

Galaxy Chemicals Egypt "S.A.E."
Financial Statements
Together With
Auditor's Report
For the year ended
March 31, 2022

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, 2022, and the statements of profit or loss, other comprehensive income, cash flows and changes in equity for the year from April 1, 2021 till March 31, 2022, 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.

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, 2022 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.

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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.

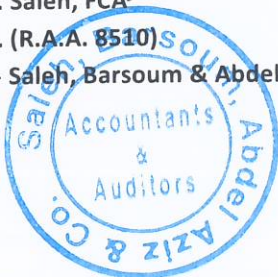
The financial information referred to in the Board of Directors report is prepared in compliance with Law No. 159 of 1981 and its executive regulation thereto and is in accordance with what is recorded in the company's books of account

Cairo, May 11, 2022

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, 2022

	Note No.	31/3/2022 USD	31/3/2021 USD
Assets			
Non-Current Assets			
Property, plant and equipment (net)	5	22 482 786	24 351 841
Projects under construction	7	3 605 139	1 065 911
Right of use asset (net)	6	4 362 904	-
Total non-current assets		30 450 829	25 417 752
Current Assets			
Inventories	8	22 874 264	13 392 981
Trade receivables	9 & 20	19 378 416	15 693 702
Other debit balances	10	10 460 978	4 059 412
Treasury bills	11	61 982	5 943 358
Cash on hand and at banks	12	792 806	3 846 553
Total current assets		53 568 446	42 936 006
Total assets		84 019 275	68 353 758
Owners' Equity and Liabilities			
Owners' Equity			
Issued and paid-up capital	19	30 000 000	30 000 000
Retained earnings/(losses)		10 087 245	(648 089)
Net profit for the year		8 698 104	10 735 334
Total owners' equity		48 785 349	40 087 245
Current Liabilities			
Banks overdraft	13	12 040 285	9 802 787
Short term loan	17	1 111 111	1 111 111
Trade payables	14	5 431 878	4 364 655
Due to parent and affiliates companies	15 & 20	5 651 192	4 160 555
Provisions		165 053	307 950
Other credit balances	16	3 431 657	4 402 863
lease liability- current	18	229 477	--
Total current liabilities		28 060 653	24 149 921
Non-Current Liabilities			
Long term loan	17 & 20	2 871 270	4 116 592
lease liability non-current	18	4 302 003	-
Total non-current liabilities		7 173 273	4 116 592
Total liabilities and owners' equity		84 019 275	68 353 758

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

Chairman

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, 2021 till March 31, 2022

	<u>For the year</u> <u>From 1/04/2021</u> <u>To 31/03/2022</u> <u>USD</u>	<u>For the year</u> <u>From 1/04/2020</u> <u>To 31/03/2021</u> <u>USD</u>
Revenue	131 423 004	111 278 330
Other Income	2 654 937	3 347 566
	134 077 941	114 625 896
<u>(Less)/ Add</u>		
Cost of Raw Materials	(112 825 278)	(90 737 419)
Salaries, Wages and Employee Benefits	(4 447 605)	(4 142 559)
Depreciation & Amortization	(2 847 819)	(2 446 583)
Changes in Inventory of Finished & Semi Finished Goods	2 338 078	1 939 463
Other Expenses	(6 950 086)	(7 371 516)
Formed provisions and impairment	--	(307 950)
Provision no longer required	142 898	142 898
GAFI Expenses	(408 114)	(286 034)
Foreign Exchange Gain	216 037	19 287
Finance Expenses	(470 636)	(674 183)
Inventory Write-Off	(13 349)	(25 966)
Lease Interest Expense	(113 963)	--
Net Profit for the year	8 698 104	10 735 334

Chairman

Vaijanath Kulkarni

Director

U. Shekhar

Galaxy Chemicals Egypt "S.A.E."

