

**PIL TRADING EGYPT (L.L.C)**  
**FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**MARCH 31,2016**  
**AND AUDITOR'S REPORT**

**YASSER AHMED IBRAHIM**  
**CERTIFIED ACCOUNTANT**

**PIL TRADING EGYPT (L.L.C)  
FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
MARCH 31,2016  
INDEX**

---

Auditor's Report.....	1-2
Balance Sheet .....	3
Income Statement .....	4
Statement of Changes in Partner's Equity .....	5
Statement of Cash Flows .....	6
Notes to the Financial Statements .....	7 – 12

## Auditor's Report

To: The Quota Holders' Of PIL Trading EGYPT - (L.L.C)

### Report on the Financial Statements

We have audited the accompanying financial statements of **PIL TRADING EGYPT - (L.L.C) "the Company"** which comprise the balance sheet as of 31 March 2016 , income statement , statement of changes in quota holders' equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Company's Management Responsibility for the Financial Statements

Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Egyptian Accounting Standards and with the requirements of applicable Egyptian laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, 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 Egyptian Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in



# YASSER IBRAHIM

Certified Accountants and Consultants

35 El Obour Buildings  
Heliopolis, Cairo, Egypt  
Telephone: +202 208 22 330  
Telefax : +202 208 22 322

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 have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 March 2016, and Financial performance and cash flows for the year then ended in accordance with Egyptian Accounting Standards and with the requirements of applicable Egyptian laws and regulations.

## Report on Other Legal and Regulatory Requirements

The Company keeps proper financial records, which includes all that is required by the law and the Company's statute, and the accompanying financial statements are in agreement therewith, the Company applies a proper costing system and the inventory counts were taken in accordance with recognized practices.

The financial information included in the director' report prepared in accordance with law no159 of 1981 and its executive regulations, is in agreement with the company's book of account.

  
**Yasser Ahmed Ibrahim**

*Fellow of Egyptian society of accountants & auditors*

*Fellow of Egyptian society of taxation*



**Cairo , 21 April 2016**

PIL TRADING (EGYPT) L.L.C  
BALANCE SHEET  
AS OF 31 MARCH 2016

	Note	31 March 2016	31 March 2015
	No.	EGP	EGP
<b><u>Non- current Assets</u></b>			
Fixed Assets ( Net book value)	(3)	90,839	121,205
<b>Total Non-Current Assets</b>		<b>90,839</b>	<b>121,205</b>
<b><u>Current Assets</u></b>			
Account Receivables	(4)	1,829,912	1,283,997
Other receivables and prepayments	(5)	387,593	229,020
Inventory	(6)	2,640,136	2,608,240
Cash and cash equivalents	(7)	1,077,795	1,510,528
<b>Total Current Assets</b>		<b>5,935,437</b>	<b>5,631,785</b>
<b><u>Current Liabilities</u></b>			
Trade Payables	(8)	5,754,411	5,063,126
Other Payables	(9)	147,005	157,113
<b>Total Current Liabilities</b>		<b>5,901,416</b>	<b>5,220,239</b>
<b>Working Capital</b>		<b>34,020</b>	<b>411,546</b>
<b>Total Invested Funds</b>		<b>124,859</b>	<b>532,752</b>
<b><u>Represented in :</u></b>			
<b><u>Partners' Equity</u></b>			
Paid up capital	(10)	5,440,000	5,440,000
Retained losses		(4,912,517)	(4,648,819)
Net loss for the year		(406,461)	(263,698)
<b>Total Partners' Equity</b>		<b>121,022</b>	<b>527,483</b>
<b><u>Long term Liabilities</u></b>			
Deferred Tax Liability		3,837	5,269
<b>Total Partners' Equity &amp; Long term liabilities</b>		<b>124,859</b>	<b>532,752</b>

The accompanying policies and the note from page (7) to page (12) form an integral part of these financial statements.

Ahmed Zeyada  
Account Manager



Mohamed Mowafi  
General Manager



Auditor's Report issued in 21 April 2016 " attached"



PIL TRADING (EGYPT) L.L.C  
 INCOME STATEMENT  
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	From 1 April 2015 To 31 March 2016	From 1 April 2014 To 31 March 2015
Note No.	EGP	EGP
Sales	8,174,322	7,626,802
Cost of Sales	(6,550,761)	(6,062,496)
<b>Gross Profit</b>	<b>1,623,561</b>	<b>1,564,306</b>
Selling & Marketing Expenses	(1,270,279)	(1,107,738)
General & Administrative Expenses	(224,336)	(207,151)
Allowance for doubtful debts	(137,849)	(72,878)
Loss on Foreign Exchange	(398,990)	(434,968)
<b>Net Loss for the year before tax</b>	<b>(407,893)</b>	<b>(258,429)</b>
Deferred Tax	1,432	(5,269)
<b>Net Loss for the year after tax</b>	<b>(406,461)</b>	<b>(263,698)</b>

The accompanying policies and the note from page (7) to page (12) form an integral part of these financial statements.

