

Mostafa Shawki

**EPL MISR FOR**  
**ADVANCED PACKAGING**  
**(S.A.E)**  
**Financial statements**  
**For the Year ended March 31, 2023**  
**&**  
**AUDITOR'S REPORT**

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**INDEPENDENT AUDITORS' REPORT****To/ The Shareholders of EPL Misr for Advanced packaging (SAE)****Report on the Financial Statements**

We have audited the accompanying financial statements of **EPL Misr for Advanced packaging (SAE)** which comprise the balance sheet as of March 31, 2023, and the income statement, comprehensive income statement, statement of changes in equity and cash flow statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Standards on Accounting and the requirements of relevant, local 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 of 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 Egyptian Standards on Auditing and the requirement of laws. Those standards require that we 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 professional'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 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**

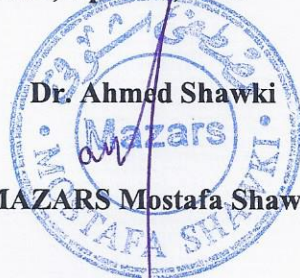
In our opinion, the financial statements present a fair view of all material respects and of the financial position of **EPL Misr for Advanced packaging (SAE)** as of March 31, 2023, and its financial performance and the cash flows for the year then ended in accordance with Egyptian Standards on Accounting and the requirements of relevant, local laws and regulations.

**Report on Other Legal and Regulatory Requirements**

The company maintains proper financial accounting records, which include all that is required by law and the statutes of the company, and the accompanying financial statements are in agreement therewith, and applies costing system that is adequate for its purpose and the company's management undertook the inventory physical count as of data of the financial statements in accordance with the norms of physical count practice.

The financial information presented in the Board of Directors' report, prepared in conformity with Law No. 159 for 1981, and its executive regulations, is in agreement with the company's records within the limits that such information is recorded therein.

Cairo, April 18, 2023



**Dr. Ahmed Shawki**

**MAZARS Mostafa Shawki**

**EPL MISR FOR ADVANCED PACKAGING (S.A.E.)**  
**Financial Statements of March 31,2023**  
**(Amounts Expressed in Egyptian pound)**

**Statement of financial position**

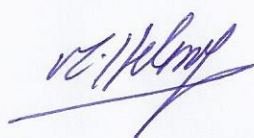
	<u>Notes</u>	<u>31/3/2023</u> EGP	<u>31/3/2022</u> EGP
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment (Net)	(4)	16,936,664	13,695,963
Intangible Assets (Net)	(5)	50,717	94,150
<b>Total Non-Current Assets</b>		<b>16,987,381</b>	<b>13,790,113</b>
<b>Current Assets</b>			
Inventory	(6)	108,188,862	60,308,498
Accounts & Notes Receivable	(7)	100,690,433	80,386,298
Debtors & Other Debit Balances	(8)	11,935,460	8,119,799
Cash On Hand and at Banks	(9)	262,590,629	58,683,611
<b>Total Current Assets</b>		<b>483,405,384</b>	<b>207,498,206</b>
<b>Total Assets</b>		<b>500,392,765</b>	<b>221,288,319</b>
<b>Owners' Equity</b>			
Paid up Capital	(10)	15,000,000	15,000,000
Legal Reserve		7,500,000	7,500,000
Retained Earnings		10,200,000	10,200,000
Net Profit for the Year		46,985,002	59,180,527
<b>Total Owners' Equity</b>		<b>79,685,002</b>	<b>91,880,527</b>
<b>Non-Current Liabilities</b>			
Deferred Tax Liabilities	(11/2)	1,703,937	1,803,454
<b>Total Non-Current Liabilities</b>		<b>1,703,937</b>	<b>1,803,454</b>
<b>Current Liabilities</b>			
Provision		292,327	292,327
Income Tax	(11/1)	15,821,423	18,466,884
Credit Facilities	(12)	32,649,496	34,686,949
Accounts & Notes Payable	(13)	18,037,140	17,542,695
Loans form LTCL	(25)	92,850,000	--
Due to Related Parties	(14)	213,019,410	49,931,600
Creditors and Other Credit Balances	(15)	10,781,684	6,683,883
Dividend Payable		35,552,346	--
<b>Total Current Liabilities</b>		<b>419,003,826</b>	<b>127,604,338</b>
<b>Total Owners' Equity and Non-Current Liabilities</b>		<b>500,392,765</b>	<b>221,288,319</b>

- The accompanying notes from page (8) to (26) are an integral part of these financial statements.

