

FORBES LUX FZE

Financial Statements

31 December 2022

FORBES LUX FZE

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FORBES LUX FZE
Director's Report

The Director submits his report, together with the audited financial statements of **FORBES LUX FZE** (the "establishment"), for the year ended 31 December 2022.

Results and appropriations

The results of the establishment and the appropriations made for the year ended 31 December 2022 are set out on pages 5 and 6 of the financial statements.

In my opinion, the financial statements set out on pages 4 to 18 are drawn up so as to give a true and fair view of the financial position of the establishment as at 31 December 2022 and the financial performance, changes in equity and cash flows of the establishment for the year then ended in accordance with the International Financial Reporting Standards and in compliance with the applicable requirements of the Jebel Ali Free Zone Authority.

Review of the business

The establishment has carried out the activity of trading and distribution of water purifiers, filters and purifications devices, electrical and electronic appliances and related items and spare parts during the year.

Events since the end of the year

Subsequent to the year-end, the management of the establishment intends to cease the operations and liquidate the establishment.

Other than the above-mentioned, there were no important events which have occurred since the year-end that materially affect the establishment.

Shareholder and its interests

Effective 12 January 2022, there was a change in shareholding of the establishment. Forbes Lux International AG sold its 3 shares to Euro Forbes Limited.

The shareholder as at 31 December 2022 and its interests as at that date in the share capital of the establishment were as follows:

	<i>Country of incorporation</i>	<i>No. of shares</i>	<i>AED</i>	<i>USD</i>
Euro Forbes Limited	U.A.E.	<u>1,632</u>	<u>163,200,000</u>	<u>44,460,498</u>
		<u>1,632</u>	<u>163,200,000</u>	<u>44,460,498</u>

Independent auditor

A resolution to re-appoint the independent auditor and fix the remuneration will be put to the board at the annual general meeting.

On behalf of the Board:



Sunil Dhondiram Uphale
DIRECTOR



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF FORBES LUX FZE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **FORBES LUX FZE** (the "establishment"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of **FORBES LUX FZE** as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in United Arab Emirates and the Jebel Ali Free Zone Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2 to the financial statements, which describes the change to liquidation basis of accounting as a result of management's intent to liquidate the establishment.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and applicable requirements issued by the Jebel Ali 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF FORBES LUX FZE

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

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

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

Report on Other Legal and Regulatory Requirements

Also, in our opinion, the establishment has maintained proper books of accounts and these financial statements, are in agreement with the books of accounts. We have obtained all the information considered necessary for our audit. To the best of our knowledge and belief, except for the matter stated in the *Emphasis of Matter* section of our report, no violations of the Jebel Ali Free Zone Companies Implementing Regulations 2016, or the Articles of Association have occurred during the year, which would have had a material effect on the business of the establishment or on its financial position.

Signed by:

C. D. Shah

Partner

Registration No. 677

Shah & Alshamali Associates Chartered Accountants

12 May 2023

Dubai, United Arab Emirates



FORBES LUX FZE

Statement of Financial Position
as at 31 December 2022

	<i>Notes</i>	<i>2022</i> <i>USD</i>	<i>2021</i> <i>USD</i>
ASSETS			
Property, plant and equipment	5	-	584
Loan to parent shareholder company	6	-	-
Inventories	7	-	88,613
Trade receivables	8	76,505	32,088
Advances and other receivables	9	10,797	14,607
Cash and cash equivalents	10	443,706	559,574
		<u>531,008</u>	<u>694,882</u>
Total assets		<u>531,008</u>	<u>695,466</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11	44,460,498	44,460,498
Accumulated losses		(45,057,195)	(44,445,089)
Total equity (deficit)/funds		<u>(596,697)</u>	<u>15,409</u>
Liabilities			
Staff end of service gratuity		50,136	10,924
Trade payables	12	1,031,751	653,188
Advance from customers		-	5,421
Accruals		45,818	10,524
Total liabilities		<u>1,127,705</u>	<u>680,057</u>
Total equity and liabilities		<u>531,008</u>	<u>695,466</u>

The notes on pages 8 to 18 form an integral part of these financial statements.

