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United Arab Emirates

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Hamriyah Freezone | Sharjah
United Arab Emirates

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**LT Foods Middle East DMCC
Financial Statements
March 31, 2026**

LT Foods Middle East DMCC
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March 31, 2026

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LT Foods Middle East DMCC

Director's Report

Year Ended March 31, 2026

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, 2026.

Financial Results & Analysis

(Figures in AED)

	2026	2025
Sales	147,579,425	159,142,040
Gross profit	31,666,730	28,416,765
Profit after tax for the year	1,331,275	892,253
Net worth	10,739,103	2,063,828
Net current assets	203,837	12,196,888
Current ratio	1:1	1.34:1

Board of Directors

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

Significant Events During the Year

a) Change in the share capital

As per the amended Articles of Association dated March 17, 2026, the Company issued additional share capital amounting to AED 7,344,000, comprising 7,344 shares of AED 1,000 each. Accordingly, the total issued and paid-up share capital of the Company increased to AED 8,344,000 as at the reporting date.

The old sharecapital structure of the Company was:

Name of the Shareholder	Number of shares	Percentage of shares	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 new sharecapital structure of the Company after amendment:

Name of the Shareholder	Number of shares	Percentage of shares	Amount in (AED)
M/s. LT Foods Holdings ME Limited (formerly known as Sona Global Limited)	8,344	100%	8,344,000
Total	8,344	100%	8,344,000

b) Change of Legal Suffix

On January 02, 2025, the Dubai Multi Commodities Centre Authority (DMCC) introduced an administrative update requiring all newly registered companies to adopt the legal suffix "FZCO" (or "FZ Branch" for branch establishments) instead of "DMCC".

In line with this regulatory update, the Company is in the process of amending its legal name to replace the suffix "DMCC" with "FZCO". The necessary procedures and formalities with the relevant authorities are currently underway and are expected to be completed in the subsequent financial year.



LT Foods Middle East DMCC

Director's Report

Year Ended March 31, 2026

Significant Events During the Year (Continued)

b) Change of Legal Suffix (Continued)

This is an administrative change intended to align DMCC member companies' naming conventions with those of other UAE-based free zones. The change affects only the legal suffix and has no impact on the Company's legal status, operations, or the financial statements for the year ended March 31, 2026.

c) Geopolitical situation

During March 2026, geopolitical tensions in the Gulf region resulted in heightened shipping and security risks affecting trade routes through the Strait of Hormuz, through which the Company sources a portion of its international shipments from India. This affected shipments routed through the corridor during the month and contributed to the year-on-year movement in revenue.

In response, the Company has worked with its supplier and logistics partners to put in place alternative shipping arrangements, including routing through Khorfakkan port (on the UAE east coast, outside the Strait of Hormuz), ports in Oman, and overland via the Saudi Arabia border crossing. These alternative routes have allowed the Company to continue meeting customer requirements without material interruption to operations. While the alternative routing involves higher freight and insurance costs compared with the Company's customary shipping arrangements, the financial impact of these higher costs is not material to the financial year ended March 31, 2026.

Management is monitoring the situation and the associated cost impact, which will be reflected in the financial statements for the year ending March 31, 2027 to the extent alternative routing continues to be required. The Directors are satisfied that the operational measures in place enable the Company to continue meeting its commitments in the ordinary course of business.

Auditors

M/s Affiniax A A Syed Auditors will retire at the conclusion of the Annual General Meeting. They 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 07, 2026



AFFINIAX A A SYED AUDITORS

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Independent Auditor's Report**To 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, 2026 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, 2026, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (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.