Auditors' Report "Attached"

Head of Account

Mohamed Helmy




Chairman

Eng. Osama Mashhour



**EPL MISR FOR ADVANCED PACKAGING (S.A.E.)**  
**Financial Statements of March 31,2023**  
**(Amounts Expressed in Egyptian pound)**

**Income Statement**

<b><u>Description</u></b>	<b><u>Notes</u></b>	<b><u>31/3/2023</u></b> <b><u>EGP</u></b>	<b><u>31/3/2022</u></b> <b><u>EGP</u></b>
Operating Revenue	(16)	467,575,660	332,012,844
Operating Costs	(17)	(298,754,051)	(209,777,304)
<b>Gross Profit</b>		<b>168,821,609</b>	<b>122,235,540</b>
Selling & Distribution Expenses	(19)	(23,261,643)	(17,832,573)
General & Administrative Expenses	(20)	(29,843,514)	(23,581,558)
Finance Costs	(21)	(59,466,958)	(6,437,162)
Provision		--	(80,000)
ECL - Provision	(7)	(558,004)	--
Provision writes back	(7)	401,457	508,230
Other Income	(18)	8,971,766	3,927,196
<b>Profit for the year before tax</b>		<b>65,064,713</b>	<b>78,739,673</b>
Income tax & deferred tax	(11)	(15,721,906)	(18,109,258)
Tax difference of previous years		(2,357,805)	(1,449,888)
<b>Net profit for the year</b>		<b>46,985,002</b>	<b>59,180,527</b>

- The accompanying notes from page (8) to (26) are an integral part of these financial statements.

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EPL MISR FOR ADVANCED PACKAGING (S.A.E.)  
Financial Statements of March 31,2023  
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Statements of Comprehensive Income

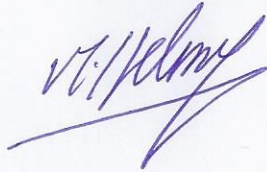
	<u>31/3/2023</u>	<u>31/3/2022</u>
	EGP	EGP
Net for the year	46,985,002	59,180,527
Other Comprehensive income	--	--
Total Other comprehensive income	--	--
Total Comprehensive Income for the year	<u>46,985,002</u>	<u>59,180,527</u>

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**Statement of Change in Owners' Equity**

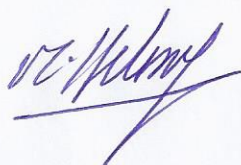
	<u>Paid-up</u> <u>capital</u>	<u>Legal</u> <u>reserve</u>	<u>Retained</u> <u>Earnings</u>	<u>Net profit</u> <u>for the</u> <u>period</u>	<u>Total</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
<b>Balance as of 1 April 2021</b>	<b>15,000,000</b>	<b>7,500,000</b>	<b>10,200,000</b>	<b>52,184,708</b>	<b>84,884,708</b>
Transferred to retained earnings	--	--	52,184,708	(52,184,708)	--
Dividends- according to the decision of the Assembly on June 16, 2021	--	--	(51,662,861)	--	(51,662,861)
Employee's training fund	--	--	(521,847)	--	(521,847)
Net profit for the period	--	--	--	59,180,527	59,180,527
<b>Balance as of 31 March 2022</b>	<b>15,000,000</b>	<b>7,500,000</b>	<b>10,200,000</b>	<b>59,180,527</b>	<b>91,880,527</b>
<b>Balance as of 1 April 2022</b>	<b>15,000,000</b>	<b>7,500,000</b>	<b>10,200,000</b>	<b>59,180,527</b>	<b>91,880,527</b>
Transferred to retained earnings	--	--	59,180,527	(59,180,527)	--
Dividends- according to the decision of the Assembly on May 18, 2022	--	--	(58,588,721)	--	(58,588,721)
Employee's training fund - according to the decision of the Assembly on May 18, 2022	--	--	(591,806)	--	(591,806)
Net profit for the year	--	--	--	46,985,002	46,985,002
<b>Balance as of 31 March 2023</b>	<b>15,000,000</b>	<b>7,500,000</b>	<b>10,200,000</b>	<b>46,985,002</b>	<b>79,685,002</b>

- The accompanying notes from page (8) to (26) are an integral part of these financial statements.

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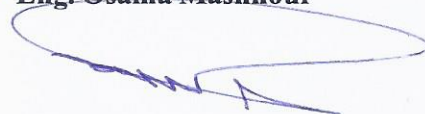
**Head of Account**

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**(Amounts Expressed in Egyptian pound)**

