UNIQUE PHARMACEUTICAL LABORATORIES FZE

Financial statements and independent auditor's report
Year ended 31 March 2022

UNIQUE PHARMACEUTICAL LABORATORIES FZE

Financial statements and independent auditor's report
Year ended 31 March 2022

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Opinion

We have audited the financial statements of **UNIQUE PHARMACEUTICAL LABORATORIES FZE** (the "Establishment"), which comprise the statement of financial position as at 31 March 2022, 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 give a true and fair view of the financial position of the Establishment as at 31 March 2022, and of 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 Establishment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates (UAE), 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 1 (d) in the financial statements which states that these financial statements are the separate financial statements of the Establishment. The consolidated financial statements of the Establishment and its subsidiary, which are required to be presented in accordance with International Financial Reporting Standard 10: 'Consolidated Financial Statements', are presented separately.

Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for their compliance with the applicable provisions of the Jebel Ali Free Zone Companies Implementing Regulations 2016, 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.

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INDEPENDENT AUDITOR'S REPORT
(continued)

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 but to do so.

Those charged with governance are responsible for overseeing the Establishment'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 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. 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 ISAs, 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 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 disclosures 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 may cause the Establishment to cease to continue as a going concern.

continued...

PKF
Accountants &
business advisers

INDEPENDENT AUDITOR'S REPORT
(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 gives a true and fair view.

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
We further confirm that the financial statements comply with the applicable provisions of the Jebel Ali Free Zone Companies Implementing Regulations 2016.

For PKF

S. D. Pereira
Partner
Auditor Registration no. 552
Dubai
United Arab Emirates
19 May 2022

UNIQUE PHARMACEUTICAL LABORATORIES FZE

STATEMENT OF FINACIAL POSITION
AS AT 31 MARCH 2022

	Notes	2022 AED	2021 AED
ASSETS			
Non-current assets			
Investment in a subsidiary	6	46,806,907	46,806,907
Non-current financial assets	7	797,529	780,804
		47,604,436	47,587,711
Current assets			
Other receivables	8	263,315	259,688
Other current assets	9	39,629	54,801
Due from a related party	10	2,888,444	3,245,118
Cash and cash equivalents	11	139,092	171,608
		3,330,480	3,731,215
Total assets		50,934,916	51,318,926
EQUITY AND LIABILITIES			
Shareholder's equity funds			
Share capital	12	51,885,000	51,885,000
Accumulated losses		(2,646,166)	(1,870,469)
Total shareholder's funds		49,238,834	50,014,531
Non-current liabilities			
Provision for staff end-of-service benefits	13	248,325	244,325
Current liabilities			
Accruals	14	1,062,132	1,056,070
Other current liabilities	15	4,000	4,000
Due to a related party	10	381,625	-
		1,447,757	1,060,070
Total liabilities		1,696,082	1,304,395
Total equity and liabilities		50,934,916	51,318,926

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Approved and authorised for issue by the Shareholder on 12 May 2022 and signed on their behalf by Mr. Sandeep Nasa.
For UNIQUE PHARMACEUTICAL LABORATORIES FZE

Sandeep Nasa

MANAGER

UNIQUE PHARMACEUTICAL LABORATORIES FZE

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 AED	2021 AED
Revenue		--	--
Other operating income	17	--	228,434
Staff costs	18	**(450,225)**	(56,000)
Other operating expenses	19	**(325,472)**	(146,354)
(LOSS)/PROFIT FOR THE YEAR		(775,697)	26,080
Other comprehensive income:			
Other comprehensive income for the year		--	--
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(775,697)	26,080

The accompanying notes form an integral part of these financial statements
The report of the independent auditor is set forth on pages 1 to 3.

UNIQUE PHARMACEUTICAL LABORATORIES FZE

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Share capital AED	Accumulated losses AED	Total AED
Balance at 1 April 2020	51,885,000	(1,896,549)	49,988,451
Total comprehensive income for the year	–	26,080	26,080
Balance at 31 March 2021	51,885,000	(1,870,469)	50,014,531
Total comprehensive income for the year	–	(775,697)	(775,697)
Balance at 31 March 2022	**51,885,000**	**(2,646,166)**	**49,238,834**

