# ALLCARGO LOGISTICS L.L.C

## FINANCIAL STATEMENTS

## DECEMBER 31, 2024

**ALLCARGO LOGISTICS L.L.C**
Dubai - United Arab Emirates

Financial statements for the year ended December 31, 2024
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## MANAGER'S REPORT

The Manager presents his report and the financial statements of Allcargo Logistics L.L.C (the "Company") for the year ended December 31, 2024.

### PRINCIPAL ACTIVITIES OF THE COMPANY

The Company is licensed to provide and engages in chartering of ship, charter of barges & tugs, customs brokerage, cargo and shipping containers, loading and unloading services, cargo packaging, sea and air cargo services, and as ship chandlers and sea shipping lines agents.

### FINANCIAL REVIEW

The table below summarises the financial results:

| | 2024<br>AED | 2023<br>AED |
|---|---|---|
| Revenue | 163,781,324 | 122,307,339 |
| Gross profit | 27,319,233 | 24,024,279 |
| Gross profit margin | 16.68% | 19.64% |
| Profit for the year | 3,324,873 | 3,121,608 |

### AUDITORS

A resolution to re-appoint Moore JFC MKM Chartered Accountants as auditors for the ensuing year will be proposed in the Annual General Meeting.

### EVENTS AFTER THE YEAR-END

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

### STATEMENT OF MANAGER'S RESPONSIBILITIES

The financial statements for the year under review have been prepared in accordance with International Financial Reporting Standards - Accounting standards (IFRS Accounting standards) and in compliance with the provisions of U.A.E. Federal Decree-Law No. 32 of 2021 on Commercial Companies (the "Federal Law"). The Manager confirms that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the applicable statute. The Manager also confirm that appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably present the Company's financial position and results of its operations.

The financial statements were approved by the Board and signed on its behalf by the authorised representative of the Company on 02 SEP, 2025.

Mr. Anu George Mavunil Kunnathil Varughese Georgekutty
Manager

ALLCARGO LOGISTICS L.L.C
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DUBAI - UAE

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**Ref: MOORE-AUD-AR/2025-SEP-082**

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALLCARGO LOGISTICS L.L.C

### Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of **Allcargo Logistics L.L.C** (the "Company"), which comprise the statement of financial position as at December 31, 2024, the related statements of comprehensive income, cash flows and changes in equity for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") Accounting standards as issued by the International Accounting Standards Board ("IASB").

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards ("IESBA Code") together with the other ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates ("U.A.E.") and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises the Manager's Report set out on page 1. The other information does not include the financial statements and our independent auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, in compliance with provisions of U.A.E. Federal Decree-Law No. 32 of 2021 on Commercial companies (the "Federal Law"), and for such internal controls as management determines are 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.

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

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALLCARGO LOGISTICS L.L.C (continued)**

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;

- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

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

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

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALLCARGO LOGISTICS L.L.C (continued)**

**Report on Other Legal and Regulatory Requirements**

As required by the Federal Law, we report that:

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

2. the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Federal Law and the Memorandum of Association ("MOA") of the Company;

3. the Company has maintained proper books of account;

4. the financial information included in the Manager's Report is consistent with the books of account of the Company;

5. there were no investments made in shares and stock during the financial year;

6. note 9 to the financial statements reflects material related party balances and transactions, and the terms under which they were conducted; and

7. based on the information that has been available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended December 31, 2024 any of the applicable provisions of the Federal Law or its MOA which would materially affect its financial position as at December 31, 2024 or the results of the operations for the year then ended.

**MOORE JFC MKM**
**Chartered Accountants L.L.C**

**Vijaya Kumar Subramonian**
Partner
Registration No. 5732
Dubai, United Arab Emirates

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Date: September 2, 2025

## ALLCARGO LOGISTICS L.L.C
Dubai - United Arab Emirates

Statement of financial position
As at December 31, 2024

| | Note | 2024 AED | 2023 AED |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 6 | 6,953,557 | 5,382,024 |
| Accounts receivables and contract assets | 7 | 34,655,005 | 28,032,689 |
| Other receivables | 8 | 7,179,368 | 6,325,897 |
| Due from related parties | 9.1 | 2,694,785 | 3,016,374 |
| | | 51,482,715 | 42,756,984 |
| **Non-current assets** | | | |
| Property and equipment | 10 | 626,304 | 875,026 |
| **TOTAL ASSETS** | | 52,109,019 | 43,632,010 |
| **LIABILITIES AND EQUITY** | | | |
| **Current liabilities** | | | |
| Loans from related parties | 9.3 | 1,378,951 | 802,593 |
| Accounts and other payables | 11 | 23,945,361 | 20,259,854 |
| Income tax payable | 18 | 294,152 | - |
| | | 25,618,464 | 21,062,447 |
| **Non-current liabilities** | | | |
| Loans from related parties | 9.3 | 14,543,898 | 14,543,898 |
| Employees' end-of-service benefits | 12 | 2,048,765 | 1,452,646 |
| | | 16,592,663 | 15,996,544 |
| **Total liabilities** | | 42,211,127 | 37,058,991 |
| **Equity** | | | |
| Share capital | 2 | 300,000 | 300,000 |
| Statutory reserve | | 150,000 | 150,000 |
| Retained earnings | | 9,447,892 | 6,123,019 |
| **Total equity** | | 9,897,892 | 6,573,019 |
| **TOTAL LIABILITIES AND EQUITY** | | 52,109,019 | 43,632,010 |

The accompanying notes from 1 to 23 form an integral part of these financial statements.