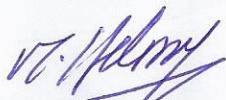
<u>Statement of Cash Flows</u>			
	<u>Notes</u>	<u>31/3/2023</u>	<u>31/3/2022</u>
		EGP	EGP
<b>Cash Flows from Operating activities</b>			
Net profit before tax		65,064,713	78,739,673
<b>Adjustments:</b>			
Depreciation and amortization		3,074,334	3,033,001
Provision writes back		(401,457)	(508,230)
Provision		--	80,000
ECL - Provision		558,004	--
		<u>68,295,594</u>	<u>81,344,444</u>
Change in inventory		(47,880,364)	(13,267,510)
Change in accounts & notes receivable		(20,460,682)	(27,290,389)
Change in debtors & other debit balances		(3,815,661)	(2,688,576)
Change in accounts & notes payable		494,445	612,857
Change in due form related parties		--	2,002,147
Change in due to related parties		163,087,810	31,603,314
Change in creditors & other credit balances		3,505,995	(2,243,944)
Tax difference of previous years		(2,357,805)	(1,449,888)
Change in Income Tax		(18,466,884)	(16,655,483)
<b>Net cash flows provided from operating activities</b>		<u>142,402,448</u>	<u>51,966,972</u>
<b>Cash Flows from investing activities:</b>			
Payments to purchase property, plant, equipment, and Projects under construction		(6,271,602)	(331,491)
Payments to purchase Intangible Assets		--	(100,415)
<b>Net cash flows (used in) investing activities</b>		<u>(6,271,602)</u>	<u>(431,906)</u>
<b>Cash Flows from financing activities:</b>			
Paid dividend		(23,036,375)	(52,184,708)
Loans form LTCL		92,850,000	
Change in Credit Facilities		(2,037,453)	(339,734)
<b>Net Cash Flows provided from (used in) Financing activities</b>		<u>67,776,172</u>	<u>(52,524,442)</u>
<b>Net change in cash &amp; cash equivalent during the year</b>		<u>203,907,018</u>	<u>(989,376)</u>
<b>Cash and cash equivalent at the beginning of the year</b>		<u>58,683,611</u>	<u>59,672,987</u>
<b>Cash &amp; cash equivalent at the end of the year</b>	(22)	<u>262,590,629</u>	<u>58,683,611</u>

- The accompanying notes from page (8) to (26) are an integral part of these financial statements.

**Auditors' Report "Attached"**

**Head of Account**

**Mohamed Helmy**




**Chairman**

**Eng. Osama Mashhour**



## Explanatory Notes of the Financial Statements

### **1- GENERAL INFORMATION**

EPL Misr for Advanced Packaging has been established in April 2005 as a joint stock company in accordance to The Investment Law No, 8 for 1997 and its executive regulations, it has been registered in the commercial register under No 46287 on June 9th, 2010, and the company's main activities involve manufacturing of the Plastic Tubes & Aluminum Tubes.

On November 25,2020 the General Assembly of shareholders decided to amend the name of the company to EPL Misr for Advanced packaging S.A.E ; and it is still in the process of the final approval by General Authority for Investment (GAFI)

### **2- COMPANY'S OBJECTIVES**

Establishing and operating a factory to manufacture laminated plastic tubes, aluminum tubes and all metal and plastic tubes, and the company has to obtain all the necessary licenses to operate.

### **3- SIGNIFICANT ACCOUNTING POLICIES**

#### **3/1- Bases of preparation of financial statements**

##### **3/1/1- Basis of measurement**

The financial statements have been prepared under the going concern assumption on a historical cost basis.

##### **3/1/2- Compliance with accounting standards and applicable laws**

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

##### **3/1/3-Functional currency and presentation currency**

Financial statements are presented in Egyptian pound, which represents the functional currency of the company.

#### **3/2- Recognition and Translation of Foreign Currency Transactions and Balances**

The financial statements are prepared and presented in Egyptian pound.

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. All differences are recognized in the statement of income.

Nonmonetary items that are measured at historical cost in foreign currency are translated using the exchange rates prevailing at the dates of the initial recognition.

Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value is determined.

#### **3/3- Property, Plant and Equipment & Depreciation**

Property, plant and equipment 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

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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 statement of income as incurred.

Depreciation of an asset starts 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 as follows:

Building	5%
Machinery & Equipment	10%
Tools	20%
Furniture & Office equipment	20%
Computers	33%

Property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset is included in the statement of income when the asset is derecognized.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end.

The Company assesses at each balance sheet date whether there is an indication that fixed assets may be impaired. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of income.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed either its recoverable amount, or exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income.

#### **3/4- Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost.

After initial recognition, intangible assets are carried at cost less any accumulated amortization and

any accumulated impairment losses.

Internally generated intangible assets are not capitalized and expenditure is reflected in the income

statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

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Intangible assets represent the computer programs and are amortized using the straight-line method

over their estimated useful lives as follows:

	<u>Number of years</u>	<u>Amortization rate</u>
software	3 years	33.33%

**3/5- Inventory**

The inventory is stated as of March 31, 2023 according to the following bases:

**Raw materials and Spare Parts:**

Are stated at cost (using the weighted average method) or net realizable value, whichever is lower.

**Production Waste:**

Are stated using the Average of selling prices of the auctions that are held during the year.