PIL TRADING (EGYPT) L.L.C

STATEMENT OF CHANGES IN Quota Holders

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Paid up Capital	Net (loss)	Retained Loss	Total
	EGP	EGP	EGP	EGP
Balance at 31 March 2014	5,440,000	404,783	(5,053,602)	791,181
Transfer to Retained Loss	0	(404,783)	404,783	-
Net Loss for the year	-	(263,698)	-	(263,698)
Balance at 31 March 2015	5,440,000	(263,698)	(4,648,819)	527,483
Transfer to Retained Loss	-	263,698	(263,698)	-
Net loss for the year	-	(406,461)	-	(406,461)
Balance at 31 March 2016	5,440,000	(406,461)	(4,912,517)	121,022

The accompanying policies and the note from page (7) to page (12) form an integral part of these financial statements.



PIL TRADING (EGYPT) L.L.C  
 STATEMENT OF CASH FLOWS  
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	From 1 April 2015 To 31 March 2016 EGP	From 1 April 2014 To 31 March 2015 EGP
<b><u>Cash flows from operating activities</u></b>		
Net (loss) for the year before Tax	(407,893)	(258,429)
Depreciation	33,364	10,926
<b>Operating (loss) before changes in working capital</b>	<b>(374,530)</b>	<b>(247,503)</b>
<b><u>Change in working capital</u></b>		
Change in inventories	(31,896)	(301,603)
Change in trade receivables and prepayments	(704,488)	169,359
Change in creditors and other payable	681,178	888,634
<b>Cash flows ( used in ) generated from operating activities</b>	<b>(55,207)</b>	<b>756,390</b>
<b><u>Cash flows from investing activities</u></b>		
Payment in respect of purchasing fixed assets	(2,998)	(128,000)
<b>Net cash flows used in investing activities</b>	<b>(2,998)</b>	<b>(128,000)</b>
<b>Change in cash and cash equivalents during the year</b>	<b>(432,734)</b>	<b>380,887</b>
Cash and cash equivalents at the beginning of the year	1,510,528	1,129,642
<b>Cash and cash equivalents at the end of the year</b>	<b>1,077,795</b>	<b>1,510,528</b>

The accompanying policies and the note from page (7) to page (12) form an integral part of these financial statements.



## PIL TRADING EGYPT ( L.L.C)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

---

#### 1. GENERAL

**1-1** The Company was established as a Limited liability company, The Company was registered in the Investment Commercial Registry under no. 40376 on July 30, 2009

**1-2** The objectives of the company are :

Trading in all types of building chemicals, paints and adhesive materials.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### 2-1 Basis of preparation

The financial statements have been prepared under the going concern assumption on a historical cost basis, except for available for sale financial assets that have been measured at fair value.

##### 2-2 Statement of compliance

The financial statements of the company have been prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.

The Financial Statements are authorized for issue by The Board of Directors.

##### 2-3 Changes in accounting policies

The accounting policies adopted this year are consistent with those of the previous year.

##### 2-4 Foreign currency translation

The financial statements are prepared and presented in Egyptian pound, which is the company's functional currency.

Transactions in foreign currencies are initially recorded using the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rate prevailing at the balance sheet date.

##### 2-5 Fixed assets and depreciation

Fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred, and this cost depreciated with similar annual premium during the producing life of each asset according to the following rates:

Furniture & Fixtures	20 %
Computer	33 %
Automobiles	25%

## **PIL TRADING EGYPT ( L.L.C)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

---

Depreciation of an asset begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, and is computed using the straight-line method according to the estimated useful life of the asset.

#### **2-6 The inventory elements are valued as follows:**

Finished products: at the lower of the cost of production (based on the costing sheets) or net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The amount of any write down of inventories to net realizable value and all losses of inventories shall be recognized in the statement of income in the year the write down or loss occurs according to an authorized study takes into consideration all technical and market bases to estimate any write down. The amount of any reversal of any write down of inventories, arising from an increase in net realizable value, shall be recognized in the statement of income in the year in which the reversal occurs.

#### **2-7 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate.

#### **2-8 Revenue recognition**

Revenue from sales is recognized when all the following conditions have been satisfied:

- (a) The company has transferred to the buyer the significant risks and rewards of ownership of the sales;
- (b) The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) The amount of revenue can be measured reliably;
- (d) It is probable that the economic benefits associated with the transaction will flow to the company; and
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

## **PIL TRADING EGYPT ( L.L.C)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

---

#### **2-9 Expenses**

All expenses including operating expenses, general and administrative expenses and other expenses are recognized and charged to the statement of income in the financial year in which these expenses were incurred.

