JSW Overseas FZE

Fujairah Free Zone
Fujairah, UAE

Interim Financial Statements
Period ended 31 March 2026

`

JSW Overseas FZE

Interim Financial Statements

Period ended 31 March 2026

CONTENTS

STATUTORY REPORTS

1

Conclusion

2

Key Info

3

Profit

4

B S

6

Cash Flows

INTERIM FINANCIAL STATEMENTS

NOTES TO THE INTERIM FINANCIAL STATEMENTS

7

Notes

24

Risks

Independent Auditor's Review Report
to the Shareholder of JSW Overseas FZE
on the interim financial statements for the period ended 31 March 2026

We have performed a limited scope review of the accompanying interim financial statements of JSW Overseas FZE (the Establishment), Fujairah Free Zone, Fujairah, UAE, which comprises the statement of financial position as at 31 March 2026, and the statements of profit or loss and comprehensive income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information contained in notes set out on pages 3 to 27.

Conclusion
Based on our review, nothing has come to our attention to believe that the accompanying interim financial statements of JSW Overseas FZE for the period ended 31 March 2026, are not prepared in accordance with International Financial Reporting Standards.

Auditor's responsibilities for the review of these interim financial statements
Our responsibility is to issue our limited scope review report on these interim financial statements based on our review. We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consist of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Responsibilities of Management and those charged with governance
The Establishment's Management is responsible for maintaining books of account as prescribed under the International Accounting Standard 34 - Interim Financial Reporting' (IAS 34) and for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards (IFRS), applicable provisions of the Articles of Incorporation (AoI) of the Establishment and the Implementing Regulations No 1 of 2004 pursuant to Emiri Decree 6 of 1987 of HH the Ruler of Fujairah of Fujairah Free Zone Authority (FFZA–IR) read with the provisions of the UAE Federal Law No 32 of 2021 on Commercial Companies, as amended (CCL).

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of interim financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Nandedkar
____
Dhawal G Nandedkar
holding Ministry of Economy's License No 731
Signed at Fujairah, United Arab Emirates
on Friday, 17 April 2026

JSW Overseas FZE

Period ended 31 March 2026

Key Information

Constitution
Free Zone Establishment (FZE)

Registration authority
Fujairah Free Zone (FFZA)

Shareholder
M/s JSW Terminal (Middle East) FZE

Directors
Mr Devki Nandan
Mr Madhu Gopal Ravikanthi
Mr Krunal Aundhiya

Licensed activity
General trading

Registered address
PO Box 51487, Fujairah, UAE

Established since
13 December 2024
Running for more than a year

Banker
HSBC Bank

Auditor
Dhawal G Nandedkar – Prudential Auditing
PO Box 5201, Fujairah, UAE

Registered agent
Functioning independently
without a registered agent

JSW Overseas FZE

Statement of Profit or Loss and Other Comprehensive Income
Period ended 31 March 2026

Particulars	**01 January 2026 to 31 March 2026 (3 Months) AED**	13 December 2024 to 30 June 2025 (7 Months) (Note 17) AED	Note Nos	Page Nos	**2026 Ratio**	2025 Ratio
Administrative expenses	**(11,166)**	(48,074)	11	26	**100%**	100%
Loss for the period	**(11,166)**	(48,074)			**100%**	100%

The accompanying notes on pages 7 to 27 form an integral part of these interim financial statements.
The Independent Auditor's Review Report is set forth on page 1.

Approved by the Directors on behalf of the Shareholder and authorised for issue on 17 April 2026.

For JSW Overseas FZE

Devki Nandan	**Madhu Gopal Ravikanthi**	**Krunal Aundhiya**
Director	Director	Director
Friday, 17 April 2026	Friday, 17 April 2026	Friday, 17 April 2026

Prudential Auditing Fujairah - UAE

JSW Overseas FZE

Statement of Financial Position
As at 31 March 2026

Particulars Assets and liabilities	31 March 2026 AED	30 June 2025 (Note 17) AED	Note Nos	Page Nos	2026 Ratio	2025 Ratio
Non-current asset						
Non-current financial asset	**15,000**	15,000	12	26	**22%**	8%
Current assets						
Other receivables	**28,474**	21,346	13	26	**41%**	11%
Cash equivalent	**25,641**	149,968	14	26	**37%**	80%
Total current assets	**54,115**	171,314			**78%**	92%
Total assets	**69,115**	186,314			**100%**	100%
Shareholder's funds						
Share capital	**150,000**	150,000	15	27	**217%**	81%
Accumulated loss	**(82,720)**	(48,074)	–	5	**120%**	26%
Equity funds	**67,280**	101,926			**97%**	55%
Current liability						
Other payable	**1,835**	84,388	16	27	**3%**	45%
Total Shareholder's funds & liability	**69,115**	186,314			**100%**	100%

The accompanying notes on pages 7 to 27 form an integral part of these interim financial statements.
The Independent Auditor's Review Report is set forth on page 1.

Approved by the Directors on behalf of the Shareholder and authorised for issue on 17 April 2026.

For JSW Overseas FZE

Devki Nandan	**Madhu Gopal Ravikanthi**	**Krunal Aundhiya**
Director	Director	Director
Friday, 17 April 2026	Friday, 17 April 2026	Friday, 17 April 2026

Prudential Auditing Fujairah - UAE

JSW Overseas FZE

Statement of Changes in Equity
Period ended 31 March 2026

	Share capital AED	Accumulated loss AED	Total AED
Period ended 31 March 2026:			
As on 01 January 2026	150,000	(71,554)	78,446
Loss for the period	-	(11,166)	(11,166)
As at 31 March 2026	**150,000**	**(82,720)**	**67,280**
Period ended 30 June 2025:			
Introduced during the period (Note 17)	150,000	-	150,000
Loss for the period	-	(48,074)	(48,074)
As at 30 June 2025	**150,000**	**(48,074)**	**101,926**

The accompanying notes on pages 7 to 27 form an integral part of these interim financial statements.
The Independent Auditor's Review Report is set forth on page 1.

