative and general expenses, are to be reflected in the income statement for the financial period that such expenses were incurred according to accrual basis.

2.17 Legal Reserve

According to Law No. 159 of 1981, its executive directives and the constitution of the Company, there should be a legal reserve of no less than 5% of the profit of the Company and such reserve should not be increased once this reserve amount reaches 50% of the Company's issued share capital.

2.18 Borrowings

Borrowings are initially recognized at the value of consideration received. Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding one year after the balance sheet date, then the loan balance should be classified as long-term liabilities. After initial recognition, interest bearing loans and borrowing are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process. Amortized value is calculated by taking into account any discount or premium on acquisition and fee or costs that are integral part of the effective interest rate. The effective interest rate amortization is included in finance cost in the income statement.

2.19 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset that necessarily takes a substantial period of time to get ready for its intended use and capitalized as a part of the cost of the respective asset. All other borrowing costs are expensed in the period they accrue. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.20 Cash Flows Statement

The cash flow statement has been prepared according to the indirect method.

2.21 Cash & Cash Equivalents

For the cash flows statement, cash and cash equivalents are to be considered petty cash, cash at banks, short term fixed deposits, cheques under collection, and letters of guarantee cover, if any nurturing within three months.

2. Significant Accounting Policies (Continued)**2.22 Earnings Per Share**

Earnings per share is calculated by dividing the net profit by the number of shares.

2.23 Comparative figures

Comparative figures are reclassified whenever it is necessary to amend the presentation used during the current period.

3. Financial Instruments

Financial instruments are made up of any contractual agreement that gives the right to financial assets of the Company and creates a financial or shareholding obligation to the other side of the contract.

3.1 Receivables (net)

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than granted credit limits) are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate used to determine the amortized cost. The carrying amount of the asset is reduced using an allowance account, and the amount of the loss is recognized in the income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables.

3.2 Trade Creditors & Other Creditors

Trade creditors and other creditors in general are recognized with the received goods and services value; if there are invoices or not. If this is material received goods, services and creditors are recognized with present value of the estimated future cash flows by using interest rate of similar loans.

4. Financial Instruments & Related Risk Management

On balances sheet financial instruments comprise receivables, payables, bank balances, and cash.

Note (2) to the financial statements includes the accounting policies adopted in the recognition and measurement of financial instruments and the significant risk associated with the financial instruments and the procedures followed by the Company to mitigate these risks are as follows:

4.1. Liquidity Risk

Liquidity risk represents all factors which affect the company's ability to pay all of its obligations according to the company's policy & sufficient liquidity are maintained including arrangements for additional credit facilities from banks) which reduce the risk to the minimum.

- All of the company's liabilities are represented in the following table:

Type of Liability	Note	Maturity Less Than 1 Year	Maturity More Than 1 Year
		USD	USD
Bank Borrowings	13	17,824,009	--
Term Loans	14	1,333,332	666,670
Shareholders Loan		--	5,000,000
Due to Related Parties	19	4,904,567	--
Trade Creditors	16	1,333,671	--

4.2. Interest Rate Risk

Interest rate risk is that the fair value of future cash flows of financial instrument will fluctuate because of the changes in the market interest rates. The company is exposed to interest rate risk on its interest-bearing liabilities which are represented in bank overdraft and term loan.

4. Financial Instruments and related risk management (Continued)**4.3. Credit Risk**

Credit risk is the risk that one party to financial instrument will fail to discharge an obligation and cause the other party to incur our financial loss. The Company seeks to reduce this risk to the minimum by dealing with many customers of strong and stable financial standings.

4.4. Capital Risk Management

The company's objectives when managing capital are to safe guard the company's ability to continue as a going concern in order to provide returns for shareholders to maintain on optimal capital structure to reduce the cost of capital– so, management policy is reserving powerful capital base and make underlying capital studies to face changes in economic conditions.

