Rao & Ross
AUDITING OF ACCOUNTS

LYKIS EXPORTS LLC

Financial statements

31 December 2021

LYKIS EXPORTS LLC

Financial statements

31 December 2021

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INDEPENDENT AUDITORS' REPORT

THE SHAREHOLDER'S
LYKIS EXPORTS LLC

Opinion

We have audited the financial statements of **Lykis Exports LLC** ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 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 December 2021, and its financial performance and its cash flows for the period 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 ethical requirements that are relevant to our audit of the financial statements in 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.

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 IFRSs, and compliance with Memorandum and Articles of Association and the applicable provisions of concerning Sharjah Media City Free Zone Authority, 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.

P O Box 242212, Dubai UAE. Tel +971 (4) 3538338, Fax +971 (4) 3538538
Email - info@raoandross.com web - www.raoandross.com

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 Company'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 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 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 Company to cease to continue as a going concern.

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

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Email - info@raoandross.com web - www.raoandross.com

Report on other legal and regulatory requirements

We also confirm that in our opinion proper books of account have been kept by the company and that these financial statements are in agreement with the books of account. We have obtained all the information and explanations we required for the purpose of our audit, and to the best of our knowledge and belief, no breach of the Law has occurred during the year which would have had a material effect on the company's business or financial position.

For **Rao & Ross Auditing of Accounts**

Sachin R Paniya (Registration no. 1173)
Dubai - UAE
Dated: 10 March 2022

راوروس لمراجعة الحسابات
P.O. Box: 242212
Dubai - U.A.E.
RAO AND ROSS AUDITING OF ACCOUNTS

P O Box 242212, Dubai UAE. Tel +971 (4) 3538338, Fax +971 (4) 3538538
Email - info@raoandross.com web - www.raoandross.com

Rao & Ross
AUDITING OF ACCOUNTS

LYKIS EXPORTS LLC

Statement of financial position
As at 31 December 2021

	Notes	*31.12.2021* AED
ASSETS		
Current assets		
Trade receivables	6	2,557,769
Cash and bank balances	7	724,580
		3,282,349
TOTAL ASSETS		3,282,349
EQUITY & LIABILITIES		
Equity and shareholders funds		
Capital		100,000
Accumulated (loss)		(20,455)
Total equity		79,545
Shareholders' current account		-
Total equity and shareholders funds		79,545
LIABILITIES		
Current liabilities		
Unsecured loan liability	8	2,231,270
Trade and other payables	9	971,534
		3,202,804
Total liabilities		3,202,804
TOTAL EQUITY AND LIABILITIES		3,282,349

لايكيس إكسبورتس ذ.م.م
Sharjah - U.A.E.
LYKIS EXPORTS L.L.C

For LYKIS EXPORTS LLC
Authorized Signatory

The attached notes 1 to 17 form part of financial statements

Rao & Ross
AUDITING OF ACCOUNTS

LYKIS EXPORTS LLC

Statement of profit or loss and other comprehensive income
For the period ended 31 December 2021

	Notes	*08.02.2021 to 31.12.2021* *AED*
Revenue	10	**4,751,033**
Cost of revenue	11	**(4,634,907)**
Gross profit		**116,126**
Manager remuneration		**(38,095)**
Administrative, general & selling expenses	12	**(70,430)**
Profit from operations		**7,601**
Financial expenses	13	**(27,770)**
Exchange loss		**(286)**
Total comprehensive (loss) for the period		**(20,455)**

لايكيس إكسبورتس ذ.م.م
Sharjah - U.A.E.
LYKIS EXPORTS L.L.C

For LYKIS EXPORTS LLC
Authorized Signatory

The attached notes 1 to 17 form part of financial statements

LYKIS EXPORTS LLC

Statement of cash flows

For the period ended 31 December 2021

	Notes	*31.12.2021* *AED*
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) for the period		(20,455)
Operating (loss) before working capital changes		(20,455)
(Increase) in trade receivables		(2,557,769)
Increase in trade and other payables		971,534
Net cash (used in) operating activities		(1,606,690)
CASH FLOWS FROM INVESTING ACTIVITIES		-
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to bank		2,231,270
Capital introduced		100,000
Net cash from financing activities		2,331,270
Net Increase in cash and cash equivalents		724,580
Cash and cash equivalents - beginning of period		-
Cash and cash equivalents - end of period	7	724,580