JSW Overseas FZE

Statement of Cash Flows
Period ended 31 March 2026

Particulars	Note Nos	01 January 2026 to 31 March 2026 (3 Months)	13 December 2024 to 30 June 2025 (7 Months) (Note 17)
		AED	AED
Cash flows from operating activities			
Loss for the period	Pg 3	**(11,166)**	(48,074)
Operating loss before changes in operating assets and liability		**(11,166)**	(48,074)
Decrease/(increase) in other receivables	13	**7,661**	(21,346)
(Decrease)/increase in other payable	16	**(6,504)**	84,388
Net cash (used in)/generated from operating activities (A)		**(10,009)**	14,968
Cash flows from investing activities			
Deposit placed	12	**-**	(15,000)
Net cash used in an investing activity (B)		**-**	(15,000)
Cash flows from financing activities			
Share capital introduced		**-**	150,000
Net cash generated from a financing activity (C)		**-**	150,000
Net (decrease)/increase in cash equivalent (A+B+C)		**(10,009)**	149,968
Cash equivalent at beginning of the period		**35,650**	-
Cash equivalent at end of the period	14	**25,641**	149,968

The accompanying notes on pages 7 to 27 form an integral part of these interim financial statements.
The Independent Auditor's Review Report is set forth on page 1.

Prudential Auditing Fujairah - UAE

1 Legal status and business activities

a) **Name, license & authority**

i) **Name**
JSW Overseas FZE (the Establishment)

ii) **Constitution**
Free Zone Establishment (FZE)

iii) **Registration**
Service license No 4496 with
Registration No of 13 December 2024

iv) **Registration authority**
Fujairah Free Zone (FFZA)
Fujairah, UAE

v) **Regulations applicable**
Implementing Regulations No 1 of 2004 pursuant to Emiri Decree 6 of 1987 of HH the Ruler of Fujairah of the Fujairah Free Zone Authority (FFZA–IR).

b) **Location, activity & control**

i) **Registered address**
PO Box 51487, Fujairah, UAE

ii) **Licensed activity**
General trading

iii) **Management**
The Establishment is managed by the Directors, Mr Devki Nandan, Mr Madhu Gopal Ravikanthi, Mr Krunal Aundhiya.

c) **Corporate Shareholder**

i) **Name**
JSW Terminal (Middle East) FZE (the Holding Company)

ii) **Constitution**
Free Zone Company (FZC)

iii) **Registration**
Commercial License No 3895
dated 05 December 2016

iv) **Registered under**
Implementing Regulations No 1 of 2004 pursuant to Emiri Decree 6 of 1987 of HH the Ruler of Fujairah of the Fujairah Free Zone Authority

v) **Registration authority**
Fujairah Free Zone (FFZA)

vi) **Registered address**
PO Box 50526, Fujairah, UAE

vii) **Ultimate beneficial owners**
The ultimate beneficial owners (UBOs) are not separately indicated in the interim financial statements

d) **Consistency**
The Management confirms that the legal status, ownership and activities of the Establishment are as disclosed in the interim financial statements, any changes during the period have been disclosed at the relevant notes and there have been no changes in the same up to the date of this report.

2 Statement of compliance

a) Preparation of interim financial statements

i) These interim financial statements have been prepared under and comply with:

- The 'historical cost convention' in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS–IC) as issued or adopted by the International Accounting Standards Board (IASB),
- The IAS (International Accounting Standards) and
- The requirements of Implementing Regulations No 1 of 2004 pursuant to Emiri Decree 6 of 1987 of HH the Ruler of Fujairah of the Fujairah Free Zone Authority (FFZA–IR).

ii) **Exception to 'historical cost convention'**

Those financial and non-financial assets that are measured at fair values at the reporting date, as explained at Note 3.

iii) **Exception to compliance with IAS / IFRS**

An incidental departure from the IAS / IFRS, if any, is unintentional and does not materially affect the financial position of the Establishment or the performance for the reporting period.

b) Judgements, estimates and assumptions

i) **Underlying concept**

Use of significant judgements, estimates and assumptions that are made by Management.

ii) **Basis**

The historical experience and reasonable expectations of future events.

iii) **Affecting**

- The application of accounting policies,
- The reported amounts of assets & liabilities, income & expenses and
- Disclosure of contingencies & commitments.

iv) **Application relates to**

- Lives of items of property, plant and equipment, their residual values and impairment in their values;
- Investment properties, investments and provision for impairment in their values;
- Provision for doubtful trade and contracts receivables, advances and write-down of inventories (if any);
- Provisions for warranties, staff end-of-service gratuity, contingencies or uncertainties and
- Future contract costs expected to be incurred to complete the projects.

2 Statement of compliance (Continued)

c) **Specific compliance**

Management confirms that the Establishment has complied with all local regulations and has not wilfully contravened any regulations applicable to it including, but not limited to, the following:

i) **CCL (Commercial Company Law)**

The Establishment has complied with the requirements of the UAE Federal Law No 32 of 2021 on Commercial Companies, as amended (CCL).

ii) **FFZA–IR**

The Establishment has adhered to the Implementing Regulations of Fujairah Free Zone Authority (FFZA–IR).

iii) **Licensed activity**

The Establishment has not intentionally indulged in or carried out any activity that it is not licensed to perform.

iv) **PE (permanent establishment)**

The Management confirms that the Establishment has carried out business from the address that is mentioned on its license as its place of business (its office).

v) **UBO (ultimate beneficial owner)**

The Management has declared the UBO of the Establishment to the licensing authority as required under the Cabinet Decision No 20 of 2018, as amended.

vi) **AML/CFT**

The Establishment has not knowingly violated any regulations of the Federal Decree Law No 20 of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organisations, as amended.

vii) **All other compliances**

The Establishment has, to the best of the knowledge of the Management, not significantly violated any laws and regulations of UAE.

d) **Local and international taxes, duties and fees**

Management confirms that the Establishment has complied with all relevant tax laws and has not wilfully contravened any regulations applicable to it including, but not limited to, the following:

i) **Direct taxation – CT (Corporate Tax Law)**

The Establishment net annual profits exceeding AED 375,000 are liable to tax @9% under Law No 47 of 2022 on the Taxation of Corporations and Businesses, as amended.

ii) **Indirect taxation – VAT (Value Added Tax)**

The Establishment has filed VAT returns on time, has declared the appropriate information and has not defaulted on its financial obligations under Federal Law No 8 of 2017, as amended.

iii) **International taxation – TP (Transfer pricing)**

The Establishment is part of a group of companies that has a written policy in place in adherence to the principle set forth in Article 9 of the OECD Model Tax Convention.

iv) **Pillar II taxation**

The Establishment is not a part of a group whose international revenues exceed Euro 750mn and the Pillar II taxation does not apply to it.

e) **Directors' Report**

The financial information contained in the Directors' Report, in so far as it relates to these interim financial statements, is consistent with the books of account of the Establishment.

f) **Changes in accounting policy**

There have been no intentional changes in accounting policies that would materially affect the financial position of the Establishment or its performance for the reporting period.

The significant accounting policies adopted and consistently applied have been described at Notes 2 to 10 of these interim financial statements.

