

Pharmaderm Company (SAE)

Interim Financial Statements

For The YEAR Ended On March 31, 2019

Contents

Page

Limited Review Report	3
Interim Income Statement	4
Interim Statement of Comprehensive Income	5
Interim Financial Position	6
Interim Statement of Changes in Shareholders' Equity	7
Interim Statement of Cash Flows	8
Notes to the Financial Statements	9-19

Interim Income Statement

	Note	31/3/2019 EGP	31/3/2018 EGP
Sales		3,626,288	9,047,041
Rebate		(76,170)	
Retail scheme		(3,840,933)	
Cost Of Sales	6	5,371,037	7,925,376
Gross Profit		(5,661,852)	1,121,665
(Less)			
General And Administrative Expenses	7	(1,774,738)	(1,663,198)
Selling & Distribution Expenses	8	(1,595,409)	(2,214,591)
Losses From Previous Years	9	(249,691)	
Capital Gains/(Losses)		(4,949)	
Other Revenue		-	4,010
Net (Loss)/Profit For Period		(9,286,639)	(2,752,114)

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

Amr-Allah G. El

Chairman

Interim Statement of Comprehensive Income

	Note	31/3/2019 EGP	31/3/2018 EGP
Net (Loss)/Profit Of The Period		(9,286,639)	(2,752,114)
Add:			
Other Comprehensive Income:			
FOREX Gains/(Losses)		687,530	(11,817,897)
Total Other Comprehensive Income		(8,599,109)	(14,570,011)

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

Amrallah G. - 1 -

Chairman

Interim Financial Position

	Note	31/3/2019 EGP	31/03/2018 EGP
Non-Current Assets			
Fixed Assets	10	2,698,805	2,820,695
Total Non-Current Assets		2,698,805	2,820,695
Current Assets			
Inventory		--	2,201,535
Debtor & Other Debit Balances	11	4,583,706	7,551,167
Cash & Cash Equivalents	12	125,212	44,764
Total Current Assets		4,708,918	9,797,466
Total Assets		7,407,723	12,618,161
Shareholder's Equity			
Paid-Up Capital	13	2,126,000	2,126,000
Retained (Losses)		(18,711,490)	(4,141,479)
Total Other Comprehensive Income For the Period		(8,599,109)	(14,570,011)
Total Shareholders' Equity		(25,184,599)	(16,585,490)
Current Liabilities			
Duo To Related Parties	14	32,320,890	28,371,386
Creditors & Other Credit Balances	15	271,432	832,265
Total Current Liabilities		32,592,322	29,203,651
Total Shareholders' Equity & Current Liabilities		7,407,723	12,618,161

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

Amrallah G. L

Chairman

Interim Statement Of Changes In Shareholders' Equity

31/3/2019	Paid-Up Capital	Retained (Losses)	Total
	EGP	EGP	EGP
Balance At 1/4/2018	2,126,000	(18,711,490)	(16,585,490)
Net (Losses) For The Period		(8,599,109)	(8,599,109)
Balance At 31/3/2019	2,126,000	(27,310,599)	(25,184,599)

31/3/2018	Paid-Up Capital	Retained (Losses)	Total
	EGP	EGP	EGP
Balance At 1/4/2017	2,126,000	(4,141,479)	(2,015,479)
Net (Losses) For The Period	--	(14,570,011)	(14,570,011)
Balance At 31/3/2018	2,126,000	(18,711,490)	(16,585,490)

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

Amal G. - 1 -

Chairman

Interim Statement Of Cash Flows

	31/3/2019	31/3/2018
	EGP	EGP
Cash Flows From Operating Activities		
Net (Losses)/Profit For The Period	(9,286,639)	(2,752,114)
Other Comprehensive income	687,530	(11,817,897)
Adjustments to Reconcile Net Profit With Non-Monetary Items		
Depreciation	123,783	98,219
Capital Gain/(Losses)	4,949	-
	(8,470,377)	(14,471,792)
Change In Inventory	2,201,535	(2,201,535)
Change In Debtors & Other Debit Balances	2,967,461	(5,175,988)
Change in creditors & Other Dredit Balances	(560,833)	656,039
Net Cash Flows (Used in) Operating Activities	(3,862,214)	(21,193,276)
Cash Flows From Investment Activities		
Purchasing Of Fixed Assets	(12,982)	(201,456)
Proceeds From Sales Of Fixed Assets	6,140	-
Net Cash Flows (Used in) Investment Activities	(6,842)	(201,456)
Proceeds From Shareholder's Current Accounts	3,949,504	21,327,006
Net Cash Flows Provided From Financing Activities	3,949,504	21,327,006
Net Change In Cash & Cash Equivalents During The Period	80,448	(67,726)
Cash & Cash Equivalents At Beginning Of the Period	44,764	112,490
Cash & cash Equivalents At the End Of the Period	125,212	44,764

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

Andolk G. I.

