SCIB CHEMICALS "S.A.E."

Auditor's Report

To: The Shareholders of SCIB Chemicals

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of SCIB Chemicals — "S.A.E.", which are comprised of the balance sheet as of March 31, 2015, and the statements of income, cash flows and changes in equity for the year then ended, 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 and clearly in all material respects - the financial position of SC1B Chemicals Company as of March 31, 2015 and the results of its operations and cash flows for the year then ended in conformity with the Egyptian Accounting Standards and in light of the relevant Egyptian laws.

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 statues 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, April 27, 2015

Saleh, Barsoum & Abdel Aziz
Kamel Magdy Saleh FCA
F.E.S.A.A (R.A.A. 8510)

Balance Sheet
as at 31st March, 2015

	Note No.	31/3/2015 EGP	31/3/2014 EGP
NON-CURRENT ASSETS			
Property, plant and equipment (net)	(3/a,4)	108 920 903	93 036 388
Projects under construction	(3/b,5)	243 706	1 815 343
Long term notes receivable (net)	(6)	3 471 428	3 423 010
Total non-current assets		**112 636 037**	**98 274 741**
CURRENT ASSETS			
Inventories (net)	(31f,7,12)	89 537 498	93 811 998
Accounts and notes receivable (net)	(8,12)	24 057 061	19 044 150
Other debit accounts (net)	(9,12)	23 979 467	18 150 039
Investments in treasury bills	(3/c,10)	49 391 935	64 597 020
Cash on hand and at banks	(11)	19 906 412	27 115 126
Total current assets		**206 872 373**	**222 718 333**
Total assets		**319 508 410**	**320 993 074**
CURRENT LIABILITIES			
Provisions	(12)	7 278 850	6 168 966
Bank over draft	(13)	3 403 843	4 195 909
Credit banks		36 518	
Accounts and notes payable	(14)	42 179 142	43 412 494
Other credit accounts	(15)	54 369 244	56 977 522
Total current liabilities		**107 267 597**	**110 754 891**
SHAREHOLDERS' EQUITY			
Issued and paid-up capital	(16)	18 000 000	18 000 000
Legal reserve		9 000 000	9 000 000
General reserve		73 948 455	73 948 455
Profit for the year		38 594 719	49 934 227
Retained earnings	(17)	65 442 675	53 508 448
Total shareholders' equity		**204 985 849**	**204 391 130**
NON-CURRENT LIABILITIES			
Deferred tax	(3/i,18)	7 254 964	5 847 053
Total non-current liabilities		**7 254 964**	**5 847 053**
Total liabilities and shareholders' equity		**319 508 410**	**320 993 074**

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

Financial Controller **Chief Executive**

Income Statement

for the year ended 31st March, 2015

	Note No.	31/3/2015 EGP	31/3/2014 EGP
Sales of paints (net)	(3/d)	516 188 459	529 154 013
Sales of other materials		50 211	40 000
Sales of colour machine		5 805 215	6 460 915
		522 043 885	**535 654 928**
LESS:			
Cost of sales		(359 938 173)	(367 746 139)
Cost of other materials		(35 737)	(39 575)
cost of sale of colour machine		(3 393 367)	(3 711 537)
		(363 367 277)	**(371 497 251)**
Gross profit		**158 676 608**	**164 157 677**
LESS:			
Selling and marketing expenses		(99 001 332)	(95 660 316)
General and administrative expenses		(9 643 886)	(9 431 553)
Finance expenses		(63 015)	(140 682)
Provisions	(12)	(1 109 884)	(879 386)
Impairment in accounts receivable	(12)	(211 452)	(608 750)
Impairment in inventory	(12)	(1 712 090	
		(111 741 659)	**(106 720 687)**
Profit from operation		46 934 949	57 436 990
ADD :			
Credit interest		398 220	835 574
Provisions no longer needed	(12)	502 262	437 681
Operating profit		**47 835 431**	**58 710 245**
ADD :			
Other income		1 536 071	1 939 403
Treasury bills interest	(19)	5 253 711	6 991 924
Capital gain		56 597	38 348
Capital loss		(5 919)	(221 944)
Foreign currency exchange differences		635 052	(372 363)
Profit for the year before taxes		55 310 943	67 085 613
Current tax		(15 308 313)	(16 153 307)
Deferred tax	(18)	(1 407 911)	(998 079)
Profit for the year after taxes		**38 594 719**	**49 934 227**

