



LT Foods Middle East DMCC

Financial Statements
March 31, 2025

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March 31, 2025

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LT Foods Middle East DMCC

Director's Report

Year Ended March 31, 2025

The Directors' hereby presents the annual report together with the audited financial statements of LT Foods Middle East DMCC ("the Company") for the year ended March 31, 2025.

Financial Results & Analysis

(Figures in AED)

	2025	2024
Sales	159,142,040	150,536,686
Gross profit	28,416,765	17,840,221
Profit / (Loss) for the year	943,410	(3,200,733)
Net worth	2,063,828	1,171,575
Net current assets	12,196,888	11,204,131
Current ratio	1.34:1	1.27:1

Board of Directors

During the year, there were no changes in the composition of the Board of Directors of the Company.

Auditors

M/s Affiniax A A Syed Auditors, will retire at the conclusion of the meeting, have expressed their willingness to continue in office and are eligible for re-appointment.

Other Matters

At the end of this report the Board of Directors are not aware of any circumstances not otherwise dealt with in this report or the accounts, which would render any amount stated in the accounts misleading.

On behalf of the Board of Directors

Mr. Gursajan Arora

Director

Dubai, United Arab Emirates

May 09, 2025



Independent Auditor's Report

The Shareholder of LT Foods Middle East DMCC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LT Foods Middle East DMCC ("the Company"), which comprise of the statement of financial position as at March 31, 2025 and the statement of 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 LT Foods Middle East DMCC as at March 31, 2025, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Responsibility of the Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 judgement 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 risks 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, misrepresentation or over ride 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 Company'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 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 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.

We communicate with the management 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We also provide the Management regarding 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.

From the matters communicated with the management, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters.

Affinix A A Syed Auditors

Nihar Kothari
Registration number : 5609
Dubai, United Arab Emirates
May 09, 2025

LT Foods Middle East DMCC
Statement of Comprehensive Income
Year Ended March 31, 2025

(Figures in AED)	Note	2025	2024
Sales	8	159,142,040	150,536,686
Cost of sales	9	<u>(130,725,275)</u>	<u>(132,696,465)</u>
Gross profit		28,416,765	17,840,221
Other income	10	17,008	5,167
Selling, general and administration expenses	11	(26,035,525)	(20,128,336)
Amortisation	18	Nil	(437,601)
Depreciation	19	(1,083,319)	(103,586)
Finance costs	12	<u>(371,519)</u>	<u>(376,598)</u>
Profit / (loss) before tax		943,410	(3,200,733)
Income tax expense	13	<u>(51,157)</u>	Nil
Profit / (loss) after tax		<u>892,253</u>	<u>(3,200,733)</u>

LT Foods Middle East DMCC
Statement of Financial Position
As at March 31, 2025

(Figures in AED)	Note	2025	2024
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	14	2,362,869	3,593,214
Trade accounts receivable	15	39,044,267	38,879,399
Other receivables and prepayments	16	2,409,212	1,517,776
Inventories	17	4,028,968	8,605,018
Total Current Assets		<u>47,845,316</u>	<u>52,595,407</u>
Non-Current Assets			
Intangible assets	18	Nil	Nil
Property, plant and equipment	19	4,260,327	4,133,760
Total Non-Current Assets		<u>4,260,327</u>	<u>4,133,760</u>
Total Assets		<u>52,105,643</u>	<u>56,729,167</u>
<u>LIABILITIES AND EQUITY</u>			
Current Liabilities			
Trade accounts and other payable	20	35,547,811	41,282,731
Term loans	21	100,617	108,545
Total Current Liabilities		<u>35,648,428</u>	<u>41,391,276</u>
Non-Current Liabilities			
Term loans	21	1,599,328	976,910
Employees' end of service benefits	22	635,766	490,423
Total Non-Current Liabilities		<u>2,235,094</u>	<u>1,467,333</u>
Equity			
Share capital	23	1,000,000	1,000,000
Retained earnings		1,063,828	171,575
Shareholder's account		12,158,293	12,698,983
Total Equity Attributable to the Shareholder		<u>14,222,121</u>	<u>13,870,558</u>
Total Liabilities and Equity		<u>52,105,643</u>	<u>56,729,167</u>

These financial statements were approved by the Board of Directors on May 09, 2025 and signed on their behalf by:

Mr. Gursajan Arora
Director

LT Foods Middle East DMCC
Statement of Changes in Equity
Year Ended March 31, 2025

(Figures in AED)	Share Capital	Retained Earnings	Shareholder's Account	Total
As at April 01, 2023	1,000,000	3,372,308	12,600,005	16,972,313
Loss for the year	Nil	(3,200,733)	Nil	(3,200,733)
Net movements during the year	Nil	Nil	98,978	98,978
As at March 31, 2024	1,000,000	171,575	12,698,983	13,870,558
Profit for the year	Nil	892,253	Nil	892,253
Net movements during the year	Nil	Nil	(540,690)	(540,690)
As at March 31, 2025	1,000,000	1,063,828	12,158,293	14,222,121

LT Foods Middle East DMCC**Statement of Cash Flows****Year Ended March 31, 2025**

(Figures in AED)	2025	2024
Cash Flow from Operating Activities		
Profit / (loss) for the year	943,410	(3,200,733)
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	1,083,319	103,586
Amortisation of intangible assets	Nil	437,601
Provision for employees' end of services benefits	145,343	129,980
Reversal of provision doubtful debts	37,689	Nil
Balances written off	11,809	47,925
Provision for expected credit loss	195,396	6,745
<u>Changes in operating assets and liabilities</u>		
Increase in trade accounts receivables, other receivable and prepayments	(1,301,198)	(12,963,245)
Decrease / (Increase) in inventories	4,576,050	(863,632)
(Decrease) / Increase in trade accounts and other payable	<u>(5,786,077)</u>	<u>21,816,109</u>
Net cash (used in) / generated from operating activities	(94,259)	5,514,336
Cash Flow from Investing Activities		
Purchase of property, plant and equipment	<u>(1,209,886)</u>	<u>(2,118,636)</u>
Net cash used in investing activities	(1,209,886)	(2,118,636)
Cash Flow from Financing Activities		
Funding from / (repayment of) term loans	614,490	(117,916)
Shareholder's account	<u>(540,690)</u>	<u>98,978</u>
Net cash generated from / (used in) financing activities	73,800	(18,938)
Net change in cash and cash equivalents	(1,230,345)	3,376,762
Cash and cash equivalents at beginning of the year	<u>3,593,214</u>	<u>216,452</u>
Cash and cash equivalents at end of the year	<u>2,362,869</u>	<u>3,593,214</u>

LT Foods Middle East DMCC

Notes to the Financial Statements

March 31, 2025

1 Legal Status, Shareholder, Management and Business Activity

LT Foods Middle East DMCC ("the Company") is a Free Zone Company with Limited Liability formed in accordance with the laws, rules and implementing regulations of Dubai Multi Commodities Centre Authority and registered under trading license number DMCC-33118 in the Emirate of Dubai.

The registered address of the Company is Unit No. 706, Mazaya Business Avenue, BB2, Plot No: JLTE-PH2-BB2, Jumeirah Lakes Towers, Dubai, United Arab Emirates.

The shareholder of the Company is:

Name of the Shareholder	Number of Shares	Percentage of shareholdings	Amount in (AED)
M/s. LT Foods Holdings ME Limited (formerly known as Sona Global Limited)	1,000	100%	1,000,000
Total	1,000	100%	1,000,000

The Company is managed by its Director, Mr. Gursajan Arora.

The Company is licensed to trade in foodstuff and beverage, agricultural commodities, grains cereals and legumes.

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

The Company has adopted the following new and amended IFRS's in these financial statements. The adoption of the standards did not have a material impact on the financial statements of the Company.

- Amendments to IFRS 16 Leases relating to Lease Liability in a Sale and Leaseback transaction.
- Amendments to IAS 1 Presentation of Financial Statements relating to Classification of Liabilities as Current or Non-Current.
- Amendments to IAS 1 Presentation of Financial Statements relating to Non-Current Liabilities with Covenants.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments : Disclosures relating to Supplier Finance Arrangements.
- IFRS S1 General requirement for disclosure of sustainability- related Financial information; and IFRS S2 Climate Related Disclosure.

3 New Standards and Interpretations Not Yet Effective

The Company intends to adopt the following standards, if applicable, when they become effective.