The attached notes 1 to 17 form part of financial statements

Rao & Ross
AUDITING OF ACCOUNTS

LYKIS EXPORTS LLC

Statement of changes in equity

For the period ended 31 December 2021

	Capital	*Accumulated (loss)*	*Total*
	AED	*AED*	*AED*
Capital introduced	**100,000**	**-**	**100,000**
Total comprehensive (loss) for the period	-	**(20,455)**	**(20,455)**
Balance at 31st December, 2021	**100,000**	**(20,455)**	**79,545**

Capital consists of:

100 shares of AED 1,000 each fully paid up.

The attached notes 1 to 17 form part of financial statements

1 **LEGAL STATUS**

1.1 **LYKIS EXPORTS LLC** ("the Company") is a Limited Liability Company registered in Sharjah, United Arab Emirates under Commercial License No. 2112289.01 dated 8th February 2021, issued by the Department of Sharjah Media City – Free Zone Authority, Sharjah, United Arab Emirates.

1.2 Registered office address of the Company is P O Box No. , Sharjah - UAE

1.3 The Company is licensed for the General trading and Non – Specialized wholesale trade.

1.4 The Capital of the Company is AED 100,000/- divided into 100 shares of AED 1,000/- each.

1.5 The following are the partners contributing to the capital in the given ratio:

Sr. no.	Partners	%	Capital
1	M/s. Lykis Limited, India	100%	100,000
			100,000

1.6 The Company is managed by Mr. Nadir Umedali Dhrolia, an Indian national.

2 **APPLICATION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) MANDATORILY EFFECTIVE FOR THE CURRENT YEAR**

The following amendments to IFRSs issued are mandatorily effective for the current year.

* Amendments to IFRS 3 *re: Definition of a Business*
* Amendments to IAS 1 and IAS 8 *re: Definition of Material*
* Amendments to the *Conceptual Framework for Financial Reporting* including amendments to the *Conceptual Framework* in IFRS Standards
* Amendments to IFRS 9, IAS 39 and IFRS 7- *re: Interest Rate benchmark Reform*
* Amendments to IFRS 16- re: *Covid-19-Related Rent Concessions (effective from 1 June 2020 but early applied by the Company)*

3 **APPLICATION OF NEW AND AMENDED IFRSs ISSUED BUT NOT EFFECTIVE FOR THE CURRENT YEAR**

The following new IFRS / amendments to IFRSs were issued but not mandatorily effective for the current year.

* IFRS 17 *Insurance Contracts* including amendments to IFRS 17 (*effective from1 January 2023)*
* Amendments to IFRS 10 and IAS 28 *re: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely)
* Amendments to IAS 1 *re: Classification of Liabilities as Current or Non-Current (effective from 1 January 2023)*
* Amendments to IAS 16, *re: Property, Plant and Equipment – Proceeds before Intended Use (effective from 1 January 2022)*
* Amendments to IAS *37 re: Onerous Contracts – Cost of Fulfilling a Contract (effective from1 January 2022)*
* Amendments to IFRS 9, IAS 39 and IFRS 7 - *re: Interest Rate benchmark Reform- Phase 2 (effective 1 January 2021)*
* Amendments to IFRS 3 *re: reference to Conceptual Framework (effective 1 January 2022)*
* Annual Improvements 2018-2020 Cycle *(effective 1 January 2022)*

The Conceptual framework for Financial Reporting contains updated definition of an asset and a liability and updated criteria for including assets and liabilities in financial statements. It also clarifies the roles of stewardship, prudence, and measurement uncertainty in financial reporting

Management anticipates that the application of the other new and amended IFRSs in the future periods are not expected to have material impact on the financial position or performance of the Company.

