SRL Diagnostics FZ-LLC
Dubai Healthcare City, Dubai - United Arab Emirates
Auditor's report and Financial statements
For the year ended March 31, 2021

SRL Diagnostics FZ-LLC
Dubai Healthcare City, Dubai - United Arab Emirates

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SRL Diagnostics FZ-LLC

Dubai Healthcare City, Dubai - United Arab Emirates

General information

Principal office address	:	Units No. 1018 & 1019 Building No. 64 Dubai Healthcare City P.O. Box: 505143 Dubai – United Arab Emirates T: +971 4 448 3100	
The Directors	:	Name Mr. Mangesh Shrikant Shirodkar Mr. Ravi Aggarwal	Nationality Indian Indian
The Auditor	:	Crowe Mak P.O. Box 6747 Dubai - United Arab Emirates	
The Main Bank	:	Mashreq Bank PSC	

SRL Diagnostics FZ-LLC
Dubai Healthcare City, Dubai - United Arab Emirates

Directors' report

The Directors' have pleasure in presenting their report and the audited financial statements for the year ended March 31, 2021.

Principal activities of the Entity

The Entity is licensed by the Dubai Healthcare City Authority issued by the Government of Dubai to operate as diagnostic centre and medical laboratory.

Financial review

The table below summarizes the results of 2021 and 2020 denoted In Arab Emirates Dirham (AED)

Revenue	7,666,825	12,411,332
Gross profit	1,116,645	3,005,324
Net (loss) for the year	(7,565,124)	(3,887,269)

Role of the Directors'

The Directors are the Entity's principal decision-making forum. The Directors have the overall responsibility for leading and supervising the Entity for delivering sustainable shareholder value through its guidance and supervision of the Entity's business. The Directors sets the strategies and policies of the Entity. They monitors performance of the Entity's business. guides and supervises its management.

Going concern

These financial statements have been prepared under the going concern concept despite the fact that the Entity incurred a loss of AED 7,565,124 (2020: AED 3,887,269) during the year ended March 31, 2021 and had accumulated losses of AED 105,956,450, a negative equity of AED 9,706,794 (2020: AED 8,001,474) and working capital deficit of AED 8,301,032 (2020: AED 8,138,179) as at March 31, 2021. The shareholder continue to provide financial support to the Entity as may be required from time to time to continue its operations in the foreseeable future. During the current financial year, the Shareholder has infused AED 5,859,804 in the form of Equity and AED 1,468,000 as a loan to the Entity. The management has identified various areas to bring down the cost and has started entering into / revival of contracts to increase revenues. The impact of measures taken by management would be visible in near future.

Events after year end

In the opinion of the Director, no transaction or event of a material and unusual nature, favourable or unfavourable has arisen in the interval between the end of the financial year and the date of this report, that is likely to affect, substantially the result of the operations or the financial position of the entity .

Auditor

M/s. Crowe Mak, Dubai - United Arab Emirates is willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting.

Statement of Directors' responsibilities

The applicable requirements requires the Directors to prepare the financial statements for each financial year which presents fairly in all material respects, the financial position of the entity and its financial performance for the year then ended.

The audited financial statements for the year under review, have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Directors confirm that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Entity and enables them to ensure that the financial statements comply with the requirements of applicable statute. The Directors also confirmthat appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably present the Entity's financial conditions and results of its operations.

These financial statement were approved by the Board and signed on behalf by the authorized representative of the Entity.

Mr. Mangesh Shrikant Shirodkar
Director
April 26, 2021

Crowe

Crowe Mak

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Ref: KM/B1702H/Apr '2021

Independent auditor's report

To,
The Shareholder
SRL Diagnostics FZ-LLC
P.O. Box: 505143
Dubai Healthcare City, Dubai - United Arab Emirates

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of SRL Diagnostics FZ-LLC, Dubai Healthcare City, Dubai - United Arab Emirates ("Entity") which comprise the statement of financial position as at March 31, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to Note 2 to these financial statements which explains that the Entity incurred a loss of AED 7,565,124 (2020: AED 3,887,269) during the year ended March 31, 2021 and had accumulated losses of AED 105,956,450, a deficit in the equity of AED 9,706,794 (2020: AED 8,001,474) and net current liabilities of AED 8,301,032 as of that date. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern. We have not qualified our opinion in this matter.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Independent auditor's report (continued)

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 Entity '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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Crowe

Independent auditor's report (continued)

Report on other legal and regulatory requirements

As required by the U.A.E. DHCC Company Regulation No.8 of 2013, we further confirm that,

(1) We have obtained all the information and explanations which we consider necessary for our audit,

(2) The financial statements have been prepared and comply in all material respects with the applicable provisions of the U.A.E. DHCC company regulation No. 8 of 2013 and the Memorandum and Articles of Association of the Entity,

(3) Proper books of accounts have been maintained by the Entity,

(4) The contents of the Directors' report which relates to the financial statements are in agreement with the Entity's books of account,

(5) The Entity has not made any investments in share and stocks during the year ended March 31, 2021,

(6) Note 5 to the financial statements reflects the disclosures relating to material related party transactions and the terms under which they were conducted, and

(7) Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Entity has contravened, during the financial year ended, any of the applicable provisions of the U.A.E. DHCC company regulation No. 8 of 2013 and Memorandum and the Articles of Association of the Entity, which would materially affect its activities or its financial position as of March 31, 2021.