The report of the independent auditor is set out on pages 2 to 4.

The financial statements were authorised for issue on 02 SEP, 2025 by:

Mr. Anu George Mavunil Kunnathil Varughese Georgekutty
Manager



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ALLCARGO LOGISTICS L.L.C
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Statement of comprehensive income
For the year ended December 31, 2024

| | Note | 2024<br>AED | 2023<br>AED |
|---|---|---|---|
| **Revenue** | 13 | 163,781,324 | 122,307,339 |
| Direct costs | 14 | (136,462,091) | (98,283,060) |
| **Gross profit** | | 27,319,233 | 24,024,279 |
| Other income | 15 | 1,164,969 | 303,024 |
| Allowance for expected credit losses on accounts receivable | 7.5 | (374,727) | (58,322) |
| General and administrative expenses | 16 | (23,768,745) | (20,699,112) |
| Selling and marketing expenses | | (23,339) | (106,733) |
| Finance costs | 17 | (698,366) | (341,528) |
| **Profit before tax for the year** | | 3,619,025 | 3,121,608 |
| Income tax expense | 18 | (294,152) | - |
| **Profit for the year** | | 3,324,873 | 3,121,608 |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the year** | | 3,324,873 | 3,121,608 |

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Statement of cash flows
For the year ended December 31, 2024

| | Note | 2024<br>AED | 2023<br>AED |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before tax for the year | | 3,619,025 | 3,121,608 |
| Adjustments for: | | | |
| Allowance for expected credit losses on accounts receivable | 7.5 | 374,727 | 58,322 |
| Provision for employees' end-of-service benefits | 12 | 713,864 | 553,114 |
| Depreciation of property and equipment | 16 | 317,066 | 285,988 |
| Write-off of property and equipment | 16 | - | 656 |
| Finance costs | 17 | 698,366 | 341,528 |
| Liability written back | 15 | (720,413) | (189,866) |
| Operating income before working capital changes | | 5,002,635 | 4,171,350 |
| Changes in: | | | |
| - Accounts receivable and contract assets | | (6,997,043) | 7,841,761 |
| - Other receivables | | (853,471) | (3,491,672) |
| - Related parties balance, net | | 331,805 | (2,917,514) |
| - Accounts and other payables | | 3,829,562 | (4,726,928) |
| **Cash generated from operations** | | 1,313,488 | 876,997 |
| Employees' end-of-service benefits paid | 12 | (127,962) | (421,288) |
| **Net cash generated from operating activities** | | 1,185,527 | 455,709 |
| **Cash flows from investing activities** | | | |
| Acquisition of property and equipment | 10.1 | (68,344) | (1,034,429) |
| **Net cash generated from/(used in) investing activities** | | (68,344) | (1,034,429) |
| **Cash flows from financing activities** | | | |
| Movement in related parties balance, net | | 576,358 | (1,432,815) |
| Interest paid to related parties | 9.4 | (122,008) | (139,814) |
| **Net cash (used in) financing activities** | | 454,350 | (1,572,629) |
| **Net (decrease)/increase in cash and cash equivalents** | | 1,571,533 | (2,151,349) |
| Cash and cash equivalents at the beginning of the year | | 5,382,024 | 7,533,373 |
| **Cash and cash equivalents at the end of the year** | 6 | 6,953,557 | 5,382,024 |
| **Non-cash transactions:** | | | |
| Net finance costs charged by related parties and credited to loans from related parties | | 576,358 | 201,714 |
| Transfer of employees' end-of-service balance from related party (note 12) | | 10,216 | 57,800 |
| Loan paid on behalf of related party (note 9.5) | | - | 5,831,643 |

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Statement of changes in equity
For the year ended December 31, 2024

| | Share capital AED | Statutory reserve AED | Retained earnings AED | Total AED |
|---|---|---|---|---|
| **As at January 1, 2023** | 300,000 | 150,000 | 3,001,411 | 3,451,411 |
| Total comprehensive income for the year | - | - | 3,121,608 | 3,121,608 |
| **As at December 31, 2023** | 300,000 | 150,000 | 6,123,019 | 6,573,019 |
| Total comprehensive income for the year | - | - | 3,324,873 | 3,324,873 |
| **As at December 31, 2024** | 300,000 | 150,000 | 9,447,892 | 9,897,892 |

The accompanying notes from 1 to 23 form an integral part of these financial statements.

The report of the independent auditor is set out on pages 2 to 4.