4 **BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and applicable requirements of UAE laws. Significant accounting policies, adopted and applied consistently in dealing with items that are considered material in relation to these financial statements, are set out below.

(a) Accounting convention

The financial statements have been prepared under the historical cost convention, except for applying fair value convention to certain assets such as financial assets at fair value through profit or loss (FVTPL).

(b) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset as appropriate only when it is probable that future economic benefits associated with the expenditure will flow to the Company and such cost can be measured reliable. Such cost includes the cost of replacing part of the property, plant, and equipment. When significant parts of the property, plant and equipment are
required to be replaced at intervals, the Company recognises such part as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced parts is derecognized.

All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing proceeds with the carrying amount. These are recognized within other income in profit or loss.

(c) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is arrived at using the Weighted Average Cost (WAC) method and comprises invoice value plus applicable landing charge less discounting. Net realisable value based on estimated selling price less any estimated cost of completion and disposal.

(e) Financial instruments

Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards thereto are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled, or expired.

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position only when the Company has a legal right to offset the amounts and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

Classification and initial measurement of financial assets

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value plus transaction costs, where applicable.

Financial assets are classified into the following categories:

- amortised cost
- fair value through other comprehensive income (FVTOCI)
- fair value through profit or loss (FVTPL).

The Company decides the classification on initial recognition based on the cash flow characteristics of the financial instruments (viz. solely comprising of payments of interest and principal) and the business model for managing them (viz. collecting contractual cash flows, or selling them, or both).

Subsequent measurement of financial assets

(A) Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is not material.

The Company's investments in bonds, bank and cash balances, trade receivables and advances fall into this category of financial assets.

(B) Financial assets at fair value through other comprehensive income (FVTOCI)

The Company accounts for financial assets at FVTOCI if the assets meet the following conditions:
- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of this financial asset.

The Company has the option of irrevocably classifying equity securities not held for trading, upon initial recognition at FVTOCI. However, in the case of derecognition of such equity securities, the profit or loss is not recycled to statement of profit or loss. Dividends can be recognised in profit or loss.

The Company has no financial asset held at FVTOCI.

(C) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. These cover financial assets held for trading or designated at FVTPL upon initial recognition or mandatorily required to be accounted at FVTPL such as derivatives (other than effective hedging instruments), and financial assets whose contractual cash flows are not solely payments of principal and interest.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

In the previous year, financial assets comprised of four categories under IAS 39 viz.
(i) financial assets at fair value through profit or loss
(ii) held-to-maturity investments
(iii) loans and receivables, and
(iv) available-for-sale financial assets

Items (ii) and (iv) was not applicable in the previous year. Previous year categories have not been restated.

(D) Impairment of financial assets

(i) *General impairment principles*

Recognition of credit losses on financial assets is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, future conditions that affect the expected collectability of the future cash flows of the instrument.

The Company recognises loss allowance for expected credit loss on financial assets that are measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, contract assets, loan commitment and financial guarantee contracts.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for Stage 1 category while 'lifetime expected credit losses' are recognised for the Stage 2 and Stage 3 categories.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Credit losses are defined as the difference between all the contractual cash flows that are due to an entity and the cash flows that it actually expects to receive ('cash shortfalls'). This difference is discounted at the original effective interest rate.

IFRS 9 permits a simplified approach of using historical and forward-looking information to recognise loss allowance based on lifetime expected credit losses in respect of trade receivables and contract receivables which do not have significant financing component and lease receivables.

(ii) *Trade receivables*

The Company use a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Company uses its historical experience for past dealings with customer, external indicators, and future conditions to calculate the expected credit losses. Usually, analysis is made of individual receivable to determine impairment provision, required under ECL method.

(iii) *Advances*

For advances, analysis is made of individual balances to determine impairment provision based on lifetime expected credit loss.