**Work in Progress**

Is stated using the manufacturing cost (till completing the last stage according to the statements of costs) or net realizable value, whichever is lower.

**Finished Goods**

Is stated using the manufacturing cost (according to the statements of costs) or Net Realizable value whichever is lower.

**3/6- 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.

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation.

**3/7- Transactions with the Related Parties**

Related Parties Transactions are treated as the same of transactions with other parties.

**3/8- Debtors and Other Debit Balances**

Debtors and other debit balances are recognized at nominal value, deducting the amounts that are probable to not be collected. The amounts are estimated when it is not probable to collect the entire accounts receivable and debtors are to be reduced by bad debts when determining those bad debts, and other debit balances are to be recognized at cost deducting the impairment losses. The initial recognition of trade receivables is at fair value and subsequently measured at amortized cost using the effective interest rate, deducting the impairment.

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**(Amounts Expressed in Egyptian pound)**

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An Impairment of trade receivable is to be recognized when there are objective evidences that the company will not be able to collect all of the due amounts according to the original terms of the contract, taking in consideration the following factors, such as the financial difficulties of debtor, the likelihood of insolvency, bankruptcy or financial restructuring or not being committed to repay more than the credit periods.

The amount of impairment represents the difference between the book value and present value of future cash flows expected to be collected and discounted using the original effective interest rate applied when determining the amortized cost. The asset is to be reduced by the amount of impairment. Losses should be recognized at the income statement while recognizing any subsequent collections as an income at the income statement.

**3/9- Creditors and Other Credit Balances**

Creditors and other credit balances are recognized at the amounts will be paid in the future for goods and services provided whether there are invoices or not.

**3/10- Legal Reserve**

According to the corporate law No. 159 of 1981 and company's statue, 5% of the net profits of the year is transferred to the legal reserve until this reserve reaches 50% of the issued capital, then the company stops transferring to this reserve.

**3/11- Income and Deferred Tax**

The income tax which is calculated on the profit includes the current and deferred tax is recognized in the income statement while the income tax related to the owners' equity is recognized in the owners' equity, the income tax is calculated on the taxable net profit using the current tax rate according to the laws and regulations at the date of financial statements in addition to the tax difference of the previous years.

The deferred tax arises from temporary differences between the amounts attributed to the assets or liabilities for tax bases and its carrying amount in the financial statements on accounting bases. The deferred tax is determined based on the method which is used to realize or adjust the present value of those assets or liabilities using current tax rates at the date of financial statements. The deferred tax is recognized as an asset when it is probable to use this asset to reduce future taxable profits and the deferred tax asset is reduced by the portion that will not generate tax in the next years.

**3/12- Capital**

Shares are classified within equity and premium is added, if any, to the legal reserve, and the expenses of issuance and registration of shares and the amounts collected from shareholders to cover such expenses are to be charged to the legal reserve account first, if those expenses exceed the premium of the same shares, the amount of surplus should be transferred to special reserve included in the owners' equity.

**3/13- Revenue Recognition**

- Revenue from sales is recognized when delivering goods to the customer or issuing invoice whichever is the first.
- Credit interest is recorded in the income statement according to accrual basis.

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**3/14- 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.

**3/15- Dividends**

Dividends are recognized as a liability at the period of issuing the decision of the general assembly meeting.

**3/16- Cash flow statement**

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

**3/17- Cash and cash equivalents**

For the purpose of preparing the cash flow statement, the cash and cash equivalents include cash on hand, current accounts at banks and time deposits with more than three months of maturity date.

**4- Property, Plant and Equipment (Net)**

	<u>Building</u>	<u>Machinery &amp; Equipment</u>	<u>Office Equipment</u>	<u>Furniture &amp; Fixture</u>	<u>Total</u>
	EGP	EGP	EGP	EGP	EGP
Cost as of 1 April 2022	5,042,374	58,601,188	3,363,717	270,723	67,278,002
Additions during the period	232,962	6,030,940	--	7,700	6,271,602
<b>Costs as of 31 March 2023</b>	<b>5,275,336</b>	<b>64,632,128</b>	<b>3,363,717</b>	<b>278,423</b>	<b>73,549,604</b>
Accumulated depreciation as of 1 April 2022	2,652,728	47,521,789	3,187,295	220,227	53,582,039
Depreciation during the period	260,031	2,657,348	94,330	19,192	3,030,901
<b>Accumulated depreciation as of 31 March 2023</b>	<b>2,912,759</b>	<b>50,179,137</b>	<b>3,281,625</b>	<b>239,419</b>	<b>56,612,940</b>
<b>Net book value as of 31 March 2023</b>	<b>2,362,577</b>	<b>14,452,991</b>	<b>82,092</b>	<b>39,004</b>	<b>16,936,664</b>
<b>Net book value as of 31 March 2022</b>	<b>2,389,646</b>	<b>11,079,399</b>	<b>176,422</b>	<b>50,496</b>	<b>13,695,963</b>

