Mold-Tek Packaging FZE

United Arab Emirates

Financial Statements

(Year Ended December 31, 2020)

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ESTABLISHMENT INFORMATION

Shareholder
Mold-Tek Packaging Limited, India

Manager
Mr. Saibaba Tata

Principle activities
The activity of the Establishment as per the commercial license is are "Trading in Plastic & Nylon Raw Materials ".

License no.
5013799

Business address
FAMC0204,
Service block, Al Jazirah Al Hamra
Al Hamra Industrial Zone-FZ
Ras Al Khaimah, United Arab emirates

Banker
Citi Bank, Dubai, United Arab Emirates

Auditors
TRC PAMCO Middle East Auditing and Accounting
P O Box 94570, Dubai
Tel : +971- 04- 2298777
Fax: +971- 04- 2999225
Email : info@trcpamco.com

MANAGER'S REPORT

The Management is pleased to present their report together with audited financial statements of the Establishment for the year ended December 31, 2020.

Principal activity

The activity of the Establishment as per the commercial license is are "Trading in Plastic & Nylon Raw Materials ".

Business review

During the year, the Establishment has generated NIL revenue as compared to previous year's revenue of AED 2.88 million and incurred a loss of AED 0.48 million as compared to previous year loss of AED 2.52 million.

The shareholders of the Establishment has decided to wind up the operations and has transferred the equipment to related parties at fair value. The assets and liabilities are disclosed at the realisable value as on the reporting date. The management has determined that no material changes are required in the assets and liabilities as on the reporting date. The liquidation formalities with the authorities is under process.

Events subsequent to the reporting date

Subsequent to the reporting date, the Company has not undertaken any operations and all the assets and liabilities are stated at realisable value.

Auditors

The Establishment's auditors, TRC PAMCO Middle East Auditing & Accounting, now retire and being eligible, offer themselves for re-appointment.

For Mold-Tek Packaging FZE

Saibaba Tata
Manager
Ras Al Khaimah
April 22, 2021

مولد - تك باكجينغ ليمتد
Ras Al Khaimah
U.A.E
Mold-TekPackaging FZE

INDEPENDENT AUDITOR'S REPORT

The Shareholders
Mold-Tek Packaging FZE
United Arab Emirates

Report on the audit of the financial statements of Mold-Tek Packaging FZE for the year ended December 31, 2020

Opinion

We have audited the accompanying financial statements of Mold-Tek Packaging FZE, UAE ("the Establishment"), which comprises the statement of financial position as at December 31, 2020, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Establishment as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) for Small and Medium Sized Entities.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA's). Our responsibilities under those standards are further described in the auditors responsibilities for the audit of the financial statements of our report. We are independent of the Establishment in accordance with the 'International Ethics Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other Ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of matter

Without qualifying our report emphasis is drawn to the following matters;

Note 2.5- The Establishment has incurred a loss of AED 0.48 million for the year ended December 31, 2020 (2019: AED 2.52 million) and the accumulated losses as on December 31, 2020 were AED 7.76 million (2019: AED 7.28 million) and the net deficit in the equity amounting to AED 2.30 million as at 31 December 2020 (2019 : AED 1.82 million). Further, as on December 31, 2020, the Establishment's current liabilities exceeded its current assets by AED 2.34 million (2019: AED 1.87 million). The shareholder of the Establishment, have provided an undertaking that they will continue to provide or arrange financial support as would be necessary for the Establishment to meet its obligations as they fall due in the foreseeable future and also to get back their money after payment of all other liabilities.

DUBAI: E-09, Al Owais Building, Rigga Road, Deira, P O Box 94570, Tel: +971 4 229 8777, Fax: +971 4 299 9225
ABU DHABI: 405, 4th Floor, Dar Al Salam Building, Corniche Abu Dhabi, P.O. Box 105790, Tel.: +971 2 679 1584, Fax: +971 2 679 0368

INDEPENDENT AUDITOR'S REPORT

Note 2.6 - The shareholders of the Establishment has decided to wind up the operations and has transfered the equipment to related parties at fair value. The assets and liabilities are disclosed at the realisable value as on the reporting date. The management has determined that no material changes are required in the assets and liabilities as on the reporting date. The liquidation formalities with the authorities is under process.

