

**Evosys Kuwait to Design & Processing of Electronic Computer Centers
Company - WLL**

Financial Statements
For the year ended 31 March 2022

Evosys Kuwait to Design & Processing of Electronic Computer Centers Company - WLL
 Financial statements
 31 March 2022

Statement of profit or loss and other comprehensive income

		Year ended 31 Mar-2022	Year ended 31 Mar-2021
	Note	KD	KD
Revenue from contract with customers		144,925	62,704
Cost of revenue		(25,005)	(52,686)
Gross Profit		119,920	10,018
General and administrative expenses	12	(8,697)	(12,837)
Provision for doubtful debts		(13,345)	(27,740)
Bad debts expenses		(3,194)	-
Depreciation of property and equipment		(188)	(247)
Foreign exchange gain / (loss)		160	(398)
Profit / (loss) before tax		94,655	(31,204)
Tax expense			
Income tax		(8,143)	-
Deferred tax		-	-
Total tax expense		(8,143)	-
Profit / (loss) after tax for the year		86,513	(31,204)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plan		1,813	-
Total comprehensive income/ (loss) for the year		88,326	(31,204)

The notes set out on pages xx to xx form an integral part of these financial statements

Evosys Kuwait to Design & processing of Electronic Computer Centers Company - WLL
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Statement of Financial Position

		31 Mar-2022	31 Mar-2021
	Notes	KD	KD
Assets			
Non-current assets			
Property and equipment	7	494	315
Current assets			
Trade receivables and other assets	8	156,798	78,708
Cash and cash equivalents		39,716	17,885
		196,514	96,593
Total assets		197,008	96,908
Equity and liabilities			
Equity			
Share capital	9	20,000	20,000
Statutory reserve	10	9,468	817
Accumulated earnings / (loss)		13,488	(66,187)
Total equity		42,955	(45,370)
Liabilities			
Non-current liabilities			
Employees end of service benefits		521	4,604
Current liabilities			
Trade payables and other liabilities	11	12,834	15,877
Due to related parties	12	140,698	121,797
		153,532	137,674
Total liabilities		154,053	142,278
Total equity and liabilities		197,008	96,908

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Statement of Changes in Equity

	Share capital	Statutory reserve	Other comprehensive income	Retained (losses)/income	Total
	KD	KD	KD	KD	KD
Balance at 1 April 2021	20,000	817	-	(66,187)	(45,370)
Profit / (loss) before tax	-	-	-	86,513	86,513
Other comprehensive income	-	-	1,813	-	1,813
Transfer to statutory reserve	-	8,651	-	(8,651)	-
Balance at 31 March 2022	20,000	9,468	1,813	11,675	42,955
Balance at 1 April 2020	20,000	817	-	(34,983)	(14,166)
Total comprehensive loss for the year	-	-	-	(31,204)	(31,204)
Balance at 31 March 2021	20,000	817	-	(66,187)	(45,370)

The notes set out on pages xx to xx form an integral part of these financial statements

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Statement of cash flows

	Year ended 31 Mar-2022	Year ended 31 Mar-2021
	KD	KD
OPERATING ACTIVITIES		
Profit/(loss) before tax for the year	94,655	(31,204)
Adjustments for:		
Depreciation	188	247
Provision for doubtful debts	13,345	27,740
Bad debts expense	3,194	-
Provision for employees' end of service benefits	-	1,525
	111,382	(1,692)
Changes in operating assets and liabilities		
Trade and other receivables	(94,630)	(13,127)
Trade and other payables	9,529	21,563
Employees end of service benefits	(4,083)	-
Net cash (used in)/from operating activities	22,198	6,744
INVESTING ACTIVITIES		
Purchase of property and equipment	(367)	(330)
Net cash used in investing activities	(367)	(330)
Net increase in cash and bank balances	21,831	6,414
Cash and bank balances at the beginning of the year	17,885	11,471
Cash and cash equivalents at the end of the year	39,716	17,885

The notes set out on pages xx to xx form an integral part of these financial statements

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Notes to the financial statements

1 Incorporation and activities

Evosys Kuwait to Design & Processing of Electronic Computer Centers — WLL Kuwait ("the Company") was registered according to the article of association No. 293, dated 18 February 2013 and subsequently amended article of association No, 4141, dated 08 November 2017.