EPL MISR FOR ADVANCED PACKAGING (S.A.E.)  
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**5- INTANGIBLE ASSETS (NET)**

	<u>31/3/2023</u> <u>EGP</u>	<u>31/3/2022</u> <u>EGP</u>
Cost as of 1 April2022	741,805	641,390
Addition	--	100,415
<b>Cost on 31 March 2022</b>	<b>741,805</b>	<b>741,805</b>
Accumulated Amortization as of 1April 2022	647,655	611,047
Amortization for the Period	43,433	36,608
<b>Accumulated Amortization as of 31 March 2023</b>	<b>691,088</b>	<b>647,655</b>
<b>Net Book Value as of 31 March 2023</b>	<b>50,717</b>	<b>94,150</b>

**6- INVENTORY**

	<u>31/3/2023</u> <u>EGP</u>	<u>31/3/2022</u> <u>EGP</u>
Raw Materials	65,380,155	33,272,644
Work in Progress	2,803,840	1,755,125
Finished Goods	3,565,337	2,358,694
Spare Parts & Other	9,011,240	7,348,024
Good in transit	27,428,290	15,574,011
	<b>108,188,862</b>	<b>60,308,498</b>

**7- ACCOUNTS & NOTES RECEIVABLE**

	<u>31/3/2023</u> <u>EGP</u>	<u>31/3/2022</u> <u>EGP</u>
Local Customers	86,864,890	66,313,879
Foreign Customers	11,633,589	10,996,015
Notes Receivable	2,749,958	3,477,860
<b>Total Account Receivable</b>	<b>101,248,437</b>	<b>80,787,754</b>
<b>Less: impairment in account Receivable</b>	<b>--</b>	<b>(401,456)</b>
<b>Less: ECL Provision</b>	<b>(558,004)</b>	<b>--</b>
<b>Net Accounts Receivable</b>	<b>100,690,433</b>	<b>80,386,298</b>

**8- DEBTORS & OTHER DEBIT BALANCES**

	<u>31/3/2023</u> <u>EGP</u>	<u>31/3/2022</u> <u>EGP</u>
Down Payments for Suppliers and Contactors	4,802,052	2,410,861
Withholding Tax	5,683,595	3,910,516
Margin on Letters of Guarantee	131,572	37,073
Prepaid Expenses	262,783	334,656
Deposits with Others	321,651	301,733
Other Debit Balances	733,807	1,124,960
	<b>11,935,460</b>	<b>8,119,799</b>

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**9- CASH ON HAND AND AT BANKS**

	<u>31/3/2023</u> <u>EGP</u>	<u>31/3/2022</u> <u>EGP</u>
Current Account-Local Currency	37,348,643	4,455,576
Current Accounts-Foreign Currencies	105,200,528	17,160,513
Bank Deposits	120,000,000	37,000,000
Cash on Hand	41,458	67,522
	<u>262,590,629</u>	<u>58,683,611</u>

**10- CAPITAL**

The Authorized Capital amounted to 25,000,000 EGP (Twenty-Five Million Egyptian Pounds), the total issued subscribed and paid- up- capital amounted to 15,000,000 EGP (Fifteen Million Egyptian Pounds) divided over 150,000 Shares (One Hundred and Fifty Thousand Shares), The Par Value of Each Share is100 EGP (One hundred Egyptian Pounds).

**11- INCOME TAX**

	<u>31/3/2023</u> <u>EGP</u>	<u>31/3/2022</u> <u>EGP</u>
Current income Tax (11/ 1)	15,821,423	18,466,884
Deferred Tax (11/ 2)	(99,517)	(357,626)
	<u>15,721,906</u>	<u>18,109,258</u>

**11.1 Current Income Tax**

	<u>31/3/2023</u> <u>EGP</u>	<u>31/3/2022</u> <u>EGP</u>
Net Profit Before Tax	62,706,908	77,289,785
<b><u>Adding/Deducting</u></b>		
Taxable Expenses	7,168,229	3,196,911
Depreciation Differences	442,300	1,588,342
<b>Net Tax Profit</b>	<u>70,317,437</u>	<u>82,075,038</u>
<b>Tax Rate</b>	<b>22.5%</b>	<b>22.5%</b>
Current Income Tax	15,821,423	18,466,884
Income Tax for the Year Ended 31 March2022	--	--
<b>Current Income Tax</b>	<u>15,821,423</u>	<u>18,466,884</u>



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**11.2 Deferred Tax**

The Deferred Tax liabilities are as Follows:

