

# **CLEANMAX SOLAR MENA FZCO**

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED 31 MARCH 2023**

# CLEANMAX SOLAR MENA FZCO

## CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT YEAR ENDED 31 MARCH 2023

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**INDEPENDENT AUDITOR'S REPORT****To the Shareholder of CLEANMAX SOLAR MENA FZCO****Report on the Audit of the Consolidated Financial Statements****Opinion**

We have audited the consolidated financial statements of **CLEANMAX SOLAR MENA FZCO** (the "Company" or the "Parent company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates (UAE), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Related to Going Concern**

We draw attention to note 4 (c) to the consolidated financial statements, which states that the Group has incurred a loss of AED 11,397,789 for the year ended 31 March 2023 and at that date, the Group's losses aggregated to AED 12,148,473. Further, certain subsidiaries of the Group have accumulated losses and net deficit in their equity funds. These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. However, the shareholder has agreed to continue with the operations of the Group and has agreed to provide continuing financial support to enable the Group to discharge its liabilities as and when they fall due. Accordingly, these consolidated financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

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**INDEPENDENT AUDITOR'S REPORT**

(continued)

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

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs, and for their compliance with applicable provision of the Dubai Airport Free Zone Implementing Regulations 2021, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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**INDEPENDENT AUDITOR'S REPORT**

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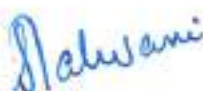
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

**Report on Other Legal and Regulatory Requirements**

We further confirm that the consolidated financial statements comply with the applicable provisions of the Dubai Airport Free Zone Implementing Regulations 2021.

For PKF

**S. Lalwani**

Partner

Registration No. 5468

Dubai

United Arab Emirates

22 May 2023

# CLEANMAX SOLAR MENA FZCO

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	2023 AED	2022 AED
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	30,916,554	17,403,826
Investment	9	16,854,454	16,077,892
Other financial assets	10	14,924,867	24,883,674
		<u>62,695,875</u>	<u>58,365,392</u>
<b>Current assets</b>			
Inventories	11	4,972,343	5,656,600
Trade and other receivables	12	2,684,954	2,431,677
Other current assets	13	4,669,403	1,746,786
Due from a related party	14	236,444	275,409
Contract assets	15	6,647,982	3,552,673
Other financial assets	10	99,000	1,173,322
Cash and cash equivalents	16	17,870,790	7,227,087
		<u>37,180,916</u>	<u>22,063,554</u>
<b>Total assets</b>		<u>99,876,791</u>	<u>80,428,946</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	17	16,877,000	6,858,000
Share premium	18	19,830,420	887,440
Share application money	19	14,775,948	9,017,200
Statutory reserve		1,366	1,366
Accumulated losses		(12,148,473)	(750,684)
Foreign currency translation reserve		(739,171)	69,528
<b>Equity attributable to shareholder of the Parent</b>		<u>38,597,090</u>	<u>16,082,850</u>
Non-controlling interest	20	155,996	153,000
<b>Total shareholder's funds</b>		<u>38,753,086</u>	<u>16,235,850</u>
<b>Non-current liabilities</b>			
Loans from shareholder	21	17,701,527	7,464,927
Long-term borrowings	22	13,851,133	14,870,650
Provision for staff end-of-service benefits	23	169,567	173,720
		<u>31,722,227</u>	<u>22,509,297</u>
<b>Current liabilities</b>			
Loans from shareholder	21	663,961	16,960,134
Short-term borrowings	24	668,360	723,865
Due to related parties	14	11,159,361	2,682,846
Trade and other payables	25	3,502,970	9,800,298
Other current liabilities	26	5,641,684	5,636,759
Contract liabilities	15	7,765,142	5,879,897
		<u>29,401,478</u>	<u>41,683,799</u>
<b>Total liabilities</b>		<u>61,123,705</u>	<u>64,193,096</u>
<b>Total equity and liabilities</b>		<u>99,876,791</u>	<u>80,428,946</u>

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

Approved and authorised for issue by the shareholder on 15 May 2023 and signed on their behalf by Ms. Shivani Agrawal.

For **CLEANMAX SOLAR MENA FZCO**

  
DIRECTOR



## CLEANMAX SOLAR MENA FZCO

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 AED	2022 AED
Revenue	28	39,585,839	50,162,781
Cost of sales	29	(43,494,843)	(47,425,810)
Gross (loss)/profit		(3,909,004)	2,736,971
Other income	30	90,776	170,162
Gain on loss of control over subsidiary (net)	3	—	2,667,869
Share of profit from associate	9	776,562	212,692
Administrative expenses	31	(7,223,236)	(5,462,760)
Interest income	32	1,514,828	855,895
Finance costs	33	(2,647,715)	(3,609,498)
<b>LOSS FOR THE YEAR</b>		<b>(11,397,789)</b>	<b>(2,428,669)</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
(Loss)/gain on translation of foreign operations		(808,699)	128,682
<b>Other comprehensive income for the year</b>		<b>(808,699)</b>	<b>128,682</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(12,206,488)</b>	<b>(2,299,987)</b>
<b>Loss attributable to:</b>			
Shareholder of the parent		(12,206,488)	(2,299,987)
Non-controlling interest		—	—
		<b>(12,206,488)</b>	<b>(2,299,987)</b>

The accompanying notes form an integral part of these consolidated financial statements.

The report of the independent auditor is set forth on pages 1 to 3.

# CLEANMAX SOLAR MENA FZCO

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Attributable to the shareholder of the Parent					Non-controlling Interest	Total
	Share capital	Share premium	Share application money	Statutory reserve	Accumulated losses <sup>(a)</sup>	Foreign currency translation reserve	Total
	AED	AED	AED	AED	AED	AED	AED
Balance at 1 April 2021	3,800,000	18,081,844	4,000,000	34,049	(14,642,173)	(59,154)	9,214,596
Issue of share capital	3,058,000	942,000	(4,000,000)	-	-	-	-
Share premium received <sup>(a)</sup>	-	-	-	-	-	-	-
Share application money for issuance of additional shares	-	-	9,017,200	-	-	-	9,017,200
Comprehensive income	-	-	-	-	-	-	-
- Loss	-	-	-	-	(2,428,669)	-	(2,428,669)
- Foreign currency translation reserve	-	-	-	-	-	128,682	128,682
Total comprehensive income	-	-	-	-	(2,428,669)	128,682	(2,299,987)
Transaction costs	-	(54,560)	-	-	-	-	(54,560)
Adjustments	-	-	-	(32,683)	32,683	-	-
Adjustment on loss of control over subsidiary	-	(18,081,844)	-	-	16,287,475	-	205,631
Balance at 31 March 2022	6,858,000	887,440	9,017,200	1,366	(750,684)	69,528	16,082,850
Issue of share capital	10,019,000	-	-	-	-	-	10,019,000
Share premium received	-	19,019,100	-	-	-	-	19,019,100
Share application money for issuance of additional shares	-	-	5,758,748	-	-	-	5,758,748
Increase in share capital of a subsidiary	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	-	-	-
- Loss	-	-	-	-	(11,397,789)	-	(11,397,789)
- Foreign currency translation reserve	-	-	-	-	-	(808,699)	(808,699)
Total comprehensive income	-	-	-	-	(11,397,789)	(808,699)	(12,206,488)
Transaction costs	-	(76,120)	-	-	-	-	(76,120)
Balance at 31 March 2023	16,877,000	19,830,420	14,775,948	1,366	(12,148,473)	(739,171)	38,597,090
						156,996	38,753,086

The accompanying notes form an integral part of these consolidated financial statements.

The report of the independent auditor is set forth on pages 1 to 3.

- (a) This represented the net amount received from the shareholders of the erstwhile subsidiary prior to loss of control.  
 (b) Accumulated losses include AED 15,685,200 representing non distributable reserves of an associate which is in the nature of share premium.

# CLEANMAX SOLAR MENA FZCO

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	2023 AED	2022 AED
<b>Cash flows from operating activities</b>		
Loss for the year	(11,397,789)	(2,428,669)
Adjustments for:		
Depreciation of property, plant and equipment	687,785	323,023
Finance costs	2,647,715	3,609,498
Gain on loss of control over a subsidiary (net)	–	(2,667,869)
Share of profit from associate	(776,562)	(212,692)
Provision for staff end-of-service benefits	124,278	37,776
	(8,714,573)	(1,338,933)
Changes in:		
- Inventories	684,257	(5,441,793)
- Trade and other receivables	(253,277)	(882,700)
- Other current assets	(2,922,617)	(474,135)
- Contract assets	(3,095,309)	(2,335,562)
- Trade and other payables	(6,297,328)	4,793,884
- Other current liabilities	4,925	5,535,588
- Contract liabilities	1,885,245	5,760,015
Staff end-of-service benefits paid	(191,158)	(19,409)
Cash (used in)/generated from operations	(18,899,835)	5,596,955
Interest paid	(2,407,663)	(3,522,894)
Net cash (used in)/from operating activities	(21,307,498)	2,074,061
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(14,366,152)	(33,168,773)
Disposal on property, plant and equipment	165,639	–
Increase in other financial assets	11,033,129	(1,118,322)
Net movements in investment in associate	–	9,298,243
Receipts from/(payments to) related parties	41,961	(275,409)
Net cash used in investing activities	(3,125,423)	(25,264,261)
<b>Cash flows from financing activities</b>		
Net movement in share premium	–	39,704,258
Receipts from share application money	34,796,848	9,017,200
Receipts from/(payments to) related parties	8,539,242	(24,883,674)
Repayment of borrowings (net)	(1,075,022)	(1,431,147)
Transaction costs paid	(76,120)	–
Receipts from loan from third party (net)	–	9,153,884
(Repayment of loan to)/loan availed from shareholder (net)	(6,299,625)	684,769
Receipts from a related party (net)	–	(1,750,143)
Receipts from a shareholder towards share capital (net)	–	3,351,740
Net cash from financing activities	35,885,323	33,846,887
<b>Foreign currency translation difference</b>	(808,699)	128,682
<b>Adjustments in cash and cash equivalents on loss of control</b>	–	(7,500,844)
<b>Net increase in cash and cash equivalents</b>	10,643,703	3,284,525
<b>Cash and cash equivalents at beginning of year</b>	7,227,087	3,942,562
<b>Cash and cash equivalents at end of year (note 16)</b>	17,870,790	7,227,087

The accompanying notes form an integral part of these consolidated financial statements.

The report of the independent auditor is set forth on pages 1 to 3.

# CLEANMAX SOLAR MENA FZCO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 1. LEGAL STATUS AND BUSINESS ACTIVITY

- a) **CLEANMAX SOLAR MENA FZCO** (the "Company" or the "Parent company") is a free zone company with limited liability incorporated in Dubai, United Arab Emirates under Implementing Regulation No. 1/98 issued by the Dubai Airport Free Zone Authority pursuant to Law No. 2 of 1998 and its amendment No. (2) of 2000 and amendment Law No. (25) of 2009 (repealed by Dubai Airport Free Zone Authority Company Regulation 2021). The Company was registered on 23 May 2017 and commenced its operations since then. The registered address is 2E M032, Dubai Airport Free Zone, Dubai, UAE. These consolidated financial statements include the operating result of branch with license no. 3348 and operating results of the subsidiaries as mentioned in note 1(c).
- b) The principal activities of the Parent company and its subsidiaries (note 1(c)) (together referred to as "the Group") during the year were solar energy systems & components trading and power generation, transmission & distribution equipment, electrical fitting contracting, solar energy system installation, business management consulting and general service and engaged in production, assembly, distribution and management services to build a power plant.
- c) These consolidated financial statements include the assets, liabilities and the results of operations of the Company and its following subsidiaries:

Name of the subsidiary	Country of incorporation	Legal ownership %	Beneficial ownership / controlling interest %	Principal activity	License/ Registration no.
Sunroofs Enviro Solar Energy Systems LLC <sup>(i)</sup>	United Arab Emirates	0%	100%	Electrical fitting contracting and solar energy system installation	801633
CleanMax IHQ (Thailand) Company Limited <sup>(ii)</sup>	Thailand	100%	100%	Business management consulting and general service	105561090550
CleanMax Energy (Thailand) Co., Ltd. <sup>(iii)</sup>	Thailand	100%	100%	Production, assembly, distribution and management services to build a power plant.	0105562063327
Cleanmax Engineering (Thailand) Company Limited <sup>(iv)</sup>	Thailand	100%	100%	Business management consulting and general service	0105565163748

- (i) The investment is made by the Company through one of its directors, who is acting as a nominee shareholder on behalf of the Company. The Company does not hold any share capital in Sunroofs Enviro Solar Energy Systems LLC; however, it is able to exercise control over its financial and operating policies by virtue of de-facto control.
- (ii) Out of 100,000 shares, 2 shares are held by individuals as a nominee shareholder. The Parent company holds remaining 99,998 shares.
- (iii) Out of 25,000 shares, 2 shares are held by individuals as a nominee shareholder. The Parent company holds remaining 24,998 shares.

