

MANKIND PHARMA FZ-LLC

**FINANCIAL STATEMENTS AND REPORTS
YEAR ENDED 31 MARCH 2024**

MANKIND PHARMA FZ-LLC

FINANCIAL STATEMENTS AND REPORTS YEAR ENDED 31 MARCH 2024

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MANKIND PHARMA FZ-LLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024

The directors submit their report and financial statements for the year ended 31 March 2024. We approve the financial statements and confirm that we are responsible for these, 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.

Results and dividends

The profit for the year amounted to AED 1,595,012. The directors do not recommend any dividends for the year ended 31 March 2024.

Review of the business

The Company is licensed for import, re-export, marketing, sales promotion, storage and support services of therapeutic products.

Legal and regulatory requirements

The Company has complied with the applicable provisions of the Dubai Creative Clusters Private Companies Regulations, 2016.

Events since the end of the year

There are no significant events since the end of the year.

Shareholder and the interest in share capital

The shareholder at 31 March 2024 and its interest as at that date in the share capital of the Company was as follows:

Name	31 March 2024	
	No. of shares	AED
Mankind Pharma Limited, India	<u>24,600</u>	<u>24,600,000</u>

Independent auditor

PKF were appointed as independent auditor for the year ended 31 March 2024 and it is proposed that they be re-appointed for the year ending 31 March 2025.




Director
22 April 2024



INDEPENDENT AUDITOR'S REPORT

To the Shareholder of **MANKIND PHARMA FZ-LLC**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MANKIND PHARMA FZ-LLC** (the "Company"), which comprise the statement of financial position as at 31 March 2024, and 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 2024, 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.

Other Information

Management is responsible for the other information. Other information comprises the Directors' report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT

(continued)

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for their compliance with the Implementing Regulation issued by DCC Private Companies Regulations 2016 issued under Law No. (15) of 2014 concerning the Creative Clusters in the Emirate of Dubai, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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.

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INDEPENDENT AUDITOR'S REPORT

(continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that 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 provisions of Implementing Regulation issued by DCC Private Companies Regulations 2016 issued under Law No. (15) of 2014 concerning the creative clusters in the Emirate of Dubai.

As required by the applicable provisions of DCC Private Companies Regulations 2016, we report that

- the financial statements have been prepared in accordance with International Financial Reporting Standards;
- the financial statements have been prepared in accordance with these Regulations;
- the financial statements give a true and fair view of the profit or loss of the Company for the financial year;
- the financial statements give a true and fair view of the state of the Company's affairs at the end of the financial year; and

For PKF

**S. D. Pereira**

Partner

Registration No. 552

Dubai

United Arab Emirates

22 April 2024

MANKIND PHARMA FZ-LLC

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Notes	31.3.2024 AED	31.3.2023 AED
ASSET			
Non-current assets			
Property, plant and equipment	6	<u>327,987</u>	533,094
Current assets			
Trade and other receivables	7	5,381,946	723,578
Other current assets	8	39,723	72,533
Cash and cash equivalents	9	19,064,013	23,012,273
		<u>24,485,682</u>	23,808,384
Total assets		<u><u>24,813,669</u></u>	<u><u>24,341,478</u></u>
EQUITY AND LIABILITIES			
Equity funds			
Share capital	11	24,600,000	24,600,000
Share based payment reserve	12	426,546	--
Accumulated losses		(833,764)	(2,428,776)
		<u>24,192,782</u>	22,171,224
Non-current liabilities			
Provision for staff end-of-service benefits	13	<u>142,668</u>	--
Current liabilities			
Trade and other payables	14	297,390	1,865,039
Other current liabilities	15	180,829	173,936
Lease liabilities	16	--	131,279
		<u>478,219</u>	2,170,254
Total liabilities		<u>620,887</u>	2,170,254
Total equity and liabilities		<u><u>24,813,669</u></u>	<u><u>24,341,478</u></u>

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 to 4.