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

Financial Controller

Chief Executive

Cash Flows Statement

for the year ended March 31, 2015

	Note No.	31/3/2015 EGP	31/3/2014 EGP
Cash flows from operating activities			
Profits for the year before taxes		55 310 943	67 085 613
Adjustments for:			
Provisions	(12)	1 109 884	879 386
Impairment in accounts receivable	(12)	211 452	608 750
Impairment in Inventory	(12)	1 712 090	-
Capital loss		5 919	221 944
Capital gain		(56 597)	(38 348)
Depreciation	(4)	5 025 925	4 492 740
Provisions no longer needed	(12)	(502 262)	(437 681)
Operating profits before working capital changes		62 817 354	72 812 404
(Increase) decreas in accounts and notes receivable and other debit accounts		(10 551 529)	3 565 853
(Increase) in long-term notes receivable		(48 418)	(596 499)
Decrease (increase) in inventories		2 562 410	(14 168 480)
Decrease in investments in treasury bills		15 205 085	14 977 711
(Decrease) in accounts and notes payable,other credit accounts		(15 021 538)	(35 053 800)
Taxes paid		(4 128 405)	(6 464 235)
Net cash flows provided from operating activities		50 834 959	35 072 954
Cash flows from investing activities			
Payments for the purchase of property, plant and equipment	(4)	(19 191 717)	(5 520 553)
Proceeds from the sale of property, plant and equipment		65 151	358 078
Payments of PUC		(161 559)	(1 733 196)
Net Cash (used in) investing activities		(19 288 125)	(6 895 671)
Cash flows from financing activities			
Dividends distribution		(38 000 000)	(34 000 000)
Net Cash (used in) financing activities		(38 000 000)	(34 000 000)
Net changes in cash and cash equivalents during the year		(6 453 166)	(5 822 717)
Cash and cash equivalents at the beginning of the year	(20)	22 919 217	28 741 934
Cash and cash equivalents at the end of the year	(20)	**16 466 051**	**22 919 217**

The non-cash transactions were excluded upon preparing the cash flows statement.

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

Financial Controller

Chief Executive

Statement of Changes in Equity

for the year ended March 31. 2015

	Capital Reserve EGP	Legal Reserve EGP	General Reserve EGP	Retained Earnings EGP	Total EGP
Balance as of March 31, 2013	18 000 000	9 000 000	73 948 455	87 508 448	188 456 903
Dividends distribution according to the General Assembly Meeting Decree on June 3, 2013	–	–	–	(18 000 000)	(18 000 000)
Dividends distribution according to the General Assembly Meeting Decree on December 16 , 2013	–	–	–	(16 000 000)	(16 000 000)
Profits for the year	–	–	–	49 934 227	49 934 227
Balance as of March 31, 2014	18 000 000	9 000 000	73 948 455	103 442 675	204 391 130
Dividends distribution according to the General Assembly Meeting Decree on June 5 , 2014	–	–	–	(20 000 000)	(20 000 000)
Dividends distribution according to the General Assembly Meeting Decree on December 22, 2014	–	–	–	(18 000 000)	(18 000 000)
Profits for the year	–	–	–	38 594 719	38 594 719
Balance as of March 31, 2015	18 000 000	9 000 000	73 948 455	104 037 394	204 985 849

Financial Controller

Chief Executive

Notes the Financial Statements

for the year ended March 31, 2015

- **The Company**
  SCIB Chemicals Company "S.A.E." was incorporated on July 31, 1990 according to the provisions of Law No. 159 of 1981. It was registered at the Commercial Register under No. 1519 (Cairo — South) on August 27, 1990. On March 2, 1997, the Commercial Register was transferred to Giza under No. 1025. The purpose of the company is:

  – Manufacturing, trading, and distributing of modern building chemicals of all types.

  – Manufacturing of roof fixtures, paints, polishes, industrial detergents and anti-wear floors.

  – Manufacturing of isolation materials for (water, heat and fire), concrete additions, adhesive materials, restoring and filling materials, anti-leaking, and all special construction materials.

  – Performing all needed and supplementary activities for all these products such as packing, storing and distributing either through the company stores or others (distribution outlets), for the company's products or others.

