GKB OPHTHALMICS PRODUCTS FZE
Sharjah Airport Free Zone Authority
Sharjah - United Arab Emirates

Auditor's report and financial statements for the year ended December 31, 2020.

اي اكس ال لمراجعة الحسابات
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مراجعي الحسابات ومستشاري الأعمال والضرائب
Auditors, Tax & Business Advisors

IAS ACCREDITED Management Systems Certification Body MSCB-190

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GKB OPHTHALMICS PRODUCTS FZE

Sharjah Airport Free Zone Authority

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Auditor's report and financial statements for the year ended December 31, 2020.

Table of content

INDEPENDENT AUDITOR'S REPORT

Ref: EXL/MAR-EA/Y-454/2021

TO
THE SHAREHOLDERS
GKB OPHTHALMICS PRODUCTS FZE
AIRPORT FREE ZONE
SHARJAH, U.A.E

Opinion

We have audited the financial statements of **GKB Ophthalmics Products FZE ("the Establishment")**, which comprise the statement of financial position as at December 31, 2020, the related statements of comprehensive income, cash flows and changes in equity 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 Establishment as at December 31, 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 Establishment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with other 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, the provisions of Emiri Decree No. 2 of 1995 as applicable to Sharjah Airport free zone authority or to Sharjah U.A.E Federal Law, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The management is responsible for overseeing the Establishment's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GKB OPHTHALMICS PRODUCTS FZE (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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism 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 controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Establishment's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Establishment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Establishment to cease to continue as a going concern.

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

We communicate with management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GKB OPHTHALMICS PRODUCTS FZE (Continued)

From the matters communicated with management, we determine if there are any matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We have determined that there are no key audit matters to communicate in our report.

Report on Regulatory Requirements

As required by the Emiri Decree No. 2 of 1995 as applicable to Sharjah Airport free zone authority or to Sharjah U.A.E Federal Law, we report that:

1. We have obtained all the information and explanations necessary for the purpose of our audit;

2. The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Emiri Decree No. 2 of 1995 as applicable to Airport free zone authority or to Sharjah U.A.E Federal Law;

3. based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Establishment has contravened during the year ended December 31, 2020 any of the applicable provisions of the Emiri Decree No. 2 of 1995 as applicable to Sharjah Airport free zone authority or to Sharjah U.A.E Federal Law, which would materially affect its activities or its financial position as at December 31, 2020.

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Licensed Auditor No: 516
Dubai-United Arab Emirates

April 01, 2021

GKB OPHTHALMICS PRODUCTS FZE

STATEMENT OF FINANCIAL POSITION
As at December 31, 2020

	Note	2020 AED	2019 AED
ASSETS			
NON-CURRENT ASSETS			
Property plant and equipment	3	**148,960**	193,138
		148,960	193,138
CURRENT ASSETS			
Inventory		**7,343,618**	6,807,232
Accounts receivables	4	**5,847,203**	6,285,744
Due from related parties	5	**1,695,428**	1,545,487
Advances, deposits, prepayments and other receivables	6	**209,894**	223,329
Cash and bank balances	7	**1,747,621**	397,008
Investments	8	**327,144**	327,144
		17,170,908	15,585,944
TOTAL ASSETS		**17,319,868**	15,779,082
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	9	**150,000**	150,000
Retained earnings		**10,844,198**	10,542,229
		10,994,198	10,692,229
NON CURRENT LIABILITIES			
Employees gratuity provision		**213,720**	176,679
		213,720	176,679
CURRENT LIABILITIES			
Accounts payables		**3,249,150**	2,897,805
Due to related parties	5	**2,134,343**	1,288,020
Accrued and other payables	10	**175,707**	173,399
Dividend payables	11	**552,750**	550,950
		6,111,950	4,910,174
TOTAL EQUITY AND LIABILITIES		**17,319,868**	15,779,082

The notes 1 to 18 form an integral part of these financial statements.

For: GKB OPHTHALMICS PRODUCTS FZE

GKB OPHTHALMICS PRODUCTS FZE

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2020

	Note	**2020 AED**	2019 AED
Revenue		**12,297,972**	11,783,268
Cost of revenue	*12*	**(9,869,752)**	(9,345,665)
Gross profit		**2,428,220**	2,437,603
Operating expenses			
Administrative and selling expenses	*13*	**(1,522,380)**	(1,474,110)
Bank charges		**(30,441)**	(27,800)
Depreciation		**(58,796)**	(57,711)
		(1,611,617)	(1,559,621)
Profit from operations		**816,603**	877,982
Other comprehensive income		**38,116**	53,218
Total comprehensive Income for the year before dividend		**854,719**	931,200
Dividends for the year		**(552,750)**	(550,950)
Net total comprehansive income after dividend		**301,969**	380,250

The notes 1 to 18 form an integral part of these financial statements.

