JSW Terminal (Middle East) FZE

Fujairah Free Zone
Fujairah, UAE

Financial Statements
Year ended 31 March 2026

JSW Terminal (Middle East) FZE

Financial Statements

Year ended 31 March 2026

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JSW Terminal (Middle East) FZE
Connecting Possibilities
Since 2016

PO Box 50526, Fujairah, UAE
+971-50-135 7270
krunal.aundhiya@jsw.in

Director's Report
Year ended 31 March 2026

I welcome you to this 11th annual general meeting of the Establishment.

I submit my report and the audited financial statements for the year ended 31 March 2026.

Review of business

The Establishment's principal activity during the year was operating and maintaining the bulk handling facilities at Port of Fujairah.

The Management is satisfied with the performance and endeavours to improve the performance in the coming year significantly.

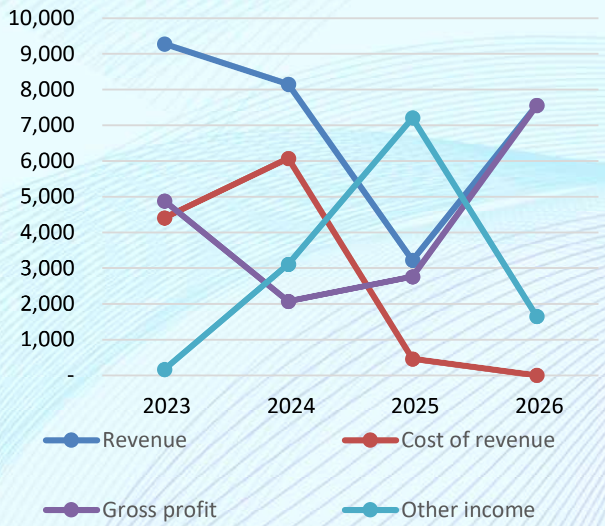
Results

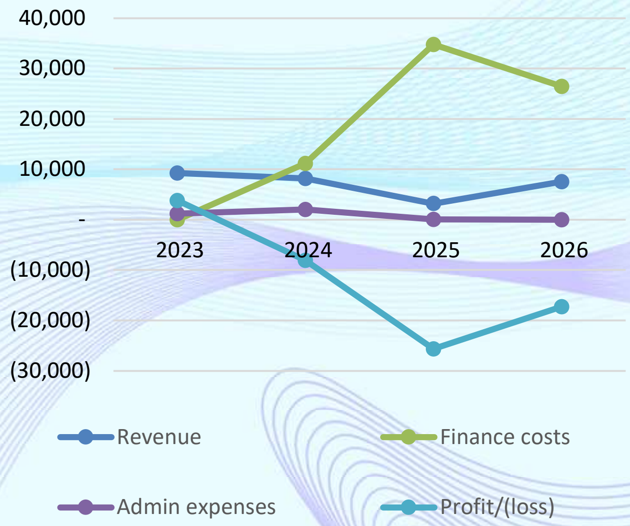
Revenue grew 1.3 times from AED 3,223,859 in the previous year to 7,559,585 during the current year. However, the corresponding cost of revenue decreased by 100% from AED 460,720 in the previous year to AED Nil during the current year. As a result of this, the gross profit margin of the Establishment has improved from 86% in the previous year to 100% in the current year.

Administrative expenses decreased 100% over the previous year to AED Nil for the current year. 67% of the administrative expenses comprised of staff costs. On account of unabsorbed finance costs, the Establishment incurred a net loss of AED 17,255,990 for the current year compared to a net loss of AED 25,632,899 incurred for the previous year.

The Establishment's performance for the past four years is as follows: (AED '000)

Indicator	2023	2024	2025	2026
Revenue	9,286	8,151	3,224	7,560
Cost of revenue	4,406	6,077	461	-
Gross profit	4,881	2,074	2,763	7,560
Other income	169	3,115	7,211	1,654
Admin expenses	1,221	2,020	36	-
Other expense	-	87	794	-
Finance costs	-	11,148	34,776	26,469
Profit/(loss)	3,829	(8,066)	(25,633)	(17,256)





Appropriations

In view of loss incurred, no transfer could be made to the statutory reserve and no dividend is proposed for the year.