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## 1 LEGAL STATUS AND BUSINESS ACTIVITIES

a) **Allcargo Logistics L.L.C** (the "Company") was incorporated on October 19, 2014 and registered with the Department of Economic Development (now Dubai Economy), Government of Dubai, United Arab Emirates ("U.A.E.") as a Limited Liability Company and operates under Commercial License No. 719116. The current license is valid until October 18, 2025.

b) The Company has a Branch which was registered on June 13, 2018 and operates in U.A.E. under License No. 19680 issued by the Commercial Registration Department of Sharjah Airport International Free Zone Authority ("SAIF Zone Authority"). The current license is valid until June 12, 2025. These financial statements include the financial position and financial performance of the Branch.

c) The Company is licensed to provide and engages in chartering of ship and barges & tugs, customs brokerage, cargo and shipping containers loading and unloading services, cargo packaging, sea and air cargo services, and as ship chandlers and sea shipping lines agents.

d) The Registered Office of the Company is P.O. Box No. 50447, Dubai, U.A.E.

e) The management of the Company is vested with Mr. Anu George Mavunil Kunnathil Varughese Georgekutty (Indian National), the Manager.

f) The Company is part of the ECU Group of Companies, and the Ultimate Parent Company is Allcargo Logistics Ltd. The Ultimate Beneficial Owner is Mr. Shashi Kiran Shetty (Indian National).

## 2 SHARE CAPITAL

The authorised, issued and paid-up capital of the Company is AED 300,000, divided into 300 shares of AED 1,000 each, and was held as of December 31, 2024 between:

| Name of the Shareholder | Nationality/ country of incorporation | No. of Shares | Amount AED | % of shareholding |
|---|---|---|---|---|
| ECU Hold N.V. | Belgium | 147 | 147,000 | 49 |
| Abdulhamid Mohammed Abdulrahim Duwaya - Sponsor | Emirati | 153 | 153,000 | 51 |
| **Total** | | **300** | **300,000** | **100** |

## 3 BASIS FOR PREPARATION

### a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Accounting Standards ("IFRS" Accounting Standards) issued by the International Accounting Standards Board ("IASB"), Interpretations issued by the IFRS Interpretations Committee (the "Committee"), and the applicable provisions of the U.A.E. Federal Decree-Law No (32) of 2021 on Commercial Companies (the "Federal Law").

### b) Accounting convention

These financial statements have been prepared in accordance with the historical cost convention and accruals basis.

### c) Functional and presentation currency

The financial statements are prepared in United Arab Emirates Dirhams "AED" which is also the Company's functional currency.

## 3 BASIS FOR PREPARATION (continued)

### d) Changes in accounting policies

The accounting policies are consistent with those used in the previous financial year, except for the following amendments to IFRS Accounting Standards that are mandatorily effective for accounting years beginning on or after January 1, 2024:

**New standards, interpretations and amendments**

| | |
|---|---|
| • Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements - Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosure. |
| • Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback - Specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. |
| • Amendments to IAS 1 | Classification of Liabilities as Current or Non-Current - Settlement refers to a transfer to the counterparty that results in the extinguishment of the liability. |
| • Amendments to IAS 1 Non-current Liabilities with Covenants | Right to defer settlement of a liability subject to covenants at the end of the reporting period |

The adoption of these new standards, interpretations and amendments did not have any material impact on the Company's financial statements for the year ended December 31, 2024.

**New standards, interpretations, and amendments not yet effective and amendments not yet effective.**

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods but are not mandatory until accounting periods beginning on or after the dates shown and hence have not been early adopted by the Company in preparing the financial statements for the year ended December 31, 2024.

| | |
|---|---|
| • Amendment to IAS 21 | Lack of Exchangeability (The Effects of Changes in Foreign Exchange Rates) (January 1, 2025) |
| • Amendments to IFRS 9 Financial Instruments and IFRS 7 | Amendments to the Classification and Measurement of Financial Instruments (January 1, 2026) |
| • Amendments to IFRS 9 and IFRS 7 | Contracts Referencing Nature-dependent Electricity (January 1, 2026) |
| • Amendments to IFRS 18 | Presentation and Disclosure in Financial Statements (January 1, 2027) |
| • Amendments to IFRS 19 | Subsidiaries without Public Accountability: Disclosures (January 1, 2027 |

All of the above standards, interpretations and amendments will be adopted by the Company to the extent applicable from their effective dates. The adoption of these standards, interpretations and amendments is not expected to have a material impact on the financial statements of the Company in the year of their initial application.

## 4 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Summary of material accounting policies is mentioned below.

### a) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Except for those trade receivables that do not con tain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

The above classification is determined by both:

i. the Company's business model for managing the financial asset; and
ii. the contractual cash flow characteristics of the financial asset.

**Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect their contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest rate method.

The Company's cash at bank and cash equivalents, trade receivables and contract assets, other receivables (excluding deferred charges, prepaid expenses, advances to suppliers, VAT recoverable (net) and staff advances) and due from related party fall into this category of financial instruments.

**Financial liabilities at amortised cost**

All financial liabilities are measured at amortised cost using the effective interest rate method. The Company's accounts and other payables (excluding advance from customers) and loans from related parties fall into this category of financial instruments.

### b) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks.

### c) Trade receivable

The Company acts primarily as an agent, earning commissions and records invoices to customers at gross value. Hence trade receivables are stated gross at original invoice amount less the ECL as per IFRS 9. Bad debts are written off when there is no possibility of recovery.

