

Galaxy Chemicals Egypt "S.A.E."

Financial Statements

Together With

Auditor's Report

For the year ended

March 31, 2020

INDEPENDENT AUDITORS'REPORT

To The Shareholders of Galaxy Chemicals Egypt "S.A.E."

Report on the Financial Statements

We have audited the accompanying financial statements of Galaxy Chemicals Egypt "S.A.E.", which are comprised of the statement of financial position as of March 31, 2020, and the statements of profit or loss, other comprehensive income, cash flows and changes in equity for the year from April 1, 2019 till March 31, 2020, and summary of the significant accounting policies and other notes.

Management Responsibility on the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards and in light of the relevant Egyptian laws. This responsibility includes designing, implementing internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

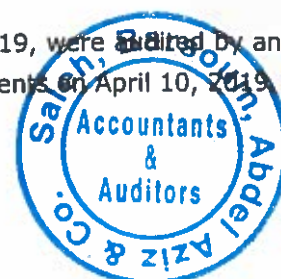
Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Auditing Standards and in light of the relevant Egyptian laws. Those standards require that we should plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement in the financial statements, due to fraud or errors, 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 evidences we obtained are sufficient and appropriate and provide a reasonable basis for our opinion.

The comparative financial statements for the year ended March 31, 2019, were audited by another auditor who expressed an unqualified opinion on those financial statements on April 10, 2019.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Galaxy Chemicals Egypt "S.A.E." as of March 31, 2020 and the results of its operations and cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the applicable Egyptian laws and regulations relating to the preparation of these financial statements.

Report on the Legal and Other Organizational Requirements

The company maintains proper books of accounts, which include all that is required by law and by the statutes of the company. The company maintains proper cost accounts. The physical inventory was held by the company on consistent basis.

The financial information referred to in the Board of Directors report is prepared in compliance with Law No. 159 of 1981 and its executive regulation thereto and is in accordance with what is recorded in the company's books of account

Cairo, June 2, 2020

Kamel M. Saleh, FCA
F.E.S.A.A. (R.A.A. 8510)
Deloitte - Saleh, Barsoum & Abdelaziz



Galaxy Chemicals Egypt "S.A.E."

Statement of Financial Position

As of March 31, 2020

	<u>Note No.</u>	<u>31/3/2020</u>	<u>31/3/2019</u>
		<u>USD</u>	<u>USD</u>
Assets			
Non-Current Assets			
Property, plant and equipment (net)	5	25 841 165	21 735 433
Projects under construction	6	535 050	4 125 755
Total non-current assets		26 376 215	25 861 188
Current Assets			
Inventories	7	9 570 713	11 274 118
Trade receivables	8 & 18	18 285 293	18 202 610
Other debit balances	9	3 720 903	3 824 806
Treasury bills	10	763 492	--
Cash on hand and at banks	11	2,599,905	397,434
Total current assets		34 940 306	33 698 968
Total assets		61 316 521	59 560 156
Owners' Equity and Liabilities			
Owners' Equity			
Issued and paid-up capital	17	30 000 000	30 000 000
Retained earnings/(losses)		(4 185 432)	(6 981 642)
Net profit for the year		3 537 343	2 796 210
Total owners' equity		29 351 911	25 814 568
Current Liabilities			
Banks overdraft	12	19 150 487	19 411 413
Short term loan	16	555 556	666 669
Trade payables	13	2 664 773	2 079 832
Due to Parent company	14 & 18	2 447 144	2 350 054
Other credit balances	15	1 918 947	4 237 620
Total current liabilities		26 736 907	28 745 588
Non-Current Liabilities			
Long term loan	16 & 18	5 227 703	5 000 000
Total non-current liabilities		5 227 703	5 000 000
Total liabilities and owners' equity		61 316 521	59 560 156

The accompanying notes form an integral part of the financial statements and to be read therewith.

Chairman

Ramakrishnan Gopalkrishnan



Managing Director

Vaijanath Kulkarni

Director

U.Shekhar

* Auditor's report attached.

Galaxy Chemicals Egypt "S.A.E."

