Rexcel Egypt Company (L.L.C)
Financial Statements
For The Year Ended 31 March 2025
Together With Auditor's Report

REXCEL EGYPT COMPANY
(Limited Liability Company)
Financial Statements
For the year ended 31 March 2025

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AUDITOR'S REPORT

To: The Partners of Rexcel Egypt Company (Limited Liability Company)

Report on the Financial Statements

We have audited the accompanying financial statements of **Rexcel Egypt Company (L.L.C.),** represented in the statement of Financial position as of 31 March 2025, and the related income statement, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management 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. This responsibility also includes 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 those financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that 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 professional 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 on those financial statements.

Opinion

In our opinion, the financial statements referred to above, give a true and fair view, in all material respects, of the financial position of **Rexcel Egypt Company (L.L.C.)**, as of 31 March 2025, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Emphasis of a matter

Without qualifying our opinion, we draw attention to note (2-1) of the notes to the financial statements where the Company has negative amounted accumulated losses amounted to 12,171,053 EGP exceeding the paid-up capital as of the year ended 31 March 2025.

These events or conditions indicate that a material uncertainty exists that may cast an extraordinary general assembly meeting should be held to decide the continuity of the company's operations according to law no. 159 for 1981 which raises substantial doubts about the Company's ability to continue as going concern. The financial statements were prepared under the going concern assumption since the Head Office will continue to support the Company in meeting its liabilities as they falled due within the coming 12 months, the matter which necessitates calling an Extraordinary General Assembly Meeting to decide the continuity of the company in accordance with the provisions of law 159 for the year 1981.

Report on other legal and regulatory requirements

The Company maintains proper accounting records that comply with the laws and the Company's articles of association and the financial statements agree with the Company's records. The physical inventory count was undertaken by the Company's Management in accordance with the proper norms. The financial information included in the General Managers' Report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the books of the Company insofar as such information is recorded therein.

Ahmed Mamdouh Farag
R.A.A 6822
EFSA's Register No. 126
CBE's Register No. 125
Kreston Egypt

Cairo, 11 / 5 / 2025

Statement of Financial Position
As of 31 March 2025

	Notes No.	31/03/2025 EGP	31/03/2024 EGP
Non-Current Assets			
Right-Of-Use Assets (Net)	(3)	24,576	36,864
Deferred Tax Assets		189,182	189,182
Total Non-Current Assets		**213,758**	**226,046**
Current Assets			
Inventory (Net)	(5)	21,265,753	5,631,058
Customers (Net)	(6)	3,787,583	2,072,742
Debtors and other Debit Balances	(7)	4,601,053	1,812,769
Cash and Cash Equivalents	(8)	12,892,839	2,783,050
Total Current Assets		**42,547,228**	**12,299,619**
Total Assets		**42,760,986**	**12,525,665**
Equity			
Paid up capital	(12)	2,090,000	2,090,000
Legal reserve		418,746	240,000
Retained loss		(13,779,767)	(9,275,295)
Net profit/ (loss) of the year		1,608,714	(4,504,472)
Total Equity		**(9,662,307)**	**(11,449,767)**
Non-Current Liabilities			
Lease Liability-Long term portion	(4)	16,204	30,177
Due to Related Parties	(11)	47,688,883	22,354,712
Total Non-Current Liabilities		**47,705,087**	**22,384,889**
Current Liabilities			
Provisions for contingent liabilities	(9)	105,851	105,851
Suppliers		1,943,144	34,713
Creditors and other credit balances	(10)	2,655,238	1,438,001
Lease Liability-Short term portion	(4)	13,973	11,978
Total Current Liabilities		**4,718,206**	**1,590,543**
Total Equity and Liabilities		**42,760,986**	**12,525,665**

Financial Manager	**General Manager**
Yasser Shaker	**Dr. Hany Mashaal**

- The accompanying notes from (6) to (19) are an integral part of these financial statements.

