



FLEX P. FILMS (EGYPT) S.A.E.

*Wholly Owned Subsidiary Company of
Flex Middle East FZE*



FINANCIAL STATEMENTS 2019 - 2020

CONTENTS

Auditor's Report	2
Statement of Financial Position	4
Statement of Income	5
Statement of Comprehensive Income	6
Statement of Changes in Equity	7
Statement of Cash Flow	8
Notes to the Financial Statements	9 - 35

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FLEX P. FILMS EGYPT S.A.E.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Flex P. Films Egypt S.A.E., which comprise the statement of financial position as of 31 March 2020 and the statements of income, 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 in the light of relevant Egyptian laws and regulations. The Management's 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 these financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and in the light of relevant Egyptian laws and regulations. Those standards require that we 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 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 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 the financial statements.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Flex P. Films Egypt S.A.E, as of 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and in the light of relevant Egyptian laws and regulations.

Emphasis of Matter

Without qualifying our opinion, we draw attention that the company has a costing system that only allows determining the cost of finished goods and work in progress on an aggregate basis, rather than determining the cost per product, which in turn affects the cost of sales. However, the value of finished goods and work in progress at the year-end is minor compared to cost of sales. Accordingly, there is no material difference in the calculation between the two methods.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The company maintains proper books of accounts that include all that is required by the Law and the company's Articles of Association, and the financial statements are in agreement therewith. The physical count of inventories was carried out by the company's management in accordance with normal procedures.

The financial information included in the Board of Directors' report, which has been prepared in accordance with the requirements of Law No. 159 of 1981 and its Executive Regulations and their amendments, is in agreement with the relevant information in the company's books.

Mohanad T. Khaled

Fellow of ACCA

Fellow of ESAA

R.A.A. 22444

FRA No. 375

Cairo, 11 June 2020

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2020

	Note	31/3/2020 US\$	31/3/2019 US\$
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	6	70,883,762	68,546,660
Projects under construction	7	44,232,457	2,081,664
Deposits with others	8	584,574	251,635
Total non-current assets		115,700,793	70,879,959
CURRENT ASSETS			
Deposits with others	8	-	1,351,617
Inventories	9	9,053,072	8,762,279
Debtors and other debit balances	10	52,265,974	40,572,398
Cash and bank balances	12	4,902,173	4,740,150
Total current assets		66,221,219	55,426,444
Total assets		181,922,012	126,306,403
EQUITY AND LIABILITIES			
EQUITY			
Issued and paid up capital	13	47,914,115	47,914,115
Legal reserve	14	2,728,928	1,940,321
Retained earnings		22,396,512	11,146,123
Total equity		73,039,555	61,000,559
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term loan	15	46,710,765	-
Medium term loans	16	4,102,581	7,241,681
End of service benefits provision	23	336,040	232,826
Deferred tax liabilities	25	9,392,030	9,675,558
Total non-current liabilities		60,541,416	17,150,065
CURRENT LIABILITIES			
Bank overdrafts	12	28,809,035	27,980,925
Current portion of long term loan	15	-	2,453,535
Current portion of medium term loans	16	6,175,783	4,698,160
Creditors and other credit balances	17	8,658,711	11,049,060
Claims provision	24	300,000	250,000
Tax liabilities	26	4,397,512	1,724,099
Total current liabilities		48,341,041	48,155,779
Total liabilities		108,882,457	65,305,844
Total equity and liabilities		181,922,012	126,306,403

Auditor's report "attached".

Mr. Neeraj Tiwari
Senior Manager

Mr. Naresh Agarwal
Assistant General Manager

Mr. Ram S. Singh
Chief Commercial Officer /
Board Member

Mr. Sanjay Tiku
Business Head / Board
Member

The attached notes 1 to 30 form part of these financial statements.

STATEMENT OF INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Note	31/3/2020 US\$	31/3/2019 US\$
Net sales	18	122,680,860	122,224,030
Cost of sales		(99,293,401)	(103,238,145)
Discount received		497,089	220,651
GROSS PROFIT		23,884,548	19,206,536
Other operating revenue	19	2,251,264	3,131,568
Selling and distribution expenses	20	(4,328,749)	(4,354,795)
General and administrative expenses	21	(2,265,101)	(1,684,541)
Gain\ (Loss) on foreign currency exchange		2,979,614	(3,146,372)
Impairment of debtors and other debit balances	10	(41,567)	-
Write off for trade receivables		-	(4,249)
Reverse of impairment of debtors and other debit balances	10	-	63,267
Net finance expense	22	(2,120,183)	(2,448,800)
Takaful contribution		(311,848)	(221,089)
End of service benefits provision	23	(111,862)	(138,319)
Claims provision	24	(50,000)	(250,000)
Profit for the year before tax		19,886,116	10,153,206
Deferred tax	25	283,528	(711,883)
Income tax	26	(4,397,512)	(1,724,099)
Net profit for the year		15,772,132	7,717,224

The attached notes 1 to 30 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Note	31/3/2020 US\$	31/3/2019 US\$
Net profit for the year		<u>15,772,132</u>	<u>7,717,224</u>
Other Comprehensive Income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>15,772,132</u>	<u>7,717,224</u>

The attached notes 1 to 30 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Issued and paid up capital US\$	Legal reserve US\$	Retained earnings US\$	Total US\$
Balance at 1 April 2018	47,914,115	1,554,460	4,958,560	54,427,135
Dividends declared	-	-	(1,143,800)	(1,143,800)
Total comprehensive income for the year	-	-	7,717,224	7,717,224
Transfer to legal reserve	-	385,861	(385,861)	-
Balance at 31 March 2019	47,914,115	1,940,321	11,146,123	61,000,559
Dividends declared	-	-	(3,733,136)	(3,733,136)
Total comprehensive income for the year	-	-	15,772,132	15,772,132
Transfer to legal reserve	-	788,607	(788,607)	-
Balance at 31 March 2020	47,914,115	2,728,928	22,396,512	73,039,555

The attached notes 1 to 30 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Note	31/3/2020 US\$	31/3/2019 US\$
OPERATING ACTIVITIES			
Profit for the year before tax		19,886,116	10,153,206
Adjustments for:			
Depreciation	6	5,081,497	4,898,798
Reverse of Impairment of debtors and other debit balances	10	-	(63,267)
Impairment of debtors and other debit balances	10	41,567	-
End of service benefits provision	23	111,862	138,319
Claims provision	24	50,000	250,000
Write off for trade receivables		-	4,249
Gain on sale of fixed assets	19	(59,595)	(13,376)
Operating profit before working capital changes		25,111,447	15,367,929
Inventories		(290,793)	238,931
Debtors and other debit balances		(10,383,526)	(1,194,990)
Creditors and other credit balances		(2,390,349)	(1,677,528)
Tax liability paid		(1,724,099)	(1,440,477)
End of service paid	23	(8,648)	(14,675)
Employees dividends paid		(733,136)	(10,530)
Net cash from operating activities		9,580,896	11,268,660
INVESTING ACTIVITIES			
Payment for purchase of fixed assets	6	(189,548)	(1,349,429)
Payments for projects under construction	7	(49,379,844)	(3,674,019)
Proceeds from sale of fixed assets		59,595	17,513
Net cash used in investing activities		(49,509,797)	(5,005,935)
FINANCING ACTIVITIES			
Long term loan (Net)		44,257,230	(5,041,745)
Medium term loans (Net)		(1,661,477)	(2,133,336)
Deposits with others		(332,939)	1,294,895
Dividends paid		(3,000,000)	(4,791,411)
Net cash from/(used in) financing activities		39,262,814	(10,671,597)
Decrease in cash and cash equivalents		(666,087)	(4,408,872)
Cash and cash equivalents at beginning of the year		(23,240,775)	(18,831,903)
Cash and cash equivalents at end of the year	12	(23,906,862)	(23,240,775)

NON-CASH TRANSACTIONS:

The statement of cash flows does not include the following non-cash transactions:

- An amount of US\$ 7,229,051 represents projects under construction transferred to fixed assets.
- An amount of US\$ 1,270,869 represents advances for employees in the debtors & other debit balances paid during the prior year and settled against dividends declared.
- An amount of US\$ 646,084 represents withholding tax in debtors and other debit balances which settled against tax liabilities.