Prudential Auditing
Fujairah - UAE

3 Basis of preparation

a) **Statement of compliance**

Notes 2 to 10 of these interim financial statements encompass the overall basis of preparation of these interim financial statements by the Management of the Establishment.

b) **Presentation currency**

UAE Dirham (AED) rounded off to the nearest unit as this is the currency of the primary economic environment in which the Establishment operates.

Alternate transactional currency

Transactions carried out in the US Dollar (USD), which is pegged to the UAE Dirham (AED), are recorded at a fixed exchange rate of AED 3.67 per USD.

c) **Accrual basis of accounting**

The interim financial statements, except for the statement of cash flows, are prepared using the accrual basis of accounting.

Effect

All items of assets, liabilities, equity, income and expenses are recognised as they arise.

Exception

Considering their immateriality, some expenses are treated as period costs and written off when incurred without carrying them over to the next reporting period.

d) **Going concern basis of accounting**

- At the end of the reporting period, the Establishment had accumulated losses of AED 82,720 and its equity funds, at AED 67,280, had fallen below 50% of the share capital.
- However, the operations are at the initial stages and the financial support of the Shareholder would be available on a continuing basis.
- Accordingly, these interim financial statements have been prepared on a going concern basis.

e) **Common definitions**

i) NRV (net realisable value)

Estimated selling price less any estimated selling expenses.

ii) Effective interest rate method

- A method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.
- Used at:
  - Note 7 (e) (vi) for 'Trade and other payables' under the point 'Stated at'.
  - Note 8 (b) (ii) for 'Financial assets at amortised cost' under the point 'Stated at'.
  - Note 8 (c) (ii) for 'FAFVOCI (financial assets at fair value through other comprehensive income)' under the point 'Interest income'.

iii) Effective interest rate

- The rate that exactly discounts estimated future cash payments through the expected life of the financial liability.
- Used at:
  - Note (ii) above.

Prudential Auditing Fujairah - UAE

3 Basis of preparation (Continued)

f) **New and amended standards**

Composition

Standards and amendments that:

- are effective for the first time from the current period, i.e., 01 January 2026 and
- have become effective but are not yet mandatory.

Justification for applying / selectively adopting standards that are not mandatory

- They presently have no material impact on the Establishment's interim financial
- The Establishment intends to adopt these new standards, if applicable, when they become effective.

i) **Amendments effective for previous period – Applicable to the Establishment**

IAS 1: Classification of Liabilities as Current and Non-Current (effective 01 January 2024).

IAS 1: Presentation of Non-Current Liabilities with covenants (effective 01 January 2024).

IAS 7 & IFRS 7: Supplier Finance Arrangements (effective 01 January 2024).

IFRS 16: Lease Liability in a Sale and Leaseback (effective 01 January 2024).

Interpretation 23: Uncertainty on Income Tax Treatments.

IAS 21: Lack of Exchangeability – Effects of Changes in Foreign Exchange Rates
(effective 01 January 2025)

ii) **Amendments effective for previous period – Not applicable to the Establishment**

IFRS S1: Sustainability-related Information.

IFRS S2: Climate-related Disclosures.

iii) **Amendments effective for current period – Not applicable to the Establishment**

SASB Standards: (Sustainability Accounting Standards Board) for reporting on relevant industries, topics and metrics.

f) **New and amended standards (Continued)**

iv) **Amendments effective for current period – Applicable to the Establishment**

IFRS 1, IFRS 7, IAS 7, IFRS 9 & IFRS 10 (included in Volume 11): Annual Improvements to IFRS Accounting Standards

IFRS 11: Annual Improvements

IFRS 9 & 7: Amendments to Classification & Measurement of Financial Instruments

IFRS 9 & 7: Contracts referencing Nature-dependent Electricity

v) **Forthcoming requirements available for early adoption – Currently effective**
Not early adopted by the Establishment

IBOR – Phase II: Amendments to IFRS 4, 7, 9 & 16 and to IAS 39.

IAS 7 – Statement of Cash Flows & IFRS 7 – Financial Instruments: Disclosure Requirements of adding 'signposts' for qualitative & quantitative information on supplier financed arrangements.

vi) **Forthcoming requirements available for early adoption – Effective as of mentioned dates**
Not early adopted by the Establishment

IFRS 18: Presentation & disclosure in financial statements for

- Classifying all income and expenses in five categories
  - Operating,
  - Investing,
  - Financing,
  - Discontinued operations and
  - Income tax;
- MPMs (management defined performance measures) and
- Grouping of information.

(IFRS 18 replaces IAS 1 on 01 January 2027)

IFRS 19: Subsidiaries without Public Accountability – Disclosures (& amendments) (effective 01 January 2027).

IFRS 10 & IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective 01 January 2028).

Prudential Auditing Fujairah - UAE

4 Summary of significant accounting policies adopted and consistently applied – revenue

a) **Composition** **(No Note)**

The Establishment is yet to generate revenue from its operation.

b) **The five step model set out in IFRS 15 for recognising revenue from contracts:**

i) Step 1 – Identify the contract with a client:
- A contract is defined as an agreement between two or more parties,
- that creates enforceable rights & obligations
- and sets out the criteria for every contract that must be met.

ii) Step 2 – Identify the performance obligations in the contract:
- A performance obligation is a promise in a contract with a client,
- to transfer a good or service to the client.

iii) Step 3 – Determine the transaction price:
- The transaction price is the amount of consideration,
- to which the Establishment expects to be entitled,
- in exchange for transferring promised goods or services to a client,
- excluding amounts collected by third parties.

iv) Step 4 – Allocate the transaction price to the performance obligations:
- For a contract that has more than one performance obligation,
- a transaction price to each performance obligation is allocated,
- in an amount that depicts the amount of consideration,
- to which the Establishment expects to be entitled,
- in exchange for satisfying each performance obligation.

v) Step 5 – Recognise revenue:
- Establishment satisfies performance obligation.

c) **Stated at**

Invoiced value of services rendered net of discounts, recognised when performance obligation and other relevant conditions are satisfied, as explained below:

d) **Instance of recognition**

Revenue is recognised at a point in time at which the performance obligation is satisfied or one of the following conditions are satisfied:
- The client simultaneously receives and consumes the benefits provided by the Establishment's performance as the Establishment performs.
- The Establishment's performance creates or enhances an asset that the client controls as such asset is created or enhanced.
- The Establishment's performance does not create an asset with an alternative use to the Establishment and it has an enforceable right to payment for performance completed to date.

e) **Other income** **(No Note)**

i) **Composition**
- Interest income
  (Except where it is earned from investments)
- Foreign exchange gain (net) {See Note 5 (g)}

ii) **Interest income stated at**
- Interest income is accrued taking into account the the 'effective interest rate' {explained at Note 3 (e) (iii)},
- comprises of interest on funds invested and
- excludes interest classified as revenue.

iii) **Exceptions for interest income**
- Interest received on delayed receipts from clients of the Establishment are stated as a separate line item, although the policy applies to the same in a similar manner.
- Interest or dividend earned on funds invested as an investment activity are classified as 'Revenue'.

