

Blue Star Systems and Solutions LLC
Dubai - United Arab Emirates

Report and financial statements
for the year ended 31 March 2021

Blue Star Systems and Solutions LLC

Contents	Pages
Directors' report	1
Independent auditor's report	2 - 4
Statement of financial position	5
Statement of profit or loss and other comprehensive income	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9 - 42

Blue Star Systems and Solutions LLC

Directors' report

For the year ended 31 March 2021

The Directors have pleasure in submitting their report together with the audited financial statements of Blue Star Systems and Solutions LLC (the "Company") for the year ended 31 March 2021.

Principal activities

The principal activities of the Company are trading of air-conditioners and spare parts of air conditioners, refrigerators and electronic appliances, project and maintenance of air-conditioning, ventilations and air filtration systems.

Results and appropriations

The results of the Company for the year are set out in the accompanying financial statements. As there are losses for the year, no dividends were declared during the year ended 31 March 2021.

Auditors

The financial statements for the year ended 31 March 2021 have been audited by Deloitte & Touche (M.E.) and, being eligible, offer themselves for reappointment.

On behalf of the Board of Directors:



Dawood Bin Ozair
Director

INDEPENDENT AUDITOR'S REPORT

The Shareholders
Blue Star Systems and Solutions LLC
Dubai
United Arab Emirates

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Blue Star Systems and Solutions LLC** (the "Company"), which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 of the financial statements, which describes that the financial statements have been prepared on a going concern basis as the shareholders have committed to providing financial support to the Company to enable it to meet its obligations as they fall due.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Blue Star Systems and Solutions LLC, Dubai (continued)

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and in compliance with the applicable provisions of the articles of association of the Company and U.A.E. Federal Law No. (2) of 2015, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 a 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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgment and maintain professional skepticism throughout 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Blue Star Systems and Solutions LLC, Dubai (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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.

We communicate with those charged with 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.

Report on Other Legal and Regulatory Requirements

As required by the U.A.E. Federal Law No. (2) of 2015, we report that:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the U.A.E. Federal Law No. (2) of 2015;
- the Company has maintained proper books of account;
- the information included in the report of the Directors is consistent with the books of account of the Company;
- the Company has not purchased or invested in any shares during the financial year ended 31 March 2021;
- Note 15 to the financial statements discloses material related party transactions and the terms under which they were conducted; and
- based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 March 2021 any of the applicable provisions of the U.A.E. Federal Law No. (2) of 2015 or its Articles of Association which would materially affect its activities or its financial position as at 31 March 2021.

Deloitte & Touche (M.E.)

Mohammad Jallad
Registration No. 1164
22 September 2021
Dubai
United Arab Emirates

Statement of financial position
As at 31 March 2021

	Notes	2021 AED'000	2020 AED'000
ASSETS			
Non-current assets			
Property and equipment	6	367	665
Right-of-use assets	8	486	375
Capital work in progress		-	7
Intangible assets	7	49	73
Other non-current assets	9	-	2
Total non-current assets		902	1,122
Current assets			
Trade and other receivables	10	1,564	2,348
Other current assets	12	1,076	126
Cash and cash equivalents	11	194	151
Total current assets		2,834	2,625
Total assets		3,736	3,747
EQUITY AND LIABILITIES			
Equity			
Share capital	13	300	300
Accumulated losses		(4,339)	(2,513)
Total equity (deficit)		(4,039)	(2,213)
Non-current liabilities			
Lease liabilities		244	89
Provisions	15	55	24
Total non-current liabilities		299	113
Current liabilities			
Trade and other payables	16	2,995	2,291
Short term loan from related party	17	3,990	1,521
Bank borrowings	14	-	1,656
Provisions	15	191	81
Lease liabilities		300	298
Total current liabilities		7,476	5,847
Total equity and liabilities		3,736	3,747



Director
Dawood Bin Ozair



The accompanying notes form an integral part of these financial statements.