Affinix A A Syed Auditors

Nihar Kothari
Registration number : 5609
Dubai, United Arab Emirates
May 07, 2026



LT Foods Middle East DMCC
Statement of Comprehensive Income
Year Ended March 31, 2026

(Figures in AED)	Note	2026	2025
Sales	8	147,579,425	159,142,040
Cost of sales	9	<u>(115,912,695)</u>	<u>(130,725,275)</u>
Gross profit		31,666,730	28,416,765
Other income	10	Nil	17,008
Selling, general and administration expenses	11	(28,299,953)	(26,035,525)
Amortisation	18	Nil	Nil
Depreciation on property, plant and equipment	19	(1,164,240)	(1,083,319)
Finance costs	12	<u>(676,037)</u>	<u>(371,519)</u>
Profit before tax		1,526,500	943,410
Income tax expense	13	<u>(195,225)</u>	<u>(51,157)</u>
Profit after tax		1,331,275	892,253
Other comprehensive income		Nil	Nil
Total comprehensive income		<u>1,331,275</u>	<u>892,253</u>

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



LT Foods Middle East DMCC
Statement of Financial Position
As at March 31, 2026

(Figures in AED)	Note	2026	2025
ASSETS			
Current Assets			
Cash and cash equivalents	14	2,893,710	2,362,869
Trade accounts receivable	15	32,249,709	39,044,267
Other receivables and prepayments	16	2,609,782	2,409,212
Inventories	17	5,551,112	4,028,968
Total Current Assets		43,304,313	47,845,316
Non-Current Assets			
Intangible assets	18	Nil	Nil
Property, plant and equipment	19	19,718,964	4,260,327
Total Non-Current Assets		19,718,964	4,260,327
Total Assets		63,023,277	52,105,643
LIABILITIES AND EQUITY			
Current Liabilities			
Trade accounts and other payable	20	34,320,634	35,547,811
Term loans	21	115,020	100,617
Trust receipt	21	8,664,822	Nil
Total Current Liabilities		43,100,476	35,648,428
Non-Current Liabilities			
Term loans	21	709,138	1,599,328
Employees' end of service benefits	22	733,969	635,766
Total Non-Current Liabilities		1,443,107	2,235,094
Equity			
Share capital	23	8,344,000	1,000,000
Retained earnings		2,395,103	1,063,828
Shareholder's account		7,740,591	12,158,293
Total Equity Attributable to the Shareholder		18,479,694	14,222,121
Total Liabilities and Equity		63,023,277	52,105,643

These financial statements were approved by the Board of Directors on May 07, 2026 and signed on their behalf by:


Mr. Gursajan Arora
Director



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

LT Foods Middle East DMCC
Statement of Changes in Equity
Year Ended March 31, 2026

(Figures in AED)	Share Capital	Retained Earnings	Shareholder's Account	Total
As at April 01, 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
Additional share capital issued	7,344,000	Nil	Nil	7,344,000
Profit for the year	Nil	1,331,275	Nil	1,331,275
Net movements during the year	Nil	Nil	(4,417,702)	(4,417,702)
As at March 31, 2026	<u>8,344,000</u>	<u>2,395,103</u>	<u>7,740,591</u>	<u>18,479,694</u>

LT Foods Middle East DMCC**Statement of Cash Flows****Year Ended March 31, 2026**

(Figures in AED)	2026	2025
Cash Flow from Operating Activities		
Profit before tax	1,526,500	943,410
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	1,164,240	1,083,319
Provision for employees' end of services benefits	205,323	145,343
Provision for expected credit loss	Nil	399,189
Reversal of provision doubtful debts	Nil	37,689
Balances written off	Nil	11,809
<u>Changes in operating assets and liabilities</u>		
Decrease / (Increase) in trade accounts receivables	6,794,558	(613,555)
Increase in other receivables and prepayments	(200,570)	(891,436)
(Increase) / Decrease in inventories	(1,522,144)	4,576,050
Decrease in trade accounts and other payable	(1,405,401)	(5,786,077)
Payment of employees' end of services benefits	(107,120)	Nil
Payment of Income tax	(17,001)	Nil
Net cash generated from / (used in) operating activities	6,438,385	(94,259)
Cash Flow from Investing Activities		
Purchase of property, plant and equipment	(16,622,877)	(1,209,886)
Net cash used in investing activities	(16,622,877)	(1,209,886)
Cash Flow from Financing Activities		
Net movement in term loans	(875,787)	614,490
Cash margin deposits	(433,241)	Nil
Net movement in trust receipts	8,664,822	Nil
Capital introduced during the year	7,344,000	Nil
Net movement in shareholder's account	(4,417,702)	(540,690)
Net cash generated from financing activities	10,282,092	73,800
Net change in cash and cash equivalents	97,600	(1,230,345)
Cash and cash equivalents at beginning of the year	2,362,869	3,593,214
Cash and cash equivalents at end of the year	2,460,469	2,362,869