On behalf of the board



Sunil Dhondiram Uphale
DIRECTOR



FORBES LUX FZE

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2022

	<i>Notes</i>	<i>2022</i> <i>USD</i>	<i>2021</i> <i>USD</i>
Sales		1,122,130	1,196,535
Cost of sales	13	<u>(976,020)</u>	<u>(1,000,611)</u>
Gross profit		146,110	195,924
Interest income	6	-	24,368
Expenses			
Administrative and selling expenses	14	(343,145)	(246,122)
Provision for doubtful receivables	8 & 9	(405,366)	(1,261,052)
Provision for slow moving inventories	7	<u>-</u>	<u>(26,479)</u>
Loss from operations		(602,401)	(1,313,361)
Excess provision written back		5,596	-
Profit on sale of property, plant and equipment		1,037	-
Impairment of loan and interest receivable	6	<u>(16,338)</u>	<u>(1,143,799)</u>
Loss for the year		(612,106)	(2,457,160)
Other comprehensive income / (loss)		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(612,106)</u>	<u>(2,457,160)</u>

The notes on pages 8 to 18 form an integral part of these financial statements.

FORBES LUX FZE

Statement of Changes in Equity
for the year ended 31 December 2022

	<i>Share capital USD</i>	<i>Accumulated losses USD</i>	<i>Total USD</i>
As at 31 December 2020	44,460,498	(41,987,929)	2,472,569
Loss for the year	-	<u>(2,457,160)</u>	<u>(2,457,160)</u>
As at 31 December 2021	44,460,498	(44,445,089)	15,409
Loss for the year	-	<u>(612,106)</u>	<u>(612,106)</u>
As at 31 December 2022	<u>44,460,498</u>	<u>(45,057,195)</u>	<u>(596,697)</u>

The notes on pages 8 to 18 form an integral part of these financial statements.

FORBES LUX FZE

Statement of Cash Flows
for the year ended 31 December 2022

	<i>Note</i>	<i>2022</i> <u>USD</u>	<i>2021</i> <u>USD</u>
<u>Cash flows from operating activities</u>			
Loss for the year		(612,106)	(2,457,160)
Adjustments for:			
Depreciation		584	194
Provision for staff end of service gratuity		39,212	2,422
Provision for doubtful receivables		405,366	1,261,052
Provision for slow moving inventories		-	26,479
Impairment of loan and interest receivable		16,338	1,143,799
Profit on sale of property, plant and equipment		(1,037)	-
Excess provision written back		(5,596)	-
Interest income		-	(24,368)
Operating loss before working capital changes		(157,239)	(47,582)
(Increase) /decrease in inventories		94,209	(13,392)
(Increase) /decrease in trade and other receivables		(462,311)	149,961
Increase / (decrease) in trade and other payables		408,436	(106,537)
Net cash from / (used in) operating activities		<u>(116,905)</u>	<u>(17,550)</u>
<u>Cash flows from investing activities</u>			
Payment for purchase of property, plant and equipment		-	(778)
Proceeds from sale of property, plant and equipment		1,037	-
Net cash from/(used in) investing activities		<u>1,037</u>	<u>(778)</u>
<u>Cash flow from financing activity</u>			
Loan advanced to parent shareholder company		-	(125,000)
Net cash from / (used in) financing activity		<u>-</u>	<u>(125,000)</u>
Net increase / (decrease) in cash and cash equivalents		(115,868)	(143,328)
Cash and cash equivalents at the beginning of the year		<u>559,574</u>	<u>702,902</u>
Cash and cash equivalents at the end of the year	10	<u>443,706</u>	<u>559,574</u>

The notes on pages 8 to 18 form an integral part of these financial statements.

