20 Microns (FZE)
SAIF Zone, United Arab Emirates

Financial Statements

For the year ended 31 March 2023

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20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

Financial Statements

For the year ended 31 March 2023

Director's Report

20 MICRONS (FZE)
Sharjah Airport International Free Zone, United Arab Emirates

The Directors have pleasure in presenting their report and the audited financial statement for the year ended 31 March 2023.

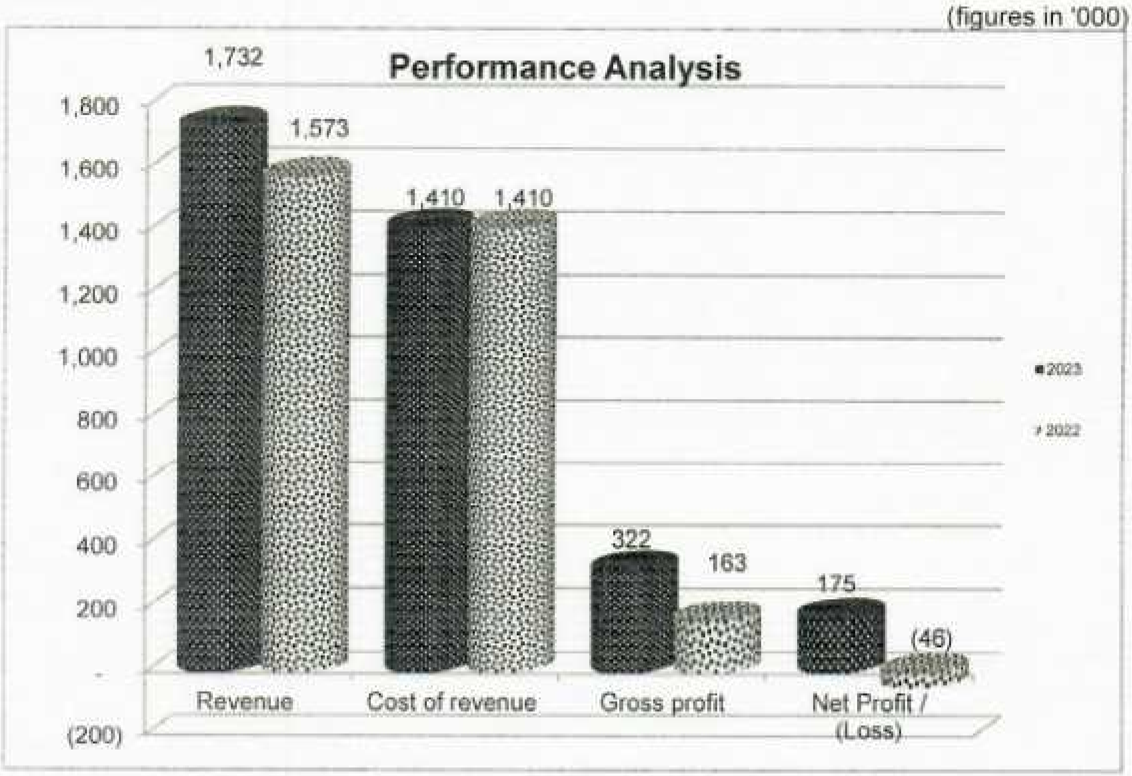
Principal Activities:

The principal activities of the Establishment are unchanged since the previous year and consist of General Trading.

Business Operations Review and Future Business Developments:

The establishment's performance was satisfactory with a turnover of AED 1,732,294 (2022: AED 1,572,508). The Directors consider this performance as satisfying in the context of highly competitive business environment all around. The establishment has achieved a net profit of AED 175,465 (2022: net (loss) of AED 48,947) during the year. The Directors are optimistic about the prospects for the ensuing year and expect to improve the performance of the establishment.

(figures in '000)



Director's Report

Director

A list of Directors, who served throughout the year and their interest in the share capital of the establishment as at 31 March 2023 was as follows:

Name	Nationality	2023	2022
Chirag Shroff	India	**0%**	0%

Risk Management & Internal Control Systems:

The establishment is committed to the ongoing process of identifying risk factors, analysing the risks, and deciding upon measures of risk handling and risk control, with a view to achieving sustainability of business operations, employment and surpluses. The establishment's risk management framework identifies, accesses, manages and reports risks on a consistent and reliable basis. The Directors consider primary risk areas to be credit risk, market risk (interest rate, foreign exchange) and liquidity risk. The other risk areas include physical and operational risks, human resource risks, technology risks and business continuity and disaster recovery risks.