Statement of Profit or Loss

For the year from April 1, 2019 till March 31, 2020

	31/3/2020	31/3/2019
	USD	USD
Revenue	93 463 436	99 365 094
Other Income	1 004 923	252 624
	94 468 359	99 617 718
(Less)/ Add		
Cost of Raw Materials	(78 079 567)	(84 231 682)
Salaries, Wages and Employee Benefits	(3 460 293)	(2 559 155)
Depreciation & Amortization	(2 599 226)	(2 634 419)
Changes in Inventory of Finished & Semi Finished Goods	878 751	(1 318 247)
Other Expenses	(5 852 080)	(4 589 313)
Formed provisions and impairment	(150 000)	--
GAFI Expenses	(209 484)	697 310
Foreign Exchange losses	161 903	(61 423)
Finance Expenses	(1 526 005)	(2 047 858)
Inventory Write-Off	(95 015)	(76 721)
Net Profit for the period	3 537 343	2 796 210

Chairman

Ramakrishnan Gopalkrishnan

Managing Director

Vaijanath Kulkarni

Director

U.Shekhar



Galaxy Chemicals Egypt "S.A.E."
Statement of Other Comprehensive Income
For the year from April 1, 2019 till March 31, 2020

	<u>31/3/2020</u>	<u>31/3/2019</u>
	<u>USD</u>	<u>USD</u>
Profit for the period	3 537 343	2 796 210
Other comprehensive income	-	-
Net profit for the year	<u>3 537 343</u>	<u>2 796 210</u>

Chairman

Ramakrishnan Gopalkrishnan

Managing Director

Vaijanath Kulkarni

Director

U.Shekhar



Galaxy Chemicals Egypt "S.A.E."

Statement of Change in equity

For the period from April 1, 2019 till March 31, 2020

	Issued and paid-up capital		Retained earnings / (losses)		Profit for period		Total
	USD	USD	USD	USD	USD	USD	
Balance as of April 1, 2018	30 000 000	(10 909 577)			3 927 935		23 018 358
Transferred to retained losses	-		3 927 935		(3 927 935)		-
Profits for the year	-		-		2 796 210		2 796 210
Balance as of March 31, 2019	30 000 000	(6 981 642)			2 796 210		25 814 568
Balance as of April 1, 2019	30 000 000	(6 981 642)			2 796 210		25 814 568
Transferred to retained losses	-		2 796 210		(2 796 210)		-
Profits for the year	-		-		3 537 343		3 537 343
Balance as of March 31, 2020	30 000 000	(4 185 432)			3 537 343		29 351 911

Chairman

Ramakrishnan Gopalkrishnan

Managing Director

Vaijanath Kulkarni

Director

U.Shekhar



Galaxy Chemicals Egypt "S.A.E."

Statement of Cash Flows

For the period from April 1, 2019 till March 31, 2020

	<u>31/3/2020</u>	<u>31/3/2019</u>
	<u>USD</u>	<u>USD</u>
Cash Flows From Operating Activities		
Net Profit For The Year	3 537 343	2 796 210
Adjustments for:		
Depreciation & Amortization	2 599 226	2 634 419
Formed Provision	150 000	58 057
Provision used	--	(10 131)
Inventory Write-Off	95 015	76 721
	6 381 584	5 555 276
(Increase) /Decrease In Inventory	1 608 389	998 896
Decrease /(Increase) In Receivables	(232 683)	(2 884 385)
(Increase) In Debtors & Other Debit Balances	103 903	(544 161)
Decrease /(Increase) In Due from Related Parties	--	(683 070)
Decrease)/Increase In Due to Related Parties	97 090	271 265
Increase In Trade payables	584 942	746 163
(Decrease)/Increase In Creditors & Other Credit Balances	(2 318 674)	(442 022)
Operating cash flows before movement in working capital	6 224 551	3 017 962
Cash Flows From Investment Activities		
Payments For The Purchasing Of Fixed Assets	(3 114 252)	(246 167)
Payments For Projects In Progress	--	(3 173 582)
Payment for investments in treasury bills	(763 492)	--
Net Cash generated from (used in) Investing Activities	(3 877 744)	(3 419 749)
Cash Flows From Financing Activities		
Bank Overdraft Receipts/Payments	(260 926)	1 587 404
Loan proceeds	5 000 000	
Loan payment	(4 883 410)	(1 333 333)
Net Cash generated from (used in) From Financing Activities	(144 336)	254 071
Net Cash During the Period	2 202 471	(147 716)
Cash & Cash Equivalents at the beginning of the year	397 434	545 150
Cash & Cash Equivalents at the end of the year	2 599 905	397 434

Chairman

Ramakrishnan Gopalkrishnan



Managing Director

Vaijanath Kulkarni

Director

U.Shekhar

1- The Company's background

Galaxy Chemicals- Egypt (SAE) established under the provisions of law No.8 of Investment Guarantees & Incentives for the year 1997, and it is Executive Regulations.