For: GKB OPHTHALMICS PRODUCTS FZE

GKB Ophthalmics Products FZE A3-083 SAIF-Zone Sharjah U.A.E.

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STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2020

	Share capital AED	Retained earnings AED	Total AED
As at January 1, 2019	150,000	10,161,979	10,311,979
Total comprehensive income for the year	-	380,250	380,250
At December 31, 2019	**150,000**	**10,542,229**	**10,692,229**
Total comprehensive income for the year	**-**	**301,969**	**301,969**
At December 31, 2020	**150,000**	**10,844,198**	**10,994,198**

The notes 1 to 18 form an integral part of these financial statements.

GKB Ophthalmics Products FZE
A3-083
SAIF-Zone
Sharjah
U.A.E.

For: GKB OPHTHALMICS PRODUCTS FZE

P.O.Box : 75862
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STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

	2020 AED	2019 AED
OPERATING ACTIVITIES		
Profit for the period	**854,719**	931,200
Adjustment for:		
Depreciation	**58,796**	57,711
Gratuity provision	**37,041**	45,349
Operating profit before working capital changes	**950,556**	1,034,260
(Increase) / Decrease in operating assets		
(Increase) / Decrease in inventory	**(536,386)**	(1,100,140)
(Increase) / Decrease in accounts receivables	**438,541**	(32,872)
(Increase) / Decrease in due from related parties	**(149,941)**	(100,632)
(Increase) / Decrease in deposits and prepayments	**13,435**	140,185
Increase / (Decrease) in operating liabilities		
Increase / (Decrease) in accounts payables	**351,345**	388,766
Increase / (Decrease) in due to related parties	**846,323**	(170,762)
Increase / (Decrease) in accrued and other payables	**2,308**	2,399
NET CASH GENERATED FROM OPERATING ACTIVITIES	**1,916,181**	161,204
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(14,618)**	(43,569)
NET CASH (USED IN) INVESTING ACTIVITIES	**(14,618)**	(43,569)
FINANCING ACTIVITIES		
Movement in dividend account	**(550,950)**	(367,300)
NET CASH (USED IN) FINANCING ACTIVITIES	**(550,950)**	(367,300)
Net increase in cash and cash equivalents	**1,350,613**	(249,665)
Cash and cash equivalents at the beginning of the year	**397,008**	646,673
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**1,747,621**	397,008

The notes 1 to 18 form an integral part of these financial statements.

For: GKB OPHTHALMICS PRODUCTS FZE

GKB Ophthalmics Products FZE
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Sharjah
U.A.E.

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NOTES TO THE FINANCIAL

For the year ended December 31, 2020

1 STATUS AND ACTIVITY

GKB OPHTHALMICS PRODUCTS FZE (the Establishment) is registered as a free zone Establishment with limited liability in Sharjah International Airport Free Zone with License No.02142, under Sharjah International Airport Free Zone Authoty's Regulation .The registered office of the Establishment is Office No 250 M2 warehouse A3-083 Saif Zone P.O.Box 9089, Sharjah, United Arab Emirates.

The principal activities of the Establishment are Import, Export and Distribution of Optical Products.

The Establishment was incorporated on February 29, 2004. As per license issued by the Sharjah International Airport Free Zone Authority, Mr. Gaurav Gupta has been appointed as the manager of the Establishment.

These financial statements relate to the year ended December 31, 2020.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the new and revised International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to the operations of the Establishment.

The accounting policies adopted have been applied in dealing with items considered material to the Establishment's financial statements, unless otherwise stated.

2.2 Basis of measurement

These financial statements have been prepared on the basis of 'historical cost' convention.

2.3 Functional and presentation currency

These financial statements are presented in Arab Emirates Dirham (AED), which is also the Establishment's functional currency.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRSs), requires management to make estimates, assumptions and use judgment that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Areas where judgments and estimates made by the management that may have a significant effect on the amount recognised in the financial statements are included in the following notes:

- Residual values and useful lives of property, plant and equipment.
- Provision for impairment of financial and non-financial assets.

GKB Ophthalmics Products FZE A3-083 SAIF-Zone Sharjah U.A.E.

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2.5 Application of new and revised International Financial Reporting Standards (IFRS)

2.5.1 New standards, amendments and interpretations applied with no material effect on the financial statements

The following new standards, amendments to standards are applicable to the Establishment for the first time for the financial year beginning on or after July 01, 2017.