**Statement of profit or loss and other comprehensive income
for the year ended 31 March 2021**

	Notes	Year ended 31 March 2021 AED'000	Year ended 31 March 2020 AED'000
Sales		6,123	4,657
Other income		13	5
Cost of sales		(5,247)	(4,051)
Gross profit		889	611
Employee benefits expense	18	(1,600)	(1,642)
Other expenses	19	(467)	(763)
Depreciation and amortization expense	6, 7 & 8	(562)	(549)
Finance costs	20	(86)	(62)
Loss for the year		(1,826)	(2,405)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,826)	(2,405)

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity

For the year ended 1 April 2020 to 31 March 2021

Particulars	Share capital AED'000	Accumulated losses AED'000	Total AED'000
As at April 1, 2020 (A)	300	(2,513)	(2,213)
Loss for the year (B)	-	(1,826)	(1,826)
Other Comprehensive Income for the year (C)	-	-	-
Total comprehensive loss for the year (B+C)	-	(1,826)	(1,826)
As at 31 March 2021 (A+B+C)	300	(4,339)	(4,039)

For the year ended 31 March 2020

Particulars	Share capital AED'000	Accumulated losses AED'000	Total AED'000
Issue of share capital (A)	300	(108)	192
Profit for the year (B)	-	(2,405)	(2,405)
Other comprehensive income for the year (C)	-	-	-
Total comprehensive loss for the year (B+C)	-	(2,405)	(2,405)
As at 31 March 2020 (A+B+C)	300	(2,513)	(2,213)

The accompanying notes form an integral part of these financial statements.

**Statement of cash flows
for the year ended 31 March 2021**

	Notes	Year ended 31 March 2021 AED'000	Year ended 31 March 2020 AED'000
Cash flows from operating activities			
Loss for the year		(1,826)	(2,405)
Adjustments for :			
Depreciation and amortisation	6, 7 & 8	562	549
Provision for employees' end of service indemnity	15 (a)	31	24
Finance cost	20	86	62
		<hr/>	<hr/>
Operating profit before working capital changes		(1,147)	(1,770)
Increase in trade and other payables		707	2,291
Increase in provisions		106	81
Decrease/(increase) in trade and other receivables		784	(2,222)
Increase in other current and non-current assets		(948)	(128)
		<hr/>	<hr/>
Net cash used in operating activities		(498)	(1,748)
Cash flows from investing activities			
Purchase of property and equipment	6	38	(935)
Purchase of intangible assets	7	(4)	(83)
		<hr/>	<hr/>
Net cash from/(used in) investing activities		34	(1,018)
Cash flows from financing activities			
Proceeds from interest bearing loans & borrowings		(1,656)	1,656
Proceeds from Short Term Loan from a related party		2,469	1,521
Payment of lease liabilities		(220)	(264)
Finance cost paid		(86)	(62)
		<hr/>	<hr/>
Net cash from financing activities		507	2,851
		<hr/>	<hr/>
Net increase in cash and cash equivalents		43	85
Cash and cash equivalents at the beginning of the year		151	66
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	11	194	151
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of these financial statements.

**Notes to the financial statements
for the year ended 31 March 2021****1. Company and operations**

Blue Star Systems and Solutions LLC (the “Company”) was formed as a limited liability pursuant to law U.A.E. Federal Law No. (2) of 2015. The registered office of the Company is at P.O. Box 239869, Dubai, UAE. The Company is beneficially fully owned by Blue International FZCO (the Parent Company), an entity incorporated in Dubai Airport Free Zone. The ultimate controlling party is Blue Star Limited, India.

The Company was incorporated on 15 August 2018. The registered office of the Company is at Showroom No 5, Al Garhood Airport, PO Box No 239869, Dubai, UAE.

The principal activities of the Company are trading of air-conditioners and spare parts of air conditioners, refrigerators and electronic appliances, project and maintenance of air-conditioning, ventilations and air filtration systems.

2. Going concern

For the year ended 31 March 2021, the Company has made a loss of AED 1,826,000 (2020: AED 2,405,000) and, as of that date, the Company has working capital deficit of AED 4,642,000; accumulated losses of AED 4,339,000 and total deficit in equity of AED 4,039,000. Note 21 sets out the Company’s objectives, policies and processes for managing the Company’s financial risks including capital management and provides details of the Company’s exposure to credit risk, liquidity risk, currency risk and interest rate risk from financial instruments.

Management has made an assessment of the Company’s ability to continue as a going concern and are satisfied that the Company has adequate financial resources including the financial support from the shareholders to continue in business for the foreseeable future. The Ultimate Parent Company has confirmed in writing to provide or arrange for financial support necessary for the continuation of the operations of the Company and to enable it to meet its obligation as they fall due in the foreseeable future.