Chairman

Notes to the Financial Statements

1. Company's Background

Pharmaderm Company (SAE) was incorporated on September 6, 1998 according to Law No.8 for the year 1997. The Company was registered in the Commercial register under No.472 Dated 23/01/2005.

The company's main activities are manufacturing pharmaceuticals products, disinfectants, cosmetics, & chemicals; the company started operations on April 20, 2008.

2. Significant Accounting Policies

2.1 Upholding Accounting And Legal Principles

The attached financial statements have been prepared in accordance to the Egyptian Accounting Standards and the relevant laws and regulations; according to the Egyptian Accounting Standards if there is a situation that is not covered by Egyptian Accounting Standards, then International Financial Reporting Standards shall be applied.

2.2 Basis Of Preparation Of The Financial Statements

The financial statements have been prepared in Egyptian pounds.

2.3 Changes In Accounting Principles

The accounting principles are in line with those adopted in the previous year.

2.4 Foreign Currency Transactions

Foreign currency transactions during the year are recorded according to the prevailing exchange rate at the time of the transaction. At each subsequent balance sheet date, foreign currency monetary amounts are reported using the closing rate at the balance sheet date.

2.5 Fixed Assets

• Recognition And Preliminary Measurement

All buildings, constructions, utilities, machinery and equipment are recorded according to their cost less accumulated depreciation as well any reduction in value.

The cost includes direct costs associated with acquiring the assets. Where assets are internally generated, this should include the cost of raw materials, direct wages, and other direct costs that are required for the asset to become operational for the purpose that it was first commissioned.

• Depreciation

Fixed assets are carried at historical cost and depreciated using the straight-line method according to the following rates:

<u>Type</u>	<u>Depreciation Rate</u>
Buildings	5 %
Machinery & Equipment	25 %
Furniture & Office Equipment	25 %
Other Assets	25 %

2.6 Impairment In the Value Of Non-Financial Assets

The book value of the company's non-financial assets, other than inventory and deferred tax assets is reviewed at the date of each financial position to determine the amount of impairment. The company carries out a regular review to determine if there has been impairment in the value of an asset or if there is an indication of such impairment; the fair value of the asset is compared with the book value. If the book value is above the fair value, then there is impairment in the value of the asset and the asset is reduced to its fair value and the loss is recorded in the income statement. The impairment loss which is previously recognized may be reversed in the case that there is a change in the fair value to the extent that the amount was reduced in the past.

2. Significant Accounting Policies (Continued)

2.7 Impairment In The Value Of Financial Assets

Annually, on each balance sheet date, an impairment test is carried out to ascertain if there is an indication that any of the assets have been impaired. Once there is an impairment in the value of an asset the loss is recorded only if there is evidence that the impairment of the value was due to an incident or more after the initial realization of the asset and that such incident or incidents had an effect that can be valued in a reliable manner for the expected future cash flow from the asset. In the case of financial assets that are recorded according to their amortized cost, the losses due to impairment are represented in the difference between the book value of such asset and the present value of the future cash flows that has been discounted by the original actual interest rate relating to this asset. The book value of the financial asset is usually reduced directly, except in the case of the receivables account. The receivables account is reduced by creating a provision as per customer account. The amounts that are not collected are to be written off from the provision and the amount of the realized loss will be reimbursed either directly or by settling the provisions account. It should be ensured that such reversal will not generate a book value for the asset which is higher than the amortized cost at the date of the writing off the amount of impairment if such impairment has not been recognized. The amount written off will be reflected in the income statement.

2.8 Inventory

Inventory is valued at the end of the financial year according to market price or cost, whichever is less.

2.9 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue is recognized if the following conditions are met:

- You can accurately measure the amount of revenue.
- It is widely expected the economic benefits associated with the transaction flow of the business.
- It can be the exact measurement of the degree of completion of the process as well as necessary for the completion costs.
- Revenue is measured at the fair value of the consideration received, or the amount due excluding discounts, rebates, and sales taxes, or duties.
- The specific recognition criteria described below must be met before revenue is recognized.