New and revised IFRS Accounting standards	Effective for annual periods beginning on or after
Amendment to IAS 21 The Effects of the Changes in Foreign Exchange Rates relating to Lack of Exchangeability.	January 01, 2025
Amendments to the SASB (Sustainability Accounting Standards Board) standards to enhance their international applicability.	January 01, 2025
IFRS 18 Presentation and Disclosures in Financial Statements.	January 01, 2027



3 New Standards and Interpretations Not Yet Effective (Continued)

New and revised IFRS Accounting standards

Effective for annual periods beginning on or after

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

Effective date deferred indefinitely. Adoption is still permitted.

Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments.

January 01, 2026

Lack of Exchangeability (Amendments to IAS 21).

January 01, 2025

IFRS 19 Subsidiaries without Public Accountability: Disclosures.

January 01, 2027

4 Basis of Preparation of Financial Statements

Transition to IFRS from IFRS for SMEs

These are the first set of financial statements that comply with IFRS (International Financial Reporting Standards). The Company's date of transition to IFRS is the beginning of the earliest year that is April 01, 2024 for the presentation of full comparative information in accordance with the IFRS.

The Company has assessed the applicability of IFRS 16 Leases to its office and warehouse rental agreements and has determined that these arrangements qualify as short-term leases under the exemption provided in paragraph 05 of IFRS 16. Accordingly, the Company has elected not to recognize a right-of-use asset and corresponding lease liability for these leases. Instead, lease payments are recognized as an expense on a straight-line basis over the lease term, which is consistent with the exemption criteria set out in the standard.

Furthermore, effective from April 1, 2024, the Company has adopted IFRS 9 Financial Instruments. In compliance with the standard, the Company has applied the Expected Credit Loss (ECL) model for the measurement of impairment on accounts receivable. The ECL assessment considers historical credit loss experience, current financial conditions, and forward-looking information to estimate the credit losses reasonably expected to occur.

There is no impact from the above changes in the accounting policy, which was adopted in the preparation of the financial statements in accordance with IFRS at the transition date. Therefore, there is no reconciliation of equity and profit between the two financial reporting frameworks.

These financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards issued by International Accounting Standards Board. They are presented in Arab Emirate Dirhams, currency unit of United Arab Emirates. The presentation of financial statements in accordance with the International Financial Reporting Standards requires the determination and consistent application of accounting policies to transactions and events. Significant accounting policies, adopted and applied consistently in dealing with items that are considered material in relation to these financial statements, are set below.

The financial statements have been prepared under the historical cost convention basis.

4 Basis of Preparation of Financial Statements (Continued)

The preparation of financial statements in conformity with International Financial Reporting Standards requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and reasonable under the circumstances.

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

Judgements made by the Management in the application of accounting policies that have the most significant effect on the amounts recognised in the financial statements and estimates that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are as stated in Note 5.

5 Summary of Significant Accounting Policies

Revenue Recognition

IFRS 15 provides a single, principle - based five-step model to be applied to all contracts with customers.

The five-steps in the model are as follows:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contracts.
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of sales returns and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria has been met for the Company's activities.

Revenue is recognized by the Company when it can be reliably measured, probable future economic benefits are passed to the entity and the specific criteria has been met for the Company activities.

Sale of goods is recognised upon the issue of bill of lading from the supplier.

Interest income is recognised on effective interest method.

Commission is recognised on completion of services as per the terms and conditions agreed upon with the client.

Fair values

The fair value of the financial assets and liabilities at the date of statement of financial position approximate their carrying amounts in the statement of financial position.

5 Summary of Significant Accounting Policies (Continued)

Current and Non-Current Classification (Continued)

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

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.

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

The Company classifies all other liabilities as non-current.

Property, Plant and Equipment

Property, plant and equipment, is stated at historical costs less accumulated depreciation and any accumulated impairment losses. Historical costs includes expenditure that is directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Management.

The cost of replacing or addition to an item of property, plant and equipment 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 Company and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

Depreciation is charged to write off the cost or valuation of assets over the estimated useful lives, using the straight line method as follows:

Motor vehicles	4 years
Furniture and fixtures	4 - 5 years
Office equipments	4 years

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the pattern of economic benefits expected to flow to the Company through the use of items of property, plant and equipment.

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 recognised as profit or loss in the statement of comprehensive income.

5 Summary of Significant Accounting Policies (Continued)

Inventories

Inventories are measured at lower of cost and net realisable value. Inventory comprises of cranes and consumable spare parts. Cost comprises of the invoiced value of goods supplied. Cranes are valued using specific identification method and consumable spare parts are valued using the weighted average cost method.

Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At each reporting date, inventories are assessed for impairment and the net value is reflected in the financial statements.

Goods in transit represent the cost of inventory items that have been shipped by the seller but have not yet been received by the Company and are accounted at the purchase price of goods.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial Assets:

The Company's financial assets include accounts and other receivables (less advances and prepayments), due from related parties and other financial assets classified as 'loans and receivables', and cash in hand and bank balances classified as 'cash and cash equivalents'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

5 Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial Assets (Continued):

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Loans and Receivables:

These are Non-derivative financial assets with fixed or determinable payments and fixed maturities when the Company has the positive intention and ability to hold them to maturity. After initial measurement, these investments are measured at amortized cost using the Effective Interest Rate (EIR), less impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income as finance costs.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset (a 'loss event'), the estimated future cash flows of the financial asset have been affected and the impact can be reliably estimated.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For certain categories of financial assets, such as accounts receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivable could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of - days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of accounts receivables, where the carrying amount is reduced through the use of an allowance account. When an accounts receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of comprehensive income.

5 Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial assets carried at amortized cost (Continued)

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 recognized, the previously recognized impairment loss is reversed through statement of comprehensive income to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. Impairment losses recognized for financial assets carried at cost are not reversed.

De-recognition of Financial Assets:

The Company de-recognizes 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 Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

Financial Liabilities:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities measured at amortized cost using the effective interest method.

The Company's financial liabilities include accounts and other payables (less advances) and loans classified as 'other financial liabilities'.

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.

Other Financial Liabilities:

Other financial liabilities are subsequently measured at amortized cost using effective interest method except for short term payable where the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

De-recognition of Financial Liabilities:

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired. 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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

5 Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Offsetting of Financial Instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand, banks accounts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Employees' End of Service Benefits

Provision is made for the amounts payable under the U.A.E. labour law applicable to the employees and is based on current basic remuneration and cumulative period of service at the balance sheet date.

Provision is made on the assumption that all employees were to leave as of the balance sheet date since this provides, in Management's opinion, a reasonable estimate of the present value of terminal benefits.

Taxes

Value Added Tax:

Expenses and assets are recognized net of the amount of input tax, except:

- When the input tax is incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the input tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Input VAT and Output VAT:

Input VAT is recognized when the goods or services are supplied to the Company and the tax on which is paid/due to be paid by the Company to the Supplier.

Output VAT is recognized in respect of taxable supply of goods/services rendered by the Company on which tax is charged and due to be paid to the Federal Tax Authority.

Income Tax

Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The corporate tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised in directly in equity or in other comprehensive income (OCI).

5 Summary of Significant Accounting Policies (Continued)

Income Tax (Continued)

Current Tax

Current income tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:
 - is not a business combination; and
 - at the time of the transaction
 - (i) affects neither accounting nor taxable profit or loss and
 - (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Provisions

Provisions are recognised when the Company has a present obligation as a result of past event and it is probable that the outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the amount expected to be required to settle the obligation and the risk specific to the obligation.

5 Summary of Significant Accounting Policies (Continued)

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the year of the lease.

Contingencies

Contingent assets and liabilities are not recognized in the financial statements, but are disclosed unless the possibility of an inflow or outflow respectively of resources embodying economic benefits is remote.

Foreign Currencies Translations

The financial statements are presented in Arab Emirates Dirham, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year - end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive Income.

6 Financial Risk Management

The Company is exposed to financial risks of markets mainly related to currency risk, interest rate risks, other price risks, credit risks and liquidity risk. The Company's policies and procedures keeps the Management updated on these risks and it takes appropriate measures to control or minimise its adverse effects if any on the financial position and performance of the Company.

Market Risks

Market risks are the risk that is associated with the changes in market prices and market rates, such as interest rates, equity prices and currency rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk Management is to manage and control market risks exposures within acceptable parameters, while optimising the returns on the risks.

Currency Risk

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. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company's substantial assets and liabilities are denominated in Arab Emirates Dirham's. The exchange rate risks relate to foreign currency denominated transactions in Euros. There is no hedging done to mitigate these risks. However, the Management monitors these risks on a regular basis.

Interest Rate Risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate due to change in market interest rates. The Company's income and operating cash flows are substantially independent of the changes in market interest rates as the Company has no significant interest bearing assets or liabilities.