Statement of Other Comprehensive Income

For the year from April 1, 2021 till March 31, 2022

	<u>For the year</u> <u>From 1/04/2021</u> <u>To 31/03/2022</u> <u>USD</u>	<u>For the year</u> <u>From 1/04/2020</u> <u>To 31/03/2021</u> <u>USD</u>
Profit for the year	8 698 104	10 735 334
Other comprehensive income	-	-
Net profit for the year	<u>8 698 104</u>	<u>10 735 334</u>

Chairman

Vaijanath Kulkarni

Director

U.Shekhar



Galaxy Chemicals Egypt "S.A.E."
Statement of Cash Flows
For the year from April 1, 2021 till March 31, 2022

	<u>Note No.</u>	<u>For the year</u> <u>From 1/04/2021</u> <u>To 31/03/2022</u> <u>USD</u>	<u>For the year</u> <u>From 1/04/2020</u> <u>To 31/03/2021</u> <u>USD</u>
Cash Flows From Operating Activities			
Net Profit For The Year		8 698 104	10 735 334
Adjustments for:			
Depreciation & Amortization	5 & 6	2 847 819	2 446 583
Formed Provision		--	307 950
Provision no longer required		(142 898)	(142 898)
Provision used		--	(7 102)
inventory Write-Off		13 349	25 966
lease interest expense		113 963	--
Operating cash flows before movement in working capital		11 530 337	13 365 833
(Increase) In Inventory		(9 494 632)	(3 848 236)
(Increase) / Decrease In Receivables		(3 684 714)	2 741 592
(Increase) In Debtors & Other Debit Balances		(6 401 567)	(338 509)
Increase In Due to Related Parties		1 490 637	1 713 411
Increase Increase In Trade payables		1 067 223	1 699 882
(Decrease)/Increase In Creditors & Other Credit Balances		(971 204)	2 483 915
Net Cash (used in)/ generated from operating Activities		(6 463 920)	17 817 888
Cash Flows From Investment Activities			
(Payments) For The Purchasing Of Fixed Assets		(629 731)	(957 258)
(Payments) For Projects In Progress		(2 539 228)	(530 860)
Proceeds (Payment) for investments in treasury bills		5 881 376	(5 179 866)
Net Cash generated from / (used in) Investing Activities		2 712 417	(6 667 984)
Cash Flows From Financing Activities			
Bank Overdraft Receipts/Payments		2 237 498	(9 347 700)
Loan payment		(1 245 322)	(555 556)
Payments lease liability - principal		(180 457)	--
Payments lease liability - interest		(113 963)	--
Net Cash generated from / (used in) From Financing Activities		697 756	(9 903 256)
Net Cash During the year		(3 053 747)	1 246 648
Cash & Cash Equivalents at the beginning of the year	11	3 846 553	2 599 905
Cash & Cash Equivalents at the end of the year	11	792 806	3 846 553

Chairman

Vaijanath Kulkarni

Director

U. Shekhar

Galaxy Chemicals Egypt "S.A.E."

Statement of Change in equity

For the period from April 1, 2021 till March 31, 2022

	<u>Issued and paid-up capital</u>	<u>Retained (losses) / earnings</u>	<u>Profit for year</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Balance as of April 1, 2020	30 000 000	(4 185 432)	3 537 343	29 351 911
Transferred to retained losses	-	3 537 343	(3 537 343)	-
Profits for the year	-	-	10 735 334	10 735 334
Balance as of March 31, 2021	30 000 000	(648 089)	10 735 334	40 087 245
Balance as of April 1, 2021	30 000 000	(648 089)	10 735 334	40 087 245
Transferred to retained losses	-	10 735 334	(10 735 334)	-
Profits for the year	-	-	8 698 104	8 698 104
Balance as of March 31, 2022	30 000 000	10 087 245	8 698 104	48 785 349

Chairman

Vaijanath Kulkarni



Director

U.Shekhar



Galaxy Chemicals Egypt "S.A.E."
Notes to the Financial Statements
For the year ended March 31, 2022

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. 69 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.

These Egyptian accounting standards to be applied from the beginning of the current year 2021 except for the Egyptian Accounting Standard No. (47) related to Financial Instruments will be apply at the end of the current year 2021.