Sale Of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest Income

Interest income is recognized as interest accrues using effective interest method, and it is included in the income statement under credit interest.

2.10 Provisions

Provisions are recognized once the company has a current legal or realistic obligation due to previous events and it would be prudent to allocate the appropriate economic cash flow to meet this obligation. The amount recognized as a provision should be the best estimate of the amount required to settle the present obligation at the balance sheet date, that is, the amount that an entity would rationally pay to settle the obligation at the balance sheet date or to transfer it to a third part.

2. Significant Accounting Policies (Continued)

2.11 Employee Benefits

- **Insurance And Pension System**

The company contributes in the government owned Social Insurance Employee Benefits Scheme according to Social Insurance Law No.79 for the year 1975 and its amendments. The company and employees both contribute to the scheme according to relevant laws and regulations. The company's contribution is charged in the income statement.

- **Share Of Employees In Profit**

According to the Companies Law No.159, for the year 1981, the company shall distribute a proportion of 10% of the dividends to the employees as a share of profit. In the case where 10% of the dividends being distributed exceed the amount of total annual salaries, the share of profit is then capped at that amount. The employee share of profit will be recognized as dividend paid in shareholders changes in equity statement and as an obligation for the period after company's shareholders have approved the dividend distribution.

2.12 Taxation

- **Income Tax**

Income tax is a tax on the company's profit and is calculated using the current corporate tax rate in accordance to the relevant laws and regulations. The income tax expense should be reflected in income statement. The company is tax exempted from corporate tax till December 2018.

- **Deferred Tax**

Deferred tax reflects the existence of some temporary differences due to the difference in time frames between the time the asset value is realized and the obligation between the prevailing taxation principles and accounting principles that are adhered to when preparing the financial statement. The deferred tax is calculated according to the prevailing method which is used to ascertain the present value of assets and liabilities. It should be considered that the deferred tax may be considered as an asset if there is a strong possibility that it may be off set against taxation for future years. The amount of the deferred tax should be deducted by the amount that may not be off set against future taxes. The company is tax exempted from corporate tax till December 2018.

2.13 Expenses

All expenses, including administrative and general expenses, are to be presented in the income statement in the period when such expenses were incurred.

2.14 Legal Reserve

According to Law No. 159 for the year 1981, its executive directives, and the company's articles of association 5% of the net profit of the year is transferred to the legal reserve until this reserve is used upon decision from the general assembly meeting based on the proposal of the board of directors. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital.

2.15 Cash Flows Statement

The cash flows statement is prepared under the indirect method.

2.16 Comparative Figures

Comparative figures have been reclassified whenever it is necessary to compensate for the differences in the presentation used for the present period.

3. Financial Instruments

Financial instruments are initially recognized when the company becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument typically amortized cost or fair value.

3.1 Debtors

Customers and other debit balances are recognized with the initial value of the invoice after deducting any provisions for doubtful balances. Debts are valued if there are doubts in their collection. They are written-off if there are no chances in their collection.

3.2 Creditors

The recognition of the trade payables, creditors & notes payable is based on the amounts accrued for payments in the future for the goods & services received whether the invoices are received from the supplier or not. It is recognized with amortized cost by using the effective interest rate.

4. Financial Risks Management

4.1. Financial Risks Items

Financial risks are represented by market risks that include changes in foreign exchange rate, price risk, interest rate risk, credit, and liquidity risks. The company does not use any financial derivatives for hedging specific risks.

Market Risk

Market risk is the risk that arises from changes in market; such as foreign currency exchange rates, interest rates, and share prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

1. Foreign Exchange Rate Risk

The Company is exposed to the risk of changes in exchange rates because of the various activities using USD. The foreign exchange risk arises due to future to the potential fluctuations in exchange rates that may affect commercial transactions, assets, and liabilities in foreign currency at each balance sheet date

2. Price Risk

The Company has no investments in equity instruments, listed and current debit instruments in the money market; it is not exposed to the risk of change in the fair value of investments due to changes in prices.

3. Interest Risk

Interest rate risk is a result of the change in interest and its effects on the company; this risk is not applicable as the company does not depend on credit facilities from banks to finance working capital or long-term assets.

4. Credit Risk

Credit risk arises from customers and individual accounts recorded in the receivables account. For banks, the company deals with banks according to high credit rating and banks with high credit worthiness in case of absence of the separate credit rate. For customers, management evaluates their credit worthiness with their cash position and historical dealings and other relevant matters. Required provisions are formed to face adequacy risk of customers individually.