	<u>Balance as</u>		<u>Movement during</u>		<u>Balance as 31/03/2023</u>	
	<u>01 /04/2022</u>		<u>the Period</u>			
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Property, Plant and Equipment (Net)	--	1,803,454	(99,517)	--	--	1,703,937
	<u>--</u>	<u>1,803,454</u>	<u>(99,517)</u>	<u>--</u>	<u>--</u>	<u>1,703,937</u>

**12- Credit Facilities**

Credit Facilities are as follows:

The facility contract from QNB Bank with a maximum of 12,500,000 EGP (a debit current credit) provided that this credit is allocated to finance the purchase of raw materials, Customs and the company's working capital needs represented in salaries , gas , electricity and diesel. The company has the right to withdraw from this credit within the framework of the purpose of the initiative according to checks drawn on The bank or through transfers only, provided that the debit balance in addition to the returns , commissions and appendices in any case does not exceed the value of this credit and that its use is for the purpose designed for it and the period of this credit starts from 8-30-2020 until 31-7-2021 It is calculated on the amounts withdrawn from this credit , as well as on what may be due on the second party from time to time under this contract , a diminishing return according to the initiative of the Central Bank of Egypt aforementioned , which is estimated at a return of 8% annually. This is agreed upon that the return will be higher at the end of each month and is due Payment is monthly , all on a separate account under the same facility , provided that the volume of business and the revenues specified by us in our request to obtain the credit facility are not reduced , and on the other hand , the expected growth in the volume of our revenues has not been achieved in accordance with the expected and decided amount by us in the request to obtain the facility , and the return is valid day by day The year is 360 days According to the number of days that actually expire , and in the event of delay, the balance of arrears applies to a delay return of 1.5 % calculated as a bonus on the debt return rate that will be decided by the bank

A facility contract from QNB Bank with a maximum of 12,500,000 EGP (approving a debit current account) for the purpose of financing the company's working capital needs from local or foreign suppliers and financing salaries, wages and utilities in addition to financing government agencies' Payments and withdrawal from this credit is against receipts from us directly or by drawn checks. The bank, or according to instructions from us or any other method recognized by the bank, does not exceed the debit balance of this account, plus commissions, returns and appendices, a maximum amount of 12,500,000 pounds, and the period of this credit starts from 30-8-2020 until 31-7-2021 and is calculated on the amounts withdrawn. From this credit, as well as what we owe us from time to time according to the bank's books, a compound return at an annual rate of 0.5 is above the lending rate announced by the Central Bank, added with all expenses and commissions . To the original monthly basis, the return is valid one day and is

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calculated on the basis that the year is 360 days and according to the number of days that actually pass, the funds that are mortgaged or received or deposited with the bank include all our obligations and are considered a guarantee and insurance for the payment of all our obligations.

A credit facility from Commercial Bank with a value of 65,000,000 EGP ( sixty-five million Egyptian pounds ) , and it was agreed to use this facility ) an amount of 25,000,000 Egyptian pounds ( twenty-five million Egyptian pounds), and an overdraft facility (a current limit of 2).), The average of 25,000,000 Egyptian pounds (twenty-five million Egyptian pounds ) , the rate of return of 8% annually of the limit of documentary credits / tourism , import and export of documentary by perusal and / or import of documentary import with perusal and / or acceptance , Fees shall be 0.5% (half a percent) quarterly of the nominal value of each credit issued by the bank in additions to an acceptance commission of 0.25% (a quarter of a percent ) of the nominal value in the case of acceptance documentary credits and are due once when documents are circulated. (1)Partial financing of the company's working capital requirements, which are limited to customs, taxes, public utilities, freight charges and monthly salaries, is underway, and the rate of return is 0.5% (half a percent) annually in addition to the lending rate announced by the Central Bank of Egypt, The purpose of a current limit (2) is payment limited to raw materials only in accordance with the laws of the Central Bank of Egypt in this regard, through checks approval by the bank's management), the rate of return 8 The account must show a balance of the company with the bank on an annual basis, with a delay interest of one percent (1%) annually, in addition to the interest rate applicable to those overdue amounts for the period from the maturity date until the date of actual payment of those late amounts.

It is a facilitation contract from Banque du Cairo with a maximum of 20,000,000 EGP through (a debit current account ) for the purpose of purchasing local production requirements according to a list of suppliers approved by your bank, and the disbursement takes place by check and / or in favor of local suppliers – payment of customs dues, taxes , social insurance and electricity Governmental payments are financed with a maximum of 20% of the limit granted to us, and cash disbursement is not allowed, provided that the user's total of the existing documentary credits and collection documents is not more than the current debt to refinance the documentary credits and the current debt without guarantee is less than 20 million pounds , each withdrawal is paid up to a maximum of 120 days –Revenues of current activity, and we are entitled to withdraw from the credit facility account by all methods of withdrawal for the purposes for which the facility is designed. The credit facility period is from 1-11-2020 and ends on 21-10-2021, and applies to the financing / facility account. At the rate of 8%, and in the event of canceling the central bank's initiative, the corridor rate will be applied. Lending +a margin of 0.5% annually is calculated monthly and is payable every month. The commissions, expenses and fees determined by the tariff of standard banking services rates that are due on this credit facility shall be charged. It is agrees that the bank has the right In applying the commission for the highest debit balance /// (in thousand) per month, it is calculated on the highest debit balance in the facility account during the month, a compound delay return of 1% annually in excess of the agreed rate of return. Agreement yield. Guarantees: Includes all financial and commercial securities, cash deposits, Bank of Cairo certificates, precious metals, cash, goods and other funds of any kind that were currently deposited or to be deposited in the future with the bank. They are considered frozen or mortgaged, as the case may be, in favor of the bank to ensure all our obligations before it results