Prudential Auditing Fujairah - UAE

5 Summary of significant accounting policies adopted and consistently applied – expenses

a) Cost of revenue **(No Note)**

i) **Composition**

- Cost of manpower acquired,
- Depreciation,
- Staff costs directly identifiable and
- Interest element in respect of issuance letters of credit relating to the purchases, which is directly identifiable.

ii) If available, opportunities to broker related products / services are taken up.

b) Administrative expenses **(Note 11 on Pg 26)**

i) **Composition**

Costs that relate to the performance of regular business operations.

ii) **Additional considerations**

- Period costs	Note 5 (h)
- Related party disclosures	Note 5 (i) (ii)

c) Staff cost **(No Note)**

Presented separately when they form a significant part of the overall costs incurred by the Establishment and then classified by function.

d) Other expense **(No Note)**

i) **Composition**

- Impairment to receivable	No Note
- Impairment in financial assets	No Note
- Loss on disposal of property	Note 6 (a)
- Exchange losses	Note 5 (g)

where applicable, & any expenses, not directly related to the business of the Establishment.

ii) These are in the reporting currency.

e) Depreciation **(No Note)**

This calculation is presented separately, as an important component of costs incurred by the Establishment, and then classified by function.

f) Management remuneration **(No Note)**

i) **Entitlement**

The MoA of the Establishment authorises the Directors to receive remuneration for defraying their services.

ii) **Exception**

The Directors have waived their right to receive salary.

g) Foreign exchange gain/(loss) (net)

i) **Composition** **(No Note)**

- Generation of gain or incurring of loss on:
  - transaction in a non-reporting currency or
  - translation of a closing balance denominated in a non-reporting currency.
- Clubbed and not indicated separately.

ii) **Classification**

- Foreign exchange gain (net)
  Other income — No Note
- Foreign exchange loss (net)
  Other expense — Note 5 (d)

iii) Foreign currency transactions and balances are defined at: — Note 8 (j)

h) Period costs **(All expenses)**

i) **Composition**

- Costs that are incurred each period,
- that relate to a specific year or period and
- are not direct costs that can be inventorised.

ii) **Accounting treatment**

- Written off in the period incurred and
- are not over to the next reporting period.

i) Related party disclosures **(All expenses)**

i) **Composition**

- Costs incurred for the Directors,
- acting as staff of the Establishment, unless
- specifically incurred for their personal benefit.

ii) **Exception**

These are not indicated separately if:

- they are in the normal course of business,
- on third party terms and conditions and
- the amounts are not significant.

iii) Related party is defined at: — Note 8 (k)

6 Summary of significant accounting policies adopted and consistently applied – assets

a) **Property, plant and equipment** **(No Note)**

i) **Composition and estimated useful life**

The Establishment has not, at present, acquired any 'Property, plant and equipment'.

ii) **Recognition and measurement**

- Stated at

  Cost less accumulated depreciation and impairment losses
- Subsequent expenditure
  - All the repairs and maintenance costs are charged to the statement of profit or loss and other comprehensive income of the period in which they are incurred.
  - Capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Establishment and the cost of the item can be measured reliably.
- Disposal

  Gains or losses on disposal are determined by reference to their carrying amount and are included in the statement of profit or loss and other comprehensive income.

iii) **Depreciation**

- Basis

  The cost or valuation, less estimated residual value, is depreciated using the straight-line method from the date of acquisition to the estimated useful lives of the assets.
- Exclusions
  - Freehold land is not depreciated – it is expected to have an indefinite useful life, with the exception of leased land.
  - Capital work-in-progress is not depreciated – depreciation commences from the date the asset is available for use and transferred to the respective asset category.

iv) **Impairment**

- At the end of each reporting period Management assesses the property, plant and equipment to determine whether there are any indications that they may be impaired.
- In the absence of such indications, no further action is taken.
- If such indications exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

v) **Value**

- Residual value

  Assessed at end of each reporting period and, where material, if there is a change in estimate, appropriately adjusted with depreciation.
- Fair value
  - Assessed as an estimate of residual values at each end of the reporting period in the absence of market value.
  - Taken into account in the event of an identifiable material difference between cost less depreciation and such fair value assessed.

vi) **Revaluation**

- Freehold land and buildings
  - In the opinion of Management, where reliable estimates of market value are available, stating the Establishment’s freehold and leasehold land and buildings at valuation provides a more meaningful reflection of the decisions to acquire such properties and of the Establishment’s asset position at the end of reporting period.
  - The Establishment does not own any land and building at present and this policy will be implemented when these are acquired.

6 Summary of significant accounting policies adopted and consistently applied – assets (Continued)

a) Property, plant and equipment (Continued)

vi) Revaluation (Continued)

- Other assets

  Where revaluation causes a change in the carrying amount of an asset:
  - Increase: credited to other comprehensive income and shown as revaluation reserve in the statement of changes in equity.
  - Decrease: accounted as loss in the statement of profit or loss and other comprehensive income.
  - Increase: to the extent it reverses the previous decrease of the same asset which was previously recognised as loss under the statement of profit or loss and other comprehensive income, is recognised as a gain in the statement of profit or loss and other comprehensive income.
  - Decrease: to the extent it reverses the previous increase of the same asset, is charged in other comprehensive income and directly debited to revaluation reserve in the statement of changes in equity.

vii) Revaluation reserve

- An amount equal to the additional depreciation charge each year arising as a result of the revaluation is transferred from revaluation reserve to retained earnings.
- The revaluation reserve is not available for distribution.
- On disposal of a revalued asset, the remaining related revaluation reserve, if any, is transferred to retained earnings.

b) Non-current financial asset

i) Composition

- Deposits
  - held with banks,
  - held with FFZA and
  - held with the landlord.
- Other deposits

ii) Stated at

- The value at which the deposits are carried or retained and certified, if available.

c) Investment in a subsidiary (No Note)

i) Recognition

These are recognised when the entity has control over the subsidiary.

ii) Control

Control is established when the entity has the power to govern the financial and operating policies of the subsidiary to obtain benefits from its activities.

iii) Classification

- Non-current assets
  - Normally classified as long-term investments and are reported as non-current assets.
- Current assets
  - If they are expected to be realised or settled within one year from the reporting date.

iv) Stated at

- Initially

  Recognised at cost, which includes:
  - the acquisition cost,
  - directly attributable transaction costs and
  - any adjustments made to the fair value of the identifiable assets, liabilities, and contingent liabilities acquired.
- Subsequently
  - Continued to be recognised at cost.

v) Impairment

- Tested for impairment when there are indicators of impairment.
- Recognised when the carrying amount of the investment exceeds its recoverable amount.
- Recoverable amount is the higher of the investment's fair value less costs to sell and its value in use.