FORBES LUX FZE**Notes to the Financial Statements**
*for the year ended 31 December 2022***1. Legal status and activity**

FORBES LUX FZE (the “establishment”) is a free zone establishment incorporated in the Jebel Ali Free Zone, Dubai, United Arab Emirates pursuant to Law No. 2 of 1986 and implementing Rules and Regulations issued there under by the Jebel Ali Free Zone Authority with **Euro Forbes Limited**, as its shareholder. The establishment’s registered address and place of business is Office No. FZJOA1617, JAFZA One, Jebel Ali Free Zone, P.O. Box 261698, Dubai, United Arab Emirates.

The financial statements of the establishment for the year ended 31 December 2022 reflect activities of FZCO up to 12 January 2022 and thereafter of FZE.

The parent shareholder company is Euro Forbes Limited, Dubai and the ultimate parent company is Eureka Forbes Limited, India.

The establishment is operating under trade license number 106894 with distribution of cookers and cook stoves, refrigerators, washing machines and household electrical appliances, water heaters, filters and purifications devices, electrical and electronics appliances and spare parts as its licensed activity.

Subsequent to the year-end, the management of the establishment intends to cease the operations and liquidate the establishment. Hence these financial statements have been prepared on a liquidation basis.

2. Basis of preparation*Statement of compliance*

In accordance with IAS 1 “Presentation of financial statements”, the establishment has changed the basis of preparing its financial statements from going concern to liquidation. This change of basis was adopted as the standard does not permit use of the going concern basis of accounting if management intends to liquidate the establishment either before or after period-end. As a result of discontinuation of operations of the establishment, the financial statements as at 31 December 2022 have been prepared using liquidation basis of accounting.

Basis of measurement

The financial statements have been prepared on realization basis.

Functional and presentation currency

The financial statements are presented in US Dollars (USD), being the functional and presentation currency of the establishment.

Use of estimates and judgments

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenue, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about the several factors and actual results may differ from reported amounts. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in note 4.

FORBES LUX FZE

Notes to the Financial Statements
for the year ended 31 December 2022

Basis of preparation (cont'd)

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

The establishment has applied all applicable accounting standards and amendments which are effective for annual periods beginning on or after 1 January 2022. The establishment has not early adopted any other standard, interpretation or amendment that has been issued but are not yet effective.

3. Summary of significant accounting policies

The accounting policies applied which are consistent with those of the previous year, in dealing with items that are considered material in relation to the financial statements are as follows:

Property, plant and equipment

Property, plant and equipment are stated at cost together with any related expenses of acquisition less accumulated depreciation and impairment if any. Depreciation is charged using the straight-line method whereby the costs of an asset are depreciated over their estimated useful lives as follows:

Furniture and office equipment	2-5 years
Vehicles	5 years

Inventories

Inventories are valued at lower of cost or net realizable value. Cost of inventories are determined using the weighted average cost method and comprises invoice value plus applicable landing charges. Net realizable value is based on estimated selling price less any further costs expected to be incurred up to disposal.

Financial instruments

Financial assets and financial liabilities are recognized when, and only when, the establishment becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred. Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss on the basis of the establishment's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The establishment's financial assets comprise financial assets measured at amortized cost, comprising loan to parent shareholder company, trade and other receivables and cash and cash equivalents.

Trade receivables

Trade receivables are stated at original invoice amount less provision for any uncollectible amounts or Expected Credit Losses (ECLs). The establishment applies a simplified approach in calculating ECLs.

FORBES LUX FZE**Notes to the Financial Statements**
*for the year ended 31 December 2022***Summary of significant accounting policies (cont'd)****Financial instruments (cont'd)***Financial assets (cont'd)*

Therefore, the establishment doesn't track changes in credit risk, but instead recognizes a loss allowance based on Lifetime ECLs at each reporting date. Loss allowance is based on the establishment's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Other current financial assets

Other current financial assets represent advance to dealers, VAT receivable and refundable deposits.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balance in current accounts that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

The establishment's financial liabilities comprise trade payables and accruals.

Trade payables and accruals

Liabilities are recognized for amounts to be paid in future for goods or services received, whether invoiced by the supplier or not.