For, Crowe Mak

K. Mahmood

Khalid Mehmood Chaudhry
Senior Partner
Registration Number 635
Dubai, U.A.E.
April 26, 2021

SRL Diagnostics FZ-LLC
Dubai Healthcare City, Dubai - United Arab Emirates

Statement of financial position as at March 31, 2021
In Arab Emirates Dirham

		2021	2020
Assets			
Non-current assets			
Property and equipment	5	**297,355**	370,612
Right-of-use assets	7	**1,532,782**	2,686,459
Total non-current assets		**1,830,137**	3,057,071
Current assets			
Inventories	8	**430,891**	473,897
Accounts receivable	9	**4,579,589**	7,225,077
Advances, deposits and other receivables	10	**356,664**	529,722
Cash and bank balances	11	**5,998,299**	628,397
Total current assets		**11,365,443**	8,857,093
Total assets		**13,195,580**	11,914,164
Deficit and liabilities			
Deficit			
Share capital	12	**1,471,000**	506,000
Share premium	13	**10,134,387**	5,239,583
Reserve	14	**84,644,269**	84,644,269
Accumulated losses	15	**(105,956,450)**	(98,391,326)
Total (deficit)		**(9,706,794)**	(8,001,474)
Non-current liabilities			
Loans from related parties	6	**1,571,610**	58,846
Lease liabilities	7	**787,927**	1,842,828
Employees' end of service benefits	16	**876,362**	1,018,692
Total non-current liabilities		**3,235,899**	2,920,366
Current liabilities			
Accounts and other payables	17	**8,732,480**	7,138,655
Due to a related party	6	**10,303,484**	9,095,492
Lease liabilities	7	**630,511**	761,125
Total current liabilities		**19,666,475**	16,995,272
Total liabilities		**22,902,374**	19,915,638
Total deficit and liabilities		**13,195,580**	11,914,164

The accompanying notes form an integral part of these financial statements.
The report of the auditor is set out on pages 3 to 5.

The financial statements on pages 6-38 were approved on April 26, 2021 and signed on behalf of the Entity, by:

Mr. Mangesh Shrikant Shirodkar
Director

Statement of profit or loss and other comprehensive income for the year ended March 31, 2021
In Arab Emirates Dirham

	Notes	2021	2020
Revenue	18	**7,666,825**	12,411,332
Direct cost	19	**(6,550,180)**	(9,406,008)
Gross profit		**1,116,645**	3,005,324
Other income	20	**220,561**	17,750
Selling and distribution expenses	21	**(31,845)**	(47,879)
Administrative expenses	22	**(8,736,134)**	(6,727,150)
Finance costs	23	**(134,351)**	(135,314)
Net (loss) for the year		**(7,565,124)**	(3,887,269)
Other comprehensive income		**-**	-
Total comprehensive (loss) for the year		**(7,565,124)**	(3,887,269)

The accompanying notes form an integral part of these financial statements.
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SRL Diagnostics FZ-LLC
Dubai Healthcare City, Dubai - United Arab Emirates

Statement of changes in equity for the year ended March 31, 2021
In Arab Emirates Dirham

	Share capital	Share premium	Reserve	Accumulated losses	Total (deficit)
Balance as at March 31, 2019	506,000	5,239,583	84,644,269	(94,504,057)	(4,114,205)
Net (loss) for the year	-	-	-	(3,887,269)	(3,887,269)
Balance as at March 31, 2020	506,000	5,239,583	84,644,269	(98,391,326)	(8,001,474)
Net (loss) for the year	-	-	-	(7,565,124)	(7,565,124)
Additional share capital	965,000	-	-	-	5,859,804
Addition during the year	-	4,894,804	-	-	4,894,804
Balance as at March 31, 2021	**1,471,000**	**10,134,387**	**84,644,269**	**(105,956,450)**	**(9,706,794)**

The accompanying notes form an integral part of these financial statements.
The report of the auditor is set out on pages 3 to 5.

SRL Diagnostics FZ-LLC
Dubai Healthcare City, Dubai - United Arab Emirates

Statement of cash flows for the year ended March 31, 2021
In Arab Emirates Dirham