The attached notes 1 to 30 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

1. ACTIVITIES

Flex P. Films Egypt S.A.E. was established in accordance with Companies Law No. 159 of 1981 and its Executive Regulations and Capital Market Law No. 95 of 1992 and its Executive Regulations. On 14 January 2009 the company was registered in Commercial Register under No. 36616. The company duration is 25 years from 14 January 2009 till 13 January 2034. The company is located in plot No. 3 at the Northern Extension, Building No. 6, Industrial Zone, 6 of October City. The company has started its operations on 1 September 2010.

The company's purpose is as follows:

- Establish and operate a factory for manufacturing wrapping and packing papers (other than craft) and carton excluding manufacturing the paper pulp and Printing the commercial publications excluding the manufacturing of the paper pulp.
- The company's purpose has been amended to be manufacturing and exporting of different types of polypropylene films (plain, coated, metalized), polyester films (plain, coated, metalized) and bioaxially oriented polypropylene, in addition to the conversion of film into reprocessed granules/ resin of Polypropylene (PP) and Polyester (PET) of export and domestic sale.
- The General Assembly Meeting held on 22 September 2019 has approved the following decisions:
 - To amend article No. 4 of the Article of Association as following :
 - To amend the current address to be R2 instead of 2 (Rest of the address remain the same).
 - To add address of new branch : Plot No.N1, Engineering Square, Northern Extension of industrial Zone, 6 of October City, Giza Governorate, Arab Republic of Egypt.
 - To amend article No. 3 of Article of Association to include new activity (manufacture and sale export of PET Resin by recycling of (PCR-PET), also purchase import of PCR-PET and other related raw material consumables, spares and equipment's.

The procedures of registering the above taken decisions at the commercial registry are still in progress.

The company's management approved the issuance of the financial statements for the year ended 31 March 2020 on 2 June 2020.

2. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumption are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the future periods if it affects future periods.

The basic estimates and underlying assumptions that affect the financial statements are as follows:

- Fixed assets depreciation
- Provisions
- Assets impairment
- Taxation

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements were prepared in accordance with the Egyptian Accounting Standards.

The financial statements are prepared under the historical cost convention.

The financial statements are presented in US Dollar.

New and amendments on the Egyptian Accounting Standards

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015 , which include some new accounting standards as well as introducing amendments to certain existing standards which was published at the official Gazette on 25/4/2019. The most prominent amendments are as follows:

New or Amended Standards	A Summary of the Most Significant Amendments	Date of application
<p>The new Egyptian Accounting Standard No. 47 "Financial Instruments"</p>	<ol style="list-style-type: none"> 1- The New Egyptian Accounting Standard No. 47 "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. 26 "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) Was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise. 2- Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset. 3- When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event. 4- Based on the requirements of this standard the following standards were amended : <ul style="list-style-type: none"> - Egyptian Accounting Standard No. 1 "Presentation of Financial Statements" as amended in 2019 - Egyptian Accounting Standard No. 4 - "Statement of Cash Flows". - Egyptian Accounting Standard No. 25 - "Financial Instruments: Presentation. - Egyptian Accounting Standard No. 26 "Financial Instruments: Recognition and Measurement". - Egyptian Accounting Standard - EAS No. 40 "Financial Instruments: Disclosures" 	<p>This standard applies to the financial periods beginning on or after January 1st, 2020, and the early adoption thereof is permitted; provided that the amended Egyptian Accounting Standards Nos.1, 25, 26 and 40 are to be simultaneously applied.</p> <p>-These amendments are effective as of the date of applying Standard No. 47</p>

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

New or Amended Standards	A Summary of the Most Significant Amendments	Date of application
The new Egyptian Accounting Standard No. 48 - "Revenue from Contracts with Customers"	<ol style="list-style-type: none"> 1. The new Egyptian Accounting Standard No. 48 - "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void: <ol style="list-style-type: none"> A. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. B. Egyptian Accounting Standard No. (11) - "Revenue" as amended in 2015. 2. For revenue recognition, Control Model is used instead of Risk and Rewards Model. 3. incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met 4. the standard requires that contract must have a commercial substance in order for revenue to be recognized 5. Expanding in the presentation and disclosure requirements 	Standard No 48 applies to financial periods beginning on or after January 1st, 2020, and the early adoption thereof is permitted
The new Egyptian Accounting Standard No. 49 "Lease Contracts"	<ol style="list-style-type: none"> 1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015. 2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments among the company's liabilities, taking into consideration that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts. 3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract. 4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position to be presented them as amounts receivable with an amount equivalent to the net investment in the lease contract. 5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis. 	This standard No. 49 Applies to financial periods beginning on or after January 1st, 2020, and the early adoption thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subject to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing" as well as the finance lease contracts that arise under and are subject to Law No. 176 of 2018 which regulates both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. 95 Of 1995 was revoked and Law No. 176 of 2018 was issued.
Egyptian Accounting Standard No. 38) as amended "Employees Benefits"	A number of paragraphs were introduced and amended in order to amend the Accounting Rules of adjusting Settlements and reducing of Benefit Plans	This standard No. 38 Applies to financial periods beginning on or after January 1st, 2020, and the early adoption thereof is permitted.
Egyptian Accounting Standard No. 42 as amended "Consolidated Financial Statements"	Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added. This amendment has resulted in introducing an amendment to some of the standards related to the Investment Entities. The standards that were amended are as follows: <ul style="list-style-type: none"> - (EAS 15) Related Party Disclosures. - (EAS 17) Separate Financial Statements. - EAS 18 Investments in Associates. - EAS 24 Income Taxes. - EAS 29 Business Combinations. - EAS 30 Periodical Financial Statements. - EAS 44 Disclosure of Interests in Other Entities. 	This standard applies to financial periods beginning on or after January 1st, 2020, and the early adoption thereof is permitted. <ul style="list-style-type: none"> - The new or amended paragraphs Pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. 42 "Consolidated Financial Statements", as amended and issued in 2019

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020**b) Fixed assets and depreciation**

Fixed assets are recorded on purchase at cost and are presented in the financial statement net of accumulated depreciation and impairment losses. Historical costs include costs associated with the purchase of the asset.

Depreciation is provided on a straight line basis to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Buildings & Facilities	30	years
Machines	19-30	years
Furniture & office equipment	4-6	years
Motor Vehicles	4	years
Tools & equipment	4-6	years
Computers	6	years

c) Projects under construction

Costs incurred by the company in constructing fixed assets are recorded as projects under construction less impairment. These are transferred to fixed assets when the asset is complete and ready for its designated use.

d) Inventories

Inventories are stated at the lower of cost or net realizable value. Costs include expenses incurred in bringing each product to its present location and condition as follows:

Raw materials and packing materials	-	Purchase cost using First-In First-Out (FIFO) method.
Finished goods and work in progress	-	Cost of direct materials and labor plus attributable overheads based on a normal level of activity.

Net realizable value is based on estimated selling price less selling expenses. Provision is made for obsolete and slow moving items.

e) Debtors

Debtors represent the invoiced amounts of credit sales outstanding net of impairment for trade receivables, which is estimated for amounts not expected to be collected in full. Other debit balances stated at cost less any impairment.

f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank current accounts, time deposits and Cheques under collection with maturity within three months, less bank overdrafts and bank credit accounts.

g) Creditors

Liabilities are recognized for amounts to be paid in the future for goods received or services rendered to the company, whether billed or not billed by the supplier.

h) Assets impairment

Asset values are reviewed at the financial statements date to determine if there is any indication of impairment. In case of such an indication, an estimate is made of the recoverable amount and compared to the book value. Impairment loss, being the excess of book value over its recoverable amount, is taken to the statement of income on the same date.

i) Foreign currency transactions

The company's functional currency is US Dollars. Transactions in Egyptian pounds or any other foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the financial statements date are translated at the rate of exchange ruling at that date. Retranslation exchange profits and losses are taken to the statement of income.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020**j) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense when incurred.

k) Revenue recognition

- Revenue from the sale of goods is recognized when the risks and rewards of ownership have been transferred to the buyer as follows:
 - Export sales are recognized when the products are loaded on the ship and according to the International Commercial (INCO) terms and issuing invoices.
 - Domestic sales are recorded when title passes to the customer, goods delivered to the buyer and amounts are invoiced.
- Interest income is recognized on a time proportionate basis.
- Export subsidies income is recorded when collected.

l) Pension, social insurance and Takaful contribution

The company contributes to the social insurance scheme for the benefit of its employees in accordance with the Social Insurance Law No. 79 of 1975 and its amendments. Contributions are charged to the statement of income under payroll expenses.