Given that the Ultimate Parent Company has committed to provide the required financial support, management is not aware of any other material uncertainties that may cast a significant doubt upon the Company’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that may be necessary if the Company is unable to continue as a going concern.

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

3. Application of new and revised International Financial Reporting Standards (“IFRS”)

3.1 New and amended IFRS applied with no material effect on the financial statements

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

<u><i>New and revised IFRSs</i></u>	<u><i>Effective for annual periods beginning on or after</i></u>
Interest Rate Benchmark Reform - Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments - Disclosures</i>	1 January 2020
<p>The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.</p>	
COVID-19 - Related Rent Concessions - Amendments to IFRS 16 <i>Leases</i>	1 January 2020
<p>The amendment provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.</p>	
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
<p>The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.</p>	
<p>The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.</p>	

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

**3. Application of new and revised International Financial Reporting Standards (IFRSs)
(continued)**

3.1 New and amended IFRS applied with no material effect on the financial statements (continued)

New and revised IFRSs

**Effective for
annual periods
beginning on or after**

Definition of Material - Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

1 January 2020

The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

Definition of a Business - Amendments to IFRS 3 *Business Combinations*

1 January 2020

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

**3. Application of new and revised International Financial Reporting Standards (IFRSs)
(continued)**

3.2 New and amended IFRSs in issue but not yet effective and not early adopted

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

<u><i>New and revised IFRSs</i></u>	<u><i>Effective for annual periods beginning on or after</i></u>
Amendment to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments - Disclosures</i> , IFRS 4 <i>Insurance Contracts</i> and IFRS 16 <i>Leases - Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
The amendments introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.	
Amendments to IFRS 3 <i>Business Combinations - Reference to the Conceptual Framework</i>	1 January 2022
The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. 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.	
Amendments to IAS 16 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	
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.	

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

**3. Application of new and revised International Financial Reporting Standards (IFRSs)
(continued)**

3.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs

**Effective for
annual periods
beginning on or after**

Amendments to IAS 16 *Property, Plant and Equipment* - Proceeds before Intended Use (continued) 1 January 2022

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.

Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* - *Onerous Contracts - Cost of Fulfilling a Contract* 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.

Annual Improvements to IFRSs 2018-2020 Cycle - Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases* and IAS 41 *Agriculture*. 1 January 2022

The *Annual Improvements* include amendments to four Standards.

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

**3. Application of new and revised International Financial Reporting Standards (IFRSs)
(continued)**

3.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs

***Effective for
annual periods
beginning on or after***

IFRS 1 First-time Adoption of International Financial Reporting Standards

1 January 2022

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 paragraph D16(a) of IFRS 1 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 consolidated 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 paragraph D16(a) of IFRS 1.

IFRS 9 Financial Instruments

1 January 2022

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.

IFRS 16 Leases

1 January 2022

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.

IAS 41 Agriculture

1 January 2022

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.

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

**3. Application of new and revised International Financial Reporting Standards (IFRSs)
(continued)**

3.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs

***Effective for
annual periods
beginning on or after***

Amendments to IAS 1 *Presentation of Financial Statements* - Classification of Liabilities as Current or Non-current 1 January 2023

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.

IFRS 17 *Insurance Contracts*

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 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.

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

**3. Application of new and revised International Financial Reporting Standards (IFRSs)
(continued)**

3.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs

**Effective for
annual periods
beginning on or after**

IFRS 17 Insurance Contracts

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 of 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.

Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures (2011)* relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture. Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements of the Company in the year of initial application.

4. Summary of significant accounting policies

The significant accounting policies used in the preparation of these financial statements are set out below:

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and the UAE Laws. The financial statements have been prepared on a historical cost basis. The functional currency of the Company is United States Dollars ("USD"). Management uses United Arab Emirates Dirhams ("AED") for controlling and monitoring the performance and financial position of the Company and accordingly the financial statements are presented in AED and all values are rounded to the nearest thousands (AED '000), except when otherwise indicated. As AED is currently pegged to USD, there are no exchange differences on translation from functional currency to presentation currency.