6 Summary of significant accounting policies adopted and consistently applied – assets (Continued)

d) Other receivable

(Note 13 on Pg 26)

i) **Composition**

- Trade receivable
  - Amounts due from the client
  - for goods sold or services performed
  - in the ordinary course of business.
- Other receivables
  - All advances that are not in the nature of a trade receivable or a prepayment of expenses, by whichever name called.
  - This may be classified as a separate line item.
- Prepayments / Prepaid expenses
  - Represents amounts that have already been incurred but not fully consumed and
  - may be classified as a separate line item.

ii) **Stated / carried at**

- Trade receivable
  - Invoiced amounts less an estimate made for doubtful receivable based on a review of all outstanding amounts at the end of the reporting period.
- Other receivables
  - Amount extended that can be realised, as explained at (vi) below, less an estimate for impairment based on best judgement.
- Prepayments / Prepaid expenses
  - If significant, as a separate line item, below 'Other receivable' (Note 13) under 'Current assets' {Note 6 (d) (v)}}.
  - In all other cases, clubbed with 'Other receivable' (Note 13) under 'Current assets' {Note 6 (d) (v)}}.

iii) **Classification – Trade receivable**

- Current asset
  - If collection is expected in one year or less.
- Non-current asset
  - In all other cases.
- Doubtful debts
  - Realisable amount net of impairments.
- Bad debts
  - Written off when identified.

iv) **Classification – Other receivables**

- Current asset
  - If collection is expected in one year or less.
- Non-current asset
  - In all other cases.

v) **Classification – Prepayments**

Prepayments are a current asset, with rare exceptions, as the economic benefit will be realised within the next 12 months from the end of the reporting period.

vi) **Realisability**

- Realisable advances
  - Advances in the nature of soft loans are subsequently realised by the Establishment and represent an amount that will be available for the Establishment in the foreseeable future.
- Prepaid future commitments
  - Advances in the nature of amounts paid for future supplies are not actually realised, but the suppliers fulfil their commitments and supply the goods or render the services as per contractual obligations.
- Future expenses
  - Advances like staff advances, that are likely to become an expense in the foreseeable future, are not realised, but are adjusted against the future payment obligation.

vii) **Deposits with suppliers**

- Composition
  Amounts held with suppliers of goods or services pending delivery or performance.
- Classification
  As a current asset since realisation is expected in one year or less.
- Realisability
  Adjusted against dues upon completion of contractual engagements.
- Performance settlement
  Assumed to be settled, unless it is separately stated as such.

6 Summary of significant accounting policies adopted and consistently applied – assets (Continued)

e) **Cash equivalent** **(Note 14 on Pg 26)**

i) **Composition**
- Cash on hand and unrecorded in imprest,
- Balance in a current account with a bank,
- Bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit,
- Balances in portals with government bodies like licensing authorities,
- Balance in prepaid cards like eDirham, Salik and NOL, unless these are routed through the imprest or advance accounts of staff and
- Judicial and postal stamps on hand.

ii) **Credit risk** Note 10 (e)
- Exposure 14 (b)
  - The Establishment is not exposed to credit risk with respect to bank balance.
- Mitigation
  - Bank account is placed with a reputed bank.
  - Balances in portals and prepaid cards are fully realisable and are in the nature of sovereign debt.
  - The other items are not exposed to any risk.

iii) **Currency risk** Note 10 (f)
- Exposure 14 (a)
  - Bank account is designated in UAE Dirhams.
  - The Establishment is not exposed to risk of currency fluctuation with respect to a bank balance.
- Mitigation
  - Not required

iv) **Market prices risk** Note 10 (h)
- Exposure Unclassified
  - Cash on hand is not insured.
  - The Establishment does not carry large amounts of cash and does not maintain the same in a designated safe.
  - Cash, cheque books and prepaid cards are held with Management in trust.
  - Online access to funds is closely held with the Management.

v) **Interest rate risk** Note 10 (g)
- Exposure Unclassified
  - The Establishment loses notional interest on funds held as cash equivalent.
- Mitigation
  - This risk cannot be mitigated.

vi) **Liquidity risk** Note 10 (i)
- Exposure Unclassified
  - Cash balance, if any, is maintained to satisfy a week's expense, however, higher balances are commonplace.
  - Cash expenses may also carried out through imprest accounts of the staff and Shareholder and the amounts are periodically reimbursed.
  - Bank balances are maintained to cover a month's expense and sufficient liquidity for at least a quarter.
  - Prepaid cards and accounts are topped up for forthcoming expenses only.
- Mitigation
  - As above.

vii) **AML** risk
- Exposure
  - The Establishment is mildly exposed to a risk that the parties with whom it conducts business could use the Establishment as a conduit to launder money.
- Mitigation
  - The Establishment has not accepted cash in excess of AED 50,000 at any time during the reporting period from any party and has adhered to anti-money laundering provisions applicable.
  - Exclusive transactions that do not pertain to the business of the Establishment:
    No significant transactions that did not pertain to the business of the Establishment were routed through the bank account of the Establishment.

7 Summary of significant accounting policies adopted and consistently applied – liabilities

a) Capital employed (Note 15 on Pg 27)

i) **Composition**
- Share capital
- Accumulated loss
- Shareholder's current account

ii) **Management objectives**
- Ensure healthy capital ratios are maintained at acceptable levels.
- Maintain adequate funds to safeguard the ability to continue operations on an on-going basis as a going concern.
- Provide the Shareholder with a reasonable rate of return under the prevailing economic conditions and the risks encountered.

iii) **Capital management**

In order to maintain or adjust the capital structure, the Establishment:
- defers or adjusts dividend payments,
- introduces additional capital or
- borrows to bridge the deficit.

b) Accumulated loss (Page 5)

i) **Composition**

Undistributed profits generated by the Establishment, retained for the purpose of the Establishment, available for distribution or drawing without restrictions.

ii) **Management objectives**

The Management prefers to distribute earnings as dividends and reintroduce the same as 'loans from a Shareholders' if the Establishment requires the funds.

c) Dividend

i) **Composition**

Retained earnings distributed to Shareholder on the basis of a resolution to that effect.

