

Deloitte

Galaxy Chemicals Egypt "S.A.E."

Financial Statements

Together With

Auditor's Report

For the year ended

March 31, 2021



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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, 2021, and the statements of profit or loss, other comprehensive income, cash flows and changes in equity for the year from April 1, 2020 till March 31, 2021, 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.

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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, 2021 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, May 2, 2021



Galaxy Chemicals Egypt "S.A.E."

Statement of Financial Position

As of March 31, 2021

| | Note No. | 31/3/2021 USD | 31/3/2020 USD |
|---|----------|-------------------|-------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment (net) | 5 | 24 351 841 | 25 841 165 |
| Projects under construction | 6 | 1 065 911 | 535 050 |
| Total non-current assets | | 25 417 752 | 26 376 215 |
| Current Assets | | | |
| Inventories | 7 | 13 392 981 | 9 570 713 |
| Trade receivables | 8 & 19 | 15 693 702 | 18 285 293 |
| Other debit balances | 9 | 4 059 412 | 3 720 903 |
| Treasury bills | 10 | 5,943,358 | 763,492 |
| Cash on hand and at banks | 11 | 3,846,553 | 2,599,905 |
| Total current assets | | 42 936 006 | 34 940 306 |
| Total assets | | 68 353 758 | 61 316 521 |
| Owners' Equity and Liabilities | | | |
| Owners' Equity | | | |
| Issued and paid-up capital | 18 | 30 000 000 | 30 000 000 |
| Retained earnings/(losses) | | (648 089) | (4 185 432) |
| Net profit for the year | | 10 735 334 | 3 537 343 |
| Total owners' equity | | 40 087 245 | 29 351 911 |
| Current Liabilities | | | |
| Banks overdraft | 12 | 9 802 787 | 19 150 487 |
| Short term loan | 16 | 1 111 111 | 555 556 |
| Trade payables | 13 | 4 364 656 | 2 664 773 |
| Due to Parent company | 14 & 19 | 4 160 555 | 2 447 144 |
| Provisions | 16 | 307 951 | -- |
| Other credit balances | 15 | 4 402 861 | 1 918 947 |
| Total current liabilities | | 24 149 921 | 26 736 907 |
| Non-Current Liabilities | | | |
| Long term loan | 17 & 19 | 4 116 592 | 5 227 703 |
| Total non-current liabilities | | 4 116 592 | 5 227 703 |
| Total liabilities and owners' equity | | 68 353 758 | 61 316 521 |

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.

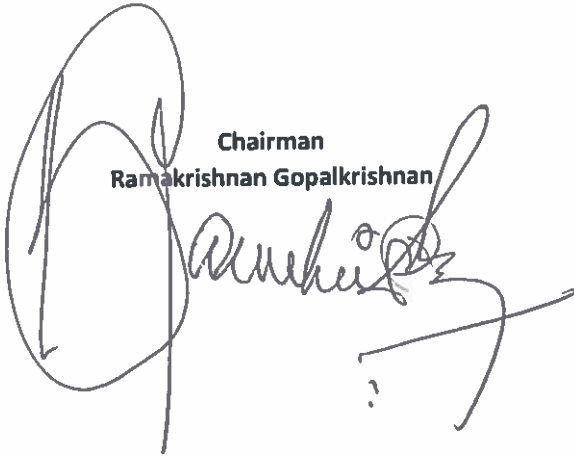
Galaxy Chemicals Egypt "S.A.E."

