

**CG MIDDLE EAST FZE**

**DUBAI, UAE**

**FINANCIAL STATEMENTS AS ON MARCH 31, 2022**

**INDEX**

	<b><u>PAGES</u></b>
<b>1 Independent auditors' report</b>	<b>1-4</b>
<b>2 Statement of financial position as at March 31, 2022</b>	<b>5</b>
<b>3 Statement of comprehensive income for the year ended March 31, 2022</b>	<b>6</b>
<b>4 Statement of cash flow for the year ended March 31, 2022</b>	<b>7</b>
<b>5 Statement of changes in equity for the year ended March 31, 2022</b>	<b>8</b>
<b>6 Notes to the financial statements for the year ended March 31, 2022</b>	<b>9-17</b>

# CNK Hussain Alsayegh

CHARTERED ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of, CG Middle East FZE, Dubai, UAE

Report on the audit of financial statements

## *Qualified Opinion*

We have audited the financial statements of CG Middle East FZE, ("the Company"), which comprises the statement of financial position as at **March 31, 2022** and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at **March 31, 2022** and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

## *Basis for Qualified Opinion*

### 1. Material Uncertainty on Going Concern

We draw attention to note 1B in the Financial Statements which indicate that (a) the company has negative net worth of € 60,589,517/- ( P.Y. € 91,012,283/- ) as at year end; (b) the company's current liabilities exceeded its current assets as at the balance sheet date to the extent of € 60,551,942/- ( P.Y. € 90,974,708/-); (c) the company has no revenue from operations in the current year; (d) Management and board of directors of ultimate parent entity (CG Power and Industrial Solutions Limited) have proposed for voluntary winding up of the Company vide minutes of meeting dated August 18<sup>th</sup> 2021.

Though these financial statements are prepared on the Going Concern assumption, due to the matters disclosed in (a) to (d) above, there are doubts whether the Company will be able to discharge its liabilities as and when they become due over the period of next 12 months and accordingly, to continue as Going Concern.

### 2. We were not provided with the Company's statutory documents like Memorandum of association, Article of association, Minutes of meetings and renewed trade license for F.Y. 2021-22.

Page 1

# CNK Hussain Alsayegh

CHARTERED ACCOUNTANTS

## Independent Auditor's Report

To the Shareholders of, CG Middle East FZE, Dubai, UAE

### *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 IFRSs, and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

As part of audit in accordance with ISAs, we exercise professional judgements 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

# CNK Hussain Alsayegh

CHARTERED ACCOUNTANTS

## Independent Auditor's Report

To the Shareholders of, CG Middle East FZE, Dubai, UAE

- 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance 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.

Page 3

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**CG MIDDLE EAST FZE**  
**STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022**  
(Amount in Euro)

	Note	2022	2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	1	1
<b>Total non current assets</b>		<b>1</b>	<b>1</b>
<b>Current Assets</b>			
Trade and other receivables	5	200,000	200,000
Cash and cash equivalents	6	-	-
<b>Total current assets</b>		<b>200,000</b>	<b>200,000</b>
<b>TOTAL ASSETS</b>		<b>200,001</b>	<b>200,001</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		206,935	206,935
Retained earnings		(60,796,452)	(91,219,218)
<b>Total Equity</b>		<b>(60,589,517)</b>	<b>(91,012,283)</b>
<b>Non-Current Liabilities</b>			
Other Non-current liabilities	8	37,576	37,576
<b>Total non current liabilities</b>		<b>37,576</b>	<b>37,576</b>
<b>Current Liabilities</b>			
Due to Related Parties	9	40,401,096	40,394,366
Short Term Borrowing	7	-	27,702,956
Trade and other payables	10	20,350,846	23,077,386
<b>Total current liabilities</b>		<b>60,751,942</b>	<b>91,174,708</b>
<b>Total Liabilities</b>		<b>60,789,518</b>	<b>91,212,284</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>200,001</b>	<b>200,001</b>

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

The independent auditors' report is set out on page 1-4.

FOR

CG Middle East FZE



Authorised Signatory

**CG MIDDLE EAST FZE****STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2022****(Amount in Euro)**

	Note	2022	2021
Revenue		-	-
Cost of sales		-	-
<b>Gross profit</b>		<b>-</b>	<b>-</b>
Other Income	11	30,429,496	2,000,521
Salaries and benefits	12	-	(15,287)
Depreciation and amortisation	4	-	-
General and administrative expenses	13	(6,730)	(11,985)
<b>Net operating profit for the year</b>		<b>30,422,766</b>	<b>1,973,249</b>
Finance cost	14	-	(1,802,712)
<b>Profit for the year</b>		<b>30,422,766</b>	<b>170,537</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>30,422,766</b>	<b>170,537</b>

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

The independent auditors' report is set out on page 1-4.