	2021	2020
Cash flows from operating activities		
Net (loss) for the year	**(7,565,124)**	(3,887,269)
Adjustments for:		
Gain on sale of property and equipment	**-**	(17,750)
Gain on termination of lease	**(6,748)**	-
Depreciation on property and equipment	**268,483**	266,478
Depreciation on right-of-use assets (Note 07)	**653,963**	681,554
Allowance for doubtful debt	**1,058,524**	582,284
Interest on lease liabilities	**89,587**	135,314
Finance costs	**44,764**	-
Provision for employees' end of service benefits	**230,545**	54,081
	(5,226,006)	(2,185,308)
(Increase) / decrease in current assets		
Inventories	**43,006**	370,221
Accounts receivable	**1,586,964**	(1,118,593)
Advances, deposits and other receivables	**173,058**	342,203
Increase / (decrease) in current liabilities		
Accounts and other payables	**1,546,590**	813,850
Due to a related party	**1,207,992**	2,722,852
Cash generated (used in) / from operations	**(668,396)**	945,225
Employees' end-of-services benefits paid	**(372,875)**	(29,082)
Net cash (used in) / from operating activities	**(1,041,271)**	916,143
Cash flows from investing activities		
Purchase of property and equipment	**(147,991)**	(4,106)
Proceeds from sale of property and equipment	**-**	17,999
Net cash (used in) / from investing activities	**(147,991)**	13,893
Cash flows from financing activities		
Capital introduced	**965,000**	-
Share premium	**4,894,804**	-
Payment of lease liabilities	**(679,053)**	(764,060)
Interest on lease liabilities	**(89,587)**	(135,314)
Proceeds/repayment of loans from related parties	**1,468,000**	-
Net cash from / (used in) financing activities	**6,559,164**	(899,374)
Net increase in cash and cash equivalents	**5,369,902**	30,662
Cash and cash equivalents, beginning of the year	**628,397**	597,735
Cash and cash equivalents, end of the year	**5,998,299**	628,397

Cash and cash equivalents		
Cash in hand	**18,557**	5,740
Cash at bank	**5,979,742**	622,657
	5,998,299	628,397

The accompanying notes form an integral part of these financial statements.
The report of the auditor is set out on pages 3 to 5.

1 Legal status and business activities

1.1 **SRL Diagnostics FZ-LLC, Dubai Healthcare City, Dubai - United Arab Emirates** (the "Entity") was incorporated in February 11, 2009 as a Free Zone Entity with a limited liability under commercial license issued by the Dubai Healthcare City of the Government of Dubai.

1.2 The Entity is licensed by the Dubai Healthcare City Authority issued by the Government of Dubai to operate as diagnostic centre and medical laboratory.

1.3 The registered office of the Entity is located at Units No. 1018 and 1019, Building No. 64, Dubai Healthcare City, P.O. Box: 505143, Dubai, United Arab Emirates.

1.4 The management and control are vested with Mr. Ravi Aggarwal, Director, Indian National.

1.5 These financial statements incorporate the operating results of the commercial License No. 358.

2 Going concern

These financial statements have been prepared under the going concern concept despite the fact that the Entity incurred a loss of AED 7,565,124 (2020: AED 3,887,269) during the year ended March 31, 2021 and had accumulated losses of AED 105,956,450, a negative equity of AED 9,706,794 (2020: AED 8,001,474) and working capital deficit of AED 8,301,032 (2020: AED 8,138,179) as at March 31, 2021. The shareholder continue to provide financial support to the Entity as may be required from time to time to continue its operations in the foreseeable future. During the current financial year, the Shareholder has infused AED 5,859,804 in the form of Equity and AED 1,468,000 as a loan to the Entity. The management has identified various areas to bring down the cost and has started entering into / revival of contracts to increase revenues. The impact of measures taken by management would be visible in near future.

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

3.1 New and amended IFRS Standards that are effective for the current year

Impact of the initial application of COVID-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued COVID-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-Related Rent Concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-Related Rent Concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before (a rent concession meets this condition if it results in reduced lease payments on or before and increased lease payments that extend beyond); and

c) There is no substantive change to other terms and conditions of the lease.

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

In the current year, the Entity has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after January 1, 2020.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

3 New standards and amendments (continued)

3.1 New and amended IFRS Standards that are effective for the current year (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to References to the Conceptual Framework in IFRSStandards	January 1, 2020

The Entity has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IFRS 3 Definition of a business — January 1, 2020

The Entity has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

3 New standards and amendments (continued)

3.1 New and amended IFRS Standards that are effective for the current year (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IAS 1 and IAS 8 Definition of material	January 1, 2020

The Entity has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7	January 1, 2020

These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments are relevant to The Entity given that it applies hedge accounting to its benchmark interest rate exposures. The application of the amendments impacts The Entity's accounting in the following ways:

• The Entity has floating rate debt, linked to [CU IBOR], which it cash flow hedges using interest rate swaps. The amendments permit continuation of hedge accounting even though there is uncertainty about the timing and amount of the hedged cash flows due to the interest rate benchmark reforms;

• The Entity has issued [Currency B]-denominated fixed rate debt which it fair value hedges using [Currency B]-fixed to [Currency B] IBOR interest rate swaps. The amendments permit continuation of hedge accounting even if in the future the hedged benchmark interest rate, [Currency B] IBOR, may no longer be separately identifiable. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measureable. If the risk component is no longer reliably measurable, the hedging relationship is discontinued.

• The Entity will retain the cumulative gain or loss in the cash flow hedge reserve for designated cash flow hedges that are subject to interest rate benchmark reforms even though there is uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of the cash flows of the hedged items. Should The Entity consider the hedged future cash flows are no longer expected to occur due to reasons other than interest rate benchmark reform, the cumulative gain or loss will be immediately reclassified to profit or loss.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

3 New standards and amendments (continued)

3.2 New and revised IFRS in issue but not yet effective

At the date of authorisation of these financial statements, The Entity has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IFRS 3 – Reference to the Conceptual Framework: The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.	January 1, 2022

They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use:	January 1, 2022

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The Entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of profit or loss and other comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of profit or loss and other comprehensive income include(s) such proceeds and cost.