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 directors on 15 April 2024.

For MANKIND PHARMA FZ-LLC

DIRECTOR



MANKIND PHARMA FZ-LLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

	Notes	31.3.2024 AED	31.3.2023 AED
Revenue	18	16,185,954	3,251,353
Purchase of inventories including direct costs		(9,677,315)	(2,180,743)
Gross profit		6,508,639	1,070,610
Other income	19	--	4,530
Staff costs	20	(3,430,187)	(2,458,243)
Depreciation of property, plant and equipment	6	(205,107)	(181,725)
Other operating expenses	21	(1,272,746)	(315,964)
Interest income on bank balances		2,365	--
Finance costs	22	(7,952)	(11,119)
PROFIT/(LOSS) FOR THE YEAR		1,595,012	(1,891,911)
Other comprehensive income:			
Other comprehensive income for the year		--	--
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,595,012	(1,891,911)

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 to 4.

MANKIND PHARMA FZ-LLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	Share capital	Share-based payment reserve	Accumulated losses	Total
	AED	AED	AED	AED
Balance at 1 April 2022	24,600,000	--	(536,865)	24,063,135
Total comprehensive income for the year	--	--	(1,891,911)	(1,891,911)
Balance at 31 March 2023	24,600,000	--	(2,428,776)	22,171,224
Share based payments (note 12)	--	426,546	--	426,546
Total comprehensive income for the year	--	--	1,595,012	1,595,012
Balance at 31 March 2024	<u>24,600,000</u>	<u>426,546</u>	<u>(833,764)</u>	<u>24,192,782</u>

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

The report of the independent auditor is set forth on pages 2 to 4.

MANKIND PHARMA FZ-LLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	31.3.2024 AED	31.3.2023 AED
Cash flows from operating activities		
Profit/(loss) for the year	1,595,012	(1,891,911)
Adjustments for:		
Depreciation of property, plant and equipment	205,107	181,725
Interest income	(2,365)	--
Share-based payment expense	426,546	--
Staff end-of-service benefits	142,668	--
Finance costs	7,952	11,119
	<u>2,374,920</u>	<u>(1,699,067)</u>
Changes in:		
- Trade and other receivables	(4,658,368)	(723,578)
- Other current assets	32,810	(71,940)
- Trade and other payables	(1,567,649)	1,857,689
- Other current liabilities	6,893	173,936
Net cash used in operating activities	<u>(3,811,394)</u>	<u>(462,960)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	--	(225,429)
Interest received	2,365	--
Net cash from/(used in) investing activities	<u>2,365</u>	<u>(225,429)</u>
Cash flows from financing activities		
Payments of lease liabilities	(139,231)	(133,876)
Funds withdrawn by the shareholder (net)	--	(126,249)
Net cash used in financing activities	<u>(139,231)</u>	<u>(260,125)</u>
Net decrease in cash and cash equivalents	(3,948,260)	(948,514)
Cash and cash equivalents at beginning of year	23,012,273	23,960,787
Cash and cash equivalents at end of year (note 9)	19,064,013	23,012,273

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

The report of the independent auditor is set forth on pages 2 to 4.

MANKIND PHARMA FZ-LLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. LEGAL STATUS AND BUSINESS ACTIVITY

- a) **MANKIND PHARMA FZ-LLC** (the "Company") is a free zone limited liability company registered in accordance with the provision of Implementing Regulation issued by DCC Private Companies Regulations 2016 issued under Law No. (15) of 2014 concerning the Creative Clusters in the Emirate of Dubai (known as Dubai Development Authority since 6 January 2019). The registered office is premises no. 703S, Seventh floor, Dubai Science Park (DSP) Towers - South, Dubai, U.A.E. The Company was registered on 15 September 2021 under license number 99004.
- b) The Company is licensed for import, re-export, marketing, sales promotion, storage and support services of therapeutic products.
- c) The Company is the wholly owned subsidiary of Mankind Pharma Limited, registered in India which is the parent 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 1 April 2023, and the requirements of Implementing Regulation issued by DCC Private Companies Regulations 2016 issued under Law No. (15) of 2014 concerning the Creative Clusters in the Emirate of Dubai.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