## CLEANMAX SOLAR MENA FZCO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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(iv) Out of 599 shares, 354 shares are held by one company (Asian Legal Solutions Holding Co Ltd) as a nominee shareholder. The Parent company holds remaining 245 shares.

- d) The parent and the ultimate parent company is Clean Max Enviro Solutions Pvt Ltd., India. The management and control are vested with Ms. Shivani Agrawal and Mr. Kuldeep Jain, Directors, who are Indian nationals.

#### 2. BASIS OF CONSOLIDATION

- a) The consolidated financial statements comprise the financial statements of the Parent company and its subsidiaries for the year ended 31 March 2023. Control is achieved when the Parent company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent company controls an investee if and only if the Parent company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.
- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual agreements.
- The Parent's voting rights and potential voting rights.

The Parent company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of subsidiaries begins when the Parent company obtains control over the subsidiary and ceases when the Parent company loses control of the subsidiaries. Assets, liabilities, income and expenses of subsidiaries acquired or disposed off during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent company gains control until the date the Parent company ceases to control the subsidiaries.

Profit or loss and each component of other comprehensive income (OCI) are attributed to equity holders of the Parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into the line with the Group's accounting policies. All intra-group balances, transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Losses within a subsidiary are attributable to the non-controlling interest even if that results in a deficit balance.

## CLEANMAX SOLAR MENA FZCO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

- b) These consolidated financial statements comprise the net results of operations and the operating assets and liabilities of the Parent company and its subsidiaries consolidated on a line-by-line basis.
- c) All material unrealised profit, where applicable on inter-company inventory/services that are purchased/availed have been eliminated.
- d) The results of the subsidiaries acquired or disposed off during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as applicable.
- e) The reporting date of above-mentioned entities are 31 March.
- f) Non-controlling interest in the net assets of subsidiaries is identified separately from the Parent company's share of equity. The interest of non-controlling shareholders is the amount of interest at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Losses applicable to the non-controlling interest in excess of the non-controlling shareholders' interest in the subsidiaries' equity are allocated against the interest of the Parent company except to the extent that the non-controlling shareholders have a binding obligation and is able to make an additional investment to cover the losses.

#### 3. LOSS OF CONTROL OF SUBSIDIARY

In previous year, CleanMax Alpha LeaseCo FZCO (the "company") entered into a shareholders' agreement on 14 May 2021 and issued 250 new shares at a price of USD 24,000 per share to Paragon Cleantech Pvt Ltd. Consequent to issue of shares, the Parent company lost control over the company on 7 October 2021 and recognised its investment as an investment in associate at fair value.

Following adjustments on account of loss of control of subsidiary are accounted and necessary adjustments are made at appropriate places in the consolidated financial statements.

		7 October 2021 AED
<b>Assets</b>		
Property, plant and equipment (fair value)		60,796,013
Trade and other receivables		1,495,845
Contract assets		20,829
Cash and cash equivalents		7,500,844
<b>Total assets</b>	<b>(A)</b>	<b>69,813,531</b>
<b>Liabilities</b>		
Short – term borrowings		14,690,000
Provision for staff end-of-service benefits		39,304
Trade and other payables		340,679
<b>Total liabilities</b>	<b>(B)</b>	<b>15,069,983</b>
Net assets transferred	<b>(C) = (A) – (B)</b>	<b>54,743,548</b>
Consideration received	<b>(D)</b>	<b>–</b>
	<b>(E) = (D) – (C)</b>	<b>54,743,548</b>

# CLEANMAX SOLAR MENA FZCO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

		7 October 2021 AED
Represented by:		
Investment in associate (note 9):		
- Share capital		180,000
- Fair value adjustment		15,685,200
Assets recognised (intercompany balances)		7,173,499
Adjustments relating to:		
- Non-controlling interest		29,242,611
- Share premium		16,081,844
- Retained earnings		(16,287,475)
Total	(F)	52,075,679
Gain on loss of control	(G) = (E) – (F)	2,667,869

### 4. BASIS OF PREPARATION

#### a) Statement of compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2022, and the requirements of the Dubai Airport Free Zone Implementing Regulations 2021.

#### b) Basis of measurement

The consolidated financial statements are prepared using historical cost, except for certain assets carried at fair value.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### c) Going concern

The consolidated financial statements are prepared on a going concern basis.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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The Group has incurred a loss of AED 11,397,789 for the year ended 31 March 2023 and at that date, the Group's losses aggregated to AED 12,148,473. Further, the following subsidiaries of the Group have accumulated losses and net deficit in their equity funds:

- i. Sunroofs Enviro Solar Energy Systems LLC incurred a loss of AED 6,470,288 for the year ended 31 March 2023, and at that date, the accumulated losses amounted to AED 14,442,433, its current liabilities exceeded its current assets by AED 14,082,235 and had a net deficit of AED 14,141,067 in equity funds.
- ii. CleanMax IHQ (Thailand) Company limited incurred a loss of AED 31,784 for the year ended 31 March 2023, and at that date, the accumulated losses amounted to AED 2,477,495 and it had a net deficit of AED 1,400,745 in equity funds.
- iii. CleanMax Energy (Thailand) Co Ltd. Limited at that date, the accumulated losses amounted to AED 272,699.
- iv. Cleanmax Engineering Thailand Co. Ltd. incurred a loss of AED 844,004 for the year ended 31 March 2023, and at that rate date, the accumulated losses amounted to AED 844,004, its current liabilities exceeded its current assets by AED 869,961 and had a net deficit of AED 869,961.

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

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

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

The following amendments, improvements and interpretations which became effective for current period, did not have any significant impact on the Group's consolidated financial statements:

- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 1
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018–2020
  - IFRS 9 Financial Instruments
  - IFRS 16 Leases
  - IFRS 1 First-time Adoption of International Financial Reporting Standards
  - IAS 41 Agriculture

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

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

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (1 January 2023)
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (1 January 2023)
- Definition of Accounting Estimates – Amendments to IAS 8 (1 January 2023)
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold to an associate or a joint venture (The IASB postponed the effective date of this amendment indefinitely). (Early adoption is permitted).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (1 January 2023)

e) **Functional and presentation currency**

Although the functional currencies of the Parent company and its subsidiaries are the local currency of the country of domicile in which they operate, the consolidated financial statements are presented in UAE Dirhams (AED) which is considered as the Group's reporting currency.

5. **SIGNIFICANT ACCOUNTING POLICIES**

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

a) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of the assets as follows:

Solar equipment	25 years
Furniture and fixtures	5 years
Office equipment	5 years
Tools and equipment	5 years

Capital work-in-progress is stated at cost less any impairment losses and is not depreciated. This will be depreciated from the date the relevant assets are ready for use.

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

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other income/administrative expenses' in profit or loss.

**b) Impairment of tangible assets**

At each reporting date, the management reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where it is not possible to estimate the recoverable amount of an individual asset, the acquirer estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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c) **Investment in associates**

Investments where the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the share capital of the investee company, are treated as associates and accounted for under the equity method of accounting stating the investment initially at cost/fair value and adjusted for the Group's share of the changes in net assets of the investee company after the date of acquisition, and for any impairment in value.

d) **Inventories**

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

Goods-in-transit represents the inventory over which Group has legal title based on terms of purchase, but which are physically not received at the Group's warehouse.

e) **Share premium**

The amount received in excess of the par value of equity shares has been classified as share premium under equity. Further, the transaction costs relating to additional shares issues deducted from the share premium under equity.

f) **Share application money**

The amount received as application money for issuance of equity shares in future has been classified as share application money under equity. Further, the transaction costs relating to additional shares issues deducted from the share application under equity.

g) **Staff benefits**

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

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

h) **Statutory reserve**

Statutory reserve is created by appropriating 5% of the profit of, Sunroofs Enviro Solar Energy Systems LLC (the "subsidiary") as required by Article 103 of the UAE Federal Law No. (32) of 2021. The shareholder may resolve to discontinue such deduction when the reserve totals 50% of the paid-up share capital. The reserve is not available for distribution except as provided in the Federal Law. During the year, no transfer of statutory reserve has been made on account of loss incurred by the subsidiary.

i) **Revenue recognition**

The Group is in the business of solar energy systems & components trading and power generation, transmission & distribution equipment, electrical fitting contracting, solar energy system installation, sale of solar power and engaged in production, assembly, distribution and management services to build a power plant.

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

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

1. Identify the contracts with customers: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the Group satisfies a performance obligation at a point in time or over time.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

### ***Construction contracts***

Contract revenues are recognised over a period of time, based on the stage of completion of the contract activity. Revenue is measured based on the proportion of contract costs incurred for satisfying the performance obligation to the total estimated contract costs.

Contract revenues are recognised based on the stage of completion of the contract activity. Revenue is measured based on the proportion of contract costs incurred for satisfying the performance obligation to the total estimated contract costs, there being a direct relationship between the input and the productivity. Claims are accounted for as income when accepted by the customer.

Expected loss, if any, on contracts are recognised as expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

Contract modifications are accounted for, when additions, deletions or changes are approved either to the contract scope or contract price. Accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is a standalone selling price. Services added that are not distinct are accounted for on a cumulative catch-up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

### ***Sale of services***

Revenue from services rendered over time, such as operation and maintenance contracts, are recognised on straight line basis over the period of the performance obligation.

Contracts for composite sale of goods and services comprise of two performance obligations because the promise to transfer the goods and promise to provide services are capable of being distinct and separately identifiable. The Group allocates the transaction price based on the relative stand-alone selling prices of the goods and services.

The Group has concluded that revenue from sale of services should be recognised over time using input method.

### ***Sale of energy***

Revenue from the supply of energy is recognised on the basis of electricity provided during the year on an accruals basis with reference to the meter readings.

Contract assets represents the energy income earned but not billed to the clients.

## **j) Contract costs**

Contract costs comprise costs incurred to fulfil a contract that meet all of the following criteria

## CLEANMAX SOLAR MENA FZCO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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- The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- The costs are expected to be recovered under the terms of the contract with the customer.

Costs that relate directly to a contract (or a specific anticipated contract) include any of the following:

- Direct labor salaries and wages of employees who provide the promised services directly to the customer;
- Direct materials used in providing the promised services to a customer;
- Allocations of costs that relate directly to the contract or to contract activities, including costs of contract management and supervision, insurance, and depreciation of tools and equipment used in fulfilling the contract;
- Costs that are explicitly chargeable to the customer under the contract;
- Other costs that are incurred only because Group entered into the contract such as payments to subcontractors.