Statement of Profit or Loss

For the year from April 1, 2020 till March 31, 2021

| | <u>31/3/2021</u> | <u>31/3/2020</u> |
|--|--------------------|-------------------|
| | <u>USD</u> | <u>USD</u> |
| Revenue | 111 278 330 | 93 463 436 |
| Other Income | 3 347 566 | 1 004 923 |
| | <u>114 625 896</u> | <u>94 468 359</u> |
| (Less)/ Add | | |
| Cost of Raw Materials | (90 737 419) | (78 079 567) |
| Salaries, Wages and Employee Benefits | (4 142 559) | (3 460 293) |
| Depreciation & Amortization | (2 446 583) | (2 599 226) |
| Changes in Inventory of Finished & Semi Finished Goods | 1 939 463 | 878 751 |
| Other Expenses | (7 371 516) | (5 852 080) |
| Formed provisions and impairment | (307 950) | (150 000) |
| Provision no longer required | 142 898 | - |
| GAFI Expenses | (286 034) | (209 484) |
| Foreign Exchange Gain/(losses) | 19 287 | 161 903 |
| Finance Expenses | (674 183) | (1 526 005) |
| Inventory Write-Off | (25 966) | (95 015) |
| Net Profit for the period | <u>10 735 334</u> | <u>3 537 343</u> |

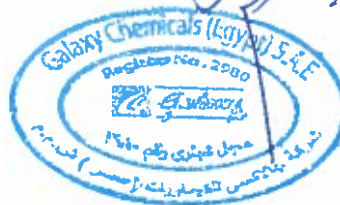
Chairman
Ramakrishnan Gopalkrishnan



Managing Director
Vaijanath Kulkarni



Director
U.Shekhar



Galaxy Chemicals Egypt "S.A.E."

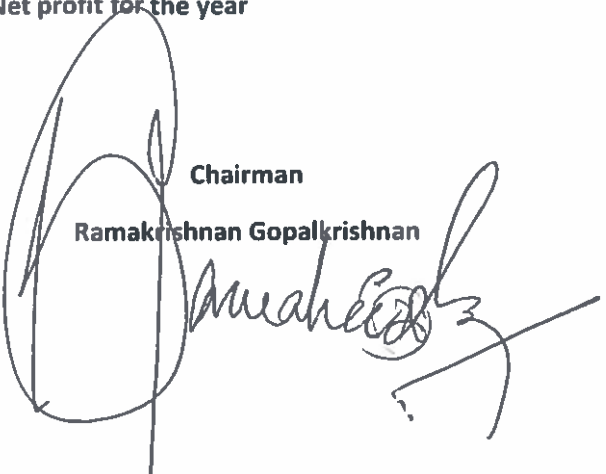
Statement of Other Comprehensive Income

For the year from April 1, 2020 till March 31, 2021

| | <u>31/3/2021</u> | <u>31/3/2020</u> |
|--------------------------------|-------------------|------------------|
| | <u>USD</u> | <u>USD</u> |
| Profit for the period | 10 735 334 | 3 537 343 |
| Other comprehensive income | - | - |
| Net profit for the year | 10 735 334 | 3 537 343 |