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



LT Foods Middle East DMCC

Notes to the Financial Statements

March 31, 2026

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.

As per the amended Articles of Association dated March 17, 2026, the Company issued additional share capital amounting to AED 7,344,000, comprising 7,344 shares of AED 1,000 each. Accordingly, the total issued and paid-up share capital of the Company increased to AED 8,344,000, comprising 8,344 shares of AED 1,000 each as at the reporting date.

The old share capital structure of the Company was:

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 new share capital structure of the Company after amendment:

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)	8,344	100%	8,344,000
Total	8,344	100%	8,344,000

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 IAS 21 The Effects of Changes in Foreign Exchange Rates relating to Lack of Exchangeability.
- Amendments to the SASB (Sustainability Accounting Standards Board) standards to enhance their international applicability.

3 New Standards and Interpretations Not Yet Effective

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



3 New Standards and Interpretations Not Yet Effective (Continued)

New and revised IFRS Accounting standards

**Effective for annual periods
beginning on or after**

Annual Improvements to IFRS Accounting Standards (includes Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7).

January 01, 2026

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

January 01, 2026

Amendments to IFRS 9 and IFRS 7 - Disclosures regarding purchase power arrangements.

January 01, 2026

IFRS 18 Presentation and Disclosures in Financial Statements.

January 01, 2027

IFRS 19 Subsidiaries without Public Accountability: Disclosures.

January 01, 2027

Amendments to IAS 21 - Translation to a Hyperinflationary Presentation Currency.

January 01, 2027

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

Effective date deferred indefinitely. Adoption is still permitted.

4 Basis of Preparation of Financial Statements

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.

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.



5 Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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.

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 Company measures financial instruments such as derivatives and re-measurement of the defined benefit liability, at fair value at each reporting date.

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 Company.

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.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

5 Summary of Significant Accounting Policies (Continued)

Fair values (Continued)

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 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Current and Non-Current Classification

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

An asset is current when it is:

- Expected to be 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.

5 Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment (Continued)

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:

Assets	Expected useful life
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.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

5 Summary of Significant Accounting Policies (Continued)

Intangible Assets (Continued)

Intangible asset is recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful life of 10 years.

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

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

5 Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial Assets (Continued)

Initial recognition and measurement (Continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company business model for managing them. With the exception of accounts receivable that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivable that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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 recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash, account receivables, deposits, other receivables and amounts due from related parties.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

5 Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial Assets (Continued)

Subsequent measurement (Continued)

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

a) Financial assets at fair value through profit and loss (FVTPL)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments which the Company had not irrevocably elected to classify at fair value through OCI.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Company has no financial assets classified as fair value through profit and loss (FVTPL) as at the reporting date.

(b) Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes cash and short - term deposits, account receivables, other receivables and amounts due from related parties.

(c) Financial assets at fair value through Other comprehensive income (FVTOCI) (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company has no debt instruments classified as fair value through OCI as at the reporting date.