The comprehensive health insurance system by Law No. 2 for 2018 has been activated on 12 July 2018 and should be applied on each entity whether individual or corporate regardless of their nature or legal form.

m) Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of a past event; it is probable an outflow of resources embodying economic benefits will be required to settle this obligation and a reliable estimate can be made for the obligation.

Provisions are reviewed at the financial statements date and adjusted (if necessary) to present the best current estimate.

n) End of service benefits provision

The Company provides for end of service benefits provision for all foreign employees (Expats) in accordance with the Company's policy that approved at January 2017 and is calculated annually based on their salaries as of the financial statements date.

o) Statement of cash flows

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

p) Taxation

Tax expense for the year includes income tax provided for in accordance with the Egyptian Tax Laws and fiscal regulations using applicable tax rates and deferred tax. Income tax on the company's profit is charged to the statement of income. Income tax relating to items in the equity is charged directly to the equity.

Income tax

Income tax on profits for the current and previous periods that have not been paid and need to be recognized are recorded as a liability. Provision is made for income tax liability for previous years based on the assessment of tax claims.

Deferred tax

Deferred tax is recognized under the liability method for temporary timing differences between assets and liabilities valued on the tax basis and the related amounts in the financial statements.

The amount is determined using the tax rates applicable on the financial statement date. Deferred tax assets are recognized for all temporary differences, unused deferred tax assets and losses brought forward, if taxable profits are expected and the assets can be used in the future. Deferred tax assets are reviewed and reduced by the amount which is not expected to be used in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020
4. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

The financial instruments included in the statement of financial position comprise receivables, payables, amounts due from/to related parties, loans and cash and bank balances. Note (3) to the financial statements includes the accounting policies adopted in the recognition and measurement of financial instruments. The significant risks associated with the financial instruments & the procedures followed by the company to mitigate these risks are as follows:

4.1 Liquidity risk

Liquidity risk represents all factors which affect the company's ability to pay part or all of its obligations. According to the company's policy, sufficient liquidity is maintained (including arrangements for additional credit facilities from banks) which reduce the risk to the minimum.

Liquidity risk maximum limit is represented in the amount of contractual liabilities for the company, liabilities balances are as follows:

	Book Value US\$	Contractual cash flow US\$	Maturity one year or less US\$	Maturity more than one year US\$
31 March 2020				
Bank overdrafts (Note 12)	28,809,035	28,809,035	28,809,035	-
Long term loan (Note 15)	46,710,765	46,710,765	-	46,710,765
Medium term loans (Note 16)	10,278,364	10,278,364	6,175,783	4,102,581
Creditors and other credit balance (Note 17)	8,658,711	8,658,711	8,658,711	-
End of service benefits provision (Note 23)	336,040	336,040	-	336,040
Tax liabilities (Note 26)	4,397,512	4,397,512	4,397,512	-
	<u>99,190,427</u>	<u>99,190,427</u>	<u>48,041,041</u>	<u>51,149,386</u>
31 March 2019				
Bank overdrafts (Note 12)	27,980,925	27,980,925	27,980,925	-
Long term loan (Note 15)	2,453,535	2,453,535	2,453,535	-
Medium term loans (Note 16)	11,939,841	11,939,841	4,891,576	6,958,265
Creditors and other credit balance (Note 17)	11,049,060	11,049,060	11,049,060	-
End of service benefits provision (Note 23)	232,826	232,826	-	232,826
Tax liabilities (Note 26)	1,724,099	1,724,099	1,724,099	-
	<u>55,380,286</u>	<u>55,380,286</u>	<u>48,099,195</u>	<u>7,191,091</u>

The company's management manages the liquidity risk by maintained sufficient liquidity, and that is represented in the following table:

	<i>Less than three months US\$</i>	<i>From three to six months US\$</i>	<i>Total US\$</i>
31 March 2020			
Cash and bank balances (Note 12)	<u>4,902,173</u>	<u>-</u>	<u>4,902,173</u>
31 March 2019			
Cash and bank balances (Note 12)	<u>4,740,150</u>	<u>-</u>	<u>4,740,150</u>

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020
4.2 Credit Risk

Credit risk is the risk that one party to a financial instrument (receivables and balances at banks) fail to settle the amounts due from them. The company seeks to reduce this risk to the minimum by dealing with many customers of strong and stable financial standing, in addition to obtaining appropriate guarantees (most of export sales are covered by Letters of Credit opened from customers in favor of company). Balances at banks are placed with high credit rating financial institutions.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates, as follows:

	31/3/2020	31/3/2019
	US\$	US\$
Debtors & other debit balances (Note 10)	52,265,974	40,572,398
Bank current accounts (Note 12)	2,923,346	2,618,859
Time deposits (Note 12)	1,051,445	690,111
Cheques under collection (Note 12)	855,180	1,427,150

4.3 Market risk

Market risk includes risk of interest rate, foreign currencies risk and price risk.

4.3.1 Interest rate risk

Interest rate risk is represented in change of interest rate of both financial assets and financial liabilities of the company. The company's management is investing its money in fixed interest, and investing any excess of cash and cash equivalents in short-term investments to reduce the probability of facing this risk.

The financial assets and liabilities that may be subject to interest rate risk are as follows:

	31/3/2020	31/3/2019
	US\$	US\$
Financial assets		
Time Deposits (Note 12)	1,051,445	690,111
Financial liabilities		
Bank overdrafts (Note 12)	28,809,035	27,980,925
Long term loan (Note 15)	46,710,765	2,453,535
Medium term loans (Note 16)	10,278,364	11,939,841
	85,798,164	42,374,301

Interest rate sensitivity test

Sensitivity analysis is prepared for balances that are material and significant as time deposits, bank overdrafts and long / medium term loans.

The following tables shows the sensitivity of income statements to the probable change in interest rate in reasonable way by 300 points or (3%) for the credit interests on time deposits and 400 points or (4%) for the debit interest on bank overdraft and long / medium term loans on base of keeping other variables to be fixed.

The sensitivity of the income statement is represented in the effect of the assumed changes of the rate of interest for one period of time on the base of changing rate of the financial assets and liabilities held at the date of the financial statements date.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

Sensitivity changes for the credit interests on time deposits table:

	Gain of rate +300 points of the principal		loss of rate -300 points of the principal	
	31/3/2020 US\$	31/3/2019 US\$	31/3/2020 US\$	31/3/2019 US\$
Time deposits	31,543	20,703	(31,543)	(20,703)

Sensitivity changes for the debit interests on bank overdrafts and long / medium term loans table:

	Gain of rate +400 points of the principal		loss of rate -400 points of the principal	
	31/3/2020 US\$	31/3/2019 US\$	31/3/2020 US\$	31/3/2019 US\$
Bank overdrafts	1,152,361	1,119,237	(1,152,361)	(1,119,237)
Long term loan	1,868,430	98,141	(1,868,430)	(98,141)
Medium term loan	411,135	477,594	(411,135)	(477,594)

4.3.2 Foreign currency risk

Foreign currency risk represents the changes in the currency rates which affect the receipts and disbursements and the translation of assets and liabilities in foreign currencies. The company seeks to avoid having open foreign currency positions and thus reduce the risk to the minimum.

The monetary assets and liabilities denominated in foreign currencies at the financial statements date amounted to US\$ 71,359,025 (31/3/2019: US\$ 40,418,381) and US\$ 70,897,639 (31/3/2019: US\$ 10,222,188) respectively, the following is a list of foreign currencies balances at the financial statements date:

Foreign currency	31/3/2020 Surplus US\$	31/3/2019 Surplus US\$
L.E.	26,723,359	16,956,828
Euro	(27,361,944)	12,004,512
GBP	714,656	415,386
AED	368,229	819,467
JPY	17,086	-

The assets and liabilities in foreign currencies were translated at the rate of exchange ruling at the financial statements date.

Foreign currency sensitivity test

Foreign currency change sensitivity is tested if the balances are material and significant, and these rates to be taken from real market studies and management experience.

	Gain of rate +10%		loss of rate -10%	
	31/3/2020 US\$	31/3/2019 US\$	31/3/2020 US\$	31/3/2019 US\$
L.E.	2,672,336	1,695,683	(2,672,336)	(1,695,683)
Euro	(2,736,194)	1,200,451	2,736,194	(1,200,451)
GBP	71,466	41,539	(71,466)	(41,539)
AED	36,823	81,947	(36,823)	(81,947)
JPY	1,709	-	(1,709)	-

4.3.3 Price risk

The company does not has investment in equity instruments or recorded debts instruments and tradable shares in stock market, accordingly the company is not subject to risk of change in fair value of investments resulting from price variance.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

- **Capital management**

The Company's objectives, when managing capital, are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital, so management policy is reserving powerful capital base and make underline capital studies to face changes in economic conditions mainly in polypropylene films industry and diversify customer structure.