Depiction of a Group's performance might be to recognise revenue at an amount equal to the cost of a good used to satisfy a performance obligation if the Group expects at contract inception that all of the following conditions would be met:

- The good is not distinct.
- The customer is expected to obtain control of the good significantly before receiving services related to the good.
- The cost of the transferred good is significant relative to the total expected costs to completely satisfy the performance obligation.
- The Group procures the goods from a third party and is not significantly involved in designing and manufacturing the goods.

k) **Contract assets**

A Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised from the earned consideration that is conditional. The contract assets are transferred to receivable when the rights become unconditional.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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l) **Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

m) **Leases**

The Group leases office premises. Rental contracts are typically made for fixed periods of 12 months but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants, however leased assets may not be used as security for borrowing purposes.

**Short-term leases**

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

n) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, bank balance in current accounts and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit.

o) **Foreign currency transactions**

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

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

Gains or losses resulting from foreign currency transactions are taken to profit or loss except for foreign currency translation differences arising on account of presentation of assets and liabilities of subsidiaries for consolidation purposes, which are included in shareholder's funds.

The translation of financial statements of foreign subsidiaries into AED is performed for statement of financial position account using the exchange rate in effect at the reporting date and for revenue and expenses using the average exchange rate for the period. The exchange differences arising on the translation are recognised in other comprehensive income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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p) **Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred except those that are attributable to the acquisition and construction of an asset that necessarily takes a substantial period to get ready for its intended use ("qualifying asset"). Such borrowing costs are capitalised as part of the related qualifying asset up to the date the qualifying asset is ready for use.

q) **Provisions**

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

r) **Contingencies and commitments**

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

s) **Value added tax**

As per the Federal Decree-Law No. (08) of 2017, Value Added Tax (VAT), is charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person.

The Group charges and recovers Value Added Tax (VAT) on every taxable supply and deemed supply, in accordance with the applicable commercial VAT laws. Irrecoverable VAT for which the Group cannot avail the credit is charged to the relevant expenditure category included in costs of non-current assets. The Group files its VAT returns and computes the payable tax (which is output tax less input tax) for the allotted tax periods and deposit the same within the prescribed due dates of filing VAT return and tax payment. VAT receivable and VAT payable are offset and the net amount is reported in the consolidated statement of financial position as the Group has a legally enforceable right to offset the recognised amounts and has the intention to settle the same on net basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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t) **Promotional privileges**

Subsidiaries in Thailand has been granted promotional privileges under the Investment Promotion Act as approved by The Board of Investment under the promotion certificates as follows:

BOI certificates No. 62-1314-1-00-1-0 dated 28 November 2019 and certificate no. 62-1228-1-00-1-0 dated 15 November 2021 for production solar rooftop power. Under these privileges, the subsidiary has received exemption from certain taxes and duties as detailed in the certificate, including exemption from corporate income tax from the amounts not exceeding 100% of capital investment excluding cost of land and working capital for a period of 8 years from the date of the first revenue earned (17 August 2020).

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

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

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

v) **Financial instruments**

**Classification**

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") – debt investment; FVTOCI – equity investment; or fair value through profit or loss ("FVTPL").

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

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

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

#### **Recognition**

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

#### **Derecognition**

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

- The contractual rights to receive cash flows expire or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset,
  - or
  - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

#### **Measurement**

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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### *Financial assets at amortised cost*

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any using the effective interest method.

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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

### *Financial liabilities*

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

Financial liabilities at amortised cost comprise of borrowings, loans from shareholder, trade and other payables and due to related parties.

### *Impairment of financial assets*

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

Loss allowances are measured on either of the following basis:

- 12-month ECLs: ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: ECLs that result from all possible default events over the expected life of a financial instrument.

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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

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

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

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

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

- The customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as collateral security (if any is held); or
- The financial asset is more than 360 days past due.

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

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

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

#### **Offsetting**

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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### *Equity*

Share capital is recorded at the value of proceeds received towards interest in share capital of the Parent company.

### w) **Fair value measurement**

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

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

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

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

### 6. **SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES**

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

#### **Classification of financial assets**

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

#### **Impairment**

At each reporting date, management conducts an assessment of property, plant and equipment to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

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

#### **Investments in subsidiaries**

Management considers that it has de-facto control over Sunroofs Enviro Solar Energy Systems LLC even though it does not hold the voting rights. The investment is made by the Parent company through one of its directors, who is acting as a nominee shareholder on behalf of the Parent company. There is no history of other shareholders forming a group to exercise their votes collectively.

Management considers that it has de-facto control over Cleanmax Engineering (Thailand) Company Limited even though it does not hold 100% voting rights. The investment is made by the Parent company and partly through one of the legal entities in Thailand, who is acting as a nominee shareholder on behalf of the Parent company. There is no history of other shareholders forming a group to exercise their votes collectively.

### **Recognition of revenue and allocation of transaction price**

#### *Identification of performance obligations*

The Group determined that the sale of equipment and installation services are provided as a single component to customers and accordingly it becomes single performance obligation in respect of the services being performed. The equipment and installation are highly interdependent or highly interrelated as the Group will not be able to transfer the equipment if the customer declined installation services.

#### *Determine timing of satisfaction of performance obligation*

Contract revenue is recognised over time as performance obligations are fulfilled in accordance with IFRS 15 –Revenue from Contracts with Customers. The timing of revenue recognition is subject to judgement surrounding the costs expected to be incurred in completing the work, as revenue on contracts is recognised on a percentage completion basis.

## **7. KEY SOURCES OF ESTIMATION UNCERTAINTY**

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

### **Carrying values of property, plant and equipment**

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

### **Impairment**

Assessments of net recoverable amounts of property, plant and equipment are based on assumptions regarding future cash flows expected to be received from the related assets.

### **Impairment of financial assets**

The loss allowance for financial assets are based on assumptions about the risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 5(v).

### **Inventory provisions**

Management regularly undertakes a review of the Group's inventory including goods-in-transit, stated at AED 4,972,343 (previous year AED 5,656,600) in order to assess the likely realization proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

### **Staff end-of-service benefits**

The entities in UAE of the Group compute the provision for the liability to staff end-of-service benefits stated at AED 169,567 (previous year AED 173,720), assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

### **Project cost to complete estimates**

At the end of each reporting period, the Group is required to estimate costs to complete contracts. Estimating costs to complete on such contracts requires the Group to make estimates of future costs to be incurred, based on work to be performed beyond the end of the reporting period. The Group uses internal quantity surveyors together with project managers to estimate the costs to complete for construction contracts. Factors such as changes in material prices, labour costs, defects liability costs and other costs are included in the contract cost estimates based on best estimates of the contract progress and remaining works at the year-end. These estimates also include the cost of potential claims by contractors and the cost of meeting other contractual obligations to the customers.

### **Contract variations and claims**

Variations orders are accounted for prospectively based on the nature and price of additional products and services requested through the variation orders. During the year ended 31 March 2023, no amount of claim recognised as part of the revenue (previous year AED Nil).

The selling price includes variable consideration (including claims, re-measurable contract values and discounts) in the transaction price to which it expects to be entitled from the inception of the contract. The amount of variable consideration is restricted to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

### **Going concern assessment**

The Group has incurred a loss of AED 11,397,789 for the year ended 31 March 2023 and at that date, the Group's losses aggregated to AED 12,148,473. Notwithstanding this fact, the consolidated financial statements of the Group have been prepared on a going concern basis as the management of the Group believes that the future operations of the Group will generate sufficient profits and cashflows, the shareholder has resolved to continue its operations in the General Meeting held.

## CLEANMAX SOLAR MENA FZCO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 8. PROPERTY, PLANT AND EQUIPMENT

	Capital work-in-progress <sup>(a)</sup>	Solar equipment <sup>(a)</sup>	Furniture and fixtures	Office equipment	Tools and equipment	Total
	AED	AED	AED	AED	AED	AED
<b>Cost</b>						
At 1 April 2021	8,677,117	37,841,319	17,566	7,831	–	46,543,833
Additions	33,144,878	–	1,175	22,720	–	33,168,773
Transfer	(9,419,724)	9,419,724	–	–	–	–
Impact due to loss of control (note 3)	(22,377,001)	(39,401,782)	–	–	–	(61,778,783)
At 31 March 2022	10,025,270	7,859,261	18,741	30,551	–	17,933,823
Additions	14,131,785	68,644	133,223	–	32,500	14,366,152
Transfer	(12,102,505)	12,102,505	–	–	–	–
Disposals	(35,809)	(117,504)	(3,759)	(26,272)	–	(183,344)
At 31 March 2023	12,018,741	19,912,906	148,205	4,279	32,500	32,116,631
<b>Accumulated depreciation</b>						
At 1 April 2021	–	1,178,521	9,208	2,015	–	1,189,744
Depreciation	–	314,797	3,639	4,587	–	323,023
Impact due to loss of control (note 3)	–	(982,770)	–	–	–	(982,770)
At 31 March 2022	–	510,548	12,847	6,602	–	529,997
Depreciation	–	657,786	24,211	–	5,788	687,785
Adjustment on disposals	–	(13,177)	–	(4,528)	–	(17,705)
At 31 March 2023	–	1,155,157	37,058	2,074	5,788	1,200,077
<b>Carrying amount</b>						
At 1 April 2021	8,677,117	36,662,798	8,358	5,816	–	45,354,069
At 31 March 2022	10,025,270	7,348,713	5,894	23,949	–	17,403,826
At 31 March 2023	12,018,741	18,757,749	111,147	2,205	26,712	30,916,554

- (a) Capital work-in-progress relating to construction of solar equipment are disclosed in note 35.
- (b) Solar equipment with a cost of AED 19,912,906 (previous year AED 7,859,261) and a net book value of AED 18,757,749 (previous year AED 7,348,713) provide security to the third-party bank loan (refer note 22).

#### 9. INVESTMENT

##### Investment in an associate

Cleanmax Alpha LeaseCo FZCO <sup>(a)</sup>

Share capital

Fair value adjustment due to loss of control<sup>(b)</sup>

Share of profit (cumulative)

2023 AED	2022 AED
180,000	180,000
15,685,200	15,685,200
989,254	212,692
16,854,454	16,077,892

## CLEANMAX SOLAR MENA FZCO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

- (i) In the previous year, CleanMax Alpha LeaseCo FZCO had issued additional shares to other parties and due to which the Company had lost its control over the subsidiary (shareholding of the Company changed from 77% to 36% with effect from 7 October 2021). Hence, the Company had de-recognised the investment in the subsidiary and recognised investment in an associate. Investment in an associate is recognised at fair value. Gain arising out of recognition of investment in an associate was recorded in retained earnings.

- (a) The nature of investment in associate is as follows:

Name of associate	Principal activities	Country of incorporation	Proportion (%) of ownership interest	
			2023	2022
CleanMax Alpha LeaseCo FZCO	Solar energy systems rental	UAE	36%	36%

Aggregated summary financial information relating to the associates are as follows:

	2023 AED	2022 AED
Assets	132,573,214	98,691,743
Liabilities	84,477,164	52,752,814
Revenue	12,887,693	7,248,316
Profit	2,157,121	1,572,574
Net assets of an associate	48,096,050	45,938,929
Interest in an associate	36%	36%
Share of profit from an associate	776,562	212,692
	2023 AED	2022 AED
10. OTHER FINANCIAL ASSETS		
Debt instruments at amortised cost		
Long-term loan to a related party <sup>(a)</sup>	14,924,867	24,883,674
Other financial assets at amortised cost:		
Margin deposits <sup>(b)</sup>	99,000	1,173,322
	15,023,867	26,056,996
Disclosed under:		
Non-current financial assets	14,924,867	24,883,674
Current financial assets	99,000	1,173,322
	15,023,867	26,056,996

## CLEANMAX SOLAR MENA FZCO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

- (a) This represents loans given to associate, CleanMax Alpha LeaseCo FZCO AED 14,924,867 (previous year AED 24,883,674). The loans are unsecured and without fixed repayment schedule. These loans carry a 6% p.a. rate of interest (previous year 6% p.a.).