The management recognises their responsibility to ensure existence of the system of internal control and for reviewing its continued effectiveness. In view of the above, the management has in place a management information system, that facilitates financial and other information being periodically reported on a transparent basis to the management, and that in turns helps in initiating action, to mitigate risks to the extent feasible.

Going Concern:

The attached financial statement has been prepared on the going concern basis. While preparing the accounts the management has made an assessment of the establishment's ability to continue as a going concern. The management has not come across any evidence that causes the management to believe that material uncertainties related to the events or conditions existed, which may cast significant doubt on the establishment's ability to continue as a going concern.

Creditors Payment Policy:

The establishment maintain a policy of paying suppliers in accordance with terms and conditions agreed with them.

Events After Year End:

In the opinion of directors, no transaction or event of a material and unusual nature, favorable or unfavorable has arisen in the interval between the end of the financial year and the date of this report, which is likely to affect, substantially the result of the operations or the financial position of the establishment.

Property, Plant & Equipments:

The company does not own any property,Plants & Equipments in its name.

Director's Report

Auditors:

The Auditors, **M/s. Jitendra Chartered Accountants, Dubai**, United Arab Emirates are willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting (AGM).

Statement of Directors Responsibility:

The establishment law required the Directors to prepare the financial statement for each financial year which gives a true and fair view of the state of affairs of the establishment and of the net profit or loss for the financial year.

The audited financial statement for the year under review, have been prepared in conformity and in compliance with the requirements of the relevant statutory requirements and other governing laws. The Directors confirm that sufficient care has been taken for the maintenance of proper and adequate accounting records that discloses with reasonable accuracy at any time, the financial position of the establishment and enables them to ensure that the financial statement comply with the requirements of applicable statute. The Directors also confirm that appropriate accounting policies have been selected and applied consistently in order that the financial statement reflect fairly the form and substance of the transactions carried out during the year under review and reasonably presents the establishment's financial conditions and results of its operations.

For 20 MICRONS (FZE)

20 MICRONS FZE P.O. BOX 120194 SAIF ZONE SHARJAH-UAE

Owners Representative

Place: Sharjah Airport International Free Zone, United Arab Emirates
Date : 29 April 2023

INDEPENDENT AUDITOR'S REPORT

The Shareholders
20 MICRONS (FZE)
Sharjah Airport International Free Zone, United Arab Emirates

Opinion

We have audited the accompanying financial statements of 20 Microns FZE ("the Establishment"), which comprise the statement of financial position as at 31 March 2023 and the statement of profit or loss & other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of 20 Microns FZE ("the establishment), Sharjah as of 31 March 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with Emiri Decree No. 2 of 1995 issued in Sharjah on May 8, 1995 applicable to Sharjah Airport International Free Zone.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the establishment in accordance with the International Ethics Standards Board for accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirement that are relevant to our audit of the financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Responsibilities of Management Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the establishment's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the establishment or to cease operations, or has no realistic alternative to do so.
Those charged with governance are responsible for overseeing the Establishment's financial reporting process.

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TRN No: 100221122300003

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate they could reasonably be expected to influence the economic decision of user taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism through out the audit. We also:

> Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

> Obtain an understanding of internal control relevant to the audit 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 Establishment's internal control.

> Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

> Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Establishment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions many cause the establishment to cease continue as a going concern.

> Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

> Obtain sufficient appropriate audit evidence regarding the financial information of the Establishment to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged the governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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TRN No : 100221122300003

Report on other legal and regulatory requirements

Further, as required by the Emiri Decree No. 2 of 1995 issued in Sharjah on May 8, 1995 applicable to Sharjah Airport International Free Zone.

1. We have obtained all the information and explanations we considered necessary for the purpose of our audit;

2. The Establishment has maintained proper books of account and the accompanying financial statements were in agreement there with;

3. We are not aware of any contraventions except as stated above, during the year of the above mentioned laws, which may have material effect on the financial position of the Establishment or the result of its operations for the year.