Income Statement
For the Year Ended 31 March 2025

	Note	For the Year ended: 31/3/2025 EGP	31/3/2024 EGP
Sales (Net)	(13)	16,991,633	5,627,568
Cost of sales	(14)	(12,430,036)	(4,607,419)
Gross profit		**4,561,597**	**1,020,149**
Selling and distribution expenses		(621,843)	(189,087)
General and administrative expenses	(15)	(1,169,136)	(503,059)
Foreign currency exchange losses		(2,025,590)	(5,584,104)
Interest Expense on lease liabilities	(4)	(3,369)	(4,422)
Amortization expense of right of use assets	(3)	(12,288)	(12,288)
Expected Credit Losses		(31,680)	--
Total Expenses		**(3,863,906)**	**(6,292,960)**
Net profit / (loss) for operating activities		**697,691**	**(5,272,811)**
Other revenues		1,089,769	579,157
Profit (loss) before income tax		**1,787,460**	**(4,693,654)**
Deferred tax		--	189,182
Net profit (loss) for the year		**1,787,460**	**(4,504,472)**

Financial Manager

Yasser Shaker

General Manager

Dr. Hany Mashaal

- The accompanying notes from (6) to (19) are an integral part of these financial statements.

Statement of Comprehensive Income
For the Year Ended 31 March 2025

	For the Year ended:	
	31 /3/2025 EGP	**31 /3/2024 EGP**
Net profit (loss) for the year	1,787,460	(4,504,472)
Other comprehensive income	--	--
Total comprehensive income for the period	**1,787,460**	**(4,504,472)**

- The accompanying notes from (6) to (19) are an integral part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 March 2025

	Paid up capital	Legal reserve	Retained loss	Net profit (loss) of the year	Total
	EGP	EGP	EGP	EGP	EGP
Balance as of 1 April 2023	2,090,000	240,000	(7,454,263)	(1,821,032)	**(6,945,295)**
Transferred to retained (losses)	--	--	(1,821,032)	1,821,032	**--**
Net profit/ (loss) of the year	--	--	--	(4,504,472)	**(4,504,472)**
Total other comprehensive income	--	--	--	(4,504,472)	**(4,504,472)**
Balance as of 31 March 2024	**2,090,000**	**240,000**	**(9,275,295)**	**(4,504,472)**	**(11,449,767)**
	--	--	--	--	--
Balance as of 1 April 2024	2,090,000	240,000	(9,275,295)	(4,504,472)	**(11,449,767)**
Transferred to retained (losses)	--	--	(4,504,472)	4,504,472	**--**
Transferred to Legal Reserve	--	178,746	--	(178,746)	**--**
Net profit/ (loss) of the year	--	--	--	1,787,460	**1,787,460**
Total other comprehensive income	**--**	**--**	**--**	**1,787,460**	**1,787,460**
Balance as of 31 March 2025	**2,090,000**	**418,746**	**(13,779,767)**	**1,608,714**	**(9,662,307)**

- The accompanying notes from (6) to (19) are an integral part of these financial statements.

Statement of Cash Flows
For the Year Ended 31 March 2025

	Notes No.	31/3/2025 EGP	31/3/2024 EGP
Cash flows from operating activities			
Profit (loss) before income tax		**1,787,460**	**(4,693,654)**
Adjustments for:			
Interest on lease liabilities	(4)	3,369	4,422
Expected credit losses		31,680	--
Amortization expense of right of use assets	(3)	12,288	12,288
Foreign exchange currency		2,025,590	5,584,104
		3,860,387	**907,160**
Change in:			
Inventory	(5)	(15,634,695)	(4,411,580)
Customers	(6)	(1,714,841)	(894,052)
Debtors and other debit balances	(7)	(2,788,284)	(946,816)
Suppliers		1,908,431	(3,762)
Due to related parties	(11)	25,334,171	12,020,567
Creditors and other credit balances	(10)	1,186,334	494,577
Cash flows provided from operating activities		**12,151,503**	**7,166,094**
Provisions used	(5)	(777)	(262,588)
Net cash flows provided from operating activities		**12,150,726**	**6,903,506**
Cash flows from investing activities			
Net cash flows provided from investing activities		**--**	**--**
Cash flows from financing activities			
Payments for lease liabilities	(4)	(15,347)	(14,616)
Net cash used in financing activities		**(15,347)**	**(14,616)**
Net change in cash and cash equivalents		**12,135,379**	**6,888,890**
Foreign exchange differences		(2,025,590)	(5,584,104)
Cash and cash equivalents at the beginning of year		2,783,050	1,478,264
Cash and cash equivalents at the ending of period		**12,892,839**	**2,783,050**
Cash and cash equivalents is as follows:			
Cash at banks - local currency	(8)	12,892,839	2,783,050
		12,892,839	**2,783,050**

- The accompanying notes from (6) to (19) are an integral part of these financial statements.