  – The trading in all tools and equipments related to the company's activities.

  – The import, export, and distribution in accordance with laws and decrees regulating those activities.

  – Re-exportation of any products or imported materials in accordance with the regulating laws and decrees.

- **Statement of compliance**
  The accompanying financial statements have been prepared in accordance with the Egyptian Accounting Standards "EAS", and applicable laws and regulations. The Egyptian Accounting Standards require referral to International Financial Reporting Standards (IFRS), when no Egyptian Accounting Standards or legal requirements exist to address certain types of transactions and events.

- **Significant Accounting Policies**
  Basis of Preparing the Financial Statements
  The financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at the fair value or amortized cost at the case may be . The principal accounting policies are set out below:

a. Property, plant and equipment

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

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

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

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

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

Description	Rates
Buildings and utilities	2%
Plant machinery and equipments	7%
Computers& Software	20,25%
Furniture and office equipments	10%
Vehicles	20%

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. Investments in Treasury Bills

Treasury bills acquired with sale back commitment are stated at cost plus accrued interest for the period starting from the acquisition date till the financial statements date. Interest earned is recorded as income on treasury bills in the income statement.

d. Revenue Recognition Sales Revenue

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

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

- The entity transfers the significant risks and rewards of ownership of the goods to the buyer.

- The entity does not maintain the right of the continuous managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

- The amount of revenue can be measured reliably;

- It is probable that the economic benefits associated with the transaction will flow to company.

- The costs incurred or to be incurred in respect of the transactions can be measured reliably.

e. Credit Interest & Other Income

- The credit interest and other income are recognized on accrual basis, based on the time basis by reference to the principle outstanding and at the effective interest rate applicable over the period until the maturity date, when it is definite that this revenue will be realized.

f. Inventory

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

1. Finished Goods

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

2. Work in-Process

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

3. Raw and Packing Materials

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

g. Foreign Currency Transactions

– Functional and Reporting Currency

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

– Transactions in Foreign Currencies

Transactions denominated in foreign currencies are translated to Egyptian pound at the rates prevailing at the transaction date. At the financial statements date, monetary assets and liabilities denominated in foreign currencies are translated to Egyptian pound 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 Egyptian pound 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.

h. Cash and Cash Equivalents

The cash flows statement has been prepared in accordance with the indirect method. For the purpose of preparing the cash flows statement, cash and cash equivalents are comprised of cash on hand and at banks less bank overdraft and credit banks.

i. Taxation

Taxation is provided for in accordance with the Egyptian Income Tax Law.

Income tax expense represents the sum of the tax currently payable and deferred tax.

CURRENT TAX

The tax currently payable is based on taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted as of the financial statements date.

DEFERRED TAX

Deferred tax is recognized on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the financial statements date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the financial statements date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and the company intends to settle its deferred tax assets and liabilities on a net basis.

CURRENT AND DEFERRED TAX

Current and deferred tax are recognized as an expense or income in the income statement, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity.

LEGAL RESERVE

According to the company's Articles of Association, 5% of the net profit is reserved to form a legal reserve, and it ceases once the reserve reaches 50% of the company's issued capital, and resumes whenever the reserve decreases.

k. Provisions

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

1. Accounting Estimates

Critical accounting judgments and key sources of estimation uncertainty

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 other factors that are 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 year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future periods.

Critical Judgments in Applying Accounting policies

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

Key Sources of Estimating uncertainty
Provisions and contingent liabilities

As of March 31, 2015, the carrying amount of provision amounted to EGP 7 278 850 (Note 12). This provision is primarily based on an estimate of future costs for claims made by other parties in connection with the company's operation. As the claims cannot be determined with accuracy, this amount could change in the future.

Contingent liabilities amounted to EGP 972 300, as of March 31, 2015 represented in the uncovered portion of letters of guarantee (Note 21).

Impairment for Accounts and Notes Receivables and Other Debit Accounts

Accounts and notes receivables and other debit balance impairments are recognized for receivables and debtors doubtful of recovery in order to record foreseeable losses arising from events such as customers' and debtors' insolvency.