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 IFRS and their preparation in compliance with the applicable provisions of the Ras Al Khaimah 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, the management is responsible for assessing the Establishment's ability to continue as a going concern, 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.

Auditors responsibilities for the audit of the financial statements

Objectives of our audit 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 ISA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgment and maintain professional skepticism through out 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.

PO Box 94570

DUBAI: E-09, Al Owais Building, Rigga Road, Deira, P O Box 94570, Tel: +971 4 229 8777, Fax: +971 4 299 9225
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INDEPENDENT AUDITOR'S REPORT

- 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.

TRC PAMCO ME

TRC PAMCO MIDDLE EAST AUDITING & ACCOUNTING
PO Box 94570
Dubai U.A.E.

TRC PAMCO Middle East Auditing and Accounting
Reg. No: 423
Dubai
April 22, 2021

DUBAI: E-09, Al Owais Building, Rigga Road, Deira, P O Box 94570, Tel: +971 4 229 8777, Fax: +971 4 299 9225
ABU DHABI: 405, 4th Floor, Dar Al Salam Building, Corniche Abu Dhabi, P.O. Box: 105790, Tel.: +971 2 679 1584, Fax: +971 2 679 0368

MOLD-TEK PACKAGING FZE

Statement of financial position as on December 31, 2020

	Notes	As on Dec 31, 2020	As on Dec 31, 2019
		Figures (in AED)	
ASSETS EMPLOYED			
Non current assets			
Property, plant and equipment - Net	3	36,088	44,459
		36,088	44,459
Current assets			
Deposits	4	10,293	35,013
Trade receivables	5	-	489,626
Other receivables	6	507,240	139,432
Cash and cash equivalents	7	188,404	190,566
		705,937	854,637
TOTAL ASSETS		742,025	899,096
FUNDS EMPLOYED			
Shareholders' funds			
Share capital		5,458,000	5,458,000
Accumulated losses		(7,761,113)	(7,280,779)
		(2,303,113)	(1,822,779)
Current liabilities			
Due to related party	8	2,894,545	2,368,356
Trade payable	9	148,593	314,665
Accruals and other payable	10	2,000	38,854
		3,045,138	2,721,876
TOTAL LIABILITIES		742,025	899,096

Annexed notes form an integral part of these financial statements.

For Mold-Tek Packaging FZE

Saibaba Tata
Manager
Ras Al Khaimah
April 22, 2021

مولد تك باكجينغ ليميتد
Ras Al Khaimah
U A E
Mold-TekPackaging FZE

TRC PAMCO MIDDLE EAST AUDITING & ACCOUNTING
PO Box 94570
Dubai U.A.E.

Statement of comprehensive income for the year ended December 31, 2020

	Notes	Year ended Dec 31, 2020	Year ended Dec 31, 2019
		Figures (In AED)	
REVENUE (A)			
Revenue from sale of goods		-	2,880,715
Less : Direct cost	11	-	(3,638,309)
Gross loss		-	(757,594)
EXPENDITURE (B)			
Administrative and general expenses	12	471,963	704,594
Depreciation	3	8,371	225,075
		480,334	929,669
Operational loss for the year (A-B)		(480,334)	(1,687,262)
Finance cost		-	(220,953)
Write back of liabilities not payable		-	25,805
Net loss on sale of asset		-	(633,433)
Net comprehensive loss for the year		(480,334)	(2,515,842)

Annexed notes form an integral part of these financial statements.

For Mold-Tek Packaging FZE

Saibaba Tata
Manager
Ras Al Khaimah
April 22, 2021

Ras Al Khaimah U.A.E.
Mold-Tek Packaging FZE

PO Box 94570 Dubai U.A.E.