Management believes that loss is an unavoidable outcome of expansion in business and performance of the Establishment would improve in the forthcoming period, as projected.

Events since the end of the year

Subsequent to the end of the reporting period, a regional conflict has created geopolitical tensions, which is expected to cause volatility in the markets and may affect economic conditions in the region.

As at the date of approval of these financial statements, Management is monitoring developments in the region and will assess its potential impact on the Establishment's business.

Shareholder and its interest

As at 31 March 2026 the entire share capital of AED 211,956,100, divided into 1,000 shares of AED 211,956.1 each, was held by Messrs JSW Infrastructure Limited, India.

There was no change in the shareholding structure during the year and up to the date of issue of these financial statements.

Management responsibilities

The 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) read with the UAE Federal Law No 32 of 2021 on Commercial Companies, as amended (CCL), require the Management to prepare the financial statements which give a true and fair view of the state of affairs of the Company and of the performance for each financial year, to get them duly audited, to authorise the same by presenting them to the Shareholder and to issue the same in the annual general meeting.

I confirm that I am responsible for these financial statements, which have been prepared in conformity with the statutory requirements and the International Financial Reporting Standards, including selecting the accounting policies and making the judgments underlying them. I further confirm that I have made available all relevant accounting records and information for compilation of these financial statements and that all transactions have been recorded and are reflected in the financial statements.

Auditors

The MoA of the Establishment makes it mandatory for the Director to appoint an auditor for the forthcoming year.

I propose the reappointment of Prudential Auditing as auditors of the Establishment for the forthcoming year.

Lalit Singhvi

Lalit Singhvi
Director
Monday 04 May 2026

Independent Auditor's Report
to the Shareholder of JSW Terminal (Middle East) FZE
on the financial statements for the year ended 31 March 2026

Opinion

We have audited the accompanying financial statements of JSW Terminal (Middle East) 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 year then ended, and a summary of significant accounting policies and other explanatory information contained in notes set out on pages 7 to 54.

In our opinion, the financial statements present fairly, in all material respects, the financial position of JSW Terminal (Middle East) FZE for the year ended 31 March 2026 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

Our responsibility is to express an opinion on these financial statements based on our audit. 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 these financial statements' section of our report. We are independent of the Establishment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) and have fulfilled our other ethical responsibilities. We have planned and performed the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year.

We have determined that there are no key audit matters to communicate in our report.

Other matters

These are matters other than those that are presented or disclosed in the financial statements that, in our judgment, are relevant to users' understanding of our audit, our responsibilities or report and where we considers it necessary to communicate it with the users.

• Note 21 (c) explains that USD 13,023,822 is receivable against an insurance claim for damage sustained by an asset of a subsidiary.
• The ongoing geopolitical developments and heightened regional tensions may have an impact on the Establishment's business operations and the broader economic environment in the forthcoming period.

Our opinion is not modified in respect of these matters.

Emphases of matters

When we consider it necessary to draw users' attention to a matter presented or disclosed in the financial statements that, in our judgment, is of such importance that it is fundamental to users' understanding of the same, we include this paragraph in our report, with sufficient appropriate audit evidence that the matter is not materially misstated in the financial statements.

We have determined that there are no matters that are significant enough to be emphasised in our report.