5 Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial Assets (Continued)

(d) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI

The Company does not have any financial assets (equity instruments) at fair value through OCI.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised when:

The rights to receive cash flows from the asset have expired;

or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) The Company has transferred substantially all the risks and rewards of the asset, or

(b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

5 Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial Assets (Continued)

Impairment of financial assets

For account receivables, the Company applies a simplified approach in calculating Expected Credit Loss (ECL)s. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include account payables, accruals and other payables, and amounts due to related parties.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income as profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company's financial liabilities at fair value through profit and loss include derivative financial instruments that include forward foreign exchange contracts.

5 Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial Assets (Continued)

Impairment of financial assets (Continued)

Subsequent measurement (Continued)

(b) Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised 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 amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

(c) Financial liabilities at amortised cost (Trade payable, accruals and other payables and amounts due to related parties)

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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 recognised amounts and there is an intention to settle on a net basis, to realise 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.

5 Summary of Significant Accounting Policies (Continued)

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).

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;

5 Summary of Significant Accounting Policies (Continued)

Taxes (Continued)

Income Tax (Continued)

Deferred Tax (Continued)

- 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.

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

The Company determines the lease term as the non-cancellable period of a lease, together with both:

- a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

5 Summary of Significant Accounting Policies (Continued)

Leases (Continued)

Company as a lessor

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Company as a lessee

For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The relative stand-alone price of lease and non-lease components is determined on the basis of the price the lessor, or a similar supplier, would charge an entity for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

For determination of the lease term, the Company reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that:

a) is within the control of the Company; and b) affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

At the commencement date, the Company recognises a right-of-use asset classified within property, plant and equipment and a lease liability classified separately on the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease of 12 months or less and leases of low-value assets of USD 5,000 or less when new. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use assets

The right-of-use asset is initially recognised at cost comprising of:

- a) the amount of the initial measurement of the lease liability;
- b) any lease payments made at or before the commencement date, less any lease incentives received;
- c) any initial direct costs incurred by the Company; and

5 Summary of Significant Accounting Policies (Continued)

Leases (Continued)

Right-of-use assets (Continued)

d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. These costs are recognised as part of the cost of the right-of-use asset when the Company incurs an obligation for these costs. The obligation for these costs is incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period.

After initial recognition, the Company amortises the right-of-use asset over the term of the lease. In addition the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liability

The lease liability is initially recognised at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

After initial recognition, the lease liability is measured by (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Where, (a) there is a change in the lease term as a result of the reassessment of certainty to exercise an option, or not to exercise a termination option as discussed above; or (b) there is a change in the assessment of an option to purchase the underlying asset, assessed considering the events and circumstances in the context of a purchase option, the Company remeasures the lease liabilities to reflect changes to lease payments by discounting the revised lease payments using a revised discount rate. The Company determines the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or its incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

Where, (a) there is a change in the amounts expected to be payable under a residual value guarantee; or (b) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, including a change to reflect changes in market rental rates following a market rent review, the Company remeasures the lease liabilities by discounting the revised lease payments using an unchanged discount rate, unless the change in lease payments results from a change in floating interest rates. In such cases, the Company uses a revised discount rate that reflects changes in the interest rate.

The Company accounts for a lease modification as a separate lease if both:

a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

5 Summary of Significant Accounting Policies (Continued)

Leases (Continued)

Lease liability (Continued)

b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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 statement of profit and loss and other comprehensive income on a straight-line basis over the period of the lease.

The Company's rental contracts have a tenure of one year and are renewed annually, with no enforceable right of extension beyond the stated lease term; accordingly, the requirements of long-term lease accounting are not implemented by the Company.

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.

Financial Instruments

Details of significant policies and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in Note 5 to the financial statements.