MOLD-TEK PACKAGING FZE

Statement of cash flow for the year ended December 31, 2020

	Figures (in AED)	
	Year ended Dec 31, 2020	Year ended Dec 31, 2019
I. FROM OPERATING ACTIVITIES		
Net comprehensive loss for the year	(480,334)	(2,515,842)
Adjustments:		
Depreciation	8,371	225,075
Loss on sales of fixed assets	-	633,433
Cash flow before working capital changes	(471,963)	(1,657,335)
Working capital changes		
Decrease/(increase) in deposits	24,720	272,701
Decrease/(increase) in trade receivable	489,626	1,921,290
Decrease/(increase) in other receivable	(367,808)	80,075
Decrease/(increase) in inventory	-	1,620,479
Decrease/(increase) in due from related party	-	690,818
Increase/(decrease) in trade payables	(166,072)	(1,658,880)
Increase/(decrease) in accruals and other payable	(36,854)	(98,726)
Net cash flow generated from/(used in) operating activities (A)	(528,351)	1,170,423
II. FROM INVESTING ACTIVITIES		
Sale of property, plant and equipment	-	7,831,229
Net cash flow generated from investing activities (B)	-	7,831,229
III. FROM FINANCING ACTIVITIES		
Repayment of bank borrowings	-	(3,870,674)
Proceeds from short term loan	-	(5,186,772)
Net proceeds from unsecured loan	526,189	212,044
Net cash flow generated from/(used in) financing activities (C)	526,189	(8,845,402)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(2,163)	156,250
Cash and cash equivalents at beginning of the year	190,566	34,316
Cash and cash equivalents at end of the year	188,404	190,566
CASH & CASH EQUIVALENTS		
Cash at bank	188,404	190,566
Cash and cash equivalents as per cash flow statement	188,404	190,566

Annexed notes form an integral part of these financial statements.

For Mold-Tek Packaging FZE

Saibaba Tata
Manager
Ras Al Khaimah
April 22, 2021

مولد تك باكجينغ ليمتد
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Mold-TekPackaging FZE

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PO Box 94570
Dubai U.A.E.

Statement of changes in equity for the year ended December 31, 2020

(Amount in AED)

Particulars	Share capital	Accumulated losses	Total
As at January 01, 2019	5,458,000	(4,764,937)	693,063
Net comprehensive loss for the year	-	(2,515,842)	(2,515,842)
As on December 31, 2019	**5,458,000**	**(7,280,779)**	**(1,822,779)**
Net comprehensive loss for the year	-	(480,334)	(480,334)
As on December 31, 2020	**5,458,000**	**(7,761,113)**	**(2,303,113)**

Annexed notes form an integral part of these financial statements.

For Mold-Tek Packaging FZE

Saibaba Tata
Manager
Ras Al Khaimah
April 22, 2021

Significant accounting policies to the financial statements for the year ended December 31, 2020

These financial statements have been prepared for the year ended December 31, 2020

1. LEGAL STATUS, ACTIVITIES AND MANAGEMENT

1.1 Legal status

Mold Tek Packaging FZE was incorporated as a Free Zone Establishment with Limited Liability bearing Registration No. RAKFTZA-FZE-4016196. The Establishment was formed on January 12, 2016 in accordance with the implementing regulations regarding the formation of a Free Zone Establishment.

The registered office of the Establishment is located in the Emirates of Ras Al Khaimah.

As per the Memorandum & Articles of Association and its subsequent amendments: the issued, subscribed and paid up capital of the Establishment as on December 31, 2020 is AED 5,458,000 divided into 5,458 shares of AED 1,000 and all the shares are held by the shareholder(s) as mentioned below:

Shareholder	Country of incorporation	Shares (in nos.)	Amount (AED)	%
Mold-Tek Packaging Limited	India	5,458	5,458,000	100%
Total		**5,458**	**5,458,000**	**100%**

1.2 Activities

The activity of the Establishment as per the commercial license is are "Trading in Plastic & Nylon Raw Materials ".

1.3 Management

The day to day activities is fully controlled and managed by Mr. Saibaba Tata, Indian National holding passport no: Z3172194 and also manager of the Establishment as per trade license.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC).

The financial statements are prepared under the historical cost convention.

2.2 Adoption of new and revised international financial reporting standards (IFRS)

(a) New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs have been adopted in this financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for future transactions or arrangements.