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

4. Summary of significant accounting policies (continued)

Revenue recognition

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

- Step 1 Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.
- Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.
- Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.
- Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
- Step 5 Recognise revenue as and when the Company satisfies a performance obligation.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers (other than rental revenue), including significant payment terms, and the related revenue recognition policies with respect to ancillary revenue:

Revenue	<i>Nature and timing of satisfaction of performance obligations, including significant payment terms</i>	<i>Revenue recognition under IFRS 15</i>
Sale of good:	Risk and rewards transfer to the customer upon transfer of goods to the customer. Invoices are generated on delivery of the equipment and revenue is recognised at that point in time. Invoices are usually payable within 90 days.	Revenue is recognised when the control of the goods has been transferred to the customer, being at the point of the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location.

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

4. Summary of significant accounting policies (continued)

Revenue recognition (continued)

<i>Revenue</i>	<i>Nature and timing of satisfaction of performance obligations, including significant payment terms</i>	<i>Revenue recognition under IFRS 15</i>
Project Revenue	The Company provides equipment installation, contracting and maintenance services. Invoices are usually payable within 90 days from certification by the customer.	<p>The Company recognizes service revenue by reference to the stage of completion. The Company has preliminarily assessed that the services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Company and there is no alternative use for the asset to the Company. Consequently, the Company would continue to recognize revenue for these service contracts over time rather than at a point of time.</p> <p>The stage of completion is measured by reference to contract cost incurred to date against total estimated contract costs. No profit is taken until the outcome of the contract can be reliably estimated.</p> <p>Where the outcome of the contract cannot be reliably estimated, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as an expense in the period in which they are incurred. Provision is made in full for all losses expected to arise on completion of the contracts entered into at the reporting date, regardless of the stage of completion and whether or not work has commenced on these contracts.</p>

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Costs comprise of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to their intended use. When significant components of plant and equipment are replaced separately, the Company depreciates them based on the useful lives of the components.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	3 years or life based on lease period, whichever is lower
Equipment	5 years
Furniture and fixtures	3 years
Office equipment	3 years
Vehicles	5 years
Computers	3 years

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

4. Summary of significant accounting policies (continued)

Property and equipment (continued)

Any gain or loss arising on derecognition/disposal of an asset is included in profit or loss.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, as appropriate.

Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite lives are amortised over the estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful lives of intangible assets are as mentioned below:

Software	3 years
----------	---------

Impairment of non-financial assets

Property and equipment and intangible assets with finite lives are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined for the individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount and an impairment loss is recognised in profit or loss

Employee benefits

The Company provides end of service benefits to its expatriate employees. Provision for employees' end-of-service indemnity is made in accordance with U.A.E. Labour Law and is based on the current remuneration and cumulative years of service as at the reporting date for expatriate employees of the Company.

Financial instruments

Financial assets and liabilities are recognized in the Company's statement of financial position when the Company's becomes a party to the contractual provisions of the instruments.

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

4. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets

Financial assets are recognised when an entity becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets 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.

All recognised financial assets are subsequently measured 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 subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash and balances with banks in current accounts.

Trade and other receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. These are recognised initially at cost plus directly attributable transaction costs, if any, and subsequently measured at amortised cost using effective interest rate method less provision for impairment (also referred to as 'loss allowance'), if any.

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

4. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Trade and other receivables (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in trade and other receivables as well as on financial guarantee contracts, if any. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime 'Expected Credit Loss' (ECL) for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

4. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

ECL are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

The Company expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables as permitted by IFRS 9. Accordingly, trade receivables which are not credit impaired and which do not have significant financing component is categorised under stage 2 and lifetime ECL is recognised.

Objective evidence that debt instrument is impaired includes whether any payment of principal or profit is overdue by more than 90 days or there are any known difficulties in the cash flows including the sustainability of the counterparty's business plan, credit rating downgrades, breach of original terms of the contract, its ability to improve performance once a financial difficulty has arisen, deterioration in the value of collateral etc. The Company assesses whether objective evidence of impairment exists on an individual basis for each individually significant asset and collectively for others not deemed individually significant.

Loss allowances for ECL are presented as a deduction from the gross carrying amount of the financial assets for AC.

Derecognition of financial assets

The Company 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 Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

4. Summary of significant accounting policies (continued)

Financial instruments (continued)

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 Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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

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.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other income'/'other expenses' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

4. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company'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.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Fair value measurement

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include consideration of inputs such as liquidity risk, credit risk and volatility.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

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

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

4. Summary of significant accounting policies (continued)

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the date of the statement of financial position.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the date of the statement of financial position.