Value Added Tax (VAT)

Expenses and assets are recognized net of the amount of VAT except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the Federal Tax Authority, in which case, the VAT is recognized as part of the cost of acquisition of the assets or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the Federal Tax Authority is included as part of receivables or payables in the statement of financial position.

Revenue recognition

The establishment recognizes revenue from contracts with customers based on the five-step model set out in IFRS 15:

Step 1: Identify the contract(s) with the customer

Step 2: Identify the performance obligation in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the establishment satisfies a performance obligation

FORBES LUX FZE**Notes to the Financial Statements**
*for the year ended 31 December 2022***Summary of significant accounting policies (cont'd)****Revenue recognition (cont'd)***Sale of goods*

Revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, generally when the goods are delivered, have been accepted by the customer and collectability of the related receivable is reasonably assured.

Interest income

Revenue from interest income is recognized on a time-proportion basis using the effective interest method.

Staff end of service gratuity

Provision is made for the full amount of end of service gratuity in accordance with the establishment's policy, which is in accordance with U.A.E. Labour Law, for their period of service up to the end of the reporting period. The provision relating to end of service gratuity is classified as a non-current liability.

Foreign currency transactions

Transactions in currencies other than US Dollars are converted into US Dollars at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in currencies other than US Dollars are translated into US Dollars at the rate of exchange ruling at the date of statement of financial position. Resulting exchange gains/losses are taken to the statement of profit or loss and other comprehensive income.

4. Significant judgment employed in applying accounting policies

The significant judgement made in applying accounting policies that has the most significant effect on the amounts recognized in the financial statements is as under:

Net realizable values of assets and settlement amounts of liabilities

Subsequent to the year-end, the management of the establishment intends to cease the operations and liquidate the establishment. Accordingly, the carrying value of the establishment's assets as at date of statement of financial position are presented at estimated net realizable values and all recorded liabilities thereof are presented at estimated settlement amounts based on the estimation of the management.

The establishment's assets and liabilities in the financial statements may differ from the realized amounts of the assets and liabilities of the establishment through liquidation and accordingly, further adjustments may be required to be made to the financial statements.

The management of the parent shareholder company has confirmed its intention to provide necessary financial support to enable the establishment to meet its liabilities as at 31 December 2022 and up to the completion of liquidation.

FORBES LUX FZE

Notes to the Financial Statements
for the year ended 31 December 2022

5. Property, plant and equipment (2022)	<i>Furniture and office equipment USD</i>	<i>Vehicles USD</i>	<i>Total USD</i>
Cost			
As at 01.01.2022	2,462	8,169	10,631
Disposal during the year	<u>-</u>	<u>(8,169)</u>	<u>(8,169)</u>
As at 31.12.2022	<u>2,462</u>	<u>-</u>	<u>2,462</u>
Accumulated depreciation			
As at 01.01.2022	1,878	8,169	10,047
Charge for the year	584		584
Related to disposal	<u>-</u>	<u>(8,169)</u>	<u>(8,169)</u>
As at 31.12.2022	<u>2,462</u>	<u>-</u>	<u>2,462</u>
Net book value			
As at 31.12.2022	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
As at 31.12.2021	<u><u>584</u></u>	<u><u>-</u></u>	<u><u>584</u></u>
Property, plant and equipment (2021)	<i>Furniture and office equipment USD</i>	<i>Vehicles USD</i>	<i>Total USD</i>
Cost			
As at 01.01.2021	1,684	8,169	9,853
Addition during the year	<u>778</u>	<u>-</u>	<u>778</u>
As at 31.12.2021	<u>2,462</u>	<u>8,169</u>	<u>10,631</u>
Accumulated depreciation			
As at 01.01.2021	1,684	8,169	9,853
Charge for the year	<u>194</u>	<u>-</u>	<u>194</u>
As at 31.12.2021	<u>1,878</u>	<u>8,169</u>	<u>10,047</u>
Net book value			
As at 31.12.2021	<u><u>584</u></u>	<u><u>-</u></u>	<u><u>584</u></u>
As at 31.12.2020	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

6. Loan to parent shareholder company

This represents unsecured and 5% p.a. interest bearing loan together with interest accrued thereon advanced to Euro Forbes Limited, the parent shareholder company to meet with its investments, working capital and general corporate requirements, repayable after 3 years from the date of first disbursement of the working capital finance based on the business exigencies of the parent shareholder company.