Company's Activities

The company was established as a Free Zone Company as manufacturer of surfactants and specialty chemicals for use in personal and home care industry. The company may have an interest or be involved in any kind of activities with other companies or entities performing similar activities might assist it to fulfill its objectives in Egypt or Overseas. The company may also merge into those entities or acquire the same according to the provisions of the commercial law and its executive regulations.

2- Statement of compliance

a- The financial statements have been prepared in accordance with the Egyptian Accounting Standards issued by the Minister of Investment's Decree No. (110) of 2015 and applicable laws and regulations. The Egyptian Accounting Standards require referral to International Financial Reporting Standards "IFRS", when no Egyptian Accounting Standard or legal requirement exists to address certain types of transaction or treatment.

b- New accounting standards and policies

On a regular basis, the Minister of Investment and International Cooperation issues new accounting standards, amendments and revisions to existing standards and interpretations.

On March 28, 2019, the Minister of Investment and International Cooperation issued Decision No. 96 of 2019 amending certain standards of the Egyptian Accounting Standards. Three accounting standards were issued, namely the Egyptian Accounting Standard No. (47) related to Financial Instruments, the Egyptian Accounting Standard (48) related to revenue from contracts with customers and the accounting standard (49) related to leasing contracts in accordance with the Financial Leasing Law No. 176 of 2018.

3- Basis of Preparing the Financial Statements

The financial statements have been prepared on the historical cost basis. In the application of the company's accounting policies, the company's management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and any other factors that may be considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period during which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Note No. (4) indicates the significant accounting estimates used and the judgments applied in the preparation of the company's independent financial statements.



a- Property, plant and equipment and their depreciation

Property, plant and equipment are stated at historical cost and depreciated according to the straight-line method over their estimated useful lives. Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment losses.

Cost of an asset comprises its purchase price, including import duties, non-refundable purchase taxes, professional fees and any directly attributable costs of bringing the asset to its working condition and location for its use intended by management. Depreciation of these assets commences when the assets are ready for their intended use.

The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any resulting changes accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income statement.

Depreciation is calculated on a straight-line basis according to the following estimated annual rates:

Description	Rates
Buildings	4.55%- 10.34%
Plant machinery	5%- 17%
Furniture and Fixture	10%
Office Equipment	10.34%
Computers and IT Equipment	33.33%
Vehicles& transportation	10.34%- 11%

b- Projects under construction

Projects under construction are stated at cost, which comprise all direct costs related to the preparation of the assets to be held for its intended use. The projects under construction are transferred to the property, plant and equipment when it becomes available for its intended use.

c- Revenue recognition and measurement

Sales revenue is recognized upon delivery of products to customers. Other earned revenues and interests are recognized on accrual basis.

Sales of goods

Revenue is measured at the fair value of the consideration received or receivable. Net sales are represented by the value of sales invoices for the goods sold less any discounts and returns.

Revenue resulting from the sale of goods is recognized, when delivered to customers provided that the following conditions are all met:

- The company transfers the significant risks and rewards of ownership of the goods to the buyer.
- The company does not maintain the right of the continuous managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the company.
- The costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue is recognized when goods are delivered to the buyer.



Interest income

Interest income is recognized on accrual basis, using the effective interest method. Interest income is included in the finance revenue in the statement of profit or loss.

Other revenues

Other revenues are recognized on accrual basis, when it is certain that these revenues are recognized.

d- Inventory

Inventory is valued at the end of the financial period as follows:

1- Finished goods

Finished goods are stated at the lower of cost or net realizable value. Cost includes direct materials, direct labor, and indirect manufacturing overhead. Cost is defined according to the weighted average method.

2- Work in process

Work in process is stated at the production cost incurred till the last stage of production reached.

3- Raw and packing materials

Raw and packing materials are stated at the lower of cost or net realizable value. Cost is defined according to the weighted average method.

e- Foreign Currency Transactions

Functional and Reporting Currency

The company's records are maintained in US dollar which is the functional currency of the primary economic environment in which the entity operates. The US dollar has been designated as the functional and reporting currency of the company.