The Company classifies all other liabilities as non-current.

Cash dividends

The Company recognises a liability to pay dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate law of UAE, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Provisions

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. 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.

Warranty provisions

The estimated liability for product warranties is recorded when products are sold. These estimates are established using management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claims arise.

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

4. Summary of significant accounting policies (continued)

Lease

The Company as lessee

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

4. Summary of significant accounting policies (continued)

Lease (continued)

The Company as lessee (continued)

The Company did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the statement of financial position.

The Company applies IAS36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

Foreign currencies

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the reporting date and exchange gains and losses arising on settlement and restatement are recognised in profit or loss. Foreign currency denominated non-monetary assets and liabilities that are measured at historical cost are not retranslated.

5. Critical accounting judgment and key sources of estimation uncertainty

The preparation of the Company's financial statements in conformity with the International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, which are described in Note 4 to the financial statements, management made the following judgement that have significant effect on the amounts recognised in the financial statements.

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

5. Critical accounting judgment and key sources of estimation uncertainty (continued)

Impact of COVID-19

In January 2020, the World Health Organization (“WHO”) announced a global health emergency due to the outbreak of coronavirus (“COVID-19”). In March 2020, based on the rapid increase in exposure and infections across the world WHO classified the COVID-19 outbreak as a pandemic. The pandemic nature of this disease necessitated global travel restrictions and lockdowns in most countries of the world including the UAE, causing global disruption to business and economic activities.

The Company has closely monitored the situation to manage the impact on its operations and financial performance and has considered the impact of COVID-19 in the calculation of the recoverable amounts of its non-financial assets and the estimated credit loss allowances relating to its financial assets. Further, the Company is regularly monitoring its trading and relevant cash flows using revised assumptions and incorporating downside scenarios in the assessment of its liquidity needs. Based on the Company’s assessment no liquidity concerns have been identified.

The unprecedented nature of the pandemic, the high degree of uncertainty related to its evolution, duration and impact on the economy in general and the Company’s business in particular, require a continuous re-assessment of the Company’s critical judgements and estimates. The Company will continue to monitor the situation and keep re-assessing and adjusting its critical judgements and estimates, as necessary.

Revenue recognition

Management has considered the detailed criteria for the recognition of revenue of the performance obligations at a point of time at which a customer obtained control of a promised goods or services as set out in IFRS 15 *Revenue from Contracts with Customers*. Based on the acceptance by the customer of the liability for the goods sold, management is satisfied that the customer obtains control of a promised goods or services.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, 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. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Expected credit loss calculation

The Company applies the Expected credit loss model (ECL) in accordance with IFRS 9. The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Incorporating forward-looking information increases the degree of judgment required as to how changes in these macro-economic factors will affect ECLs. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

Useful lives of property and equipment

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

5. Critical accounting judgment and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Warranties

The Company generally offers warranties for its manufactured products. The Company provides warranties to customers on the performance of their products for a period of 1 to 5 years. The warranty provision was calculated based on the prior years' experience of actual costs incurred, recent trends and current best estimates of the expenditure required to settle the Company's obligation.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Notes to the financial statements
for the year ended 31 March 2021 (continued)

6. Property and Equipment

	Leasehold improvements AED'000	Equipment AED'000	Office equipment AED'000	Vehicles AED'000	Computers AED'000	Total AED'000
Cost						
At 31 March 2019	-	-	-	-	-	-
Additions	484	262	58	65	59	928
At 31 March 2020	484	262	58	65	59	928
Adjustment/Reclassification	(23)	(6)	(3)	(3)	4	(31)
At 31 March 2021	461	256	55	62	63	897
Accumulated depreciation						
At 31 March 2019	-	-	-	-	-	-
Charge for the year	147	69	18	10	19	263
At 31 March 2020	147	69	18	10	19	263
Charge for the year	148	55	32	12	20	267
At 31 March 2021	295	124	50	22	39	530
Carrying amount						
At 31 March 2021	166	132	5	40	24	367
At 31 March 2020	337	193	40	55	40	665