Categories of Financial Instruments

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

(Figures in AED)	2026	2025
Financial Assets		
<u>Measured at amortised cost:</u>		
Cash in hand	12,118	16,028
Bank balances	2,448,351	2,346,841
Account receivables	32,249,709	39,044,267
Due from related parties	1,921,400	Nil
Other receivables	1,951,931	50,972
	<u>38,583,509</u>	<u>41,458,108</u>



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(Figures in AED)	2026	2025
5 <u>Summary of Significant Accounting Policies (Continued)</u>		
<u>Financial Instruments (Continued)</u>		
<u>Categories of Financial Instruments (Continued)</u>		
<u>Financial Liabilities</u>		
<u>Measured at amortised cost:</u>		
Accounts and other payables	33,685,147	35,228,663
	<u>33,685,147</u>	<u>35,228,663</u>

6 Financial Risk Management and Capital 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.

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

Term loan	824,123	939,365
Trust receipt	8,664,822	Nil
Vehicle loan	35	760,580
Net exposure	<u>9,488,980</u>	<u>1,699,945</u>



6 Financial Risk Management (Continued)

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.

(Figures in AED)	2026	2025
The maximum exposure to credit risk at the end of the reporting year was:		
Trade accounts receivables	32,805,371	39,715,916
Bank balances and deposits with bank	2,881,592	2,346,841
Other receivables (excluding prepayments)	2,579,251	2,358,240
Total	<u>38,266,214</u>	<u>44,420,997</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)	30,704,449	33,266,284
Accrued Expenses	<u>3,210,079</u>	<u>2,244,863</u>
Total	<u>33,914,528</u>	<u>35,511,147</u>

Capital Management

The primary objective of the Company is to maintain adequate capital to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or to adjust structure, the Company may adjust the dividend payment to shareholder or issue new shares.

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. 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, based on historical selling prices.

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(Figures in AED)

2026

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.

8 Sales

Revenue from Rice trading	147,579,425	159,142,040
	<u>147,579,425</u>	<u>159,142,040</u>

Geographical Segments:

Domestic Sales	61,736,397	60,981,168
International Sales	85,843,028	98,160,872
	<u>147,579,425</u>	<u>159,142,040</u>

9 Cost of Sales

Purchase of rice	117,434,839	126,149,225
(Increase) / Decrease in inventories	(1,522,144)	4,576,050
	<u>115,912,695</u>	<u>130,725,275</u>

10 Other Income

Balances written back	Nil	17,008
	<u>Nil</u>	<u>17,008</u>

11 Selling, General and Administration Expenses

Sales promotion expense	15,727,515	14,243,373
Employees' cost	7,776,700	6,282,349
Directors' remuneration	2,800,800	1,700,800
Travelling expense	1,238,937	1,417,107
Office expenses	705,786	638,626
Legal and professional	488,219	382,250
Rent	430,525	486,462
Insurance	278,629	275,964
Storage charges	96,173	195,396
Donation	56,669	Nil
Provision for expected credit loss	Nil	399,189
Balances written off	Nil	11,809
Detention charges	Nil	2,200
	<u>29,599,953</u>	<u>26,035,525</u>
Less: Expenses recharge to related party (Note 24)	(1,300,000)	Nil
	<u>28,299,953</u>	<u>26,035,525</u>



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(Figures in AED)	2026	2025
12 Finance Costs		
Bank charges	437,575	233,409
Interest on trust receipt	123,269	Nil
Interest on bank loan	80,503	106,916
Interest on vehicle loan	19,936	17,530
Exchange loss	14,754	13,664
	<u>676,037</u>	<u>371,519</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 April 01, 2024.

The Organisation for Economic Co-operation and Development (OECD) / G20 Inclusive Framework on Base Erosion and Profit Shifting has published the Pillar Two Model Rules, designed to address the tax challenges arising from the digitalisation of the global economy. In accordance with these rules, the UAE has implemented the Domestic Minimum Top-up Tax (DMTT), under which a minimum effective tax rate of 15% generally applies to multinational enterprises (MNEs) with global revenues exceeding EUR 750 million in at least two of the last four financial years. The DMTT legislation is effective for financial periods beginning on or after January 01, 2025.