Standards, amendments, improvements and interpretations effective for the current period

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

- IFRS 17 – Insurance Contracts
- Amendments to IFRS 17 – Insurance Contracts
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 - International Tax Reform – Pillar Two Model Rules
- Amendments to IAS 1 – Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangement
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

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

The following amendments and improvements 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 21 – Lack of Exchangeability (1 January 2025)
- 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)
- IFRS S1 General Requirements for Disclosure of Sustainability Related Financial Information and IFRS S2 Climate Related Disclosures (Effective upon adoption by applicable regulatory)

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:

MANKIND PHARMA FZ-LLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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.

Right-of-use asset	3 years
Leasehold improvements	5 years
Furniture and fixtures	5 years

The Company has presented right-of-use assets representing the right to use the underlying assets under property, plant and equipment [Refer notes 3 (e) and 6].

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 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/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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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 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) **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 upon 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.

d) **Revenue recognition**

The Company is licensed for import, re-export, marketing, sales promotion, storage and support services of therapeutic products.

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

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 good to the customer.

MANKIND PHARMA FZ-LLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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 goods 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.

e) **Leases**

The Company has taken its office premise on lease. Rental contracts are typically made for fixed period of 3 years 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 are not used as security for borrowing purposes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Right-of-use assets

The Company recognises right-of-use assets at the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any reimbursement of lease liabilities. The cost of right-of-use assets includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial costs; and
- restoration costs.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

The Company recognises lease liabilities at the commencement date of the lease. The lease liabilities are measured at the net present value of lease payments to be made over the lease term. The lease payments include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Company; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

The Company uses its incremental borrowing rate as the discount rate in calculating the present value of lease payments and uses the incremental borrowing rate at the commencement date of the lease if the profit rate implicit in the lease is not readily determinable. Further, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance lease payments or a change in the assessment to purchase the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

f) **Cash and cash equivalents**

Cash and cash equivalents comprise bank balances in current accounts.

g) **Foreign currency transactions**

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

Monetary assets and liabilities expressed in foreign currencies are translated into U.A.E. 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.

h) **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, it's 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.

i) **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.

j) **Value added tax**

As per the Federal Decree-Law No. (08) of 2017, Value Added Tax (VAT), need to be 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 does not have any output taxable supplies of goods or services. As VAT registration is not mandatory in UAE for such an entity, the Company has opted not to register under VAT.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

k) **Income and deferred tax**

Tax expense for the year comprises of current tax and deferred tax. Current tax is measured by the amount of tax expected to be paid to the taxation authorities on the taxable profits after considering tax allowances and exemptions and using applicable tax rates and laws. Deferred tax is recognised on temporary differences between the accounting base and the tax base for the year and quantified using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date.

Deferred tax is recognised using the balance sheet approach. Deferred tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in the financial statements, except when the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred tax asset is recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax liabilities are recognised for all taxable temporary differences.

Current tax and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amount and there is an intention to settle the asset and liability on a net basis.

l) **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.

MANKIND PHARMA FZ-LLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

The Company classifies all other liabilities as non-current.

m) **Financial instruments**

Classification

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

The classification of financial assets at initial recognition depends 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 fair value through other comprehensive income, it needs to give rise to cash flows that are "solely payments of principal and interest" on the principal amount outstanding. This assessment 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 fair value through profit or loss 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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 fair value through profit or loss, transaction costs that are directly attributable to its acquisition. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

Financial assets

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 (except for those assets that are designated as at fair value through other comprehensive income on initial recognition) using the effective interest method. All other financial assets are subsequently measured at fair value.

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.

