

MUSTAPHA HEDDAD

Expert - Comptable - diplome

Commissaire aux Comptes

Adresse: Rue Hamdani Lahcene no. 23

Cooperative Mohamed Boudiaf-Hydra-Alger

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N*d'inscription au tableau : 0025

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ELECTROSTEEL ALGERIE SPA

Financial Statements as of March 31st, 2025

TOGETHER WITH AUDITORS' REPORT

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Algiers, April 20th, 2025

**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 31st, 2025 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 31st, 2025 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 31/03/2025

BALANCE SHEET - ASSETS

<i>Description</i>	<i>Notes</i>	<i>Balance at 31.03.2024</i>	<i>Balance at 31.03.2025</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)
Fixed assets	Note-1	0,00	0,00	(0,00)
Inventory of tubes & fittings		0,00	0,00	0,00
Goods in transit		0,00	0,00	0,00
Inventories	Note-2	0,00	0,00	0,00
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		26 448 032,34	27 125 675,99	677 643,65
Prepaid operating expenses		1 048 976.09	923 000.09	(125 976,00)
Trade receivable		159 602 757,60	160 327 789,41	725 031,81
Cash & bank		743 369,59	837 026,31	93 656,72
Provision for Bad Debts		(29 299 914,88)	(29 299 914,88)	0,00
Receivables	Note-3	171 974 914,77	173 345 270,95	1 370 356,18
<u>Balance sheet - Assets</u>		171 974 914,77	173 345 270,95	1 370 356,18

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ELECTROSEEL ALGERIE Spa**Audit as at 31/03/2025****BALANCE SHEET - LIABILITIES**

<i>Description</i>	<i>Notes</i>	<i>Balance at 31.03.2024</i>	<i>Balance at 31.03.2025</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		(51 703 290,95)	(11 514 796,37)	40 188 494,58
Accruals		0,00	0,00	0,00
<i>Equity</i>	<i>Note-4</i>	93 641 480,07	133 829 974,65	40 188 494,58
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		420 049.50	595 000.00	174 950,50
Associates current account		0,00	0,00	0,00
Account payables for operations		763 904.31	413 502.20	(350 402,11)
Advance received from debtors		0,00	0,00	0,00
Bank overdraft		36 950 985.45	26 639 835.04	(10 311 150,41)
Income Tax Provision		10 000,86	10 000,86	0,00
<i>Account payables</i>	<i>Note-5</i>	38 144 940,12	27 658 338,10	(10 486 602,02)
Profit (Loss) of the year	<i>Note-6</i>	40 188 494,58	11 856 958,20	(28 331 536,38)
<u>Balance sheet - Liabilities</u>		<u>171 974 914,77</u>	<u>173 345 270,95</u>	1 370 356,18

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EXPERT COMPTABLE DIPLOME
COMMISSAIRE AUX COMPTES

ELECTROSEEL ALGERIE Spa**Audit as at 31/03/2025****PROFIT & LOSS STATEMENT**

<i>Description</i>	<i>Notes</i>	<i>Balance at 31.03.2024</i>	<i>Balance at 31.03.2025</i>	<i>Variation</i>
Sales of goods		0,00	0,00	0,00
Cost of sales – trading		0,00	0,00	0,00
Gross margin		0,00	0,00	0,00
Gross margin		0,00	0,00	0,00
Service revenue		58 336 189,47	25 891 516,11	(32 444 673,36)
Costs reversal		0,00	0,00	0,00
Raw material consumption		(28 917,00)	(30 482,00)	(1 565,00)
Service		(6 375 553,09)	(5 866 801,19)	508 751,90
Added value		51 931 719,38	19 994 232,92	(31 937 486,46)
Added value		51 931 719,38	19 994 232,92	(31 937 486,46)
Other income		0,00	0,00	0,00
Salaries & wages		(3 289 518,00)	(2 512 258,50)	777 259,50
Taxes & duties		(518 159,00)	(1 529 042,19)	(1 010 883,19)
Financial cost		(7 619 407,94)	(4 148 991,38)	3 470 416,56
Insurance & other cost		(162 039,02)	(9 860,50)	152 178,52
Depreciation of fixed asset		(0,00)	(0,00)	0,00
Operating income		40 342 595,42	11 794 080,35	(28 548 515,07)
Extraordinary income		0,00	0,00	0,00
Extraordinary expense		(144 100,84)	72 877,85	216 978,69
Extraordinary income		(144 100,84)	72 877,85	216 978,69
Operating income		40 342 595,42	11 794 080,35	(28 548 515,07)
Extraordinary income		(144 100,84)	72 877,85	216 978,69
Gross profit (or loss)		40 198 494,58	11 866 958,20	(28 331 536,38)
Company tax on benefits		(10 000,00)	(10 000,00)	0,00
Net profit of the year		40 188 494,58	11 856 958,20	(28 331 536,38)