**Notes to the financial statements
for the year ended 31 March 2021 (continued)****7. Intangible assets**

	Software AED'000
Cost	
At 31 March 2019	-
Additions	83
	<hr/>
At 31 March 2020	83
Additions	4
	<hr/>
At 31 March 2021	87
	<hr/>
Amortisation and impairment	
At 31 March 2019	-
Charge for the year	10
	<hr/>
At 31 March 2020	10
Charge during the year	28
	<hr/>
At 31 March 2021	38
	<hr/>
Carrying amount	
At 31 March 2021	49
	<hr/>
At 31 March 2020	73
	<hr/>

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

8. Right to use assets

		Leasehold buildings AED'000
Cost		
Cumulative effect of first time adoption of IFRS 16 (Note 3)		651
Additions during year		-
At 31 March 2020		651
Additions during the year		378
At 31 March 2021		1,029
Accumulated depreciation		
Charge for the year		276
At 31 March 2020		276
Charge during the year		267
At 31 March 2021		543
Carrying amount		
At 31 March 2021		486
At 31 March 2020		375
Lease liabilities		
	2021	2020
At 1 April	387	658
Additions	378	-
Interest expense	(21)	(30)
Payments	(200)	(241)
Total lease liabilities at 31 March	544	387
	2021	2020
	AED	AED
<i>The lease liabilities are payable as follows</i>		
within one year - (shown under current liabilities)	300	298
Within 1 year to 5 years - (shown under non-current liabilities)	244	89
	544	387

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

9. Other non-current assets

	2021 AED'000	2020 AED'000
Capital advance	-	2
	<u>-</u>	<u>2</u>
	<u>-</u>	<u>2</u>

10. Trade and other receivables

	2021 AED'000	2020 AED'000
Trade receivables	1,396	1,762
Prepayments	41	62
Advances to suppliers	40	108
Receivables from employees	69	47
Other deposits	18	19
Receivable from related party (Note 17)	-	350
	<u>1,564</u>	<u>2,348</u>

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

As at 31 March 2021 there were no impaired amounts towards trade receivables (refer Note 21 for ageing of trade receivables).

The Company measured the expected credit losses at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

11. Cash and cash equivalents

	2021 AED'000	2020 AED'000
Balances with banks	194	151
	<u>194</u>	<u>151</u>

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central bank of U.A.E. Accordingly, the management of the Company estimates the loss allowance on balances with bank at the end of the reporting period at an amount equal to 12 month ECL. None of the balance with bank at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

12. Other current assets

	2021	2020
	AED'000	AED'000
Amount due from customers * (Note 21)	1,076	126
	<u>1,076</u>	<u>126</u>

* Represents Contract Assets i.e. Revenue in excess of billing

13. Share capital

Equity Shares of AED 1,000 each issued, subscribed & fully paid up	No.	AED'000
<i>Authorised, issued and fully paid up 300 shares of AED 1000 each</i>	300	300
Yaqoob Ali Talib Alkhajeh	153	153
Blue Star International FZCO	147	147
At 31 March 2021 and At 31 March 2020	<u>300</u>	<u>300</u>

14. Bank borrowings

	2021	2020
	AED'000	AED'000
Overdraft from bank	-	1,656
	<u>-</u>	<u>1,656</u>

Overdraft facility represents unsecured borrowings obtained from a commercial bank in United Arab Emirates. It carries interest at LIBOR plus 2.50% p.a.

15. Provisions

	2021	2020
	AED'000	AED'000
Provision for employee benefits		
Provision for employees' end of service indemnity [Note 15 (a)]	55	24
Provision for leave benefits [Note 15(b)]	182	76
Provision for warranties [Note 15(c)]	9	5
	<u>246</u>	<u>105</u>
Less: Non-current portion	(55)	(24)
Current portion	<u>191</u>	<u>81</u>

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

15. Provisions (continued)

a) Provision for employees' end of service indemnity

	2021 AED'000	2020 AED'000
At the beginning of the year	24	-
Charge for the year	31	24
	<u>55</u>	<u>24</u>

b) Provision for leave benefits

	2021 AED'000	2020 AED'000
At the beginning of the year	76	-
Charge for the year	106	76
	<u>182</u>	<u>76</u>

c) Provision for warranties

Provision for warranty costs in respect of products sold which are still under warranty is based on the best estimate of the expenditure that will be required to settle the present obligation at the end of the reporting period.

