

**GLENMARK PHARMACEUTICALS
EGYPT COMPANY, S.A.E
IFRS REPORTING PACKAGE
FOR THE PERIOD ENDED
31-Mar-24
TOGETHER WITH AUDITOR
REPORT ON THEM**



Auditor's Report

To the Shareholders of Glenmark Pharmaceuticals Egypt – “S.A.E.”

Report on the Financial Statements

We have audited the accompanying financial statements of Glenmark Pharmaceuticals Egypt “S.A.E.”, which comprise the statement of financial position as at March 31, 2024, and statements of income, comprehensive income, changes in equity and cash flow for the financial 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 Company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing 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; management 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 the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Glenmark Pharmaceuticals Egypt "S.A.E." of March 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Attention Paragraphs

- Without qualifying our opinion, we draw attention to note (12) to those financial statements. Where the accumulated losses, including net loss for the year, amounted to approximately EGP 186 million as of March 31, 2024, which exceeded the paid-up capital as of the date and had resulted in negative equity approximately EGP 131 million as of the same date. These conditions among attention paragraphs, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. The company's management believe that the company will continue its operations despite the accumulated losses incurred as the company shareholders are willing to support the company's financial obligations, as they fall due.
- According the companies' Law No. 159 of 1981, the company shall hold an extraordinary general assembly meeting to decide on the continuity of the company as a going concern.
- Without qualifying our opinion, we draw attention the company did not held the extraordinary general assembly to resolve on the continuity of the company despite the accumulated losses that exceeded the paid- up capital for the financial years ended March 31, 2019, 2020, 2021, 2022 & 2023 respectively. The company will hold this meeting in 2024.
- The company's financial statements for the year ended on March 31, 2023 were audited by another auditor, who issued an unqualified report on May 8, 2023.

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. Inventory count was conducted by management according to relevant practices.

Cairo: April 25, 2024

Dr. Ayman F. Kamel



(R.A.A 7663)

(M.M.R 243)



Glenmark Pharmaceuticals Egypt Co. S.A.E
Statement of Financial Position

	Sch	March-31-2024		March-31-2023	
		EGP		EGP	
		IFRS		IFRS	
ASSETS					
<i>Current assets</i>					
Cash and cash equivalents	S 1	5,669,125		3,147,110	
Trade receivables	S 2	31,605,332		20,488,041	
Inventories	S 3	21,968,924		16,659,393	
Other current financial assets	S 4	3,514,197		3,393,529	
Total current assets		62,757,578		43,688,072	
<i>Non-current assets</i>					
Property, plant and equipment	S 5	71,786		103,536	
Other Intangible Assets	S 6 (A)	65,267		118,769	
Right to Use Asset	S 6 (B)	199,249		416,593	
Deferred tax assets (net)		-		-	
Total non-current assets		336,301		638,898	
Assets and disposal group classified as held for sale		-		-	
Total assets		63,093,879		44,326,969	
LIABILITIES AND STOCKHOLDERS' EQUITY					
<i>Current liabilities</i>					
Provisions		-		-	
Trade payables	S 7	20,911,356		7,509,076	
Other liabilities	S 8	9,912,627		6,731,077	
Short term financial liabilities	S 9	260,227		79,819	
Lease Liability		242,034		161,248	
Total current liabilities		31,326,243		14,481,220	
<i>Non-current liabilities</i>					
Long-term borrowings	S 10	162,446,752		98,193,246	
Other non-current liabilities		-		-	
Other non-current financial liabilities	S 11	-		300,545	
Total non-current liabilities		162,446,752		98,493,790	
Total liabilities		193,772,996		112,975,010	
<i>Stockholders' equity</i>					
Equity share capital	S 12	55,426,520		55,426,520	
Share premium		-		-	
Currency translation reserve		-		-	
Retained earnings (losses)		(186,105,636)		(124,074,561)	
		(130,679,116)		(68,648,041)	
Non Controlling Interest		-		-	
Total stockholders' equity		(130,679,116)		(68,648,041)	
Total liabilities and stockholders' equity		63,093,879		44,326,969	



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Glenmark Pharmaceuticals Egypt Co. S.A.E
Statement of Comprehensive Income