A reconciliation of the movements in the long-term loan to a related party is as follows:

	2023 AED	2022 AED
Opening balance	24,883,674	--
Amount converted from due from related party into loan amount	--	13,866,174
Loan given during the year	--	11,017,500
Loan repaid during the year	(9,958,807)	--
Closing balance	14,924,867	24,883,674

Interest receivables from the above loans amounting to AED 344,359 is reclassified under other receivables (previous year AED 854,094).

- (b) Represents deposits amounting to AED 99,000 (previous year AED 1,173,322), held as security against bankers' letter of guarantee issued by the Group (refer note 36).

#### 11. INVENTORIES

Project materials	4,155,423	1,049,890
Goods-in-transit	816,920	4,606,710
	<u>4,972,343</u>	<u>5,656,600</u>

#### 12. TRADE AND OTHER RECEIVABLES

Trade receivables	1,993,781	1,316,872
Deposits	190,818	107,711
Other receivables	500,355	1,007,094
	<u>2,684,954</u>	<u>2,431,677</u>

The Group does not hold any collateral against trade receivables (previous year AED Nil).

An age analysis of trade receivables as follows:

Not past due	--	--
0 – 90 days past due	1,987,722	1,316,872
More than 180 days past due	6,059	--
	<u>1,993,781</u>	<u>1,316,872</u>

#### 13. OTHER CURRENT ASSETS

Prepayments	592,354	153,827
Advance to vendors	2,115,938	697,299
Staff advances	175,033	44,083
VAT receivable (net)	1,786,078	851,577
	<u>4,669,403</u>	<u>1,746,786</u>

## CLEANMAX SOLAR MENA FZCO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 14. RELATED PARTIES

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

Related parties comprise the parent/ultimate parent/shareholder, associate, directors, key management personnel.

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

	Parent	Associate	Director/key management personnel	Total 2023	Total 2022
	AED	AED	AED	AED	AED
Long-term loan to a related party	--	14,924,867	--	14,924,867	
	--	24,883,674	--		24,883,674
Investment	--	16,854,454	--	16,854,454	
	--	16,077,892	--		16,077,892
Included in trade and other receivables	--	344,359	--	344,359	
	--	854,095	--		854,095
Contract assets	--	770,476	--	770,476	
	--	2,493,911	--		2,493,911
Contract liabilities	--	3,738,442	--	3,738,442	
	--	3,496,300	--		3,496,300
Included in other current liability	--	5,640,106	--	5,640,106	
	--	5,460,789	--		5,460,789
Due from a related party	236,444	--	--	236,444	
	--	275,409	--		275,409
Due to related parties	10,882,462	--	276,899	11,159,361	
	2,682,846	--	--		2,682,846
Loans from shareholder	18,365,488	--	--	18,365,488	
	24,425,061	--	--		24,425,061
Guarantee received	7,350,000	--	--	7,350,000	
	7,350,000	--	--		7,350,000
Provision for staff end-of-service benefits	--	--	8,186	8,186	
	--	--	131,034		131,034

All balances except guarantee received are unsecured and are expected to be settled in cash. Repayments and other terms are set out in notes 14, 18, 19, 21 and 34.

# CLEANMAX SOLAR MENA FZCO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

	Parent	Associate	Director/key management personnel	Total 2023	Total 2022
	AED	AED	AED	AED	AED
Revenue	--	18,229,957	--	18,229,957	
	--	46,486,531	--		46,486,531
Direct costs	22,254,064	--	--	22,254,064	
	4,647,481	--	--		4,647,481
Director's remuneration	--	--	869,997	869,997	
	--	--	863,860		863,860
Interest income	--	1,508,253	--	1,508,253	
	--	854,094	--		854,094
Finance costs	1,498,686	--	--	1,498,686	
	2,396,809	--	--		2,396,809
Expenses recharged to a related party	--	--	--	--	
	--	127,342	--		127,342
Expenses recharged from a related party	1,670,356	641,797	--	2,312,153	
	371	--	--		371

The Group also receives funds from/provides funds to related parties as working capital facilities at fixed rates of interest.

	2023 AED	2022 AED
<b>15. CONTRACT ASSETS/CONTRACT LIABILITIES</b>		
Contract assets relating to costs incurred to fulfil a contract	6,647,982	3,552,673
Disclosed as:		
Current contract assets	6,647,982	3,552,673
Contract liabilities	7,765,142	5,879,897
Disclosed as:		
Current contract liabilities	7,765,142	5,879,897
<b>16. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	34,006	411
Bank balances in current accounts	17,836,784	7,226,676
	17,870,790	7,227,087

# CLEANMAX SOLAR MENA FZCO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 AED	2022 AED
<b>17. SHARE CAPITAL</b>		
<b>Issued and paid up:</b>		
16,877 shares of AED 1,000 each (previous year		
6,858 shares of AED 1,000 each)	<b>16,877,000</b>	6,858,000

Name	No. of shares	AED
Clean Max Enviro Energy Solutions Private Ltd., India	16,877	16,877,000

- a) Vide an amendment to the Memorandum of Association dated 7 March 2023, the Company has increased the share capital by issuing 10,019 fully paid-up shares to CleanMax Enviro Energy Solutions Private Ltd. The shareholders at the reporting date and their interests as at that date in the share capital of the Company were as follows:

Name	At 31 March 2023				At 31 March 2022			
	No. of shares	AED	% of holding	% of profit sharing	No. of shares	AED	% of holding	% of profit sharing
CleanMax Enviro Energy Solutions Private Ltd.	16,877	16,877,000	100%	100%	6,858	6,858,000	100%	100%
	<b>16,877</b>	<b>16,877,000</b>	<b>100%</b>	<b>100%</b>	<b>6,858</b>	<b>6,858,000</b>	<b>100%</b>	<b>100%</b>

	2023 AED	2022 AED
<b>18. SHARE PREMIUM</b>		
Opening balance	<b>887,440</b>	16,081,844
Premium on additional shares issued during the year	<b>19,019,100</b>	942,000
Transaction costs	<b>(76,120)</b>	(54,560)
Adjustment on loss of control over subsidiary (note 3)	--	(16,081,844)
Closing balance	<b>19,830,420</b>	887,440

- (a) Share premium of AED 887,440 (net transaction cost of AED 54,560) arising out of initial payment of 3,058 shares amounting to AED 290 issued during the year ended 31 March 2022;
- (b) Share premium of AED 6,129,666 (net transaction cost of AED 6,334) arising out of 2,879 shares amounting to AED 2,129 issued during the year ended 31 March 2023;
- (c) Share premium of AED 3,247,743 (net transaction cost of AED 41,257) arising out of 1,543 shares amounting to AED 2,105 issued during the year ended 31 March 2023;
- (d) Share premium of AED 9,565,571 (net transaction cost of AED 28,529) arising out of 5,597 shares amounting to AED 1,709 issued during the year ended 31 March 2023;

## CLEANMAX SOLAR MENA FZCO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 AED	2022 AED
<b>19. SHARE APPLICATION MONEY</b>		
Opening balance	9,017,200	4,000,000
Share application money on additional shares	34,796,848	9,017,200
Allotment of shares	(29,038,100)	(4,000,000)
	<u>14,775,948</u>	<u>9,017,200</u>
<b>20. NON-CONTROLLING INTEREST</b>		
Opening balance	153,000	5,718,637
Share application money for issuance of additional shares	2,996	--
Share premium received	--	23,676,974
Adjustment on loss of control over subsidiary (note 3)	--	(29,242,611)
Closing balance	<u>155,996</u>	<u>153,000</u>
This represents share capital of Sunroofs Enviro Solar Energy System LLC, Dubai and Cleanmax Engineering (Thailand) Company Limited, Thailand.		
<b>21. LOANS FROM SHAREHOLDER</b>		
Opening balance	24,425,061	23,740,292
Receipts during the year (net)	14,000,000	3,701,527
Interest credited	1,498,686	2,396,809
Interest paid	(1,606,259)	(2,017,674)
Loan paid during the year	(19,952,000)	(3,395,893)
Closing balance	<u>18,365,488</u>	<u>24,425,061</u>
(a) This represents interest bearing loans received from shareholder with a maturity of three years from the date of receipt of loans as at reporting date. Loans amounting of AED 663,961 is repayable within a year and subject to interest rate at 10% p.a. and remaining loan is repayable after a year and subject to interest rate in the range of 6% p.a. to 10% p.a.		
<b>Disclosed as:</b>		
Non-current portion	17,701,527	7,464,927
Current portion	663,961	16,960,134
	<u>18,365,488</u>	<u>24,425,061</u>
<b>22. LONG-TERM BORROWINGS</b>		
Long-term loan from third party	14,519,493	15,594,515
Less: Current portion – loan from third party (note 24)	(668,360)	(723,865)
	<u>13,851,133</u>	<u>14,870,650</u>

## CLEANMAX SOLAR MENA FZCO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

On 19 June 2020 and 21 March 2022, the Group had entered into a long-term loan agreement with a lender amounting to AED 6,854,134 and AED 8,740,381, carrying interest rate of 5.80% and 5.29% per annum respectively. The principal amount and interest are repayable half-yearly in June and December every year. The last instalment of both the loans is due on June 2025. The Group has mortgaged power generation equipment to secure these loans [refer note 8(b)].

	2023 AED	2022 AED
<b>23. PROVISION FOR STAFF END-OF-SERVICE-BENEFITS</b>		
Opening balance	173,720	189,680
Provision for the year	124,278	37,776
Transfer from a related party	65,254	--
Transfer to a related party	(2,527)	--
Adjustment due to loss of control	--	(34,327)
Paid during the year	(191,158)	(19,409)
Closing balance	169,567	173,720

<b>24. SHORT-TERM BORROWINGS</b>		
Current portion of long-term loans (note 22)	668,360	723,865

A maturity analysis of loan from third party are as follows:

1 – 3 months	134,872	723,865
3 months – 1 year	533,488	--
<b>Total</b>	<b>668,360</b>	<b>723,865</b>

Bank facilities from Mashreq Bank are secured by financial bank guarantee of AED 7,350,000 (previous year AED 7,350,000) received from the parent company.

<b>25. TRADE AND OTHER PAYABLES</b>		
Trade payables	1,000,542	8,389,509
Accruals	2,188,680	1,220,853
Other payables	313,748	189,936
	<b>3,502,970</b>	<b>9,800,298</b>

The entire trade and other payables are due for payment within one year from the reporting date.

<b>26. OTHER CURRENT LIABILITIES</b>		
Advance for goods and services	5,640,106	5,460,789
Employee related payables	1,578	175,970
	<b>5,641,684</b>	<b>5,636,759</b>

## CLEANMAX SOLAR MENA FZCO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 27. MANAGEMENT OF CAPITAL

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

Capital which is unchanged from the previous year, comprises equity funds as presented in the consolidated statement of financial position and amounts due to/due from related parties. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The Group is subject to externally imposed capital requirements as per provisions of the bank facilities availed. Sunroofs Enviro Solar Energy Systems LLC (the subsidiary company) has accumulated losses exceeding 50% of its share capital, the shareholders of the subsidiary company have resolved to continue with the operations of the subsidiary company. The Group has complied with all the capital requirements to which it is subject.

Funds generated from internal accruals together with funds received from a shareholder are retained in the business according to the business requirements to maintain the capital at desired levels.

#### 28. REVENUE

The Group generates revenue from the transfer of services over time. The disaggregated revenue from contracts with customers by geographical segments, type of services and timing of revenue recognition is presented below. The management believes that this best depicts the nature, amount, timing and uncertainty of the Group's revenue and cash flows.