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

UNIQUE PHARMACEUTICAL LABORATORIES FZE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	2022 AED	2021 AED
Cash flows from operating activities		
Loss for the year	**(775,697)**	26,080
Adjustments for:		
Bad debts written off	**--**	31,660
Provision for staff end-of-service benefits	**4,000**	4,000
Employee stock option benefits	**381,625**	--
Unrealised foreign exchange loss/(gain) (net)	**220,036**	(228,434)
	(170,036)	(166,694)
Changes in:		
- Other receivables	**(3,627)**	(2,334)
- Other current assets	**15,172**	(5,244)
- Other payables	**6,062**	1,138
Net cash used in operating activities	**(152,429)**	(173,134)
Cash flow from investing activities		
Receipts from a related party (net)	**119,913**	263,222
Net cash from financing activities	**119,913**	263,222
Cash flows from financing activities	**--**	--
Net (decrease)/increase in cash and cash equivalents	**(32,516)**	90,088
Cash and cash equivalents at beginning of year	**171,608**	81,520
Cash and cash equivalents at end of year (note 11)	**139,092**	171,608

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

1. **LEGAL STATUS AND BUSINESS ACTIVITY**

a) **UNIQUE PHARMACEUTICAL LABORATORIES FZE** (the "Establishment") is a free zone establishment with limited liability incorporated in Dubai, United Arab Emirates in accordance with the Implementing Regulation No. 1/92 issued pursuant to Law No. 9 of 1992 (repealed by Jebel Ali Free Zone Companies Implementing Regulations 2016). The registered office is Office No 1116, Business Centres World Building, 11th Floor, JAFZA One, Jebel Ali Free Zone, P.O Box: 262327, Dubai, United Arab Emirates. The Establishment was registered on 10 December 2013 and commenced operations from 1 April 2014.

b) The Establishment has a subsidiary under the name of Biotech Laboratories (Pty) Ltd. (the "subsidiary"), a company incorporated in the Republic of South Africa having registration no. 1990/007220/07. The Establishment is holding 95.24% of legal and beneficial interest as at the reporting date.

c) The Establishment and its subsidiary trades in medicines and pharmaceutical products. However, the Establishment has not carried out any activity during the year.

d) These financial statements are the separate financial statements of the Establishment. The consolidated financial statement of the Establishment and its subsidiary, which are required to be presented in accordance with International Financial Reporting Standard 10: 'Consolidated Financial Statements', are presented separately.

e) The parent company is J.B. Chemicals and Pharmaceutical Limited, a public limited company registered in India, and the ultimate parent company is Tau Investment Holdings PTE. LTD. a company registered in Singapore.

2. **BASIS OF PREPARATION**

a) **Statement of compliance**

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1 January 2021, and the requirements of Jebel Ali Free Zone Companies Implementing Regulations 2016.

b) **Basis of measurement**

The financial statements are prepared using historical cost.

Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

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.

c) **Going concern**

The financial statements are prepared on a going concern basis.

When preparing the financial statements, management makes an assessment of the Establishment's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the Establishment or to cease operations, or has no realistic alternative but to do so.

The Establishment's accumulated losses aggregated to AED 2,646,166 at 31 March 2022. Also, the Company has not carried out any trading activities since last four years.

Further, the uncertainty due to Covid-19 outbreak with regard to the future impact on the business performance has been considered as part of the management's assessment of the Company's ability to continue as a going concern. As the Company and its subsidiary are principally engaged in trading of medicines and pharmaceutical products, a short-term impact may be experienced in Company's business activities and/or cash flows but there is no change in Management's going concern assessment or business strategy.

Since the impact of Covid-19 continues to evolve, the Company will continue to monitor the situation and its impacts on the financial statements (See Note 5).

These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Establishment's ability to continue as a going concern. However, the shareholder has agreed to continue with the operations of the Establishment and has agreed to provide continuing financial support to enable the Establishment to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis.

d) **Adoption of new International Financial Reporting Standards**

Standards, amendments, improvements and interpretations effective for the current year

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark - Phase 2 which became effective 1 January 2021, did not have any significant impact on the financial statements of the Company.

New and revised IFRSs in issue but not yet effective and not early adopted

The following amendments, improvements and interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Amendments to IFRS 3 – Reference to Conceptual Framework (1 January 2022)
- Amendments to IAS 37 – Onerous Contracts - Cost of Fulfilling a contract (1 January 2022)
- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use (1 January 2022)
- Annual Improvements to IFRS Standards 2018-2020 (1 January 2022)
  - IFRS 9 Financial Instruments
  - IFRS 16 Leases

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (1 January 2023)
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (1 January 2023)
- Amendments to IAS 8 – Definition of Accounting Estimates (1 January 2023)

e) **Functional and presentation currency**

The financial statements are presented in UAE Dirham ("AED") which is also the Establishment's functional currency.

