



Saleh, Barsoum & Abdel Aziz

Grant Thornton

Galaxy Chemicals (Egypt) S.A.E.
Financial Statements
Together With
Auditor's Report
For the year ended
March 31, 2024



Saleh, Barsoum & Abdel Aziz

Grant Thornton

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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, 2024, and the statements of profit or loss, other comprehensive income, cash flows and changes in equity for the year from April 1, 2023, till March 31, 2024, 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 evidence 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, 2024, 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 a 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 8, 2024

Kamel M. Saleh, FCA
F.E.S.A.A. (R.A.A. 8510)



Galaxy Chemicals (Egypt) S.A.E.

Statement of Financial Position

As of March 31, 2024

	<u>Note No.</u>	<u>31/3/2024</u>	<u>31/3/2023</u>
		<u>USD</u>	<u>USD</u>
Assets			
<u>Non-Current Assets</u>			
Property, plant and equipment (net)	5	28 769 676	23 211 883
Projects under construction	7	292 661	6 606 525
Right of use asset (net)	6	3 664 839	4 013 872
Total non-current assets		32 727 176	33 832 280
<u>Current Assets</u>			
Inventories	8	18 106 817	19 517 730
Trade receivables	9 & 19	12 838 658	16 678 904
Other debit balances	10	2 481 263	4 014 175
Cash on hand and at banks	11	17 457 207	14 345 737
Total current assets		50 883 945	54 556 546
Total assets		83 611 121	88 388 826
<u>Owners' Equity and Liabilities</u>			
<u>Owners' Equity</u>			
Issued and paid-up capital	18	30 000 000	30 000 000
Legal reserve		1 459 530	939 267
Retained earnings		24 397 736	17 846 082
Net profit for the year		9 651 389	10 405 251
Total owners' equity		65 508 655	59 190 600
<u>Current Liabilities</u>			
Banks overdraft	12	605 239	8 557 606
Short term loan	16	444 444	1 760 159
Trade payables	13	4 661 011	2 705 576
Due to parent and affiliates companies	14 & 19	2 578 910	6 181 072
Provisions		159 284	206 653
Other credit balances	15	4 997 613	4 374 046
lease liability- current	17	336 220	286 394
Total current liabilities		13 782 721	24 071 506
<u>Non-Current Liabilities</u>			
Long term loan	16 & 19	640 356	1 111 111
lease liability non-current	17	3 679 389	4 015 609
Total non-current liabilities		4 319 745	5 126 720
Total liabilities and owners' equity		83 611 121	88 388 826

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

Chairman
Vaijanath Kulkarni

General Manager
Dhaneshwar Patil

* Auditor's report attached.

Galaxy Chemicals (Egypt) S.A.E.

Statement of Profit or Loss

For the year from April 1, 2023 till March 31, 2024

	<u>For the year</u> <u>From 1/04/2023</u> <u>To 31/03/2024</u> <u>USD</u>	<u>For the year</u> <u>From 1/04/2022</u> <u>To 31/03/2023</u> <u>USD</u>
Revenue	109 593 611	142 667 537
Other Income	1 818 826	2 689 591
	<u>111 412 437</u>	<u>145 357 128</u>
(Less)/ Add		
Cost of Raw Materials	(89 808 978)	(119 013 165)
Salaries, Wages and Employee Benefits	(3 798 003)	(3 929 734)
Depreciation & Amortization	(3 629 215)	(3 028 597)
Changes in Inventory of Finished & Semi Finished Goods	(131 437)	(1 676 018)
Other Expenses	(5 406 142)	(5 891 450)
Formed provisions and impairment	(29 525)	(504 007)
Gain from Fixed assets disposals	4 511	--
GAFI Expenses	(460 947)	(286 629)
Foreign Exchange Gain	2 436 027	963 276
Finance Expenses	(772 047)	(1 300 288)
Inventory Write-Off	(62 317)	(176 161)
Lease Interest Expense	(102 975)	(109 104)
Net Profit for the year	<u>9 651 389</u>	<u>10 405 251</u>

Chairman

Vaijanath Kulkarni



General Manager

Dhaneshwar Patil



Galaxy Chemicals (Egypt) S.A.E.