The Company makes use of a simplified approach in accounting for trade receivable and records the loss allowance as lifetime ECLs. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating the provision, the Company uses its historical experience, external indicators and forward-looking information to calculate the ECLs using a provision matrix.



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## 4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### c) Trade receivable (continued)

The Company assesses impairment of trade receivable on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due (refer to note 7 for an analysis of how the impairment requirements of IFRS 9 are applied).

### d) Other receivables

Other receivables consist of deposits, deferred charges, prepaid expenses, advances to suppliers, VAT recoverable (net), staff advances and others. These are carried at amounts expected to be received whether through cash or services less provision for any uncollectible amounts as per the ECL model.

Deferred charges are costs that have already been incurred for shipments/services in process that will be charged as an expense in a later reporting period, as and when the performance obligations are met.

Advances to suppliers pertain to monies paid in advance against which goods or services are yet to be received as at the reporting date.

### e) Related party balances and transactions

The Company, in the ordinary course of business, enters into transactions with companies and entities that fall within the definition of a related party as contained in IFRS Accounting Standards. Related parties comprise the shareholders companies and entities under common or joint ownership or common management and control and key management personnel.

Related party balances are assessed for non-collectability as per the ECL model.

Loan from related parties and due from/to related parties are classified as current assets/liabilities unless there is a formal agreement in place to defer collection/repayment for a period in excess of 12 months, in which case the amount collectible/repayable after 12 months as at the reporting date is classified as non-current assets/liabilities.

### f) Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise ECLs - the ECL model. Instruments within the scope of the requirements include financial assets measured at amortised cost, such as trade receivable measured under IFRS 15. The Company considers a broad range of information when assessing credit risk and measuring ECLs, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1");
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2"); and
- financial instruments that have objective evidence of impairment at the reporting date ("Stage 3").

"12-month ECLs" are recognised for the first category while "lifetime ECLs" are recognised for the second category.

Measurement of the ECLs is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Notwithstanding the above provisions, the Company applies the IFRS 9 simplified approach in accounting for accounts receivable, as these items do not contain a significant financing component in accordance with IFRS 15 and records the loss allowance at an amount equal to lifetime ECLs.



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## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### g) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognised amounts, and the Company either intends to settle on a net basis or realise the asset and settle the liability simultaneously.

### h) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition and bringing of the asset to its working condition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

When a part is replaced, and the new part capitalised, the carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised in the statement of comprehensive income during the financial year in which they are incurred.

Depreciation of assets is calculated using the straight-line method to allocate their cost less their residual values, if any, over their estimated useful lives as follows:

| Assets | Years |
|---|---|
| Computer equipment | 3 |
| Furniture and fixtures | 4 |
| Office equipment | 4 |
| Motor vehicles | 4 |

Depreciation is charged from the date an asset is available for use up to the date the asset is disposed of.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or following disposal. Any gain or loss arising on 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 comprehensive income when the asset is derecognised.

The estimated useful lives and residual values are reviewed at each year end, with the effect of any change in estimates accounted for on a prospective basis.

### i) Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the cash-generating unit to which the asset belongs is used.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

### j) Accounts payable

Liabilities are recognised gross for amounts to be paid to the supplier for goods or services received, whether claimed by the supplier or not.



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## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### k) Other payables

Other payables consist of accrued expenses - import and export and advances from customers.

Advance form customers refers to payments received in advance for services which have not yet been performed at the reporting date.

Accrued expenses - import and export are the cost of goods or services received or incurred during a period for which the suppliers' invoices have not been received as at the reporting date.

### l) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

### m) Employees' end-of-service benefits

Provision is made for end-of-service benefits of employees in accordance with U.A.E. Labour Law. The provision for the employees' end-of-service benefits liability is calculated annually based on their current basic remuneration and length of service at the reporting date.

### n) Statutory reserve

As required by the Federal Law, 5% (previously 10%) of the profit for the year is required to be transferred to a statutory reserve until such reserve equals 50% of the paid-up share capital of the Company. Having attained this limit, transfers have ceased. This reserve is not available for distribution to the Shareholders.

### o) Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company; or when the Company has a present legal or constructive obligation, that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

### p) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, excluding taxes or duties.

To determine whether to recognise revenue, the Company follows a 5-step process as per IFRS 15:

i. Identifying the contract with a customer;
ii. Identifying the performance obligations;
iii. Determining the transaction price;
iv. Allocating the transaction price to the performance obligations; and
v. Recognising revenue when performance obligation(s) are satisfied.

The Company assesses each of its contracts with customers to determine the appropriate method of recognising revenue. The Company generates revenue from services as a customs broker, cargo loading and unloading, cargo packaging, sea cargo, air cargo, and sea shipping lines agent, distribution and logistics, all of which are recognised on execution of orders of customers and agents. These are all at a point in time.



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## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### p) Revenue recognition (continued)

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as current liabilities in these financial statements. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

The Company generates revenue from services as a customs broker, cargo loading and unloading, cargo packaging, sea cargo, air cargo, and sea shipping lines agent, distribution and logistics, all of which are recognised on execution of orders of customers and agents.