ii) **Distribution**

Dividend declared but not paid is routed through the account of the Shareholder during the period in which the dividend is approved by the Establishment's Shareholder.

d) Staff end-of-service gratuity (No Note)

i) **Composition**

A form of payment in addition to regular wages or salary, given by an employer to an employee, either as a gesture of appreciation or as a reward for long and faithful service.

ii) **Stated at**

Amount payable to the staff at the end of the reporting period.

iii) **Basis of provision**
- In accordance with the local labour laws.
- 21 days' of basic salary for each year or part thereof, proportionately.
- No provision for gratuity is made on remuneration paid to the Shareholder.

iv) **Critical assumptions**
- The calculation assumes that all employees were to leave at the reporting date,
- That all employees will continue under employment till their benefits mature under the going concern assumption and
- That the difference in liability calculated on an actuarial basis on account of offsetting effect of inflation and discount rates is insignificant.

v) **Security**
- The funds required to pay the end-of-service gratuity is not set aside or invested in a specific fund, nor insured, but are utilised in the working capital.
- Management confirms availability of funds when staff discontinue their services.

vi) **Management remuneration**
- Classified separately.
- Measured at arms length.
- Reported as a related party.

vii) **Exception**

The Establishment had no employees at the end of reporting period.

Prudential Auditing Fujairah - UAE

7 Summary of significant accounting policies adopted and consistently applied – liabilities (Continued)

e) **Trade and other payables (Note 16 on Pg 27)**

i) **Composition**
- Trade payables {See (ii) below}
- Provisions and accruals {See (iii) below}
- Duties and taxes {See (iv) below}

ii) **Composition – Trade payables**
- Liabilities for goods and services provided to the Establishment prior to the end of the reporting period.
- Amounts to be paid in future for goods sold and services rendered to the Establishment, whether or not billed to the Establishment.

iii) **Composition – Provisions and accruals**
Provisions based on a reliable estimate of the probable outflow of resources embodying economic benefits that will be required to settle a present legal or constructive obligation as a result of past events.

iv) **Composition – Duties and taxes**
- Dues to FTA towards VAT, if any, and
- Corporate and other taxes payable.

v) **Classification**
• Non-current liability
- If payment is not due within twelve months subsequent to the reporting date.
- If the performance obligation is not expected to be fulfilled within twelve months from the end of the reporting period.

• Current liability - in all other cases

vi) **Stated at**
• Initially
- Recognised at fair value.

• Subsequently
- Measured at amortised cost using the 'effective interest rate method' {explained at Note 3 (e) (ii)}.

vii) **Settlement**
- The amounts are unsecured and
- These are usually paid within 30 to 60 days of recognition.

f) **Trade and other payables – Risk analysis**

i) **Credit risk** Note 10 (e)
• Exposure Unclassified
- These amounts are payable by the Establishment, as a result of which, it is not exposed to risk of default on account of trade
- However, delays in serviceing trade debts are likely to increase the cost of borrowing to which the Establishment is exposed.

ii) **Currency risk** Note 10 (f)
• Exposure Unclassified
- The Establishment does not have any outstanding trade payables at the end of reporting period.

iii) **Interest rate risk** Note 10 (g)
• Exposure Unclassified
- Default of payment obligations is likely to expose the Establishment to delayed payment penalties or interest on trade debts.
- Management has paid its obligations on time and is also not contractually exposed to delayed payment penalties.
- Early payment has no interest advantage.
- The Establishment is not exposed to any risk of interest payments on account of trade and other payables.

iv) **Market prices risk** Note 10 (h)
• Exposure Unclassified
- The UAE does not exercise restrictions on currency conversion to the countries with which the Establishment trades.
- The presence of suppliers in different regions does not increase the monetary liability of the Establishment.

v) **Liquidity risk** Note 10 (i)
• Exposure Unclassified
- The Management does not rely on credit from trade suppliers as a principal source of funding the working capital requirements of the Establishment.

vi) **Mitigation**
Not required.

8 Summary of significant accounting policies adopted and consistently applied – common

(Note 10 on Pg 25)

a) **Non-derivative financial assets and liabilities**

The financial assets are divided into the following measurement categories:

i) **Non-derivative financial assets**

- Financial assets at amortised cost {See Note (b) below}
- FAFVOCI (financial assets at fair value through other comprehensive income) {See Note (c) below}
- FAFVOCI (financial assets at fair value through profit or loss) {See Note (d) below}
- Held-to maturity assets {See Note (e) below}

ii) **Non-derivative financial liabilities**

{See Note (f) below}

b) **Financial assets at amortised cost**

i) **Classification**

Financial assets that have fixed or determinable payments and for which there is no active market.

ii) **Composition**

- Current loans & advances,
- Non-current loans & advances,
- Other receivable,
- Advances to suppliers,
- Related party receivables,
- Bank balances (including fixed, margin and call deposits with banks and financial institutions),
- Cash and cash equivalents and
- Debit balance in Shareholder's current account and loans.

iii) **Stated at**

- Initial recognition:
  - at fair value plus any directly attributable transactions costs.
- Subsequent to initial recognition:
  - measured at amortised cost using the 'effective interest rate method' {explained at Note 3 (e) (ii)}.

iv) **Derecognition**

{See Note (g) (i) below}

c) **FAFVOCI (financial assets at fair value through other comprehensive income)**

i) **Composition**

Investments in equity shares or debt securities which are not classified as held-for-trading and revenue earned on the same.

ii) **Interest income**

Included in finance income using the 'effective interest rate method' {explained at Note 3 (e)

iii) **Foreign exchange gains and losses**

Presented in other gains/(losses).

iv) **Impairment expenses**

Presented as separate line item in the statement of profit or loss.

v) **Derecognition**

{See Note (g) (i) below}

d) **FAFVOCI (financial assets at fair value through profit or loss)**

i) **Composition**

- Assets that do not meet the criteria for amortised cost or FVOCI and
- Are measured at fair value through the statement of profit or loss.

ii) **Gains / losses**

- Recognised in profit or loss.
- Presented net within other gains / (losses).
- Presented in the period in which it arises.

iii) **Derecognition**

{See Note (g) (i) below}

e) **Held-to maturity assets**

i) **Composition**

- Assets with fixed or determinable payments and fixed maturities and where
- the Establishment has the positive intention and ability to hold them to maturity.

ii) **Stated at**

- Initial recognition:
  - at fair value plus any directly attributable transactions costs.
  - measured at amortised cost using the 'effective interest rate method' {explained at Note 3 (e) (ii)}.