(iv) *Classification and measurement of financial liabilities*

Financial liabilities are initially measured at fair value plus transaction costs, where applicable.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

The Company's financial liabilities include trade and other payables.

There were no financial liabilities classified at FVTPL.

(f) Equity

Share capital is classified as equity since it evidences residual interest of the owners after deducting liabilities. Dividend is deducted from the equity.

(g) Revenue recognition

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

- identify the contracts with a customer
- identify the performance obligations in the contract
- determine the transaction price
- allocate the transaction price to performance obligations in the contract
- recognise revenue when, or as, the entity satisfies a performance obligation (that is when control of the goods or services underlying the particular performance obligation is transferred to the customer)

The Company satisfies a performance obligation and recognizes revenue over time if one of the following criteria is met:

(i) The customer simultaneously receives and consumes the benefits provided by the Company's performance as it performs; or

(ii) The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) The Company's performance does not create an asset with an alternative use to it and has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the Company (*akin to accrued income*). Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to contract liability *(akin to deferred income or advance received).*

Revenue is measured at the fair value of the consideration received/receivable excluding taxes (such as VAT). The Company also assesses if the revenue earned is as principal or agent.

Revenue is recognized in the statement of profit or loss to the extent that it is probable that the economic benefits will flow to the Company and the revenue and related costs can be measured reliably. If the consideration promised in a contract includes a variable amount (because of discounts, rebates, refunds, credits, price concession, incentives, performance bonuses, penalties or similar items) the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer, based on the most likely amount or probability weighted expected value.

(h) Other operating income

Interest income is recognised on effective yield basis.

Dividend income is recognised when the right to receive payment is established.

(i) Foreign currency transactions

Foreign currency transactions are recorded in AED at the approximate rate of exchange prevailing at the time of the transactions. Foreign currency balances of monetary assets and liabilities are translated to AED at the rate of exchange prevailing at the end of the reporting period. Gains or losses on exchange are recognised in profit or loss.

(j) Value added tax

Expenses and assets are recognised net of value added tax (VAT), except as under:

- If VAT incurred on purchase of assets or services is not recoverable from the Tax Authority, then VAT is recognised as part of the cost of acquisition of asset or as part of the expense item, as applicable
- Receivables and payables, stated in the statement of financial position, are inclusive of VAT.

(k) Current/Non-current classification

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

An asset is classified as current when the Company (a) expects to realize the asset, or intends to sell or consume it in its normal operating cycle; (b) holds the asset primarily for the purpose of trading or (c) expects to realize the asset within twelve months after the reporting period, or (d) has the asset as cash or cash equivalent unless the asset is 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.

(l) Fair value measurement principles

Following principles are applied where the Company's accounting policies require the determination of fair values for financial and non-financial assets and liabilities.

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 principal or the most advantageous market must be accessible to by the Company.

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

A 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 Company 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service or regulatory agency, and those prices represent actual and regularly recurring market transactions on an arm's length basis.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs based on unobservable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and reasonable under the circumstances.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by the management in the application of accounting policies that have the most significant effect on the amounts recognised in the financial statements and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Loss allowance for trade receivables

The Company makes an assessment of individual customers to estimate impairment provision while applying the expected credit loss on trade receivables. ECL provision is based on the ageing of the invoices of the customers, past historical credit loss experience, forward looking information on customers and the state of the economy.

Useful lives and depreciation of plant and equipment

The management periodically reviews estimated useful lives and depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

LYKIS EXPORTS LLC

6 TRADE RECEIVABLES

	31.12.2021
	AED
Trade receivables+	2,557,769
	2,557,769

+Ageing of receivables
Due for less than six months

7 CASH & BANK BALANCES

	31.12.2021
	AED
Cash in hand	727
Cash at bank	723,853
	724,580

8 UNSECURED LOAN LIABILITY

	31.12.2021
	AED
Unsecured loan#	2,231,270
	2,231,270

#Unsecured loan from it's holding company M/s Lykis Limited, Kolkata, India.