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 and cash and cash equivalents.

Financial liabilities

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

Financial liabilities at amortised cost comprise of trade and other payables and lease liabilities.

Impairment of financial assets

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses 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 expected credit losses: expected credit losses that result from possible default events within 12 months after the reporting date; and
- Lifetime expected credit losses: expected credit losses 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 expected credit losses, except for the following which are measured as 12-month expected credit losses:

- Bank balances 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 at an amount equal to lifetime expected credit losses. 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 expected credit losses, 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 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 365 days past due.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

The maximum period considered when estimating expected credit losses 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 towards interest in share capital of the Company.

n) **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.

o) **Equity-settled share-based compensation plans**

The fair value of the share options granted by the parent company to the employees of the Company is recognised as an expense in the books of account by crediting equity. The total amount expensed over the vesting period is determined by the fair value of the option granted. At each reporting date, the parent company revises its estimates of the number of options that are expected to vest.

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

Leases

Determining the lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, to lease the asset for additional years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew considering the historical lease durations and the costs and business disruption required to replace the leased asset. The Company considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"), which is 6%, due to the absence of implicit rates in the lease contracts

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Management has applied judgments and estimates to determine the IBR at the transition date, using borrowing rates that certain financial institutions would charge the Company against financing the different types of assets it leases over different terms and different ranges of values. IBR is further adjusted for Company's specific risk, term risk and underlying asset risk. Majority of the leases are present in the UAE and accordingly no adjustment for the economic environment was deemed required.

Recognition of revenue and allocation of transaction price

Identification of performance obligations

The Company determined that the sale of goods and license is provided as a single component to the 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 and license fees is to be recognised at a point in time when the control of the goods and services are transferred to the customers. Payment of the transaction price is due immediately at the point the customer purchases the goods.

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, 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(m).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Staff end-of-service benefits

The Company computes the provision for the liability to staff end-of-service benefits stated at AED 142,668 (previous year AED Nil), 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.

6. PROPERTY, PLANT AND EQUIPMENT

	Capital work- in-progress ^(a)	Right-of-use asset ^(b)	Leasehold improvements	Furniture and fixtures	Total
	AED	AED	AED	AED	AED
Cost					
At 1 April 2022	191,100	364,060	--	--	555,160
Additions	--	--	180,397	45,032	225,429
Transfer	(191,100)	--	191,100	--	--
At 31 March 2023 and 31 March 2024	<u>--</u>	<u>364,060</u>	<u>371,497</u>	<u>45,032</u>	<u>780,589</u>
Accumulated depreciation					
At 1 April 2022	--	65,770	--	--	65,770
Depreciation for the year	--	121,243	53,944	6,538	181,725
At 31 March 2023	--	187,013	53,944	6,538	247,495
Depreciation for the year	--	121,573	74,503	9,031	205,107
At 31 March 2024	<u>--</u>	<u>308,586</u>	<u>128,447</u>	<u>15,569</u>	<u>452,602</u>
Carrying amount					
At 1 April 2022	<u>191,100</u>	<u>298,290</u>	<u>--</u>	<u>--</u>	<u>489,390</u>
At 31 March 2023	<u>--</u>	<u>177,047</u>	<u>317,553</u>	<u>38,494</u>	<u>533,094</u>
At 31 March 2024	<u>--</u>	<u>55,474</u>	<u>243,050</u>	<u>29,463</u>	<u>327,987</u>

- (a) Capital work-in-progress represented cost incurred towards interior fit-out works at office premises.
- (b) Right-of-use asset represents right of use of office premises. The lease is for a period of 3 years.