	2021 AED'000	2020 AED'000
At the beginning of the year	5	-
Charge for the year	4	19
Paid during the year	-	(14)
	<u>9</u>	<u>5</u>

16. Trade and other payables

	2021 AED'000	2020 AED'000
Trade payables (Note 17)	2,874	2,262
Advances from customers	121	29
	<u>2,995</u>	<u>2,291</u>

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

17. Related party balances and transactions

Related parties represent the Shareholder, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the statement of comprehensive income are as follows:

	2021 AED'000	2020 AED'000
Blue Star Limited (Ultimate Parent Company)		
Purchase of goods	1,114	1,221
Blue Star International FZCO (Parent Company)		
Short Term Interest Free Loan received	2,469	1,521
Service Job Sales	-	350
	<u> </u>	<u> </u>

Balances with related parties included in the statement of financial position are as follows:

	2021 AED'000	2020 AED'000
Due from related parties		
Blue Star International FZCO (Note 10)	-	350
Due to related parties		
Blue Star Limited (Note 16)	525	-
Short term loan from a related party		
Parent Company – Blue Star International FZCO	3,990	1,521
	<u> </u>	<u> </u>

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured, interest free and settlement generally occurs in cash. For the year ended 31 March 2021, the Company has not recorded any impairment of amounts owed by the related parties. The impairment assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The management of the Company estimates the allowance on due from related party balances at the end of the reporting period at an amount equal to lifetime ECL. None of the receivable balances from related parties at the end of the reporting period are past due, and taking into account the historical default experience and the future prospects of the industries in which the related parties operate, management of the Company consider that no related party balances are impaired. There has been no change in estimation techniques or significant assumptions made during the current reporting period in assessing the allowance for balances due from related parties.

Short term loan is unsecured, interest free and payable within one year from the report date.

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

18. Employee benefits expense

	2021	2020
	AED'000	AED'000
Salaries, wages, and bonus	1,306	1,330
Gratuity expense	25	21
Other employment expenses	92	80
Staff welfare expenses	177	211
	<hr/> 1,600 <hr/>	<hr/> 1,642 <hr/>

19. Other expenses

	Year ended	Year ended
	31 March	31 March
	2021	2020
	AED'000	AED'000
Freight and forwarding charges	147	127
Advertising and sales promotion	14	116
Travelling and conveyance	24	44
Rent	-	133
Power and fuel	29	35
Legal and professional fees	22	63
Communication expenses	100	67
Insurance	2	1
Audit fees	28	51
Repairs and maintenance buildings	11	16
Printing and stationery	4	19
Repairs and maintenance others	7	1
Miscellaneous expenses	79	90
	<hr/> 467 <hr/>	<hr/> 763 <hr/>

20. Finance costs

	2021	2020
	AED'000	AED'000
Interest on bank overdraft and lease liability	70	53
Bank charges	16	9
	<hr/> 86 <hr/>	<hr/> 62 <hr/>

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

21. Financial risk management objectives and policies

The Company's principal financial liabilities comprise trade payables, accrued expenses, provision for incentives and current portion of provisions, interest bearing loans and borrowings and other payables. The Company's financial assets comprises trade receivables, bank balances and balance with statutory authorities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company's senior management oversees the management of these risks.

The main risks arising from these financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk. The Company's financial risk management processes and policies relating to these risks are discussed in detail below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The following table details the risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base:

The Company is exposed to credit risk on the following financial assets:

	2021	2020
	AED'000	AED'000
Trade receivables	1,396	1,762
Other current assets	1,076	126
Receivable from employee	69	47
Other deposits	19	19
Due from a related party	-	350
Total	2,560	2,304

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

21. Financial risk management objectives and policies (continued)

Credit risk (continued)

	Neither past due nor impaired AED'000	Less than 1 year AED'000	Expected Credit Losses AED'000	Total AED'000
31 March 2021				
Trade receivables	1,005	391	-	1,396
Receivable from employee	-	69	-	69
Other deposits	19	-	-	19
Other current assets	-	1,076	-	1,076
Total	1,024	1,536	-	2,560
31 March 2020				
Trade receivables	374	1,388	-	1,762
Receivable from employee	-	47	-	47
Other deposits	19	-	-	19
Other current assets	-	126	-	126
Due from related party	-	350	-	350
Total	393	1,911	-	2,304