	2023 AED	2022 AED
<b>Primary geographical segments</b>		
- UAE	37,019,266	49,116,465
- Thailand	2,566,573	1,046,316
	<u>39,586,839</u>	<u>50,162,781</u>
<b>Major good/service lines</b>		
<b>Construction/installation projects</b>		
- Revenue from projects	35,214,566	47,891,457
<b>Sale of energy</b>		
- Sale of energy	2,353,511	1,046,316
<b>Operation and maintenance</b>		
- Operating maintenance	2,018,762	1,225,008
	<u>39,586,839</u>	<u>50,162,781</u>
<b>Timing of revenue recognition</b>		
- Over time	<u>39,586,839</u>	<u>50,162,781</u>

# CLEANMAX SOLAR MENA FZCO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 AED	2022 AED
<b>29. COST OF SALES</b>		
Purchases (Including direct expenses)	42,838,461	47,111,013
Depreciation (note 8)	657,786	314,797
	<u>43,494,843</u>	<u>47,425,810</u>
<b>30. OTHER INCOME</b>		
Credit balances written back	—	143,635
Miscellaneous Income	90,776	26,527
	<u>90,776</u>	<u>170,162</u>
<b>31. ADMINISTRATIVE EXPENSES</b>		
Staff salaries and benefits <sup>(a)</sup>	3,958,544	2,802,070
Staff end-of-service benefits	124,278	37,776
Expenses relating to short-term leases	97,981	129,338
Commission and referral fees	225,098	757,195
Legal and professional fees	1,536,750	612,638
Recruitment expenses	114,253	85,146
Travel and conveyance	300,065	173,562
Depreciation (note 8)	29,999	8,226
Other expenses	836,268	856,809
	<u>7,223,236</u>	<u>5,462,760</u>
(a) This includes director's remuneration of AED 869,997 (previous year AED 863,860).		
<b>32. INTEREST INCOME</b>		
On loan to a related party	1,508,253	854,094
On bank deposits	6,575	1,801
	<u>1,514,828</u>	<u>855,895</u>
<b>33. FINANCE COSTS</b>		
On bank overdrafts	391,591	761,606
On loan from third party	757,438	451,083
On loan from a shareholder	1,498,686	2,396,809
	<u>2,647,715</u>	<u>3,609,498</u>
<b>34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT</b>		
<b>Financial instruments</b>		
<i>Classification and fair values</i>		
The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:		

## CLEANMAX SOLAR MENA FZCO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	At amortised cost	
	2023	2022
	AED	AED
<b>Financial assets</b>		
Trade and other receivables	2,684,954	2,431,677
Due from a related party	236,444	275,409
Other financial assets (current and non-current)	15,023,867	26,056,996
Cash and cash equivalents	17,870,790	7,227,087
	<u>35,816,055</u>	<u>35,991,169</u>
<b>Financial liabilities</b>		
Long-term borrowings	13,851,133	14,870,650
Short-term borrowings	668,360	723,865
Trade and other payables	3,502,970	9,800,298
Due to related parties	11,159,361	2,682,846
Loans from shareholder (current and non-current)	18,365,488	24,425,061
	<u>47,547,312</u>	<u>52,502,720</u>

#### *Fair value measurement and disclosures*

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

The fair values of cash and cash equivalents, trade and other receivables, other financial assets (current), due from a related party, short-term borrowings, trade and other payables, due to related parties and loans from shareholder (current portion) approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to determine the fair values of other financial assets/liabilities:

Non-current financial assets are evaluated by the Group using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible inputs are based on parameters such as interest rates, specific country risk factors, individual credit worthiness of the customers and credit risks characteristics. As at the reporting date, the carrying amounts of such receivables, net of provisions, are not materially different from their fair values.

Fair values of loans from shareholder are estimated by discounting future cash flows using rates currently available for debts on similar items, credit risk and remaining maturities. As at the reporting date, the carrying amount of such liability, is not materially different from its fair value.

### **Financial risk management**

#### ***Risk management objectives***

Risk is inherent in the Group's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability. The Group's risk management focusses on actively securing short to medium term cash flows by minimizing the exposure to financial markets.

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

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

The management of the Group reviews and agrees policies for managing each of these risks which are summarised below:

#### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the third party to incur a financial loss.

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

Financial assets that potentially expose the Group to concentrations of credit risk comprise principally bank accounts, trade and other receivables, due from a related party and other financial assets.

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

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

Amounts due from a related party relate to transactions arising in the normal course of business with minimal credit risk.

At the reporting date 95.32% of trade receivables was due from two customers (previous year 100% due from one customer).

At the reporting date 98.75% of due from a related party are due from a related party (previous year 100% due from a related party).

# CLEANMAX SOLAR MENA FZCO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

At the reporting date, there is no significant concentration of credit risk from any particular industry as the Group's customers are from diverse industries.

The Group uses an allowance matrix to measure the expected credit losses of trade receivables and contract assets. Loss rates are calculated using a 'flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Flow rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

Based on the assessment, the management believes that no impairment provision is required under IFRS 9.

### Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group limits its liquidity risk by ensuring adequate bank facilities are available.

The table below summarises the maturities of the Group's undiscounted financial liabilities at the reporting date, based on contractual payment dates and current market interest rates.

	Less than one year		One to five years		Total	
	2022	2021	2022	2021	2022	2021
	AED	AED	AED	AED	AED	AED
Long-term borrowings	–	–	13,851,133	14,870,650	13,851,133	14,870,650
Short-term borrowings	668,360	723,865	–	–	668,360	723,865
Trade and other payables	3,502,970	9,800,298	–	–	3,502,970	9,800,298
Loans from shareholder	663,961	16,960,134	17,701,527	7,464,927	18,365,488	24,425,061
Due to related parties	11,159,361	2,682,846	–	–	11,159,361	2,682,846
	<b>15,994,652</b>	<b>30,167,143</b>	<b>31,552,660</b>	<b>22,335,577</b>	<b>47,547,312</b>	<b>52,502,720</b>

### Market risk

Market risk is the risk that the changes in market prices, such as foreign currency exchange rates, interest rates and prices, will affect the Group's income or the value of its holdings of financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns.

# CLEANMAX SOLAR MENA FZCO

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### Currency risk

Currency risk is the risk that the values of financial instruments will fluctuate because of changes in foreign exchange rates.

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

	2023 AED	2022 AED
<b>Cash and bank balances</b>		
Great British Pound	3,540	3,854
<b>Trade payable</b>		
Thai Bhat	212,217	32,229

### Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates.

Loan from third party and loans from shareholder are subject to fixed interest rates at levels generally obtained in the UAE and are therefore exposed to fair value interest rate risk.

	2023 AED	2022 AED
<b>35. OTHER CONTRACTED COMITEMENTS</b>		
For construction of solar equipment (note 8)	32,824,701	50,147,343
<b>36. CONTINGENT LIABILITIES</b>		
Bankers' letter of guarantee (note 10)	3,541,583	623,928
Unutilized balances of commercial letters of credit	—	1,129,322
	3,541,583	1,753,250

### 37. COMPARATIVE FIGURES

Previous year's figures have been regrouped/reclassified wherever necessary to make them comparable to those of the current period.

## CLEANMAX SOLAR MENA FZCO

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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#### 38. CORPORATE TAX

On 9 December 2022, the UAE Ministry of Finance issued the Federal Decree-Law No. (47) of 2022 introducing Corporate Tax, effective for financial years commencing on or after 1 June 2023. The rate of corporate tax is 9% on the taxable income exceeding AED 375,000 and 0% for qualifying free zone companies on their qualifying income, subject to meeting specified conditions. There is no impact of this law on the consolidated financial statements of the Group for the year ended 31 March 2023. Management will assess the implications of this Federal Corporate Tax for the Group in due course.

For **CLEANMAX SOLAR MENA FZCO**

  
DIRECTOR



# **CLEANMAX SOLAR MENA FZCO**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED 31 MARCH 2023**

# CLEANMAX SOLAR MENA FZCO

## FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT YEAR ENDED 31 MARCH 2023

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**INDEPENDENT AUDITOR'S REPORT****To the Shareholder of CLEANMAX SOLAR MENA FZCO****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of **CLEANMAX SOLAR MENA FZCO** (the "Company"), which comprise the statement of financial position as at 31 March 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

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

**Emphasis of Matter**

We draw attention to note 2 (a) to the financial statements, which states that these financial statements relate to separate financial statements of the Company. The consolidated financial statements of the Company and its subsidiaries which are required to be presented in accordance with International Financial Reporting Standard 10: Consolidated Financial Statements are presented separately. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for their compliance with applicable provision of the Dubai Airport Free Zone Implementing Regulations 2021, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

*continued...*

**INDEPENDENT AUDITOR'S REPORT**

(continued)

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

*continued...*

**INDEPENDENT AUDITOR'S REPORT**

(continued)

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

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

**Report on Other Legal and Regulatory Requirements**

We further confirm that the financial statements comply with the applicable provisions of the Dubai Airport Free Zone Implementing Regulations 2021.

For PKF

**S. Lalwani**

Partner

Auditor registration no. 5468

Dubai

United Arab Emirates

19 May 2023

# CLEANMAX SOLAR MENA FZCO

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	2023 AED	2022 AED
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	559	1,916
Investments	7	38,480,149	26,299,747
Other financial assets	8	18,941,293	26,103,064
		<u>57,422,001</u>	<u>52,404,727</u>
<b>Current assets</b>			
Inventories	9	3,519,103	5,656,600
Trade and other receivables	10	2,731,893	2,216,004
Other current assets	11	131,426	104,310
Due from a related party	12	9,572,270	1,325,109
Contract assets	13	1,690,315	964,070
Other financial assets	8	55,000	1,129,322
Cash and cash equivalents	14	6,525,399	683,317
		<u>24,225,406</u>	<u>12,078,732</u>
<b>Total assets</b>		<u><b>81,647,407</b></u>	<u><b>64,483,459</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity funds</b>			
Share capital	15	16,877,000	6,858,000
Share premium	16	19,830,420	887,440
Share application money	17	14,775,948	9,017,200
Retained earnings		8,051,213	10,622,655
<b>Total equity funds</b>		<u><b>59,534,581</b></u>	<u><b>27,385,295</b></u>
<b>Non-current liabilities</b>			
Loans from shareholder	18	17,701,527	7,464,927
Provision for staff end-of-service benefits	19	71,221	131,034
		<u><b>17,772,748</b></u>	<u><b>7,595,961</b></u>
<b>Current liabilities</b>			
Loans from shareholder	18	663,961	16,960,134
Due to related parties	12	1,138,531	2,564,298
Trade and other payables	21	598,081	6,808,289
Other current liabilities	22	316,994	122,060
Contract liabilities	13	1,622,511	3,047,422
		<u><b>4,340,078</b></u>	<u><b>29,502,203</b></u>
<b>Total liabilities</b>		<u><b>22,112,826</b></u>	<u><b>37,098,164</b></u>
<b>Total equity and liabilities</b>		<u><b>81,647,407</b></u>	<u><b>64,483,459</b></u>

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

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

Approved and authorised for issue by the shareholder on 12 May 2023 and signed on their behalf by Ms. Shivani Agrawal.