Statement of Other Comprehensive Income

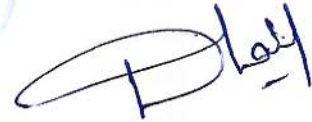
For the year from April 1, 2023 till March 31, 2024

	<u>For the year</u> <u>From 1/04/2023</u> <u>To 31/03/2024</u> <u>USD</u>	<u>For the year</u> <u>From 1/04/2022</u> <u>To 31/03/2023</u> <u>USD</u>
Profit for the year	9 651 389	10 405 251
Other comprehensive income	--	--
Net profit for the year	<u>9 651 389</u>	<u>10 405 251</u>

Chairman
Vaijanath Kulkarni



General Manager
Dhaneshwar Patil



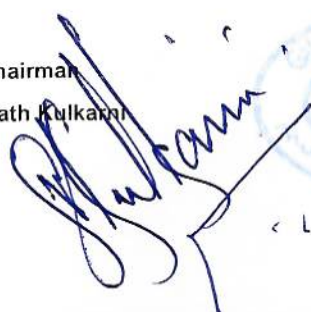
Galaxy Chemicals (Egypt) S.A.E.

Statement of Cash Flows

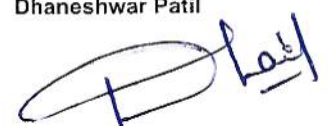
For the year from April 1, 2023 till March 31, 2024

	<u>Note No.</u>	<u>For the year</u> <u>From 1/04/2023</u> <u>To 31/03/2024</u> <u>USD</u>	<u>For the year</u> <u>From 1/04/2022</u> <u>To 31/03/2023</u> <u>USD</u>
<u>Cash Flows From Operating Activities</u>			
Net Profit For The Year		9 651 389	10 405 251
<u>Adjustments for:</u>			
Depreciation & Amortization	5 & 6	3 629 215	3 028 597
Formed Provision		29 525	545 607
Provision used		(47 369)	--
inventory Write-Off		62 317	162 812
lease interest expense		102 975	109 104
Operating cash flows before movement in working capital		13 428 052	14 251 371
Decrease In Inventory		1 348 596	3 193 722
Decrease In Receivables		3 840 246	2 699 512
Decrease In Debtors & Other Debit Balances		1 503 387	5 942 796
(Decrease)/Increase In Due to Related Parties		(3 602 162)	529 880
Increase (decrease) In Trade payables		1 955 435	(2 726 302)
Increase In Creditors & Other Credit Balances		623 566	942 389
Net Cash generated from operating Activities		19 097 121	24 833 368
<u>Cash Flows From Investment Activities</u>			
(Payments) For The Purchasing Of Fixed Assets		(1 307 368)	(3 408 661)
(Payments) For Projects In Progress		(1 216 743)	(3 001 385)
Proceeds (Payment) for investments in treasury bills		--	61 981
Net Cash (used in) Investing Activities		(2 524 111)	(6 348 065)
<u>Cash Flows From Financing Activities</u>			
Bank Overdraft Payments /Receipts		(7 952 367)	(3 482 679)
Loan payment		(1 786 470)	(1 111 111)
Dividends paid		(3 333 334)	--
Payments lease liability - principal		(286 393)	(229 478)
Payments lease liability - interest		(102 975)	(109 104)
Net Cash (used in) From Financing Activities		(13 461 540)	(4 932 372)
Net Cash During the year		3 111 470	13 552 931
Cash & Cash Equivalents at the beginning of the year	11	14 345 737	792 806
Cash & Cash Equivalents at the end of the year	11	17 457 207	14 345 737

Chairman
Vaijanath Kulkarni



General Manager
Dhaneshwar Patil



Galaxy Chemicals (Egypt) S.A.E.