Liabilities to equity ratio on 31 March 2020 and 31 March 2019 is as follows:

	31/3/2020	31/3/2019
	US\$	US\$
Total liabilities	108,882,457	65,305,844
Total equity	73,039,555	61,000,559
Gearing ratio	>100%	>100%

There is no change in company's methodology regarding capital management during the year.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows financial assets and liabilities at fair value in the financial statements as of 31 March 2020 among fair value hierarchy, according to input levels that is considered significance for fair value measurements as whole:

- Level inputs 1 are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level inputs 2 are inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly or indirectly.
- Level inputs 3 are unobservable inputs that have been applied in valuing the respective asset or liability.

The following table shows the fair value levels of the financial assets:

	Level one	Level two	Level three	Total
	US\$	US\$	US\$	US\$
31 March 2020				
Cash and bank balances (Note 12)	<u>4,902,173</u>			<u>4,902,173</u>
31 March 2019				
Cash and bank balances (Note 12)	<u>4,740,150</u>	-	-	<u>4,740,150</u>

The following table shows the fair value levels of the financial liabilities:

	Level one	Level two	Level three	Total
	US\$	US\$	US\$	US\$
31 March 2020				
Bank overdrafts (Note 12)	28,809,035	-	-	28,809,035
Long term loan (Note 15)	46,710,765	-	-	46,710,765
Medium term loans (Note 16)	<u>10,278,364</u>	<u>-</u>	<u>-</u>	<u>10,278,364</u>
	<u>85,798,164</u>	<u>-</u>	<u>-</u>	<u>85,798,164</u>
31 March 2019				
Bank overdrafts (Note 12)	27,980,925	-	-	27,980,925
Long term loan (Note 15)	2,453,535	-	-	2,453,535
Medium term loans (Note 16)	<u>11,939,841</u>	<u>-</u>	<u>-</u>	<u>11,939,841</u>
	<u>42,374,301</u>	<u>-</u>	<u>-</u>	<u>42,374,301</u>

The fair values of financial assets and liabilities are not materially difference from carrying values at the financial statements date.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020
6. FIXED ASSETS

	Land US\$	Buildings & facilities US\$	Machines US\$	Furniture & office equipment US\$	Motor Vehicles US\$	Tools & equipment US\$	Computers US\$	Total US\$
Cost:								
At 1 April 2019	3,819,700	14,511,656	85,428,231	503,519	469,698	169,698	537,921	105,440,423
Additions during the year	-	-	-	1,213	169,963	2,209	16,163	189,548
Transferred from project under construction (Note 7)	-	573,258	6,644,967	10,826	-	-	-	7,229,051
Disposals	-	-	-	-	(111,325)	-	-	(111,325)
At 31 March 2020	<u>3,819,700</u>	<u>15,084,914</u>	<u>92,073,198</u>	<u>515,558</u>	<u>528,336</u>	<u>171,907</u>	<u>554,084</u>	<u>112,747,697</u>
Accumulated depreciation:								
At 1 April 2019	-	3,510,283	32,043,398	354,418	392,316	165,506	427,842	36,893,763
Provided during the year	-	486,019	4,444,334	38,274	79,445	2,379	31,046	5,081,497
Disposals	-	-	-	-	(111,325)	-	-	(111,325)
At 31 March 2020	<u>-</u>	<u>3,996,302</u>	<u>36,487,732</u>	<u>392,692</u>	<u>360,436</u>	<u>167,885</u>	<u>458,888</u>	<u>41,863,935</u>
Net book value:								
At 31 March 2020	<u>3,819,700</u>	<u>11,088,612</u>	<u>55,585,466</u>	<u>122,866</u>	<u>167,900</u>	<u>4,022</u>	<u>95,196</u>	<u>70,883,762</u>
At 31 March 2019	<u>3,819,700</u>	<u>11,001,373</u>	<u>53,384,833</u>	<u>149,101</u>	<u>77,382</u>	<u>4,192</u>	<u>110,079</u>	<u>68,546,660</u>

- The company has legalized the first degree commercial mortgage in favor of KFW IPEX Bank, on all of its tangible and intangible assets, as a guarantee against long term loan since 17 October 2010. On 23 January 2020, the pledge was written off and registered in the commercial register (Note 15 "C 4").
- The company has legalized the first degree commercial mortgage in favor of QNB bank over equipment other than the equipment pledged under Funding from KFW IPEX Bank, on the company's commercial site, as a guarantee against medium term loan since 31 July 2014 and 30 October 2017 (Notes 16/1,16/2).

Depreciation provided during the year is allocated as follows:

	31/3/2020 US\$	31/3/2019 US\$
Cost of sales	4,844,254	4,671,578
General and administrative expenses (Note 21)	237,243	227,220
	<u>5,081,497</u>	<u>4,898,798</u>

Cost of fixed assets includes fully depreciated assets which are still in use as follows:

	31/3/2020 US\$	31/3/2019 US\$
Machines	67,223	67,223
Furniture & office equipment	297,542	255,767
Motor vehicles	232,955	213,968
Tools & equipment	162,087	150,893
Computers	354,013	344,764
	<u>1,113,820</u>	<u>1,032,615</u>

7. PROJECTS UNDER CONSTRUCTION

	31/3/2020 US\$	31/3/2019 US\$
Balance at the beginning of the year	2,081,664	3,172,331
Additions during the year	49,379,844	3,674,019
Transfer to fixed assets (Note 6)	(7,229,051)	(4,764,686)
Balance at the end of the year	<u>44,232,457</u>	<u>2,081,664</u>

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

The balance comprise of:

	31/3/2020	31/3/2019
	US\$	US\$
Building & facilities	9,824,095	577,243
Machines (*)	34,408,362	1,504,421
	44,232,457	2,081,664

Projects under construction represents the amounts of machines and constructing building for the new production line (High Barrier Metalized and Splitters Films) which expected to be completed and ready for its designated use during the year ending 31 March 2021. (Note 27)

8. DEPOSITS WITH OTHERS

	31/3/2020	31/3/2019
	US\$	US\$
Rent refundable deposit	43,520	43,520
KFW pledged accounts (*)	-	1,351,617
Other	541,054	208,115
	584,574	1,603,252

Deposits with others are classified as follows:

	31/3/2020	31/3/2019
	US\$	US\$
Current assets:		
Deposits with other – KFW Pledged accounts	-	1,351,617
Non-Current assets:		
Deposits with other	584,574	251,635

(*) According to pledged account agreement signed on 22 April 2010 in relation to KFW Bank loan (Note 15) and KFW Bank letters dated 28 January 2011 and 20 December 2011, the bank has pledged interest bearing deposits (Debt Service Reserve Account "DSRA") as a guarantee against the term loan.

9. INVENTORIES

	31/3/2020	31/3/2019
	US\$	US\$
Raw materials (*)	5,266,508	4,045,961
Packing materials	529,295	218,009
Works in progress (WIP)	2,678,971	2,413,220
Finished goods	578,298	2,085,089
	9,053,072	8,762,279

(*) The balance includes material in transit by an amount of US\$ 1,754,414.

10. DEBTORS AND OTHER DEBIT BALANCES

	31/3/2020	31/3/2019
	US\$	US\$
Trade receivables	25,705,420	24,963,909
Advance payments to suppliers (*)	14,127,216	7,795,576
Value added Tax (sales tax) Authority (**)	5,359,328	3,016,114
Tax Authority (Withholding tax- Advance payment)	751,697	646,084
Customs Authority	3,693,448	2,447,675

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

	31/3/2020	31/3/2019
	US\$	US\$
Cash margin on letters of guarantee (Note 28)	96,196	96,196
Amounts due from related parties (Note 11)	1,506,197	849,972
Cash margin on letters of credit	323,193	335,488
Dividends paid to employees (***)	1,545,823	1,270,869
Other	119,845	71,337
	53,228,363	41,493,220
Less:		
Impairment of debtors and other debit balances (****)	(962,389)	(920,822)
	52,265,974	40,572,398

(*) This balance represents mainly in advance payments to sundry creditors – capital goods (buildings, machinery and equipment) which related to the new production line. (Note 18)

(**) This balance represents amounts due from Value Added Tax (Sales Tax) Authority as a result of sales tax on foreign purchases and inputs.