Movements in this account were as follows:

	<i>2022 USD</i>	<i>2021 USD</i>
Opening balance	-	994,431
Funds advanced	16,338	125,000
Interest charged for the year	-	24,368
Impaired during the year	<u>(16,338)</u>	<u>(1,143,799)</u>
Closing balance	<u><u>-</u></u>	<u><u>-</u></u>

FORBES LUX FZE

Notes to the Financial Statements
for the year ended 31 December 2022

	<u>2022</u> <u>USD</u>	<u>2021</u> <u>USD</u>
7. Inventories		
Goods for resale	-	145,466
Provision for slow moving inventories #	-	(56,853)
	<u>-</u>	<u>88,613</u>

Movement in the provision for slow moving inventories was as follows:

	<u>2022</u> <u>USD</u>	<u>2021</u> <u>USD</u>
Opening balance	56,853	30,374
Utilized during the period	(51,257)	-
Excess provision written back	(5,596)	
Provision for the year	-	26,479
Closing balance	<u>-</u>	<u>56,853</u>

	<i>Local</i> <i>customers</i> <u>USD</u>	<i>Related</i> <i>parties</i> <u>USD</u>	<i>Dealers</i> <u>USD</u>	<u>2022</u> <u>USD</u>	<u>2021</u> <u>USD</u>
8. Trade receivables					
Trade receivables ~	76,505	14,064	3,456,407	3,524,576	3,344,793
Provision for doubtful receivables @	-	(14,064)	(3,456,407)	(3,448,071)	(3,312,705)
	<u>76,505</u>	<u>-</u>	<u>-</u>	<u>76,505</u>	<u>32,088</u>

~Includes USD 14,064 (previous year USD 3,210,761 due from related parties) due from ultimate parent shareholder company on trade account dealings.

The establishment's average credit period is 0 to 120 days for the local customers and in respect of overseas dealers and related parties, open ended credit period is granted. Provision of USD 3,448,071 carried in the accounts is considered adequate by the management.

Since the date of statement of financial position, the establishment has recovered USD 17,400 from trade receivables.

As at 31 December 2022, the ageing of trade receivables was as under:

<i>Total</i> <u>USD</u>	<i>< 120 Days</i> <u>USD</u>	<i>120 - 180 Days</i> <u>USD</u>	<i>181 - 365 Days</i> <u>USD</u>	<i>> 365 Days</i> <u>USD</u>
3,524,576	28,793	124,655	726,073	2,645,055

@ Movement in the provision for doubtful receivables was as under:

	<u>2022</u> <u>USD</u>	<u>2021</u> <u>USD</u>
Opening balance	3,312,705	2,096,694
Provision for the year	135,366	1,216,011
Closing balance	<u>3,448,071</u>	<u>3,312,705</u>

FORBES LUX FZE

Notes to the Financial Statements
for the year ended 31 December 2022

	<i>2022</i> <i>USD</i>	<i>2021</i> <i>USD</i>
9. Advances and other receivables		
Advance to dealers	1,537,269	9,700
Advance to a related party *	-	<u>1,257,569</u>
	1,537,269	1,267,269
Provision for doubtful receivables @	<u>(1,537,269)</u>	<u>(1,267,269)</u>
	-	-
Advance to suppliers	45,041	45,852
Provision for doubtful receivables @	<u>(45,041)</u>	<u>(45,041)</u>
	-	811
VAT recoverable	3,540	3,592
Deposits	<u>7,257</u>	<u>10,204</u>
	<u>10,797</u>	<u>14,607</u>

* This represents unsecured and non interest bearing funds advanced to a related party to meet with its working capital and general corporate requirements which is repayable on demand.