Statement of Change in equity

For the year from April 1, 2023 till March 31, 2024

	<u>Issued and paid-up capital</u>		<u>Legal reserve</u>		<u>Retained earnings</u>		<u>Profit for year</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>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Balance as of April 1, 2022	30 000 000	--	--	10 087 245	8 698 104	48 785 349				
Transferred to Retained earnings	--	--	--	8 698 104	(8 698 104)	-				
Transferred to Legal reserve	--	939,267.00	--	(939 267)	--	-				
Profits for the year	--	--	--	--	10 405 251	10 405 251				
Balance as of March 31, 2023	30 000 000	939 267	17 846 082	10 405 251	10 405 251	59 190 600				
Balance as of April 1, 2023	30 000 000	939 267	17 846 082	10 405 251	(10 405 251)	59 190 600				
Transferred to Retained earnings	--	--	--	10 405 251	--	--				
Dividends distribution	--	--	--	(3 333 334)	--	(3 333 334)				
Transferred to Legal reserve	--	520 263	--	(520 263)	--	--				
Profits for the year	--	--	--	--	9 651 389	9 651 389				
Balance as of March 31, 2024	30 000 000	1 459 530	24 397 736	9 651 389	9 651 389	65 508 655				



Chairman
Vaijanath Kulkarni

General Manager
Dhaneshwar Patil

Galaxy Chemicals (Egypt) S.A.E.
Notes to the Financial Statements
For the year ended March 31, 2024

1- **The Company's Background**

Galaxy Chemicals (Egypt) S.A.E. 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 the 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**

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.

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.

Galaxy Chemicals (Egypt) S.A.E.
Notes to the Financial Statements
For the year ended March 31, 2024

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.

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 receivables 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.

Galaxy Chemicals (Egypt) S.A.E.
Notes the Financial Statements
For the year ended March 31, 2024

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, 2022	12 250 939	35 666 101	192 188	559 366	695 608	70 667	49 434 869
Additions	235 514	2 829 998	10 734	200 175	66 103	66 137	3 408 661
Balance as of March 31, 2023	12 486 453	38 496 099	202 922	759 541	761 711	136 804	52 843 530
Additions	1 177 369	6 745 681	7 099	645 845	231 677	54 108	8 861 779
Disposals	--	--	--	--	--	(40 006)	(40 006)
Balance as of March 31, 2024	13 663 822	45 241 780	210 021	1 405 386	993 388	150 906	61 665 303
<u>Accumulated Depreciation</u>							
Balance as at April 1, 2022	5 446 913	20 440 724	157 199	248 768	620 826	37 653	26 952 083
Year charge	580 706	1 986 839	12 513	39 914	46 743	12 849	2 679 564
Balance as of March 31, 2023	6 027 619	22 427 563	169 712	288 682	667 569	50 502	29 631 647
Year charge	623 085	2 447 999	6 540	85 641	103 678	13 238	3 280 181
Accumulated Depreciation of disposals	--	--	--	--	--	(16 201)	(16 201)
Balance as of March 31, 2024	6 650 704	24 875 562	176 252	374 323	771 247	47 539	32 895 627
<u>Carrying amount</u>							
As at March 31, 2023	6 458 834	16 068 536	33 210	470 859	94 142	86 302	23 211 883
As at March 31, 2024	7 013 118	20 366 218	33 769	1 031 063	222 141	103 367	28 769 676

Galaxy Chemicals (Egypt) S.A.E.
Notes to the Financial Statements
For the year ended March 31, 2024

6- <u>Right of use assets – Land</u>	<u>31/3/2024</u>	<u>31/3/2023</u>
<u>Description</u>	<u>USD</u>	<u>USD</u>
Cost at Beginning of the year	4 711 936	4 711 936
Addition during the year	--	-
Disposal during the year	--	-
Cost at Ending of the year	4 711 936	4 711 936
Accumulated depreciation at Beginning of the year	698 064	349 032
Amortization during the year	349 033	349 032
Disposal during the year	--	--
Accumulated depreciation at Ending of the year	1 047 097	698 064
Net at Ending of the year	3 664 839	4 013 872
7- <u>Projects under construction</u>	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>USD</u>	<u>USD</u>
Projects under construction*	292 661	6 606 525
	292 661	6 606 525
*Projects under construction represent amounts paid to acquire expansion in buildings and production line.		
8- <u>Inventories</u>	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>USD</u>	<u>USD</u>
Raw Materials	5 415 790	7 657 904
Packing & Packaging Materials	315 226	595 071
Semi-finished products	2 782 530	3 304 857
Finished Goods	4 074 307	3 683 417
Spare parts	1 264 063	1 117 392
Goods in transit	4 254 901	3 159 089
	18 106 817	19 517 730