Amendments to IAS 16, "Property, plant and equipment" and IAS 38,"Intangible assets": Depreciation and Amortisation. This amendments clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits in a property plant and equipment. The presumption may only be rebutted in certain limited circumstances.

Amendments to IAS 1, "Presentation of financial statements: Disclosure initiative": The amendments clarify that it may be necessary to disaggregate some of the line items specified in IAS 1 paragraphs 54 (statements of financial position) and 82 (profit or loss). That disaggregation is required where it is relevant to an understanding of the entity's financial position or performance.

IFRS 7, "Financial instruments: Disclosures" - The amendment related to serving contracts requires that if an entity transfers of financial asset to a third party under conditions which allow the transferor to derecognise the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets.

IAS 19, "Employee benefits" - The amendment clarifies, when determining the discount rate for post-employment benefit obligations, that it is the currency that the liabilities are denominated in that is important, not the country where they arise.

2.5.2 New and revised IFRSs in issue and effective

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 7, Statement of cash flows on disclosure initiative. These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities including those from cash flows and other non-cash changes. The new requirement typically entails a reconciliation between the opening and closing balances in the statement financial position for liabilities arising from financing activities.	January 01, 2017
IFRS 15, 'Revenue from contracts with customers'. This standard replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and related interpretations. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use of and obtain the benefits from the good or service. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.	January 01, 2018
Amendment to IFRS 15, 'Revenue from contracts with customers'. These amendments comprise clarifications on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net presentation). The IASB has also included additional practical expedients related to transition to the new revenue standard.	January 01, 2018

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A3-083
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Sharjah
U.A.E.

2.5 Application of new and revised International Financial Reporting Standards (IFRS)(continued)

2.5.2 New and revised IFRSs in issue and effective (continued)

IFRS 16 'Leases'. This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.	January 01, 2019
IFRS 9, 'Financial instruments'. The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. Earlier application is permitted. If an entity elects to early apply, it must apply all of the requirements at the same time.	January 01, 2019

The Establishment has plans in place for adhering to the above new standards and amendments to published standards or IFRIC interpretations issued but not yet effective for the Establishment's financial year beginning on 1 January 2016. Also, the interpretations of above standards and amendments to published standards will have no material impact on the financial statements of the Establishment in the year of its initial application.

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2.6 Significant accounting policies

The following accounting policies, which comply with IFRS, have been applied in dealing with items that are considered material in relation to the Establishment's financial statements.

Fixed assets

Recognition and measurement

Fixed assets are measured at historical cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an asset have different useful lives, they are accounted for as separate items (major components) of fixed assets.

Subsequent costs

The cost of replacing an item of fixed asset is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Establishment and its cost can be measured reliably. The costs of day-to-day servicing of fixed assets are recognised in statement of comprehensive income as incurred.

Gain or loss on disposal

Gain or loss on disposal of an item of fixed assets is determined by comparing the proceeds from disposal with the carrying amount of fixed assets and are recognised in statement of comprehensive income.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognised in statement of comprehensive income on straight line basis over the estimated useful lives of each component of fixed assets, since this most closely reflects the expected pattern of consumption of the future benefits embodied in the asset. The depreciation rates are as follows:

Furniture and Fixture	15%
Office Equipment	20%
Motor Vehicle	20%
Mezzanine Floor	20%

Full month depreciation is charged in the month of acquisition and no depreciation is charged in the month of sale.

The depreciation methods, residual values and useful lives of items of fixed assets are reviewed at each reporting date and altered if circumstances change significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future years.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the reporting date are translated at rates of exchange ruling at the reporting date. Exchange differences arising in these cases are dealt with in the statement of comprehensive income.

Finance costs

Finance costs that are directly attributable to the acquisition and construction of fixed assets are capitalised as part of the cost of those assets. Other finance costs are recognised as an expense in the year in which they are incurred.

Employees' end of service benefits

The Establishment provides end of service benefits to its employees. The entitlement to these benefits is usually based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are paid on cash basis.

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2.6 *Significant accounting policies (continued)*

Impairment of tangible and intangible assets

Where it is not possible to estimate the recoverable amount of an individual asset, the Establishment 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 comprehensive income.

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 period. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

Financial instruments

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

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss ' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash in 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.

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2.6 *Significant accounting policies (continued)*

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

Assets carried at amortised cost

The Establishment assesses at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognized only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

Derecognition of financial assets

The Establishment 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 Establishment. If the Establishment neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Establishment recognises its retained interest in the asset and an associated liability for the amounts, it may have to pay. If the Establishment retains substantially all the risks and rewards of ownership of a transferred financial asset, the Establishment continues to recognise the financial asset.