Notes to The Financial Statements for the Year Ended 31 March 2025

1) Background

Rexel Egypt (L.L.C.) is an Egyptian limited liability company was established under the Egyptian law no. 159 of 1981 and its executive regulation.
the company's duration is 25 years starting from the date of registration in the commercial registry.
the company was located at 3 Ahmed Nessim St., Giza, Egypt.
according to the extraordinary general assembly dated 31 December 2016, the company's shareholders approved the change of the main office location to be number 47 street number 270, albasaten, new Maadi
the company is registered in the commercial registry under no. 102709 on august 6, 1998. the company's legal domicile is in Cairo – Arab republic of Egypt.
according to the extraordinary general assembly dated 10 December 2013 the financial year end was changed from 31 December to 31 march for each year.

The principal activities of the company are:

1. Manufacturing, trading, selling and distributing of all types of pharmaceutical and chemical products, and its related raw materials.
2. Construction and operation of factories for production of all types of pharmaceutical and chemical products.
3. The company has the right to import equipment, machines, tools, and all raw materials concerning pharmaceutical & chemical products that help the company achieve its purposes.
4. Export, import and Commercial agencies

The company undertakes its activities in compliance with applicable regulatory laws and regulations provided that they obtain necessary licenses as applicable.
The General Manager approved the financial statements as of 31 March 2025 on 8 May 2025.

2) Significant Accounting Policies

The financial statements are prepared under the going concern assumption on a historical cost basis. except for the measurement at fair value of financial assets held at fair value.

(2-1) Going Concern

The company's accumulated losses exceeded its issued and paid up capital amounted to EGP 12,171,053 as of 31 march 2025, which raises material uncertainty that may result in significant doubt on the company's ability to continue as going concern. the financial statements were prepared under the going concern assumption since the parent company will continue to support the company in meeting its liabilities as they full due within the coming 12 months.

(2-2) Functional & Reporting Currency

The Financial Statements are Prepared and Presented In Egyptian Pound, Which Is The Company's Functional Currency.

(2-3) 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 accounting policies adopted are consistent with those of the previous financial year.
The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.
Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.
The key judgements and estimates that have a significant impact on the financial statement of the Company are discussed below

(2-4) Revenue recognition for sale of goods

In making their judgment, management considered the detailed criteria for the recognition of revenue from the sale of goods as set out in" EAS 48 Revenue from contracts with customers", and, in particular, whether the significant risks and rewards of ownership of the goods have passed to the buyer, which is usually upon the delivery of the goods and the issuance of an invoice.

(2-5) Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimate is performed on an individual basis. Amounts which are not individually significant, but are past due, are assessed collectively and a provision is applied according to the length of time past due, based on historical recovery rates.

(2-6) Useful lives of fixed assets

The Company's management determines the estimated useful lives of its fixed assets for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews the estimated useful lives and the depreciation method to ensure that the method and the period of depreciation are consistent with the expected pattern of economic benefits from these assets.

(2-7) Taxes

The Company is subject to income taxes in Egypt. Significant judgment is required to determine the total provision for current and deferred taxes. The Company establishes provision, based on reasonable estimates, for possible consequences of audits by the tax authorities in Egypt. The amount of such provision is based on various factors, such as experience of previous tax audits and different interpretations of tax regulations by the Company and the responsible tax authority. Such differences of interpretations may be on a wide variety of issues depending on the conditions prevailing in Egypt. Deferred tax assets are recognised for unused accumulated tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(2-8) Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

(2-9) Foreign currency translation

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

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rates prevailing at the statement of financial position date. All differences are recognized in the statement of profit or loss.

Nonmonetary items that are measured at historical cost in foreign currencies are translated using the exchange rates prevailing at the date 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.

(2-10) Inventory

Inventory is valued at the lower of cost (using the moving average method) 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 shall be recognized in cost of sales in the statement of profit or loss in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realizable value, shall be recognized as reduction of cost of sales in the statement of profit or loss in the period in which the reversal occurs.