For **CLEANMAX SOLAR MENA FZCO**

  
**DIRECTOR**



## CLEANMAX SOLAR MENA FZCO

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 AED	2022 AED
Revenue	24	32,725,579	41,596,737
Direct costs	25	(34,599,855)	(37,793,418)
Gross profit		(1,874,276)	3,803,319
Other operating income	26	69,926	19,779
Share of profit from an associate	7	776,562	212,692
Administrative expenses	27	(1,462,776)	(1,000,316)
Interest income	28	1,696,720	891,125
Finance costs	29	(1,777,598)	(3,085,304)
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<b>(2,571,442)</b>	841,295
<b>Other comprehensive income:</b>			
Other comprehensive income for the year		--	--
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(2,571,442)</b>	841,295

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

## CLEANMAX SOLAR MENA FZCO

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Share premium	Share application money	Retained earnings/ (accumulated losses)	Total
	AED	AED	AED	AED	AED
Balance at 1 April 2021	3,800,000	—	4,000,000	(5,903,840)	1,896,160
Share application money on additional shares	—	—	9,017,200	—	9,017,200
Allotment of shares	3,058,000	942,000	(4,000,000)	—	—
Transaction costs	—	(54,560)	—	—	(54,560)
Total comprehensive income for the year	—	—	—	841,295	841,295
Fair value adjustment due to loss of control (note 7(a)(i))	—	—	—	15,685,200	15,685,200
Balance at 31 March 2022	6,858,000	887,440	9,017,200	10,622,655	27,385,295
Share application money on additional shares	—	—	5,758,748	—	5,758,748
Allotment of shares	10,019,000	19,019,100	—	—	29,038,100
Transaction costs	—	(76,120)	—	—	(76,120)
Total comprehensive income for the year	—	—	—	(2,571,442)	(2,571,442)
Balance at 31 March 2023	<u>16,877,000</u>	<u>19,830,420</u>	<u>14,775,948</u>	<u>8,051,213</u>	<u>59,534,581</u>

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

# CLEANMAX SOLAR MENA FZCO

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	2023 AED	2022 AED
<b>Cash flows from operating activities</b>		
(Loss)/profit for the year	(2,571,442)	841,295
Adjustments for:		
Depreciation of property, plant and equipment	1,357	1,415
Interest income	(1,696,720)	(891,125)
Finance costs	1,777,598	3,085,304
Share of profit from an associate	(776,562)	(212,692)
Provision for staff end-of-service benefits	57,426	29,799
	(3,208,343)	2,853,996
Changes in:		
- Inventories	2,137,497	(5,441,793)
- Trade and other receivables	(831,625)	(1,255,030)
- Other current assets	(27,116)	68,303
- Contract assets	(726,245)	(232,939)
- Trade and other payables	(6,210,208)	3,501,186
- Other current liabilities	194,934	25,476
- Contract liabilities	(1,424,911)	2,983,748
Staff end-of-service benefits paid	(182,493)	--
Interest paid	(1,885,171)	(2,706,169)
Net cash used in operating activities	(12,163,681)	(203,222)
<b>Cash flows from investing activities</b>		
Investments in subsidiaries	(11,403,840)	(5,212,329)
(Payments to)/receipts from related parties (net)	(8,247,161)	18,769,131
Loan repaid by/(loan given to) a related party	7,161,771	(22,082,253)
Decrease/(increase) in other financial assets (net)	1,074,322	(1,129,322)
Interest received	2,012,456	--
Net cash used in investing activities	(9,402,452)	(9,654,773)
<b>Cash flows from financial activities</b>		
Receipts from share application money	34,796,848	9,017,200
Payment of transaction costs	(76,120)	(54,560)
Payment of trust receipts (net)	--	(675,528)
(Repayment of loan to)/loan availed from shareholder (net)	(5,952,000)	305,634
(Payments to)/receipts from a related party (net)	(1,360,513)	1,498,145
Net cash from financing activities	27,408,215	10,090,891
<b>Net increase in cash and cash equivalents</b>	<b>5,842,082</b>	<b>232,896</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>683,317</b>	<b>450,421</b>
<b>Cash and cash equivalents at end of year (note 14)</b>	<b>6,525,399</b>	<b>683,317</b>

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

# CLEANMAX SOLAR MENA FZCO

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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### 1. LEGAL STATUS AND BUSINESS ACTIVITY

- a) **CLEANMAX SOLAR MENA FZCO** (the "Company") is a free zone Company with limited liability incorporated in Dubai, United Arab Emirates under Implementing Regulation No. 1/98 issued by the Dubai Airport Free Zone Authority pursuant to Law No. 2 of 1996 and its amendment No. (2) of 2000 and amendment Law No. (25) of 2009 (repealed by Dubai Airport Free Zone Authority Company Regulations 2021). The Company was registered on 23 May 2017 and commenced its operations since then. The registered address is 2E M032, Dubai Airport Free Zone, Dubai, UAE.
- b) The Company's principal activity during the year was of solar energy systems & components trading and power generation, transmission & distribution equipment.
- c) The parent and ultimate parent company is Clean Max Enviro Energy Solutions Private Ltd., India. The management and control are vested with Ms. Shivani Agrawal, Director and Mr. Kuldeep Jain, Director, Indian nationals. Mr. Kuldeep Jain is the ultimate beneficiary owner of the Company.

### 2. BASIS OF PREPARATION

#### a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2022, and the requirements of the Dubai Airport Free Zone Implementing Regulations 2021.

These financial statements are the separate financial statements of the Company. The consolidated financial statements of the Company and its subsidiaries, which are required to be presented in accordance with International Financial Reporting Standard 10: Consolidated Financial Statements are presented separately.

#### b) Basis of measurement

The financial statements are prepared using historical cost.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### c) Going concern

The financial statements are prepared on a going concern basis.

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

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

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

The following amendments, improvements and interpretations which became effective for current period, did not have any significant impact on the Company's financial statements:

- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 1
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018–2020
  - IFRS 9 Financial Instruments
  - IFRS 16 Leases
  - IFRS 1 First-time Adoption of International Financial Reporting Standards
  - IAS 41 Agriculture

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

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

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

e) **Functional and presentation currency**

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

3. **SIGNIFICANT ACCOUNTING POLICIES**

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

a) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of the assets as follows:

Furniture, fixture and office equipment	5 years
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Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the expenditure will flow to the Company and such cost can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced parts is derecognised.

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other operating income/administrative expenses' in profit or loss.

**b) Impairment of tangible assets**

At each reporting date, the management reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where it is not possible to estimate the recoverable amount of an individual asset, the acquirer estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

c) **Investments in subsidiaries**

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

The investment in subsidiaries is accounted for at cost less impairment losses, if any. Consolidated financial statements of the Company and its subsidiaries are presented separately.

d) **Investments in associates**

Investments where the Company has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the share capital of the investee Company, are treated as associates and accounted for under the equity method of accounting stating the investment initially at cost and adjusted for the Company's share of the changes in net assets of the investee company after the date of acquisition, and for any impairment in value.

e) **Share application money**

The amount received as application money for issuance of equity shares in future has been classified as share application money under equity. Further, the transaction costs relating to additional shares issues deducted from the share application under equity.

f) **Share premium**

The amount received in excess of the par value of equity shares has been classified as share premium under equity. Further, the transaction costs relating to additional shares issues deducted from the share premium under equity.

g) **Inventories**

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

Goods-in-transit represents the inventory over which Company has legal title based on terms of purchase, but which are physically not received at the Company's warehouse.

h) **Staff benefits**

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

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

i) **Revenue recognition**

The Company is in the business of solar energy systems & components trading and power generation, transmission & distribution equipment.

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

1. Identify the contracts with customers: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the Company satisfies a performance obligation at a point in time or over time.

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

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

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

***Sale of goods***

The Company has concluded that revenue from sale of goods should be recognised at a point in time when the control of the asset is transferred to the customer, generally on delivery of the goods.

### **Construction contracts**

Contract revenues are recognised over a period of time, based on the stage of completion of the contract activity. Revenue is measured based on the proportion of contract costs incurred for satisfying the performance obligation to the total estimated contract costs.

Contract revenues are recognised based on the stage of completion of the contract activity. Revenue is measured based on the proportion of contract costs incurred for satisfying the performance obligation to the total estimated contract costs, there being a direct relationship between the input and the productivity. Claims are accounted for as income when accepted by the customer.

Expected loss, if any, on contracts are recognised as expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

Contract modifications are accounted for, when additions, deletions or changes are approved either to the contract scope or contract price. Accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is a standalone selling price. Services added that are not distinct are accounted for on a cumulative catch-up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

### **j) Contract assets**

A Contract asset is the right to consideration in exchange for services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised from the earned consideration that is conditional. The contract assets are transferred to receivable when the rights become unconditional.

### **k) Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

### **l) Leases**

#### **As a lessee**

The Company leases office premises. Rental contracts are typically annually but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

### *Short-term leases*

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

m) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, bank balance in current accounts and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit.

n) **Foreign currency transactions**

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

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

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

o) **Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred except those that are attributable to the acquisition and construction of an asset that necessarily takes a substantial period to get ready for its intended use ("qualifying asset"). Such borrowing costs are capitalised as part of the related qualifying asset up to the date the qualifying asset is ready for use.

p) **Provisions**

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

q) **Contingencies and commitments**

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

r) **Value added tax**

As per the Federal Decree-Law No. (08) of 2017, Value Added Tax (VAT), is charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person.

The Company charges and recovers Value Added Tax (VAT) on every taxable supply and deemed supply, in accordance with the applicable commercial VAT laws. Irrecoverable VAT for which the Company cannot avail the credit is charged to the relevant expenditure category or included in costs of non-current assets. The Company also files its VAT returns and compute the payable tax (which is output tax less input tax) for the allotted tax periods and deposit the same within the prescribed due dates of filing VAT return and tax payment. VAT receivable and VAT payable are offset and the net amount is reported in the statement of financial position as the Company has a legally enforceable right to offset the recognised amounts and has the intention to settle the same on net basis.

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

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

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

### t) Financial instruments

#### **Classification**

On initial recognition, a financial asset is classified and measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") – debt investment; FVTOCI – equity investment; or fair value through profit or loss ("FVTPL").

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

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

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

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

#### **Recognition**

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

#### **Derecognition**

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

- The contractual rights to receive cash flows expire or
- The 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 the risks and rewards of the asset, but has transferred control of the asset.

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

#### **Measurement**

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

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

### *Financial assets at amortised cost*

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss, if any, using the effective interest method.

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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

### *Financial liabilities*

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

Financial liabilities at amortised cost comprise of trade and other payables, due to related parties and loans from shareholder.

### *Impairment of financial assets*

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

Loss allowances are measured on either of the following basis:

- 12-month ECLs: ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: ECLs that result from all possible default events over the expected life of a financial instrument.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

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

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

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

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

- The customer is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 360 days past due.

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

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

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

### **Offsetting**

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

### **Equity**

Share capital is recorded at the value of proceeds received/receivable towards interest in share capital of the Company.

### **u) Fair value measurement**

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

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

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

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

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

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

#### **Classification of financial assets**

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

#### **Impairment**

At each reporting date, management conducts an assessment of property, plant and equipment to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

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

#### **Investments in subsidiaries**

Management considers that it has de-facto control over Sunroofs Enviro Solar Energy Systems LLC even though it does not hold the voting rights. The investment is made by the Company through one of its directors, who is acting as a nominee shareholder on behalf of the Company. There is no history of other shareholders forming a group to exercise their votes collectively.

### **Recognition of revenue and allocation of transaction price**

#### *Identification of performance obligations*

The Company determined that the sale of goods and services is provided as a single component to customers and accordingly it becomes single performance obligation in respect of the goods being sold.

#### *Determine timing of satisfaction of performance obligation*

The Company concluded that the revenue from sales of goods is to be recognised at a point in time when the control of the goods has transferred to the customers. Payment of the transaction price is due immediately at the point the customer purchases the goods.

The Company concluded that the revenue from construction projects and operations and management services is to be recognised over time as the customer simultaneously receives the benefit as the Company performs.

## **5. KEY SOURCES OF ESTIMATION UNCERTAINTY**

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

### **Carrying values of property, plant and equipment**

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

### **Impairment**

Assessments of net recoverable amounts of property, plant and equipment are based on assumptions regarding future cash flows expected to be received from the related assets.

### **Impairment of financial assets**

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

### **Staff end-of-service benefits**

The Company computes the provision for the liability to staff end-of-service benefits stated at AED 71,221 (previous year AED 131,034), assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### Contract variations and claims

Variations orders are accounted for prospectively based on the nature and price of additional products and services requested through the variation orders. During the year ended 31 March 2023, no amount of claim recognised as part of the revenue (previous year AED Nil).