Transactions in Foreign Currencies

Transactions denominated in foreign currencies are translated into US dollar at the rates prevailing at the transaction date. At the financial statements date, monetary assets and liabilities denominated in foreign currencies are translated to US dollar at the exchange rates prevailing on the financial statements date, the company uses the rate of free market as it will be the rate used at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date. For non-monetary assets and liabilities denominated in foreign currencies and stated at fair value, they are retranslated to the US dollar according to the prevailing rates on the date the fair value is determined, while the non-monetary assets and liabilities stated at historical cost are not retranslated. Foreign exchange gains and losses resulting from translation and settlement of transactions in foreign currencies are recognized in the income statement for the year except for the differences resulting from the non-monetary balances of assets and liabilities stated at fair value, which are recognized as part of the changes in fair value.



f- **Taxation**

The Company exempted from corporate income tax under the law No.8 of Investment Guarantees & Incentives Year 1997, and its Executive Regulations.

g- **Provisions**

Provisions are recognized when the company has a present obligation, legal or constructive, as a result of past events and that it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate for the amount of obligation can be made. Provisions are reviewed at each financial statements date and adjusted to management best estimate. Changes in the carrying amount of provisions are recognized in the Income statement in the year during which a change in estimate arises.

h- **Impairment loss**

1. **Impairment of non-financial assets**

At each balance sheet date, the Company reviews the carrying amounts of its cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses the carrying amount of the cash-generating unit is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. **Impairment of financial assets**

Financial assets, other than those at fair value through profit or loss (FVTPL) are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.



The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

i- **Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets and financial liabilities are recognized on the company's balance sheet when the company becomes a party to the contractual rights and obligations of the financial instrument.

Financial liabilities or part of a financial liability are removed from the financial statements when, and only when the obligation specified in the contract is discharged, cancelled or expired.

The difference between the carrying amount of a financial liability (or the completed portion or the transferred to another party) and the cash flows, including any transferred non-cash assets or estimated liabilities, is recognized in the statement of profit or loss.

Accounts receivable

Accounts receivable balance represents sales not collected as of the date of the balance sheet. Accounts receivable are shown net of accumulated impairment losses and deferred revenue, which represents issued and uncollected invoices.

Cash

Cash and bank balances include cash on hand, current accounts with banks, short-term deposits with an original maturity of three months or less.

Treasury bills

Treasury bills balances represents short-term treasury bills issued by government promises to pay a fixed amount to the company "face value" at the maturity date of each Treasury Bill.

Accounts payable

Accounts payable are recognized for amounts to be paid in the future for goods received or services rendered during the period.

j- **Statement of cash flows**

The statement of cash flows is prepared applying the indirect method. For the purpose of preparing the statement of cash flows, cash and the cash equivalents represents cash on hand and at banks and deposits with banks less any bank overdraft balance.

4- **Critical accounting estimates and judgments**

In the application of the company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.



The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period during which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

a. Critical judgments in applying accounting policies

The following are the critical judgments in estimations, that company has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements:

Revenue recognition

In making its judgment, management considered the detailed criteria for the recognition of revenue from the sale of goods and services rendered set out in EAS (11) "Revenue", and in particular, whether the company had transferred to the buyer the significant risks and *rewards of ownership of the goods or services rendered. Management is satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate provision for the related costs.

b. Key sources of estimating uncertainty

1. Useful lives of tangible assets

As at March 31, 2020, the carrying value of tangible assets amounted to USD 25.8 Million, (Note No. 5). Management's assessment of the useful life of a tangible asset is based on the expected use of the asset, the expected physical wear and tear on the asset, technological developments as well as past experience with comparable assets. A change in the useful life of an asset may have an effect on the future amount of depreciation recognized in the statement of profit or loss.



Galaxy Chemicals Egypt "S.A.E."
Notes the Financial Statements
For the period from April 1, 2019 till March 31, 2020