6 Financial Risk Management (Continued)

Interest Rate Risk (Continued)

At the statement of financial position date, the interest rate profile of the Company's significant interest bearing financial instruments was:

Term loan	939,365	1,041,664
Vehicle loan	760,580	43,791
Net exposure	<u>1,699,945</u>	<u>1,085,455</u>

Credit Risk

Credit risk is the risk of financial loss to the Company if the customer or counterparty to the financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to trade accounts and other receivables and cash at bank. The exposure to credit risk on trade accounts and other receivables and amounts due from related parties is monitored on an ongoing basis by the Management and these are considered as recoverable by the Management. The Company's bank account are placed with regulated financial institutions.

The maximum exposure to credit risk at the end of the reporting year was:

Trade accounts receivables	39,715,916	39,189,548
Bank balances and deposits with bank	2,346,841	3,590,760
Other receivables (excluding prepayments)	2,358,240	1,352,649
Total	<u>44,420,997</u>	<u>44,132,957</u>

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk relates to amounts due to related parties and long-term payables. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities and obligations as and when they fall due without having to face any losses which may adversely effect the Company's financial position and reputation.

Trade accounts and other payable (excluded Accruals and advances)	33,266,284	39,667,329
Accrued Expenses	2,244,863	1,506,038
Total	<u>35,511,147</u>	<u>41,173,367</u>

Fair values

At the balance sheet date, the carrying amounts of the financial assets and financial liabilities represent their fair values.

7 Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the date of statement of financial position, 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:

7 Key Sources of Estimation Uncertainty (Continued)

a) Fair value of Other Financial Instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required in establishing fair values. The estimates include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

b) Provision for Expected Credit Losses of Accounts Receivables

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

The Company provides for lifetime ECL for all accounts receivables using the provision matrix. The ECL are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the end of reporting period.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

c) Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model and requires estimation of the expected future cash flows from the asset (or of the cash-generating unit) in the forecasted period and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The discount rate reflects current market assessments of the time value of money and the risks specific to the asset.

d) Impairment of inventories

Inventories are held at the lower of cost and net realisable value.

When inventories become old or obsolete, an estimate is made of their net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence,

LT Foods Middle East DMCC
Notes to the Financial Statements
March 31, 2025

7 Key Sources of Estimation Uncertainty (Continued)

e) Useful Life and Depreciation of Property, Plant and Equipment

The Management periodically reviews the estimated useful lives and depreciation method to ensure that the method and period of depreciation are consistent with the expected economic benefits pattern.

(Figures in AED) 2025 2024

8 Sales

Rice	159,142,040	150,536,686
	<u>159,142,040</u>	<u>150,536,686</u>

Revenue Segments:

Domestic Sales	60,981,168	52,884,389
International Sales	<u>98,160,872</u>	<u>97,652,297</u>
	<u>159,142,040</u>	<u>150,536,686</u>

9 Cost of Sales

Purchase of rice	126,149,225	133,560,097
Decrease / (Increase) in inventories	<u>4,576,050</u>	<u>(863,632)</u>
	<u>130,725,275</u>	<u>132,696,465</u>

10 Other Income

Exchange gain	Nil	5,167
Balances written back	<u>17,008</u>	<u>Nil</u>
	<u>17,008</u>	<u>5,167</u>

11 Selling, General and Administration Expenses

Sales promotion expense	14,243,373	10,112,034
Employees' cost	6,282,349	6,005,008
Directors' remuneration	1,700,800	720,000
Travelling expense	1,417,107	1,373,721
Office expenses	638,626	728,022
Rent	486,462	468,633
Provision for bad and doubtful debts	399,189	6,745
Legal and professional	382,250	195,574
Insurance	275,964	205,875
Storage charges	195,396	252,337
Balances written off	11,809	47,925
Detention charges	<u>2,200</u>	<u>12,462</u>
	<u>26,035,525</u>	<u>20,128,336</u>



LT Foods Middle East DMCC
Notes to the Financial Statements
March 31, 2025

(Figures in AED)	2025	2024
<u>12 Finance Costs</u>		
Bank charges	233,409	263,649
Interest on bank loan	106,916	109,968
Interest on vehicle loan	17,530	2,981
Exchange loss	13,664	Nil
	<u>371,519</u>	<u>376,598</u>