@ Movement in the provision for doubtful receivables was as under:

	<i>2022</i> <i>USD</i>	<i>2021</i> <i>USD</i>
Opening balance	1,312,310	1,267,269
Provision for the year	<u>270,000</u>	<u>45,041</u>
Closing balance	<u>1,582,310</u>	<u>1,312,310</u>
10. Cash and cash equivalents		
Cash on hand	-	1,362
Bank balance in:		
Current accounts	<u>443,706</u>	<u>558,212</u>
	<u>443,706</u>	<u>559,574</u>
11. Share capital		
Authorized:		
1,632 shares of AED 100,000 each (USD 1 converted @ AED 3.6707)	<u>44,460,498</u>	<u>44,460,498</u>
Issued and paid up:		
Euro Forbes Limited, U.A.E.	44,460,498	44,378,853
Forbes Lux International AG, Switzerland	-	<u>81,645</u>
	<u>44,460,498</u>	<u>44,460,498</u>

FORBES LUX FZE**Notes to the Financial Statements**
*for the year ended 31 December 2022***12. Trade payables**

This represent trade payables of USD 1,031,751 (previous year USD 653,188) which include USD 1,023,571 (previous year USD 538,590) due to ultimate parent shareholder company on trade account.

The average credit period on purchase of goods is 0 – 120 days, except for payables to related parties where extended credit period is availed. The establishment has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Since the date of statement of financial position, the establishment has paid USD 8,181 to trade payables.

	<i>2022</i>	<i>2021</i>
	<i>USD</i>	<i>USD</i>
13. Cost of sales		
Opening inventories	145,466	132,074
Purchases (including direct expenses) #	830,554	1,014,003
Closing inventories	-	<u>(145,466)</u>
	<u>976,020</u>	<u>1,000,611</u>
#Net of recovery of expenses from customers.		
14. Administrative and selling expenses		
Director's remuneration and benefits	112,408	62,903
Office rent	14,986	14,986
Warehousing and logistics expenses	10,469	7,282
Other administrative expenses	43,955	35,656
Exchange loss	2,685	518
Selling and distribution expenses	158,058	124,583
Depreciation	584	194
	<u>343,145</u>	<u>246,122</u>

15. Related party transactions and balances

The establishment in the normal course of business enters into transactions with other parties that fall within the definition of related party as contained in the International Accounting Standard – 24: *Related Party Disclosures*. Transactions between the establishment and its related parties are made on terms equivalent to those that prevail in arm's length transactions.

Related parties comprise the ultimate parent shareholder company, shareholder companies, entities under common ownership and/or common management control, and key management personnel as under:

Ultimate parent shareholder company:
Eureka Forbes Limited, India

Shareholder company:
Euro Forbes Limited, UAE

Entities under common ownership and/or common management control:
Aquagnis Technologies Pvt. Ltd., India

FORBES LUX FZE

Notes to the Financial Statements
for the year ended 31 December 2022

Related party transactions and balances (cont'd)

Key management personnel:

Rajagopalan Sambamoorthy - Director
Sunil Dhondiram Uphale – Director / Manager

As at the date of statement of financial position, balances and significant transactions during the year with related parties were as follows:

	2022 USD Dr./.(Cr.)	2021 USD Dr./.(Cr.)
<u>Balances</u>		
Trade receivables:		
Eureka Forbes Limited	14,064	14,064
Euro P2P Direct Thailand Co Ltd*	-	<u>3,196,697</u>
	<u>14,064</u>	<u>3,210,761</u>
Advance:		
Euro P2P Direct Thailand Co Ltd*	-	<u>1,257,569</u>
	-	<u>1,257,569</u>
Trade payable:		
Eureka Forbes Limited	<u>(1,023,571)</u>	<u>(538,590)</u>
	<u>(1,023,571)</u>	<u>(538,590)</u>
Staff end of service gratuity:		
Sunil Dhondiram Uphale	<u>(50,136)</u>	<u>(10,924)</u>
<u>Transactions</u>		
Sales:		
Euro P2P Direct Thailand Co. Ltd	-	<u>(848,583)</u>
	-	<u>(848,583)</u>
Purchases:		
Eureka Forbes Limited	761,131	738,424
Aquagnis Technologies Pvt. Ltd.	-	<u>58,415</u>
	<u>761,131</u>	<u>796,839</u>
Provision for doubtful receivables:		
Euro P2P Direct Thailand Co. Ltd*	-	1,201,947
Eureka Forbes Limited	-	<u>14,064</u>
	-	<u>1,216,011</u>
Director's remuneration and benefits:		
Sunil Dhondiram Uphale	<u>112,408</u>	<u>62,903</u>