Jitendra Chartered Accountants

جتيندرا محاسبون قانونيون
P.O.Box: 43630
DUBAI - U.A.E.
JITENDRA CHARTERED ACCOUNTANTS

(Jitendra Thakurdas Gianchandani)
Partner
Registration No. 556

Place: **Dubai,**
Date : **29 April 2023**

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20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

Statement of Financial Position
As at 31 March 2023

	Note	2023	2022
		AED	AED
ASSETS			
Current assets			
Accounts receivable	6	**407,009**	838,973
Other receivables and prepayments	7	**33,187**	33,186
Amounts due from related parties	8	**-**	485,879
Cash and balance with banks	9	**782,857**	125,458
Total current assets		**1,223,053**	1,483,496
TOTAL ASSETS		**1,223,053**	1,483,496
EQUITY AND LIABILITIES			
Equity			
Share capital	10	**150,000**	150,000
Shareholder's current account	12	**1,001,427**	825,962
Total Equity		**1,151,427**	975,962
Current liabilities			
Accounts payable	13	**64,538**	500,447
Provisions & accruals	14	**7,088**	7,087
Total current liabilities		**71,626**	507,534
TOTAL EQUITY AND LIABILITIES		**1,223,053**	1,483,496

The notes on pages no. 11 to 31 form part of these financial statements.

These financial statements were authorized by the Owners Representative on 27 April 2023.

For 20 MICRONS (FZE)

20 MICRONS FZE P.O. BOX 120184 SAIF ZONE SHARJAH-UAE

(Chirag J. Shroff)
Owners Representative

The independent auditor's report is set out on pages 4 to 6.

20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

Statement of profit or loss and other comprehensive income

For the year ended 31 March 2023

	Note	2023	2022
		AED	AED
Revenue	15	**1,732,294**	1,572,508
Cost of revenue	16	**(1,409,946)**	(1,409,775)
Gross profit		**322,348**	162,733
Administration expenses	17	**(64,718)**	(49,180)
Financial expenses	18	**(18,660)**	(13,268)
Other expenses	19	**(63,505)**	(153,496)
Other Income	20	**-**	7,643
Profit / (Loss) from operation		**175,465**	(45,568)
Other comprehensive income for the year		**-**	-
Total profit / (loss) for the year		**175,465**	(45,568)

The notes on pages no. 11 to 31 form part of these financial statements.

For 20 MICRONS (FZE)

20 MICRONS FZE P.O. BOX 120194 SAIF ZONE SHARJAH-UAE

(Chirag J. Shroff)
Owners Representative

The independent auditor's report is set out on pages 4 to 6.

20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

Statement of Changes in Equity

For the year ended 31 March 2023

	Share capital	Retained Earnings	Shareholder's current account	Total
	AED	AED	AED	AED
Balance at 01 April 2021	150,000	-	871,531	1,021,531
Total (loss) for the year	-	(45,568)	-	(45,568)
(Loss) transferred to shareholder's current account	-	45,568	(45,568)	-
At 31 March 2022	150,000	-	825,962	975,962
Total profit for the year	-	175,465	-	175,465
Profit transferred to shareholder's current account	-	(175,465)	175,465	-
At 31 March 2023	**150,000**	**-**	**1,001,427**	**1,151,427**

The independent auditor's report is set out on pages 4 to 6.

The notes on pages no. 11 to 31 form part of these financial statements.

20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

Statement of Cash Flows

For the year ended 31 March 2023

	2023	2022
	AED	AED
Cash flows from operating activities:		
Net profit / (loss) for the year	**175,465**	(45,568)
Adjustments for non cash items:		
Financial expenses	**18,660**	13,268
Operating profit / (loss) before working capital charges	**194,125**	(32,300)
Operating assets and liabilities		
Net movement in accounts receivable	**431,964**	(323,013)
Net movement in other receivables & prepayments	**(1)**	(588)
Net movement in accounts payable	**(435,909)**	257,110
Net movement in provisions and accrued expenses	**1**	(9,078)
Net movement in amount due from related parties	**485,879**	-
Cash generated from / (used in) operations:	**676,059**	(107,870)
Employees' end-of-service benefits paid	**-**	-
Net cash generated from / (used in) operating activities	**676,059**	(107,870)
Cash flows from financing activities		
Financial expenses	**(18,660)**	(13,268)
Net cash (used in) financing activities	**(18,660)**	(13,268)
Net Increase / (Decrease) in cash and cash equivalents	**657,399**	(121,137)
Cash and cash equivalents beginning of the year	**125,458**	246,596
Cash and cash equivalents end of the year	**782,857**	125,458

The notes on pages no. 11 to 31 form part of these financial statements.
The independent auditor's report is set out on pages 4 to 6.