13 Income Tax Expenses

On December 09, 2022 UAE Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 01 June 2023. The Company is subject to taxation commencing January 01, 2024 and is required to file its first annual tax return and pay the declared income tax before September 30, 2025.

i) Component of income tax:

Income tax		
- Current tax	51,157	Nil
Total tax expense	<u>51,157</u>	<u>Nil</u>

ii) Reconciliation between income tax expense and accounting profit multiplied by applicable tax rate:

Accounting profit before tax	943,410	Nil
At the UAE statutory tax rate of 9% charged during the year	84,907	Nil
Adjustments in respect of standard deduction as per the Law*	(33,750)	Nil
Tax effect of items which are not deductible for assessable for tax purpose		
- Exempt income	Nil	Nil
- Non-deductible expenses	Nil	Nil
Unrecognized tax loss carry forward for the year	Nil	Nil
Unrecognized other potential deferred tax assets	Nil	Nil
Income tax expense for the year	<u>51,157</u>	<u>Nil</u>

*As per the UAE Corporate Tax law, the standard deduction applicable for the Company is AED 375,000 on which tax rate at 9% amounts to AED 33,750.

The income tax figures presented are based on management's reasonable assumptions as of the reporting date.

14 Cash and Cash Equivalents

Cash in hand	16,028	2,454
Balance in local currency accounts	542,919	589,050
Balance in foreign currency accounts	1,803,922	3,001,710
	<u>2,362,869</u>	<u>3,593,214</u>



LT Foods Middle East DMCC
Notes to the Financial Statements
March 31, 2025

(Figures in AED)	2025	2024
<u>15 Trade Accounts Receivables</u>		
Outstanding for less than 6 months	37,427,023	37,448,213
Outstanding for more than 6 months	<u>2,288,893</u>	<u>1,741,335</u>
	39,715,916	39,189,548
Less : Provision for expected credit loss	<u>(671,649)</u>	<u>(310,149)</u>
	<u>39,044,267</u>	<u>38,879,399</u>
Movement in provision for expected credit loss is as below:		
Balance at the beginning of the year	310,149	303,404
Provision during the year	399,189	6,745
Utilized during the year	<u>(37,689)</u>	<u>Nil</u>
Balance at the end of the year	<u>671,649</u>	<u>310,149</u>
<u>16 Other Receivables and Prepayments</u>		
Staff advances	1,965,556	109,517
Prepaid expenses	340,683	1,211,720
Deposits	50,972	165,127
Advance to suppliers	44,294	23,705
Advance to Associate	<u>7,707</u>	<u>7,707</u>
	<u>2,409,212</u>	<u>1,517,776</u>
<u>17 Inventories</u>		
Rice	3,563,742	5,290,151
Goods in transit	<u>465,226</u>	<u>3,314,867</u>
	<u>4,028,968</u>	<u>8,605,018</u>
<u>18 Intangible Assets</u>		
Intellectual Property Rights		
Cost :		
Balance at the beginning of the year	<u>9,971,945</u>	<u>9,971,945</u>
Accumulated Amortisation :		
Balance at the beginning of the year	9,971,945	9,534,344
Charge for the year	<u>Nil</u>	<u>437,601</u>
Balance at the end of the year	<u>9,971,945</u>	<u>9,971,945</u>
Net Book Value :		
Balance at the end of the year	<u>Nil</u>	<u>Nil</u>



(Figures in AED)

18 Intangible Assets (Continued)

The above intellectual property rights comprise of trademarks acquired from third party. The Company has obtained the right to the intellectual property in accordance to the Brand Assignment Agreement dated July 21, 2016.

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LT Foods Middle East DMCC
Notes to the Financial Statements
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(Figures in AED)

19 Property, Plant and Equipment

	Motor Vehicles	Furniture and Fixtures	Office Equipments	Total
Cost :				
As at April 01, 2024	366,683	4,765,165	332,404	5,464,252
Additions during the year	1,158,370	Nil	51,516	1,209,886
As at March 31, 2025	<u>1,525,053</u>	<u>4,765,165</u>	<u>383,920</u>	<u>6,674,138</u>
Accumulated Depreciation :				
As at April 01, 2024	275,496	767,639	287,357	1,330,492
Charge for the year	250,657	795,276	37,386	1,083,319
As at March 31, 2025	<u>526,153</u>	<u>1,562,915</u>	<u>324,743</u>	<u>2,413,811</u>
Net Book Value :				
As at March 31, 2025	<u>998,900</u>	<u>3,202,250</u>	<u>59,177</u>	<u>4,260,327</u>
As at March 31, 2024	<u>91,187</u>	<u>3,997,526</u>	<u>45,047</u>	<u>4,133,760</u>