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Significant accounting policies to the financial statements for the year ended December 31, 2020

i. Definition of Material (Amendments to IAS 1 and IAS 8)

ii. Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

iii. Amendments to References to the Conceptual Framework in IFRS Standards

iv. Covid-19-Related Rent Concessions (Amendment to IFRS 16)

***(b)* New and revised IFRSs in issue but not yet effective**

New standards and significant amendments to standards applicable to the Establishment

i. Amendments to IAS 1- "Classification of Liabilities as Current or Non-Current"- The effective date of the amendment is set for annual periods beginning on or after 1 January 2022.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Establishment's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments is not expected to have any material impact on the financial statements of the Establishment in the period of their initial application.

2.3 Use of estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of assets and liabilities, revenues, expenses and the provisions and fair values. Such estimates are necessarily based on assumptions about 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.

In particular, information about significant areas of estimation, uncertainty, and critical judgements in applying accounting policies (that have the most significant effect on the amount recognized in the financial statements) are discussed in Note 19.

2.4 Estimation of uncertainty relating to COVID-19:

The outbreak of Coronavirus (Covid 19) pandemic globally and in Middle East is causing significant disturbance and slowdown of economic activity. The Establishment has considered internal and external information while finalizing various estimates in relation to its financial statement up to the date of approval of the financial statements by the Board of Directors and has not identified any material impact on the carrying value of assets, liabilities or provisions. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Establishment is monitoring the situation closely, and shall take actions as appropriate, based on any material changes in the future economic conditions.

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Significant accounting policies to the financial statements for the year ended December 31, 2020

2.5 Accumulated losses

The Establishment has incurred a loss of AED 0.48 million for the year ended December 31, 2020 (2019: AED 2.52 million) and the accumulated losses as on December 31, 2020 were AED 7.76 million (2019: AED 7.28 million) and the net deficit in the equity amounting to AED 2.30 million as at 31 December 2020 (2019 : AED 1.82 million). Further, as on December 31, 2020, the Establishment's current liabilities exceeded its current assets by AED 2.34 million (2019: AED 1.87 million). The shareholder of the Establishment, have provided an undertaking that they will continue to provide or arrange financial support as would be necessary for the Establishment to meet its obligations as they fall due in the foreseeable future and also to get back their money after payment of all other liabilities.

2.6 Winding up of operations

The shareholders of the Establishment has decided to wind up the operations and has transferred the equipment to related parties at fair value. The assets and liabilities are disclosed at the realisable value as on the reporting date. The management has determined that no material changes are required in the assets and liabilities as on the reporting date. The liquidation formalities with the authorities is under process.

2.7 Revenue recognition

Revenue from the goods are recognized as per the requirement of IFRS 15. Revenue is recognized when the performance obligations are met as per the contracts.

Revenue is recognized at the transaction price mutually agreed between parties. Transaction price is the amount of consideration that an entity expects to be entitled to in exchange for transferring promised goods or services to a customer.

2.8 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets.

Assets	Useful life of assets
Motor vehicles	8 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Significant accounting policies to the financial statements for the year ended December 31, 2020

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the statement of comprehensive income as the expense is incurred.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

2.9 Accounts receivable

Accounts receivable are stated at original invoice amount less an ECL provision. ECL Provision is being made as per IFRS 9 based on the historical performance of the customers and provision matrix.

2.10 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and bank balances.

2.11 Inventories

Inventories are valued at the lower of cost and net realisable value, cost being determined at weighted average method and represents the invoice value of goods purchased plus direct expenses incurred in bringing the inventories to their present state and location.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.12 Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received. In case the invoices are not available, the same is included in the accruals.

2.13 Provisions

Provisions are recognized when the Establishment has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

PANCO MIDDLE EAST AUDITING & ACCOUNTING
PO Box 94570
Dubai U.A.E.

Significant accounting policies to the financial statements for the year ended December 31, 2020

2.14 Foreign currencies

Transactions in foreign currencies are initially recorded by the Establishment at the exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate at the reporting date. All differences arising on settlement or translation of monetary items are taken to the Income statement.

2.15 Financial assets

Initial recognition and subsequent measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Establishment's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Establishment has applied the practical expedient, the Establishment initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Establishment has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a). Financial assets at amortized cost (debt instruments);

b). Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);

c). Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) ;and

d). Financial assets at fair value through profit or loss.