1 Legal status and principal activities

a) 20 MICRONS (FZE), ("the Establishment") is incorporated on 07 February 2011 as a Free Zone Establishment (with Limited Liability) and operates in the United Arab Emirates under a commercial license issued by the Sharjah Airport Free Zone, Government of Sharjah, Sharjah, United Arab Emirates.

b) The principal activities of the Establishment are unchanged since the previous year and consist of General Trading mainly dealing in clay.

c) The registered office of the Establishment is located at Executive Desk Q1-08-012/C, P. O. Box 120194, SAIF Zone, Sharjah, United Arab Emirates.

d) The management and control was vested with Mr. Chirag Jitendrabhai Shroff Owners Representative and manager as per trade license.

e) These financial statements incorporate the operating results of the commercial license No.09022 which is valid unto 6th February 2024.

f) The shareholding pattern of the Establishment as on 31 March 2023 is as under :

Authorized, issued and paid up capital of the Establishment is AED 150,000 divided into 1 share of AED 150,000 each fully paid

Name of shareholders	No of shares	2023	2022
20 Microns Limited, India	1	100%	100%
		100%	100%

2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and amended IFRS Standards that are effective for the current year

New and revised IFRSs

Amendments to IFRS 3 – Reference to the Conceptual Framework: (Effective for annual periods beginning on or after 1 January 2022)

In May 2020 the IASB issued amendments to update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

They also add to IFRS 3 a requirement that for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Entity has not acquired a business on or after 1 January 2022 and hence this has had no impact on the entity's financial statements.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use: (Effective for annual periods beginning on or after 1 January 2022)

In May 2020 the IASB issued amendments to IAS 16 which are effective for annual periods beginning on or after 1 January 2022.

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The Entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of profit or loss and other comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of profit or loss and other comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Entity first applies the amendments.

The Entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The Entity has not noted any impact to the financial statements as there are no instances of disposals before an item of property, plant and equipment was available for use, i.e. proceeds earned while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract (Effective for annual periods beginning on or after 1 January 2022)

In May 2020 the IASB issued amendments to IAS 37 which are effective for annual periods beginning on or after 1 January 2022.

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the Entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the Entity first applies the amendments. Comparatives are not restated.

Instead, the Entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract (Effective for annual periods beginning on or after 1 January 2022) (Continued)

The Entity has not noted any impact to the financial statements as there are no instances of onerous contracts or the "costs of fulfilling" a contract have already been considered and sufficient provision has been considered in line with the amendments.

Annual Improvements to IFRS Standards 2018–2020: (Effective for annual periods beginning on or after 1 January 2022)

The Annual Improvements include amendments to four Standards which were announced in May 2020 and are effective for annual periods beginning on or after 1 January 2022.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).
There is no impact noted on the the Entity's financial statements as it is not a first time adopter of IFRS.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the Entity (the borrower) and the lender, including fees paid or received by either the Entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the Entity first applies the amendment.

There is no impact noted on the the Entity's financial statements due to the above amendments.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

There is no impact noted on the the Entity's financial statements due this ammendment.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

There is no impact noted on the the Entity's financial statements due to the above amendments.

Management has adopted the new and amended IFRS standards in the current period and believes that these standards do not have material impact on these financial statements.

2.2 New and revised IFRS in issue but not yet effective

IFRS 17 Insurance Contracts: (Effective for annual periods beginning on 1 January 2023)

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In 30 June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the Entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Management does not expect the amendment to have a significant impact in the financial statements.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current: (Effective for annual periods beginning on 1 January 2023, early application permitted)

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively.