Credit risks related to trade receivables are managed subject to the Company's policy, procedures and control relating to customer credit risk management. Credit limits are established by management for all customers based on internal assessment of the credit quality of customers. Outstanding trade receivables are regularly monitored. The requirement for impairment is analyzed at each reporting date on an individual basis.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company and arises principally from the Company's trade and other receivables, due from related parties and bank balances. The Company controls credit risk by monitoring credit exposures, limiting transactions with specific counterparties and assessing creditworthiness of counterparties on a routine and regular basis.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12 month ECL
Doubtful	Amount is more than 90 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit impaired
In default	Amount is more than 365 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Establishment has no realistic prospect of recovery.	Amount is written off

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

21. Financial risk management objectives and policies (continued)

Credit risk (continued)

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

Management believes that the concentration of credit risk is mitigated by high credit worthiness and financial stability of its customer. The credit risk on liquid funds is limited because the counter parties are reputable international banks and is highly regulated by the central banks of the respective countries.

Trade and other receivables, amounts due from related parties and balances with banks are not secured by any collateral. The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counterparties fail to perform their obligations generally approximates their carrying value.

The tables below detail the credit quality of the Company's financial assets as well as the Company's maximum exposure to credit risk:

		Gross carrying amount AED	Loss allowance AED	Net carrying amount AED
31 March 2021	12-month or lifetime ECL			
Trade receivables	Lifetime ECL	1,396	-	1,396
Due from related parties	Lifetime ECL	-	-	-
Receivable from employee	12-month ECL	69	-	69
Other deposits	12-month ECL	19	-	19
Other receivables	12-month ECL	1,076	-	1,076
Bank balances	12-month ECL	194	-	194
		2,754	-	2,754
31 March 2020	12-month or lifetime ECL			
Trade receivables	Lifetime ECL	1,762	-	1,762
Due from related parties	Lifetime ECL	350	-	350
Receivable from employee	12-month ECL	47	-	47
Other deposits	12-month ECL	19	-	19
Other receivables	12-month ECL	126	-	126
Bank balances	12-month ECL	151	-	151
		2,455	-	2,455

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

21. Financial risk management objectives and policies (continued)

Credit risk (continued)

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. Management believes that the concentration of credit risk is mitigated by high credit worthiness and financial stability of its customer.

Out of total trade receivable, AED 183,531 is secured by Post Dated Cheques (PDC's), AED 771,288 is covered through credit insurance and AED 440,981 is on open credit.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Company limits its liquidity risk by retaining sufficient funds generated from operations. The Company's terms of sales require amounts to be paid within an average of 90 days from the date of sale. Trade payables are normally settled within 60 to 180 days from the date of purchase.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 March 2021, based on contractual payment dates and current market interest rates.

	Less than 1 year AED'000	More than 1 year AED'000	Total AED'000
At 31 March 2021			
Trade and other payables – Non-interest-bearing instruments	6,864	-	6,864
Total	6,864	-	6,864
	Less than 1 year AED'000	More than 1 year AED'000	Total AED'000
At 31 March 2020			
Trade and other payables – Non-interest-bearing instruments	3,783	-	3,783
Borrowings - interest bearing instruments*	1,656	-	1,656
Total	5,439	-	5,439

*Effective Interest rate of borrowing is at LIBOR plus 2.50% p.a.

As on 31 March 2021, overall banking facility utilization is Nil as against AED 1,713 ('000) in previous year.

**Notes to the financial statements
for the year ended 31 March 2021 (continued)**

21. Financial risk management objectives and policies (continued)

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company's currency transactions are principally in AED and United States Dollars (USD). The Company's statement of financial position is not affected significantly by movements in currencies which are currently pegged to the USD.

As at reporting date, there are no significant foreign currency risk with respect to the Company's financial assets and liabilities denominated in foreign currencies.

Capital management

The Company's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through optimum mix of borrowed and owned funds. Shareholders have committed to provide for financial support as and when required.

22. Disclosure in connection with Revenue from Contract with Customers

Disaggregation of revenue:

The table below presents disaggregated revenues from contracts with customers for the year ended 31 March 2020 by offerings and contract-type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors:

Revenue by type of contracts

	Year ended 31 March 2021			Period ended 31 March 2020		
	At a point in time	Over a period of time	Total	At a point in time	Over a period of time	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Electro mechanical projects and commercial air conditioning systems	1,300	4,823	6,123	1,531	3,126	4,657

23. Approval of financial statements

The financial statements for the year ended 31 March 2021 were approved by the board of directors and authorized for issue on 22 September 2021.