As of March 31, 2015, the carrying amount of impairment on trade accounts and other debit accounts amounted to EGP 2 020 144 (Note 8, 12) and EGP 5 000 (Note 9, 12) respectively. In determining the amount of the bad debt impairment several factors are considered. These include the aging of accounts receivables' and debtors' balances the current solvency of the customers, debtors and the historical write-off experience. The actual write-offs might be higher than expected if these factors are actually different from estimated or there are new factors that were not considered earlier.

m. Impairment of tangible and intangible assets

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.

n. Financial Instruments

The company's financial instruments are comprised of financial assets (cash on hand and at banks, accounts and notes receivable, and other debit accounts), as well as financial liabilities (banks overdraft, accounts payable, and other credit accounts).

4. Property, Plant and Equipment (Net)

The balance of the property, plant and equipment as of the financial statements date amounted to EGP 108 920 903 stated as follows:

Description	* Land	Buildings and Utilities	Plant, Machinery and Equipments	Computers & software	Furniture and Office Equipments	Vehicles	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of 1/4/2014	11 436 000	52 153 470	45 212 172	3 200 574	3 572 199	388 501	115 962 916
Additions during the year	–	9 805 338	8 025 848	263 943	869 898	226 690	19 191 717
Transferred from projects under construction	–	1 314 647	418 549	–	–	–	1 733 196
Disposals	–	–	(24 360)	(11 525)	–	(9 700)4	(45 585)
Cost as of 31/03/2015	11 436 000	63 273 455	53 632 209	3 452 992	4 442 097	605 491	136 842 244
Accumulated depreciation as of 1/4/2014	–	5 053 209	14 784 698	1 622 552	1 387 277	78 792	22 926 528
Depreciation	–	1 090 631	2 957 299	514 103	356 613	107 279	5 025 925
Accumulated depreciation for disposals			(24 357)	(2 390)	–	(4 365)	(31112)
Accumulated Depreciation as of 31/03/2015	–	6 143 840	17 717 640	2 134 265	1 743 890	181 706	27 921 341
Net Book Value as of 31/03/2015	11 436 000	57 129 615	35 914 569	1 318 727	2 698 207	423 785	108 920 903
Net Book Value as of 31/03/2014	11 436 000	47 100 261	30 427 474	1 578 022	2 184 922	309 709	93 036 388
Fully depreciated fixed assets	–	–	5 506 040	1 025 038	294 123	–	6 825 201

*The opening balance included the amount of EGP 10 509 450, relating to land purchased at the 6th of October Governorate in 2008. The company paid the full amount but the ownership of the land didn't transfer to the company till now, as the sales agreement stipulate that the built up area must be equivalent to 40% of the plot area as a precondition to the transfer of the title.

Depreciation charge is allocated as follows:

Depreciation	31/3/2015	31/3/2014
	EGP	EGP
Cost of sales	4 120 800	3 796 801
Selling expenses	296 280	227 806
General and administrative expneses	608 845	468 133
Total	5 025 925	4 492 740

Notes the Financial Statements
for the year ended March 31, 2015

5. Projects under Construction

The balance of this account as of the financial statements date amounted to EGP 243 706, stated as follows:

	31/03/2015 EGP	31/03/2014 EGP
Purchasing machinery	161 560	418 548
Establishing receiving area for packing materials	82 146	I 396 795
	243 706	1 815 343

6. Long-Term Notes Receivable (net)

The net present value of the long-term notes receivable as of the financial statements date amounted to EGP 3 471 428, net of deferred interest amounting to EGP 652 322. The credit interest charged to the income statement in the current year amounted to EGP 28 907, included in the other income.

7. Inventories (net)

The balance of this account as of the financial statements date amounted to EGP 89 537 498, stated as follows:

	31/03/2015 EGP	31/03/2014 EGP
Raw materials	41 251 725	41 568 710
Packing materials	5 330 758	4 604 033
Finished goods	38 588 715	36 038 938
Work in-process	2 019 038	1 154 800
Tinting machines	1 521 849	1 151 336
Goods in-transit	7 424 895	14 181 573
	96 136 980	98 699 390
Less:		
Impairment in slow moving inventory	(6 599 482)	(4 887 392)
	89 537 498	93 811 998

8. Accounts and Notes Receivable

The balance of this account as of the financial statements date amounted to EGP 24 057 061, stated as follows:

	31/03/2015 EGP	31/03/2014 EGP
Accounts receivable	16 323 683	13 496 765
Accounts receivable related parties — Berger Paints Trinidad *	493 745	137 978
Orascom Construction Industries**	111 213	561 368
Accounts receivable related parties — Berger paints Emirates limited***	33 510	–
Accounts receivable related parties — Asian Paints Middle East LLC	1 523	–
Notes receivable****	9 113 531	7 191 462
	26 077 205	21 387 573
Less:		
Impairment in accounts and notes receivable	(2 020 144)	(2 343 423)
	24 057 061	19 044 150

* The transactions with "Berger Paints Trinidad" during the year amounted to EGP 579 084 which are represented in the paints sales value.

Notes the Financial Statements
for the year ended March 31, 2015

** The transactions with "Orascom Construction Industries" during the year amounted to EGP 425 907 which are represented in the paints sales value.

***The transactions with "Berger paints Emirates limited" during the year amounted to EGP 46 024, which are represented in the paints sales value.

****The company records the notes receivable at the financial statements date based on the physical count prepared by the company's management. The said notes are recorded by reducing the company's receivable balances for disclosure purposes.

9. Other Debit Accounts

The balance of this account as of the financial statements date amounted to EGP 23 979 467 , stated as follows:

	31/03/2015 EGP	31/03/2014 EGP
Advances to suppliers	4 204 056	1 508 125
Refundable deposits	1 617 027	1 289 267
Prepaid expenses	2 010 581	877 309
Employees' custody	1 53 032	69 472
Employees' loans	3 445 890	2 538 234
Withholding taxes	1 949 626	2 399 179
Advances for income tax	10 562 471	9 506 507
Accrued revenue	1 278	1 919
Due from the United Company for Paints & Chemicals	–	12 841
Due to related company - Asian Paints Ltd	5 117	–
Others	35 389	–
Less:		
Impairment in debit accounts' value	(5 000)	(52 814)
	23 979 467	18 150 039

10. Investments in Treasury Bills

The balance Operation of this account as of the financial statements date amounted to EGP 49 391 935, stated as follows:

Operations per day	Period	Par Value EGP	Cost EGP	Accrued Interest EGP	Balance before Tax as of 31/03/2015 EGP	Withholding Tax EGP	Balance after Tax as of 31/03/2015 EGP
133	From 2/12/2014 to 14/04/2015	3 500 000	3 359 230	125 952	3 485 182	25 190	3 459 992
56	From 17/02/2015 to 14/04/2015	3 000 000	2 950 890	36 832	2 987 722	7 366	2 980 356
86	From 26/01/2015 to 21/04/2015	2500 000	2 439 225	45 760	2 484 985	9 152	2 475 833
70	From 17/02/2015 to 28/04/2015	4 000 000	3 919 280	48 432	3 967 712	9 686	3 958 026
91	From 10/02/2015 to 12/05/2015	3 000 000	2 920 710	42 695	2 963 405	8 539	2 954 866
58	From 9/3/2015 to 12/05/2015	2 500 000	2 453 200	16 088	2 469 288	3 218	2 466 070
61	From 12/03/2015 to 12/05/2015	2 500 000	2 455 475	13 868	2 469 343	2 774	2 466 569
90	From 25/02/2015 to 26/05/2015	2 000 000	1 948 360	19 508	1 967 868	3 902	1 963 966
91	From 10/03/2015 to 9/06/2015	2 000 000	1 946 380	12 374	1 958 754	2 475	1 956 279
72	From 17/03/2015 to 09/06/2015	3 500 000	3 412 815	14 531	3 427 346	2 906	3 424 440
78	From 23/03/2015 to 09/06/2015	2 500 000	2 442 575	5 890	2 448 465	1 178	2 447 287
97	From 18/03/2015 to 23/06/2015	3 500 000	3 398 675	13 580	3 412 255	2 716	3 409 539

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for the year ended March 31, 2015