8 Summary of significant accounting policies adopted and consistently applied – common (Continued)

f) Non-derivative financial liabilities

i) **Composition**

- Borrowings from banks and other lenders,
- Other payable,
- Advances from client,
- Related party payables and
- Credit balance in Shareholder's current account and loans.

ii) **Derecognition**

{See Note (g) (ii) below}

g) Derecognition of financial assets and liabilities

i) **Derecognition of financial assets**

- When the contractual rights to cash flows from the assets cease and
- any interest in such derecognised financial asset that is created or retained by the Establishment is recognised as a separate

ii) **Derecognition of financial liabilities**

- When the contractual obligations are discharged or cancelled or expire.

h) Offsetting of financial assets and liabilities

i) **Incidence**

Financial assets and financial liabilities are offset when, and only when:

- The Establishment has a legal right to offset the amounts and
- The Establishment intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

ii) **Stated at**

The net amount is presented in the statement of financial position.

i) Derivative financial instruments and hedge accounting

The Establishment does not use derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currently risks and interest rate risks, respectively.

j) Foreign currency transactions and balances

i) **Incidence**

The Establishment generates revenue and incurs costs predominantly in the UAE Dirham or the US Dollar, which is pegged to the UAE Dirham

ii) **Recognition**

- Transactions in foreign currencies are translated into the UAE Dirham at the rate of exchange ruling on the dates of the transactions, or valuation where items are re-measured
- Monetary assets and liabilities expressed in foreign currencies are translated into the UAE Dirham at the rate of exchange ruling at the end of the reporting period
- Non-monetary items that are measured at historical cost in a foreign currency are not translated – these are measured at a fair value in that foreign currency and translated into the functional currency at the exchange rate when the fair value was determined

iii) **Classification**

Gains or losses resulting from settlement of transactions in another foreign currency and from the translation at the year-end exchange rates of monetary assets and liabilities are recognised in the profit or loss on net basis as either foreign exchange gains or losses and included in other income or other expenses respectively.

iv) **Exception**

The exchange rate considered during accounting and that offered by the bank frequently differ, as a result of which, an unintended exchange loss is incurred or gain is earned – this is an incidental exposure to exchange risk.

v) **Consolidation**

The Establishment does not have foreign operations.

vi) Refer Note 10 for risk management.

Prudential Auditing Fujairah - UAE

8 Summary of significant accounting policies adopted and consistently applied – common (Continued)

k) **Related party** **(No Note)**

i) **Composition**

Entities that fall within the definition of a related party as contained in International Accounting Standard 24, with whom the Establishment enters into transactions.

ii) **Comprises of**

- Shareholder,
- Directors,
- Ultimate beneficial owners,
- Entities owned & managed by a Shareholder or Director and
- Entities under common direct or beneficial ownership and management control.

iii) **Assumptions**

- The Management considers these significant transaction with related party during the period to be in the normal course of business and at terms which correspond with the terms with third parties.
- Expenses that are incurred for the Shareholder, that would be otherwise incurred by an employee of the Establishment, are not treated as related party expenses, unless specifically incurred
- A fair usage policy is followed for personal use of the entity's assets by Management.
- The balance due from a related party is considered as fully receivable.

iv) **Exclusions**

Persons defined as a related party in accordance with other laws and regulations are not disclosed as related parties.

l) **Statement of Cash Flows** **(Page 6)**

i) **Classification**

Prepared for presenting the segregation of cash flows based on the nature of items:

- cash flows from operating activities
- cash flows from investing activities
- cash flows from financing activities

ii) **Reporting**

Reported using the indirect method.

iii) **Exceptions**

Profit/(loss) is adjusted for the effects of:

- transactions of non-cash nature,
- any deferrals or accruals of past or future cash receipts & payments and
- for items of income & expenses which are reflected in investing or financial activities.

m) **Contingencies** **(No Note)**

i) **Presentation**

Not recognised in the financial statements.

ii) **Disclosure**

- Contingent liabilities
  - Disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.
- Contingent assets
  - Not disclosed unless the income is virtually certain and its recognition is appropriate.

9 Summary of significant accounting policies adopted and consistently applied – leases

a) **Applicable to**
- Lease where Establishment is a lessee {See Note (c) below}
- Finance lease where Establishment is a lessor {See Note (d) below}
- The Establishment as an intermediate lessor {See Note (e) below}
- Operating lease where Establishment is a lessor {See Note (f) below}

b) **Changes during the reporting period**
- Changed as required by IFRS 16 – Leases – refer Note 3 (f) (i).
- The new policy is described below.

c) **Lease where Establishment is a lessee**

i) **Right-of-use assets with only lease rent and the lease is renewable yearly**
- Composition
  - Short-term (usually annual) operating leases,
  - for premises, vehicles and such other assets.
- Revenue recognition
  - Charged to the statement of profit or loss and other comprehensive income on a straight-line basis.
- Classification
  - 'Cost of revenue' where identifiable.
  - 'Administrative expenses' for all other cases.

ii) **All other right-of-use assets**
- Recognition
  - Recognised at the commencement date of the lease – the date the underlying asset is available for use.
- Stated at
  - Measured at cost*, less accumulated depreciation~ and impairment^ and
  - Adjusted for remeasurement of lease liabilities.
- Classification
  - Recognised under 'property, plant and equipment' in the statement of financial position.

iii) **Lease liabilities**
- Recognition
  - Recognised at the commencement date of the lease.
- Stated at
  - Measured at the present value of lease payments# to be made over the lease term.
- Lease liabilities after commencement date
  - Increased to reflect the accretion of interest.
  - Reduced for the lease payments made.

iv) **Short-term leases – where the new leases note is not applicable**
- Recognition
  - Payments made under short-term operating lease towards office premises.
- Classification
  - Charged to the statement of profit or loss and other comprehensive income on a straight-line basis and included under 'Administrative expenses'.

Definitions for (ii) and (iii)

* *Cost includes:*
- *Amount of lease liabilities recognised,*
- *Initial direct costs incurred,*
- *Lease payments made at or before the commencement date and*
- *Deduction or adjustment for lease incentives received.*

~ *Depreciation policy:*
- *Depreciated if the Establishment is not reasonably certain to obtain ownership of the leased asset at the end of the leased term,*
- *On a straight-line basis over the shorter of its estimated useful life and the lease-term.*

^ *Impairment constitutes:*
Losses recognised as applicable to the asset.

Present value of lease payments basis:
Calculated by using the incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable.