	31.3.2024 AED	31.3.2023 AED
7. TRADE AND OTHER RECEIVABLES		
Trade receivables	5,366,946	708,578
Staff advances	10,000	10,000
Deposits	5,000	5,000
	<u>5,381,946</u>	<u>723,578</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

An age analysis of trade receivables as at the reporting date is as follows:

	31.3.2024	31.3.2023
	AED	AED
Trade receivables not past due	3,699,333	381,836
Trade receivables past due but not impaired		
- 0 to 6 months	1,667,613	326,742
	5,366,946	708,578
8. OTHER CURRENT ASSETS		
Prepayments	39,130	37,858
Advances for goods and services	593	34,675
	39,723	72,533
9. CASH AND CASH EQUIVALENTS		
Bank balances in current accounts	19,064,013	23,012,273

10. 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 at prices determined by the management.

Related parties comprise the parent company and directors.

At the reporting date, significant balances with parent company were as follows:

Trade payables	4,907	1,827,739
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All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in notes 13 and 23.

Significant transactions with related parties during the year comprise of purchases from parent company amounting to AED 9,677,315 (previous period AED 2,180,743) and licensing fees paid to parent company of AED Nil (previous year AED 104,595).

Certain administrative and staff related services were received from a related party free of cost.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	31.3.2024 AED	31.3.2023 AED
11. SHARE CAPITAL		
Issued and paid up:		
24,600 shares of AED 1,000 each held by Mankind Pharma Limited, India	<u>24,600,000</u>	<u>24,600,000</u>
12. SHARE BASED PAYMENT RESERVE		
Capital contribution by the parent company ^(a)	<u>426,546</u>	<u>--</u>
a)	<p>The parent company has formalised an Employee Stock Option Plan ('ESOP') during the year under which share options are granted to employees of the parent company and its subsidiaries. The parent company operates equity-settled share-based compensation plans. The fair value of the share options granted to the employees of the Company is recognised as an expense in the books of account by crediting equity. The total amount expensed over the vesting period is determined by the fair value of the option granted. At each reporting date, the parent company revises its estimates of the number of options that are expected to vest.</p>	
13. PROVISION FOR STAFF END-OF-SERVICE BENEFITS		
Provision for the year	<u>142,668</u>	<u>--</u>
Closing balance	<u>142,668</u>	<u>--</u>
14. TRADE AND OTHER PAYABLES		
Trade payables	<u>121,079</u>	<u>1,842,989</u>
Accruals	<u>176,311</u>	<u>22,050</u>
	<u>297,390</u>	<u>1,865,039</u>
	<p>The entire trade and other payables are due for payment within one year from the reporting date.</p>	
15. OTHER CURRENT LIABILITIES		
Advance from customers	<u>153,253</u>	<u>173,936</u>
Employee related payables	<u>27,576</u>	<u>--</u>
	<u>180,829</u>	<u>173,936</u>
16. LEASE LIABILITIES		
Lease liabilities for long term lease of office premise	<u>--</u>	<u>131,279</u>
Disclosed in the statement of financial position as follows:		
Current liabilities	<u>--</u>	<u>131,279</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

A reconciliation of the movements in the lease liabilities is as follows:

	31.3.2024	31.3.2023
	AED	AED
Opening balance	131,279	254,036
Finance costs on lease	7,952	11,119
Payments made during the year	(139,231)	(133,876)
Closing balance	--	131,279

A maturity analysis of undiscounted lease liabilities is as follows:

3 months – 1 year	--	139,231
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Reconciliation of undiscounted lease liabilities to the lease liabilities as stated in the statement of financial position is as follows:

Lease payments due	--	139,231
Less: Finance cost on leases	--	(7,952)
Disclosed in the statement of financial position	--	131,279

17. MANAGEMENT OF CAPITAL

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 period, comprises equity funds as presented in the statement of financial position. Debt comprises total amounts owed by the Company, net of cash and cash equivalents.

The Company is not exposed to any externally imposed capital requirements.

Funds generated from internal accruals together with funds received from related parties are retained in the business, according to the business requirements and maintain capital at desired levels.