Other income mainly relates to rebates received from various suppliers during the year.

### q) Expenses

Direct costs include all costs directly attributable to the generation of revenue and include export, import documentation, and freight charges, and other direct costs. All other expenses are classified as general and administrative expenses, selling and marketing expenses, allowance for expected credit losses on trade receivable or finance costs, as appropriate.

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

### r) Foreign currency transactions and translations

Foreign currency transactions are translated into AED using the exchange rate prevailing on the date of transaction. Monetary assets and liabilities, denominated in foreign currencies, are translated into AED using the exchange rates prevailing on the reporting date. Gains and losses from foreign exchange transactions are taken to the statement of comprehensive income.

### s) Current vs non-current classification

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

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operation cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting date: or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.



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## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### s) Current vs non-current classification (continued)

A liability is classified as current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting date; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as non-current.

### t) Taxation

Income taxes have been provided for in the financial statement in accordance with legislation enacted or substantively enacted by the end of the reporting year. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year. 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. Current tax asset and liability is offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of asset and liability. 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. Deferred tax asset and liability is reviewed at each reporting date and is reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the profitability of future taxable profits improves.

Unrecognised deferred tax assets and liability is reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse, or the tax loss carry forwards will be utilised.

Deferred tax asset and liability is offset when there is a legally enforceable right to offset current tax asset against current tax liability and when the deferred tax asset and liability relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience, including expectations of future events that are believed to be reasonable under the circumstances. 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 the revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

### i) Provision for ECLs on financial assets

An allowance against trade receivable is recognised as per IFRS 9 considering the pattern of receipts from, and the future financial outlook of, the concerned customers. In measuring the ECLs, the trade receivable have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the credit period and the days past due. The percentage for the ECL is reviewed by the management on a regular basis.

Assessment of impairment of cash at bank, other receivables (excluding deferred charges, prepaid expenses, advances to suppliers, VAT recoverable, net and staff advances) and due from related party is made in line with IFRS 9. This assessment is reviewed by management on a regular basis. The Company deals with reputable banks to limit its credit risk with respect to cash at banks. Other receivables and due from related party carry minimal credit risk.

### ii) Useful lives and residual values of property and equipment

The Company reviews the useful lives and residual values of property and equipment on a regular basis. Any change in estimates may affect the carrying amounts of the respective items of property and equipment, with a corresponding effect on the related depreciation charge.

### iii) Satisfaction of performance obligations under IFRS 15 "Revenue from Contracts with Customers"

The Company assesses each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time to determine the appropriate method of revenue recognition. The Company recognises revenue at a point of time when the performance obligations are satisfied following the 5-step process as per IFRS 15. The Company reviews the nature of transactions to determine whether it is acting as a principal or as an agent in the transactions, and records revenues and costs accordingly.



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| 6 | CASH AND CASH EQUIVALENTS | 2024 | 2023 |
|---|---|---|---|
| | | AED | AED |
| | Cash in hand | 3,190 | 68,361 |
| | Cash at banks | 6,950,367 | 5,313,663 |
| | | 6,953,557 | 5,382,024 |

| 7 | TRADE RECEIVABLES AND CONTRACT ASSETS | 2024 | 2023 |
|---|---|---|---|
| | | AED | AED |
| | Trade receivables - third party | 31,340,751 | 24,406,130 |
| | Trade receivables - related party (note 9.1) | 1,454,964 | 409,736 |
| | | 32,795,715 | 24,815,866 |
| | Contract assets | 2,997,378 | 3,980,184 |
| | Less: Allowance for expected credit losses on trade receivables (notes 7.4 and 7.5) | (1,138,088) | (763,361) |
| | Trade receivables, net | 34,655,005 | 28,032,689 |

7.1 Trade receivables are non-interest bearing and are generally on 90 days credit terms, after which date trade receivables are considered to be past due. It is not the practice of the Company to obtain collateral over these trade receivables and therefore the vast majority of these receivables are unsecured.

7.2 Contact assets are accrued revenue for which services have been provided but invoices are yet to be issued.

7.3 As at the reporting date, the ageing analysis of trade receivable was as follows:

| | | Not past due | Past due | | |
|---|---|---|---|---|---|
| | Total | 0 - 90 days | 91 - 120 days | 121 - 180 days | >180 days |
| | AED | AED | AED | AED | AED |
| 2024 | 32,795,715 | 28,613,433 | 2,306,957 | 794,597 | 1,080,728 |
| 2023 | 24,815,866 | 22,094,715 | 1,240,975 | 558,825 | 921,351 |

7.4 **Expected credit losses as per IFRS 9**

The Company applies the IFRS 9 simplified model of recognising lifetime ECL for all trade receivable as these items do not have a significant financing component.

In measuring the ECL, the trade receivable have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected loss rates are based on the payment profile for customers as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

Accounts receivable are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within the credit period and failure to engage with the Company on alternative payment arrangements amongst others are considered indicators of no reasonable expectation of recovery.