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 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

Revenue from contract with customers is recognized when the Company satisfies performance obligation by transferring promised goods to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognized based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Other revenues

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

d- Inventory

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and bought out components are valued at the lower of cost or net realizable value. Cost is determined on the basis of the weighted average method.

Finished goods produced and purchased for sale, manufactured components and work-in-progress are carried at cost or net realizable value whichever is lower. Excise duty is included in the value of finished goods inventory.

Stores, spares and tools other than obsolete and slow-moving items are carried at cost. Obsolete and slow-moving items are valued at cost or estimated net realizable value, whichever is lower.

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 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 year.

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.

k- **Leases:**

The Company as a lessee

The Company's lease asset classes primarily comprise of lease for land . The Company assesses whether contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a Right of use Asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense over the term of the lease.

The Right of use Assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement, date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right of use Assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a Lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

4- Critical accounting estimates and judgments

The preparation of financial statements in conformity with EAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed at the end of each reporting period. Revisions to accounting estimates are recognized in the period in which the estimate 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.

Critical accounting judgements and key source of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment and intangible assets

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. Useful lives of intangible assets is determined on the basis of estimated benefits to be derived from use of such intangible assets. These reassessments may result in change in the depreciation /amortization expense in future periods.

5- Property, Plant, and Equipment

<u>Cost</u>	<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>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Balance as at April 1, 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
Additions	67 901	334 738	12 465	162 647	51 980	--	629 731
Balance as of March 31, 2022	12 250 939	35 666 101	192 188	559 366	695 608	70 667	49 434 869
<u>Accumulated Depreciation</u>							
Balance as at April 1, 2020	4 312 244	16 865 155	123 117	198 918	484 395	22 885	22 006 714
Year 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
Year charge	566 849	1 806 515	17 084	28 322	72 488	7 528	2 498 786
Balance as of March 31, 2022	5 446 913	20 440 724	157 199	248 768	620 826	37 653	26 952 083
<u>Carrying amount</u>							
As at March 31, 2021	7 302 974	16 697 154	39 608	176 273	95 290	40 542	24 351 841
As at March 31, 2022	6 804 026	15 225 377	34 989	310 598	74 782	33 014	22 482 786

Galaxy Chemicals Egypt "S.A.E."
Notes to the Financial Statements
For the year ended March 31, 2022

6- <u>Right of use assets – Land</u>			
<u>Description</u>	<u>31/3/2022</u>	<u>31/03/2021</u>	
	<u>USD</u>	<u>USD</u>	
Cost at Beginning of the year	-	-	
Addition during the year	4 711 936	-	
Disposal during the year	-	-	
Cost at Ending of the year	4 711 936	-	
Accumulated depreciation at Beginning of the year	-	-	
Amortization during the year	349 032	-	
Disposal during the year	-	-	
Accumulated depreciation at Ending of the year	349 032	-	
Net at Ending of the year	4 362 904	-	
7- <u>Projects under construction</u>			
	<u>31/3/2022</u>	<u>31/3/2021</u>	
	<u>USD</u>	<u>USD</u>	
Projects under construction*	3 605 139	1 065 911	
	3 605 139	1 065 911	
*Projects under construction represents amounts paid to acquire expansion in buildings and production line.			
8- <u>Inventories</u>			
	<u>31/3/2022</u>	<u>31/3/2021</u>	
	<u>USD</u>	<u>USD</u>	
Raw Materials	9 390 397	3 629 999	
Packing & Packaging Materials	438 463	457 900	
Semi-finished products	4 545 929	2 874 208	
Finished Goods	4 118 363	3 452 006	
Spare parts	949 972	951 027	
Goods in transit	3 431 140	2 027 841	
	22 874 264	13 392 981	

Galaxy Chemicals Egypt "S.A.E."
Notes to the Financial Statements
For the year ended March 31, 2022