18. REVENUE

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	31.3.2024 AED	31.3.2023 AED
Primary Geographical segments		
– U.A.E.	1,961,429	574,993
– Other middle east countries	5,471,318	1,693,791
– Asian countries	1,769,303	982,569
– African countries	2,701,218	--
– South America	4,282,686	--
	<u>16,185,954</u>	<u>3,251,353</u>
Major goods/service lines		
<i>Trading</i>		
– Pharmaceutical and healthcare products	16,185,954	3,146,758
<i>Service lines</i>		
– License fees	--	104,595
	<u>16,185,954</u>	<u>3,251,353</u>
Timing of revenue recognition		
– At a point in time	<u>16,185,954</u>	<u>3,251,353</u>
19. OTHER INCOME		
Foreign exchange gain	--	4,530
20. STAFF COSTS		
Staff salaries and benefits	2,860,973	2,458,243
Share-based payment expense (note 12)	426,546	--
Staff end-of-service benefits	142,668	--
	<u>3,430,187</u>	<u>2,458,243</u>
21. OTHER OPERATING EXPENSES		
Legal and professional fees	667,707	10,760
Conference expenses	237,083	--
Licensing fees	--	104,595
Other expenses	367,956	200,609
	<u>1,272,746</u>	<u>315,964</u>
22. FINANCE COSTS		
On lease liabilities	<u>7,952</u>	<u>11,119</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

23. 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	
	31.3.2024 AED	31.3.2023 AED
Financial assets		
Trade and other receivables	5,381,946	723,578
Cash and cash equivalents	19,064,013	23,012,273
	<u>24,445,959</u>	<u>23,735,851</u>
Financial liabilities		
Trade and other payables	297,390	1,865,039
Lease liabilities (current and non-current)	--	131,279
	<u>297,390</u>	<u>1,996,318</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 trade and other receivables, cash and cash equivalents, trade and other payables and current lease liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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 minimising the exposure to financial markets.

The primary risks to which the operations of the Company are exposed, which are unchanged from the previous period, comprise credit risks, liquidity risks and market risk (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:

MANKIND PHARMA FZ-LLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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, trade and other receivables and cash and cash equivalents.

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

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

At the reporting date, the Company's maximum exposure to credit risk from such receivables situated outside the UAE is as follows:

	31.3.2024	31.3.2023
	AED	AED
Other middle east countries	3,378,507	540,863
Asian countries	495,501	22,647
South America	611,849	--
South Africa	881,088	--

At the reporting date, 91% of trade receivables were due from four customers (previous year 97% from two customers) engaged in similar business in which the Company operates.

The Company uses an allowance matrix to measure the expected credit losses of trade receivables. 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 based on the age of customer relationship and type of products purchased.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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 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	
	31.3.2024	31.3.2023
	AED	AED
Trade and other payables	297,390	1,865,039
Lease liabilities	--	139,231
	<u>297,390</u>	<u>2,004,270</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 optimising the returns.

Currency risk

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

The Company buys and sells goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in UAE Dirhams to which the US dollars is pegged.

Interest rate risk

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

The Company is not subject to any significant interest rate risks.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

24. CORPORATE TAX



On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the 'CT Law') to enact a Federal corporate tax ('CT') regime in the UAE. The CT Law is effective for the financial years beginning on or after 1 June 2023. Decision No. 116 of 2022 specifies the threshold of income (as AED 375,000) over which a corporate tax of 9% would apply and accordingly, the CT Law is now considered to be substantively enacted.

For the Company, current taxes shall be accounted for as appropriate in the financial statements for the accounting period beginning on 1 April 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the financial year ended 31 March 2024.

Based on the information available to date, the Company has assessed the deferred tax implications for the year ended 31 March 2024 and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with regard to transition rules), it has been concluded that deferred tax implications are not expected to be material.

The Company shall continue to monitor critical Cabinet Decisions to determine the impact on the Company, from deferred tax perspective.

For MANKIND PHARMA FZ-LLC

 
DIRECTOR