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from this credit facility.

	<u>31/3/2023</u>	<u>31/3/2022</u>
	<u>EGP</u>	<u>EGP</u>
QNB Bank-EGP	3,394,689	686,337
Bank DU Cairo-EGP	25,428	3,911,176
Attijariwafa Bank-EGP	29,229,379	30,089,436
	<u>32,649,496</u>	<u>34,686,949</u>

**13- ACCOUNTS & NOTES PAYABLES**

	<u>31/3/2023</u>	<u>31/3/2022</u>
	<u>EGP</u>	<u>EGP</u>
Suppliers - Raw Materials	11,751,042	10,863,106
Suppliers — Others	4,344	81,913
Notes Payable- Short Term	6,281,754	6,597,676
	<u>18,037,140</u>	<u>17,542,695</u>

**14- DUE TO RELATED PARTIES**

	<u>31/3/2023</u>		<u>31/3/2022</u>	
	<u>Debit</u>	<u>Credit</u>	<u>Debit</u>	<u>Credit</u>
	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Essel Propack limited India	--	44,002,737	--	8,433,822
Essel packaging Guangzhou limited	--	164,339,509	--	41,497,778
Cyprus	--	4,677,164	--	--
	<u>--</u>	<u>213,019,410</u>	<u>--</u>	<u>49,931,600</u>

The Following are the Movement and the nature of transaction during the Period.

	<u>Nature of</u>	<u>Nature of</u>	<u>Translation</u>	
	<u>relationship</u>	<u>the</u>	<u>Debit</u>	<u>Credit</u>
		<u>transaction</u>	<u>EGP</u>	<u>EGP</u>
Essel Prepack limited - India	Holding Company	Vendor	133,507,870	177,510,607
Essel Packaging Guangzhou limited	Associate	Vendor	540,023,941	704,363,450
Lamitube Technologies limited Cyprus	Related Party	Vendor	3,593,054	8,270,218
			<u>677,124,865</u>	<u>890,144,275</u>

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**15- CREDITORS & OTHER CREDIT BALANCES**

	<u>31/3/2023</u> <u>EGP</u>	<u>31/3/2022</u> <u>EGP</u>
Employee's training fund	3,115,885	2,524,080
Accrued expenses	739,929	529,864
Accrued salaries	4,184	10,997
Penalty fund	30,472	78,551
Solidarity contribution	1,191,369	839,850
Other credit balances	5,699,845	2,700,541
	<u>10,781,684</u>	<u>6,683,883</u>

**16- OPERATING REVENUE**

	<u>31/3/2023</u> <u>EGP</u>	<u>31/3/2022</u> <u>EGP</u>
Local sales	388,634,480	283,686,491
Export sales	78,941,180	48,326,353
	<u>467,575,660</u>	<u>332,012,844</u>

**17- OPERATING COST**

	<u>31/3/2023</u> <u>EGP</u>	<u>31/3/2022</u> <u>EGP</u>
Cost of raw materials (17/1)	257,274,173	173,008,346
Manufacturing depreciation	2,917,380	2,794,861
Operating expenses (17/2)	38,562,498	33,974,097
	<u>298,754,051</u>	<u>209,777,304</u>

**17.1 Costs of Raw Material**

	<u>31/3/2023</u> <u>EGP</u>	<u>31/3/2022</u> <u>EGP</u>
Opening balances (Raw Materials)	33,272,644	20,963,757
Adding: Purchases	291,637,043	186,366,008
Deducting: Ending Balance (raw materials)	(65,380,155)	(33,272,644)
Change in inventory	(2,255,359)	(1,048,775)
	<u>257,274,173</u>	<u>173,008,346</u>

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**17.2 Operating Expenses**

	<u>31/3/2023</u>	<u>31/3/2022</u>
	<u>EGP</u>	<u>EGP</u>
Salaries & wages	13,672,062	10,809,580
Energy Expenses	6,298,267	5,983,111
Operating lease expenses	4,234,231	4,257,424
Lease of factory land	2,952,400	2,684,000
Other expenses	11,405,538	10,239,982
	<u>38,562,498</u>	<u>33,974,097</u>