FORBES LUX FZE

Notes to the Financial Statements
for the year ended 31 December 2022

Related party transactions and balances (cont'd)

	<i>2022</i>	<i>2021</i>
	<i>USD</i>	<i>USD</i>
	<i>Dr./ (Cr.)</i>	<i>Dr./ (Cr.)</i>
Selling and distribution expenses:		
Euro P2P Direct Thailand Co. Ltd*	-	<u>38,476</u>
Impairment of loan and interest receivable:		
Euro Forbes Limited	-	<u>1,143,799</u>
Interest income		
Euro Forbes Limited	-	<u>(24,368)</u>

* As of 31 December 2022, the company is not a related party due to the change in the group shareholding structure.

Transactions with related parties are as carried out at the terms agreed between the parties. Transactions with related parties also include unsecured and interest free and/or bearing funds provided or received to meet with working capital requirements.

16. Financial instruments: Credit, liquidity and market risk exposures

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. Financial assets, which potentially expose the establishment to concentrations of credit risk, comprise principally bank balance, trade receivables and amount due from related parties and dealers. The establishment's bank balance in current accounts is placed with a high credit quality financial institution.

The establishment has derived 75% of its sales from one overseas distributor (previous year 70% from an overseas related party). As at 31 December 2022, the establishment is exposed to credit risk from trade receivables situated outside the U.A.E. amounting to USD 3,434,007 (previous year USD 3,298,641) due from 2 customers and advances of USD 1,537,268 (previous year USD 1,267,269) due from an overseas distributor. There are no other significant concentrations of credit risk to receivables outside the industry in which the establishment operates.

Liquidity risk

Liquidity risk is the risk that the establishment will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored by the management and parent shareholder establishment, who ensure that sufficient funds are made available to the establishment to meet short, medium and long-term funding and liquidity requirements.

Market risk

Market risk is the risk that changes in market prices, such as interest rate risk and currency risk, will affect the establishment's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In the absence of interest-bearing borrowings, there is no interest rate risk.

FORBES LUX FZE**Notes to the Financial Statements**
*for the year ended 31 December 2022***Financial instruments: Credit, liquidity and market risk exposures (cont'd)****Market risk (cont'd)***Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Except for the following, there are no significant currency risks as substantially all financial assets and financial liabilities are denominated in US Dollars or U.A.E Dirhams, which is fixed to US Dollar rate.

	<i>2022</i> <i>Equivalent</i> <i>USD</i>	<i>2021</i> <i>Equivalent</i> <i>USD</i>
Foreign currency financial asset:		
Bank balance		
Euro	547	6,913
Foreign currency financial liability:		
Trade payables		
Euro	-	108,786

17. Capital risk management

The capital structure of the establishment comprises net debt (trade and other payables offset by bank balances and cash) and equity comprising issued and paid up capital and accumulated losses.

18. Contingent liabilities and capital commitments

There are no contingent liabilities and capital commitments outstanding as at the date of statement of financial position.

19. Comparative figures

Previous year's figures have been regrouped / reclassified wherever necessary to conform to the presentation adopted in the current year. Such reclassification do not affect the previously reported loss, net assets or equity of the establishment.

20. Approval of the financial statements

The financial statements were approved by the Board of Directors on 12 May 2023 and authorized Mr. Sunil Dhondiram Uphale to sign on behalf of the board.