(a) Financial assets at fair value through OCI (debt instruments)

The Establishment measures debt instruments at fair value through OCI if both of the following conditions are met:

a). The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

b). The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding .

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Significant accounting policies to the financial statements for the year ended December 31, 2020

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Establishment's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

(b) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Establishment can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Establishment benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

(c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

Significant accounting policies to the financial statements for the year ended December 31, 2020

(d) Financial assets at amortized cost (debt instruments)

The Establishment measures financial assets at amortized cost if both of the following conditions are met:

a). The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

b). The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

(e) Derecognition of financial assets

A financial asset is primarily derecognized when:

I).The rights to receive cash flows from the asset have expired; Or

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

When the Establishment has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Establishment continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Establishment also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Establishment has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Establishment could be required to repay.

(f) Impairment of financial assets

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

TRC MIDDLE EAST AUDITING & ACCOUNTING PO Box 94570 Dubai U.A.E.

Significant accounting policies to the financial statements for the year ended December 31, 2020

For trade receivables and contract assets, the Establishment applies a simplified approach in calculating ECLs. Therefore, the Establishment does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Establishment has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Establishment applies the low credit risk simplification. At every reporting date, the Establishment evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Establishment reassesses the internal credit rating of the debt instrument.

2.16 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Establishment's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Establishment that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Establishment has not designated any financial liability as at fair value through profit or loss.

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Significant accounting policies to the financial statements for the year ended December 31, 2020

Loans and borrowings

This is the category most relevant to the Establishment. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profiter loss.

(c) Derecognition of financial liabilities

A financial liability is derecognized 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

2.17 Offsetting of financial instruments

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

2.18 Share capital

Proceeds from issuance of ordinary shares are recognized as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.19 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Establishment; or

(b) a present obligation that arises from past events but is not recognized because;

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Establishment.

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2.19 Contingencies (continued..)

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

Notes to the financial statements for the year ended December 31, 2020

3. PROPERTY, PLANT AND EQUIPMENT

(Amount in AED)

Particulars	Motor vehicle	Total
Cost:		
As on January 01, 2020	74,773	74,773
Additions for the year	-	-
(Disposals) for the year		-
As on December 31, 2020	**74,773**	**74,773**
Depreciation:		
As on January 01, 2020	30,314	30,314
for the year	8,371	8,371
(Disposals) for the year		-
As on December 31, 2020	**38,685**	**38,685**
Net value		
As on December 31, 2020	**36,088**	**36,088**
As on December 31, 2019	44,459	44,459

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Notes to the financial statements for the year ended December 31, 2020

		(Amount in AED)	
		As on Dec 31, 2020	As on Dec 31, 2019
4.	**DEPOSITS**		
	Security deposits	10,293	35,013
		10,293	35,013
5.	**TRADE RECEIVABLE**		
	Accounts receivable	113,068	561,062
	Less: Excepted credit loss (ECL)	(113,068)	(71,436)
		-	489,626
	Ageing of trade receivables as on December 31, 2020 is as follows:		
	Less than 180 days	-	-
	More than 180 days	113,068	561,062
		113,068	561,062
6.	**OTHER RECEIEVABLE**		
	Payment made to FTA under protest	507,240	139,432
		507,240	139,432

*During the year the Federal Tax Authority (FTA) has imposed the Establishment to pay penalty for late payment of taxes and Voluntary disclosure on fixed and percentage basis. The Establishment has paid the penalty amount to FTA under protest. However the Establishment has submitted representation pursuant to article 46 of Federal Law no. 7 of 2017 on tax procedures, requesting for exemption of administrative penalty as the penalty was imposed on the grounds of incorrect interpretation of VAT Law. As on the reporting date, the matter is under consideration.