	Sch	March-31-2024		March-31-2023	
		EGP		EGP	
		IFRS		IFRS	
Revenues					
Operating revenue		104,652,419		68,425,952	
Other income		-		-	
Total revenues		104,652,419		68,425,952	
Expenses					
Materials consumed	S 13	18,971,757		34,037,602	
Changes in inventories of finished goods and work-in-process	S 13	3,729,315		(3,827,681)	
Purchases of stock-in-trade	S 13	33,191,698		7,810,880	
Employee costs	S 14	11,965,613		8,817,713	
Other expenses	S 15	89,728,205		62,405,025	
Depreciation, amortisation and impairment expense	S5 & S6	488,756		433,618	
Total expenses		158,075,345		109,677,156	
Operating profit / (loss)		(53,422,925)		(41,251,204)	
Finance income		-		-	
Finance costs	S 16	(8,608,150)		(5,792,259)	
Profit/(Loss) before tax		(62,031,075)		(47,043,463)	
Tax expense					
Current tax expenses		-		-	
Deferred tax benefit		-		-	
Total tax expenses		-		-	
Profit/(Loss) for the year		(62,031,075)		(47,043,463)	
Post tax profit/ (loss) for the year from discontinued operations		-		-	
Profit/(Loss) after tax carried to balance sheet		(62,031,075)		(47,043,463)	
Profit (Loss) for the year attributable to:					
Non Controlling Interest		-		-	
Equity shareholders of Glenmark Pharmaceuticals Egypt Co. S.A.E		(62,031,075)		(47,043,463)	



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Glenmark Pharmaceuticals Egypt Co. S.A.E

Statement of Comprehensive Income

	Sch	March-31-2024	March-31-2023
		EGP	EGP
		IFRS	IFRS
Profit (Loss) for the year		(62,031,075)	(47,043,463)
Other comprehensive income			
Items that will not be reclassified subsequently to income statement			
- Remeasurement of the net defined benefit plans			
- Income tax relating to the above			
Items that will be reclassified subsequently to income statement			
Exchange differences on translating foreign operations			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income / (loss) for the period		(62,031,075)	(47,043,463)
Total Comprehensive Income attributable to:			
Non-controlling interest		-	-
Equity shareholders of Glenmark Pharmaceuticals Egypt Co. S.A.E		(62,031,075)	(47,043,463)

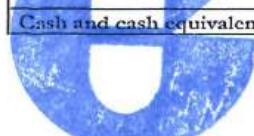


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Glenmark Pharmaceuticals Egypt Co. S.A.E

STATEMENT OF CASHFLOW

	March-31-2024	March-31-2023
	EGP	EGP
(A) Cash inflow/(outflow) from operating activities		
Profit/(Loss) Before Taxes	(62,031,075)	(47,043,463)
Adjustments to reconcile profit before tax to net cash provided by operating activities:		
Depreciation and amortisation	488,756	433,618
Gain on disposal of property, plant and equipment	-	-
Finance costs		
- Inter company	8,575,019	5,738,913
- Others	33,131	53,346
Interest income	-	-
Dividend income	-	-
(Profit)/loss on sale of property, plant and equipments	-	-
Employee benefit obligation	-	-
Provision for doubtful debts / expected credit losses	-	-
Employee share based compensation	-	-
Provision for sales returns	-	-
Unrealised exchange (gain)/loss	57,928,652	39,559,042
Operating profit before changes in operating assets and liabilities	4,994,483	(1,258,543)
Changes in operating assets and liabilities		
- Decrease/(increase) in trade receivables	(11,117,291)	(13,479,840)
- Decrease/(Increase) in inventories	(5,309,531)	(4,398,193)
- Decrease/(Increase) in other assets	(120,669)	(1,632,746)
- Increase/(Decrease) in trade payable and other liabilities		
- Others	14,213,529	4,224,869
- Intercompany	-	-
Net changes in operating assets and liabilities	(2,333,962)	(15,285,911)
Income taxes paid	-	-
Net cash generated from operating activities	2,660,521	(16,544,454)
(B) Cash inflow/(outflow) from investing activities		
Restricted cash	-	-
Interest received	-	-
Dividend received	-	-
Payments for Purchase of Property, plant and equipment and Intangible assets (including assets under construction)	(186,160)	-
Proceeds from sale of property, plant and equipment and Intangible assets	-	-
Net cash used in investing activities	(186,160)	-
(C) Cash inflow/(outflow) from financing activities		
Proceeds from long-term borrowings	-	16,791,693
Repayments of long-term borrowings	-	-
Proceeds from /(repayment) of short-term borrowings (net)	-	(68,293)
Lease payment	47,655	-
Proceeds from issue of share capital	-	-
Dividend paid (including tax on dividend)	-	-
Share Application Money	-	-
Net cash generated /(used) from financing activities	47,655	16,723,400
Effect of exchange rate changes on cash and cash equivalents		
Net increase in cash and cash equivalents	2,522,016	178,946
Cash and cash equivalents at the beginning of the year	3,147,110	2,968,164
Cash and cash equivalents at the end of the year	5,669,125	3,147,110