7.5 The movement in allowance for expected credit losses for trade receivables is as follows:

| | 2024 | 2023 |
|---|---|---|
| | AED | AED |
| Balance as at the beginning of the year | 763,361 | 705,039 |
| Provision for the year | 374,727 | 58,322 |
| Balance as at the end of the year | 1,138,088 | 763,361 |



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## 8 OTHER RECEIVABLES

| | 2024 | 2023 |
|---|---|---|
| | AED | AED |
| Deposits (note 8.1) | 3,614,996 | 3,302,257 |
| Deferred charges (note 8.2) | 1,163,874 | 597,204 |
| Prepaid expenses | 940,386 | 629,683 |
| Advances to suppliers | 685,941 | 1,257,122 |
| VAT recoverable (net) | 541,589 | 324,763 |
| Staff advances | 103,241 | 126,714 |
| Others | 129,342 | 88,154 |
| | 7,179,368 | 6,325,897 |

8.1 The deposits include AED 1,100,000 (2023: AED 1,100,000) for Dubai Custom Authority and AED 92,000 (2023: AED 92,000) for International Air Transport Association, as guarantees margins held under lien with a bank, in lieu of payment guarantees issued by the bank (note 19.2). The Company has also made deposits to International Air Transport Association Amounting to AED 390,000 for both import and export transactions (2023: NIL).

8.2 Deferred charges are costs incurred for ongoing projects which will be invoiced when the performance obligations are met.

## 9 RELATED PARTY BALANCES AND TRANSACTIONS

At the reporting date, balances with related parties were as follows:

| 9.1 Due from related parties | Relationship | 2024 | 2023 |
|---|---|---|---|
| | | AED | AED |
| Allcargo Logistics FZE, U.A.E. | Fellow subsidiary | 2,694,785 | 3,016,374 |
| Due from related parties balances included in trade receivable (note 7) | Common control | 1,454,964 | 409,736 |

| 9.2 Due to related parties | Relationship | | |
|---|---|---|---|
| Due to related parties balances included in accounts payable (note 11) | Common control | 4,399,836 | 3,834,632 |

The due to shareholder balance is interest-free and with no set terms of repayment or security.

| 9.3 Loans from related parties | Relationship | | |
|---|---|---|---|
| ECU Hold N.V., Belgium (a) | Shareholder | 5,066,959 | 5,085,976 |
| Ecuhold N.V. (Jebel Ali Branch), U.A.E (b) | Fellow subsidiary | 10,855,890 | 10,260,515 |
| | | 15,922,849 | 15,346,491 |
| Current portion | | 1,378,951 | 802,593 |
| Non-current portion | | 14,543,898 | 14,543,898 |
| | | 15,922,849 | 15,346,491 |

(a) The Company has committed to repay the interest on a monthly basis against invoices issued by the Shareholder. The loans from the Shareholder are unsecured and is repayable on demand, carrying interest rates of 6% and 2% per annum, respectively (2023: 2% per annum).

(b) The loans from fellow subsidiary represents long term-loans with no fixed repayment schedule and carry interest of 6.25% per annum (2023: 2% per annum).



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| | | 2024 | 2023 |
|---|---|---|---|
| **9** | **RELATED PARTY BALANCES AND TRANSACTIONS (continued)** | | |
| 9.4 | The movement in loans from related parties was as follows: | **AED** | **AED** |
| | Balance at the beginning of the year | 15,346,491 | 15,144,777 |
| | Repayments | - | - |
| | Accretion of interest (note 17) | 698,366 | 341,528 |
| | Interest paid | (122,008) | (139,814) |
| | Balance at the end of the year | 15,922,849 | 15,346,491 |

9.5 Transactions with related parties, other than disclosed above (note 9.3) were as follows:

| | 2024 | 2023 |
|---|---|---|
| | **AED** | **AED** |
| Revenue (note 13) | 2,426,188 | 2,353,658 |
| Direct costs | 12,824,507 | 15,600,051 |
| Loan paid on behalf of related party | - | 5,831,643 |
| Transfer of end-of-service benefits provision from related party (note 12) | 10,216 | 57,800 |
| Interest income (note 15) | 30,009 | 12,595 |
| Management fees (note 16) | 2,728,374 | 2,727,637 |
| Interest on loans from related parties (note 17) | 698,366 | 341,528 |

## 10 PROPERTY AND EQUIPMENT

| | | Computer equipment | Furniture and fixtures | Office equipment | Motor vehicles | Total |
|---|---|---|---|---|---|---|
| **10.1** | **Cost** | **AED** | **AED** | **AED** | **AED** | **AED** |
| | As at January 1, 2023 | 261,956 | 234,746 | 114,775 | 248,315 | 859,792 |
| | Additions | 93,258 | 862,526 | 78,645 | - | 1,034,429 |
| | Written-off | - | - | - | (875) | (875) |
| | As at December 31, 2023 | 355,214 | 1,097,272 | 193,420 | 247,440 | 1,893,346 |
| | Additions | 57,481 | 7,755 | 3,108 | - | 68,344 |
| | As at December 31, 2024 | 412,695 | 1,105,027 | 196,528 | 247,440 | 1,961,690 |
| **10.2** | **Accumulated depreciation** | | | | | |
| | As at January 1, 2023 | 234,385 | 198,964 | 94,578 | 204,624 | 732,551 |
| | Charge for the year (note 16) | 43,923 | 195,165 | 24,577 | 22,323 | 285,988 |
| | Written-off | - | - | - | (219) | (219) |
| | As at December 31, 2023 | 278,308 | 394,129 | 119,155 | 226,728 | 1,018,320 |
| | Charge for the year (note 16) | 39,140 | 232,123 | 34,402 | 11,401 | 317,066 |
| | As at December 31, 2024 | 317,448 | 626,252 | 153,557 | 238,129 | 1,335,386 |
| **10.3** | **Net book value** | | | | | |
| | As at December 31, 2024 | 95,247 | 478,775 | 42,971 | 9,311 | 626,304 |
| | As at December 31, 2023 | 76,906 | 703,143 | 74,265 | 20,712 | 875,026 |