Details of Payment made to FTA under protest are given below:-

Net VAT output payable	(1,033)
Payment made to FTA under protest	508,273
Net VAT receivable outstanding	507,240

7.	**CASH AND CASH EQUIVALENTS**		
	Cash at bank	188,404	190,566
		188,404	190,566
8.	**DUE TO RELATED PARTY**		
	M/s Moldtek Packaging Limited, India	2,894,545	2,368,356

Loan from related party is interest bearing, unsecured and does not have a fixed repayment schedule. Since the Establishment has decided to wind up the operations, no interest is being charged based on the mutual agreements entered by the parties.

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Notes to the financial statements for the year ended December 31, 2020

		(Amount in AED)	
		As on Dec 31, 2020	As on Dec 31, 2019
9.	**TRADE PAYABLE**		
	Trade creditors	**148,593**	314,665
		148,593	314,665
	Break up of trade payables is as follows:		
	Due to related parties	**148,593**	309,153
	Due to non related parties	-	5,513
		148,593	314,665
10.	**ACCRUALS AND OTHER PAYABLE**		
	Advances from customer	-	35,802
	Salary and expenses payable	**2,000**	2,137
	Other expenses payable	-	915
		2,000	38,854

		(Amount in AED)	
		Year ended Dec 31, 2020	Year ended Dec 31, 2019
11.	**DIRECT COST**		
	Opening balance of stock	-	1,620,479
	Add: Purchases and direct expenses	-	2,017,830
	Less: Closing stock	-	-
		-	3,638,309
12.	**ADMINISTRATIVE AND GENERAL EXPENSES**		
	Selling and distribution expenses	**31,406**	288,676
	Travelling expenses	**25,468**	81,822
	Other expenses	**55,985**	85,513
	Expected credit loss (ECL) expense	**41,632**	-
	Repair and maintenance	-	111,118
	Professional and consultancy expense	**15,776**	107,520
	VAT payment*	**293,444**	-
	Insurance	**1,470**	20,866
	Bank charges	**6,782**	9,079
		471,963	704,594

*During the previous years (January 2018 till May 2019), the Establishment has filed VAT return with incorrect interpretation of VAT Law. The Establishment had paid the VAT liability after submission of Voluntary Disclosure with Federal Tax Authority.

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Notes to the financial statements for the year ended December 31, 2020

13. FINANCIAL INSTRUMENTS

The management believes that the fair value of the financial assets and liabilities are not significantly different from their carrying amounts at balance sheet date.

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed. The primary risks to which the business is exposed, comprise credit risks, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

a. Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the end of the reporting period. The Establishment has no significant concentration of credit risk.

The Establishment's bank account are placed with high credit quality financial institution. The Establishment manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. Credit risk is limited to the carrying value of financial assets in the balance sheet.

The maximum exposure to credit risk at the end of the reporting year is:

Figures (in AED)

	As on Dec 31, 2020	As on Dec 31, 2019
Deposits	**10,293**	35,013
Trade receivables	**-**	489,626
Other receivables	**507,240**	139,432
	517,533	664,071

b. Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions, recognized assets and liabilities are denominated in a currency that is not the Establishment's functional currency. The Establishment does not have any significant currency risk as the Establishment's transactions are mainly in United Arab Emirate Dirham (AED) and US Dollar (USD) and the Currency rate for USD to AED is pegged.

c. Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to change in market interest rates. The Establishment has income and operating cash flows are substantially independent of the changes in market interests rates. The borrowings from banks are interest bearing at float rate , but warrant no significant interest risk for the establishment due to a reasonable stable economic condition of the economy.

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Notes to the financial statements for the year ended December 31, 2020

13. FINANCIAL INSTRUMENTS (continued...)

d. Capital risk management

The Establishment manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Establishment's overall strategy remains unchanged during the period.

e. Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from inability to sell a financial asset quickly at close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

The following are the contractual maturities of financial liabilities:

(Figures in AED)

	Carrying value	Within 1 year	1 to 5 years	More than 5 years
As on Dec 31, 2020				
Due to related party	2,894,545	2,894,545	-	-
Trade payable	148,593	148,593	-	-
Accruals and other payable	2,000	2,000	-	-
	3,045,138	**3,045,138**	-	-

(Figures in AED)

	Carrying value	Within 1 year	1 to 5 years	More than 5 years
As on Dec 31, 2019				
Due to related party	2,368,356	2,368,356	-	-
Trade payable	314,665	314,665	-	-
Accruals and other payable	38,854	38,854	-	-
	2,721,876	**2,721,876**	-	-

14. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING DATE

The shareholders of the Establishment has decided to wind up the operations and has transferred the equipment to related parties at fair value. The assets and liabilities are disclosed at the realisable value as on the reporting date. The management has determined that no material changes are required in the assets and liabilities as on the reporting date. The liquidation formalities with the authorities is under process.