Operations per day	Period	Par Value EGP	Cost EGP	Accrued Interest EGP	Balance before Tax as of 31/03/2015 EGP	Withholding Tax EGP	Balance after Tax as of 31/03/2015 EGP
95	From 18/03/2015 to 21/06/2015	2 500 000	2 406 850	9 688	2 416 538	1 938	2 414 600
87	From 26/03/2015 to 21/06/2015	3 000 000	2 897 370	4 386	2 901 756	877	2 900 879
82	From 31/03/2015 to 21/06/2015	5 500 000	5 306 893		5 306 893		5 306 893
133	From 24/03/2015 to 4/08/2015	3 000 000	2 883 390	6 138	2 889 528	1 228	2 888 300
140	From 31/03/2015 to 18/08/2015	2 000 000	1 918 040		1 918 040		1 918 040
		50 500 000	49 059 358	415 722	49 475 080	83 145	49 391 935

11. Cash on Hand and at Banks

The balance of this account as of the financial statements date amounted to EGP 19 906 412, stated as follows:

	31/03/2015 EGP	31/03/2014 EGP
Cash on hand	286 425	338 669
Banks current accounts	3 015 842	16 093 481
Time deposits	12 238 341	7 004 727
Checks under collection	4 365 804	3 678 249
	19 906 412	27 115 126

12. Provisions and Impairment

	Balance as of 01/04/2014 EGP	Formed during the Year EGP	Used during the Year EGP	Provisions No Longer Needed EGP	Balance as of 31/03/2015 EGP
Impairment in accounts receivable	2 343 423	211 452	*(32 469)	(502 262)	2 020 144
Impairment in other debit accounts	52 814	–	(47 814)	–	5 000
Impairment in slow moving inventory	4 887 392	1 712 090	–	–	6 599 482
Total impairment Provision	7 283 629	1 923 542	(80 283)	(502 262)	8 624 626
	6 168 966	1 109 884	–	–	7 278 850

* During the year, the company performed a write off of some customers' balances due to significant doubt regarding their collection based on the management approval

13. Banks overdraft

During the year the company renewed the credit facilities obtained from QNB for one year till July 2015, the interest rate is 1_25% above corridor rate , details of the facility was as follows:

- An amount to EGP 23 000 000 or equivalent in foreign currencies to finance working capital needs.
- An amount of USD 500 000 to finance the company importation needs .

14. Accounts and Notes Payable

The balance of this account as of the financial statements date amounted to EGP 42 179 142, stated as follows:

	31/03/2015 EGP	31/03/2014 EGP
Accounts payable	30 292 605	32 280 320
Accounts payable related party- Asian Paints Ltd*	–	208 145
Notes payable	11 886 537	10 924 029
	42 179 142	43 412 494

The transactions with "Asian Paints Ltd" during the year amounted to EGP 471 894 , which are represented in raw material purchases value.

15. Other Credit Accounts

The balance of this account as of the financial statements date amounted to EGP 54 369 244, stated as follows:

	31/03/2015 EGP	31/03/2014 EGP
Accrued expenses	24 755 538	23 818 169
Accrued taxes	5 064 708	7 011 513
Current tax	15 308 313	16 153 307
Due to related company "Asian Paints Limited*	6 785 508	7 857 066
Due to related company "Berger International Ltd" **	129 145	64 050
Other credit balances	2 326 032	2 073 417
	54 369 244	**56 977 522**

* The balance represents the current account between the company and the Holding Company which amounted to EGP 6 785 508. This amount includes the royalty due to the Holding Company for providing the company with the "know how" at the total amount of EGP 13 991 203 according to the concluded contract between them.

** The balance represents the royalty due to "Berger International LTD" against the manufacturing license according to the contract between them.

16. Capital

The authorized capital amounted to EGP 50 million, and issued and paid-up capital amounted to EGP 18 million, distributed among 1.8 million shares with a par value of EGP 10 each.

17. Retained Earnings and Dividends Distribution

The Ordinary General Assembly Meeting held on June 5, 2014 approved dividends distribution for the earnings of the year ended March 31, 2014. Also the Ordinary General Assembly Meeting held on December 22, 2014 approved dividends distribution for the earnings of the period from April 1, 2014 till September 30, 2014 represented as follows:

	EGP
Earnings for the year ended of March 31, 2014	103 442 675
Less:	
Employees' share	(3 800 000)
Shareholders' share	(34 200 000)
Retained earnings	65 442 675
Profit for the year ended March 31,2015	38 594 719
Retained Earnings as of March 31, 2015	104 037 394

18. Deferred Tax

Deferred tax is represented in the difference between the Property, plant and equipment book value and its tax basis represented as follows:

Notes the Financial Statements

for the year ended March 31, 2015

Description	31/03/2015 EGP	31/03/2014 EGP
Balance at the beginning of the year	5 847 053	4 848 974
Deferred tax during the year	1 407 911	998 079
Balance at the end of the year	**7 254 964**	**5 847 053**

19. Treasury Bills Revenue

The total of this account as of the financial statements date amounted to EGP 5 253 711, stated as follows:

Description	31/03/2015 EGP	31/03/2014 EGP
Treasury bills revenue purchased during the previous year, and sold during the current year.	1 319 269	2 716 818
Treasury bills revenue purchased and sold during the year	3 518 720	3 856 562
Accrued treasury bills revenue (Note No. 10)	415 722	418 544
	5 253 711	6 991 924

20. Cash and Cash Equivalents

For the purpose of preparing the statement of cash flows, cash and cash equivalents are comprised of the following:

Cash and Cash Equivalents at the Beginning of the Year

Description	31/03/2015 EGP	31/03/2014 EGP
Cash on hand	338 669	237 698
Banks current accounts	16 093 481	11 868 740
Time deposits	7 004 727	16 535 007
Checks under collection	3 678 249	3 081 420
Less		
Banks overdraft	(4 195 909)	(2 980 931)
	22 919 217	28 741 934

Cash and Cash Equivalents at the End of the Year

Description	31/03/2015 EGP	31/03/2014 EGP
Cash on hand	286 425	338 669
Banks current accounts	3 015 842	16 093 481
Time deposits	12 238 341	7 004 727
Checks under collection	4 365 804	3 678 249
Less		
Banks overdraft	(3 403 843)	(4 195 909)
Credit banks	(36 518)	
	16 466 051	22919 217

21. Contingent Liabilities

The uncovered portion of letters of guarantee as of March 31, 2015 amounted to EGP 972 300.

22. Significant events during the current reporting year

On June 4, 2014, the President of the Arab Republic of Egypt issued a decree for Law No. 44 of 2014, to pass an additional temporary tax for a period of 3 years on the income at a rate of 5% for the excess of EGP 1 million over the tax bracket on the income of natural persons or profits of juridical persons, according to the provisions of Tax Law No. 91 of 2005 and its amendments, to be effective as of the next day of its publishing.

On June 30, 2014, the President of the Arab Republic of Egypt issued a decree for Law No. 53 of 2014, to amend some provisions of the Tax Law No. 91 of 2005, and Stamp Tax Law 111 of 1980, to be effective as of the next day its publishing in the official newspaper.

23. Managing the Risks Related to Financial Instruments

a. Fair Value

According to the valuation basis for the financial assets and liabilities stated in the notes to the financial statements, the fair value of the financial instruments does not differ significantly from its book value as of the financial statements date.

b. Foreign Currency Risk

Some of the company's transactions are maintained in foreign currency, the company may be exposed to the risk of fluctuations in foreign currency rate. The company retains sufficient financing resources of foreign currencies to meet this risk.

c. Credit Risk

This risk is represented in the customers' failure to pay their debt on time. The company forms provision to meet this risk.

24. Tax Position

The company was exempted from taxes according to the New Urban Community Law No. 59 of 1979 and its amendments for the period of ten years ending on December 31, 2007.

a. Corporate Tax

Years	
1994 until 2005	The company was inspected and due taxes were settled.
2006	The department has raised a claim for EGP 1 121 307 against payment of EGP 919 770 which has been objected and appealed to the Internal committee
2007	Claim for EGP 1 578 226 against payment 1 482 964 which has been objected and appealed to the Internal committee .
2008	Claim for EGP 11 414 552 against payment EGP 10 763 328 which has been objected and appealed to the Internal committee.
2009	Claim for EGP 19 601 858 against payment EGP 19 081 673 which has been objected and appealed to the Internal committee.
2010 & 2011	The company has been inspected and no claims have been raised till now.
2012 till 2014	The company wasn't inspected yet.

b. Stamp Tax

The company was inspected and due taxes were settled until March 31, 2013.

c. Salary Tax

The company was inspected and due taxes were settled until 2009.

d. Sales Tax

The company was inspected and due taxes were paid until March 2013.

Financial Controller **Chief Executive**