3 New standards and amendments (continued)

3.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	*Effective for annual periods beginning on or after*
Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use: (continued)	January 1, 2022

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which The Entity first applies the amendments.

The Entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract	January 1, 2022

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the Entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the Entity first applies the amendments. Comparatives are not restated.

Instead, the Entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

3 New standards and amendments (continued)

3.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

The Annual Improvements include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the Entity (the borrower) and the lender, including fees paid or received by either the Entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchange that occur on or after the date the Entity first applies the amendment.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

3 New standards and amendments (continued)

3.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
IFRS 17 Insurance Contracts : IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.	January 1, 2023

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In , the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the Entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Amendments to IAS 1 – Classification of Liabilities as Current or Noncurrent:	January 1, 2023

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

3 New standards and amendments (continued)

3.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	*Effective for annual periods beginning on or after*
The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.	
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.	January 1, 2023
The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of The Entity anticipate that the application of these amendments may have an impact on the Group's financial statements in future periods should such transactions arise.	

4 Significant accounting policies

4.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards. These financial statements are presented in United Arab Emirates Dirham (AED) which is the Entity functional and presentation currency.

4.2 Basis of preparation

The financial statements have been prepared on the historical cost basis as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets or goods or services.

The principal accounting policies applied in these financial statements are set out below.

4.3 Current / Non-current classification

The Entity presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

4 Significant accounting policies (continued)

4.3 Current / Non-current classification (continued)

Expected to be realised or intended to sold or consumed in normal operating cycle or held primarily for the purpose of trading or 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 normal operating cycle or it is held primarily for the purpose of trading or 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 Entity classifies all other liabilities as non-current.

4.4 Fair value measurement

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 principal or the most advantageous market must be accessible to by the Entity.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4.5 Foreign currency

The transactions in currencies other than the Entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. The non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

4.6 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprise of purchase price, together with any incidental expense of acquisition.

4 Significant accounting policies (continued)

4.6 Property, plant and equipment (continued)

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 item will flow to the Entity and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is spread over its useful lives so as to write off the cost of property, plant and equipment , using the straight-line method over its useful lives as follows:

	Years
Laboratory assets	5
Office partitions and improvements	5
Computers	5
Office equipment	5
Furniture and fixtures	5
Motor vehicles	5

When part of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss.

4.7 Lease

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

The Entity assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Entity assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represents substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- it has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- it has the right to direct the use of the asset.

4 Significant accounting policies (continued)

4.7 Lease (continued)

The Entity as lessee

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Entity. 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. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Entity's incremental borrowing rate.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentive receivables;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The lease liability is presented as a separate line in the statement of financial position.
Right-of-use assets are measured at cost comprising the following:
- 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 direct costs, and
- restoration costs.

They are subsequently measured at cost less accumulated depreciation and impairment losses

Whenever the Entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated using straight-line method from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The right-of-use assets are presented as a separate line in the statement of financial position.

4 Significant accounting policies (continued)

4.8 Impairment of tangible assets

At the end of each reporting period, the Entity 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 Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 for which the estimates of future cash flows have not been adjusted.

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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

4.9 Financial instruments

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instrument.

4.10 Financial assets

Classification

The **Entity** classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI "FVTOCI", or through profit or loss "FVTPL"), and
- those to be measured at amortised cost.

The classification depends on the Entity's business model for managing the financial assets and the contractual terms of the cash flows.

Measurement

At initial recognition, the Entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets comprise of cash and cash equivalents, receivables, due from related parties, loan to related parties and other financial assets.

4 Significant accounting policies (continued)

4.10 Financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Accounts Receivable

Receivable balances that are held to collect are subsequently measured at the lower of amortized cost or the present value of estimated future cash flows. The present value of estimated future cash flows is determined through the use of value adjustments for uncollectable amounts.
Accounts receivable are written off when they are deemed uncollectible because of bankruptcy or other form of receivership of the debtors. The assessment of expected credit losses on receivables takes into account credit-risk concentration, collective debt risk based on average historical losses, specific circumstances such as serious adverse economic conditions in a specific country or region and other forward-looking information.

Due from a related party

Amounts due from a related party is stated at amortised cost.

Impairment of financial assets

For accounts and other receivables and due from related parties, the entity applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of financial assets

The Entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognises its retained interest in the asset and an associated liability for the amounts, it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognise the financial asset.

4.11 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The Entity's financial liabilities include accounts and other payables, due to related party and loan from related party.

4 Significant accounting policies (continued)

4.11 Financial liabilities (continued)

Accounts and other payables

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Accounts and other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

Due to/loan from related parties

Amounts due to/loan from related parties are stated at amortised cost.

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another, from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

4.12 Offsetting financial instruments

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.