5. Liquidity Risk

Liquidity risk is the risk that company will not able to meet its financial obligation, in accordance with the Company's policies, appropriate policies are taken to reduce that risk to acceptable level.

4. Financial Risks Management (Continued)

4.2. Capital Risk Management

Credit risk arises from customers and individuals accounts represented in receivables account. As for banks, the company deals with banks according to their high credit rating and banks with high liquidity ratios when credit ratings are not available. Management evaluates customer's credit worthiness with their cash position and historical dealings, and other aspects that may be taken into consideration when assessing each customer. Bad debts provisions are formed when it is expected that a certain customer will have difficulties in settling their debt.

4.3. Fair Value Estimation

The fair value of financial assets and liabilities with maturities of less than one year is assumed to be recorded using their carrying value. The fair value of financial liabilities-for disclosure purposes is estimated by discounting the future cash flow at the current market interest rate that is used by the company for similar financial instruments.

5. Significant Accounting Estimates And Personal Judgments

5.1 Significant Accounting Estimates And Judgments

Estimates and assumptions are evaluated on basis of professional judgment and other factors including expectations about future events that are believed to be reasonable under certain circumstances.

The Company makes future estimates and assumptions, which may not be equal to the actual results. In general, the application of the company's accounting policies does not require from management the use of professional judgment which may have a major impact on the value recognized in the financial statement.

Estimates and assumptions that are used by the company are shown as follows:

a. Income Tax

Income tax is calculated in accordance with Egyptian Tax Law.

Current Income Tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authority.

Deferred Income Tax

Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the balance sheet (accounting base) using the applicable tax rate. Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will create benefit. Current and deferred tax shall be recognized as an income or an expense and included in the statement of income for the year, except to the extent that the tax arises from a transaction or event which is recognized, in the same or different year, directly in equity.

b. Impairment Of Trade Receivables

Management studies the position and the ability of payments being made by customers. Management makes judgments, estimates, and assumptions about the carrying amounts based on historical experience and other factors that are considered relevant under the circumstances. Typically, with the impairment of trade receivables the company uses the provision matrix as a practical expedient for measuring impairment.

c. Estimated Useful Life Of Assets

The estimated useful life depends on an estimation using professional judgment based on the company's experience with similar fixed assets while taking into consideration the estimated usage of the asset in relation to the number of operating shifts and technical limitations. Residual values and useful lives of assets are reviewed on periodic basis.

d. Inventory Write Off

At each reporting end date, the company reviews the carrying amounts of its inventory to determine whether there is any indication of write off in inventory. If any such indication exists, the recoverable amount of the assets is estimated to determine the extent of the write off if any.

6. Cost of Sales

	31/3/2019	31/3/2018
	EGP	EGP
Inventory-Opening Balance	2,201,535	--
Purchases	3,169,502	--
cogs	--	7,923,149
wastage	--	2,227
Total Cost Of Sales	5,371,037	7,925,376

7. General & Administrative Expenses

	31/3/2019	31/3/2018
	EGP	EGP
Depreciation	123,783	98,219
Professional Fees	159,591	165,310
Utility Expenses	16,125	10,183
Salaries & Wages	859,985	540,708
Social Insurance	15,825	12,181
Fees & Subscriptions	202,340	35,036
Travel & Transport Expenses	47,252	10,391
Hospitality & Accommodation	7,590	27,918
Bank Charges	3,232	4,767
Maintenance & Repairs	2,173	8,736
Stamp Tax	--	49,140
Rent	240,000	240,000
Commissions	10,437	35,088
Bad Debts	--	3,045
Stationary	195	3,117
Schedule Tax	15,959	16,531
Other Expenses	70,251	402,828
Total General & Administrative Expenses	1,774,738	1,663,198

8. Selling & Distribution Expenses

	31/03/2019	31/03/2018
	EGP	EGP
Sampling Expenses	109,506	84,802
Products Registration	2,796	124,366
Wooden Display Stands	88,200	462,100
Exhibition Rent	12,750	49,506
Stickers & Advertisements	220,275	43,370
Salaries & Commissions	815,243	574,295
Research Expenses	--	746,766
Travel & Transport Expenses	24,517	--
Stamp Tax	74,675	--
Advertisements	247,447	--
free lancer	--	2,000
Other Selling Expenses	--	67,491
differences on quotation	--	59,895
Total Selling & Distribution Expenses	1,595,409	2,214,591