(***) This balance represents amounts advanced to employees against their share in current year profit until declaration of profit distribution in the next Annual General Meeting of the company.

(****) Movement of impairment of debtors and other debit balances during the year is as follows:

	31/3/2020	31/3/2019
	US\$	US\$
Balance at the beginning of the year	920,822	984,089
Provided during the year	41,567	-
Reversed during the year	-	(63,267)
Balance at the end of the year	962,389	920,822

11. RELATED PARTIES TRANSACTIONS

These represent transactions with related parties such as shareholders, higher management and companies in which they are principal owners. Pricing, policies and terms of these transactions are approved by the company's Board of Directors.

	Nature of Transactions	Relationship	31/3/2020	31/3/2019
			US\$	US\$
Amounts due from related parties:				
Flex Films Europa	Purchases/ Sales	Affiliate company	616,960	796,376
Flex Middle East FZE	Purchases/ Sales	Parent company	136,744	43,904
Uflex Limited Company	Finance/ Purchases/ Services/ Sales	Ultimate parent	661,616	9,692
Flex-Russia			90,877	-
			1,506,197	849,972

Amounts due from related parties are disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

Transactions with related parties during the year are as follows:

	Finance US\$	Purchases US\$	Services US\$	Sales US\$	Divdends US\$
31/3/2020					
Flex Middle East FZE	-	42,230	350	679,382	3,000,000
UFlex Limited Company	68,846	8,817	169,419	102,266	-
Flex Films Europa	-	-	30,174	2,705,862	-
Uflex Limited (Packaging division)	-	-	-	852,109	-
Uflex Limited (Paper division)	-	-	2,423	-	-
Flex Russia	-	-	-	90,877	-
31/3/2019					
Flex Middle East FZE	-	193,824	-	89,875	4,791,411
UFlex Limited Company	124,912	8,637	192,395	155,826	-
Flex Films Europa	-	-	-	2,795,728	-
Uflex Limited (Packaging division)	-	-	-	66,526	-
Uflex Limited (Paper division)	-	2,097	-	-	-
Uflex Limited (Clynder division)	-	2,155	-	-	-
Uflex Limited (Setting up production line) (Note 7)	-	-	1,000,000	-	-
Uflex Limited (Chemical division)	-	9,016	-	-	-

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprises the following balances included in the statement of financial position:

	31/3/2020 US\$	31/3/2019 US\$
Cash on hand	72,202	4,030
Bank current accounts	2,923,346	2,618,859
Time deposits	1,051,445	690,111
Cheques under collection	855,180	1,427,150
Cash and bank balances	4,902,173	4,740,150
Less:		
Bank overdrafts	(28,809,035)	(27,980,925)
Cash and cash equivalents	(23,906,862)	(23,240,775)

Cash and bank balances in foreign currencies represent 79% (31/3/2019: 83%) of total cash and bank balances at the year end.

Bank overdrafts

Credit facilities represent bank overdrafts granted to the company from the following banks:

	31/3/2020 US\$	31/3/2019 US\$
A. Qatar National Bank (QNB AL AHLI)	14,446,301	23,844,114
B. Abu Dhabi Islamic Bank (ADIB – Egypt)	3,462,332	3,531,934
C. Bank Misr	2,465,342	735
D. Emirates NBD	6,678,983	604,142
E. Commercial International Bank (CIB)	1,756,077	-
	28,809,035	27,980,925

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020**A. QNB AL AHLI**

1. QNB Al Ahli Credit Committee has approved the renewal of the short term credit facilities amounted to US\$ 19,000,000 granted to the company in form of:
 - Overdraft account contract
 - Undertaking
 - Promissory note
 - Opening credit secured by commercial papers contract "L.E. 70,000,000"
 - Opening credit secured by commercial papers contract "US\$ 9,000,000"
2. QNB Al Ahli has approved facilities for L.E. 70 million or equivalent to finance working capital needs.

Main securities:

- Joint guarantee issued by UFLEX LTD India (Ultimate Parent Company).
- Corporate guarantee of Flex Middle East, Dubai (Parent Company).

B. ADIB - Egypt

ADIB-Egypt has approved facilities for US\$ 15 million with Mudarba to finance the working capital needs.

Main security

Corporate Guarantee from UFlex LTD India covering total granted facilities.

C. Bank Misr

Bank Misr has agreed to grant the company credit facilities to fund its activities as follows:

First limit:

A maximum limit for opening import letters of credit (L/C) and/or documentary collections (at sight and/or a 90-day supplier facilities) for import raw materials and production supplies of US\$ 6 million and/or of its equivalent amount in other foreign currencies (10% margin)

Second limit:

An overdraft limit for financing the operating activity of the company of US\$ 6 million and/or of equivalent amount in L.E. and other foreign currencies to be used as follows:

- Refinancing 90% of import letters of credit (L/C) and/or documentary collections (at sight and/or supplier facilities).
- Direct transfers in local currency to local suppliers and/or in foreign currency to foreign suppliers.

Third limit:

Currency hedging limit for forwards against export transactions of US\$ 3 million and/or of its equivalent in other foreign currencies to protect against currency volatility, to be applied at Bank Misr - Gulf and 6th October (Industrial Zone) branches only.

Main conditions and undertakings:

- Provide signature of the company-authorized signatory on a commercial paper of a total value of granted facilities.

D. Emirate NBD

Emirate NBD has agreed to grant the company credit facility with total limit amount of US\$ 6 million which shall be utilized alternatively and/or cumulatively as follows:

- Time loan with a maximum amount L.E. 100 million and each withdrawal to be settled with 180 days to

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

finance payments to local certified suppliers by the bank, to settle salaries, certified cheques in favor of customs, taxes & other payments to governmental entities.

- Local and/or foreign letter of credit line available for opening sight and/or deferred and/or import documents on collection basis and/or acceptance and/or advance payments on trade transactions and/or direct transfers to suppliers accepted by the bank with maximum amount of US\$ 6 million to finance the company's importation of purchases of raw materials and spare parts for the production process.

Main conditions and undertakings:

- Fire and theft insurance policy in favor of the bank for 110% of total financed limits that during the lifetime of the facilities granted to the company from the bank and till the full settlement.

E. CIB

Commercial International Bank has agreed to grant the company credit facility up to be fully settled and designated by the end of the facility tenor mentioned in clause (from 8/7/2019 to 7/7/2020) from facility.

This undertaking covers the credit facilities granted by the bank in form of:

Sight and/or L/C (to be issued door to door on cost ,insurance & freight "CIF" and/or availed incoming documents for collection with zero cash cover in foreign currency for importation of raw material.

Time loan refinance for 100% if issued letters of L/C and/or avalized incoming documents for collection in Egyptian Pound and/or US Dollar and/or Euro for the importation of raw material.

Time loan in Egyptian Pound and/or US Dollar and/or Euro to finance the debtors operational needs (raw materials, value added tax and other operating expenses)

Overdraft in Egyptian Pound and/or US Dollar and/or Euro in order to finance the debtors overheads and operational expenses.

13. SHARE CAPITAL
Authorized:

The authorized capital of the company is L.E. 545 million.

		31/3/2020	31/3/2019
	L.E.	Equivalent in US\$	Equivalent in US\$
Issued and paid up capital:			
26,800,000 shares of L.E. 10 each	268,000,000	47,914,115	47,914,115

Distributed between shareholders as follows:

	Nationality	Number of shares	31/3/2020 Equivalent in US\$	Number of shares	31/03/2019 Equivalent in US\$
Flex Middle East FZE	UAE	26,799,900	47,913,933	26,799,900	47,913,933
Mr. Pradeep Tyle	Indian	-	-	50	91
Mr. Pramod Laxmikanthro Sirsamkar	Indian	50	91		-
Mr. Ashok Kumar Chaturvedi	Indian	50	91	50	91
		<u>26,800,000</u>	<u>47,914,115</u>	<u>26,800,000</u>	<u>47,914,115</u>

Mr. Pradeep Tyle transferred legal title of 50 shares to Mr. Pramod Laxmikanthro Sirsamkar.

Flex Middle East FZE (Parent company) pledged its shares in favor of KFW (Note 15 "E/3"). This pledge has been legalized by United Arab Emirates Central bank on 12 December 2010 and Misr for Central Clearing and Depository Co. on 14 December 2010.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020
14. LEGAL RESERVE

As required by the Companies Law No.159 of 1981 and the company's Articles of Association, 5% of the profit for the year is transferred to the legal reserve. The company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital. The statutory reserve cannot be distributed except in cases stated in the Law.