4.13 Inventories

Inventories are stated at average cost and consist of mainly consumables. Costs of inventories are determined on a weighted average basis. Cost of inventories comprises of costs of purchase, and where applicable cost of conversion and other costs that has been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4.14 Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows 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, a receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4 Significant accounting policies (continued)

4.15 Revenue recognition

The Entity has applied IFRS 15 with effect from January 01, 2018. As a result, the Entity has applied the following accounting policy in the preparation of its financial statements

For contracts determined to be within the scope of revenue recognition, the Entity is required to apply a five-step model to determine when to recognise revenue, and at what amount.

The Entity recognises revenue from contracts with customers based on the five step model set out in IFRS 15:

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

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.

Step 2: Identify the performance obligation in the contract

A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price

The transaction price is the amount of consideration the Entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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

For a contract that has more than one performance obligation, the Entity will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Entity satisfies a performance obligation and recognises revenue over time, when the Entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Diagnostic test fees

Diagnostic services refers clinical services of pathology and laboratory medicine, radiology and nuclear medicine. The performance obligation is satisfied upon the delivery of the test reports based on the samples provided by the customer.

4.16 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in policy notes, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

4 Significant accounting policies (continued)

4.16 Critical accounting judgements and key sources of estimation uncertainty (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgments and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Critical judgements in applying accounting policies

In the process of applying the Entity's accounting policies, which are described above, and due to the nature of operations, management makes the following judgment that has the most significant effect on the amounts recognised in the financial statements.

Determining the timing of satisfaction of performance obligations - revenue recognition

In making their judgement, the Entity considers the detailed criteria for the recognition of revenue set out in IFRS 15, and in particular, whether the Entity has transferred control of the goods to the customer. The management is satisfied that control has been transferred and that recognition of revenue in the current year is appropriate, in conjunction with the recognition f an appropriate warranty provision as applicable.

Business model assessment - classification and measurement of financial statements

Classification and measurement of financial assets depends on the results of business model test. The Entity determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Key sources of estimation uncertainty

The key assumptions 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 discussed below.

Allowance for doubtful debts

Allowances for doubtful debts are determined using a combination of factors to ensure that trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customer's financial conditions and collateral requirements from customers in certain circumstances. In addition, specific allowances for individual accounts are recorded when the Entity becomes aware of the customer's inability to meet its financial obligations.

4 Significant accounting policies (continued)

4.16 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Net realisable value of inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made for estimated obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues.

Discounting of lease payments

The lease payments are discounted using the Entity's incremental borrowing rate ("IBR"). The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is 4.50%. Management has applied judgments and estimates to determine the IBR at the commencement of lease.

Useful lives of property and equipment

Property and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Entity uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Entity's 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 the relevant notes to the financial statements.

5 Property and equipment

	Laboratory assets	Office partitions and improvements	Computers	Office equipment	Furniture and fixtures	Motor vehicles	Total
Cost							
As at March 31, 2019	5,422,083	8,656,647	575,291	7,871	105,412	66,530	14,833,834
Additions during the year	-	-	2,567	-	1,539	-	4,106
Disposals during the year	(199,227)	-	-	-	-	-	(199,227)
As at March 31, 2020	5,222,856	8,656,647	577,858	7,871	106,951	66,530	14,638,713
Additions during the year	-	161,010	34,216	-	-	-	195,226
As at March 31, 2021	**5,222,856**	**8,817,657**	**612,074**	**7,871**	**106,951**	**66,530**	**14,833,939**
Accumulated depreciation							
As at March 31, 2019	5,318,727	8,258,485	510,522	7,870	47,330	57,667	14,200,601
Charge for the year	52,677	144,733	41,362	-	21,117	6,589	266,478
Eliminated on disposal during the year	(198,978)	-	-	-	-	-	(198,978)
As at March 31, 2020	5,172,426	8,403,218	551,884	7,870	68,447	64,256	14,268,101
Charge for the year	46,583	172,328	25,944	-	21,356	2,272	268,483
As at March 31, 2021	**5,219,009**	**8,575,546**	**577,828**	**7,870**	**89,803**	**66,528**	**14,536,584**
Carrying value as at March 31, 2021	**3,847**	**242,111**	**34,246**	**1**	**17,148**	**2**	**297,355**
Carrying value as at March 31, 2020	50,430	253,429	25,974	1	38,504	2,274	370,612

	Notes	For the year ended March 31, 2021	2020
		AED	AED
Direct cost	19	**46,583**	52,675
Administrative expenses	22	**221,900**	213,803
		268,483	266,478

6 Related party transactions

The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related party disclosures.Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as other charges, if applicable.

a) **Due from a related party**	**2021**	2020
Under common control		
M/S. Mena Healthcare Investment Company Limited., B.V.I	**1,281,999**	1,281,999
Allowance for doubtful receivables from related parties	**(1,281,999)**	(1,281,999)
	-	-

b) **Due to a related party**	**Relationship**		
M/S. SRL Limited., India	Parent company	**10,303,484**	9,095,492
		10,303,484	9,095,492

c) **Loans from related parties**			
M/S. Medical Management Company Limited, B.V.I	Under common control	**58,846**	58,846
M/S. SRL Limited, India	Parent company	**1,512,764**	-
		1,571,610	58,846

The above loan from M/S. Medical Management company limited, British Virgin Island is interest free loan. The interest on loan from M/S. SRL Limited ('Parent'), India is 10.50% / annum ('Interest') payable in arrears for the tenure and shall be reviewed every year.

