

***MUSTAPHA HEDDAD***

*Expert - Comptable - diplômé*

*Commissaire aux Comptes*

*Adresse: Rue Hamdani Lahcene no. 23*

*Cooperative Mohamed Boudiaf-Hydra-Alger*

*N\*d'agrement : 220/2016 du 19 mai 1990*

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**ELECTROSTEEL ALGERIE SPA**

**Financial Statements as of March 31st, 2024**

**TOGETHER WITH AUDITORS' REPORT**

**MUSTAPHA HEDDAD**

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Algiers, April 28th, 2024

**TO THE SHAREHOLDERS OF  
ELECTROSTEEL ALGERIE SPA  
ALGIERS, ALGERIA**

We have audited the accompanying balance sheet of ELECTROSTEEL ALGERIE SPA (A JOINT STOCK COMPANY UNDER ALGERIAN COMPANIES LAW) as of March 31<sup>st</sup>, 2024 and the related statements of income. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with Generally Accepted Auditing Standards. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of ELECTROSTEEL ALGERIA SPA as of March 31<sup>st</sup>, 2024 and the results of its operations for the year then ended in accordance with the Generally Accepted Accounting Principles.

**MUSTAPHA HEDDAD**



**HEDDAD MUSTAPHA**  
EXPERT COMPTABLE DIPLOME  
COMMISSAIRE AUX COMPTES

**ELECTROSTEEL ALGERIE Spa**

**Audit as at 31/03/2024**

**BALANCE SHEET - ASSETS**

<i>Description</i>	<i>Notes</i>	<i>Balance at 31.03.2023</i>	<i>Balance at 31.03.2024</i>	<i>Variation</i>
Intangible fixed asset - Software		828 000,00	828 000,00	(0,00)
Tangible fixed asset		9 275 516.62	9 275 516.62	(0,00)
Accumulated depreciation		(10 103 516,62)	(10 103 516,62)	(0,00)
<b><i>Fixed assets</i></b>	<b><i>Note-1</i></b>	<b>0,00</b>	<b>0,00</b>	<b>(0,00)</b>
Inventory of tubes & fittings		0,00	0,00	0,00
Goods in transit		0,00	0,00	0,00
<b><i>Inventories</i></b>	<b><i>Note-2</i></b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
Debtor balance of liability accounts		0,00	0,00	0,00
Advance on CAPEX		13 431 694,03	13 431 694,03	0,00
Advance on inventory		0,00	0,00	0,00
Payment on behalf of third parties		25 062 988,55	26 448 032,34	1 385 043,79
Prepaid operating expenses		1 017 979.17	1 048 976.09	30 996.92
Trade receivable		167 057 617,93	159 602 757,60	(7 454 860,33)
Cash & bank		616 231,58	743 369,59	127 138,01
Provision for Bad Debts		(31 648 338,88)	(29 299 914,88)	2 348 424,00
<b><i>Receivables</i></b>	<b><i>Note-3</i></b>	<b>175 538 172,38</b>	<b>171 974 914,77</b>	<b>(3 563 257,61)</b>
<b><u>Balance sheet - Assets</u></b>		<b>175 538 172,38</b>	<b>171 974 914,77</b>	<b>(3 563 257,61)</b>

  
**HEDJAD MUSTAPHA**  
 EXPERT COMPTABLE DIPLOME  
 COMMISSAIRE AUX COMPTES

ELECTROSEEL ALGERIE Spa

Audit as at 31/03/2024

**BALANCE SHEET - LIABILITIES**

<i>Description</i>	<i>Notes</i>	<i>Balance at 31.03.2023</i>	<i>Balance at 31.03.2024</i>	<i>Variation</i>
Share capital		135 093 750,00	135 093 750,00	0,00
Legal reserve		10 251 021,02	10 251 021,02	0,00
Retained earnings		(103 464 388,94)	(51 703 290,95)	(51 761 097,99)
Accruals		0,00	0,00	0,00
<b><i>Equity</i></b>	<b><i>Note-4</i></b>	<b>41 880 382,08</b>	<b>93 641 480,07</b>	<b>(51 761 097,99)</b>
Creditor balance of assets accounts		0,00	0,00	0,00
Account payable for CAPEX		0,00	0,00	0,00
Account payable		0,00	0,00	0,00
Detention held for third parties		272 199.63	420 049.50	147 849,87
Associates current account		0,00	0,00	0,00
Account payables for operations		557 930.71	763 904.31	205 973,60
Advance received from debtors		0,00	0,00	0,00
Bank overdraft		81 056 561.11	36 950 985.45	(44 105 575,66)
Income Tax Provision		0,86	10 000,86	10 000,00
<b><i>Account payables</i></b>	<b><i>Note-5</i></b>	<b>81 886 692,31</b>	<b>38 144 940,12</b>	<b>(43 741 752,19)</b>
<b>Profit (Loss) of the year</b>	<b><i>Note-6</i></b>	<b>51 771 097,99</b>	<b>40 188 494,58</b>	<b>(11 582 603,41)</b>
<b><u>Balance sheet - Liabilities</u></b>		<b><u>175 538 172,38</u></b>	<b><u>171 974 914,77</u></b>	<b>(3 563 257,61)</b>