15. TERM LOAN
15/1 KFW IPEX-Bank

	31/3/2020		31/3/2019	
	Euro	Equivalent in US\$	Euro	Equivalent in US\$
Balance at the beginning of the year	2,190,655	2,453,535	6,093,725	7,495,280
Less:				
Paid installments during the year	2,190,655	2,433,791	(3,903,070)	(4,470,793)
Add:				
Foreign currency exchange gain/ (loss)	-	(19,744)	-	(570,952)
Balance at the end of the year	-	-	2,190,655	2,453,535
Classified as follows:				
Current liabilities:				
Current portion of long term loan	-	-	2,190,655	2,453,535

On 18 February 2010, the company entered into a loan agreement with KFW IPEX-Bank GMBH to be repaid over 17 equal consecutive semi-annual Installments, according to the following terms:

A) Loan purpose:

Enabling the Company to pay a maximum of 85% of the payments due under the Supply Contracts and to make respective payments relating to Supply Contracts dealing with the supply of equipment related to the purchase of one BOPET (Biaxially Oriented Polyester) film line and one CPP (Cast Polypropylene) film line.

B) Repayment:

Loan shall be repaid over 17 equal consecutive semi-annual Installments. The last repayment Installment was paid on 18 December 2019.

C) Guarantees:

1. Unconditional and irrevocable payment guarantee relating to all obligations of the company by Uflex Limited company (the Ultimate Parent Company) in addition to unconditional and irrevocable personal guarantee relating to all company's obligations by Mr. Ashok Chaturvedi (Chairman & Managing Director of the Uflex Limited)-Personal guarantee.
2. On 26 July 2010, the company signed a real estate mortgage proxy in favor of KFW Bank, which gives KFW Bank the right to pledge the factory land as a guarantee against withdrawal loan. On 18 September 2015, KFW Bank has waived this mortgage.
3. Pledge of the shares held by Flex Middle East FZE. on 30 November 2010, Flex Middle East FZE (the Parent company) signed an agreement for the pledge of shares in favor of KFW Bank by which it agreed to execute and deliver a pledge on its shares equals to 14,999,900 shares with all the warranties, rights, dividends interest and securities attributed thereto as a guarantee to the loan (Note 14). This pledge will be released once the Mortgage of Land has been created and registered.
4. On 17 October 2010, the company has legalized a commercial pledge of first degree in favor of KFW Bank, on all tangible and intangible assets, in addition to pledging all the tangible & intangible assets that will

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

be owned in the future by the company. On 23 January 2020, the pledge was written off and registered in the commercial register.

5. 95% of the claims arising from this Agreement is guaranteed by Hermes Guarantees. The unrestricted existence of the Hermes Guarantee in respect of Disbursements under Loan shall be a prerequisite for any Disbursements under Loan.
6. The Company must not, without the prior written consent of KFW IPEX bank, acquire an asset: that is (and will continue to be at any time after acquisition) subject to an existing Security Interest (except a Permitted Security Interest); or which will become subject to a Security Interest (except a Permitted Security Interest).
7. The Company may not create or allow existence of a Security Interest over its assets except for a Permitted Security Interest.
8. The bank has pledged interest bearing deposits (Debt Service Reserve Account "DSRA"). (Note 8).

15/2 QNB loan

	31/3/2020		31/3/2019	
	Euro	Equivalent in US\$	Euro	Equivalent in US\$
Balance at the beginning of the year	-	-	-	-
Add:				
Drawdown during the year:				
Euro	31,711,377	34,565,401	-	-
US\$	-	12,145,364	-	-
Less:				
Foreign currency exchange loss			-	-
Balance at the end of the period/year		46,710,765	-	-
Classified as follows:				
Non-Current liabilities:				
Long term loan		46,710,765	-	-

On 22 September 2019, the company entered into a loan agreement with QNB-Bank to be repaid over 28 equal consecutive quarterly Installments, according to the following terms:

A) The limits amount of the loan are shown as follows:

	31/3/2020	
	Euro	US\$
Phase one	40,000,000	-
Phase two	-	15,000,000
	40,000,000	15,000,000

B) Loan purpose

Financing and refinancing the investment cost related to the new line and its related machineries and costs as well as and /or financing the credit opened at other banks before granting this loan that is related to the new line BOPP.

To settle the amount due on the bridge loan dated 20/12/2018 QNB bank amounted to Euro 7,000,000 (Note 13-A).

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

C) Repayment

The duration of the loan is 9 years starting from the date of the agreement including 2 years as a grace and drawdown period.

Loan shall be repaid over 28 equal consecutive quarterly – Installments.

D) Guarantees:

- D/1 To perfect a first degree commercial mortgage on the commercial shop under the name of the company in favor of the bank on the equipment and the machinery that are financed from the loan subject of the agreement in addition to ratifying the aforementioned mortgage in the company commercial register.
- D/2 Providing the bank with all required documents related to the authenticating and registration of the real estate mortgage contract on the whole land and works related to the new line BOPP.
- D/3 To perfect first degree real estate mortgage on the company land.
- D/4 Issuance of insurance policies covering all financed assets against fire and theft. The insurance policies shall cover 100 % of the loan amount.
- D/5 Starting from the end of 2019 dividends distribution shall be subject to dividends distribution mentioned in clause (6).
- D/6 Not to create any mortgage, pledge, lien or other form of security on the assets of the company.
- D/7 The Company complies to not sell, pledge or dispose any of the immovable or movable assets funded through this loan.
- D/8 Restriction on investments, mergers and acquisition throughout duration of the loan unless approved by the bank.

16. MEDIUM TERM LOANS

Total outstanding balances of medium term loans comprised of:

	31/3/2020	31/3/2019
	US\$	US\$
16/1 Medium term loan - 1	4,822,221	8,037,034
16/2 Medium term loan - 2	1,850,873	3,330,911
16/3 Medium term loan – 3	2,088,235	288,480
16/4 Medium term loan – 4	1,517,035	283,416
	<u>10,278,364</u>	<u>11,939,841</u>

Classified in the statement of financial position as follows:

Current liabilities:

Current portion of medium term Loans	<u>6,175,783</u>	<u>4,698,160</u>
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Non-current liabilities:

Long portion of medium term Loans	<u>4,102,581</u>	<u>7,241,681</u>
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Medium term loans are allocated as follows:

16/1 Medium term loan - 1

	31/3/2020	31/3/2019
	US\$	US\$
Loan amount	21,700,000	21,700,000
Less:		
Paid installments	<u>(16,887,779)</u>	<u>(13,662,966)</u>
Outstanding balance	<u>4,822,221</u>	<u>8,037,034</u>

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

	<u>31/3/2020</u> US\$	<u>31/3/2019</u> US\$
Classified as follows:		
Current liabilities:		
Current portion of medium term Loan	<u>3,214,816</u>	<u>3,214,816</u>
Non-current liabilities:		
Long portion of medium term Loan	<u>1,607,405</u>	<u>4,822,218</u>

Movement of the medium term loan during the year is as follows:

	<u>31/3/2020</u> US\$	<u>31/3/2019</u> US\$
Balance at the beginning of the year	<u>8,037,034</u>	<u>11,251,850</u>
Less:		
Paid installments during the year	<u>(3,214,813)</u>	<u>(3,214,816)</u>
Balance at the end of the year	<u>4,822,221</u>	<u>8,037,034</u>

On 31 July 2014, the company entered into a loan agreement with QNB Al Ahli according to the following main terms:

A) Loan approval limit:

	<u>31/3/2020</u> US\$	<u>31/3/2019</u> US\$
Tranche one	<u>20,000,000</u>	<u>20,000,000</u>
Tranche two	<u>5,000,000</u>	<u>5,000,000</u>
	<u>25,000,000</u>	<u>25,000,000</u>

B) Interests and commissions:

- Compound interest is calculated by a margin of 3.65% over the LIBOR every three months and shall be paid at end of each quarter. This pricing can be modified according to the LIBOR movements every three months. Interest rate will be fixed 2 business days before each interest period.
- Flat fee of 0.4% calculated on the total loan value and is payable in advance upon the utilization of each tranche.

Interests and commissions shall be payable from the date of commencement and are valid during the grace period.