3. **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted, and which have been consistently applied, are as follows:

a) **Investment in a subsidiary**

Subsidiaries are entities over which the Establishment exercises control. Control is achieved when the Establishment is exposed, or has rights, to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The investment in a subsidiary is accounted for at cost less impairment losses, if any. The consolidated financial statements of the parent and its subsidiary are presented separately.

b) **Staff benefits**

The Establishment provides staff end-of-service benefits to its non-UAE national employees as per the applicable local laws, the entitlement to these benefits is based on the employees' last drawn salary and length of services which is accrued over the period of employment. Provision for staff end of services benefits are disclosed as non-current liability.

Provision is also made for employees' entitlement to annual leave for eligible employees as per the policy of the Establishment. Provision relating to annual leave is disclosed as current liability as employees are entitled to redeem these benefits at any point of time after the reporting period.

c) **Revenue recognition**

The Establishment is in the business of trading in medicines. However, during the year, the Establishment did not carry out any operations.

Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Establishment expects to be entitled in exchange for those goods or services.

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

1. Identify the contract(s) 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 every contract that must be met.

2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer
3. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer
4. Determine the transaction price: The transaction price is the amount of consideration to which the Establishment expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
5. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Establishment will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Establishment expects to be entitled in exchange for satisfying each performance obligation.
6. Recognise revenue when (or as) the Establishment satisfies a performance obligation at a point in time or over time.

The Establishment is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

d) **Leases**

As a lessee

The Establishment leases its office premises. Rental contract is typically made for fixed periods of 1 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants, however leased assets may not be used as security for borrowing purposes.

Short-term leases

The Establishment applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

e) **Cash and cash equivalents**

Cash and cash equivalents comprise bank current accounts.

f) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

g) **Provisions**

A provision is recognised when the Establishment has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits 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 reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

h) **Value added tax**

As per the Federal Decree-Law No. (08) of 2017, Value Added Tax (VAT), is charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person. The Establishment does not have any output taxable supplies of goods or services. As VAT register is not mandatory in UAE for such an entity, the Establishment has opted not to register under VAT.

i) **Current versus non-current classification**

The Establishment 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 reporting period.

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 reporting period.

The Establishment classifies all other liabilities as non-current.

j) **Financial instruments**

Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") – debt investment; FVTOCI – equity investment; or fair value through profit or loss ("FVTPL").
The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Establishment's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrumental level.

The Establishment's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cashflows, selling the financial assets, or both.

Financial liabilities are classified as financial liabilities at amortised cost. The Establishment determines the classification of its financial liabilities at initial recognition.

Recognition

Financial assets and financial liabilities are recognised when, and only when, the Establishment becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Establishment commits to purchase or sell the asset.

Derecognition

Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire or
- The Establishment has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  (a) the Establishment has transferred substantially all the risks and rewards of the asset, or
  (b) the Establishment has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities are de-recognised when, and only when, they are extinguished i.e. when obligation specified in the contract is discharged, cancelled or expired.

Measurement

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Transactions costs of financial assets carried at FVTPL are expensed in profit or loss.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the Establishment may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies apply to the subsequent measurement of financial assets and liabilities.

Financial assets at amortised cost
Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through other comprehensive income on initial recognition) using the effective interest method.

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The financial assets at amortised cost comprise of other receivables, due from a related party and cash and cash equivalents.

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

Financial liabilities at amortised cost comprise of accruals and due to a related party.

Impairment of financial assets
The Establishment recognises an allowance for expected credit losses (ECLs) for investments in all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Establishment expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Loss allowances are measured on either of the following basis:

- 12-month ECLs: ECLs that result from possible default events within 12 months after the reporting date; and

  Lifetime ECLs: ECLs that result from all possible default events over the expected life of a financial instrument.

The Establishment measures the loss allowance at an amount equal to lifetime ECLs, except for the following which are measured as 12-month ECLs:

- Bank balances, due from a related party and other receivables for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Establishment has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs. The Establishment applies a simplified approach in calculating expected credit losses. The Establishment does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Establishment has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Establishment considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Establishment's historical experience and informed credit assessment and including forward looking information.

The Establishment assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Establishment considers a financial asset to be in default when:

- The customer is unlikely to pay its credit obligations to the Establishment in full, without recourse by the Establishment to actions such as realising security (if any is held); or
- The financial asset is more than 365 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Establishment is exposed to credit risk.