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Glenmark Pharmaceuticals Egypt Co. S.A.E
Statement of Changes in Shareholders' Equity
[All amounts are stated in EGP, unless otherwise stated]

	Equity attributable to shareholders of Glenmark Pharmaceuticals Egypt Co. S.A.E							Total stockholders' equity
	Share capital - No. of shares	Share capital	Share premium	Currency Translation reserve	Retained earnings	Total attributable to owners of the parent company	Non-controlling interest	
Balance as at 1 April 2023	55,426,520	55,426,520	-	-	(124,074,561)	(68,648,041)	-	(68,648,041)
Dividends to equity shareholders (including dividend distribution tax)	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-
Shares issued under Employee Stock Option ("ESOP") Scheme	-	-	-	-	-	-	-	-
Employee share based compensation	-	-	-	-	-	-	-	-
Transaction with non controlling interest	-	-	-	-	-	-	-	-
Transactions with owners	55,426,520	55,426,520	-	-	(124,074,561)	(68,648,041)	-	(68,648,041)
Net income for the year	-	-	-	-	(62,031,075)	(62,031,075)	-	(62,031,075)
Other Comprehensive Income:	-	-	-	-	-	-	-	-
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-
Remeasurement of the net defined benefit plans (net of tax)	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	-	-	-	-	-
Balance as at 31 Mar 2024	55,426,520	55,426,520	-	-	(186,105,636)	(130,679,116)	-	(130,679,116)

[All amounts are stated in EGP, unless otherwise stated]

	Equity attributable to shareholders of Glenmark Pharmaceuticals Egypt Co. S.A.E							Total stockholders' equity
	Share capital - No. of shares	Share capital	Share premium	Currency Translation reserve	Retained earnings	Total attributable to owners of the parent company	Non-controlling interest	
Balance as at 1 April 2022	55,426,520	55,426,520	-	-	(77,031,098)	(21,604,578)	-	(21,604,578)
Dividends to equity shareholders (including dividend distribution tax)	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-
Shares issued under Employee Stock Option ("ESOP") Scheme	-	-	-	-	-	-	-	-
Employee share based compensation	-	-	-	-	-	-	-	-
Transaction with non controlling interest	-	-	-	-	-	-	-	-
Transactions with owners	55,426,520	55,426,520	-	-	(77,031,098)	(21,604,578)	-	(21,604,578)
Net income for the year	-	-	-	-	(47,043,463)	(47,043,463)	-	(47,043,463)
Other Comprehensive Income:	-	-	-	-	-	-	-	-
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-
Remeasurement of the net defined benefit plans (net of tax)	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	-	-	-	-	-
Balance as at 31 Mar 2023	55,426,520	55,426,520	-	-	(124,074,561)	(68,648,041)	-	(68,648,041)



S 1

Cash and cash equivalents

Cash and cash equivalents include the components as follows:

Particulars	EGP	EGP
	March-31-2024	March-31-2023
Cash on hand	268	1,406
Cash in current accounts	5,648,857	3,125,704
Cash in deposit accounts	20,000	20,000
Total	5,669,125	3,147,110

S 2

Trade receivables

The carrying amount of trade receivables are analysed as follows:

Particulars	EGP	EGP
	March-31-2024	March-31-2023
Gross value	31,605,332	20,488,041
Less: Allowance for credit losses	-	-
Net trade receivables	31,605,332	20,488,041

S 3

Inventories

Inventories recognised in the statement of financial position can be analysed as follows:

Particulars	EGP	EGP
	March-31-2024	March-31-2023
Raw materials & Packing Materials	17,487,079	8,448,233
Finished Goods	4,481,844	8,211,159
	-	-
Total	21,968,924	16,659,393

S 4

Other short term financial assets

Particulars	EGP	EGP
	March-31-2024	March-31-2023
Prepayments and Other current assets	3,514,197	3,393,529
Other Receivable	-	-
Total	3,514,197	3,393,529



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S 5

Property, plant and equipment

The Group's property, plant and equipment comprise freehold and leasehold land, IT and office equipment, and furniture and fixture. The carrying amount are analysed as follows:

Particulars	EGP		
	Furniture and fixture	Office Equipment	Total
Cost			
Balance as at 1 April 2023	266,770	569,964	836,734
- Acquisitions through business combinations	-	33,095	33,095
- Other acquisitions	-	-	-
- Disposals/Transfers	-	-	-
- Translation adjustment	-	-	-
Balance as at 31 Mar 2024	266,770	603,059	869,829
Accumulated Depreciation			
Balance as at 1 April 2023	266,770	466,428	733,198
- Depreciation charge for the year	-	64,845	64,845
- Impairment loss recognized	-	-	-
- Disposals/Transfers	-	-	-
- Translation adjustment	-	-	-
Balance as at 31 Mar 2024	266,770	531,274	798,043
Carrying value			
At April 1, 2023	-	103,536	103,536
At Mar 31, 2024	-	71,786	71,786



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S 6 (A)
Other intangible assets

Particulars	EGP	
	Brands	Total
Cost	-	-
Balance as at 1 April 2023	2,921,930	2,921,930
- Internally developed	-	-
- Acquired through business combinations	-	-
- Other acquisitions	153,065	153,065
- Disposals/ Transfers	-	-
- Translation adjustment	-	-
Balance as at 31 Mar 2024	3,074,995	3,074,995
Balance as at 31 Mar 2024	3,074,995	3,074,995
Amortisation and impairment	-	-
Balance as at 1 April 2023	2,803,161	2,803,161
- Amortisation charge for the year	206,567	206,567
- Impairment loss	-	-
- Amortisation charge for disposals/ transfers	-	-
- Translation adjustment	-	-
Balance as at 31 Mar 2024	3,009,728	3,009,728

Carrying value

At April 1, 2023	118,769	118,769
At Mar 31, 2024	65,267	65,267

S 6 (B)
Right to Use Asset

Particulars	EGP	
	Office Premises	Total
Cost	-	-
Balance as at 1 April 2023	1,135,476	1,135,476
- Internally developed	-	-
- Acquired through business combinations	-	-
- Other acquisitions	-	-
- Disposals/ Transfers	-	-
- Translation adjustment	-	-
Balance as at 31 Mar 2024	1,135,476	1,135,476
Balance as at 31 Mar 2024	1,135,476	1,135,476
Amortisation and impairment	-	-
Balance as at 1 April 2023	718,883	718,883
- Amortisation charge for the year	217,344	217,344
- Impairment loss	-	-
- Amortisation charge for disposals/ transfers	-	-
- Translation adjustment	-	-
Balance as at 31 Mar 2024	936,227	936,227

At April 1, 2023	416,593	416,593
At Mar 31, 2024	199,249	199,249
At Mar 31, 2024	199,249	199,249



Schedule - S 7

Trade payables

Particulars	EGP	EGP
	March 31, 2024	March 31, 2023
	IFRS	IFRS
Sundry creditors	19,745,948	6,745,724
Trade payables to related party: - Payable to Glenmark Pharma Kenya Limited	1,165,408	763,352
Total	20,911,356	7,509,076

S 8

Other liabilities

Other current liabilities are summarized as follows:

Particulars	EGP	EGP
	March-31-2024	March-31-2023
Statutory dues	6,295,824	4,212,597
Provisions	3,616,802	2,518,480
Total	9,912,626	6,731,077

Schedule - S 9

Short term financial liabilities

Particulars	EGP	EGP
	March 31, 2024	March 31, 2023
	IFRS	IFRS
Employee Dues	260,227	79,819
Lease Liability	-	-
Total	260,227	79,819

Schedule - S 10

Long-term borrowings

Particulars	EGP	EGP
	March 31, 2024	March 31, 2023
	IFRS	IFRS
Loan from Glenmark Pharmaceuticals Limited, India	106,755,332	69,925,646
Interest on Loan	55,691,420	28,267,600
Total	162,446,752	98,193,246

Schedule - S 11

Other non-current financial liabilities

Particulars	EGP	EGP
	March 31, 2024	March 31, 2023
	IFRS	IFRS
Lease Liability	-	300,545
Total	-	300,545



S12

Equity share capital

Details of Shareholding of Promoters are as below :

Shares held by promoters at the end of the year				% change during the year ***
Sr. No.	Promoter Name	No. of Shares **	% of total shares **	
1	Glenmark Pharmaceuticals Limited	55,426,520	100%	0%
Total		55,426,520	100%	