#### **2-10 Accounting estimates**

The preparation of financial statements in accordance with Egyptian Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the financial years. Actual results could differ from these estimates.

#### **2-11 Statement of cash flows**

The statement of cash flows is prepared using the indirect method.

#### **2-12 Cash and cash equivalent**

For the purpose of preparing the cash flow statement, the cash and cash equivalent comprise cash on hand, current accounts with banks and time deposits maturing within three months less bank credit balance.

#### **2-13 Subsequent Event**

The preparation of financial statements in conformity with Egyptian accounting standard requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.



PIL TRADING (EGYPT) L.L.C  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

3. Fixed Assets

PARTICULARS	Cost		DEPRECIATION			Net Book value	
	As at 1.4.2015 EGP	For the year EGP	As at 31.3.2016 EGP	For the year EGP	As at 31.3.2016 EGP	As at 31.3.2015 EGP	
Computer software	1,650	2,998	4,648	325	1,844	2,803	131
Furniture and Fixtures	5,193	-	5,193	1,039	3,820	1,373	2,411
Automobiles and Trucks	128,000	-	128,000	32,000	41,337	86,663	118,663
<b>Total</b>	<b>134,843</b>	<b>2,998</b>	<b>137,841</b>	<b>33,364</b>	<b>47,002</b>	<b>90,839</b>	<b>121,205</b>



**Note 4 : Trade receivables****Trade Receivables**

Trade receivables outstanding for a period exceeding six months from the date they were due for payment

	31 March 2016 EGP	31 March 2015 EGP
Secured	325,864	187,750
Unsecured	0	0
Provision for doubtful trade receivables	(243,093)	(105,244)
	82,771	82,506

**Other Trade Receivables**

	31 March 2016 EGP	31 March 2015 EGP
Secured	1,747,141	1,201,491
	1,747,141	1,201,491
	1,829,912	1,283,997

**Note 5: Other Receivables and Prepayments**

	31 March 2016 EGP	31 March 2015 EGP
Withholding Tax - Clients	128,187	102,905
Loans /Advances And Security deposits	192,557	51,961
Prepaid Expense	60,398	67,704
Additional Tax	6,451	6,451
	387,593	229,020

**Note 6 : Inventory**

	31 March 2016 EGP	31 March 2015 EGP
Inventory	2,419,382	2,398,080
Provision for Inventories	(130,956)	(127,492)
Net Inventory	2,288,426	2,270,588
F.G.In transit	351,710	337,652
	2,640,136	2,608,240

**Note 7 : Cash and cash equivalents**

	31 March 2016 EGP	31 March 2015 EGP
Bank	1,048,711	1,485,644
Cash	29,084	24,885
	1,077,795	1,510,528

**Note 8 : Trade payables**

	31 March 2016 EGP	31 March 2015 EGP
Accounts Payable	5,754,411	5,063,126
	5,754,411	5,063,126

**Note 9 : Other payables**

	31 March 2016 EGP	31 March 2015 EGP
Accrued Expenses	117,242	98,126
Sales Tax Authority	11,806	45,689
Social Insurance Authority	6,984	6,641
Payroll Tax Authority	3,848	3,388
Withholding Tax - Suppliers	3,726	2,135
Accrued payroll	2,302	-
Additional Tax	1,097	1,135
	147,005	157,113

**Note 10 : Capital**

Name of the quota-holder	No of quotas	Value of quotas	% quota
		EGP	EGP
Pidlite Industries Egypt SAE	54,399	5,439,900	99.998%
Khaïd EL Khaïb	1	100	0.002%
	54,400	5,440,000	100.00%

	From 1 April 2015 To 31 March 2016	From 1 April 2014 To 31 March 2015
	EGP	EGP
<b>Note 11 : Selling &amp; Marketing Expenses</b>		
Staff Salary Expenses	513,730	432,300
Sales Promotion	225,565	237,277
Freight charges	159,259	150,558
Rent	102,095	68,605
Travel and Entertainment	86,455	68,189
Employee Welfare	57,517	31,815
Social Insurance	54,620	43,187
Logistics Expenses	42,297	40,649
Telephone and Fax	18,754	17,839
Export Transportation	9,987	17,319
	<b>1,270,279</b>	<b>1,107,738</b>

	From 1 April 2015 To 31 March 2016	From 1 April 2014 To 31 March 2015
	EGP	EGP
<b>Note 12 : General &amp; administrative expenses</b>		
Professional Fees legal and others	57,027	62,919
Bank Charges	37,207	44,642
Depreciation	33,364	10,926
Repairs and Maintenance	27,978	11,165
Buffet & Hospitality	20,017	2,600
Audit Fees	15,000	15,000
Transportation	14,313	4,784
Other admin expenses	12,908	16,875
Insurance	4,037	29,885
Printing & Stationary	2,485	8,357
	<b>224,336</b>	<b>207,151</b>