**FOR****CG Middle East FZE****Authorised Signatory**

**CG MIDDLE EAST FZE**  
**STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2022**  
**(Amount in Euro)**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Net profit for the year	30,422,766	170,537
Adjustments for:		
Gain on extinguishment of borrowing	(30,429,496)	-
Finance cost	-	1,802,712
<b>Operating profit/(loss) before working capital changes</b>	<b>(6,730)</b>	<b>1,973,249</b>
<b>Adjustment for working capital</b>		
Increase/ (Decrease) in Other Current liabilities & Provisions	6,730	19,075
<b>Net cash from operating activities</b>	<b>-</b>	<b>1,992,324</b>
<b>Cash flows from financing activities</b>		
Proceeds/ (Repayment) of borrowing (including forex gain/loss)	-	(1,992,324)
<b>Net cash from financing activities</b>	<b>-</b>	<b>(1,992,324)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at beginning the year	-	-
<b>Cash and cash equivalents at end of the year</b>	<b>-</b>	<b>-</b>

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**CG MIDDLE EAST FZE**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022**  
(Amount in Euro)

<b>Particulars</b>	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
<b>Balance as at April 01, 2020</b>	<b>206,935</b>	<b>(91,389,755)</b>	<b>(91,182,820)</b>
Additions during the year	-	-	-
Net Profit /(Loss) for the year	-	170,537	170,537
Transfers during the year	-	-	-
<b>Balance as at March 31, 2021</b>	<b>206,935</b>	<b>(91,219,218)</b>	<b>(91,012,283)</b>
<b>Balance as at April 01, 2021</b>	<b>206,935</b>	<b>(91,219,218)</b>	<b>(91,012,283)</b>
Additions during the year	-	-	-
Net Profit /(Loss) for the year	-	30,422,766	30,422,766
Transfers during the year	-	-	-
<b>Balance as at March 31, 2022</b>	<b>206,935</b>	<b>(60,796,452)</b>	<b>(60,589,517)</b>

The accompanying notes form an integral part of the financial statements.  
The independent auditors' report is set out on page 1-4.

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CG Middle East FZE



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## 1A Legal Status and Business Activities

CG MIDDLE EAST FZE, is a free zone establishment incorporate in compliance with the laws and regulations of Dubai Silicon Oasis Authority, operates under Trading License No. 892, registered in Government of Dubai, issued by Dubai Silicon Oasis Authority, issued on 14/04/2013.

The Company was engaged in Trading in electrical & electrical & electronic appliances spare parts, power generation, transmission & distribution equipment, industrial plant equipment & spare parts. The Company is under the process of liquidation.

The shareholders of the Company as on 31 March 2022 are as under:

<u>Name</u>	<u>Holding Percentage</u>
CG International B.V.	100%

## 1B Going Concern Assumption

The networth of the Company is negative by Euro 60,589,517 as on March 31, 2022. The ultimate parent company has approved the proposal for voluntary winding up of the Company subject to required statutory and regulatory approvals. However, these financial statements have been prepared on going concern basis and is subject to the recoverability of certain loans and advances.

## 2 Application of new and Revised International Financial Reporting Standards (IFRS)

### (a) New and revised IFRS in issue but not yet effective and not early adopted

#### **Narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 9 and IFRS 16 (Effective date 1 January 2022)**

Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 9, 'Financial instruments', and the Illustrative Examples accompanying IFRS 16, 'Leases'.

#### **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities (Effective date 1 January 2023)**

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

#### **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (Effective date 1 January 2023)**

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

#### **New standards, amendments and interpretations not yet effective from January 1, 2021**

##### **New or revised pronouncement**

#### **Amendments to IAS 1- Presentation of Financial Statements (Effective from Annual reporting periods beginning on or after 1 January 2023)**

##### **Classification of Liabilities as Current or Non-Current**

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

#### **Amendments to IFRS 3- Business Combinations (Effective from Annual reporting periods beginning on or after 1 January 2022)**

##### **Reference to the Conceptual Framework**

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

#### **Amendments to IAS 16- Property, Plant and Equipment (Effective from Annual reporting periods beginning on or after 1 January 2022)**

##### **Property, Plant and Equipment — Proceeds before Intended Use**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

#### **Amendments to IAS 37-Provisions, Contingent Liabilities and Contingent Assets (Effective from Annual reporting periods beginning on or after 1 January 2022)**

##### **Onerous Contracts — Cost of Fulfilling a Contract**

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 can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or 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).