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Schedule - S 13
COGS

Particulars	EGP	
	March 31, 2024	March 31, 2023
	IFRS	IFRS
<u>Consumption of Raw and Packing material</u>		
Opening Stock	8,448,233	7,877,721
Add: Purchases	28,010,603	34,608,113
Less: Closing stock	17,487,079	8,448,233
Consumption of Raw and Packing material	18,971,757	34,037,602
<u>Finished Stock</u>		
Purchases	33,191,698	7,810,880
Opening stock	8,211,159	4,383,478
Closing stock	4,481,844	8,211,159
(Increase)/Decrease in stock of Finished goods	3,729,315	(3,827,681)
Total	55,892,770	38,020,800

Schedule - 14
Employee benefit expenses

Particulars	EGP	
	March 31, 2024	March 31, 2023
	IFRS	IFRS
Salaries and bonus	10,281,337	7,659,356
Contribution to provident fund and other funds	-	-
Social insurance- company share	785,358	467,540
Recruitment, Training & Education allowance	-	79,197
Medical, Life insurance & Hospitality	898,919	611,621
Staff welfare expenses	-	-
Total	11,965,613	8,817,713

Schedule - S 15
Other expenses

Particulars	EGP	
	March 31, 2024	March 31, 2023
	IFRS	IFRS
Sales promotion expenses	12,324,732	8,332,686
Telephone expenses	156,237	131,057
Travelling expenses	2,036,623	1,171,403
Repairs & Maintenance	70,170	53,024
Rent	106,972	99,792
Warehouse Rent	364,640	430,409
Electricity charges	15,845	18,238
Auditors remuneration	-	-
Commission	11,010,988	7,759,007
Other operating expenses	4,995,785	4,296,538
Legal Fees	91,184	368,564
Data Services	193,682	185,265
Allowance for doubtful debts	-	-
Social Contribution Statutory	432,696	-
Exchange Gain/loss	57,928,652	39,559,042
Total	89,728,205	62,405,025



Schedule S 16

Finance costs

Finance costs is analysed as follows:

	EGP	EGP
	March-31-2024	March-31-2023
- Interest on loan to Glenmark Pharmaceuticals Ltd	8,575,019	5,738,913
- Interest on Right to Use Asset	33,131	53,346
Total	8,608,150	5,792,259



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Aging Schedules
i Trade Receivables

Particulars	As on 31st Mar 24					As on 31st March 23					
	Outstanding for following periods from due date of payments					Outstanding for following periods from due date of payments					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) Undisputed Trade Receivable - considered good	31,605,332	-	-	-	-	20,479,173	8,868	-	-	-	20,488,041
(ii) Undisputed Trade Receivable - which have significant increase in credit risk	-	-	-	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivable - credit impaired	-	-	-	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivable - considered good	-	-	-	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivable - which have significant increase in credit risk	-	-	-	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivable - credit impaired	-	-	-	-	-	-	-	-	-	-	-
Total	31,605,332	-	-	-	-	20,479,173	8,868	-	-	-	20,488,041

ii Trade Payables

Particulars	As on 31st Mar 24					As on 31st March 23					
	Outstanding for following periods from due date of payments					Outstanding for following periods from due date of payments					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) Micro Small and Medium Enterprises (MSME)	18,946,237	-	783,050	-	-	6,420,558	298,785	26,371	-	-	6,745,724
(ii) Others	-	-	-	-	-	-	-	-	763,352	-	763,352
(iii) Others Intercompany	-	-	-	-	-	-	-	-	-	-	-
(iv) Disputed Dues - MSMEs;	-	-	-	-	-	-	-	-	-	-	-
(v) Disputed Dues - Others.	-	-	-	-	-	-	-	-	-	-	-
Total	18,946,237	-	783,050	-	-	6,420,558	298,785	26,371	-	-	7,749,703



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PHARMACEUTICALS EGYPT

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Glenmark Pharmaceuticals Egypt Company, S.A.E.

Notes to the IFRS reporting Package
For the year ended March 31, 2024

1. Background on the company and purpose

Glenmark Pharmaceuticals' Egypt Company, S.A.E. was established on November 6, 2008 as a joint Stock Company in Egypt under the provisions of Companies' Law no. 159 for year 1981 and Law no. 95 for year 1992 and their executive regulations.

The company was registered under number 35429 in the commercial register on November 6, 2008.

The purpose of the company is trading in medical and pharmaceutical products of all types (purchasing, selling, and exporting), obtaining, acquiring, utilizing, and selling patents, invention certificates, licences, inventions, and developments relevant to technical procedures, trademarks, commercial names relating to intellectual rights whether on its own or through others.