The Company includes variable consideration (including claims, re-measurable contract values and discounts) in the transaction price to which it expects to be entitled from the inception of the contract. The amount of variable consideration is restricted to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

### 6. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and office equipment AED
<b>Cost</b>	
At 1 April 2021, 31 March 2022 and 31 March 2023	<u>7,069</u>
<b>Accumulated depreciation</b>	
At 1 April 2021	3,738
Depreciation	<u>1,415</u>
At 31 March 2022	5,153
Depreciation	<u>1,357</u>
At 31 March 2023	<u>6,510</u>
<b>Carrying amount</b>	
At 1 April 2021	3,331
At 31 March 2022	<u>1,916</u>
At 31 March 2023	<u>559</u>

	2023 AED	2022 AED
<b>7. INVESTMENTS</b>		
a) <b>Investment in an associate</b>		
CleanMax Alpha LeaseCo FZCO, Dubai		
Fair value adjustment due to loss of control	15,685,200	15,685,200
Share capital at cost <sup>(i)</sup>	180,000	180,000
Share of comprehensive income (cumulative)	989,254	212,692
	<u>16,854,454</u>	<u>16,077,892</u>

## CLEANMAX SOLAR MENA FZCO

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

- (i) In previous year, CleanMax Alpha LeaseCo FZCO has issued additional shares to other parties and due to which the Company has lost its control over the subsidiary (shareholding of the Company changed from 77% to 36% with effect from 7 October 2021). Hence, the Company had de-recognised the investment in the subsidiary and recognised investment in an associate. Investment in an associate is recognised at fair value. Gain arising out of recognition of investment in an associate was recorded in the retained earnings.

The nature of investment in an associate is as follows:

Name of associate	Principal activity	Country of incorporation	Proportion (%) of ownership interest	
			2023	2022
CleanMax Alpha LeaseCo FZCO <sup>(a)</sup>	Solar energy systems rental	UAE	36%	36%

- (a) Aggregated summary financial information relating to the associates are as follows:

	2023 AED	2022 AED
Assets	132,573,214	98,691,743
Liabilities	84,477,164	52,752,814
Revenue	12,887,693	7,248,316
Profit	2,157,121	1,572,574
Net assets of an associate	48,096,050	45,938,929
Interest in an associate	36%	36%
Share of profit from an associate	776,562	212,692
<b>b) Investment in subsidiaries</b>		
Sunroofs Enviro Solar Energy Systems LLC <sup>(i)</sup>	147,000	147,000

- (i) The investment is made by the Company through one of its directors, who is acting as nominee shareholder on behalf of the Company. The Company does not hold any share capital directly in Sunroofs Enviro Solar Energy Systems LLC ("the subsidiary"), however the Company is able to exercise de-facto control over the subsidiary.

# CLEANMAX SOLAR MENA FZCO

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### c) Investment in wholly owned subsidiaries incorporated in Thailand

	2023 AED	2022 AED
99,998 shares of THB 100 each converted @ THB 1 = AED 0.113 in Cleanmax IHQ (Thailand) Company Limited, Thailand	1,128,258	1,128,258
2,998 shares of THB 1,000 each converted @ THB 1 = AED 0.1199, 12,500 shares of THB 1,000 each fully paid up @ THB 162.46 each converted @ THB 1 = AED 0.1019, 27,500 shares of THB 1,000 each fully paid up @ THB 749.10 each converted @ THB 1 = AED 0.1019 and 135,000 shares of THB 1,000 partial each paid up @ THB 138.18 each converted @ THB 1 = AED 0.1034 and 2,65,400 shares of THB 1,000 partial paid up @ THB 250 each converted @ THB 1 = AED 0.1080 in Cleanmax Energy (Thailand) Co., Ltd., Thailand (previous year 2,998 shares of THB 1,000 each converted @ 0.1199 and 12,500 shares of THB 1,000 (partial paid up @ THB 837.54) each converted @ THB 1 = AED 0.1202)	20,348,043	8,946,597
245 shares of THB 100 each converted @ THB 1 = AED 0.09841 in Cleanmax Engineering (Thailand) Company Limited	2,394	--
	<b>21,478,695</b>	<b>10,074,855</b>

The nature of investments in subsidiaries controlled by the Company are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Proportion (%) of legal ownership interest		Proportion (%) of Beneficial ownership interest	
			2023	2022	2023	2022
Sunroofs Enviro Solar Energy Systems LLC (refer note 7(b)(i))	Electrical fitting contracting and solar energy system installation	UAE	--	--	--	--
Cleanmax IHQ (Thailand) Company Limited, Thailand	Business management and general service.	Thailand	99	100	100	100
Cleanmax Energy (Thailand) Co., Ltd., Thailand	Engaged in production, assembly, distribution and management services to build a power plant.	Thailand	99	100	100	100
Cleanmax Engineering (Thailand) Company Limited	Business management consulting and general service	Thailand	41	--	100	--
Total (a+b+c)			<b>38,480,149</b>		<b>26,299,747</b>	

# CLEANMAX SOLAR MENA FZCO

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 AED	2022 AED
<b>8. OTHER FINANCIAL ASSETS</b>		
<b>Debt instruments at amortised cost</b>		
Long-term loan to related parties <sup>(a)</sup>	18,941,293	26,103,064
<b>Other financial assets at amortised cost:</b>		
- Margin deposits <sup>(c)</sup>	55,000	1,129,322
	<b>18,996,293</b>	<b>27,232,386</b>
<b>Disclosed under:</b>		
Non-current financial assets	18,941,293	26,103,064
Current financial assets	55,000	1,129,322
	<b>18,996,293</b>	<b>27,232,386</b>
<b>(a) A reconciliation of the movements in the long-term loans to related parties:</b>		
Opening balance	26,103,064	4,020,811
Amount converted from due from a related party into loan amount	--	10,101,174
Loan given during the year	9,366,310	11,981,079
Loan repaid during the year	(16,528,080)	--
Closing balance	<b>18,941,294</b>	<b>26,103,064</b>

Interest receivables from the above loans amounting to AED 584,411 (previous year AED 899,132) is reclassified under other receivables.

- (b) This represents loan given to CleanMax Alpha LeaseCo FZCO which is an associate AED 14,924,867 (previous year AED 24,883,674) and Cleanmax IHQ (Thailand) Company Limited which is a subsidiary AED 4,016,426 (previous year AED 1,219,390). Both these loans are unsecured and loan given to CleanMax Alpha LeaseCo FZCO is without a fixed repayment schedule. These loans carry a 6% p.a. rate of interest (previous year 6% p.a.).
- (c) Represents deposits amounting to AED 55,000 (previous year AED 1,129,322), held as security against bankers' letter of guarantee issued by the Company (refer note 31).

	2023 AED	2022 AED
<b>9. INVENTORIES</b>		
Project materials	3,320,494	1,049,890
Goods-in-transit	198,609	4,606,710
	<b>3,519,103</b>	<b>5,656,600</b>

# CLEANMAX SOLAR MENA FZCO

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 AED	2022 AED
<b>10. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	1,993,781	1,316,872
Other receivables	738,112	899,132
	<u>2,731,893</u>	<u>2,216,004</u>

The Company does not hold any collateral against trade receivables (previous year AED Nil).

An age analysis of trade receivables as follows:

Not past due	–	–
0 – 90 days past due	1,987,722	1,316,872
More than 180 days past due	6,059	–
	<u>1,993,781</u>	<u>1,316,872</u>

<b>11. OTHER CURRENT ASSETS</b>		
Prepayments	97,792	50,174
Advance to vendors	33,634	54,136
	<u>131,426</u>	<u>104,310</u>

## 12. RELATED PARTIES

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

Related parties comprise the parent company, subsidiaries, associate, directors and key management personnel.

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

	Parent company	Subsidiaries	Associate	Key management personal	Total 2023	Total 2022
	AED	AED	AED	AED	AED	AED
Investments	–	21,625,695	16,854,454	–	38,480,149	
	–	10,221,855	16,077,892	–		26,299,747
Long-term loan to related parties	–	4,016,428	14,924,867	–	18,941,293	
	–	1,219,390	24,883,674	–		26,103,064
Due from a related party	–	9,572,270	–	–	9,572,270	
	–	1,049,698	275,411	–		1,325,109

# CLEANMAX SOLAR MENA FZCO

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	Parent company	Subsidiaries	Associate	Key management personal	Total 2023	Total 2022
	AED	AED	AED	AED	AED	AED
Due to related parties	548,277	313,355	--	276,899	1,138,531	
	2,564,298	--	--	--		2,564,298
Loans from shareholder	18,365,488	--	--	--	18,365,488	
	24,425,061	--	--	--		24,425,061
Guarantee received	7,350,000	--	--	--	7,350,000	
	7,350,000	--	--	--		7,350,000
Provision for staff end-of-service benefit	--	--	--	8,186	8,186	
	--	--	--	131,034		131,034

All balances are unsecured and are expected to be settled in cash except for the guarantees received. Repayment and other terms are set out in notes 8,18 and 30.

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

	Parent company	Subsidiaries	Associate	Director/ Key management personnel	Total 2023	Total 2022
	AED	AED	AED	AED	AED	AED
Revenue	--	13,603,542	--	--	13,603,542	
	--	39,099,231	--	--		39,099,231
Direct costs	22,254,064	3,051,365	--	--	25,305,429	
	4,008,469	1,584,614	--	--		5,593,083
Expenses recharged to a related party	--	684,385	--	--	684,385	
	--	682,966	105,434	--		788,400
Expenses recharged from a related party	1,670,356	15,172	641,797	--	2,327,325	
	371	7,415	--	--		7,786
Transfer of staff end-of-service benefits payable (note 19)	--	--	65,254	--	65,254	
	--	--	--	--		--
Staff costs and other benefits	--	--	--	605,999	605,999	
	--	--	--	353,344		353,344
Staff end-of-service benefits	--	--	--	23,447	23,447	
	--	--	--	29,799		29,799
Interest income	--	1,696,720	--	--	1,696,720	
	--	854,094	37,031	--		891,125
Finance costs	1,498,686	--	--	--	1,498,686	
	2,396,809	--	--	--		2,396,809

# CLEANMAX SOLAR MENA FZCO

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The Company also provides funds to/receives funds from related parties as working capital facilities at fixed rates of interest. Certain administrative related services are availed from a related party as per agreed rates.