9- Trade receivables

	<u>31/3/2022</u>	<u>31/3/2021</u>
	<u>USD</u>	<u>USD</u>
<u>Receivables from related parties</u>		
TRI-K INDUSTRIES, INC. (USA)	774 756	298 839
Galaxy Surfactants Limited	93 944	69 560
	<u>868 700</u>	<u>368 399</u>
Trade receivable third party – Local	6 722 623	6 462 145
Trade receivable third party – Foreign	11 787 093	8 863 158
	<u>19 378 416</u>	<u>15 693 702</u>

10- Other debit balances

	<u>31/3/2022</u>	<u>31/3/2021</u>
	<u>USD</u>	<u>USD</u>
Advance payments to suppliers	9 047 180	2 523 547
Prepaid expenses	316 787	173 527
Deposit with others	277 797	275 911
Employees petty cash custodian	23 217	48 153
Letter of Guarantee	195 425	56 315
General Authority for Investment and Free Zone (GAFI)	559 905	968 019
(See Note 22)		
Other debit balances	40 667	13 940
	<u>10 460 978</u>	<u>4 059 412</u>

11- Treasury Bills

<u>No. of</u>	<u>Period</u>		<u>Face Value</u>	<u>Cost</u>	<u>Accrued Interest</u>	<u>Balance</u>
<u>days</u>	<u>From</u>	<u>To</u>	<u>EGP</u>	<u>EGP</u>	<u>USD</u>	<u>31/3/2022</u>
						<u>USD</u>
335	07/07/2021	07/06/2022	950 000	850 690	3 454	61 982
			<u>950 000</u>	<u>850 690</u>	<u>3 454</u>	<u>61 982</u>

12- Cash on hand and at banks

	<u>31/3/2022</u>	<u>31/3/2021</u>
	<u>USD</u>	<u>USD</u>
Banks current accounts	764 622	1 545 368
Time Deposit	971	2 300 970
Cash on hand	27 213	215
	<u>792 806</u>	<u>3 846 553</u>

13 Bank overdraft

The balance of this account amounting to USD 12 040 285 as of March 31, 2022 represent the outstanding balance of banks overdraft.

Bank over draft *

<u>3/31/2022</u>	<u>3/31/2021</u>
<u>USD</u>	<u>USD</u>
12 040 285	9 802 787
12 040 285	9 802 787

* 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>3/31/2022</u>	<u>3/31/2021</u>
					<u>USD</u>	<u>USD</u>
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: 1.7% over libor 6 months</u>	Multi purpose line	7 312 348	5 587 929
QNB- Over draft	December 9, 2019	USD 2.0 Million or Equivalent in Euro	<u>EGP: 0,75% over CBE corridor,</u> <u>Other Currencies: 1.7% over libor 6 months</u>	For purchasing Raw Material	1 198 220	493 319
Attijari Wafa Bank- Revolving	December 10, 2019	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	3 529 717	3 721 539
					12 040 285	9 802 787

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

	<u>31/3/2022</u>	<u>31/3/2021</u>
	<u>USD</u>	<u>USD</u>
Trade payables– Local	4 553 893	2 939 106
Trade payables– Foreign	877 985	1 425 550
	<u>5 431 878</u>	<u>4 364 656</u>

15- Due to parent and affiliates companies

	<u>31/3/2022</u>	<u>31/3/2021</u>
	<u>USD</u>	<u>USD</u>
Galaxy Surfactants Limited "The Ultimate Parent"	5 624 681	4 160 555
TRI-K INDUSTRIES, INC. (USA) affiliate	26 511	--
	<u>5 651 192</u>	<u>4 160 555</u>

16- Other credit balances

	<u>31/3/2022</u>	<u>31/3/2021</u>
	<u>USD</u>	<u>USD</u>
Advance payment from customers	1 446 921	2 121 899
Accrued expenses	1 859 101	2 127 339
Accrued interest	26 323	48 475
Accrued Salaries- Pay Leave	21 098	33 924
Tax authority- withholding tax	24 610	18 162
Tax authority- salaries tax	29 764	33 086
Social Insurance	23 841	19 978
	<u>3 431 658</u>	<u>4 402 863</u>