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## 11 ACCOUNTS AND OTHER PAYABLES

| | 2024 | 2023 |
|---|---|---|
| | AED | AED |
| Accounts payable - third parties | 15,535,912 | 12,084,170 |
| Accounts payable - related parties (note 9.2) | 4,399,836 | 3,834,632 |
| Accrued expenses - import and export | 2,298,319 | 4,216,730 |
| Advances from customers | 1,711,294 | 124,322 |
| | 23,945,361 | 20,259,854 |

## 12 EMPLOYEES' END-OF-SERVICE BENEFITS

| | 2024 | 2023 |
|---|---|---|
| | AED | AED |
| Balance at the beginning of the year | 1,452,646 | 1,263,020 |
| Provided for the year | 713,864 | 553,114 |
| Paid during the year | (127,962) | (421,288) |
| Transfer from a related party (note 9.5) | 10,216 | 57,800 |
| Balance at the end of the year | 2,048,765 | 1,452,646 |

## 13 REVENUE

| | 2024 | 2023 |
|---|---|---|
| | AED | AED |
| Revenue from third parties | 161,355,136 | 119,953,681 |
| Revenue from related parties (note 9.5) | 2,426,188 | 2,353,658 |
| | 163,781,324 | 122,307,339 |
| **Geographical segments:** | | |
| Within UAE | 160,281,642 | 119,036,507 |
| Outside UAE | 3,499,682 | 3,270,832 |
| | 163,781,324 | 122,307,339 |

Revenue is recognised at a point in time as the Company satisfies performance obligations by providing the promised services to its customers.

## 14 DIRECT COSTS

| | 2024 | 2023 |
|---|---|---|
| | AED | AED |
| Import documentation and freight charges | 78,506,561 | 62,176,178 |
| Export documentation and freight charges | 57,955,530 | 36,106,882 |
| | 136,462,091 | 98,283,060 |

## 15 OTHER INCOME

| | 2024 | 2023 |
|---|---|---|
| | AED | AED |
| Liability written back | 720,413 | 189,866 |
| Net exchange gains | 414,547 | 100,563 |
| Interest income (note 9.5) | 30,009 | 12,595 |
| | 1,164,969 | 303,024 |

## 16 GENERAL AND ADMINISTRATIVE EXPENSES

| | 2024 | 2023 |
|---|---|---|
| | AED | AED |
| Salaries and benefits | 17,778,405 | 14,811,317 |
| Management fees (note 9.5) | 2,728,374 | 2,727,637 |
| Professional and other fees | 1,063,613 | 810,686 |
| Rent - short-term lease | 707,237 | 673,109 |
| Communications | 387,433 | 363,081 |
| Utilities | 349,377 | 475,685 |
| Depreciation of property and equipment (note 10.2) | 317,066 | 285,988 |
| Travelling and conveyance | 267,776 | 308,536 |
| Bank charges | 141,398 | 159,718 |
| Insurance | 26,903 | 81,231 |
| Write-off of property and equipment | - | 656 |
| Others | 1,163 | 1,468 |
| | 23,768,745 | 20,699,112 |

## 17 FINANCE COSTS

| | 2024 | 2023 |
|---|---|---|
| | AED | AED |
| Interest on loans from related parties (note 9.5) | 698,366 | 341,528 |

## 18 CORPORATE INCOME TAX

On December 9, 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the "Law") to enact a Federal corporate tax ("CT") regime in the UAE. The CT regime is effective from June 1, 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after January 1, 2024.

Cabinet decision no. 116 of 2022 (published in December 2022 and considered to be effective from January 16, 2023) specifies that taxable income not exceeding AED 375,000 would be subject to the 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this decision, the UAE CT Law is considered to be substantively enacted for the purposes of accounting for Income Taxes. Since the provisions of UAE CT law will apply to Tax Periods commencing on or after June 1, 2023, the related current taxes shall be accounted for in the financial statements for the period beginning January 1, 2024. Accordingly, the Company has recorded the corporate tax provision amounting to AED 291,962.