Galaxy Chemicals (Egypt) S.A.E.
Notes to the Financial Statements
For the year ended March 31, 2024

9- Trade receivables

	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>USD</u>	<u>USD</u>
<u>Receivables from related parties</u>		
TRI-K INDUSTRIES, INC. (USA)	647 753	206 352
Galaxy Surfactants Limited	419 897	276 360
	1 067 650	482 712
Trade receivable third party – Local	3 087 150	5 803 076
Trade receivable third party – Foreign	8 683 858	10 393 116
	12 838 658	16 678 904

10- Other debit balances

	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>USD</u>	<u>USD</u>
Advance payments to suppliers	1 760 228	2 918 322
Prepaid expenses	235 891	271 760
Deposit with others	182 801	290 417
Employees petty cash custodian	536	50 601
Letter of Guarantee	42 665	195 425
General Authority for Investment and Free Zone (GAFI) (See Note 23)	207 404	273 275
Other debit balances	585 270	518 382
	3 014 795	4 518 182
Less: Impairment in other debit accounts	(533 532)	(504 007)
	2 481 263	4 014 175

11- Cash on hand and at banks.

	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>USD</u>	<u>USD</u>
Banks current accounts	2 047 833	5 821 358
Time Deposit	15 400 900	8 500 000
Cash on hand	8 474	24 379
	17 457 207	14 345 737

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12- Bank overdraft

The balance of this account amounting to USD 605 239 as of March. 31, 2024 represent the outstanding balance of banks overdraft.

	<u>3/31/2024</u>	<u>3/31/2023</u>
	<u>USD</u>	<u>USD</u>
	605 239	8 557 606
	<u>605 239</u>	<u>8 557 606</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>3/31/2024</u>	<u>3/31/2023</u>
QNB- Over draft	February 14, 2021	USD 15.7 Million or Equivalent in Euro	<u>EGP</u> : 0.75% over CBE corridor, <u>Other Currencies</u> : 1.7% over SOFR 6 months	Multi purpose line	583 081	2 476 121
Attijari Wafa Bank- Revolving	December 10, 2019	USD 6,5 Million or Equivalent in Euro	<u>EGP</u> : 0.75% over CBE corridor, <u>Other Currencies</u> : 1.9% over SOFR 3 months	Multi purpose line	22 158	6 081 485
					<u>605 239</u>	<u>8 557 606</u>

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Notes to the Financial Statements
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13- Trade payables

	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>USD</u>	<u>USD</u>
Trade payables– Local	1 956 080	2 291 352
Trade payables– Foreign	2 704 931	414 224
	<u>4 661 011</u>	<u>2 705 576</u>

14- Due to parent and affiliates companies

	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>USD</u>	<u>USD</u>
Galaxy Surfactants Limited "The Ultimate Parent"	2 578 910	6 181 072
	<u>2 578 910</u>	<u>6 181 072</u>

15- Other credit balances

	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>USD</u>	<u>USD</u>
Advance payment from customers	1 781 980	1 725 127
Accrued expenses	3 190 798	2 490 577
Accrued interest	13 951	58 218
Tax authority- withholding tax	10 871	24 231
Tax authority- salaries tax	--	46 422
Social Insurance	13	29 471
	<u>4 997 613</u>	<u>4 374 046</u>

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16- Borrowings

<u>Lenders</u>	<u>Original Loan Amount</u>	<u>No. of Quarterly Installments Outstanding</u>	<u>First Installment Due After the reporting date</u>	<u>Avg interest rate</u>	<u>Utilized amount</u>	<u>Total Outstanding Balance</u>	<u>Total Outstanding Balance</u>
						<u>31-Mar-24</u>	<u>31-Mar-23</u>
						<u>USD</u>	<u>USD</u>
Galaxy Holdings (Mauritius) Ltd *	USD 5 000 000	Fully at the end	March 31, 2026	2.5% Plus 6M of SOFR up to 8%	USD 5 000 000	640 356	649 048
ICICI Bank Ltd , Bahrain**	USD 5 000 000	Quarterly	June 10, 2024	2.25% plus 6M SOFR	USD 5 000 000	444 444	2 222 222
			<u>Utilized amount</u>			<u>1 084 800</u>	<u>2 871 270</u>
			<u>Due within two to five years</u>			<u>640 356</u>	<u>1 111 111</u>
			<u>Total long term loans liability</u>			<u>640 356</u>	<u>1 111 111</u>
			<u>Due within one year</u>			<u>444 444</u>	<u>1 760 159</u>
			<u>Total short-term credit facilities</u>			<u>444 444</u>	<u>1 760 159</u>