(2-11) Financial Instrument (Financial Assets & Financial Liabilities)

(2-11-1) Financial Assets

The company initially recognizes the financial asset in the statement of financial position when the company becomes a party to the contractual provisions of the financial asset.

The company initially measures the trade receivables at their transaction price .as for other financial assets, except for those subsequently measured at fair value through profit or loss ,The initial measurement of the acquisition of a financial asset is carried out at its fair value minus transaction cost that are directly attributable to the acquisition or issue of the financial asset The entity recognizes the purchase or sale of financial assets using the trading date accounting , and the same method is applied to all purchases and sales of financial assets.

(2-11-2) Financial liabilities:

Initial recognition and measurement :

-The company initially recognizes the financial liability in the statement of financial position when the company becomes a party to the contractual provisions of the instrument .

The initial measurement of the acquisition of a financial liability is at its fair value in addition to other costs directly related to the execution of the transaction., unless the financial liability classified as subsequently measured at fair value through profit or loss.

Subsequent measurement

-The company measures its financial liabilities at amortized cost using the effective interest method

Derecognition

The company derecognizes a financial liability only when it is extinguished, is when the specified obligation is paid, canceled or expires.

The company recognizes the difference between the carrying amount of the financial liability or part of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or obligations incurred in the profit or loss.

Offsetting takes place between the Company`s financial asset and its liability and presenting the net set-off in the statement of financial position when the company has the enforceable legal right to set off the recognized amounts and the company has the intention either to conduct the settlement on the basis of the net amounts or to realize the asset and settle the liability at the same time.

(2-12)Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources representing economic benefits will be required to settle the obligation, and reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the 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. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance expense.

(2-13) Social insurance

The Company makes contributions to the Social Insurance Authority calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

(2-14) Employees' retirement's benefits

The company contributes to the social insurance scheme for the benefits of its employees in pursuance of the Social Insurance Law No. 79 of 1975 as amended. Contributions are charged to expenses as incurred.

(2-15) Legal reserve

According to the Company's articles of association, 10% of the net profits of the year is transferred to the legal reserve until this reserve reaches 100% of the issued capital. The reserve is used upon a decision from the general assembly meeting based on the proposal of the management.

(2-16) Borrowings

Borrowings are initially recognized at the value of the consideration received. Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding one year after the statement of financial position date, then the loan balance should be classified as non-current liabilities.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance expenses in the statement of profit or loss.

(2-17) Income taxes

Income tax is calculated in accordance with the Egyptian tax law.

(2-17-1) Current income tax

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

(2-17-2) 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 statement of financial position (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 not create future benefit.

Current and deferred tax shall be recognized as income or an expense and included in the statement of profit or loss for the period, except to the extent that the tax arises from a transaction or an event which is recognized, in the same or a different period, directly in equity.

(2-18) Revenue recognition

The company identifies the contracts as a contract with customer only when the terms of the contract have been approved by the parties to the contract, both parties can identify their rights regarding the goods, the company can identify the payment terms and the contract has commercial substance.

The Company, at contract inception, evaluates the promised goods or services in the contract with the customer to determine each undertaking to transfer any of the following to the customer as a performance obligation: -

1- A distinct good or service (or)

2- A bundle of goods or services which is a series of distinct and substantially similar goods or services That retransferred to the same customer in the same manner accordingly, the company has determined its performance obligations to customers is delivering the goods which the company are made by the company.

To recognize revenue from a contract with a customer, once fulfilling performance obligations, the company assesses the extent to which the promised good or service (the asset) has been transferred to the customer, and the asset is deemed to have been transferred when the customer obtains control of that asset**.**

The company fulfilling the performance obligations at a point in time.to determine that point in time, the company considered all the requirements of the transfer of control, which include **;**The company's right to collect the consideration for the asset, and the customer`s obligation to pay for the asset, and his right to obtain nearly all the remaining economic benefits from it in return, and his ability to direct the use of the asset or restricting the access of others to the asset.

When determining the transaction price, the company considers the terms of the contract and normal commercial practices to determine the consideration expected to be collected in exchange for transferring goods or services to the customer, with the exception of amounts collected on behalf of third parties. The consideration promised in the contracts with customers include only fixed considerations. The company identified that contract with customer has no significant financing component as no difference between the amount of promised consideration and the cash selling price of the promised goods or services and the expected length between when the entity transfers the promised goods or services to the customer and when the customer pays for those goods or services is a short period.