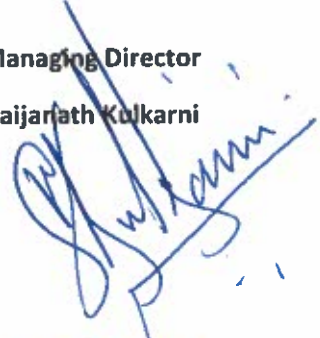
Chairman

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, 2020 till March 31, 2021

| | <u>Note No.</u> | <u>31/3/2021</u> | <u>31/3/2020</u> |
|--|-----------------|---------------------------|---------------------------|
| | | <u>USD</u> | <u>USD</u> |
| <u>Cash Flows From Operating Activities</u> | | | |
| Net Profit For The Year | | 10 735 334 | 3 537 343 |
| <u>Adjustments for:</u> | | | |
| Depreciation & Amortization | | 2 446 583 | 2 599 226 |
| Formed Provision | | 307 950 | 150 000 |
| Provision no longer required | | (142 898) | -- |
| Provision used | | (7 102) | -- |
| inventory Write-Off | | 25 966 | 95 015 |
| | | <u>13 365 833</u> | <u>6 381 584</u> |
| (Increase) /Decrease in Inventory | | (3 848 236) | 1 608 389 |
| Decrease /(Increase) In Receivables | | 2 741 592 | (232 683) |
| (Increase) In Debtors & Other Debit Balances | | (338 509) | 103 903 |
| (Decrease)/Increase in Due to Related Parties | | 1 713 411 | 97 090 |
| Increase In Trade payables | | 1 699 882 | 584 942 |
| (Decrease)/Increase In Creditors & Other Credit Balances | | 2 483 915 | (2 318 674) |
| Operating cash flows before movement in working capital | | <u>17 817 888</u> | <u>6 224 551</u> |
| <u>Cash Flows From Investment Activities</u> | | | |
| Payments For The Purchasing Of Fixed Assets | | (957 258) | (3 114 252) |
| Payments For Projects In Progress | | (530 860) | -- |
| Payment for investments in treasury bills | | (5 179 866) | (763 492) |
| Net Cash generated from (used in) Investing Activities | | <u>(6 667 984)</u> | <u>(3 877 744)</u> |
| <u>Cash Flows From Financing Activities</u> | | | |
| Bank Overdraft Receipts/Payments | | (9 347 700) | (260 926) |
| Loan proceeds | | -- | 5 000 000 |
| Loan payment | | (555 556) | (4 883 410) |
| Net Cash generated from (used in) From Financing Activities | | <u>(9 903 256)</u> | <u>(144 336)</u> |
| Net Cash During the year | | <u>1 246 648</u> | <u>2 202 471</u> |
| Cash & Cash Equivalents at the beginning of the year | 11 | 2 599 905 | 397 434 |
| Cash & Cash Equivalents at the end of the year | 11 | <u>3 846 553</u> | <u>2 599 905</u> |

Chairman

Ramakrishnan Gopalkrishnan

Managing Director

Vajrath Kulkarni

Director

U. Shekhar

Galaxy Chemicals Egypt "S.A.E."

Statement of Change in equity

For the period from April 1, 2020 till March 31, 2021

| | <u>Issued and paid-up capital</u> | | <u>Retained earnings / (losses)</u> | | <u>Profit for period</u> | | <u>Total</u> |
|-------------------------------------|-----------------------------------|--------------------|-------------------------------------|-------------------|--------------------------|-------------------|--------------|
| | <u>USD</u> | <u>USD</u> | <u>USD</u> | <u>USD</u> | <u>USD</u> | <u>USD</u> | |
| Balance as of April 1, 2019 | 30 000 000 | (6 981 642) | 2 796 210 | 2 796 210 | 2 796 210 | 25 814 568 | |
| Transferred to retained losses | - | 2 796 210 | (2 796 210) | (2 796 210) | - | - | |
| Profits for the year | - | - | - | 3 537 343 | 3 537 343 | 3 537 343 | |
| Balance as of March 31, 2020 | 30 000 000 | (4 185 432) | (4 185 432) | 3 537 343 | 3 537 343 | 29 351 911 | |
| Balance as of April 1, 2020 | 30 000 000 | (4 185 432) | 3 537 343 | 3 537 343 | 3 537 343 | 29 351 911 | |
| Transferred to retained losses | - | 3 537 343 | (3 537 343) | (3 537 343) | - | - | |
| Profits for the year | - | - | - | 10 735 334 | 10 735 334 | 10 735 334 | |
| Balance as of March 31, 2021 | 30 000 000 | (648 089) | (648 089) | 10 735 334 | 10 735 334 | 40 087 245 | |

Chairman

Ramakrishnan Gopalakrishnan



Managing Director

Vaijanath Kulkarni



Director

U. Shekhar



Galaxy Chemicals Egypt "S.A.E."
Notes to the Financial Statements
For the period ended March 31, 2021

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 is 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:

| <u>Description</u> | <u>Rates</u> |
|----------------------------|---------------|
| 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.