The Company is part of a multinational group that falls within the scope of the OECD Pillar Two Model Rules, which establishes a minimum effective tax rate of 15%.

i) Component of income tax:

Income tax		
- Current tax	195,225	51,157
Total tax expense	<u>195,225</u>	<u>51,157</u>

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

Accounting profit before tax	1,526,500	943,410
At the UAE statutory tax rate of 9% charged during the year	137,385	84,907
Domestic Minimum Top up Tax	91,590	Nil
Adjustments in respect of standard deduction as per the Law*	(33,750)	(33,750)
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>195,225</u>	<u>51,157</u>



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13 Income Tax Expenses (Continued)

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

*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.

Corporate tax has been calculated on a provisional basis based on the management's current assessment of the Company taxable income in accordance with the applicable UAE Corporate Tax laws and regulations. The final corporate tax liability may differ upon submission of the corporate tax return and assessment by the relevant authorities, and any resulting differences will be recognized in the period in which they arise.

iii) International Tax Reform – Pillar Two Model

The Company is within the scope of the OECD Pillar Two Model Rules as part of a multinational group with consolidated revenues exceeding EUR 750 million.

It is unclear if the Pillar Two model rules create additional temporary differences, whether to remeasure deferred taxes for the Pillar Two model rules and which tax rate to use to measure deferred taxes. In response to this uncertainty, on May 23, 2023, the IASB issued amendments to IAS 12 'Income taxes' introducing a mandatory temporary exception to the requirements of IAS 12 under which an Company does not recognise or disclose information about deferred tax assets and liabilities related to the proposed OECD / G20 BEPS Pillar Two model rules.

The Company has applied this mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes.

14 Cash and Cash Equivalents

Cash in hand	12,118	16,028
Cash margin deposits (Note 14.1)	433,241	Nil
Balance in local currency accounts	502,336	542,919
Balance in foreign currency accounts	1,946,015	1,803,922
	<u>2,893,710</u>	<u>2,362,869</u>
Less :- Cash margin deposits	(433,241)	Nil
Cash and cash equivalents in the statement of cash flows	<u>2,460,469</u>	<u>2,362,869</u>

Note 14.1 :- The Company has maintained cash margin deposits with banks against the credit facilities availed. Such deposits carry an interest rate of 5% per annum in accordance with the respective banking arrangements.

15 Trade Accounts Receivables

Outstanding for less than 6 months	28,760,912	37,427,023
Outstanding for more than 6 months	4,044,459	2,288,893
	<u>32,805,371</u>	<u>39,715,916</u>
Less : Provision for expected credit loss	(555,662)	(671,649)
	<u>32,249,709</u>	<u>39,044,267</u>



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(Figures in AED) 2026 2025

15 Trade Accounts Receivables (Continued)

Less : Provision for expected credit loss (Continued)

Movement in provision for expected credit loss is as below:

Balance at the beginning of the year	671,649	310,149
Provision during the year	Nil	399,189
Utilized during the year	<u>(115,987)</u>	<u>(37,689)</u>
Balance at the end of the year	<u>555,662</u>	<u>671,649</u>

16 Other Receivables and Prepayments

Due from related party	1,921,400	Nil
Prepaid expenses	387,204	340,683
Staff advances	149,592	1,965,556
Advance to suppliers	113,348	44,294
Deposits	30,531	50,972
Advance to Associate	<u>7,707</u>	<u>7,707</u>
	<u>2,609,782</u>	<u>2,409,212</u>

17 Inventories

Rice	3,021,560	3,563,742
Goods in transit	<u>2,529,552</u>	<u>465,226</u>
	<u>5,551,112</u>	<u>4,028,968</u>

18 Intangible Assets

Intellectual Property Rights

Cost :

Balance at the beginning of the year	<u>9,971,945</u>	<u>9,971,945</u>
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Accumulated Amortisation:

Balance at the beginning of the year	<u>9,971,945</u>	<u>9,971,945</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>
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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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19 Property, Plant and Equipment

Cost:

As at April 01, 2025

Additions during the year

Transfer during the year

As at March 31, 2026

Accumulated Depreciation:

As at April 01, 2025

Charge for the year

As at March 31, 2026

Net Book Value:

As at March 31, 2026

As at March 31, 2025

	Free hold Property	Motor Vehicles	Furniture and Fixtures	Office Equipments	Capital Work in progress	Total
As at April 01, 2025	Nil	1,525,053	4,765,165	383,920	Nil	6,674,138
Additions during the year	Nil	Nil	Nil	55,650	16,567,227	16,622,877
Transfer during the year	10,485,663	Nil	392,719	Nil	(10,878,382)	Nil
As at March 31, 2026	10,485,663	1,525,053	5,157,884	439,570	5,688,845	23,297,015
As at April 01, 2025	Nil	526,153	1,562,915	324,743	Nil	2,413,811
Charge for the year	5,746	319,748	795,276	43,470	Nil	1,164,240
As at March 31, 2026	5,746	845,901	2,358,191	368,213	Nil	3,578,051
As at March 31, 2026	10,479,917	679,152	2,799,693	71,357	5,688,845	19,718,964
As at March 31, 2025	Nil	998,900	3,202,250	59,177	Nil	4,260,327

Note 19.1 :- Capital work in progress amounting to AED 5,688,845 pertains to the renovation and fit-out of the recently acquired freehold property located at Plot No. 1512, Al Merkadh, Dubai, United Arab Emirates. The renovation activities are currently in progress and are expected to be completed during the year 2026 / 2027.



LT Foods Middle East DMCC**Notes to the Financial Statements****March 31, 2026****(Figures in AED)****2026****2025****20 Trade Accounts and Other Payables**

Provision for marketing expense	21,191,676	19,152,879
Trade accounts payable	8,321,629	12,944,440
Accrued expenses	3,210,079	2,244,863
Due to employees	503,518	216,841
Provision for leave salary and air fare	458,245	632,976
VAT payable	406,106	267,991
Provision for income tax	229,381	51,157
Advance from customers	Nil	36,664
	<u>34,320,634</u>	<u>35,547,811</u>

21 Term loans

Bank loans (Note 21.1)	824,123	939,365
Vehicle loan	35	760,580
	<u>824,158</u>	<u>1,699,945</u>
Trust receipts (Note 21.2)	8,664,822	Nil
Total	<u>9,488,980</u>	<u>1,699,945</u>

Note 21.1:- The above loans are classified as under :

Within one year	<u>115,020</u>	<u>100,617</u>
More than one year	<u>709,138</u>	<u>1,599,328</u>

Note 21.1 :- 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.

Note 21.2 :- During the year, the Company was granted banking facilities by the bank pursuant to an offer letter dated September 04, 2025. These facilities are secured against certain securities and are subject to specific terms and conditions as stipulated by the bank.

Details of the securities provided and the key conditions associated with the facilities are presented below:

i) The Company has bank facilities secured against irrecoverable corporate guarantee of LT Foods Limited covering overall facilities of the Company.



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2025

21 Term loans (Continued)

Details of the securities provided and the key conditions associated with the facilities are presented below (Continued):

ii) Movable Assets security agreement in respect to the cash margin.

iii) Assignment of insurance policy covering inventory in favor of the bank as first loss payee from an insurance company acceptable to the bank.

The financial covenant to be tested annually :-

i) The facilities are further subject to the bank covenant such as to maintain minimum current ratio of 1.2x during the tenor of the facilities or until all the liabilities are settled with the bank.

ii) Cash flow assignment: Assignment of cash flows from all invoices discounted by the bank, as well as all invoices submitted for discounting, to the Company's account maintained with the bank.