Management does not expect the amendment to have a significant impact in the financial statements.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: (Effective date not set, early adoption)

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

Management does not expect the amendment to have a significant impact in the financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies: (Effective for annual periods beginning on 1 January 2023, early application permitted)

The IASB has amended IAS 1 require entities to disclose its "material accounting instead of its 'significant accounting policies' with 'material accounting policy information'.

Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be are also added.

To support the amendments, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Management does not expect the amendment to have a significant impact in the financial statements.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates: (Effective for annual periods beginning on 1 January 2023, early application permitted)

The IASB has amended IAS 8 to define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". Accounting policies may require items in financial statements to be measured in a way that involves measurement uncertainty—that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy.
Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

The IASB has retained the concept of changes in accounting estimates in the Standard, even though the definition was deleted, with the following clarifications:

• A change in accounting estimate that results from new information or new developments is not the correction of an error

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates: (Effective for annual periods beginning on 1 January 2023, early application permitted)

• The effects of a change in an input or a measurement technique used to develop accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period. Earlier application is permitted.

Management does not expect the amendment to have a significant impact in the financial statements.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction: (Effective for annual periods beginning on 1 January 2023, early application permitted)

The amendments provide a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 Leases at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented.

Management does not expect the amendment to have a significant impact in the financial statements.

Amendments to IFRS 16 Leases: Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions: (Effective for annual periods beginning on 1 January 2023, early application permitted)

The amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The amendments confirm the following.

On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

Management does not expect the amendment to have a significant impact in the financial statements.

Management anticipates that these standards will not have any significant impact on these financial statements.

3 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Current/Non-Current Classification

The Entity presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

Expected to be realised or intended to sold or consumed in normal operating cycle or held primarily for the purpose of trading or expected to be realised within twelve months after the reporting year, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year.

A liability is current when it is expected to be settled in normal operating cycle or it is held primarily for the purpose of trading or it is due to be settled within twelve months after the reporting year, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year.

The Entity classifies all other liabilities as non-current.

The company has adopted new and revised International Financial Reporting Standards (IFRSs) which are effective for annual periods beginning 01 January 2022, to that extent changes are made in the presentation of these financial statements.

Changes in accounting policies

The Establishment has adopted new and revised International Financial Reporting Standards (IFRSs) which are effective for annual periods beginning 01 January 2022, to that extent changes are made in the presentation of these financial statements.

4 Significant accounting policies

The principal accounting policies are set out below:

4.1 Functional currency

These financial statements are presented in Emirati Dirham, which is the Entity's functional currency.

4.2 Revenue recognition

Revenue from the sale of goods and services is therefore recognised at a point in time or over time when the performance obligation is satisfied and is based on the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration which the Entity expects to be entitled in exchange for transferring promised goods or services to the customer.

4.2 Revenue recognition (continued)

The consideration expected by the Entity may include fixed or variable amounts. Revenue is recognized when it transfers control over goods and services to the customer and only when it is highly probable that a reversal of revenue will not occur when uncertainties related to a variable consideration are resolved.

Transfer of control varies depending on the individual terms of the contract of sale. Revenue from transactions that have distinct goods and services are accounted for separately based on their stand-alone selling prices. A variable consideration is recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

For products for which a right of return exists during a defined period, revenue recognition is determined based on the historical pattern of actual returns, or in cases where such information is not available, revenue recognition is postponed until the return period has lapsed.

Sale of goods

Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

4.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income when incurred.

Furniture and fixtures held for use in the production or supply of goods or services, or for administrative purposes, are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straightline method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

4.4 Impairment of tangible assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4.6 Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised 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 (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.7 Employee's terminal benefits

End of service indemnity

Provision is made for the full amount of end of service indemnity due to non-U.A.E. national employees in accordance with the applicable Labour Law and is based on current remuneration and their period of service at the end of the reporting year.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Entity in respect of services provided by employees up to the reporting date.