C) Loan purpose:

Refinancing the investment cost and CAPEX requirements of Flex P. Films Egypt during its phase 1 & 2 of its project represented in establishing factory for manufacturing different types of polypropylene film rolls and which was previously financed through Flex Middle East FZE "Parent Company".

D) Period of loan agreement and method of repayment:

Validity of the loan agreement is 7 years starting from the signature date of this agreement and ending on 31/7/2021 including 6 months grace period from the date of signature.

Loan shall be repaid over 27 equal quarterly installments of US\$ 803,704 each.

E) Securities and guarantees:

- Corporate guarantee from Flex Middle East FZE signed by an authorized person to issue the said guarantee,

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

including its commitment to settle any obligations arising out of the facility pursuant to the terms and conditions of this agreement, in an acceptable text to the bank.

2. First degree commercial mortgage in favor of the bank over equipment other than the equipment pledged under Funding from KFW IPEX Bank, on the company's commercial site, in addition to ratifying the aforementioned mortgage in the company's commercial register.

16/2 Medium term loan – 2

	31/3/2020	31/3/2019
	US\$	US\$
Balance at the beginning of the year	3,330,911	2,821,327
Received during the year	-	880,420
Less:		
Paid installments	(1,480,038)	(370,836)
Outstanding balance	<u>1,850,873</u>	<u>3,330,911</u>
Classified as follows:		
Current liabilities:		
Current portion of medium term Loan	<u>1,480,698</u>	<u>1,483,344</u>
Non-current liabilities:		
Long portion of medium term Loan	<u>370,175</u>	<u>1,847,567</u>

On 30 October 2017, the company entered into a loan agreement with QNB Al Ahli according to the following main terms:

A) Loan amount

The total loan amount is US\$ 3,900,000 through opening letters of credits and/or documentary collections and/or direct transfers.

B) Interests and commissions

1. Compound interest is calculated by a margin of 3.65% over the LIBOR every three months and shall be paid at end of each month. This pricing can be modified according to the LIBOR movements every three months.
2. Interests and commissions shall be payable from the date of commencement and are valid during the grace period.

A delay interest of 1.5% in addition to the original interest rate will be applied on the sums that the company delays its repayment and is calculated from the due date of this payment until full payment without prejudice to the bank's other rights.

C) Loan purpose

Financing new production line of High Barrier Metalized and Splitters Films as well as refinancing the amount of the advance payments that have been paid from the company's own resources.

D) Period of loan agreement and method of repayment

Validity of the loan agreement is forty two months starting from the signature date of this agreement including drawdown and grace period and having its end on 30/4/2021 and this is the date that the loan and its interests, commissions and any other expenses should be fully paid.

The above validation includes:

1. Drawdown and grace periods
One year starting from the signature date of this agreement and ends on 30/10/2018 subject to fulfilling the conditions precedents in a manner acceptable to the bank
2. Repayment period
Loan shall be repaid over 10 equal quarterly installments of US\$ 390,000 each so that the first installment shall fall due on 30/1/2019.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020
E) Securities and guarantees

1. First degree commercial mortgage in favor of QNB bank over the equipment and machinery, on the company's commercial site, that are financed from this loan in addition to ratifying the aforementioned mortgage in the company's commercial register.
2. Insurance policies should be issued from one the insurance companies acceptable to the bank which covering 100% of all financed assets by the facility against all risks.

16/3 Medium term loan - 3

	31/3/2020	31/3/2019
	US\$	US\$
Balance at the beginning of year	288,480	-
Received during the year	1,799,755	288,480
Balance at the end of the year	<u>2,088,235</u>	<u>288,480</u>

Classified as follows:

Current liabilities:

Current portion of medium term Loan	<u>928,620</u>	<u>-</u>
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Non-current liabilities:

Long portion of medium term Loan	<u>1,159,615</u>	<u>288,480</u>
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On 15 October 2018, the company entered into a loan agreement with QNB Al Ahli according to the following main terms:

A) Loan amount

The total loan amount is Euro 2,800,000 through opening letters of credits and/or documentary collections and/or direct transfers.

B) Interests and commissions

1. Compound interest is calculated by agreed margin of 3% over the EURIBOR" with minimum EURIBOR of zero" and shall be paid at the end of each month, and its understood that this pricing can be modified according to the EURIBOR movements every three months.
2. Interests and commissions shall be payable from the date of commencement and are valid during the grace period.

A delay agreed interest of 1.5% in addition to the original interest rate will be applied on the sums that the company delays its repayment and is calculated from the due date of this payment until full payment without prejudice to the bank's other rights.

C) Loan purpose

Financing the purchase of new vacuum metalizer, slitter and its related cost as well as refinancing the amount of the advance payments that have been paid from the company's own resources.

D) Period of loan agreement and method of repayment

Duration of loan agreement is forty two months starting from the signature date of this agreement including drawdown and grace period and having its end on 15/4/2022 and this is the date that the loan and its interests, commissions and any other expenses should be fully paid.

The above validation includes:

1. Drawdown and grace periods

One year starting from the signature date of this agreement and ends on 15/10/2019 subject to fulfilling the conditions precedents in a manner acceptable to the bank.
2. Repayment period

Loan shall be repaid over 10 equal quarterly installments of Euro 280,000 each so that the first installment shall fall due on 15/1/2020.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020
E) Securities and guarantees

1. First degree commercial mortgage in favor of QNB bank over the equipment and machinery, on the company's commercial site, that are financed from this loan in addition to ratifying the aforementioned mortgage in the company's commercial register.
2. Insurance policies should be issued from one the insurance companies acceptable to the bank which covering 100% of all financed assets by the facility against all risks.

16/4 Medium term loan - 4

	31/3/2020	31/3/2019
	US\$	US\$
Balance at the beginning of year	283,416	-
Received during the year	1,233,619	283,416
Balance at the end of the year	<u>1,517,035</u>	<u>283,416</u>

Classified as follows:

Current liabilities:

Current portion of medium term Loan	<u>551,649</u>	<u>-</u>
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Non-current liabilities:

Long portion of medium term Loan	<u>965,386</u>	<u>283,416</u>
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On 8 November 2018, the company entered into a loan agreement with Emirates NBD according to the following main terms:

A) Loan amount

The total loan amount is Euro 3,200,000 through opening sight and/or deferred local and/or Foreign LCs and/or import documents on collection basis or acceptances and/or advance payment on trade transactions and/or direct transfers to suppliers with 100% of reference from MTL.

B) Interests and commissions

1. Compound interest is calculated by agreed margin of 2.4% over the EURIBOR" and shall be paid quarterly in arrears, and its understood that this pricing can be modified according to the EURIBOR movements every three months.
2. Interests and commissions shall be payable from the date of commencement and are valid during the grace period.

A delay agreed interest of 1% in addition to the original interest rate will be applied on the sums that the company delays its repayment and is calculated from the due date of this payment until full payment without prejudice to the bank's other rights.

C) Loan purpose

Financing 100% of importation of machinery and spare parts along with covering machinery assembly, packing, shipment, installation, and commissioning fees in addition to any other related to machinery purchase.

D) Period of loan agreement and method of repayment

Duration of loan agreement is 4 years including availability period and grace period.

The above validation includes:

1. Availability and grace periods
12 months is starting from the signature date of this contract.
2. Repayment period
Principal to be paid over 12 quarter installments starting three months after the grace period.

E) Securities and guarantees

1. Promissory note for authorized amount.
2. Insurance policy in favor of END-Egypt against all risks covering 100% of the financed amount. Policy to

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

be provided within 2 months from machinery installment.

3. Commercial Mortgage to be obtained on the financed assets and to be provided within 2 months from machinery installment.
4. *Pari-passu* condition.
5. Undertaking to channel proceeds.
6. Undertaking that the company will not distribute any dividends before settling any outstanding CPLTD and/or interest expense and/or fees and commissions due.