The commercial registration number is 346026 dated on 18 February 2013.

The Company's activity is to engage in business of design and processing of electronic computer center. The address of the Company is Office 15, Building. 59, Block no 6, Second floor, Al-Qibla, Kuwait.

The financial statements of the Company for the year ended 31 March 2022 were authorized for issue by the management on _____ 2022.

2 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

3 Changes in accounting policies

3.1 New and amended standards adopted by the Company

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2021 which have been adopted by the Company. Information on these new standards which are considered to be relevant to the Company is presented below:

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
IFRS 16 — Amendments — Covid 19 Rent Related Concessions beyond 30 June 2021	1 April 2021

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments replace the definition of change in accounting estimates with the definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

IFRS 16 — Amendments- COVID19 Rent Related Concessions beyond 30 June 2021

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

Notes to the financial statements (continued)

3. Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective

At the date of authorisation of this financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncements. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

4 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below.

4.1 Basis of preparation

The financial statements of the Company have been prepared under historical cost convention.

The financial statements have been presented in Kuwaiti Dinars ("KD"), which is the functional and presentation currency of the Company.

The Company has elected to present the "statement of profit or loss and other comprehensive income" in one statement.

4.2 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

The Company follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied

The Company often enters into transactions involving a range of the Company's products and services, for example for the delivery of electrical equipment, installation, testing and related after-sales service.

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Notes to the financial statements (continued)

4 Significant accounting policies (continued)

4.3 Operating expenses

Operating expenses are recognised in statement of profit or loss and other comprehensive income upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

4.4 Property and equipment

Property and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

Property and equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses except for building which are stated at revalued amounts less accumulated depreciation. Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits arising from items of property and equipment.

The following useful lives are applied:

Computer and accessories	33.33%
Office equipment	15.15%

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is recognised in the statement of profit or loss and other comprehensive income.

4.5 Leased assets

The Company as a lessee

The Company as a lessee for any new contracts entered into on or after 1 January 2020, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Notes to the financial statements (continued)

4 Significant accounting policies (continued)

4.5 Leased assets (continued)

Accounting policy applicable from 1 January 2020 (continued)

The Company as a lessee (continued)

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet measured as follows:

Right-of-use asset

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent to initial measurement, the Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company incremental borrowing rate.

Lease liability

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Notes to the financial statements (continued)

4 Significant accounting policies (continued)

4.5 Leased assets (continued)

Lease liability (continued)

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Company as a lessee

Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

4.6 Financial instruments

4.6.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

A financial asset (or, where applicable a part of financial asset or part of group of similar financial assets) is derecognised when:

- rights to receive cash flows from the assets have expired;
- the Company 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 Company has transferred substantially all the risks and rewards of the asset or
 - (b) the Company has neither transferred nor retained substantially all risks and rewards of the asset but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Company's continuing involvement in the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statement of profit or loss and other comprehensive income.

4.6.2 Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified as financial assets at amortised cost upon initial recognition.

Notes to the financial statements (continued)

4 Significant accounting policies (continued)

4.6 Financial instruments (continued)

4.6.2 Classification and subsequent measurement of financial assets (continued)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

• *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 rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

The Company's financial assets at amortised cost comprise of the following:

• *Trade receivables and other assets*

Trade receivables and other financial assets are stated at original invoice amount less allowance for any uncollectible amounts. Bad debts are written off as incurred.

• *Cash and bank balances*

Cash and bank balances comprise cash on hand and bank balances which are not blocked which are subject to an insignificant risk of changes in value.

4.6.3 Impairment of financial assets

All financial assets except for those at FVTPL and equity investments at FVTOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

The Company recognises a loss allowance for expected credit losses ("ECL") on financial assets at amortised cost.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. 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 asset.