SRL Diagnostics FZ-LLC, Dubai ('Borrower') may repay all or any portion of the amount at any time or from the time to time, provided that repayment of the full loan amount along with the applicable interest shall be repaid by Entity within 3 years of disbursement ('Maturity Date'). As per agreement the terms of the Loan amount may be change as mutually agree between the Entity ('Borrower') and Parent company ('Lender').

d) **Transactions with related parties**

The nature of significant related party transactions and the amounts involved were as follows:

	For the year ended March 31,	
	2021	2020
Outsourcing costs	**1,190,049**	2,752,640
Interest on loan	**44,764**	-

7 Leases

a) Right-of-use assets

The carrying value of the right-of-use assets is as follows:

	Office Building	Total
Cost		
Impact of implementation of IFRS 16	3,368,013	3,368,013
As at March 31, 2020	3,368,013	3,368,013
Additions during the year	-	-
Disposals during the year	(699,912)	(699,912)
As at March 31, 2021	**2,668,101**	**2,668,101**
Accumulated depreciation		
Charge for the year	681,554	681,554
As at March 31, 2020	681,554	681,554
Charge for the year	653,963	653,963
Eliminated on disposal during the year	(200,198)	(200,198)
As at March 31, 2021	**1,135,319**	**1,135,319**
Carrying value as at March 31, 2021	**1,532,782**	**1,532,782**
Carrying value as at March 31, 2020	2,686,459	2,686,459

b) Lease liabilities

	2021	2020
Opening lease liabilities / Impact of implementation of IFRS 16	**2,603,953**	3,368,013
Add: Interest charge during the year	**89,587**	135,314
Reversal made during the year	**(506,463)**	-
Less: payments during the year	**(768,639)**	(899,374)
Balance at the end of the year	**1,418,438**	2,603,953

Comprising:

Current portion	**630,511**	761,125
Non-current portion	**787,927**	1,842,828
	1,418,438	2,603,953

8 Inventories

Consumables	**430,891**	473,897
	430,891	473,897

The inventories are kept in a laboratory at Dubai Healthcare City, Dubai, United Arab Emirates & warehouse in Al Nahda Industrial Area Sharjah, United Arab Emirates.

9 Accounts receivable

	2021	2020
Accounts receivable	**9,823,254**	11,410,218
Less: Allowance for doubtful debts	**(5,243,665)**	(4,185,141)
	4,579,589	7,225,077

The average credit period for the accounts receivable is 90 days (2020: 90 days). Provisions are based on the estimated irrecoverable amounts determined by reference to past default experience.

Of the accounts receivable as at March 31, 2021, there are 5 customers (2020: 5 customers) which represent 33% (2020: 22%) of the total receivables.

Ageing of receivables that are neither past due nor impaired:

	2021	2020
1 - 90 days	**2,082,097**	2,764,941
	2,082,097	2,764,941

Ageing of receivables that are past due but not impaired:

	2021	2020
91 - 120 days	**443,213**	1,786,996
121 - 150 days	**487,265**	650,635
151 - 180 days	**269,761**	509,506
181 - 365 days	**1,297,253**	1,513,000
	2,497,492	4,460,136

The movements in the allowance for doubtful debt as at reporting date are as follows:

	2021	2020
Balance at the beginning of the year	**4,185,141**	3,602,857
Charge during the year (Note 21)	**1,058,524**	582,284
Balance at the end of the year	**5,243,665**	4,185,141

In determining the recoverability of accounts receivable, the Entity considers any change in the credit quality of the accounts receivable from the date credit was initially granted up to the reporting date. Accordingly, the management believes that there is no further credit allowance required for doubtful debts.

Geographical analysis:

The geographical analysis of accounts receivable are as follow:

	2021	2020
Within U.A.E.	**7,731,101**	8,772,333
Outside U.A.E.	**2,092,153**	2,637,885
	9,823,254	11,410,218

10 Advances, deposits and other receivables

	2021	2020
Prepayments	**113,408**	281,001
Labour guarantee	**137,361**	144,925
Advances to suppliers	**75,889**	75,921
Staff loan and advances	**26,005**	26,006
Other receivables	**4,001**	1,869
	356,664	529,722

11 Cash and bank balances

	2021	2020
Cash in hand	**18,557**	5,740
Cash at bank	**5,979,742**	622,657
	5,998,299	628,397

Management has concluded that the Expected Credit Loss (ECL) for all bank balances is immaterial as these balances are held are held with banks / financial institutions whose credit risk rating by international rating agencies has been assessed as low.

12 Share capital

Authorised, issued and paid up capital of the Entity is AED 1,471,000 (2020: AED 506,000), divided into 1471 shares (2020: 506 shares) of AED 1,000 each fully paid.