**Galaxy Chemicals Egypt "S.A.E."
Notes to the Financial Statements
For the period ended March 31, 2021**

- 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 of 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

Galaxy Chemicals Egypt "S.A.E."
Notes to the Financial Statements
For the period ended March 31, 2021

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 statement 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, 2021, the carrying value of tangible assets amounted to USD 24.3 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, 2020 till March 31, 2021

5- Property, Plant, and Equipment

| Cost | <u>Buildings & Infrastructures</u> | <u>Machinery and equipment</u> | <u>Furniture & Fixture</u> | <u>Office Equipment</u> | <u>Computer & IT Equipment</u> | <u>Vehicles</u> | <u>Total</u> |
|---------------------------------|--|--------------------------------|--------------------------------|-------------------------|------------------------------------|-----------------|--------------|
| | USD | USD | USD | USD | USD | USD | USD |
| Balance as at April 1, 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 |
| Additions | 105 869 | 697 345 | 2 004 | 111 098 | 37 631 | 3 312 | 957 259 |
| Balance as of March 31, 2021 | 12 183 038 | 35 331 363 | 179 723 | 396 719 | 643 628 | 70 667 | 48 805 138 |
| <u>Accumulated Depreciation</u> | | | | | | | |
| Balance as at April 1, 2019 | 3 780 025 | 14 892 571 | 104 396 | 173 008 | 440 732 | 16 756 | 19 407 488 |
| Year 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 |
| Period charge | 567 820 | 1 769 054 | 16 998 | 21 528 | 63 943 | 7 240 | 2 446 583 |
| Balance as of March 31, 2021 | 4 880 064 | 18 634 209 | 140 115 | 220 446 | 548 338 | 30 125 | 24 453 297 |
| <u>Carrying amount</u> | | | | | | | |
| As at March 31, 2020 | 7 764 925 | 17 768 863 | 54 602 | 86 703 | 121 602 | 44 470 | 25 841 165 |
| As at March 31, 2021 | 7 302 974 | 16 697 154 | 39 608 | 176 273 | 95 290 | 40 542 | 24 351 841 |

Galaxy Chemicals Egypt "S.A.E."
Notes to the Financial Statements
For the period ended March 31, 2021

6- Projects under construction

| | <u>31/3/2021</u> | <u>31/3/2020</u> |
|------------------------------|------------------|------------------|
| | <u>USD</u> | <u>USD</u> |
| Projects under construction* | 1 065 911 | 535 050 |
| | <u>1 065 911</u> | <u>535 050</u> |

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

7- Inventories

| | <u>31/3/2021</u> | <u>31/3/2020</u> |
|-------------------------------|-------------------|------------------|
| | <u>USD</u> | <u>USD</u> |
| Raw Materials | 3 629 999 | 2 399 531 |
| Packing & Packaging Materials | 457 900 | 534 832 |
| Semi-finished products | 2 874 208 | 2 352 336 |
| Finished Goods | 3 452 006 | 2 034 415 |
| Spare parts | 951 027 | 791 220 |
| Goods in transit | 2 027 841 | 1 458 379 |
| | <u>13 392 981</u> | <u>9 570 713</u> |

8- Trade receivables

| | <u>31/03/2021</u> | <u>31/03/2020</u> |
|--|-------------------|-------------------|
| | <u>USD</u> | <u>USD</u> |
| <u>Receivables from related parties</u> | | |
| TRI-K INDUSTRIES, INC. (USA) | 298 839 | 963 077 |
| Galaxy Surfactants Limited | 69 560 | 34 742 |
| | <u>368 399</u> | <u>997 819</u> |
| Trade receivable third party – Local | 6 462 145 | 6 478 407 |
| Trade receivable third party – Foreign | 8 863 158 | 10 959 067 |
| | <u>15 693 702</u> | <u>18 435 293</u> |
| <u>Less: Impairment to accounts receivable</u> | -- | (150 000) |
| | <u>15 693 702</u> | <u>18 285 293</u> |

Galaxy Chemicals Egypt "S.A.E."
Notes to the Financial Statements
For the period ended March 31, 2021

9- Other debit balances

| | <u>31/03/2021</u> | <u>31/03/2020</u> |
|---|-------------------|-------------------|
| | <u>USD</u> | <u>USD</u> |
| Advance payments to suppliers | 2 523 547 | 1 896 544 |
| Prepaid expenses | 173 527 | 271 583 |
| Deposit with others | 275 911 | 205 995 |
| Employees petty cash custodian | 48 153 | 3 472 |
| Letter of Guarantee | 56 315 | 42 665 |
| General Authority for Investment and Free Zone (GAFI) (See Note 22) | 968 019 | 1 254 053 |
| Other debit balances | 13 940 | 46 591 |
| | <u>4 059 412</u> | <u>3 720 903</u> |