5- Property, Plant, and Equipment

Cost	Buildings & Infrastructures	Machinery and equipment	Furniture & Fixture	Office Equipment	Computer & IT Equipment	Vehicles	Total
	USD	USD	USD	USD	USD	USD	USD
Balance as at April 1, 2018	11 698 419	28 360 044	167 171	218 971	424 799	27 350	40 896 754
Additions	--	121 626	2 828	38 827	82 886	--	246 167
Balance as of March 31, 2019	11 698 419	28 481 670	169 999	257 798	507 685	27 350	41 142 921
Additions	378 750	6 152 348	7 720	27 823	98 312	40 005	6 704 958
Balance as of March 31, 2020	12 077 169	34 634 018	177 719	285 621	605 997	67 355	47 847 879
Accumulated Depreciation							
Balance as at April 1, 2018	3 240 784	12 871 432	87 507	147 142	412 473	13 731	16 773 069
Year charge	539 241	2 021 139	16 889	25 866	28 259	3 025	2 634 419
Balance as of March 31, 2019	3 780 025	14 892 571	104 396	173 008	440 732	16 756	19 407 488
Period charge	532 219	1 972 584	18 721	25 910	43 663	6 129	2 599 226
Balance as of March 31, 2020	4 312 244	16 865 155	123 117	198 918	484 395	22 885	22 006 714
Carrying amount							
As at March 31, 2019	7 918 394	13 589 099	65 603	84 790	66 953	10 594	21 735 433
As at March 31, 2020	7 764 925	17 768 863	54 602	86 703	121 602	44 470	25 841 165



Galaxy Chemicals Egypt "S.A.E."
Notes to the Financial Statements
For the year ended March 31, 2020

6- Projects under construction

	<u>31/3/2020</u>	<u>31/03/2019</u>
	<u>USD</u>	<u>USD</u>
Projects under construction*	535 050	4 125 755
	<u>535 050</u>	<u>4 125 755</u>

*Projects under construction represents amounts paid to acquire expansion in buildings and production line.

7- Inventories

	<u>31/3/2020</u>	<u>31/03/2019</u>
	<u>USD</u>	<u>USD</u>
Raw Materials	2 399 531	4 253 275
Packing & Packaging Materials	534 832	482 750
Semi-finished products	2 352 336	1 949 296
Finished Goods	2 034 415	1 558 705
Spare parts	791 220	819 258
Goods in transit	1 458 379	2 210 834
	<u>9 570 713</u>	<u>11 274 118</u>

8- Trade receivables

	<u>31/3/2020</u>	<u>31/03/2019</u>
	<u>USD</u>	<u>USD</u>
<u>Receivables from related parties</u>		
TRI-K INDUSTRIES, INC. (USA)	963 077	683 070
Galaxy Surfactants Limited	34 742	342 616
	<u>997 819</u>	<u>1 025 686</u>
Trade receivable third party - Local	6 478 407	6 662 554
Trade receivable third party - Foreign	10 959 067	10 514 370
	<u>18 435 293</u>	<u>18 202 610</u>
<u>Less:</u> Impairment to accounts receivable	(150 000)	--
	<u>18 285 293</u>	<u>18 202 610</u>



Galaxy Chemicals Egypt "S.A.E."
Notes to the Financial Statements
For the year ended March 31, 2020

9- Other debit balances

	<u>31/3/2020</u>	<u>31/03/2019</u>
	<u>USD</u>	<u>USD</u>
Advance payments to suppliers	1 896 544	2 012 553
Prepaid expenses	271 583	69 103
Deposit with others	205 995	170 198
Employees petty cash custodian	3 472	17 360
Letter of Guarantee	42 665	46 224
General Authority for Investment and Free Zone (GAFI) (See Note 22)	1 254 053	1 463 537
Other debit balances	46 591	45 831
	<u>3 720 903</u>	<u>3 824 806</u>

10- Treasury bills

<u>No. of days</u>	<u>Period</u>		<u>Face Value</u>	<u>Cost</u>	<u>Balance</u>	<u>Balance</u>
	<u>From</u>	<u>To</u>	<u>EGP</u>	<u>EGP</u>	<u>31/3/2020</u>	<u>31/3/2020</u>
					<u>EGP</u>	<u>USD</u>
330	02/12/2019	27/10/2020	13 600 000	12 004 584	12 004 584	763 492
			<u>13 600 000</u>	<u>12 004 584</u>	<u>12 004 584</u>	<u>763 492</u>

11- Cash on hand and at banks

	<u>31/3/2020</u>	<u>31/03/2019</u>
	<u>USD</u>	<u>USD</u>
Banks current accounts	1 829 132	392 269
Time Deposit	763 200	--
Cash on hand	7573	5 165
	<u>2 599 905</u>	<u>397 434</u>



12 Bank overdraft.

The balance of this account amounting to USD 19 150 487 as of March 31, 2020 represent the outstanding balance of banks overdraft.