9. Losses From Previous Years

	31/03/2019	31/03/2018
	EGP	EGP
Sales Return of Previous year	1,445,615	--
Less		
Purchase return	(802,581)	--
Provision Reversal From Last Year	(393,343)	--
Total Losses From Previous Years	249,691	--

10. Fixed Assets

31/03/2019	Land	Buildings & Construction & Utilities	Machinery Equipment & Instruments	Furniture & Office Equipment	Other Assets	Total
	EGP	EGP	EGP	EGP	EGP	EGP
Cost at 1/4/2018	1,216,431	2,052,044	291,045	250,175	2,714	3,812,409
Additions during the Period	--	--	--	12,982	--	12,982
Disposals during the Period	--	--	--	(12,982)	--	(12,982)
Cost At 31/3/2018	1,216,431	2,052,044	291,045	250,175	2,714	3,812,409
Accumulated Depreciation At 1/4/2018	--	656,164	274,036	58,972	2,542	991,714
Depreciation For the Period	--	69,794	4,252	49,694	43	123,783
Accumulated Depreciation Of Disposals	--	--	--	(1,893)	--	(1,893)
Accumulated Depreciation At 31/3/2019	--	725,958	278,288	106,773	2,585	1,113,604
Net Book Value At 31/3/2019	1,216,431	1,326,086	12,757	143,402	129	2,698,805
31/03/2018						
Land	Buildings & Construction & Utilities	Machinery Equipment & Instruments	Furniture & Office Equipment	Other Assets	Total	
EGP	EGP	EGP	EGP	EGP	EGP	
Cost at 01/04/2017	1,216,431	2,052,044	291,045	48,719	2,714	3,610,953
Additions During the Year	--	--	--	201,456	--	201,456
Cost At 31/03/2018	1,216,431	2,052,044	291,045	250,175	2,714	3,812,409
Accumulated Depreciation At 01/04/2017	--	582,697	268,367	39,946	2,485	893,495
Depreciation For the Year	--	73,467	5,669	19,026	57	98,219
Accumulated Depreciation At 31/03/2018	--	656,164	274,036	58,972	2,542	991,714
Net Book Value At 31/03/2018	1,216,431	1,395,880	17,009	191,203	172	2,820,695

11. Debtors & Other Debit Balances

	31/03/2019	31/03/2018
	EGP	EGP
suppliers	2,650,916	3,392,148
Withholding Tax - with others	7,122	--
Customers	643,721	2,592,385
Letters Of Guarantee	534,400	534,400
Value Added Tax	436,848	371,185
Deposits With The Industrial Development Authority	256,512	256,512
Deposits With Others	2,000	80,000
Other Debtors	42,261	287,197
Advanced Payments	3,151	31,860
Suppliers- Advanced Payments	5,000	5,000
insurance	1,295	--
Tax Authority	480	480
Total Debtors & Other Debit Balances	4,583,706	7,551,167

12. Cash & Cash Equivalents

	31/03/2019	31/03/2018
	EGP	EGP
Petty Cash	5,586	6,015
Bank - Local Currency	59,583	2,549
Bank - Foreign Currency	60,043	36,200
Total Cash & Cash Equivalents	125,212	44,764

13. Capital

The issued capital amounted to EGP 2,126,000 (two million and one hundred twenty six thousand Egyptian pounds), fully paid and distributed over 2,126 shares (two thousand and one hundred twenty six share) the par value of each share is EGP 1,000 (one thousand Egyptian pounds).

According to Extraordinary General Assembly meeting held on 9th January 2011 approved to increase capital to EGP 6,500,000 (six million and Five hundred thousand Egyptian pound) distributed over 6,500 shares (six thousand and five hundred share) with the par value of each share being EGP 1,000 (one thousand Egyptian pounds). No action has been taken in regards to the above decision as of March 31, 2019

14. Duo To Related Parties

	31/03/2019	31/03/2018
	EGP	EGP
Emami Overseas	32,320,890	28,371,386
Total Duo To Related Parties	32,320,890	28,371,386

- The shareholders current account balances are unsecured, interest free, and there are no defined repayment arrangements and are payable only at the option of Emami Overseas.