10- Treasury Bills

| <u>No. of days</u> | <u>Period</u> | | <u>Face Value</u> | <u>Cost</u> | <u>Accrued Interest</u> | <u>Balance 31/3/2021</u> |
|--------------------|---------------|------------|-------------------|-------------------|-------------------------|--------------------------|
| | <u>From</u> | <u>To</u> | <u>EGP</u> | <u>EGP</u> | <u>USD</u> | <u>USD</u> |
| 183 | 4/1/2021 | 6/7/2021 | 950 000 | 895 033 | 1 328 | 57 103 |
| 91 | 16/2/2021 | 18/5/2021 | 15 475 000 | 15 007 346 | 11 306 | 957 469 |
| 180 | 26/11/2020 | 25/5/2021 | 1 175 000 | 1 104 465 | 2 533 | 70 465 |
| 338 | 20/12/2020 | 23/11/2021 | 13 400 000 | 12 021 810 | 21 221 | 766 991 |
| 182 | 12/8/2020 | 6/8/2021 | 15 975 000 | 15 009 471 | 30 950 | 957 604 |
| 364 | 27/10/2020 | 26/10/2021 | 13 625 000 | 12 018 885 | 35 543 | 766 805 |
| 182 | 12/1/2021 | 13/7/2021 | 36 649 930 | 34 901 293 | 48 131 | 2 366 921 |
| | | | <u>97 249 930</u> | <u>91 048 303</u> | <u>151 012</u> | <u>5 943 358</u> |

11- Cash on hand and at banks

| | <u>31/03/2021</u> | <u>31/03/2020</u> |
|------------------------|-------------------|-------------------|
| | <u>USD</u> | <u>USD</u> |
| Banks current accounts | 1 545 368 | 1 829 132 |
| Time Deposit | 2 300 970 | 763 200 |
| Cash on hand | 215 | 7 573 |
| | <u>3 846 553</u> | <u>2 599 905</u> |

Galaxy Chemicals Egypt "S.A.E."
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12 .Bank overdraft.

The balance of this account amounting to USD 9 802 787 as of March 31, 2021 represent the outstanding balance of banks overdraft.

Bank over draft *

| | <u>31/3/2021</u> | <u>31/03/2020</u> |
|--|------------------|-------------------|
| | <u>USD</u> | <u>USD</u> |
| | 9 802 787 | 19 150 487 |
| | <u>9 802 787</u> | <u>19 150 487</u> |

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

| <u>Lender</u> | <u>Contract Date</u> | <u>Granted Facility</u> | <u>Interest rate</u> | <u>Utilization Purpose</u> | <u>3/31/2021</u> | <u>3/31/2020</u> |
|-------------------------------|----------------------|--|---|---|-------------------------|--------------------------|
| QNB- Post finance | February 14, 2021 | USD 15.7 Million or Equivalent in Currencies | <u>EGP: 0,75% over CBE corridor,</u> <u>Other Currencies: 2,1% over libor 6 months</u> | local purchase payment and covering the current account | <u>USD</u> 3 409 354 | <u>USD</u> 10 644 855 |
| QNB- Over draft | February 14, 2021 | USD 2.0 Million or Equivalent in Euro | <u>EGP: 0,75% over CBE corridor,</u> <u>Other Currencies: 2,1% over libor 6 months</u> | For purchasing Raw Material | 493 319 | 2 009 491 |
| Attijari Wafa Bank- Revolving | October 7, 2020 | USD 6,5 Million or Equivalent in Euro | <u>EGP: 0,75% over CBE corridor,</u> <u>Other Currencies: 1,9% over libor 3 months</u> | Multi purpose line | 3 721 539 | 6 496 141 |
| QNB- Over draft | February 14, 2021 | USD 15.7 Million or Equivalent in Euro | <u>EGP: 0,75% over CBE corridor,</u> <u>Other Currencies: 2,1% over libor 6 months</u> | Multi purpose line | 2 178 575 | --- |
| | | | | | <u>9 802 787</u> | <u>19 150 487</u> |