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Notes to the financial statements for the year ended December 31, 2020

15. CONTINGENT LIABILITIES

During the year the FTA had imposed the Establishment to pay penalty for late payment of taxes and penalty for Voluntary disclosure on fixed and percentage basis. However the Establishment had submitted representation pursuant to article 46 of Federal Law no. 7 of 2017 on tax procedures, requesting for exemption of administrative penalty as the penalty was imposed on the grounds of incorrect interpretation of VAT Law. As on reporting date the judgment is pending and AED 508,273 is paid to FTA under protest. Subject to the outcome of the decision of FTA, AED 508,273 will be accounted as expenses in the subsequent years.

17. RELATED PARTY TRANSACTIONS

The Establishment enters into transactions with companies and entities that fall within definition of a related party as contained in International Accounting Standard 24 Related Party Disclosures. Related parties comprises companies and entities under common ownership and/ or common management and control and key management personnel. All the related parties transactions are on arm length terms.

Relationship, transactions with related parties and balances due to or from related parties are as follow:

NAME OF THE RELATED PARTY	RELATIONSHIP
M/s. Moldtek Packaging Limited, India	Parent company
M/s. Moldtek Packaging Limited, Daman	Under common control
M/s. Mold-Tek Packaging Ltd, Annaram	

(Amount in AED)

	Year ended Dec 31, 2020	Year ended Dec 31, 2019
A. Transactions during the year		
M/s. Moldtek Packaging Limited, India		
Net Fund transferred	**526,189**	1,874,336
Purchases and expenses	-	42,467
Interest expense on loan	-	33,085
Expenses written back	-	137,561
Transfer from Moldtek Packaging Limited-Daman	-	716,520

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Notes to the financial statements for the year ended December 31, 2020

	(Amount in AED)	
	Year ended Dec 31, 2020	Year ended Dec 31, 2019
M/s. Moldtek Packaging Limited, Daman		
Sales	-	36,056
Sale of property, plant and equipment	-	2,914,688
Fund received (Net)	-	3,667,264
Transfer of balance to Moldtek Packaging Limited	-	716,520
M/s. Mold-Tek Packaging Ltd, Annaram		
Sale of goods	-	682,747
Sale of property, plant and equipment	-	4,916,541
Fund received (Net)	-	6,290,106

B. Amount due from/due to related parties at the end of the year

Amount due to M/s. Moldtek Packaging Limited, India		
Loan payable	**2,894,545**	2,335,271
Trade payable	**148,593**	309,153
Interest payable	-	33,085
	3,043,138	2,677,509

18. SEGMENT REPORTING

There are no separate business line to be reported as per the management and hence, there are no reportable business segment.

19. KEY SOURCES OF ESTIMATION UNCERTAINTY

a. Useful lives of property and equipment

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

b. Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

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Notes to the financial statements for the year ended December 31, 2020

20. GENERAL

a. Figures in the financial statements are rounded off to the nearest United Arab Emirates Dirham.

b. In the opinion of the management, all the assets as on December 31, 2020 as shown in the financial statement are existing and realizable at the amount shown against them, and there are no liabilities against the concern, contingent or otherwise, not included in the above financial statements.

c. Previous year figures are regrouped and (or) reclassified, wherever necessary for better presentation of financial statements and they are shown for comparison purposes only.

For Mold-Tek Packaging FZE

Saibaba Tata
Manager
Ras Al Khaimah
April 22, 2021

مولد . تك باكجينغ ليميتد
Ras Al Khaimah
U.A.E.
Mold-TekPackaging FZE

T R C PASCO MIDDLE EAST AUDITING & ACCOUNTING
PO Box 94570
Dubai U.A.E.