HEDDAR MUSTAPHA
EXPERT COMPTABLE DIPLOME
COMMISSAIRE AUX COMPTES

(1) GENERAL

ELECTROSTEEL ALGERIE SPA was established on January 21st, 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 since there are only service revenues.

Note 1: Fixed assets

Fixed assets of the company as of March 31st, 2025 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 & machinery</u>									
Prefabricated cabins	-			-	-			-	-
Machinery & tools	-			-	-			-	
<u>Fixture & 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>									
Logicel	828,000			828,000	828 000			828 000	
	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 31st March 2025 is detailed as follow:

Description	Balance at 31.03.2024	Balance at 31.03.2025	Variation
Tubes	-	-	-
Special spares	-	-	-
Miscellaneous spares	-	-	-
<u>SUM</u>	-	-	-

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 31st March 2025 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
<u>SUM</u>	13 431 694,03

B. Payment on behalf of third parties

As of March 31st 2025, the current cost is amounting to DZD 27 125 675,99 detailed as follow:

Description	Balance at 31.03.2024	Balance at 31.03.2025	Variation
Input VAT Tax	26 448 032,34	27 125 675,99	677 643,65
<u>SUM</u>	26 448 032,34	27 125 675,99	677 643,65

C. Prepaid operating expenses

Operating Advances as of 31st March 2025 amounting to DZD 923 000,09 include mainly:

- Prepaid expenses for DZD 923 000,09 as follows:

Description	Supplier	Amont DZD
Residence rent CHADLY	Chadly Aziz	450 000,00
Office cheraga		473 000,00
<u>SUM</u>		923 000,00

D. Trade receivables

As of March 31st 2025, the gross trade receivables are amounting to DZD 160 327 789,41. The domestic customer's receivable represents 90% of gross trade debtor's balance.

- Domestic customers 151 856 203,95 DZD
- Foreign customers 8 471 585,76 DZD (58 024,56 Euro)

The main domestic clients are the followings:

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

The main foreign clients are the followings:

- Electrosteel Europe 8 471 585,76 DZD

E. Cash & cash equivalents

Cash & cash equivalents as of 31st March 2025 are detailed as follow:

Description	Balance at 31.03.2024	Balance at 31.03.2025	Variation
Bank Accounts	0,00	126 463,12	126 463,12
Cash in hand	743 369,59	710 563,19	(32 806,40)
SUM	743 369,59	837 026,31	93 656,72

- Bank accounts balances at March 31st 2025 are presented in the statement below:

Description	Balance at 31.03.2024	Balance at 31.03.2025	Variation
BNP HYDRA	0.00	126 463,12	126 463,12
SUM	0.00	126 463,12	126 463,12

Bank reconciliation statements don't show significant outstanding operations.

Note 4: Equity

Company's equity as of March 31st 2025 is presented as follow:

<i>Description</i>	<i>Balance at 31.03.2024</i>	<i>Balance at 31.03.2025</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
Accruals	0	0	0,00
Retained earnings	(51 703 290,95)	(11,514,796.37)	40 188 494,58
SUM	93 641 480,07	133 829 974,65	40 188 494,58

- The net increase of DZD 40 188 494,58 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 26 639 835,04 as of 31st March 2025 is related to overdraft balance of the following accounts:

<i>Description</i>	<i>Balance at 31.03.2024</i>	<i>Balance at 31.03.2025</i>	<i>Variation</i>
ABC BANK	36 931 548,13	26 639 835,04	(10 291 713,09)
BNP	19 437,32	0,00	(19 437,32)
SUM	36 950 985,45	26 639 835,04	(10 311 150,41)

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