At each reporting date, the Establishment assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.

Offsetting

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.

Equity

Equity instruments issued by the Establishment are recorded at the value of proceeds received towards interest in share capital of the Establishment.

k) **Fair value measurement**

The Establishment discloses the fair value of financial instruments measured at amortised cost.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Establishment uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

4. **SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES**

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Classification of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Establishment's business model for managing them.

Impairment

The Establishment applies expected credit loss (ECL) model to measure loss allowance in case of financial assets on the basis of 12-month ECLs or Lifetime ECLs depending on credit risk characteristics and how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key assumptions made 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 as follows:

Impairment of financial assets

The loss allowance for financial assets are based on assumptions about the risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3 (j).

Staff end-of-service benefits

The Establishment computes the provision for the liability to staff end-of-service benefits stated at AED 248,325 (previous year AED 244,325), assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

Impact of Covid-19

Since the Covid-19 outbreak is evolving rapidly, the Company continues to assess the impact on its operations on a regular basis. The management believes that there exists a material uncertainty in respect of expected duration and its potential impact on the overall economy. However, the management concluded that there is no significant impact of Covid-19 on its cash flows due to nature of the Company's business activities.

	2022 AED	2021 AED
6. INVESTMENT IN A SUBSIDIARY		
Interest in share capital at cost in		
Biotech Laboratories (PTY) LTD		
4,477,611 unquoted equity shares of Rand (R) 0.001 each[a]	**46,806,907**	46,806,907

(a) The nature of investment in subsidiary held by the Establishment is as follows:

Name of subsidiary	Principal activity	Country of incorporation	Registered proportion (%) of ownership interest 2022	2021
Biotech Laboratories (PTY) LTD	Trading of pharmaceutical products	Republic of South Africa	**95.24**	95.24

7. NON-CURRENT FINANCIAL ASSETS

This represents interest free long-term loan of AED 797,529 (previous year AED 780,804) (denominated in Rand (R) 3,150,000) given to subsidiary, Biotech Laboratories (PTY) LTD, incorporated in Republic of South Africa, without any fixed repayment schedule.

A reconciliation of the movements in the long-term loan is as follows:

	2022 AED	2021 AED
Opening balance	**780,804**	647,481
Unrealised foreign exchange gain	**16,725**	133,323
Closing balance	**797,529**	780,804

8. OTHER RECEIVABLES

Deposits	**18,990**	19,363
Staff advance	**244,325**	240,325
	263,315	259,688

9. OTHER CURRENT ASSETS

Prepayments	**39,629**	54,801

10. RELATED PARTIES

The Establishment enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and are at prices determined by the management.

Related parties comprise the parent/ultimate parent company, subsidiary, fellow subsidiaries, directors and the key management personnel.

At the reporting date, significant balances with related parties were as follows:

	Parent company	Subsidiary	Fellow subsidiaries	Key management personnel	Total 2022	Total 2021
	AED	AED	AED	AED	AED	AED
Investment in a subsidiary	--	46,806,907	--	--	46,806,907	
	--	46,806,907	--	--		46,806,907
Non-current financial assets	--	797,529	--	--	797,529	
	--	780,804	--	--		780,804
Staff advance included in other receivables	--	--	--	244,325	244,325	
	--	--	--	240,325		240,325
Due from a related party	--	--	2,888,444	--	2,888,444	
	--	--	3,245,118	--		3,245,118
Due to a related party	381,625	--	--	--	381,625	
	--	--	--	--		--
Provision for staff end-of-service benefits	--	--	--	248,325	248,325	
	--	--	--	244,325		244,325

The balance due from a related party is unsecured and interest-free.

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in notes 7 and 20.

Significant transactions with related parties during the year were as follows:

	Parent/ ultimate parent company	Key management personnel	Total 2022	Total 2021
	AED	AED	AED	AED
Amount paid for staff salaries and benefits	--	450,225	450,225	
	--	56,000	--	56,000
Recharge of staff benefits	381,625	--	381,625	
	--	--		--

The Establishment also provides funds to /receives funds from related parties as working capital facilities, free of interest.