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	Total Outstanding Balance
						31-Mar-22	31-Mar-21
						USD	USD
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	649 048	783 259
ICICI Bank Ltd , Bahrain**	USD 5 000 000	Quarterly	June 30, 2022	2.25% plus LIBOR	USD 5 000 000	3 333 333	4 444 444
			Utilized amount			3 982 381	5 227 703
			Due within two to five years			2 871 270	4 116 592
			Total long term loans liability			2 871 270	4 116 592
			Due within one year			1 111 111	1 111 111
			Total short-term credit facilities			1 111 111	1 111 111

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 134 K 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."
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18- Lease Liabilities

<u>Description</u>	<u>31/3/2022</u>	<u>31/3/2021</u>
	<u>USD</u>	<u>USD</u>
Impact of implementing EAS 49 as of April 1, 2021	4 711 936	--
<u>Movement during current</u>		
Payment	(294 418)	--
Additions	--	--
Disposals	--	--
Accretion of interest	113 962	--
Total at ending year	4 531 480	--
 lease liabilities – Current (within one year)	 229 477	 --
lease liabilities – Noncurrent (from 2 to 5 years)	4 302 003	--

19- 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</u>
			<u>USD</u>
Galaxy Holdings Mauritius (LW)	29 999 998	99.99%	29 999 998
VAIJANATH SAKHARAM KULKARNI	1	.005%	1
RAMAKRISHNAN GOPALKRISHNAN	1	.005%	1
	30 000 000	100%	30 000 000

20. Related parties transactions

<u>Nature of transaction</u>	<u>Period /Year</u>	<u>Galaxy Surfactants Limited</u> (Ultimate Parent) <u>USD</u>	<u>Galaxy Holdings (Mauritius)- Limited</u> (Parent) <u>USD</u>	<u>TRI-K INDUSTRIES, INC. (USA)</u> (Affiliate) <u>USD</u>
Revenues	3/31/2022	901 447	--	7 447 239
	3/31/2021	516 342	--	4 883 817
Purchase of goods	3/31/2022	28 259 853	--	26 511
	3/31/2021	21 379 547	--	--
Financing (i)- Interest	3/31/2022	--	39 360	--
	3/31/2021	12 741	44 845	--
Corporate Guarantee	3/31/2022	--	--	--
	3/31/2021	34 521	--	--
<u>Balances reported within current assets</u>				
Trade receivables	3/31/2022	93 944	--	774 756
	3/31/2021	69 560	--	298 839
<u>Balances reported within current liabilities</u>				
Due to parent and affiliates companies	3/31/2022	5 624 681	--	26 511
	3/31/2021	4 160 555	--	--
Accrued Expenses	3/31/2022	--	--	--
	3/31/2021	--	--	--
Accrued Interest	3/31/2022	--	26 323	--
	3/31/2021	--	48 845	--

- (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 (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.

21- 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.

22- 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.

23- 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 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 documents has been transferred to the external appeals committee which took the decision of returning back the file for actual and documentary salaries tax audit, inspecting the company's documents and records for these years is still under process. The expected dues which maybe resulted from the documental re-audit process will be most likely the same amounts of the prior years dues.

- **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; however, the tax department requested the payment of EGP 18,191 for years 2009/2017, we filed an appeal on this assessment which is still not yet resolved.

24- 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.

25- Contingent liabilities

The balance of contingent liabilities is represented in the value of the uncovered portion of the letters of guarantee issued by the company to its clients, which amounted to 1,527,600 Egyptian pounds on March 31, 2022

26- Significant events during the current year

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 .

During the first half year 2020 governments, including the Arab Republic of Egypt, have implemented restrictions on travelling as well as strict quarantine measures.

Industries such as tourism, hospitality and entertainment still 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 Company's management continue to monitor the situation closely and assess/seek additional measures in case the period of disruption becomes prolonged.

Chairman

Vaijanath Kulkarni

Director

U.Shekhar