	2023 AED	2022 AED
<b>13. CONTRACT ASSETS/CONTRACT LIABILITIES</b>		
Contract assets relating to costs incurred to fulfil a contract	<b>1,690,315</b>	964,070
Disclosed as:		
Current contract assets	<b>1,690,315</b>	964,070
Contract liabilities	<b>1,622,511</b>	3,047,422
Disclosed as:		
Current contract liabilities	<b>1,622,511</b>	3,047,422
<b>14. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	<b>34,006</b>	411
Bank balances in current accounts	<b>6,491,393</b>	682,906
	<b>6,525,399</b>	683,317
<b>15. SHARE CAPITAL</b>		
<b>Issued and paid up:</b>		
16,877 shares of AED 1,000 each (previous year 6,858 shares of AED 1,000 each)	<b>16,877,000</b>	6,858,000
<b>Name</b>	<b>No. of shares</b>	<b>AED</b>
Clean Max Enviro Energy Solutions Private Ltd.	16,877	16,877,000

- (a) Vide an amendment to the Memorandum of Association dated 7 March 2023, the Company has increased the share capital by issuing 10,019 fully paid-up shares to CleanMax Enviro Energy Solutions Private Ltd. The shareholders at the reporting date and their interests as at that date in the share capital of the Company were as follows:

Name	At 31 March 2023				At 31 March 2022			
	No. of Shares	AED	% of holding	% of profit sharing	No. of Shares	AED	% of holding	% of profit sharing
CleanMax Enviro Energy Solutions Private Ltd.	16,877	16,877,000	100%	100%	6,858	6,858,000	100%	100%
	<b>16,877</b>	<b>16,877,000</b>	<b>100%</b>	<b>100%</b>	<b>6,858</b>	<b>6,858,000</b>	<b>100%</b>	<b>100%</b>

# CLEANMAX SOLAR MENA FZCO

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 AED	2022 AED
16. <b>SHARE PREMIUM</b>		
Opening balance <sup>(a)</sup>	887,440	—
Premium on additional shares issued during the year <sup>(b) to (d)</sup>	19,019,100	942,000
Transaction costs	(76,120)	(54,560)
Closing balance	19,830,420	887,440

(a) Share premium of AED 887,440 (net transaction cost of AED 54,560) arising out of initial payment of 1,308 shares amounting to AED 308 issued during the year ended 31 March 2022;

(b) Share premium of AED 6,136,000 (net transaction cost of AED 6,334) arising out of 2,879 shares amounting to AED 3,131 issued during the year ended 31 March 2023;

(c) Share premium of AED 3,289,000 (net transaction cost of AED 41,257) arising out of 1,543 shares amounting to AED 3,131 issued during the year ended 31 March 2023;

(d) Share premium of AED 9,594,000 (net transaction cost of AED 28,529) arising out of 5,597 shares amounting to AED 2,714 issued during the year ended 31 March 2023;

	2023 AED	2022 AED
17. <b>SHARE APPLICATION MONEY</b>		
Opening balance	9,017,200	4,000,000
Share application money on additional shares	34,796,848	9,017,200
Allotment of shares	(29,038,100)	(4,000,000)
	14,775,948	9,017,200

18. <b>LOANS FROM SHAREHOLDER<sup>(a)</sup></b>		
Opening balance	24,425,061	23,740,292
Receipts during the year (net)	14,000,000	3,701,527
Interest credited	1,498,686	2,396,809
Interest paid	(1,606,259)	(2,017,674)
Loan paid during the year	(19,952,000)	(3,395,893)
Closing balance	18,365,488	24,425,061

(a) This represents interest bearing loans received from shareholder with a maturity of three years from the date of receipt of loans as at reporting date. Loans amounting of AED 663,962 is repayable within a year and subject to interest rate at 10% p.a. and remaining loan is repayable after a year and subject to interest rate in the range of 6% p.a. to 10% p.a.

# CLEANMAX SOLAR MENA FZCO

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 AED	2022 AED
<b>Disclosed under:</b>		
Non-current portion	17,701,527	7,464,927
Current portion	663,961	16,960,134
	<u>18,365,488</u>	<u>24,425,061</u>
<b>19. PROVISION FOR STAFF END-OF-SERVICE-BENEFITS</b>		
Opening balance	131,034	101,235
Provision for the year	57,426	29,799
Transfer from a related party	65,254	--
Paid during the year	(182,493)	--
Closing balance	<u>71,221</u>	<u>131,034</u>
<b>20. BANK FACILITIES</b>		
Bank facilities from Mashreq Bank are secured by financial bank guarantee of AED 7,350,000 received from parent company.		
The bank borrowings are subject to certain financial covenants such as minimum monthly account turnover routing (excluding any TR / LBD credits) of AED 500,000.		
<b>21. TRADE AND OTHER PAYABLES</b>		
Trade payables	445,440	6,532,196
Accruals	152,641	276,093
	<u>598,081</u>	<u>6,808,289</u>
The entire trade and other payables are due for payment in one year.		
<b>22. OTHER CURRENT LIABILITIES</b>		
VAT payable (net)	316,994	51,155
Employee related payables	--	70,905
	<u>316,994</u>	<u>122,060</u>
<b>23. MANAGEMENT OF CAPITAL</b>		
The Company's objectives when managing capital are to ensure that the Company continues as a going concern and to provide the shareholder with a rate of return on its investment commensurate with the level of risk assumed.		
Capital which is unchanged from the previous year, comprises equity funds as presented in the statement of financial position along with loans from the shareholder and amounts due to/from related parties. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.		

# CLEANMAX SOLAR MENA FZCO

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The Company is subject to externally imposed capital requirements as per provisions of the bank facilities availed. The Company has complied with all the capital requirements to which it is subject.

Funds generated from internal accruals together with funds received from a related party net of funds provided to related parties are retained in the business according to the business requirements to maintain the capital at desired levels.

### 24. REVENUE

The Company generates revenue from the transfer goods and services over time and at a point in time. The disaggregated revenue from contracts with customers by geographical segments, type of services and timing of revenue recognition is presented below. The management believes that this best depicts the nature, amount, timing and uncertainty of the Company's revenue and cash flows.

	2023 AED	2022 AED
<b>Primary geographical segments</b>		
- UAE	32,046,542	41,596,737
- Thailand	610,545	—
- Bahrain	68,492	—
	<u>32,725,579</u>	<u>41,596,737</u>
<b>Major good/service lines</b>		
<b>Construction/installation projects</b>		
- Solar equipment installation	8,303,614	2,411,164
<b>Sale of goods</b>		
- Sale of goods	24,254,022	39,099,232
<b>Operation and maintenance</b>		
- Operation and maintenance	167,943	86,341
	<u>32,725,579</u>	<u>41,596,737</u>
<b>Timing of revenue recognition</b>		
- At a point in time	24,421,965	39,185,573
- Over time	8,303,614	2,411,164
	<u>32,725,579</u>	<u>41,596,737</u>

### 25. DIRECT COSTS

Purchase of project materials	35,038,073	36,684,478
Other direct costs	1,832,386	2,158,830
	<u>36,870,459</u>	<u>38,843,308</u>
Changes in inventories	(2,270,604)	(1,049,890)
	<u>34,599,855</u>	<u>37,793,418</u>

### 26. OTHER OPERATING INCOME

Foreign exchange gain (net)	61,362	—
Other miscellaneous income	8,564	19,779
	<u>69,926</u>	<u>19,779</u>

# CLEANMAX SOLAR MENA FZCO

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2023 AED	2022 AED
<b>27. ADMINISTRATIVE EXPENSES</b>		
Staff salaries and benefits <sup>(a)</sup>	811,106	353,344
Staff end-of-service benefits	57,426	29,799
Short-term lease expenses	35,003	35,128
Marketing expenses	94,198	50,218
Commission and referral fees	125,809	145,992
Professional fees	94,891	21,810
Travel expenses	33,470	22,085
Insurance charges	59,941	42,128
Bank charges	8,401	7,922
Audit fees	41,500	74,500
Depreciation (note 6)	1,357	1,415
Foreign exchange loss (net)	--	122,932
Other expenses	99,674	93,043
	<b>1,462,776</b>	<b>1,000,316</b>

(a) It includes director's remuneration of AED 605,999 (previous year AED 353,344).

<b>28. INTEREST INCOME</b>		
On loan to related parties	<b>1,696,720</b>	891,125
<b>29. FINANCE COSTS</b>		
On loans from shareholder	<b>1,498,686</b>	2,396,809
Other finance costs	<b>275,345</b>	686,579
On bank overdrafts	<b>3,567</b>	1,916
	<b>1,777,598</b>	<b>3,085,304</b>

### 30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### Financial instruments

#### Classification and fair values

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

	At amortised cost	
	2023 AED	2022 AED
<b>Financial assets</b>		
Other financial assets (current and non-current)	<b>18,996,293</b>	27,232,386
Trade and other receivables	<b>2,731,893</b>	2,216,004
Due from a related party	<b>9,572,270</b>	1,325,109
Cash and cash equivalents	<b>6,525,399</b>	683,317
	<b>37,825,855</b>	<b>31,456,816</b>

	At amortised cost	
	2023 AED	2022 AED
<b>Financial liabilities</b>		
Trade and other payables	598,081	6,808,289
Due to related parties	1,138,531	2,564,298
Loans from shareholder (current and non-current)	18,365,488	24,425,061
	<u>20,102,100</u>	<u>33,797,648</u>

### ***Fair value measurement and disclosures***

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

The fair values of cash and cash equivalents, trade and other receivables, due from a related party, other financial assets (current), trade and other payables and due to related parties approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to determine the fair values of other financial assets/liabilities:

Non-current financial assets are evaluated by the Company using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible inputs are based on parameters such as interest rates, specific country risk factors, individual credit worthiness of the customers and credit risks characteristics. As at the reporting date, the carrying amounts of such receivables, net of provisions, are not materially different from their fair values.

Fair values of loans from shareholder are estimated by discounting future cash flows using rates currently available for debts on similar items, credit risk and remaining maturities. As at the reporting date, the carrying amount of such liability, is not materially different from its fair value.

### **Financial risk management**

#### ***Risk management objectives***

Risk is inherent in the Company's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability. The Company's risk management focusses on actively securing short to medium term cash flows by minimizing the exposure to financial markets.

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

The management of the Company reviews and agrees policies for managing each of these risks which are summarised below:

### ***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.

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

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally bank accounts, trade and other receivables, amounts due from a related party, loan to related parties and margin deposits.

The Company's bank accounts and margin deposits are placed with high credit quality financial institutions.

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

Amounts due from a related party relate to transactions arising in the normal course of business with minimal credit risk.

At the reporting date 95% of trade receivables was due from two customers situated in the UAE (previous year 100% due from a customer situated in the UAE).

At the reporting date 100% of due from a related party are due from a related party (previous year 98% due from two related parties).

At the reporting date, there is no significant concentration of credit risk from any particular industry as the Company's customers are from diverse industries.

The Company uses an allowance matrix to measure the expected credit losses of trade receivables and contract assets. Loss rates are calculated using a 'flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Flow rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

# CLEANMAX SOLAR MENA FZCO

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Based on the assessment, the management believes that no impairment provision is required under IFRS 9.

### Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company limits its liquidity risk by ensuring adequate bank facilities are available.

The table below summarises the maturities of the Company's undiscounted financial liabilities at the reporting date, based on contractual payment dates and current market interest rates.

	Less than one year		One to five years		Total	
	2023	2022	2023	2022	2023	2022
	AED	AED	AED	AED	AED	AED
Trade and other payables	598,081	6,808,289	--	--	598,081	6,808,289
Due to related parties	1,138,531	2,564,298	--	--	1,138,531	2,564,298
Loans from shareholder	663,961	16,960,134	17,701,527	7,464,927	18,365,488	24,425,061
	<u>2,400,573</u>	<u>26,332,721</u>	<u>17,701,527</u>	<u>7,464,927</u>	<u>20,102,100</u>	<u>33,797,648</u>

### Market risk

Market risk is the risk that the changes in market prices, such as foreign currency exchange rates, interest rates and prices, will affect the Company's income or the value of its holdings of financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns.

### Currency risk

Currency risk is the risk that the values of financial instruments will fluctuate because of changes in foreign exchange rates.

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

	2023	2022
	AED	AED
Cash and bank balances		
British Pound Sterling	<u>3,540</u>	<u>3,854</u>

# CLEANMAX SOLAR MENA FZCO

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates.

Loan to related parties and loans from shareholder are subject to fixed interest rates at levels generally obtained in the UAE and are therefore exposed to fair value interest rate risk.

	2023 AED	2022 AED
31. CONTINGENT LIABILITIES		
Unutilised balances of commercial letters of credit	--	583,928
Bankers' letter of bank guarantee [note 8 (c)]	3,541,583	1,129,322
	<u>3,541,583</u>	<u>1,713,250</u>

### 32. COMPARATIVE FIGURES

Previous year's figures have been regrouped/reclassified wherever necessary to make them comparable to those of the current period.

### 33. CORPORATE TAX

On 9 December 2022, the UAE Ministry of Finance issued the Federal Decree-Law No. (47) of 2022 introducing Corporate Tax, effective for financial years commencing on or after 1 June 2023. The rate of corporate tax is 9% on the taxable income exceeding AED 375,000 and 0% for qualifying free zone companies on their qualifying income, subject to meeting specified conditions. There is no impact of this law on the financial statements of the Company for the year ended 31 March 2023. Management will assess the implications of this Federal Corporate Tax for the Company in due course.

For **CLEANMAX SOLAR MENA FZCO**

  
DIRECTOR