		2022	2021
		AED	AED
11.	**CASH AND CASH EQUIVALENTS**		
	Bank balances in current accounts	**139,092**	171,608

		2022 AED	2021 AED
12.	**SHARE CAPITAL**		
	Issued and paid up		
	51,885,000 shares of AED 1 each held by J.B. Chemicals & Pharmaceutical Limited, India	**51,885,000**	51,885,000
13.	**PROVISION FOR STAFF END-OF-SERVICE BENEFITS**		
	At 1 January	**244,325**	240,325
	Provision for the year	**4,000**	4,000
	At 31 December	**248,325**	244,325
14.	**ACCRUALS**		
	Accruals for commission	**1,032,182**	1,032,182
	Accruals for other expenses	**29,950**	23,888
		1,062,132	1,056,070

The entire accruals are due for payment within one year from the reporting date.

15.	**OTHER CURRENT LIABILITIES**		
	Employee related payables	**4,000**	4,000

16. **MANAGEMENT OF CAPITAL**

The Establishment's objectives when managing capital are to ensure that the Establishment continues as a going concern and to provide the shareholder with a rate of return on their investment commensurate with the level of risk assumed.

Capital, which is unchanged from the previous year, comprises equity funds as presented in the statement of financial position together with long-term loan to a related party, amount due from a related party and due to a related party. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The Establishment is not subject to externally imposed capital requirements.

Funds received from related party net off funds provided to a related party, are retained in the business and according to the business requirements and maintain capital at desired levels.

		2022 AED	2021 AED
17.	**OTHER OPERATING INCOME**		
	Unrealised exchange gain	**--**	228,434

	2022 AED	2021 AED
18. **STAFF COSTS**		
Staff salaries and benefits [a]	**446,225**	52,000
Staff end-of-service benefits	**4,000**	4,000
	450,225	56,000

a) This includes AED 381,625 of staff benefits recharged towards Employee Stock Option Plan (ESOP) granted to an employee of the subsidiary company.

	2022 AED	2021 AED
19. **OTHER OPERATING EXPENSES**		
Expenses relating to short-term lease	**32,795**	29,344
Unrealised foreign exchange loss	**220,036**	--
Realised exchange loss	**682**	--
Bad debts written off	--	31,660
Other expenses	**71,959**	85,350
	325,472	146,354

20. **FINANCIAL INSTRUMENTS**

The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:

	At amortised cost	
	2022 AED	2021 AED
Financial assets		
Non-current financial assets	**797,529**	780,804
Other receivables	**263,315**	259,688
Due from a related party	**2,888,444**	3,245,118
Cash and cash equivalents	**139,092**	171,608
	4,088,380	4,457,218
Financial liabilities		
Accruals	**1,062,132**	1,056,070
Due to a related party	**381,625**	--
	1,443,757	1,056,070

Management of risks

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed, which are unchanged from the previous year comprise credit risks, liquidity risks and market risks (including currency risks and fair value interest rate risks).

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

Management continuously monitors its cash flows to determine its cash requirements and makes comparison with related party in order to manage exposure to liquidity risk.

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets that potentially expose the Establishment to concentrations of credit risk comprise principally non-current loan receivables cash and cash equivalents, other receivables and due from a related party.

The Establishment's bank accounts are placed with high credit quality financial institutions.

The management assesses the credit risk arising from due from a related party taking into account their financial position, past experience and other factors. Based on the assessment individual risk limits are determined.

At the reporting date, the Establishment's maximum exposure to credit risk from such receivables situated outside the UAE is as follows:

	2022	2021
	AED	AED
Non-current financial assets		
South Africa	**797,529**	780,804
Due from a related party		
Russia	**2,888,444**	3,245,118

At the reporting date, there are no trade receivables (previous year AED Nil).

At the reporting date 100% of amount is due from a related party (previous year 100% from a related party).

Currency risk

There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed except for the following:

	2022	2021
	AED	AED
Due from a related party		
Russian Ruble (RUB)	**2,888,444**	3,245,118

	2022 AED	2021 AED
Non-current financial assets		
South African Rand	797,529	780,804
Due to a related party		
Indian Rupee (INR)	381,625	–

At the reporting date, if the above-mentioned currencies had been weaker or stronger against the Dirham by 1%, profit for the year and equity would have been lower or higher by AED 33,043 (previous year AED 40,259).

Interest rate risk

The Establishment is not exposed to any interest rate risk at the reporting date.

Fair values

The management assesses the fair values of all its financial assets and financial liabilities at each reporting date.

The fair values of cash and cash equivalents, other receivables, due from a related party, due to a related party and accruals approximate their carrying amounts largely due to the short-term maturities of these instruments.

Interest-free long-term funds to a related party due to their terms have fair values lower than their carrying values.

For **UNIQUE PHARMACEUTICAL LABORATORIES FZE**

Sandeep Nasa

MANAGER