	31/3/2020	31/03/2019
Bank over draft *	USD 19 150 487	USD 19 411 413
	<u>19 150 487</u>	<u>19 411 413</u>

* The company obtained short-term credit facilities from its banks as follows:

Lender	Contract Date	Granted Facility	Interest rate	Utilization Purpose	Collateral	31/3/2020	31/03/2019
QNB- Post finance	December 9, 2019	USD 15.7 Million or Equivalent in Currencies	EGP: 0,75% over CBE corridor, Other Currencies: 2,1% over libor 6 months	local purchase payment and covering the current account	USD 7.7 Commercial collateral in favor of bank	USD 10 644 855	USD 15 570 296
QNB- Over draft	December 9, 2019	USD 2.0 Million or Equivalent in Euro	EGP: 0,75% over CBE corridor, Other Currencies: 2,1% over libor 6 months	For purchasing Raw Material	USD 2.0 Commercial collateral in favor of bank	2 009 491	1 862 108
Attjari Wafa Bank- Revolving	December 10, 2019	USD 6,5 Million or Equivalent in Euro	EGP: 0,75% over CBE corridor, Other Currencies: 1,8% over libor 3 months	Multi purpose line	--	6 496 141	--
CIB	October 23, 2018	USD 5 Million	EGP: 1,25% over corridor offer for Local Currency, USD: 2,5% over LIBOR 6 months , Euro: 2,5% over EURIBOR 6 months	Multi purpose line	Commercial collateral in favor of bank	--	1 979 009
						<u>19 150 487</u>	<u>19 411 413</u>



Galaxy Chemicals Egypt "S.A.E."
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13- Trade payables

	<u>31/3/2020</u>	<u>31/03/2019</u>
	<u>USD</u>	<u>USD</u>
Trade payables- Local	656 522	531 474
Trade payables- Foreign	2 008 251	1 548 358
	<u>2 664 773</u>	<u>2 079 832</u>

14- Due to Parent company

	<u>31/3/2020</u>	<u>31/03/2019</u>
	<u>USD</u>	<u>USD</u>
Galaxy Surfactants Limited "The Ultimate Parent"	2 447 144	2 350 054
	<u>2 447 144</u>	<u>2 350 054</u>

15- Other credit balances

	<u>31/3/2020</u>	<u>31/03/2019</u>
	<u>USD</u>	<u>USD</u>
Advance payment from customers	569 823	171 737
Accrued expenses *	1 182 234	2 991 507
Accrued interest	61 383	964 548
Accrued Salaries- Pay Leave	28 497	58 057
Tax authority- withholding tax	30 480	32 249
Tax authority- salaries tax	32 823	-
Social Insurance	13 707	15 728
Others	--	3 794
	<u>1 918 947</u>	<u>4 237 620</u>

* Accrued expenses as of March 31, 2019 include an amount of USD 2 210 834 related to Galaxy Surfactants Limited - The Ultimate Parent.



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16- Borrowings

Lenders	Original Loan Amount	No. of Quarterly Installments Outstanding	First Installment Due After the reporting date	Avg Interest rate	Utilized amount	Total Outstanding Balance	Total Outstanding Balance
						31-Mar-20	31-Mar-19
						USD	USD
IFC *	USD 8 000 000	Semi-annually	--	3.5% plus LIBOR	USD 8 000 000	--	666 669
Galaxy Holding Company **	USD 5 000 000	Fully at the end	May 23, 2023	5% Plus 6M of LIBOR up to 7%	USD 5 000 000	783 259	5 000 000
ICICI Bank Ltd , Bahrain***	USD 5 000 000	Quarterly	December 16, 2020	2.25% plus LIBOR	USD 5 000 000	5 000 000	--
			Utilized amount			5 783 259	5 666 669
			Due within two to five years			5 227 703	5 000 000
			Total long term loans liability			5 227 703	5 000 000
			Due within one year			555 556	666 669
			Total short-term credit facilities			555 556	666 669

IFC *

On Feb. 29, 2012 the company entered into a formal loan agreement with IFC a Subsidiary of the World Bank to finance the existing plant through a debit facility amounted to USD 8 Million. As agreed with the IFC, the loan should be used to finance the expansion of construction of the company's existing plant located the free zone in Suez Governorate. Originally, the loan have 6 years repayment terms and the interest rate was fixed to LIBOR plus 3.5% per annum. an additional 2% penalty interest will be imposed in case the borrower failed to pay dues in time. The loan was fully paid back during last financial year.

The following pledges, guarantees and commitments are granted to the lenders in conjunction with the loan agreements

- 1- First degree agreement promising to mortgage the project assets (see note 5 Property, plant and equipment - net)
- 2- Commitments to meet certain Environment and financial covenants.