15. Creditors & Other Credit Balances

	31/03/2019	31/03/2018
	EGP	EGP
Accrued Expenses	113,410	469,394
Social Insurance		7,387
Withholding Tax	571	13,515
Salary Tax	60,803	110,301
Accrued Salaries	96,476	120,125
Customers	-	-
Other Creditors	172	111,543
Total Creditors & Other Credit Balances	271,432	832,265

16. Taxation

16.1. Corporate Tax

According to Article 2 and 3 of Law No. 91, for the year 2005; the company has a ten-year tax exemption on its profits. The tax exemption is clearly stated in the company tax file, indicating that the ten years started on the 1st January 2009 and will end on December 2018. The first year of the exemption includes the period from the beginning of the operations starting on the 20th April 2008 to the end of the next financial year in 31st December 2009.

- **From the Date of Incorporation: September 1998 till December 2007**

The company was examined for tax purposes by the Egyptian Tax Authorities from the date its incorporation date till December 31, 2004. There were no issues were noted.

- **2008 Financial Year**

The company was examined for tax purposes by the Egyptian Tax Authorities, the tax authorities requested the company to pay the difference of EGP 790. The company's management has disputed the amount and has taken this matter to the Egyptian Tax Authority's Interior Committee. The Egyptian Tax Authority's Interior Committee did not given an opinion yet, as of June 30, 2018.

- **2010 Financial Year**

The company has been inspected by the Egyptian Tax Authority; we haven't been notified by result till now .

- **2011 Financial Year**

The company has been notified by the Egyptian Tax Authorities to pay a difference of EGP 177,000; the company's management disputed the amount and has taken this matter to the Egyptian Tax Authority's Interior Committee. The Egyptian Tax Authority's Interior Committee didn't given an opinion.

- **2011 Financial Year**

Tax returns that were presented to the Egyptian Tax Authorities were for the period 15 months due to the amendment of the company's financial year. The new financial year starts on the 1st of April and ends on the 31th of March.

- **Financial Years from 2013 till 2018**

Tax returns were submitted in accordance with the provisions of the Law 91 for the year 2005; the company has not yet been inspected by the Egyptian Tax Authorities.

16. Taxation (Continued)

16.2. Payroll Tax

• **From The Date Incorporation (September 1998) Till December 31, 2008**

The company was inspected for tax purposes by the Egyptian Tax Authorities, and no issues were noted.

• **Financial Years From 2009 Till 2012**

The company was inspected for tax purposes by the Egyptian Tax Authorities, the company was asked to pay a difference of EGP 27,363. The company's management has disputed the amount and has taken this matter to the Egyptian Tax Authority's Interior Committee. The Egyptian Tax Authority's Interior Committee didn't give an opinion.

• **Financial Years From 2013 Till 2018**

Tax returns were submitted in accordance with the provisions of the Law 91 for the year 2005, and there were no issues to note.

16.3. Withholding Tax

• **Financial Years From 2008 Till 2010**

The company was not compliant with the laws and regulations in regard to withholding tax; management were not completing and submitting the withholding form No.41.

• **Financial Years From 2011 Till 2012**

The company was inspected for tax purposes by the Egyptian Tax Authorities, the company was asked to pay a difference of EGP 75,707. The company's management disputed the amount and has taken this matter to the Egyptian Tax Authority's Interior Committee. The Egyptian Tax Authority's Interior Committee didn't give an opinion.

• **Financial Years From 2013 Till 2018**

Tax returns were submitted in accordance with the provisions of the Law 91 for the year 2005; the company has not yet been examined by the Egyptian Tax Authority.

16.4. Stamp Duty

• **Financial Years From 2008 Till 2011**

The company was inspected for tax purposes by the Egyptian Tax Authority, there were no issues to note.

• **Financial Years From 2012 Till 2018**

Tax returns were submitted in accordance with the provisions of the law 91 year 2005; the company has not yet been inspected by the Egyptian Tax Authority.

16.5. Value Added Tax

• **Financial Years From 2008 Till 2016**

Tax returns were submitted in accordance with the provisions of the Law 11 for the year 1991; company has not yet been inspected by the Egyptian Tax Authority.

• **Financial Years From 2016 Till 2018**

Tax returns were submitted in accordance with the provisions of the Law 67 for the year 2016; the company has not yet been inspected by the Egyptian Tax Authority.

17. Going Concern

The company's accumulated losses amounted to EGP 27,310,599 as of March 31, 2019; which exceeds its paid-up capital. This condition indicates the existence of a material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern. According to the companies Law No. 159 for the year 1981 (Article 69), the Board of Directors have to hold an Extraordinary General Assembly Meeting for the shareholders to decide on continuity of the company.