Galaxy Holdings (Mauritius) Ltd *

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. 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 1-4-2023 to expedite re-payment of the loan to 31/3/2026. Interest rate is fixed to SOFR plus 2.5% per annum with a maximum of 8%.

ICICI Bank Ltd , Bahrain**

On December 25, 2019 the company entered into a formal long term loan agreement with ICICI Bank Ltd through its Bahrain Branch to finance the company through a credit facility; amounted to USD 5 Million. As agreed with the ICICI Bank Ltd, the loan will be used to finance the repayment of Galaxy Holdings (Mauritius) Ltd 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 6M SOFR plus 2.53% per annum.

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

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

Galaxy Chemicals (Egypt) S.A.E.
Notes to the Financial Statements
For the year ended March 31, 2024

17- Lease Liabilities

<u>Description</u>	<u>31/3/2024</u>	<u>31/3/2023</u>
	<u>USD</u>	<u>USD</u>
Opening balance	4 302 003	4 531 480
<u>Movement during current</u>		
Payment	(389 369)	(338 581)
Additions	---	--
Disposals	--	--
Accretion of interest	102 975	109 104
Total at ending year	4 015 609	4 302 003
lease liabilities – Current (within one year)	336 220	286 394
lease liabilities – Noncurrent (from 2 to 5 years)	3 679 389	4 015 609

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</u> <u>USD</u>
Galaxy Holdings (Mauritius) LTD	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

- On 30 January 2024 the Extra Ordinary General Assembly meeting of the company decide to reduce the Issued and Paid-up capital by USD 10 million, And the legalization process is going on.

19 Related parties transactions

<u>Nature of transaction</u>	<u>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	3/31/2024	1 507 821	--	4 559 636
	3/31/2023	1 434 533	--	8 874 412
Purchase of goods	3/31/2024	28 894 413	--	--
	3/31/2023	34 800 077	--	33 297
Financing (i)- Interest	3/31/2024	--	51 052	--
	3/31/2023	--	34 596	--
Corporate Guarantee	3/31/2024	9 412	--	--
	3/31/2023	20 425	--	--
<u>Balances reported within current assets</u>				
Trade receivables	3/31/2024	419 897	--	647 753
	3/31/2023	276 360	--	206 352
<u>Balances reported within current liabilities</u>				
Due to parent and affiliates companies	3/31/2024	2 578 910	--	--
	3/31/2023	6 181 072	--	--
Accrued Expenses	3/31/2024	--	--	--
	3/31/2023	--	--	--
Accrued Interest	3/31/2024	--	12 766	--
	3/31/2023	--	53 022	--

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 (SOFR+ 2.5%) which is within the maximum of 8% .

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

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 (3) 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
- Foreign currencies fluctuation risk
- Interest rate risk

Credit risk

Credit risk is 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.

The following table displays the book values - at the end of the fiscal year - of the company's assets of a monetary nature in the main foreign currencies (which are mainly represented in balances due from Accounts Receivables) and of its liabilities of a monetary nature in the same currencies (which are mainly represented by bank overdraft), due to which the company is exposed to risk. Currency exchange rate:

	31 March 2024	
	Assets Foreign currency	Liabilities Foreign currency
EGP	68 836 558	(47 946 091)
Euro	1 491 082	(383)

• Foreign currency risk sensitivity analysis

The table shows the company's sensitivity to a 10% increase or decrease in the USD against the foreign currency rates referred to. 10% is the sensitivity rate used in preparing internal reports on foreign currency risk and presenting them to responsible managers and represents management's assessment of the reasonably expected change in foreign currency exchange rates. The sensitivity analysis includes only outstanding balances of a monetary nature in foreign currencies and is based on Adjusting the translation of the balances of these items at the end of the period by a 10% change in the exchange rates of those currencies.