*Annual Improvements to IFRS Standards 2018–2020 makes amendments to the following standards:*

<i>New standards and significant amendments to standards applicable to the Company</i>	<i>Effective for periods beginning on or after</i>
IFRS-1 Subsidiary as a first-time adopter. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs.	Annual periods beginning on or after January 1, 2022. Early application is permitted.
<b>IFRS 9- Financial Instruments-</b> Fees in the ‘10 per cent’ test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize 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.	Annual periods beginning on or after January 1, 2022. Early application is permitted.
<b>IFRS 16 Leases</b> Lease incentives. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.	The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.
<b>IAS 41- Agriculture</b> Taxation in fair value measurements. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.	Annual periods beginning on or after January 1, 2022. Early application is permitted.

The Company is currently assessing the impact of these standards, interpretations and amendments on the financial statements and intends to adopt these, if applicable, when they become effective.

There are no other applicable new standards and amendments to published standards or International Financial Reporting Standards Interpretations Committee (IFRS IC) interpretations that have been issued but are not effective for the first time for the Company’s financial year beginning on January 01, 2021 that would be expected to have a material impact on the financial statements of the Company.

**3 Significant Accounting Policies**

**3.1 Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations. These financial statements are presented in EURO (Euro) which is the Entity functional and presentation currency.

**3.2 Basis of Preparation**

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, 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 preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Entity’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed after significant accounting policies.

**3.3 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: Expected to be realized or intended to sold or consumed in normal operating cycle or held primarily for the purpose of trading or Expected to be realized 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.

**3.4 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 Group.

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 economic best 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 inputs are quoted price (unadjusted) in active market for identical asset or liabilities that the entity can access at the measurement date,

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly, and

Level 3 inputs are observable inputs for the asset or liability.

### **3.5 Foreign currency**

In preparing the financial statements of the Entity, transactions in currencies other than the Entity's functional currency are recognized 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise:

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

### **3.6 Financial instruments**

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

#### **3.7 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 recognized 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.

#### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Entity commits to purchase or sell the asset. Transaction costs directly attributable to the acquisition are recognized immediately in the statement of profit or loss.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss.

Dividend income from financial assets at fair value through profit or loss is recognized in the statement of profit or loss, when the Entity's right to receive payments is established.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in the current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Entity's loans and receivables comprise "trade and other receivables", "cash and cash equivalents", "due from related parties", "shareholders' loan" and "loan from related parties" in the statement of financial position. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

#### **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.

#### **Trade and other receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost reduced by appropriate allowance for estimated doubtful debts.

### **3.8 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 recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

#### **Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trades 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. Trade and other payables are recognized initially at fair value and subsequently are measured at amortized cost using effective interest method.

**3.9 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

**3.10 Provisions**

Provisions are recognized 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 recognized 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 recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**CG MIDDLE EAST FZE**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

(Amount in Euro)

**4 Property, plant and equipment**

<b>Asset Cost:</b>	<b>Office Equipments</b>	<b>Furniture and Fixtures</b>	<b>Total</b>
<b>As at April 1, 2020</b>	<b>8,323</b>	<b>30,060</b>	<b>38,383</b>
Additions for the year	-	-	-
Deletion during the year	-	-	-
<b>As at March 31, 2021</b>	<b>8,323</b>	<b>30,060</b>	<b>38,383</b>

<b>As at April 1, 2021</b>	<b>8,323</b>	<b>30,060</b>	<b>38,383</b>
Additions for the year	-	-	-
Deletion during the year	-	-	-
<b>As at March 31, 2022</b>	<b>8,323</b>	<b>30,060</b>	<b>38,383</b>

<b>Accumulated Depreciation / Impairment</b>	<b>Office Equipments</b>	<b>Furniture and Fixtures</b>	<b>Total</b>
<b>As at April 1, 2020</b>	<b>8,322</b>	<b>30,060</b>	<b>38,382</b>
Depreciation charge for the year	-	-	-
<b>As at March 31, 2021</b>	<b>8,322</b>	<b>30,060</b>	<b>38,382</b>

<b>As at April 1, 2021</b>	<b>8,322</b>	<b>30,060</b>	<b>38,382</b>
Depreciation charge for the year	-	-	-
<b>As at March 31, 2022</b>	<b>8,322</b>	<b>30,060</b>	<b>38,382</b>

<b>NET BLOCK</b>	<b>Office Equipments</b>	<b>Furniture and Fixtures</b>	<b>Total</b>
<b>As at March 31, 2022</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>As at March 31, 2021</b>	<b>1</b>	<b>-</b>	<b>1</b>

**CG MIDDLE EAST FZE**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

(Amount in Euro)

**5 Trade and other receivables**

	<u>2022</u>	<u>2021</u>
Others	200,000	200,000
<b>Total</b>	<b>200,000</b>	<b>200,000</b>

**6 Cash and cash equivalents**

	<u>2022</u>	<u>2021</u>
Balance with banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**CG MIDDLE EAST FZE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****(Amount in Euro)****7 Borrowing**

	<b>2022</b>	<b>2021</b>
Bank loan	-	27,702,956
<b>Total</b>	<b>-</b>	<b>27,702,956</b>
Non current liability	-	-
Current liability	-	27,702,956
<b>Total</b>	<b>-</b>	<b>27,702,956</b>

**7.1** In December, 2021, the bank has discharged CG Middle East from above loan facility including accrued interest thereon and the borrowing is extinguished in year ended March 2022.