Galaxy Holding Company **

On May 15, 2015 the company entered into a formal loan agreement with Galaxy holding company "the parent company" to finance the company through a credit facility amounting to USD 5 Million. As agreed between the two parties the loan will be used to finance the company's activities. Originally, the loan has 4 years term. Interest rate was fixed to LIBOR plus 5% per annum with a maximum of 7%. The company has the right to withdraw additional amounts under the same agreement with a maximum of USD 15 million. The loan agreement has been amended on 23/5/2019 to expedite re-payment of the loan to 23/5/2023 , the company paid an amount of USD 4.2 Million during the current year.

ICICI Bank Ltd. Bahrain***

On December 25, 2019 the company entered into a formal long term loan agreement with ICICI Bank Ltd through its Bahrain Branch to finance the company through a credit facility amounted to USD 5 Million. As agreed with the ICICI Bank Ltd, the loan will be used to finance the repayment of Galaxy Holding Company loan and up to USD 5 Million. Originally, the loan have 5 years repayment terms from the date of first utilization to 23/5/2023, fixed interest rate of LIBOR plus 2.25% per annum.

The following pledges, guarantees and commitments are granted to the lenders in conjunction with the loan agreements

- 1- Unconditional and irrecoverable corporate guarantee covering 100% of the loan amount in a manner and format acceptable to the lender and valid for at least 6 Months beyond the facility term
- 2- Commitments to meet certain Environment and financial covenants.



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17- Capital

The authorized capital amounted to USD 30 million, issued and paid-up capital amounted to USD 30 million, distributed among 30 million shares with a par value of USD 1 each, fully paid as follows:

<u>Shareholder Name</u>	<u>No. of shares</u>	<u>% of Shares</u>	<u>Amount in USD</u>
Galaxy Holdings Mauritius (LW)	29 999 998	99.99%	29 999 998
Mr. Uday Krishna Kamat *	1	.005%	1
Mr. Babu Vaidyanathan Iyer	1	.005%	1
	30 000 000	100%	30 000 000



18. **Related parties transactions**

Nature of transaction	Period /Year	Galaxy Surfactants Limited	Galaxy Holdings (Mauritius)- Limited	TRI-K INDUSTRIES, INC. (USA)
		(Ultimate Parent)	(Parent)	(Affiliate)
		USD	USD	USD
Revenues	31/3/2020	335 500	--	3 287 359
	31/03/2019	3 551 550	--	3 879 557
Purchase of goods	31/3/2020	15 226 751	--	--
	31/03/2019	16 701 460	--	--
Financing (I)- Accrued Interest	31/3/2020	232 301	277 214	--
	31/03/2019	122 465	337 625	--
Corporate Guarantee	31/3/2020	3 969	--	--
	31/03/2019	41 856	--	--
Balances reported within current assets				
Trade receivables	31/3/2020	34 742	--	963 077
	31/03/2019	683 070	--	342 616
Balances reported within current liabilities				
Due to Parent company	31/3/2020	2 447 144	--	--
	31/03/2019	2 350 054	--	--
Accrued Expenses	31/3/2020	--	--	--
	31/03/2019	2 210 834	--	--
Accrued Interest	31/3/2020	--	51 514	--
	31/03/2019	--	957 560	--

(I) The amounts outstanding are as per the Inter-Corporate Credit Facility agreement signed between Galaxy Holdings- Mauritius (Limited) '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% (Libor + 5%) which is within the maximum of 7% set by the Egyptian Government for Shareholders Loans

Transactions with related parties are recorded by the Company within its daily routine transactions and on the same bases for transactions with others.



19- Financial instruments fair value

The financial instruments represent balances of cash in hand and at banks, debtors, creditors and related party balances. The carrying amounts of these financial instruments represent a reasonable estimate for their fair values. Note (4) Includes significant accounting policies applied in recognition and measurement of those financial instruments, and its related revenues and expenses.

20- Financial risk management

The company is exposed to the following risks, due to its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk represented in the failure of the customers to discharge their obligations at the due date, the company deals with customers who has a good reputation.

Liquidity

This risk represents the Company's inability to settle its financial liabilities on maturity dates. The Company's liquidity risk management policy requires that sufficient cash is maintained to meet short term funding requirements, to avoid unacceptable loss that may affect the Company's reputation.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the company's income or the value of its holding of financial instruments.