The details of the shareholding as at reporting date are as follows:

Name of Shareholder	Incorporated in	Percentage	No. of shares	2021	2020
SRL Limited	India	100%	**1471**	**1,471,000**	506,000
		100%	**1471**	**1,471,000**	506,000

13 Share premium

Balance at the beginning of the year	**5,239,583**	5,239,583
Addition during the year	**4,894,804**	-
Balance at the end of the year	**10,134,387**	5,239,583

The above share premium represent an amount received by SRL Diagnositcs FZ - LLC, Dubai, U.A.E on June 7, 2017 in excess of the par value of the shares, further during the year Entity has received on March 25, 2021 the share premium of AED 4,894,804 on issuance additional no. of shares of 965,000 bringing the total share capital to AED 1,471,000. The issuance was formally agreed and approved from the trade license authority.

14 Reserve

Balance at the beginning of the year	**84,644,269**	84,644,269
Balance at the end of the year	**84,644,269**	84,644,269

The above reserves represents a loan from Fortis to SRL Diagnostics FZ - LLC which was subsequently treated as reserve in equity.

15 Accumulated losses

Balance at the beginning of the year	**(98,391,326)**	(94,504,057)
Net (loss) for the year	**(7,565,124)**	(3,887,269)
Balance at the end of the year	**(105,956,450)**	(98,391,326)

16 Employees' end of service benefits

	2021	2020
Balance at the beginning of the year	**1,018,692**	993,693
Add: charge for the year	**230,545**	54,081
Less: paid during the year	**(372,875)**	(29,082)
Balance at the end of the year	**876,362**	1,018,692

Amounts required to cover end of service indemnity at the statement of financial position date are computed pursuant to the applicable Labour Law based on the employees' accumulated period of service and current basic remuneration at the end of reporting period.

17 Accounts and other payables

Accounts payable	**4,490,974**	4,866,872
Provision for VAT (Note 22)	**2,760,143**	-
Accruals for expenses	**340,952**	236,373
Accrued salaries and benefits	**572,947**	498,616
Advances from customers	**28,609**	32,335
Other payables	**449,459**	541,363
VAT payable	**89,396**	963,096
	8,732,480	7,138,655

The above provision of AED 2,760,143 relates to the penalty imposed on the Entity by The Federal Tax Authority (FTA) on account of interest and penalty thereon as determined under voluntary disclosure form submitted by the Entity during the year ended March 31, 2020.

18 Revenue

	For the year ended March 31,	
	2021	2020
Revenue from contracts with customers	**7,666,825**	12,411,332
	7,666,825	12,411,332

18.1 Disaggregated revenue information

Set out below is the disaggregation of the Entity's revenue from contracts with customers and principals.

Segments

Type of services

Diagnostics tests	**7,666,825**	12,411,332
Total revenue from contracts with customers	**7,666,825**	12,411,332

18 Revenue (continued)

	For the year ended March 31,	
	2021	2020
Geographical markets		
Within U.A.E.	**6,504,544**	9,629,408
Outside U.A.E.	**1,162,281**	2,781,925
Total revenue from contracts with customers	**7,666,825**	12,411,333
Timing of revenue recognition		
Services transferred at a point in time	**7,666,825**	12,411,333
Total revenue from contracts with customers	**7,666,825**	12,411,333

18.2 Performance obligations

Information about the Entity's performance obligations are summarised below:

Diagnostic test fees

Diagnostic services refers clinical services of pathology and laboratory medicine, radiology and nuclear medicine. The performance obligation is satisfied upon the delivery of the test reports based on the samples provided by the customer.

19 Direct cost

	2021	2020
Inventories at the beginning of the year	**473,897**	844,118
Add: Net purchases	**1,768,246**	2,161,954
Salaries and wages	**2,434,806**	2,972,146
Cost of tests outsourced	**1,843,803**	3,423,517
Depreciation on property and equipment (Note 05)	**46,583**	52,675
Other direct costs	**413,736**	425,495
	6,981,071	9,879,905
Less: Inventories, end of the year (Note 08)	**(430,891)**	(473,897)
	6,550,180	9,406,008

20 Other income

	2021	2020
Gain on sale of property and equipment	**-**	17,750
Gain on termination of lease	**6,748**	-
Reversal of excess provision	**213,813**	-
	220,561	17,750

21 Selling and distribution expenses

	2021	2020
Advertisement and business promotions	**31,845**	47,879
	31,845	47,879

22 Administrative expenses

	For the year ended March 31, 2021	2020
Salaries and related benefits	**2,784,724**	3,004,002
Provision for VAT penalty (Note 17)	**2,760,143**	-
Rent	**32,282**	288,084
Printing and stationery	**27,754**	39,802
Travelling and entertainment	**2,063**	18,922
Legal, visa and professional	**355,292**	662,394
Utilities	**79,065**	79,776
Postage and courier	**53,808**	252,675
Telephone and communications	**144,158**	244,045
Repairs & maintenance	**188,494**	250,380
Depreciation on property and equipment (Note 05)	**221,900**	213,803
Depreciation on right-of-use assets (Note 07)	**653,963**	681,554
Doubtful debts (Note 09)	**1,058,524**	582,284
Insurance	**255,313**	286,248
Conveyance	**43,868**	36,363
Motor vehicle expenses	**17,280**	17,280
Bank charges	**14,406**	20,660
Others	**43,097**	48,878
	8,736,134	6,727,150

23 Finance costs

	2021	2020
Interest on loans from related parties	**44,764**	-
Interest on lease liabilities	**89,587**	135,314
	134,351	135,314

24 Financial instruments

a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 3 to the financial statements.