Notes to the financial statements (continued)

4 Significant accounting policies (continued)

4.6 Financial instruments (continued)

4.6.3 Impairment of financial assets (continued)

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Company always recognises lifetime ECL for financial assets at amortised cost. 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.

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.

The Company recognises an impairment gain or loss in the statement of profit or loss and other comprehensive income for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

4.6.4 Classification and subsequent measurement of financial liabilities The Company's financial liabilities include accounts payable and other liabilities.

The subsequent measurement of financial liabilities depends on their classification as follows:

- *Financial liabilities at amortised cost*

These are stated using effective interest rate method. Accounts payable and other liabilities and notes payable are classified as financial liabilities other than at FVTPL.

Notes to the financial statements (continued)

4 Significant accounting policies (continued)

Trade payables and other financial liabilities

Trade payables and other financial liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed or not.

4.7 Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognised on the trade date i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

4.8 Offsetting of financial instruments

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

4.9 Impairment testing of non-financial assets

Non-financial assets are tested individually for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the recoverable amount exceeds its carrying amount.

4.10 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued and paid up.

Statutory reserve comprises appropriations of current and prior period profits in accordance with the requirements of the companies' law and the Company's memorandum of incorporation.

Accumulated losses includes all current and prior period retained profits and losses. All transactions with owners of the Company are recorded separately within equity.

4.11 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in statement of profit or loss and other comprehensive income. Non-monetary items are not retranslated at reporting date and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined

Notes to the financial statements (continued)

4 Significant accounting policies (continued)

4.12 End of service benefits

The Company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date

With respect to its Kuwaiti national employees, in addition to the end of service benefits, the Company makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries.

4.13 Related party transactions

Related parties represent partners, key management personnel and their close family members and other related parties such as major shareholders and companies in which partners and key management personnel of the Company are principal owners or over which they are able to exercise significant influence or joint control. All related party transactions are approved by management.

5 Significant management judgements and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

5.1 Significant management judgments

In the process of applying the Company's accounting policies, management has made the following significant judgments, which have the most significant effect on the amounts recognised in the financial statements:

5.1.1 Business model assessment

The Company classifies financial assets after performing the business model test (see accounting policy for financial instruments sections in note 4.6). This test includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured and the risks that affect the performance of the assets. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

5.1.2 Judgements in determining the timing of satisfaction of performance obligations

The determination of whether or not performance obligation criteria set out in IFRS 15 relating to transfer of control of goods to customers has been satisfied requires significant judgement.

Notes to the financial statements (continued)

**5 Significant management judgements and estimation uncertainty
(continued)**

5.2 Estimates uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

5.2.1 Impairment of financial assets

Measurement of estimated credit losses involves estimates of loss given default and probability of default. Loss given default is an estimate of the loss arising in case of default by customer. Probability of default is an estimate of the likelihood of default in the future.

The Company based these estimates using reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

An estimate of the collectible amount of financial assets at amortised cost are made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

5.2.2 Fair value of financial instruments

Management apply valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

5.2.3 Impairment of assets with definite lives

At the financial position date, the Company's management assesses, whether there is any indication that assets with definite lives may be impaired. The recoverable amount of an asset is determined based on the "value in use" method. This method uses estimated cash flow projections over the estimated useful life of the asset.

5.2.4 Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and equipment.

5.2.5 Estimated cost on uncompleted contracts

Revenue from contracts is recognised by reference to the cost-to-cost of the contract based on internal surveys of work performed. This requires the Company's management to use judgment in the estimation of the total cost expected to complete each contract.

6 Fundamental accounting concept

The financial statements of the Company have been prepared on a going concern basis, notwithstanding the fact that at 31 March 2022, the Company's accumulated losses amounted to KD66,187 representing 330% of the share capital.

In accordance with Article 273 of the Companies' Law No. 1 of 2016, if the accumulated losses of a limited liability Company exceed three-quarters of its share capital, management shall present to the extraordinary general meeting of the partners the remedy of the undercapitalisation, the dissolution of the Company or other appropriate measures for decision.

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the required resources and has also secured the support from its Partners to enable the Company continue in business for the foreseeable future.