9 TRADE AND OTHER PAYABLES

	31.12.2021
	AED
Trade payables - related party@	882,281
Trade payables - third parties	87,048
Accrued expenses	2,205
	971,534

@above represent amount payable to M/s. Lykis Limited, India.

10 REVENUE

	08.02.2021 to 31.12.2021
	AED
Non - taxable revenue	4,751,033
	4,751,033

11 COST OF REVENUE

	08.02.2021 to 31.12.2021
	AED
Purchase & direct expenses	4,634,907
	4,634,907

12 ADMINISTRATIVE, GENERAL & SELLING EXPENSES

	08.02.2021 to 31.12.2021
	AED
Legal & professional expenses	50,263
Selling and business promotion expenses	14,841
Postage and courier expenses	2,818
Bank charges	2,388
General & other expenses	120
	70,430

13 FINANCIAL EXPENSES

	08.02.2021 to 31.12.2021
	AED
On borrowings	27,770
	27,770

13 RELATED PARTY TRANSACTIONS

The Company in the normal course of business enters into transactions with other business enterprises that fall within the definition of a related party contained in the International Accounting Standard 24. The pricing policies and terms of these transactions are approved by the Company's management.

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

			31.12.2021
			AED
(a)	Unsecured loan liability	(Notes 8)	**2,231,270**
(b)	Trade payables - related party	(Notes 9)	**882,281**

14 FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risk from its use of financial instruments:

a Credit risk
b Liquidity risk
c Market risk
d Operational risk

The note present information about the Company exposure to each of the above risks, the Company objectives, policies and processes for measuring and managing risk, and Company management of capital. Future quantitative disclosures are included throughout this financial statement.

Risk management framework

The Management has overall responsibility for developing and monitoring the company risk management policies.

The Management is responsible for setting the objectives and underlying principals of financial risk management for the Company. The Company's management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification, measurement and exposure limits. In accordance with the objectives and underlying principles approved by the shareholder.

There has been no change to the Company exposure to these financial risk or the manner in which it manages and measure the risk.

a Credit risk

Credit risks refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Company.

The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

The Company limits its credit risk with regard to bank deposits by only dealing with reputable banks.

Credit risk is limited to the carrying values of financial assets in the statement of financial position.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31.12.2021
	AED
Trade receivables	**2,557,769**
Cash at bank - current account	**723,853**
	3,281,622

b Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company limits its liquidity risk by ensuring the adequate internally generated funds, bank facilities and funds from the partners are available. The Company's term of sale requires amounts to be paid within the range of 30 to 120 days from the date of sale. Trade payables are normally settled within 30 to 90 days from the date of purchase.

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

At 31 December 2021	Less than 1 year	1 to 5 years	> 5 years	Total
Trade and other payables	971,534	-	-	971,534
	971,534	-	-	971,534

c Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and equity prices will affect the company income or the value it's holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

i No interest is payable on partner's current and loan accounts.

ii The Company holds bank loans which are long-term in nature with fixed rate of interest.

Exchange rate risk

There is no exchange rate risk as substantially all the transactions are denominated in U.A.E Dirhams or US Dollars to which the U.A.E. Dirham is pegged.

d Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

In order to effectively manage those risks, the partners have approved specific strategies for the management of financial risks, which are in line with corporate objectives. These guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks that the Company faces.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

15 SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There were no other significant events occurring after the balance sheet date, which require disclosure in the financial statements.

16 PREVIOUS YEAR'S FIGURES

This is first financial statement of the company, previous year figures are not available.

17 In the opinion of the management, all the assets as shown in the financial statements are existing and realisable at the amount shown against them, and there are no liabilities against the Company, contingent or otherwise, not included in the above financial statements.

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Sharjah - U.A.E.
LYKIS EXPORTS L.L.C

For LYKIS EXPORTS LLC
Authorized Signatory