The company measures the expected credit losses for amounts receivable from customers, or for assets arising from the company's contracts with customers in accordance with the requirements of the Egyptian accounting standards (EAS47: Financial Instruments), and classifies them separately from other impairment losses and classifies them separately from other impairment losses as the company recognize revenue at a point of time when the custody are transferred to the customer.

(2-19) Interest income

Interest income is recognized on the basis of the proportion of time considering the effective rate of return on the asset.

(2-20)Contingent Liabilities and Assets

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

(2-21) Fair value measurement

For assets traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted assets, fair value is determined by reference to the market value of a similar asset or is based on the expected discounted cash flows.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above

(2-22) Costs to fulfil a Contract

The Company recognizes costs incurred in fulfilling a contract with a customer as an asset when those costs relate directly to a contract or a to an anticipated contract that can be specifically identified, and will enhance or generate resources for the Company, and the costs are expected to be recovered.

The company recognizes the costs following as expenses when incurred:

A. General and administrative costs.
B. Costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of contract.
C. Costs that relate to satisfied performance obligations (or partially satisfied performance obligations) in the contract (i.e. costs that relate to past performance) and
D. Costs for which an entity cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations).

(2-23) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

(2-24)Related party transactions

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the board of directors.

(2-25) Impairment

(2-25-1) Impairment of financial assets

The Company assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

(2-25-2) Impairment of non-financial assets

The Company assesses at each statement of financial position date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset or cash-generating unit (CGU) 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 profit or loss.

A previously recognized impairment loss is only reversed 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 its recoverable amount, nor exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

(2-26) Statement of cash flows

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

(2-26-1) Cash and cash equivalent

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

(2-27) Leases

At the commencement date of the lease contract, the Company recognize both right to control the use of the underlying assets and lease liability. In order to identify a lease, the following criteria shall be met

(1) The Contract conveys the right to control the use.
(2) The underlying assets shall be identified.
(3) The contract lasts for a period of time against consideration

In assessing whether a company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, company considered all relevant facts and circumstances that create the economic incentive for the lessee to exercise the option to extend the lease or not to exercise the option to terminate the lease.

After the commencement date, the Company measures the right of using assets at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of lease liability. As for lease liability, the Company measures the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payment and re-measuring the carrying amount to reflect any reassessment Company elects not to apply the aforementioned requirements to leases for which the lease term ends within 12 months of the data of commencement date and to account for those leases in the same way as short-term leases disclosing the cost associated with those leases within the disclosure of short-term lease expenses.

(2-28) Segment Information

Currently the Company's main business segment is manufacturing, trading, selling and distributing of all types of pharmaceutical and chemical products, and its related raw materials. The company's revenues during the year ended 31 March 2025 were reported under one segment in the separate financial statements.

3) Right-Of-Use Asset (Net):

	Building	
	31/3/2025	**31/3/2024**
	EGP	**EGP**
Historical Cost at the beginning of April	61,440	61,440
Historical Cost at the end of March	**61,440**	**61,440**
Accumulated amortization at the beginning of April	24,576	--
Amortization expense during the period	12,288	24,576
Accumulated amortization the end of March	**36,864**	**24,576**
Net book value at the end of March	**24,576**	**36,864**

4) Lease Liabilities

	31/3/2025	**31/3/2024**
	EGP	**EGP**
Balance at the beginning of April	42,155	52,349
Interest on lease liabilities	3,369	4,422
Lease payments	(15,347)	(14,616)
Balance at the end of March	**30,177**	**42,155**

	31/3/2025	**31/3/2024**
	EGP	**EGP**
Lease liability – Long Term Portion	16,204	30,177
Lease liability – Short Term Portion	13,973	11,978
Total	**30,177**	**42,155**

5) Inventory (Net)

	31/3/2025	**31/3/2024**
	EGP	**EGP**
Raw materials	635,621	522,274
Packing Material	429,418	169,606
Finished Goods	20,570,148	532,863
Goods in Transit	--	4,557,347
Provisions of slow-moving and expired stock	(369,434)	(151,032)
Total	**21,265,753**	**5,631,058**

As shown below the movement of Provisions of slow-moving stock during the financial period 31 March 2025:

Description	**Beginning balance**	**Additions during the period**	**Used during the period**	**Ending balance**
Provisions of slow-moving and expired stock of finished goods	31,251	66,406	(777)	96,880
Provisions of slow-moving and expired stock of raw material	119,781	152,773	--	272,554
Total	**151,032**	**219,179**	**(777)**	**369,434**

Notes to The Financial Statements for the Year Ended 31 March 2025

6) Customers (Net)

	31/3/2025 EGP	31/3/2024 EGP
Customers	3,832,681	2,086,160
Expected credit losses provisions	(45,098)	(13,418)
Total	**3,787,583**	**2,072,742**

7) Debtors and Other Debit Balances

	31/3/2025 EGP	31/3/2024 EGP
Imprest	81,205	12,500
Advances to suppliers	2,046,194	561,444
Egyptian Tax Authority	936,178	234,046
Deposits with others	3,600	3,600
Withholding taxes- (Egyptian Tax Authority)	1,533,876	1,001,179
Total	**4,601,053**	**1,812,769**

8) Cash and Cash Equivalents

	31/3/2025 EGP	31/3/2024 EGP
Cash at banks - Egyptian pound	12,892,839	2,783,050
Total	**12,892,839**	**2,783,050**

9) Provisions for contingent liabilities

	31/3/2025 EGP	31/3/2024 EGP
Provisions for contingent liabilities	105,851	105,851
Total	**105,851**	**105,851**

10) Creditors and Other Credit Balances

	31/3/2025 EGP	31/3/2024 EGP
Accrued expenses	2,314,515	1,260,272
Withholding Taxes- (Egyptian Tax Authority)	6,969	1,182
Payroll tax- (Egyptian Tax Authority)	895	240
National organization for social insurance	3,132	2,442
Egyptian Tax Authority (VAT)	78,960	78,960
Medical Stamp Tax-(Union of Medical Profession)	111,926	1,596
National Social Insurance Authority Liability	66,344	24,580
Other credit balances	72,497	68,729
Total	**2,655,238**	**1,438,001**

Notes to The Financial Statements for the Year Ended 31 March 2025

11) Due to Related Parties

Related parties are considered related if the company has the ability to directly or indirectly control the management or decision-making process, or vice versa, where the company or the party is subject to common control. Related parties may be individuals or other entities.

The related parties' transactions as follow:

	Relationship	Nature of transaction	Transaction during the year EGP	31/3/2025 Balances (current transactions) EGP	31/3/2024 Balances (current transactions) EGP
				4,431,369	3,631,369
Sun Pharma Egypt Limited	Related party	Services	642,960		
		Financing	870,000		
		Payments	(70,000)		
		Collecting	(642,960)		
				43,257,514	18,723,343
Sunpharma Pharmaceutical Industries Limited (India)	Related party	Net purchasing	23,225,170		
		Payments	(170,011)		
		Foreign exchange	1,479,012		
				47,688,883	**22,354,712**

12) Paid – up Capital

The company's authorized capital amounted to 2,090,000 EGP while the issued and paid up capital of the company amounts to 2,090,000 EGP divided over 20,900 quotas of par value 100 EGP each.

	Number of quotas	EGP	Percentage
Hany Ibrahim El-Hosseini Othman	3,700	370,000	17%
Yasser Shaker Ali	3,700	370,000	17%
Mahmoud Mohamed Mahmoud Abdel Hamid	3,700	370,000	17%
Sun Pharma Netherlands	9,800	980,000	49%
	20,900	**2,090,000**	**100%**

Notes to The Financial Statements for the Year Ended 31 March 2025

13) Sales (Net)

	31/3/2025 EGP	31/3/2024 EGP
Local Sales	24,784,463	8,020,055
Sales Return	(73,603)	(16,252)
Pharmacy Discount	(4,579,102)	(1,419,548)
Distribution Discount	(1,784,882)	(658,179)
Special Discount	(1,355,243)	(298,508)
Total	**16,991,633**	**5,627,568**

14) Cost of Sales

	31/3/2025 EGP	31/3/2024 EGP
Consumption cost of raw material	11,329,380	3,874,070
Consumption cost of packing material	632,567	361,515
Indirect manufacturing cost overhead	192,065	204,721
Losses of slow-moving stock	219 179	152,028
Registration Cost	56,845	15,085
Total	**12,430,036**	**4,607,419**