Galaxy Chemicals Egypt "S.A.E."
Notes to the Financial Statements
For the period ended March 31, 2021

13- Trade payables

| | <u>31/03/2021</u> | <u>31/03/2020</u> |
|-------------------------|-------------------|-------------------|
| | <u>USD</u> | <u>USD</u> |
| Trade payables- Local | 2 939 106 | 656 522 |
| Trade payables- Foreign | 1 425 550 | 2 008 251 |
| | <u>4 364 656</u> | <u>2 664 773</u> |

14- Due to Parent company

| | <u>31/03/2021</u> | <u>31/03/2020</u> |
|--|-------------------|-------------------|
| | <u>USD</u> | <u>USD</u> |
| Galaxy Surfactants Limited "The Ultimate Parent" | 4 160 555 | 2 447 144 |
| | <u>4 160 555</u> | <u>2 447 144</u> |

15- Other credit balances

| | <u>31/03/2021</u> | <u>31/03/2020</u> |
|--------------------------------|-------------------|-------------------|
| | <u>USD</u> | <u>USD</u> |
| Advance payment from customers | 2 121 898 | 569 823 |
| Accrued expenses | 2 127 338 | 1 182 234 |
| Accrued interest | 48 475 | 61 383 |
| Accrued Salaries- Pay Leave | 33 924 | 28 497 |
| Tax authority- withholding tax | 18 162 | 30 480 |
| Tax authority- salaries tax | 33 086 | 32 823 |
| Social Insurance | 19 978 | 13 707 |
| | <u>4 402 861</u> | <u>1 918 947</u> |

16- Provisions, impairment

| | <u>Balance as of</u> <u>01/04/2020</u> | <u>Recognized</u> <u>during the Year</u> | <u>Provision no</u> <u>longer required</u> | <u>Used during</u> <u>the year</u> | <u>Balance as of</u> <u>31/03/2021</u> |
|---------------------------------------|---|---|---|---------------------------------------|---|
| | <u>USD</u> | <u>USD</u> | <u>USD</u> | <u>USD</u> | <u>USD</u> |
| Provisions for probable loss | -- | 307 951 | -- | | 307 951 |
| Impairment in accounts receivable | 150000 | -- | (142 898) | (7 102) | -- |
| Total Provision and impairment | <u>150 000</u> | <u>307 951</u> | <u>(142 898)</u> | <u>(7 102)</u> | <u>307 951</u> |

Galaxy Chemicals Egypt "S.A.E."
Notes the Financial Statements
For the period from April 1, 2020 till March 31, 2021

17- 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 | |
|----------------------------|----------------------|---|--|------------------------------|-----------------|---------------------------|-----------|
| | | | | | | 31-Mar-21 | 31-Mar-20 |
| 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 | 783 259 |
| ICICI Bank Ltd , Bahrain** | USD 5 000 000 | Quarterly | June 30, 2021 Utilized amount | 2.25% plus LIBOR | USD 5 000 000 | 4 444 444 | 5 000 000 |
| | | | | | | 5 227 703 | 5 783 259 |
| | | | Due within two to five years | | | 4 116 592 | 5 227 703 |
| | | | Total long term loans liability | | | 4 116 592 | 5 227 703 |
| | | | Due within one year | | | 1 111 111 | 555 556 |
| | | | Total short-term credit facilities | | | 1 111 111 | 555 556 |

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 amounting 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 date and 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 irrevocable 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 tenor.
- 2- Commitments to meet certain Environment and financial covenants.