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.

Derecognition of financial liabilities

The Establishment derecognises financial liabilities when, and only when, the Establishment'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 comprehensive income.

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.

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GKB Ophthalmics Products FZE A3-083 SAIF-Zone Sharjah U.A.E.

2.6 *Significant accounting policies (continued)*

Provisions

Provisions are recognised when the Establishment has a present obligation (legal or constructive) as a result of a past event, it is probable that the Establishment 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.

Revenue recognition

Revenue is measured based on the consideration specified in the sale invoice issue to the customer. The entity recognises revenue when it transfers control over goods to a customer.

The following information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Revenue from a contract to provide goods is recognized by reference to the stage of completion of the transaction at the statement of financial position date.
The outcome of the transaction can be estimated when all the following conditions are satisfied ;
-the amount of revenue can be measured reliably.
-it is probable that the economic benefits will flow to the company
-the costs incurred or to be incurred in respect of the transaction can be measured reliably.
When the above criteria are not met, revenue arising from the provision of goods is recognised only to the extent of the expenses recognised are recoverable.

3 **FIXED ASSETS**

	Furniture and Fixture AED	Office Equipment AED	Motor Vehicle AED	Mezzanine Floor AED	Total AED
COST					
At January 01, 2020	67,625	86,295	250,999	125,000	529,919
Addition during the Year	910	13,708	-	-	14,618
At December 31, 2020	**68,535**	**100,003**	**250,999**	**125,000**	**544,537**
DEPRECIATION					
At January 01, 2020	60,464	54,251	197,525	24,541	336,781
Depreciation for the Year	2,403	12,797	18,600	24,996	58,796
At December 31, 2020	**62,867**	**67,048**	**216,125**	**49,537**	**395,577**
NET BOOK VALUE					
At December 31, 2020	**5,668**	**32,955**	**34,874**	**75,463**	**148,960**
As at December 31, 2019	7,161	32,044	53,474	100,459	193,138

GKB Ophthalmics Products FZE A3-083 SAIF-Zone Sharjah U.A.E.

اي اكس ال لمراجعة الحسابات P.O.Box : 75862 Dubai - U.A.E EXL AUDITING

	2020	2019
	AED	AED
4 ACCOUNTS RECEIVABLE		
Sundry debtors	**5,847,203**	6,285,744
	5,847,203	**6,285,744**

As at December 31, 2020, the ageing of unimpaired accounts receivable is as follows:

Total	Neither past due nor impaired	Upto 6 Months	Above 6 Months & Less than 1 year	Above 1 year
AED	**AED**	**AED**	**AED**	**AED**
5,847,203		**3,263,389**	**420,314**	**2,163,500**

5 RELATED PARTY

The Establishment enters into transactions with Establishment that fall within the definition of a related party as contained in IAS 24 , International Financial Reporting Standards (IFRS).Such transaction are in normal course of business and at terms that correspond to those on normal arms-length transactions with third parties. Related parties comprise companies under common ownership and/or common management and control;their partners and key management personnel.

The managemnt decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as others charges;if applicable.

The Establishment provides/receives funds to/from related parties as and when required as working capital.

Due from related parties		
GKB OPHTHALMICS LTD UNIT -II (SALES A/C)	**20,805**	37,706
GKB VISION FZC (SALES A/C)	**340,857**	226,368
GKB VISION PRIVATE LTD(SALES A/C)	**2,797**	23,214
LENSCO - THE LENS Establishment (SALES A/C)	**1,330,969**	1,258,199
	1,695,428	**1,545,487**

Due to related parties		
GKB VISION FZC(PURCHASES A/C)	**2,024,807**	759,810
GKB VISION LTD.(PURCHASES A/C)	**70,124**	506,406
LENSCO - THE LENS Establishment (PURCHASE A/C)	**39,412**	21,804
	2,134,343	**1,288,020**

6 ADVANCES, DEPOSITS, PRE-PAYMENTS & OTHER RECEIVABLES

Advances - Staff	**11,228**	14,535
Deposits	**89,344**	91,298
Prepaid expenses	**100,257**	108,289
Advances against purchases	**3,001**	3,000
Duties and taxes	**6,064**	6,207
	209,894	**223,329**

7 CASH AND BANK BALANCES

Cash in hand	**12,759**	23,614
Cash at Banks-on current account	**1,734,862**	373,394
	1,747,621	**397,008**

GKB OPHTHALMICS PRODUCTS FZE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

		2020 AED	2019 AED
8	**INVESTMENT**		
	M/s Lensco USA	110,194	110,194
	M/s GKB Vision FZC - UAE	216,950	216,950
		327,144	327,144

* During Year 2016 USD 30,000/- equivalent to AED 110,194/-, purchased Shares of M/S Lensco - USA.