15) General and administrative expenses

	31/3/2025 EGP	31/3/2024 EGP
Rent	258,132	116,511
Stationary and publications	21,690	7,610
Professional fees	517,450	141,423
Other expenses	244,090	161,112
Wages and salaries	64,587	54,981
Comprehensive Medical health insurance contribution	63,187	21,422
Total	**1,169,136**	**503,059**

Notes to The Financial Statements for the Year Ended 31 March 2025

16) Tax Status

Corporate taxes

- The company submits its tax returns regularly on due dates in accordance provisions of Law no. 9/2005. with the
- The Administrative Court issued a ruling in 2010 subjecting the company to tax in accordance with article (3) of Law no. 30 of 2020 and the executive summary is being obtained to execute the ruling at the inspectorate.
- Years from 1/4/2019 to 31/3/2022 are being inspected by the Joint Stock Companies inspectorate in accordance with article (3) of Law no. 30 of 2020.
- An internal committee is being held for the years from 1/4/2016 to 31/3/2019 in accordance with article (3) of Law no.30 of 2020.

Salary Tax

- First: We have received Form no. 9 “Stated that no inspection took a place” for years till 2011.
- Second: The inspection of the years 2012-2021 is being prepared and the company hasn't been requested for inspection by the inspectorate to date.
- Third: Tax returns have been uploaded on the electronic system for the ETA for years 2020/2021/2022/2023/2024. additionally, the monthly tax returns have been submitted till March 2025 and the quarterly tax returns have been submitted till the first quarter for year 2025 on the due dates.

Value Added Tax

- The Company’s records were inspected from inception till 31 March 2015 and the taxes due were paid.
- No tax inspection took place for the company’s records for the year from 1 April 2015 till year 31 March 2025.

Stamp Tax

- No tax inspection took place for the company’s records since inception till year 31 March 2025.

17) Financial Risk Management Objectives and Policies

Overview

The Company has exposure to the following risks from its use of financial instruments:

a) Credit risk,
b) Market risk, and
c) Liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The General Manager of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's senior management are responsible for developing and monitoring the risk management policies and report regularly to the Head Quarter on their activities.

The Company's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in other areas.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk principally from its receivables from customers, due from related parties, other receivables and from its financing activities, including deposits with banks and financial institutions.

Trade and notes receivables

The customer credit risk is established by the Company' policies, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed based on extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis.

Other financial assets and cash deposits

With respect to credit risk arising from the other financial assets of the Company, which comprise mainly bank balances and cash, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

Credit risk from balances with banks and financial institutions is managed by local Company's treasury supported by the Head Quarter. The Company limits its exposure to credit risk by only placing balances with international banks and local banks of good reputation. Given the profile of its bankers, management does not expect any counterparty to fail to meet its obligations.

Due from related parties

Due from related parties relates to transactions arising in the normal course of business with minimal credit risk, with a maximum exposure equal to the carrying amount of these balances.

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk and interest rate risk, which will affect the Company's income. Financial instruments affected by market risk include interest-bearing loans and borrowings and deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company does not hold or issue derivative financial instruments.

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's obligations with floating interest rates and interest-bearing time deposits.

Exposure to foreign currency risk

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

c) Liquidity risk

The cash flows, funding requirements and liquidity of the Company are monitored by local Company management supported by the headquarters The Company's objective is to maintain a balance between continuity of funding and flexibility using bank borrowings. The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Financial liabilities

	31 March 2025			
	Less than 3 Months	**3 to 6 months**	**6 to 12 months**	**Total**
Suppliers	--	1,943,144	--	**1,943,144**
Provisions for contingent liabilities	--	-	105,851	**105,851**
Creditors and other credit balances	--	2,655,232	--	**2,655,232**
Total undiscounted financial liabilities	**-**	**4,598,376**	**105,851**	**4,704,227**

	31 March 2024			
	Less than 3 Months	**3 to 6 months**	**6 to 12 months**	**Total**
Suppliers	--	34,713	--	**34,713**
Provisions for contingent liabilities	--	-	105,851	**105,851**
Creditors and other credit balances	--	1,438,001	--	**1,438,001**
Total undiscounted financial liabilities	**-**	**1,472,714**	**105,851**	**1,578,565**