**8 Other Non-current liabilities**

	<b>2022</b>	<b>2021</b>
Others	37,576	37,576
<b>Total</b>	<b>37,576</b>	<b>37,576</b>

**9 Due to Related Parties**

	<b>2022</b>	<b>2021</b>
<u>to Parent Company</u>		
CG International BV	40,401,096	40,394,366
<b>Total</b>	<b>40,401,096</b>	<b>40,394,366</b>

**10 Trade and other payables**

	<b>2022</b>	<b>2021</b>
<b>Other Payables</b>		
Interest accrued on borrowing	-	2,726,540
Others*	20,350,846	20,350,846
<b>Total</b>	<b>20,350,846</b>	<b>23,077,386</b>

\* Includes payable to erstwhile fellow subsidiaries, CG Power System Belgium and CG Holdings Belgium NV amounting to Euro 20,142,934 and Euro 21,522 respectively. These subsidiaries were declared bankrupt by Enterprise Court of Antwerp, Division Mechelen ("Court") on 3 February, 2020 and the Court has appointed Receivers.



CG MIDDLE EAST FZE  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022  
(Amount in Euro)

**11 Other Income**

	<u>2022</u>	<u>2021</u>
Gain on extinguishment of borrowing (including interest thereon)	30,429,496	-
Exchange gain on currency fluctuation	-	2,000,521
<b>Total</b>	<b>30,429,496</b>	<b>2,000,521</b>

**12 Salaries and benefits**

	<u>2022</u>	<u>2021</u>
Salaries	-	8,427
Staff Welfare	-	6,860
<b>Total</b>	<b>-</b>	<b>15,287</b>

**13 General and administrative expenses**

	<u>2022</u>	<u>2021</u>
Rent, Rates and Taxes	-	7,385
Legal and professional charges	6,730	4,600
<b>Total</b>	<b>6,730</b>	<b>11,985</b>

**14 Finance cost**

	<u>2022</u>	<u>2021</u>
Interest and Commitment Charges	-	1,802,712
<b>Total</b>	<b>-</b>	<b>1,802,712</b>

**CG MIDDLE EAST FZE****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****(Amount in Euro)****15 Financial Instruments*****Market risk management***

Financial instruments means financial assets, financial liabilities and equity instruments. Financial assets of the establishment include cash and cash equivalents, deposits, accounts & other receivables and due from related parties. Financial liabilities includes accounts & other payables and due to related parties.

The management believes that the fair value of the Financial Assets and Liabilities are not significantly different from their carrying amounts at balance sheet date.

The main risk arising from the Company financial instruments are Currency Risk, Credit Risk and Interest Rate Risk.

<b>Financial instruments by category</b>	<b>2022</b>	<b>2021</b>
<b><i>Financial assets</i></b>		
Trade and other receivables	200,000	200,000
<b><i>Financial liabilities</i></b>		
Borrowing	-	27,702,956
Due to Related Parties	40,401,096	40,394,366
Trade and other payables	20,388,422	23,114,962

***Credit risk management***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial Assets, which potentially expose the establishment to credit risk, comprise mainly of bank accounts, accounts & other receivables & due from related party. The company applies IFRS 9 simplified approach to measure expected credit losses which uses expected credit loss allowance for all its trade receivables. Company manages credit risk by monitoring credit exposure in accordance with defined policies and procedures. Credit risk is limited to the carrying value of financial assets in the balance sheet.

***Liquidity risk management***

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Refer note 1A.

**16 Significant Events Occurring After The Balance Sheet Date**

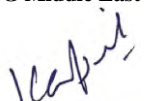
There are no significant events occurring after balance sheet date, which require disclosure in financial statements other than those disclosed in this financial statements.

**17 Previous Years Figures**

Comparative figures for the previous year have been regrouped and reclassified, wherever necessary to confirm the current year presentation.

**The accompanying notes form an integral part of the financial statements.**

**The independent auditors' report is set out on page 1-4.**

**FOR****CG Middle East FZE**  
**Authorised Signatory**