The positive number in the table below indicates an increase in profit when the strength of the USD increases by 10% against the relevant foreign currencies. In the event that the USD weakens by 10% against the relevant foreign currencies, this will lead to an opposite effect of the same value on profit, and the values below become negative.

The following statement shows the company's exposure to foreign exchange rate risk in the underlying currencies:

	31 March 2024	
	Assets	Liabilities
	USD	USD
EGP	145 796	(101 550)
Euro	156 772	(41)
Total	302 568	(101 591)

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.

- **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 31March 2017 was concluded and all related due amounts including principal 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 33,726,856 million. this audit resulted in a tax difference with an amount of EGP 1,368,334. The company filed an appeal on a timely basis and the file was transferred to the internal committee which will start reviewing the appeal.

The company received Form # 38 for the period from 1/4/2019 to 31/3/2021 based on actual audit of the records and documents. This form includes an assessment of tax differences with an amount of EGP 2,184,262. The company filed an appeal on timely basis and the file is transferred to the internal committee which will start reviewing the appeal, the internal committee will review this period appeal along with the prior period.

On 23/10/2023, a decision was issued by the external appeal committee for all the period from 1/4/2017 till 31/3/2021 which resulted in a total tax difference with an amount of EGP 1,987,566. The company paid it under protest and filed an appeal in front of the applicable court where a final decision is not issued up to date.

- **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. The 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.

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 including Galaxy Chemicals (Egypt) S.A.E. 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- 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 suppliers which amounted to 2,072,690 USD on March 31, 2024.

25- Significant events during the current year.

On 18 May 2023, the Central Bank of Egypt's Monetary Policy Committee decided in its meeting to maintain the overnight deposit and lending rates and the main operation rate of the Central Bank at 18.25% 19.25% and 18.75%, respectively, and the credit and discount rate at 18.75%.

On May 17, 2023, the Prime Minister's Decree 1847 of 2023 was issued amending some provisions of the Egyptian Accounting Standards by adding Annex (B) to the amended Egyptian Accounting Standard No. (13) 2015 The effects of changes in foreign exchange rates, which includes a special accounting treatment to deal with the effects of moving foreign exchange rates.

On 3 August 2023, the Monetary Policy Committee of the Central Bank of Egypt (CBE) decided in its meeting to raise the overnight deposit and lending rates and the main operation rate of the Central Bank by 100 basis points to reach 19.25% 20.25% and 19.75%, respectively, and the credit and discount rate was raised by 100 basis points to reach 19.75%.

On 21 September 2023, the Monetary Policy Committee of the Central Bank of Egypt (CBE) decided in its meeting to maintain the overnight deposit and lending rates and the main operation rate of the Central Bank at 19.25% 20.25% and 19.75%, respectively, and the credit and discount rate at 19.75%..

On November 2, 2023, the Monetary Policy Committee of the Central Bank of Egypt decided in its meeting to maintain the overnight deposit and lending rates and the main operation rate of the Central Bank at 19.25%, 20.25% and 19.75%, respectively, and the credit and discount rate at 19.75%.

On December 21, 2023, the Monetary Policy Committee of the Central Bank of Egypt decided in its meeting to maintain the overnight deposit and lending rates and the main operation rate of the Central Bank at 19.25%, 20.25% and 19.75%, respectively, and the credit and discount rate at 19.75%.

On February 1, 2024, the Monetary Policy Committee of the Central Bank of Egypt (CBE) decided in its meeting to raise the overnight deposit and lending rates and the main operation rate of the Central Bank by 200 basis points to reach 21.25% 22.25% 21.75%, respectively, and the credit and discount rate was raised by 200 basis points to reach 21.75%.

On March 6, 2024, the Monetary Policy Committee of the Central Bank of Egypt decided in its extraordinary meeting to raise the overnight deposit and lending rates and the main operation rate of the Central Bank by 600 basis points to reach 27.25% 28.25% 27.75%, respectively, the credit and discount rate was raised by 600 basis points to reach 27.75%.

In addition, the Central Bank has decided to allow the exchange rate to be determined by market forces.

Chairman
Vaijanath Kulkarni



General Manager
Dhaneshwar Patil