The forced debit

In the event of any unpermitted overdraft of the Company's current account resulting from a (forced) debit of any amount due and payable by the Company other than any term loan principle instalment and/ or interest during an overdraft period of 90 days, the bank may at its sole discretion charge default penal interest at a rate of 10% p.a on the amount by which the account is so overdrawn.

22 Employees' End of Service Benefits

Balance at the beginning of the year	635,766	490,423
Provision for the year	205,323	145,343
Payment during the year	(107,120)	Nil
Balance at the end of the year	<u>733,969</u>	<u>635,766</u>

23 Share Capital

	2026		2025	
	Number of shares	AED	Number of shares	AED
<u>Issued and fully paid share capital</u>				
Balance at April 01	1,000	1,000,000	1,000	1,000,000
Issue of share capital	<u>7,344</u>	<u>7,344,000</u>	<u>Nil</u>	<u>Nil</u>
Balance at March 31	<u>8,344</u>	<u>8,344,000</u>	<u>1,000</u>	<u>1,000,000</u>

24 Transactions with Related Parties

The Company, in the normal course of business carries out transactions with parties that fall within the definition of related party contained in the International Financial Reporting Standards for Small and Medium-sized Entities.



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24 Transactions with Related Parties (Continued)

Significant transactions with related parties are as under:

Sales to related party	6,894,006	1,804,425
Purchases from related party	1,311,975	Nil
Purchases from Ultimate Parent Company	86,997,219	122,910,793
Net movement in Goods in transits	2,064,326	(2,849,641)
Purchases from Associate	19,094,900	5,381,609
Rent paid to Shareholder	192,000	192,000
Directors' remuneration	2,800,800	1,700,800
Expenses recharged to the related party	(1,300,000)	Nil
Net funding (to) / from shareholder	(4,417,702)	(540,690)

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

Related Party	Classification		
M/s LT Foods Arabia Limited Company	Trade accounts receivables (Note 15)	708,981	Nil
M/s LT Foods UK Limited	Trade accounts receivables (Note 15)	956,547	Nil
M/s LT Foods Europe BV	Trade accounts receivables (Note 15)	Nil	1,804,425
M/s LTF Global Investment LLC	Due from related party (Note 16)	1,921,400	Nil
M/s Nature Bio Foods	Advance to Associate (Note 16)	7,707	7,707
M/s LT Foods Limited	Trade accounts payable (Note 20)	5,307,149	10,153,048
M/s Dawaat Foods Limited	Trade accounts payable (Note 20)	1,750,311	2,839,199
M/s Deva Singh Sham Singh	Trade accounts payable (Note 20)	1,311,975	Nil
M/s LT Foods Holdings ME Limited (formerly known as Sona Global Limited)	Shareholder's account (Equity)	7,740,591	12,158,293

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.



LT Foods Middle East DMCC

Notes to the Financial Statements

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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

Subsequent to the reporting date, the geopolitical situation affecting shipping through the Strait of Hormuz has continued, and the Company has continued to fulfil customer orders through alternative logistics arrangements. These include shipments routed via Khorfakkan port, ports in Oman, and overland via the Saudi Arabia border crossing.

The alternative routing involves higher freight and insurance costs compared with the customary shipping arrangements through the Strait of Hormuz. The financial impact of these higher costs is expected to be reflected in the financial statements for the year ending March 31, 2027 and is being monitored by management on an ongoing basis.

This is considered a non-adjusting event under International Accounting Standard 10 Events after the Reporting Period, and accordingly no adjustments have been made to the financial statements as at March 31, 2026.

Apart from the above, there are no other significant events occurring after the balance sheet date which require disclosure in the financial statements.

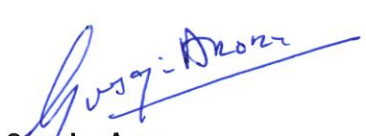
28 Rounding Off of Figures

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 07, 2026 and signed on their behalf by:


Mr. Gursajan Arora
Director