17. CREDITORS AND OTHER CREDIT BALANCES

	31/3/2020 US\$	31/3/2019 US\$
Trade payables	4,896,516	6,698,587
Salary and withholding tax	99,449	293,979
Social Insurance Authority	16,812	16,475
Customers advance payment	522,058	475,630
Accrued interest expense	52,134	99,304
Accrued expenses	341,772	304,114
Others	2,729,970	3,160,971
	8,658,711	11,049,060

18. NET SALES

	31/3/2020 US\$	31/3/2019 US\$
Domestic sales	55,271,185	50,289,150
Export sales	68,233,323	72,374,948
	123,504,508	122,664,098
Less:		
Domestic sales return	(116,360)	(218,722)
Export sales return	(707,288)	(221,346)
	122,680,860	122,224,030

19. OTHER OPERATING REVENUE

	31/3/2020 US\$	31/3/2019 US\$
Scrap sales	2,0258,329	2,027,210
Export incentive (subsidies) (*)	98,102	1,015,395
Gain on sale of fixed asset	59,595	13,376
Other revenue	35,238	75,587
	2,251,264	3,131,568

(*) Export incentive is recorded on cash basis, i.e. when collected. (Note 3k)

20. SELLING AND DISTRIBUTION EXPENSES

	31/3/2020 US\$	31/3/2019 US\$
Salaries and incentives	303,865	203,598
Traveling	128,220	134,415
Freight	3,437,664	3,041,141
Commission	69,963	160,674

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020

	31/3/2020	31/3/2019
	US\$	US\$
Insurance	127,531	175,696
Claim export sales	49,350	88,584
Collection charges	54,275	77,977
Other	157,881	472,710
	<u>4,328,749</u>	<u>4,354,795</u>

21. GENERAL AND ADMINISTRATIVE EXPENSES

	31/3/2020	31/3/2019
	US\$	US\$
Salaries and incentives	528,554	354,146
Postage, phone and fax	101,753	72,229
Traveling and transportation	142,115	122,626
Maintenance	237,329	184,172
Insurance	132,596	46,625
Bank charges	210,248	115,538
Professional fees	263,664	229,068
Office supplies and hospitality	73,104	40,399
Printing and stationary	10,931	13,288
Depreciation (Note 6)	237,243	227,220
Other	327,564	279,230
	<u>2,265,101</u>	<u>1,684,541</u>

22. NET FINANCE EXPENSES

	31/3/2020	31/3/2019
	US\$	US\$
Finance expenses	2,358,292	2,743,672
Finance income	(238,109)	(294,872)
	<u>2,120,183</u>	<u>2,448,800</u>

23. END OF SERVICE BENEFITS PROVISION

	31/3/2020	31/3/2019
	US\$	US\$
Balance at the beginning of the year	232,826	109,182
Provided during the year	111,862	138,319
Used during the year	(8,648)	(14,675)
Balance at the end of the year	<u>336,040</u>	<u>232,826</u>

The Company decided to apply end of service benefits provision to all foreign employees (Expats) who have completed at least one year of service with the Company. This policy has prospectively effect from 1/1/2017.

24. CLAIMS PROVISION

	31/3/2020	31/3/2019
	US\$	US\$
Balance at the beginning of the year	250,000	-
Provided during the year	50,000	250,000
Balance at the end of the year	<u>300,000</u>	<u>250,000</u>

The company's management has estimated the provision based on the uncertainty surrounding the provision amount which should be maintained against expected contingent liabilities to be occurring in the near future.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020**25. TAX STATUS**

- **Corporate Tax**

Year 2010

This year has inspected on a deem basis and the company has appealed against it, and the company working with the Internal Committee for issuing the decision for re-inspect the company books and documents on an actual basis.

From 2011 till now

- The Tax Authority has not inspected the company's books and documents yet.
- The company has submitted the corporate tax return till the period ended 31 March 2019.

- **Salary Tax**

- Flex P. Films Egypt is settling the salary tax and Social insurance regularly, according to the company confirmation.

From inception date till 31 March 2012:

The Tax Authority has inspected the above mentioned years and the Tax Authority issued the salary tax claim with amount 6,812,963.00 EGP. The company has appealed against the salary claim and the salary tax inspection differences are expected to be 1,250,000 EGP.

From 1 Apr 2012 till 31 Mar 2017:

- This period under inspection by Tax Authority, The Company has submitted all analysis and documents, the tax claim has not issued till now and the expected salary tax differences are about 3,300,000. EGP.

From 1 Apr 2017 till 31 Mar 2020:

- The Tax Authority has not inspected the above mentioned years yet, however, we recommend creating salary tax provision for this year with an amount of L.E. 1,980,000.

- **Stamp Duty**

- The Tax Authority has inspected the company's books and documents until the year ended 31 March 2017 and the Company has settled the tax differences.

- **Withholding Tax**

- The Tax Authority has inspected the company's books and documents until the year ended 31 March 2016 and the Company has settled the tax differences.
- The company has settled the withholding tax due up to December 2019.

- **Sales Tax / VAT**

- The company has finished the inspection till 31/3/2014, and submitted inspection request to finalize the inspection till 31/3/2018.
- The company has refunded amount of the sales tax due of imported materials for the period from 1/4/2014 to 31/3/2015.
- The company has submitted a refund request for the Local Purchases sales tax of the period from 1/4/2014 to 31/3/2015 and it still under inspection with amount L.E. 2,713,343.
- The company has submitted a refund request for the sales tax on purchased fixed assets for the period from 1/4/2015 to 31/3/2016 and it still under review by the sales tax authority with amount L.E 983,492.
- The company has submitted a refund request for the debit balance at sales tax (Note 10) which exceeded 6 taxes periods as per VAT Law with amount L.E 45,960,330.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020
Deferred Tax

Deferred tax assets and liabilities arising from tax differences in the assets and liabilities are as follows:

	31/3/2020		31/3/219	
	Assets US\$	(Liabilities) US\$	Assets US\$	(Liabilities) US\$
Financial Position				
Fixed assets		(10,195,875)	-	(10,211,486)
End of service benefits provision	75,609		52,386	-
Unrealized foreign currency loss	728,236		483,452	-
Total tax asset / (liability)	803,845	(10,195,875)	535,928	(10,211,486)
Net tax asset / (liability)		(9,392,030)	-	(9,675,558)
Charged to income statement		283,528		(711,883)

26. RECONCILIATION TO CALCULATE THE EFFECTIVE INCOME TAX RATE

	31/3/2020 US\$	31/3/2019 US\$
Accounting profit before tax	19,886,116	10,153,206
Enacted tax rate	22.5%	22.5%
Calculated income tax according to income tax law	4,474,376	2,284,471
Provisions effect/ bad debts	43,826	70,791
Depreciations differences	32,491	188,213
Non deductible net foreign currency differences	42,885	141,401
Deductible foreign currency differences	(256,060)	(1,009,861)
Non taxable gain on fixed assets sales	(13,409)	(3,010)
Non deductible expenses	73,403	52,094
Income tax according to statement of income	4,397,512	1,724,099

27. CAPITAL COMMITMENT

	31/3/2020			31/3/2019
	Contractual amounts US\$	Executed amounts US\$	Remaining amounts US\$	US\$
Building	11,462,255	(9,209,867)	2,252,388	4,558,430
Machines	48,270,891	(37,599,860)	10,671,031	39,679,682
	59,733,146	(46,809,727)	12,923,419	44,238,112

These commitments represent the remaining amounts of the contracts against receiving machines and constructing building for the new production line (High Barrier Metalized and Splitters Films) which expected to be completed and ready for its designated use during the year ending 31 March 2021. (Note 7)

28. CONTINGENT LIABILITIES

The company's banks have issued letters of guarantee (L/Gs), on behalf of the company, by an amount of L.E. 30,195,354 (31/3/2019: L.E. 27,689,100) the uncovered portion of the L/Gs amount of L.E. 30,195,354 (31/3/2019: L.E. 26,023,947) in favor of the Central Unit of the Temporary Release Taxes – Custom Authority. (Note 10)

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2020
29. SIGNIFICANT CURRENT EVENTS

The significant current events in the Arab Republic of Egypt and worldwide from January 2020 which made the world suffering from obviously a global pandemic, that has a significant spread effect which called "COVID-19". Thus, with all these current precautionary procedures that occurred from the World Health Organization (WHO) and many countries and cities. Also, these events have a material impact on the economic sectors in general and may lead to a significant decline in the economic activities during the coming periods. Besides, there's a possibility that this could materially affect the elements of the assets and liabilities, the recoverable amounts and results of operations during the coming periods. The size of the impact of these events on the assets and liabilities included in these financial statements cannot be determined at the moment.

30. COMPARATIVE FIGURES

Certain of prior year figures have been reclassified to conform with the presentation in the current period as follows:

	Note	31/3/2020 Before reclassification US\$	Reclassification US\$	31/3/2019 After reclassification US\$
Bank overdrafts	13	28,264,341	(283,416)	27,980,925
Current portion of medium term loans	17	6,958,265	283,416	7,241,681



FLEX P. FILMS (EGYPT) S.A.E.
Wholly Owned Subsidiary Company of Flex Middle East FZE