  
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COMMISSAIRE AUX COMPTES

## ELECTROSEEL ALGERIE Spa

Audit as at 31/03/2024

## PROFIT &amp; LOSS STATEMENT

<i>Description</i>	<i>Notes</i>	<i>Balance at 31.03.2023</i>	<i>Balance at 31.03.2024</i>	<i>Variation</i>
Sales of goods		0,00	0,00	0,00
Cost of sales - trading		0,00	0,00	0,00
<b>Gross margin</b>		<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
Gross margin		0,00	0,00	0,00
Service revenue		75 615 824,13	58 336 189,47	(17 279 634,66)
Costs reversal		0,00	0,00	0,00
Raw material consumption		(52 500,00)	(28 917,00)	23 583,00
Service		(6 234 851,83)	(6 375 553,09)	(140 701,26)
<b>Added value</b>		<b>69 328 472,30</b>	<b>51 931 719,38</b>	<b>(17 396 752,92)</b>
Added value		69 328 472,30	51 931 719,38	47 629 613,81
Other income		0,00	0,00	0,00
Salaries & wages		(4 778 827,00)	(3 289 518,00)	1 489 309,00
Taxes & duties		(151 630,20)	(518 159,00)	366 528,80
Financial cost		(11 643 019,19)	(7 619 407,94)	4 023 611,25
Insurance & other cost		(73 144,82)	(162 039,02)	(88 894,20)
Depreciation of fixed asset		(0,00)	(0,00)	0,00
<b>Operating income</b>		<b>52 681 851,09</b>	<b>40 342 595,42</b>	<b>(12 339 255,67)</b>
Extraordinary income		0,00	0,00	0,00
Extraordinary expense		(910 753,10)	(144 100,84)	766 652,26
<b>Extraordinary income</b>		<b>(910 753,10)</b>	<b>(144 100,84)</b>	<b>766 652,26</b>
Operating income		52 681 851,09	40 342 595,42	(12 339 255,67)
Extraordinary income		(910 753,10)	(144 100,84)	766 652,26

<i>Gross profit (or loss)</i>		51 771 097,99	40 198 494,58	(11 572 603,41)
Company tax on benefits		(0,00)	(10 000,00)	(10 000,00)
<u>Net profit of the year</u>	-	51 771 097,99	40 188 494,58	(11 582 603,41)

  
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(1) GENERAL

ELECTROSTEEL ALGERIE SPA was established on January 21<sup>st</sup>, 2004.

The share capital of the company is DZD 135 093 750 consisting of 82 500 shares at a value of DZD 1 637,50 each.

The share capital distribution is done as follows:

1. ELECTROSTEEL CASTING LIMITED	(82 492 Actions)
2. M. UMANG KEJRIWAL.	(2 Actions)
3. M. MAYANK KEJRIWAL.	(1 Action)
4. M. MAHENDRA KUMAR JALAN.	(1 Action)
5. M. NIGAM CHANDER BAHL.	(1 Action)
6. M. PANKAJ PODDAR.	(1 Action)
7. M. AZIZ CHADLY.	(1 Action)
8. M. JEAN FRANÇOIS HAHANG.	(1 Action)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2-1 **Basis of preparation -**

The accompanying financial statements are prepared based on the historical cost principle in accordance with Generally Accepted Accounting Principles.

2-2 **Cash and cash equivalents -**

Cash includes cash at hand and cash in banks.

2-3 **Receivables -**

Receivable are stated at the fair value of unpaid invoices including bad debt reservation.

2-4 **Inventories -**

Adopted method of evaluation of tubes and special parts is weighted average method.

Goods in transit are valued at cost.

2-5 **Fixed assets -**

Fixed assets values are including all related handling expenses.

Depreciations are calculated on a straight-line basis using annual depreciation rate detailed as follow:

Patent & commercial rights	: 20%
Prefabricated cabins	: 10%
Lifting and handling materials	: 10%
Vehicles	: 20%
Office equipment	: 20%

Furniture & fixture : 20%

**2-6 Revenue recognition -**

Sales revenue is recognized when the service has been rendered.

**2-7 Costs recognition -**

Costs are recognized as an expense in the period in which they are incurred.

**2-8 Foreign currency -**

Assets and liabilities denominated in foreign currencies are converted to Algerian Dinars using the Bank of Algeria exchange rates prevailing at period end. Foreign currency transactions during the period are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the accompanying statements of income.

**2-9 Income tax -**

The company is subject to Algerian Income tax law. The company tax rate was decreased from 30% in 2005 to 25% in 2006 and then increased to 26% in 2019 and no Income Tax in the Financial Year for revenues issued from export services.