4.8 Financial Instruments

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4.09 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

• the financial asset is 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 that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4.09 Financial assets (continued)

Impairment of financial assets

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Derecognition of financial assets

The Entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another Entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

4.10 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an Entity after deducting all of its liabilities. Equity instruments issued by the Entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Entity, are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

4.10 Financial liabilities and equity instruments (continued)

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

4.11 Foreign currencies

In preparing the financial statements of the Entity, transactions in currencies other than the Entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, which are described in note 4 to these financial statements, management is required to make judgements, 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 recognised 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. The significant judgements and estimates made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

5.1 Critical judgements in applying accounting policies

Judgements in determining the timing of satisfaction of performance obligations

Determining the timing of satisfaction of performance obligations - revenue recognition
In making their judgement, the Entity considers the detailed criteria for the recognition of revenue set out in IFRS 15, and in particular, whether the Entity has transferred control of the goods to the customer. The management is satisfied that control has been transferred and that recognition of revenue in the current year is appropriate.

5.1 Critical judgements in applying accounting policies (continued)

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of note 3.13). The Entity determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Entity monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Entity's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

5.2 Key sources of estimation uncertainty

Discounting of lease payments

The lease payments are discounted using the Entity's incremental borrowing rate ("IBR"). The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is ....

Management has applied judgements and estimates to determine the IBR at the commencement of lease.

5.2 Key sources of estimation uncertainty (Continued)

Calculation of loss allowance

When measuring ECL the Entity uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Useful lives of property, plant and equipment

Property, plant and equipment is depreciated over its estimated useful life, which is based on usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

6 Accounts receivable

	2023	2022
	AED	AED
Accounts receivable	**407,009**	838,973
	407,009	838,973

a) Ageing analysis of accounts receivable:

Due for less than 180 days	**407,009**	798,407
Due for between 180 - 365 days	**-**	-
Above 365 days	**-**	40,566
	407,009	838,973

The above accounts receivable are considered good and the fair value of accounts receivable is not materially different from their balances shown.

b) Credit risk:

At the balance sheet date, six customers accounted for 100% (2022: 92%) of the total outstanding accounts receivable and as such, the Establishment has significant concentration of credit risk and no money was received subsequent to balance sheet till 10 April 2023.

7 Other receivables and prepayments

	2023	2022
	AED	AED
Prepayments	**29,387**	29,386
Deposits	**3,800**	3,800
	33,187	33,186

8 Related parties transactions

The Establishment enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24, International Financial Reporting Standards (IFRS). Such transactions are in normal course of business and at terms that correspond to those on normal arms-length transactions with third parties. Related parties comprise companies and entities under common ownership and / or common management and control; their partners and key management personnel.

The management decides on the terms and conditions of the transactions and services received / rendered from / to related parties as well as other charges, if applicable.

8 Related parties transactions (continued)

The Establishment provides / receives funds to / from related parties as and when required for working capital.

	2023 AED	2022 AED
20 Microns Vietnam Co. Ltd., Vietnam	-	485,879
	-	485,879

9 Cash and balance with banks

	2023 AED	2022 AED
Bank balances	782,857	125,458
	782,857	125,458

10 Share capital

Name of Shareholder	No. of shares	2023 AED	2022 AED
20 Microns Limited, India	1	150,000	150,000
		150,000	150,000

11 Retained Earnings

	2023 AED	2022 AED
Opening balance	-	-
Net profit for the year	175,465	(45,568)
Profit transferred to shareholder's current account	(175,465)	45,568
Closing balance	-	-

12 Shareholder's current account

	2023 AED	2022 AED
Opening balance	825,962	871,530
Profit transferred to shareholder's current account	175,465	(45,568)
	1,001,427	825,962

20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

Notes to the financial statements

For the year ended 31 March 2023

12 Shareholder's current account (continued)

Breakup of shareholder's current accounts:

Name of owner	Balance at beginning of the year AED	Profit transferred during the year AED	Balance at end of the year AED
20 Microns Limited, India	825,962	175,465	1,001,427
	825,962	175,465	1,001,427

13 Accounts payable

	2023 AED	2022 AED
Accounts payable	64,538	500,447
	64,538	500,447
Aging analysis of accounts payable:		
Due for less than 30 Days	33,170	442,646
Due for between 30 - 365 Days	31,368	57,801
	64,538	500,447