As with any Company placing reliance on the Partners for financial support, the partners acknowledge that there can be no certainty that this support will continue. However, at the date of approval of these financial statements, they have no reason to believe that this support will not continue.

Based on this undertaking, the partners believe that it remains appropriate to prepare the financial statements on a going concern basis. However, this uncertainty may cast doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. These financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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Notes to the Financial Statements (continued)

7 Property and equipment

	Computer and accessories KD	Office equipment KD	Total KD
31 March 2022 :			
At 1 April 2021	940	98	1,038
Additions	367	-	367
At 31 March 2022	1,307	98	1,405
Accumulated depreciation			
At 1 April 2021	636	87	723
Charge for the year	188	-	188
At 31 March 2022	824	87	911
Net book value			
At 31 March 2022	483	11	494
31 March 2021 :			
Cost			
At 1 April 2020	610	98	708
Additions	330	-	330
At 31 March 2021	940	98	1,038
Accumulated depreciation			
At 1 April 2020	404	72	476
Depreciation for the year	232	15	247
At 31 March 2021	636	87	723
Net book value			
At 31 March 2021	304	11	315

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Notes to the Financial Statements (continued)

8 Trade receivables and other assets

	31 March 2022	31 March 2021
	KD	KD
Financial assets:		
Trade receivable	194,009	102,105
Less: Provision for doubtful debts	(60,368)	(47,023)
Trade receivables, net	133,641	55,082
Retention receivables	23,005	23,626
Other debit balances	153	-
Total trade and other receivables	156,798	78,708

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Management believes that there is no further credit provision required in excess of the provision for doubtful debts.

6) Cash and cash equivalents

	As at	
	31 March 2022	31 March 2021
	KD	KD
Cash at bank	39,716	17,879
Cash in hand	-	6
	39,716	17,885

9 Share capital

The Company' share capital comprises 100 shares of 200 KD each (31 March 2021 : 100 shares of KD 200 each) distributed as follows:

Name	No. of shares	Nominal Value
Aeon Gulf general trading & contracting co . W.L.L.	51	10,200
Evolutionary System Arabia FZ L.L.C	49	9800
	100	20,000

All shares fully paid up in cash.

10 Statutory reserve

The Companies Law and the Company's memorandum of incorporation require that 10% of the profit for the year is transferred to statutory reserve. The partners of the Company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid up share capital.

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Notes to the Financial Statements (continued)

11 Trade payables and other liabilities

	31 March 2022	31 March 2021
	KD	KD
Trade payables	-	11,526
Other credit balances	12,834	4,351
Total trade payables and other liabilities	12,834	15,877

12) General and administrative expenses

	As at	
	31 March 2022	31 March 2021
	KD	KD
Rent	3,000	3,000
Transport Expenses	14	32
Professional Charges	3,886	6,213
Visa Expenses	475	
Bank Charges	60	50
Tax expenses	-	-
Insurance	-	811
Sponsorship fees	(2,500)	2,500
Miscellaneous expenses	3,762	231
	8,697	12,837

12 Related parties transactions

Related parties represent partners and key management personnel of the Company, and companies of which they are partners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Company's management.

Details of significant related party transactions and balances are as follows:

	31 March 2022	31 March 2021
	KD	KD
Balances in statement of financial position		
Due to related parties	140,698	121,797
	140,698	121,797

Notes to the Financial Statements (continued)

13 Fair value measurement

13.1 Fair value hierarchy

Fair value represents 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.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level I. fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

13.2 Fair value measurement of financial instruments

	31 March 2022	31 March 2021
	KD	KD
Financial assets :		
<i>At amortised cost:</i>		
- Trade and other receivables (note 8)	156,798	78,708
- Cash and bank balances	39,716	17,885
	<u>196,514</u>	<u>96,593</u>
Financial liabilities :		
<i>At amortised cost:</i>		
- Trade payables and other liabilities (note 11)	12,834	15,877
- Due to related parties (note 12)	140,698	121,797
	<u>153,532</u>	<u>137,674</u>

Management considers that the carrying amounts of financial assets and financial liabilities, which are stated at amortised cost, approximate their fair values.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

14 Risk management objectives and policies

The Company's activities expose it to variety of financial risks: market risk (including currency risk, interest rate risk, price risk), credit risk and liquidity risk.