5. Earnings Per Share

	Form 1 April 2017 till 31 Mar 2018	Form 1 April 2016 till 31 Mar 2017
	USD	USD
Net Profit For The Year	3,927,935	4,079,584
Number of Shares	30,000,000	30,000,000
Earnings Per Share (USD)	0.13	0.14

Galaxy Chemicals- Egypt (SAE)
Financial Statements For The Year Ended March 31,2018

6. Fixed Assets (Net)

	Building	Machinery	Furniture & fixture	Office equipment	Computer & I T equipment	Vehicles & transportations	Total
	USD	USD	USD	USD	USD	USD	USD
Cost as of 1 April 2017	11,697,058	27,745,110	167,171	217,746	418,045	27,350	40,272,480
Additions	1,361	614,934	-	1,225	6,754	-	624,274
Cost as of 31 March 2018	11,698,419	28,360,044	167,171	218,971	424,799	27,350	40,896,754
Accumulated Depreciation as of 1 April 2017	2,701,572	10,877,029	70,737	122,560	408,247	10,706	14,190,851
Depreciation during the period	539,212	1,994,403	16,770	24,582	4,226	3,025	2,582,218
Accumulated Depreciation as of 31 March 2018	3,240,784	12,871,432	87,507	147,142	412,473	13,731	16,773,069
Fixed assets (Net) as of 31 March 2018	8,457,635	15,488,612	79,664	71,829	12,326	13,619	24,123,685
Cost as of 1 April 2016	11,694,804	26,642,406	163,524	200,700	413,153	27,350	39,141,937
Additions	2,254	1,102,704	3,647	17,594	4,892	--	1,131,091
Disposals during the year	--	--	--	548-	--	--	(548)
Cost as of 31 March 2017	11,697,058	27,745,110	167,171	217,746	418,045	27,350	40,272,480
Accumulated Depreciation as of 1 April 2016	2,170,656	8,979,767	55,262	98,515	401,739	7,681	11,713,620
Depreciation during the year	530,916	1,897,262	15,475	24,283	6,508	3,025	2,477,469
Accumulated depreciation of the disposals	--	--	--	(238)	--	--	(238)
Accumulated Depreciation as of 31 March 2017	2,701,572	10,877,029	70,737	122,560	408,247	10,706	14,190,851
Fixed assets (Net) as of 31 March 2017	8,995,486	16,868,081	96,434	95,186	9,798	16,644	26,081,629

-Some of the assets above are considered collateral to QNB Bank in relation to the bank overdraft taken out by the company.

7. Projects under construction

	31-Mar-18	31-Mar-17
	USD	USD
Machines & Improvements To Factory	952,173	100,669
Total	952,173	100,669

- The balance represents the cost of machinery & improvements made to the new factory under construction which had been stated from last year.

8. Inventory

	31-Mar-18	31-Mar-17
	USD	USD
Raw Materials	3,641,530	3,921,586
Semi- Finished Goods	2,826,088	3,442,972
Packing & Packaging Materials	515,425	451,433
Finished Goods	2,000,160	2,085,000
Consumables & Spare Items	797,357	729,150
	9,780,560	10,630,141
Goods In Transit	2,569,175	1,907,659
	12,349,735	12,537,800
	31-Mar-18	31-Mar-17
	USD	USD
Opening balance finished and semi finished goods	5,527,972	4,054,605
Less		
Ending balance finished and semi finished goods	4,826,248	5,527,972
Change In Finished & Semi Finished Goods	701,724	(1,473,367)

9. Receivables

	31-Mar-18	31-Mar-17
	USD	USD
Trade Receivables- Local	6,916,510	5,278,687
Trade Receivables- Foreign	7,376,029	7,400,030
Total	14,292,539	12,678,717

10. Debtors & Other Debit Balances

	31-Mar-18	31-Mar-17
	USD	USD
Sundry Debtors	15,923	15,936
Prepaid Expenses	135,086	111,887
Deposits	166,558	157,693
Letter of Guarantee	--	33,780
Total	317,567	319,296

11. Cash & Cash Equivalents

	31-Mar-18	31-Mar-17
	USD	USD
Petty Cash	6,588	2,245
Bank Accounts	489,502	2,777,138
Letter Of Guarantee	49,060	15,280
Total	545,150	2,794,663

12. Provisions (Annual Leave)

	31-Mar-18	31-Mar-17
	USD	USD
Opening balance	14,222	23,547
Add: during year	10,131	15,338
used during the year	(14,222)	(24,663)
Ending balance	10,131	14,222

13. Bank Overdraft

	31-Mar-18	31-Mar-17
	USD	USD
Overdraft Accounts	17,824,009	15,868,430
Total	17,824,009	15,868,430

- The balance represents a bank facility in the form of an overdraft account offered to the company from QNB and CIB banks.