14 Provisions & accruals

	2023 AED	2022 AED
Accruals	7,088	7,087
	7,088	7,087

15 Revenue

	2023 AED	2022 AED
Sales	1,260,448	1,465,565
Freight & Insurance receipts	471,846	106,943
	1,732,294	1,572,508

20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

Notes to the financial statements

For the year ended 31 March 2023

15 Revenue (continued)

Sales within U.A.E		-	-
Sales outside U.A.E	: Asia	**986,442**	1,033,495
	: Africa	**125,372**	334,675
	: USA	-	-
	: Europe	**64,901**	57,291
	: GCC	**83,733**	40,104
		1,260,448	1,465,565

16 Cost of revenue

	2023 AED	2022 AED
Purchases (includes direct expenses related to sales transport)	**1,409,946**	1,409,775
	1,409,946	1,409,775

17 Administration expenses

	2023 AED	2022 AED
Rent	**18,000**	18,000
Travelling & entertainment expenses	-	-
Legal, visa and taxes	**30,887**	15,671
Professional fees	**7,876**	11,418
Courier Charges	**7,955**	4,091
	64,718	49,180

18 Financial expenses

	2023 AED	2022 AED
Bank charges	**18,660**	13,268
	18,660	13,268

19 Other expenses

	2023 AED	2022 AED
Bad debts written off	**40,562**	153,496
Loss on Foreign Exchange	**22,782**	-
Miscellaneous Expenses	**161**	-
	63,505	153,496

20 Other Income

	2023	2022
	AED	AED
Creditors' write back	-	5,674
Foreign exchange gain	-	1,969
	-	7,643

21 Financial instruments and risk management

Significant accounting policies

Details of significant policies and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in Note 4 to the financial statements.

Categories of financial instruments

As at 31 March 2023	**Financial assets Amortised cost**	**Financial liabilities Amotised cost**
	AED	**AED**
Accounts receivable	**407,009**	**-**
Other receivables and prepayments	**33,187**	**-**
Amount due from related parties	**-**	
Cash and balance with banks	**782,857**	**-**
Accounts payable	**-**	**64,538**
Provisions & accruals	**-**	**7,088**
	1,223,053	**71,626**

As at 31 March 2022	Financial assets Amortised cost	Financial liabilities Amotised cost
	AED	AED
Accounts receivable	838,973	-
Other receivables and prepayments	33,186	-
Amount due from related parties	485,879	-
Cash and balance with banks	125,458	-
Accounts payable	-	500,447
Provisions & accruals	-	7,087
	1,483,496	507,534

20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

Notes to the financial statements

For the year ended 31 March 2023

21 Financial instruments and risk management (continued0

Fair value measurements

The fair values of financial assets and financial liabilities are determined as follows:

• The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.

• The fair values of other financial assets and financial liabilities are determined in accordance with accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their carrying values.

Financial risk management objectives

The Entity's financial risk management policies set out the Entity's overall business strategies and risk management philosophy. The Entity's overall financial risk management program seeks to minimise potential adverse effects to the financial performance of the Entity. The management carries out overall financial risk management covering specific areas, such as market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk and investing excess cash

The Entity's activity expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates.

The Entity does not hold or issue derivative financial instruments for speculative purposes.

Interest risk

If interest rates had been 50 basis points higher/(lower) and all other variables were held constant, Entity's profit for the year then ended would (decrease)/increase by AED .... (2020: (decrease)/increase by AED ....).

The company has no borrowings

21 Financial instruments and risk management (continued0

Market risk

The Entity's activity expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are measured using sensitivity analysis. There has been no change to the Entity's exposure to market risks or the manner in which it manages and measures the risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Entity. As at 31 December 2022, the Entity's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Entity due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Entity arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

In order to minimise credit risk, the Entity has tasked its management to develop and maintain the Entity's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, management uses other publicly available financial information and the Entity's own trading records to rate its major customers and other debtors. The Entity's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors which has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

22 Contingent liabilities

Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability on company's account as of balance sheet date.

23 Post balance sheet event

No transaction or event of a material and unusual nature, favourable or unfavourable has arisen in the interval between the end of the financial period and the date of this report, which is likely to affect, substantially the result of the operations or the financial position of the Company.

24 Comparative amounts

Some of the figures for the previous year have been reclassified and rearranged in order to conform to the presentation for the current year. This has been done to improve the quality of information presented in the financial statements. Such reclassification and rearrangements does not affect previously reported net profit or equity.