24 Financial instruments (continued)

b) Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis

	As at March 31,		As at March 31,	
	2021	2020	**2021**	2020
Financial assets	Carrying amount		Fair value	
Accounts receivable	**4,579,589**	7,225,077	**4,579,589**	7,225,077
Other receivables	**167,367**	172,800	**167,367**	172,800
Cash and bank balances	**5,998,299**	628,397	**5,998,299**	628,397
	10,745,255	8,026,274	**10,745,255**	8,026,274
Financial liabilities				
Loans from related parties	**1,571,610**	58,846	**1,571,610**	58,846
Accounts and other payables	**8,732,480**	7,138,655	**8,732,480**	7,138,655
Lease liabilities	**1,418,438**	2,603,953	**1,418,438**	2,603,953
Due to a related party	**10,303,484**	9,095,492	**10,303,484**	9,095,492
	22,026,012	18,896,946	**22,026,012**	18,896,946

Financial instruments comprise of financial assets and financial liabilities.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties.

Financial assets consist of cash and bank balances, accounts receivable and certain other assets. Financial liabilities consist of accounts payable, due to a related party and loan from a related party, lease liabilities and certain other liabilities.

As at reporting date financial assets and financial liabilities are approximates their carrying values.

25 Financial risk management objectives

The Entity management set out the Entity's overall business strategies and its risk management philosophy. The Entity's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Entity. The Entity policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Entity's policy guidelines are complied with.

There has been no change to the Entity's exposure to these financial risks or the manner in which it manages and measures the risk.

25 Financial risk management objectives (continued)

a) Foreign currency risk management

The Entity does not have any significant exposure to currency risk, as most of its assets and liabilities are denominated in Arab Emirates Dirham.

b) Interest rate risk management

As at the reporting date, there is no significant interest rate risk as there are no borrowings at floating interest rates as at year end.

c) Liquidity risk management

Ultimate responsibility for liquidity risk management rest with the management which has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Entity obtained loan from related parties (Note 5), M/S. Medical Management company limited, British Virgin Island is interest free loan. The interest on loan from M/S. SRL Limited ('Parent'), India is 10.50% / annum ('Interest') payable in arrears for the tenure and shall be reviewed every year.

25 Financial risk management objectives (continued)

Liquidity and interest risk tables:

The table below summarises the maturity profile of the Entity's financial assets and financial liabilities. The contractual maturities of the financial assets and financial liabilities have been determined on the basis of the remaining period at the financial position date to the contractual maturity date. The maturity profile of the assets and liabilities at the statement of financial position date based on contractual repayment arrangements were as follows:

	Interest bearing		Non-Interest bearing			
Particulars	**Within 1 year**	**More than 1 year**	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**Total**
			As at March 31, 2021			
Financial assets						
Accounts receivable	-	-	-	4,579,589	-	4,579,589
Other receivables	-	-	-	167,367	-	167,367
Cash and bank balances	-	-	5,998,299	-	-	5,998,299
	-	-	5,998,299	4,746,956	-	10,745,255
Financial liabilities						
Loans from related parties	-	-	-	-	1,571,610	1,571,610
Accounts and other payables	-	-	-	8,732,480	-	8,732,480
Lease liabilities	630,511	787,927	-	-	-	1,418,438
Due to related parties	-	-	-	10,303,484	-	10,303,484
	630,511	787,927	-	19,035,964	1,571,610	22,026,012
			As at March 31, 2020			
Financial assets						
Accounts receivable	-	-	-	7,225,077	-	7,225,077
Other receivables	-	-	-	172,800	-	172,800
Cash and bank balances	-	-	628,397	-	-	628,397
	-	-	628,397	7,397,877	-	8,026,274
Financial liabilities						
Loans from related parties	-	-	-	-	58,846	58,846
Accounts and other payables	-	-	-	7,138,655	-	7,138,655
Lease liabilities	761,125	1,842,828	-	-	-	2,603,953
Due to related parties	-	-	-	9,095,492	-	9,095,492
	761,125	1,842,828	-	16,234,147	58,846	18,896,946

24 Financial risk management objectives (continued)

d) Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counterparties. The Entity's exposure are continuously monitored and their credit exposure is reviewed by the management regularly and the Entity maintains an allowance for doubtful debts based on expected collectability of all accounts receivable.

Accounts receivable consist of a number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Further details of credit risks on accounts and other receivables are disclosed in Notes 08 and 09 to the financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of the financial assets recorded in the financial statements, which is net of impairment losses, represents the Entity's maximum exposure to credit risks.

25 Capital risk management

The Entity manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to the stakeholders through the optimization of the equity balance. The Entity's overall strategy remains unchanged from prior year.

26 Contingent liabilities

Except for ongoing business obligations which are under normal course of business, there has been no other known contingent liability on Entity's financial statements as of reporting date.