2. Compliance and basis of preparation

a. Statement of compliance

These financial statements have been prepared in accordance with Egyptian Accounting Standards (EAS) and the applicable Laws and regulations and are the statutory financial statements of the company.

b. Basis of preparation

The financial statements have been prepared on going concern basis and the historical cost basis, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods or services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The financial statements are presented in Egyptian pound.

Fair value

Fair value of financial instruments hierarchy levels 1 to 3 is based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.
- 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.

3. Significant accounting policies

The principal accounting policies are set out below.

a. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is reduced for estimated customers' returns; rebates and other similar allowances. Revenues from the sale of goods are recognized when control of the goods had been transferred; when the goods are delivered and titles have passed, at which time the company had transferred to the buyer the significant risks and rewards of ownership of the goods. Delivery of products occurs when the products have been shipped to the customers' specific locations.

b. Foreign currencies

The functional and reporting currency of the company is the Egyptian pound. In preparing the financial statements of the company, transactions in currencies other than its functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit or loss in the period in which they arise.

c. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax is calculated in accordance with the Egyptian tax law.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the company's statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

A deferred tax asset is recognized for the unused tax losses carried forward only to the extent that the company has sufficient taxable temporary differences against which unused tax losses can be utilized.

d. Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at the acquisition cost less accumulated depreciation and any recognized impairment loss. Items of property, plant and equipment are depreciated using the straight-line method.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives for each class of fixed assets are illustrated below:

Asset category	Estimated useful life
Computers and software	3 years
Office furniture	3 years
Leasehold improvements	4.8 years
Air Conditions	4 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of the asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

e. Intangible assets

Intangible assets are purchased products' licenses that are stated at cost less accumulated amortization and any recognized accumulated impairment losses. They are amortized over their estimated life which is the period since its acquisition date (date of approval of the Ministry of Health to transfer title of the product to Glenmark Pharmaceuticals' Egypt) to invalidation date (i.e. 10 years from registering the product at the Ministry of Health).

Acquisition took place after registering the products within a period from 0 to 2.7 years at Ministry of Health, thus amortization period varies from (7.3 to 10 years). Amortization starts in the month following the acquisition date using the straight-line method.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

f. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and overheads incurred in bringing the inventory to its present location and condition. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs of inventories are calculated using the weighted average cost method.

g. Impairment of tangible and intangible assets

At the end of each reporting period, the company reviews the carrying amounts of its property, plant and equipment, and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the recoverable amount of the asset is estimated to be lower than its carrying amount, then the carrying amount of the asset is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired or expired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognized immediately in profit or loss. Impairment loss on expired inventory items is charged to the statement of profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

h. Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

i. Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Financial assets are represented in cash and bank balances, trade and other receivables and debtors and other debit balances. Financial liabilities are represented mainly in other credit balances; trade payables and other credit balances.

All recognized financial assets are measured subsequently, in their entirety at either amortized cost using effective interest method or fair value depending on their classification. Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows; are measured subsequently at amortized cost. These include trade receivables, debit balances and banks balances. The company derecognizes a financial asset only when the contractual rights to cash flows from the asset expire or when it transfers financial asset and substantially all the risks and rewards of ownership of the asset to another party.

All financial liabilities are measured subsequently at amortized cost using the effective interest method.

Other financial liabilities (including trade and other payables) are obligations on the basis of normal credit terms and do not bear interest.



j. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

k. Cash and cash equivalent in the statement of cash flows

For the purpose of preparing the cash flow statement, cash and cash equivalents comprise cash in hand and cash at banks balances. Statement of cash flows has been prepared using the indirect method.

l. Use of estimates

In the application of the company's accounting policies described in this section, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Significant areas of estimates include provisions, and useful lives of tangible and intangible assets.

m. Leases – Company as a lessee

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease liabilities: At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term using the implicit interest rate in the lease if readily determinable, or the incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Right-of-use assets: The Company recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets. The cost of right-of-use assets includes the amount of lease liabilities

recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received (if any), in addition to an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. After the commencement date, a lessee shall measure the right-of-use asset at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.

Right-of-use assets are depreciated on the lease term if ownership of the leased asset transferred to the Company at the end of the lease term or if the Company will exercise the purchase option. Otherwise, Right-of-use assets are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

n. Related Parties' transactions

Related parties' transactions are represented in transactions with affiliated companies, major shareholders, managers, and company senior management. Transactions with related parties also include companies that are controlled by the company or under joint control or significant influence by the company. The terms, conditions and pricing policies are agreed upon and approved by parties on a transaction level basis and approved by Company management.