Foreign currencies fluctuation risk

Foreign currency Fluctuation risk represented in the risk of change in foreign currencies exchange rates, which in turn affects payments and receipts in foreign currencies as well as the value of monetary assets and liabilities reported in foreign currency.

Interest rate risk

This risk represents the effect of changes in interest rate, which might adversely affect the results of operations and the value of the financial assets and liabilities. In order to minimize the interest rate risk, the company tends to reduce interest rates on facilities obtained from its banks on an ongoing basis.

21- Tax Position

The Company exempted from corporate income tax under the law No.8 of Investment Guarantees & Incentives for the Year 1997, and its Executive Regulations.



- **Corporate tax**

The company exempted from corporate income tax as a free zone company. Tax department didn't notify the company for any corporate tax inspection requests up to date.

- **VAT**

The company exempted from VAT as a free zone company. Tax department didn't notify the company for any VAT inspection requests up to date.

- **Salaries tax**

The company calculates and withholds salaries tax from all employees' gross salaries and pays dues timely as required by the Egyptian tax laws and regulations.

The salaries tax inspection for the years till 2012 was concluded and all related due amounts including principle taxes and late interest were paid in full.

The company received Form # 38 from the tax department Indicates an assessment of due salaries tax for years 2013-2017 amounted to EGP 1.3 million.

The company filed an official appeal timely against alleged material mistakes from tax department side. the appeal is under investigation and discussion with tax internal committee to reach an agreement to correct mistakes in the inspection assessment. Based on the available documents and information the company expects to pay differences in salaries tax dues in the range of EGP 300,000 for the years 2013-2017.

- **Withholding tax**

The company withholds the appropriate withholding tax from all companies and individuals subject to the withholding tax system. Amounts withheld paid to Tax Authority on quarterly basis as required by the Egyptian tax law. Tax department didn't notify the company for any withholding tax inspection requests up to date.

- **Stamp duty tax**

The company is exempted from the stamp duty tax as a free zone company. Tax department didn't notify the company for any stamp duty tax inspection requests up to date.

22- General Authority For Investment & Free Zones (GAFI)

On February 10, 2019, the head of GAFI Legal Advice and Legislation Department, issued a signed decree to a number of companies established under the Law No. 8 For The Year 1997 allow them to pay GAFI fees based on the Value Added services instead of the total revenue as required by Law no 72 for the year 2017 till the company's license expiration date by end of the year 2034



23- Significant events during the year ended March 31, 2020

With the recent and rapid development of the Coronavirus disease, (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations .

Governments, including the Arab Republic of Egypt , have implemented restrictions on travelling as well as strict quarantine measures. In addition to this, Prime Minister announce a various of strict protective measures taken in the face of the coronavirus pandemic including suspend the travel abroad and the Central Bank of Egypt (CBE) has announced a package of procedures that aim at easing banking operations in the wake of the Coronavirus outbreak such as the instructed domestic banks to raise daily transaction limits on credit cards, besides cancelling fees and commissions applied at points of sale and on withdrawals from ATMs for six months and keeping bank deposits locally in branches as reserves as well as urging clients to use credit and debit cards instead of cash. In addition to implantation of curfew starting 9:00 PM on 26th of March 2020 to 6:00 am until May 31, 2020, except for certain predetermined and approved exceptions

Industries such as tourism, hospitality and entertainment are expected to be directly disrupted significantly by these measures. Other Industries such as manufacturing and financial services are expected to be indirectly affected and their results to also be negatively affected.

The financial effect of the current crisis on the global economy and overall business activities and on our company cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome .

Management continue to monitor the situation closely and assess/seek additional measures in case the period of disruption becomes prolonged.

24- Comparative figures

Certain comparative figures have been reclassified where necessary to comply with the current year presentation. These reclassifications have no impact on the company's net income or shareholders' equity in the comparative year showing as follows

Description	31/03/2019 After reclassification USD	31/03/2019 Before reclassification USD
1- Advance payment to suppliers and letter of guarantee to other debit balances		
Advanced payment to supplier	-	2 012 533
Cash & Cash equivalents	-	46 224
Other debit balance	3 824 806	1 765 931



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2- Provisions, customer advances and due to related parties to other credit balance

Provisions		58 057
Advance payments from customers		171 737
Due to related parties		3 168 394
Other credit balance	4 237 620	839 336

3- Loan

Long term loan	5 000 000	5 666 669
Short term loan	666 669	--

Chairman

Ramakrishnan Gopalkrishnan

Managing Director

Vaijanath Kulkarni

Director

U.Shekhar