Prudential Auditing Fujairah - UAE

9 Summary of significant accounting policies adopted and consistently applied – leases (Continued)

d) **Finance lease where Establishment is a lessor**

i) **Net investments in leases**

- Recognition
  - Leases in which the Establishment transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessees.
- Stated at
  - Recognised at an amount equal to the present value of the minimum lease payments under the lease agreement,
  - Including guaranteed residual value and unamortised initial direct cost.
- Classification
  - Included in the interim financial statements as 'Net investments in leases', where
  - The amount recognised as a receivable.

ii) **Interest income on net investments in leases**

- Recognition
  - In accordance with the finance lease method in accounting for recognition of finance lease.
- Stated at
  - The total unearned interest income* is deferred and
  - This is amortised over the term of the lease, to produce a systematic return on net investments in lease.
- Total unearned interest income is defined as:
  - The excess of aggregate instalment contract receivable,
  - Plus residual value over the cost of the leased asset.

e) **The Establishment as an intermediate lessor**

i) **Recognition**

- Where an underlying asset is released by the Establishment ('intermediate lessor') to a third party and
- The lease ('head lease') between the head lessor and Group remains in effect.

ii) **Classification**

The sublease is classified as finance lease or operating lease as follows:

- As an operating lease when:
  - The head lease is a short-term lease that the entity, as a lessee, has accounted for by recognising the lease payments as an expense on a straight-line basis over the term of the lease.
- Otherwise:
  - By reference to the right-of-use asset arising from the head lease, rather than by reference to the economic useful life of the underlying asset (such as the item of property and equipment that is the subject of the lease).

f) **Operating lease where Establishment is a lessor**

i) **Exception**

There is no impact on lease accounting arising from IFRS 16 on the lessor.

ii) **Classification**

- Rental income from operating leases where the Establishment is a lessor:
  - Recognised as an income on a straight-line basis over the lease term (applicable to investment properties).
- Initial direct costs incurred in obtaining an operating lease:
  - Added to the carrying of the underlying asset and recognised as expense over the lease term on the same basis as the rent income.

10 Risk management

a) The Establishment's activities expose to a variety of financial risks, such as:

i) Credit risk
ii) Currency risk
iii) Interest rate risk
iv) Market prices risk
v) Liquidity risk

b) **Definition or composition**

The risks are defined at (e) to (i) below.

c) **Presentation & disclosure**

This risk policies, interpretation, exposure faced by the Establishment and its mitigation for respective classifications is in the informative notes from page 7 to 25.

d) **Measurement**

This exposure to these risks is presented under respective classifications in the analytical notes from page 26 to 27.

e) **Credit risk**

The risk of financial loss to the Establishment if a client or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Establishment's clients and banks.

f) **Currency risk**

The risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

g) **Interest rate risk**

The possibility that the value of an investment will decline as the result of an unexpected change in interest rates.

h) **Market prices risk**

- The risks arising from changes in market prices, such as foreign exchange rates, interest rates and equity prices which would affect the Establishment's income or the value of its holdings of financial instruments.
- The risk may also arise due to obsolescence of items of 'Property, plant and equipment' or usability of 'Intellectual Property'.

i) **Liquidity risk**

- The risk where the Establishment may encounter difficulty in meeting its financial liabilities that are either settled in cash or exchanged with another financial asset.
- The risk is also where the Establishment may not be able to maintain the level of revenue required to achieve desired profitability to continue to function as a going concern.
- The risk may materialise in the event of inability of the Establishment to replace its 'Property, plant and equipment' for transitioning its business, if required.

j) **Other risks**

The other significant risks to which the business would be exposed. For example:

- Inventory loss by fire or flood waters.
- Death of incapacitation of key management.
- Obsolescence of equipment.

At present, these are not mitigated and Management is working on strategies for that.

Sr	Particulars	01 January 2026 to 31 March 2026	13 December 2024 to 30 June 2025 (7 Months) (Note 17)	Note Nos	2026 Net Δ
		AED	AED		
11	**Administrative expenses**				
	License and rent	**8,091**	30,031	–	73%↓
	Bank charges	**1,239**	30	–	4kx↑
	Professional fee	**1,836**	14,187	–	87%↓
	Printing and stationery	-	165	–	1x↓
	Administrative mark-up expenses	-	3,661	–	1x↓
		11,166	48,074		77%↓
	The accounting policy adopted is consistently applied.			5 (b)	
12	**Non-current financial asset**				
	Deposits held with FFZA	**15,000**	15,000	*	0.00%↑
*	Credit risk				
	These are maintained with the FFZA for release on closure of business.				
13	**Other receivables**				
	VAT recoverable	**4,200**	3,846	–	9.20%↑
	Prepaid expenses	**24,274**	17,500	(a)	39%↑
		28,474	21,346		33%↑
a)	Prepayments				
	- Composition			6 (d) (i)	
	- Classification			6 (d) (v)	
b)	The accounting policy adopted is consistently applied.			6 (d)	
14	**Cash equivalent**				
	Balance in a current account with a bank	**25,641**	149,968	(a) & (b)	83%↓
a)	Currency risk – bank account is designated in the following currencies:				
	UAE Dirhams	**25,641**	149,968	–	83%↓
b)	Credit risk – bank balance is maintained with:				
	HSBC Bank	**25,641**	149,968	–	83%↓
c)	The accounting policy adopted is consistently applied.			6 (e)	

Prudential Auditing Fujairah - UAE

Notes to the Interim Financial Statements
Period ended 31 March 2026

Sr	Particulars	31 March 2026 AED	30 June 2025 (Note 17) AED	Note Nos	2026 Net Δ
15	**Share capital**				
	1,000 shares of AED 150 each	**150,000**	150,000	–	NA
	The accounting policy adopted is consistently applied.			7 (a)	
16	**Other payable**				
	Professional fees	**1,835**	3,672	–	50%↓
	Other payables	**-**	80,716	–	1x↓
		1,835	84,388		98%↓
	The accounting policy adopted is consistently applied.			7 (e)	

17 **Comparative figures**

The previous period's financials are the first set of interim financial statements for the Establishment for a period of 7 months from 13 December 2024, being the date of its incorporation, to 30 June 2025. Accordingly, the comparative figures are not strictly comparable.

18 **Approval of these interim financial statements**

These interim financial statements were approved by the Directors on behalf of the Shareholder and authorised for issue on 17 April 2026.

These interim financial statements are circulated with a digitally inserted signature of the Directors, who will make the originals available, if required by the reader.

For JSW Overseas FZE

Devki Nandan
Director
Friday, 17 April 2026

Madhu Gopal Ravikanthi
Director
Friday, 17 April 2026

Krunal Aundhiya
Director
Friday, 17 April 2026

Prudential Auditing ★ Fujairah - UAE ★

Prudential Auditing

PO Box 5201, Fujairah, UAE

www.prudentialauditing.com