20 Trade Accounts and Other Payables

	2025	2024
Trade accounts payable	12,944,440	26,490,576
Provision for marketing expense	19,152,879	11,924,377
Accrued expenses	2,244,863	1,506,038
Provision for leave salary and air fare	632,976	614,557
VAT payable	267,991	303,775
Due to employees	216,841	334,044
Provision for income tax	51,157	Nil
Advance from customers	36,664	109,364
	<u>35,547,811</u>	<u>41,282,731</u>

21 Term loans

Bank loans	939,365	1,041,664
Vehicle loan	760,580	43,791
	<u>1,699,945</u>	<u>1,085,455</u>

LT Foods Middle East DMCC
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(Figures in AED) 2025 2024

21 Term loans (Continued)

The above loans are classified as under :

Within one year	100,617	108,545
More than one year	1,599,328	976,910

The bank loan is jointly owned by the Company and its shareholder M/s LT Foods Holdings ME Limited (formerly known as Sona Global).

Bank loan is secured against the following:

- i) Assignment of rights, title and interest in the purchase agreement i.e. Lien on property no. 706 and 707, BB2 Mazaya Business Avenue, Jumeirah Lakes Towers, Dubai registered under name of M/s LT Foods Holdings Me Limited (formerly known as Sona Global Limited).
- ii) Two undated cheques to cover three installments of principal and interest, one undated cheque for the total amount of loan plus interest and one undated signed cheque in favour of the Government of Dubai land department to cover the fee to register the mortgage.
- iii) Power of attorney is in the favour of bank duly notarized by the Dubai Public Notary.

22 Employees' End of Service Benefits

Balance at the beginning of the year	490,423	360,443
Provision for the year	145,343	129,980
Balance at the end of the year	635,766	490,423

23 Share Capital

1,000 shares of AED 1,000 each	1,000,000	1,000,000
	1,000,000	1,000,000

24 Transactions with Related Parties

The Company, in the normal course of business carries out transactions with parties that fall within the

Sales to related party	1,804,425	Nil
Purchases from Ultimate Parent Company	122,910,793	129,036,449
Purchases from Associate	5,381,609	148,882
Rent paid to Shareholder	192,000	192,000
Directors' remuneration	1,700,800	720,000
Net funding (to) / from shareholder	(540,690)	98,978
Net Movement in advances to director	Nil	(31,421)



LT Foods Middle East DMCC
Notes to the Financial Statements
March 31, 2025

(Figures in AED) 2025 2024

24 Transactions with Related Parties (Continued)

Related party balances as at the year end are classified as under:

Related Party	Classification		
Lt Foods Europe BV	Trade accounts receivables (Note 15)	1,804,425	Nil
Nature Bio Foods	Advance to Associate (Note 16)	7,707	7,707
LT Foods Limited	Trade accounts payable (Note 20)	10,153,048	26,464,536
Dawaat Foods Limited	Trade accounts payable (Note 20)	2,839,199	Nil
Raghunath Agro Indus	Trade accounts payable (Note 20)	Nil	17,008
LT Foods Holdings ME Limited (formerly known as Sona Global Limited)	Shareholder's account (Equity)	12,158,293	12,698,983

25 Deferred Tax Liabilities and Assets

The Company has assessed its deferred tax position as at end of current year. Based on the evaluation, no deferred tax liabilities or assets have been recognized as there are no material temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases.

Further, the Company has no unutilized tax losses or unused tax credits as of the reporting date that could result in deferred tax assets.

26 Contingent Liabilities

Except for the ongoing purchase commitments in the normal course of business against which no loss is expected, there are no other known contingent liabilities existing at the balance sheet date.

27 Subsequent Events After The Reporting Date

There are no significant events occurred after the balance sheet date, which require disclosures in the financial statements.


28 Rounding Off of Figures

All figures have been rounded off to the nearest UAE Dirhams.

29 Comparative Figures

Certain prior year figures have been regrouped to conform with the presentation of the current year.

These financial statements were approved by the Board of Directors on May 09, 2025 and signed on their behalf by:


Mr. Gursajan Arora
Director





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