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**18 CORPORATE INCOME TAX (continued)**

**18.1 Reconciliation of tax charge**

Reconciliation of tax expense and the accounting profit multiplied by the UAE's domestic tax rate for the year ended December 31, 2024 are:

| | |
|---|---|
| Accounting profit before corporate tax | 3,619,025 |
| Disallowable expenses | 24,331 |
| Allowable deductions | - |
| | 3,643,357 |
| Tax on taxable profit up to AED 375,000 | - |
| Tax on taxable profit in excess of AED 375,000 @ 9% (2023: n/a) | 294,152 |
| At the effective current corporate income tax rate of 2024 : 8.1% (2023 : n/a) | 294,152 |

**19 COMMITMENTS AND CONTINGENCIES**

**19.1 Capital and operating expenditure commitments**

The Company did not have any capital or operating expenditure commitments as at the reporting date. The rent agreement is renewable on an annual basis.

**19.2 Contingent liabilities**

| | 2024<br>AED | 2023<br>AED |
|---|---|---|
| Dubai Customs Authority payment guarantee (note 8.2) | 1,100,000 | 1,100,000 |
| International Air Transport Association payment guarantee (IATA) (note 8.2) | 92,000 | 92,000 |

**20 RISK MANAGEMENT**

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company was not exposed to interest rate risk as there were no variable interest-bearing assets or liabilities (loans from related parties are on fixed rate terms) as at the reporting date.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss and is limited to the carrying values of financial assets in the statement of financial position.

The Company was exposed to credit risk on the following balances:



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**20 RISK MANAGEMENT (continued)**

**Credit risk (continued)**

| | 2024 | 2023 |
|---|---|---|
| | AED | AED |
| Cash at banks (note 6) | 6,950,367 | 5,313,663 |
| Trade receivable and contract assets, net (note 7) | 34,655,005 | 28,032,689 |
| Other receivables (excluding deferred charges, prepaid expenses, advances to suppliers, VAT recoverable, net and staff advances) (note 8) | 3,744,338 | 3,390,411 |
| Due from related party (note 9.1) | 2,694,785 | 3,016,374 |
| | 48,044,494 | 39,753,137 |

The Company seeks to limit its credit risk with respect to banks by dealing with reputable banks only.

Credit risks related to trade receivable are managed subject to the Company's policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria and the credit quality of customers is assessed by management. Outstanding receivables are regularly monitored. The Company does not hold collateral as security.

Other receivables are with parties with good credit ratings, hence the risk is minimal.

The Company mainly deals with related parties with good credit history within the Group. Accounts receivable from related parties are transactions with minimal credit risk.

**Liquidity risk**

Liquidity risk is the risk that the Company may not have sufficient funds to meet its liabilities as they fall due. The Company limits its liquidity risk by managing its cash flows and ensuring that funds from one of the Shareholders are available as required.

The Company's terms of contract require amounts to be paid within 90 days from the date of invoice.

The table below summarises the maturities of the Company's financial liabilities at the maturity date.

| | Less than 1 year | More than 1 year | Total |
|---|---|---|---|
| **2024** | AED | AED | AED |
| Loans from related parties (note 9.3) | 1,378,951 | 14,543,898 | 15,922,849 |
| Accounts and other payables (excluding contract liabilities and advances from customers) (note 11) | 17,834,231 | - | 17,834,231 |
| Due to related party (note 9.2) | 4,399,836 | | 4,399,836 |
| | 23,613,018 | 14,543,898 | 38,156,916 |
| **2023** | | | |
| Loans from related parties (note 9.3) | 802,593 | 14,543,898 | 15,346,491 |
| Accounts and other payables (excluding contract liabilities and advances from customers) (note 11) | 16,300,900 | - | 16,300,900 |
| Due to related party (note 9.2) | 3,834,632 | | 3,834,632 |
| | 20,938,125 | 14,543,898 | 35,482,023 |



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## 20 RISK MANAGEMENT (continued)

**Foreign currency risk**

Foreign currency risk is the risk that fair value or cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk mainly arises from future contractual transactions of receivables and payables that exist due to transactions in foreign currencies.

Most of the Company's transactions are carried out in AED and USD. As the AED is pegged to the USD, there is no foreign currency risk involved with regard to the USD.

## 21 FAIR VALUES

The management assesses the fair values of all the Company's financial assets and financial liabilities at each reporting date.

The fair values of the financial assets and financial liabilities are considered at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of current financial assets and current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the Company's non-current loans from related parties are not materially different from their carrying amounts. These balances are interest-free and have no fixed repayment terms. As such, the impact of discounting has been assessed as immaterial, and the carrying amounts are considered to approximate their fair values.

## 22 COMPARATIVE INFORMATION

Certain balances in 2023 were re-classified to enhance their comparability with current year's presentation.

| Statement of financial position | As reported previously AED | Reclassification AED | Current Presentation AED |
|---|---|---|---|
| Other receivables | 6,398,671 | (72,774) | 6,325,897 |
| Accounts payable | (16,721,396) | 16,721,396 | - |
| Other payables | (4,413,826) | 4,413,826 | - |
| Accounts and other payables | - | (20,259,854) | (20,259,854) |
| Loans from related parties | (14,543,897) | (802,594) | (15,346,491) |

## 23 EVENTS AFTER THE REPORTING DATE

There have been no events occurring after the reporting date that require adjustment to, or disclosure in, the financial statements.