14. Loans

	Short- Term	Long- Term	Total
	USD	USD	USD
International Financial Corporation- Loan 2	1,333,332	666,670	2,000,002
Total	1,333,332	666,670	2,000,002

15. Shareholders Loan

As per the Inter-Corporate Credit Facility agreement signed between Galaxy Holdings- Mauritius (LTD) the "Lender" and Galaxy Chemicals- Egypt (SAE) "the borrower" the company has been granted shareholders' loan amounting to 5,000,000 USD. The loan is subject to an interest rate of 5.8% (Libor + 5%) which is within the maximum of 7% set by the Egyptian Government for Shareholders Loans.

16. Suppliers

	31-Mar-18	31-Mar-17
	USD	USD
Trade Creditors- Local	276,116	717,565
Trade Creditors- Foreign	1,057,555	764,806
Total	1,333,671	1,482,371

17. Creditors & Other Credit Balances

	31-Mar-18	31-Mar-17
	USD	USD
Accrued Expenses	549,822	523,755
Accrued Financing Interest	27,201	43,449
Withholding Tax	18,207	10,154
Payroll Tax	20,917	15,093
Social Insurance	11,834	9,996
Other Credit Balances	4,070	2,612
Total	632,051	605,059

18. Capital

Name	Number of shares	Percentage of Shareholding Share	Amount USD
Galaxy Holdings Mauritius (LTD)	29,999,998	99.999986%	29,999,998
Mr. Uday Krishna Kamat *	1	0.000007%	1
Mr. Babu Vaidyanathan Iyer *	1	0.000007%	1
Total	30,000,000	100%	30,000,000

* Holding 1 (One) share as nominee of Galaxy Holding Mauritius Ltd.

19. Related Party Transactions

Description	Nature Of Relationship	Nature Of Transaction	Currency	31-Mar-17	Movement During The Year	31-Mar-18
Galaxy Surfactants Limited	Ultimate Parent Company	Purchasing	USD	7,773,628	(2,034,411)	5,739,217
Galaxy Surfactants Limited	Ultimate Parent Company	Corp Guarantee	USD	73,051	(62,803)	10,248
Galaxy Surfactants Limited	Ultimate Parent Company	Overdue interest	USD	233,394	(207,381)	26,013
Galaxy Surfactants Limited	Ultimate Parent Company	Debit Note- Expenses	USD	26,335	(18,501)	7,834
Galaxy Surfactants Limited	Ultimate Parent Company	Sales	USD	-	(404,652)	(404,652)
Galaxy Holdings (Mauritius) Limited	Parent Company	Accrued Interest	USD	363,634	331,301	694,935
Tri-K Industries- Inc (USA)	Associate	Sales	USD	(328,901)	(840,128)	(1,169,029)
				8,141,141	(3,236,574)	4,904,567

20. Revenue by Type

	Form 1 April 2017 till 31 Mar 2018 USD
Domestic Sales	47,943,213
Export Sales	54,962,395
Sales Adjustment	165,664
Total	103,071,272

21. Other Income

	Form 1 April 2017 till 31 Mar 2018 USD
Insurance- (Export)	113,207
Freight & Forwarding (Export)	1,776,560
Haulage Charges	301,431
Other Income	182,575
Interest on Bank Deposits	17,716
	2,391,489

22. Taxation

• Corporate Tax

As a Free Zone Company, the company is exempt from the Corporate Tax on profits.

• Value Added Tax (VAT)

As a Free Zone Company, the company is exempt from the Value Added Tax (VAT).

• Payroll Tax

The company calculates and withholds the appropriate payroll tax due from all employees and pays the related payments on monthly basis and is in compliance with the Egyptian Tax Authorities due dates.

The company was inspected by the Egyptian Tax Authorities in year 2013, for all years till 2012. The inspection was finalized, and all payments were made in accordance with the outcome of the inspection. The company has yet to be inspected again.

• Stamp Duty

The company was exempt from Stamp Duty (Tax) from July 14, 2009 till July 13, 2014. The company has not yet been inspected by the authorities as of March 31, 2018.

• Withholding Tax

The company withholds the appropriate amount from all companies and individuals subjected to the withholding tax system; the company pays the withheld amounts on quarterly basis as stated by the Egyptian Tax Law. The company has yet to be inspected for withholding tax.