**Note 1: Fixed assets**

Fixed assets of the company as of March 31<sup>st</sup>, 2024 shows a net balance of DZD 0,00

The following statement describes the evolution of fixed assets during the audited period:

Description	Gross				Depreciation				Closing net value
	Opening	New additions	Disposals	Sum	Opening	Depr. Of the year	Disposals	Sum	
<u>Plant &amp; machinery</u>									
Prefabricated cabins	-			-	-			-	-
Machinery & tools	-			-	-			-	-
<u>Fixture &amp; fitting</u>	419 711			419 711	419 711			419 711	
<u>Cars</u>	2 635 176			2 635 176	2 635 176			2 635 176	
<u>Office equipment</u>	6 220 627			6 220 627	6 220 627			6 220 627	
<u>Telephones</u>	-			-	-			-	
<u>Intangible Assets</u>	828,000			828,000	828 000			828 000	
Logiciel									
	10 103 516	0,00	0,00	10 103 516	10 103 516	0,00	0,00	10 103 516	0,00

## **Note 2: Inventories**

Company's inventory as of 31<sup>st</sup> March 2024 is detailed as follow:

Description	Balance at 31.03.2023	Balance at 31.03.2024	Variation
Tubes	-	-	-
Special spares	-	-	-
Miscellaneous spares	-	-	-
<b><u>SUM</u></b>	<b>=</b>	<b>=</b>	<b>=</b>

We did not make any physical inventory since there was no stock.

## **Note 3: Receivables**

### **A. Guarantees, deposits and staff loans**

Advances on CAPEX as of 31<sup>st</sup> March 2024 are amounting to DZD 13 431 694.03 related to:

Guaranties deposits detailed as follow:

Beneficiaries	DZD
Caution THCE	80 000,00
Caution Hydro aménagement	13 351 694,03
<b>SUM</b>	<b>13 431 694,03</b>

### **B. Payment on behalf of third parties**

As of March 31<sup>st</sup> 2024, the current cost is amounting to DZD 26 448 032,34 detailed as follow:

Description	Balance at 31.03.2023	Balance at 31.03.2024	Variation
Input VAT Tax	25 062 988,55	26 448 032,34	1 385 043,79
<b>SUM</b>	<b>25 062 988,55</b>	<b>26 448 032,34</b>	<b>1 385 043,79</b>

### C. Prepaid operating expenses

Operating Advances as of 31<sup>st</sup> March 2024 amounting to DZD 1 048 976,09 include mainly:

- Prepaid expenses for DZD 1 048 976,09 as follows:

Description	Supplier	Amount DZD
Residence rent CHADLY	Chadly Aziz	277 000,09
Prepaid Expenses		105 976,00
Other advance		666 000,00
SUM		1 048 976,09

### D. Trade receivables

As of March 31<sup>st</sup> 2024, the gross trade receivables are amounting to DZD 159 602 757,60. The domestic customer's receivable represents 90% of gross trade debtor's balance.

- Domestic customers 154 204 627,95 DZD
- Foreign customers 12 852 990,28 DZD (88 034,18 Euro)

The main domestic clients are the followings:

Customer	DZD
HYDRO AMENAGEMENT ROUIBA	122 556 289,07
SARL T.H.C.E. NEDJOUJ	29 299 914,88

The main foreign clients are the followings:

- Electrosteel Europe 12 852 990,28 DZD

### E. Cash & cash equivalents

Cash & cash equivalents as of 31<sup>st</sup> March 2024 are detailed as follow:

Description	Balance at 31.03.2023	Balance at 31.03.2024	Variation
Bank Accounts	104 695,07	0,00	(104 695,07)
Cash in hand	511 536,51	743 369,59	231 833,08
SUM	616 231,58	743 369,59	127 138,01

- Bank accounts balances at March 31<sup>st</sup> 2024 are presented in the statement below:

Description	Balance at 31.03.2023	Balance at 31.03.2024	Variation
BNP HYDRA	104 695,07	0.00	(104 695,07)
<b>SUM</b>	<b>104 695,07</b>	<b>0.00</b>	<b>(104 695,07)</b>

Bank reconciliation statements don't show significant outstanding operations.

#### **Note 4: Equity**

Company's equity as of March 31<sup>st</sup> 2024 is presented as follow:

Description	Balance at 31.03.2023	Balance at 31.03.2024	Variation
Share capital	135 093 750,00	135 093 750,00	0,00
Legal reserve	10 251 021,02	10 251 021,02	0,00
Accruals	0	0	0,00
Retained earnings	(103 464 388,94)	(51 703 290,95)	51 761 097,99
<b>SUM</b>	<b>41 880 382,08</b>	<b>93 641 480,07</b>	<b>51 761 097,99</b>

- The net increase of DZD 51 761 097,99 shown in the current year equity balance comparing to previous period balance is due to profit earned during the year.

#### **Note 5 Payables:**

##### **A. Detention held for third parties**

This is related to the taxes and social security payments due to the government liable for the month of March.

##### **B. Bank overdraft**

**Bank overdraft** amounting to DZD 36 950 985,45 as of 31<sup>st</sup> March 2024 is related to overdraft balance of the following accounts:

Description	Balance at 31.03.2023	Balance at 31.03.2024	Variation
ABC BANK	81 056 561,11	36 931 548,13	(44 125 012,98)
BNP	0.00	19 437,32	19 437,32
<b>SUM</b>	<b>81 056 561,11</b>	<b>36 950 985,45</b>	<b>44 105 575,66</b>

The overdraft has decreased in comparison to last year due to realization of debtors.