Galaxy Chemicals Egypt "S.A.E."
Notes to the Financial Statements
For the period ended March 31, 2021

18- 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 |
| | <u>30 000 000</u> | <u>100%</u> | <u>30 000 000</u> |

19. Related parties transactions

The following are the most significant transactions entered into between the company and its related parties during the year ended March 31, 2021 and the year ended March 31, 2020:

| <u>Nature of transaction</u> | <u>Period /Year</u> | <u>Galaxy Surfactants Limited</u> | <u>Galaxy Holdings (Mauritius)- Limited</u> | <u>TRI-K INDUSTRIES, INC. (USA)</u> |
|---|---------------------|-----------------------------------|---|-------------------------------------|
| | | (Ultimate Parent) | (Parent) | (Affiliate) |
| | | <u>USD</u> | <u>USD</u> | <u>USD</u> |
| Revenues | 31/3/2021 | 516 342 | | 4 883 817 |
| | 31/3/2020 | 335 500 | -- | 3 287 359 |
| Purchase of goods | 31/3/2021 | 21 379 547 | -- | -- |
| | 31/03/2020 | 15 226 751 | -- | -- |
| Financing (i)- Accrued Interest | 31/3/2021 | 12 741 | 44 845 | -- |
| | 31/03/2020 | 232 301 | 277 214 | -- |
| Corporate Guarantee | 31/3/2021 | 34 521 | -- | -- |
| | 31/03/2020 | 3 969 | -- | -- |
| <u>Balances reported within current assets</u> | | | | |
| Trade receivables | 31/3/2021 | 69 560 | -- | 298 839 |
| | 31/03/2020 | 34 742 | -- | 963 077 |
| <u>Balances reported within current liabilities</u> | | | | |
| Due to Parent company | 31/3/2021 | 4 160 555 | -- | -- |
| | 31/03/2020 | 2 447 144 | -- | -- |
| Accrued Interest | 31/3/2021 | -- | 48 845 | -- |
| | 31/03/2020 | -- | 51 514 | -- |

- (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.

20- 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.

21- 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.

22- 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.

**Galaxy Chemicals Egypt "S.A.E."
Notes to the Financial Statements
For the period ended March 31, 2021**

- **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 31 March 2017 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 period from 31 March 2017 to 31 March 2019 amounted to EGP 33 million.

The company filed an appeal on timely basis, this random assessment which is processed without any audit to the company's records and the company's Management and its tax advisor expected that this documents will be cancelled in the internal committee which will decide re auditing of the records and documents to reach the right results.

- **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.

23- 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

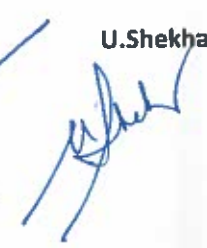
24- Significant events during the current year ended 31 March 2021

During the current year, the world was exposed to the spread of the new Corona virus (COVID-19), as the global economy entered into an unprecedented health care crisis, which has already caused global disruption in commercial activities and daily life. Many countries have adopted extraordinary and costly containment measures. Some countries required companies to restrict or even suspend normal business operations. Until the World Health Organization declared a state of health emergency, on January 30, 2020, and the virus was declared a global pandemic on March 11, 2020, and the spread of this virus had a negative impact on the economies of many countries, which was reflected in the reality of the performance of financial markets, the volume of global trade and the movement of tourism and travel.

On March 19, 2020, international air traffic was suspended, and on March 25, 2020, the Egyptian government imposed a curfew for two weeks, and it was renewed for another two weeks, which negatively affected the Egyptian economy in general. It is also expected that some activities such as tourism and recreational activities will stop due to being directly affected by these measures, while some industrial activities and financial services are indirectly affected, which may have a negative impact on the results of its business.

The management is closely following the situation and adjusting the necessary plans to face these consequences by extension. If the situation continues to evolve for a longer period, and to support the company's liquidity position, additional measures will be taken to find other sources of financing.

The company's management believes that, in the current circumstances, it is able to continue production, sales and purchases, and pay its obligations and cash flows to meet the company's objectives.

| | | | | | |
|---|--|--|---|---|--------------------------------------|
|  | Chairman Ramakrishnan Gopalkrishnan |  | Managing Director Vaijanath Kulkarni |  | Director U. Shekhar |
|---|--|--|---|---|--------------------------------------|