The partners are ultimately responsible for the overall risk management and for approving risk strategies and principles.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The most significant financial risks to which the Company is exposed are described below.

Notes to the Financial Statements (continued)

14 Risk management objectives and policies (continued)

14.1 Market risk

a) Foreign exchange risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Almost all transactions of the Company are conducted in Kuwait Dinar and, therefore, the Company is not significantly exposed to foreign currency risk.

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Company has no significant interest-bearing assets and liabilities. Therefore, the Company is not significantly exposed to interest rate risk.

c) Price risk

The Company is not exposed to price risks as the Company does not have any financial investments at the statement of financial position date.

14.2 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 company credit policy and exposure to credit risk is monitored on an ongoing basis. The Company seeks to avoid undue concentrations of risks with individuals or company's of customers in specific locations or business through diversification of its activities. It obtains security when appropriate.

The Company's exposure to credit risk is limited to the carrying amounts of financial assets recognized at the reporting date, as summarized below:

	31 March 2022	31 March 2021
	KD	KD
- Trade and other receivables (note 8)	156,798	78,708
- bank balance	39,716	17,879
	<u>196,514</u>	<u>96,587</u>

14.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its liabilities when they fall due. To limit this risk, the management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis.

Maturity profile of the financial liabilities at 31 March 2022 and 31 March 2021 are as follows:

As at 31 March 2022	Upto 1 month	1-3 Months	3 - 12 Months	3 - 12 Months	Total
	KD	KD	KD	KD	KD
Trade payables and other liabilities	4,603	2,548	5,683	-	12,834
Due to related parties	-	-	18,902	121,797	140,699
	<u>4,603</u>	<u>2,548</u>	<u>24,585</u>	<u>121,797</u>	<u>153,533</u>
As at 31 March 2021	Upto 1 month	1-3 Months	3 - 12 Months	3 - 12 Months	Total
	KD	KD	KD	KD	KD
Trade and other credit balances	125	4,530	11,222	-	15,877
Due to related parties	-	-	121,797	-	121,797
	<u>125</u>	<u>4,530</u>	<u>133,019</u>	<u>-</u>	<u>137,674</u>

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Notes to the Financial Statements (continued)

15 Tax reconciliation

a) Current tax liabilities

	31 March 2022	31 March 2021
	KD	KD
Tax liability at the beginning of the year	30	2,334
Tax expense on profit for the year	8,143	-
Tax Payment	-	(2,304)
Tax liability at the end of the year	8,173	30

b) Relationship between income tax expense and accounting profit

	31 March 2022	31 March 2021
	KD	KD
Profit before tax	94,655	(31,204)
Tax rate	7.35%	7.35%
Tax expense	6,957	(2,294)
Adjustments		
Tax effect on non deductible items	1,216	
Tax effect of tax exemption		
Other adjustments	(30)	2,294
	8,143	0

16 Capital management objectives

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide adequate return to its partners through the optimization of the capital structure.

The capital of the Company consists of total equity. The Company manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to partners, return capital to partners or issue new shares.

17 COVID-19 pandemic impact

The outbreak of Coronavirus ("COVID19") pandemic and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. Global and local markets have experienced significant volatility and weakness. While governments and central banks have reacted with various financial packages and reliefs designed to stabilise economic conditions, the duration and extent of the impact of the COVID19 outbreak, as well as the effectiveness of government and central bank responses, remains unclear at this time.

Management has updated its assumptions with respect to judgements and estimates on various account balances which may be potentially impacted due to continued uncertainties in the volatile economic environment in which the Company conducts its operations. The assessment did not result into any significant impact on the financial statements.

Management is aware that a continued and persistent disruption could negatively impact the financial position, performance and cash flows of the Company in the future. Management continues to closely monitor the market trends, its supply-chain, industry reports and cash flows to minimise any negative impact on the Company.