* During Year 2018 EURO 50,000/- equivalent to AED 216,950/-, purchased Shares of M/S GKB VISION FZC (U.A.E.)

		NO. OF SHARES	TOTAL AED
9	**SHARE CAPITAL**		
	Authorised, issued and paid up 100 shares of AED 1500/- each		
	M/S GKB Ophthalmics Ltd	100	150,000
		100	150,000

		2020	2019
10	**ACCRUED AND OTHER PAYABLE**		
	Sales Commission	153,661	51,601
	GKB Vision FZC Warehouse Rent	-	15,819
	Advances from Customer	22,019	94,871
	Other payables	27	11,108
		175,707	173,399
11	**DIVIDEND PAYABLE**		
	Opening balance	550,950	367,300
	Dividend for the year	552,750	550,950
		1,103,700	918,250
	Less : paid	(550,950)	(367,300)
	Dividend payable at year end	552,750	550,950
12	**COST OF SALES**		
	Opening Stocks	6,807,232	5,707,092
	Purchases & direct expenses	10,406,138	10,445,805
		17,213,370	16,152,897
	Less-Closing stock	(7,343,618)	(6,807,232)
		9,869,752	9,345,665
13	**ADMINISTRATIVE AND SELLING EXPENSES**		
	Staff salaries and benefits	590,771	613,180
	Rents	234,099	239,797
	Communications and utilities	67,571	68,777
	Insurance	26,962	27,739
	Legal professional and visa charges	57,728	72,834
	Travelling and conveyance	2,125	6,068
	Printing and stationery	10,496	13,692
	Entertainment	12,897	11,111
	Repairs and Maintanance	8,627	18,669
	Sales Commission / Discount	398,841	303,088
	Bad debts	52,193	-
	Vehicle expenses	30,758	30,694
	Staff Vehicle driving fees	3,415	2,928
	Staff welfare expenses	10,134	6,577
	Lensco USA visit expenses	-	24,983
	Other miscellaneous expenses	15,763	33,973
		1,522,380	1,474,110

GKB Ophthalmics Products FZE A3-083 SAIF-Zone Sharjah U.A.E.

اي اكس ال للمراجعة الحسابات P.O.Box : 75882 Dubai - U.A.E EXL AUDITING

14 *FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT*

Capital risk management

The Establishment manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholder through the optimization of the debt and equity balance. The Establishment started its commercial operations with effect from February 29, 2004 and its overall strategy remains unchanged for the year under review.

The capital structure of the Establishmenty consists of cash and cash equivalents and equity attributable to shareholder, comprising share capital, shareholder's current account and accumulated losses.

Financial risk management objectives

The Establishment's management monitors and manages the financial risks relating to the operations of the Establishment. These risks include market risk, credit risk, liquidity risk, foreign currency and interest rate risk.

Market risk management

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Establishment's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Establishment's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

Foreign currency risk management

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Establishment's major assets and liabilities are denominated in United Arab Emirates Dirhams. Therefore, the balances in this currency are not considered to represent a significant currency risk.

Interest rate risk management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2020, the Establishment had no exposure to interest rate risk.

Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The credit risk on liquid funds is limited because the counter parties are banks which are registered in the United Arab Emirates. The Establishment is not exposed to any other credit risk.

Liquidity risk management

Liquidity risk is the risk that the Establishment will encounter difficulty in meeting obligations associated with financial liabilities.

Ultimate responsibility for liquidity risk rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Establishments short, medium and long-term funding and liquidity management requirements. The Establishment manages its liquidity risk to ensure that it has sufficient funds to discharge its liabilities as they fall due.

Fair value of financial instruments

The fair values of the Establishment's financial instruments approximated their carrying amounts as at the statement of financial position date.

15 CAPITAL COMMITMENTS

There are no material capital commitments at the reporting date.

16 CONTINGENT LIABILITIES

There are no material contingent liabilities at the reporting date.

17 LEVEL OF PRECISION

All figures are rounded off to the nearest Arab Emirates Dirham (AED).

18 COMPARATIVE FIGURES

Previous years' figures have been reclassified / regrouped wherever necessary, for the purpose of better presentation to conform to the presentation adopted in these financial statements.

For: GKB OPHTHALMICS PRODUCTS FZE

GKB Ophthalmics Products FZE A3-083 SAIF-Zone Sharjah U.A.E.

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