**18- OTHER INCOME**

	<u>31/3/2023</u>	<u>31/3/2022</u>
	<u>EGP</u>	<u>EGP</u>
Scrap Sales	1,797,231	1,224,136
Others	1,160,412	338,608
Bank interest	6,014,123	2,364,452
	<u>8,971,766</u>	<u>3,927,196</u>

**19- SELLING & DISTRIBUTION EXPENSES**

	<u>31/3/2023</u>	<u>31/3/2022</u>
	<u>EGP</u>	<u>EGP</u>
Royalty	11,448,341	7,879,847
Carriage outward	10,272,419	8,156,308
Others selling expenses	1,540,883	1,796,418
	<u>23,261,643</u>	<u>17,832,573</u>

**20- GENERAL & ADMINISTRATIVE EXPENSES**

	<u>31/3/2023</u>	<u>31/3/2022</u>
	<u>EGP</u>	<u>EGP</u>
Salaries & wages	16,308,596	11,769,288
Administrative depreciation	156,956	238,140
Solidarity contribution	1,191,369	839,850
Other expenses	12,186,593	10,734,280
	<u>29,843,514</u>	<u>23,581,558</u>

**21- FINANCE COST**

	<u>31/3/2023</u>	<u>31/3/2022</u>
	<u>EGP</u>	<u>EGP</u>
Bank Commissions and Interests	54,175,197	4,960,435
Foreign Exchange (Losses) Gains	5,291,761	1,476,727
	<u>59,466,958</u>	<u>6,437,162</u>

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**22- CASH & CASH EQUIVALENTS**

	<u>31/3/2023</u>	<u>31/3/2022</u>
	<u>EGP</u>	<u>EGP</u>
Cash on hand and at banks (Note 9)	262,590,629	58,683,611
	<u>262,590,629</u>	<u>58,683,611</u>

**23- TAX POSITION**

- **Corporate Tax**

- The company presents the tax returns regularly at the legal dates. The assessment for corporate has been completed till Financial Year 2014-15.
- The tax assessment for the financial years from 2015-16 to 2019-20 is going on and waiting for the result.

- **Value Added Tax**

The company is committed to the law of value added tax no .67 of 2017 has been effective since 8 September 2017 to replace the law of sales tax no. 11 of 1991 based on this, the company has been registered in the tax authority - value added tax.

The company regularly presents the monthly tax returns (VAT) at the legal dates. The assessment has been cleared till 2012.

- The tax assessment for the years from 2012-13 to 2019-20 is going on and waiting for the result

- **Withholding Tax**

- The Company is committed to withholding tax according to Law no. 91 of 2005 and pays the due tax according to the law.
- The assessment has been done till June 30, 2012.
- The assessment has been done 2019-20 and the tax were paid

- **Payroll Tax**

- The company is committed to pay the payroll tax at the legal dates to the tax authority.
- The assessment has been done 2019
- The annual settlement of employees has been submitted electronically for the year 2020 and 2021 and the tax has been paid.

**Transactions with related Parties**

The company reviews all transactions with related parties and submitted transfer pricing the study of related Parties in the end of September 2022 To tax authority.

**24- Financial Instruments and Related risk Management**

- The company's financial instruments are represented in the financial assets and liabilities, the financial assets include cash on hand, current accounts & and some of debtors and other debit balances and the financial liabilities include creditors and other credit balances.

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- Note number (3) of the accompanying notes of the financial statements includes significant accounting policies used for recognition and measurement of the financial instruments and related revenues and expenses.

**a. Credit Risk**

Credit risk represents the failure of one of the parties to fulfill the obligations which leads to a financial loss for the company. The company is subject to credit risks related to the bank balances and other assets.

The company tries to reduce the credit risks of the bank deposits by dealing with reputable banks and clients and monitoring the current debit balances.

**b. Foreign Currency Risk**

The foreign exchange risk is represented in the fluctuation of foreign currency exchange rates which affects outflows and inflows in foreign currencies in addition to the revaluation of assets and liabilities in foreign currencies.

**c. Fair Value of the Financial Instrument**

The book value of financial assets and liabilities above mentioned does not have a material difference with the fair value of these financial instruments.

**25- Significant events during the current period**

A contract was concluded on 20/03/2023 between our company and Lamitube technologies Cyprus stipulating that the company would obtain a loan of \$8 million at an annual interest rate of 8%, which is the same as the borrowing rate. On 26/03/2023, an amount of \$3 million was received from the loan value.

**26- Comparative figures**

Comparative figures were reclassified to be in accordance with the current classifications of financial statements.

**Head of Account**

**Mohamed Helmy**



**Chairman**

**Eng. Osama Mashhour**