PO Box 5201, #46, Fujairah Building, Nakheel Road, Faseel, Fujairah, UAE ص.ب: ٥٦٠١، شقة ٤٦، بناية الفجيرة، شارع نخيل، الفصيل، الفجيرة، ا ع م
TeleFax +971 9 224 2613, Mobile +971 50 484 4657, www.prudentialauditing.com تليفاكس ٢٦١٣ ٢٢٤ ٩ ٩٧١+، متحرك ٤٦٥٧ ٤٨٤ ٥٠ ٩٧١+
Formed under Ministry of Economy License 731 issued to Dhawal G Nandedkar شكلت تحت وزارة الاقتصاد الترخيص ٧٣١ أصدرت ل دهوال جريشن نانديدكر

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 Standards (IAS) and for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), applicable provisions of the Memorandum of Association (MoA) 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 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.

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

Although these financial statements are prepared by an independent accounts writing firm, the ultimate responsibility towards preparation of these financial statements remains with the Management of the Establishment.

Management and those charged with governance are responsible for overseeing the Establishment’s financial reporting process.

Auditor's responsibilities for the audit of these financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

a) 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 control.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing our opinion on whether the Establishment has adequate internal financial controls with reference to these financial statements in place and the operating effectiveness of such internal controls.

Auditor's responsibilities for the audit of these financial statements (Continued)

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

d) 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 Establishment'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 Establishment to cease to continue as a going concern.

e) 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.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Establishment to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

Various laws require us to report on the acts and omissions of the Management.

A statutory audit is not designed to identify, specifically, adherence to other local laws. The exercise is merely complementary to the audit. As a result, it is understood by the reader that contraventions that are not material are not identified by us.

Accordingly, we further report that:

a) As required by Article 114 of the Federal Law No 14 of 2018, we report that we have obtained all the information and explanations that we considered necessary for the purpose of our audit.
b) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the FFZA–IR read with the CCL and the MoA of the Establishment.
c) Reasonably proper books of account commensurate to the nature of its business and scale of its operations have been maintained by the Establishment.
d) The financial information contained in the Director's Report, in so far as it relates to these financial statements, is consistent with the books of account of the Establishment.
e) Note 30 to the financial statements discloses material related party transactions to the extent informed to us.
f) We did not come across any transactions or information that indicate that the affirmations by the Management at the 'Statement of compliance' paragraph at Note 2 to the financial statements are contravened.

Nandedkar

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Dhawal G Nandedkar
holding Ministry of Economy's License No 731
Signed at Fujairah, United Arab Emirates
on Monday 04 May 2026
for Prudential Auditing, Chartered Accountants

Year ended 31 March 2026

Key Information

Shareholder
Messrs JSW Infrastructure Limited

Director
Mr Lalit Singhvi

Finance Manager
Mr Krunal Aundhiya

Compliance Manager
Mr Krunal Aundhiya

Established since
05 December 2016
Running since 10 years

Banker
National Bank of Fujairah PJSC

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

Licensed Activities
- Maintenance and operation of bulk handling facilities at Port of Fujairah.
- Investing in subsidiaries

Registered Address
PO Box 50526, Fujairah, UAE

Principal Place of Business
Fujairah Free Zone Phase II
Fujairah, United Arab Emirates

Website & email ID
www.jswinfrastructure.in
krunal.aundhiya@jsw.in

Phone
+971-50-135 7270

Registered Agent
Functioning independently
without a registered agent

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

Particulars **Performance (by function)**	**2026** **AED**	2025 AED	Note Nos	Page Nos	**2026** **Ratio**	2025 Ratio
Revenue	**7,559,585**	3,223,859	11	43	**100%**	100%
Cost of revenue	**-**	(460,720)	12	43	**0%**	14%
Gross profit	**7,559,585**	2,763,139			**100%**	86%
Other income	**1,653,632**	7,210,638	13	44	**22%**	224%
Administrative expenses	**-**	(35,939)	14	45	**0%**	1%
Other expense	**-**	(794,379)	16	45	**0%**	25%
Finance costs	**(26,469,207)**	(34,776,358)	17	46	**350%**	1079%
Loss for the year before tax	**(17,255,990)**	(25,632,899)			**228%**	795%
Corporate tax	**-**	-	29	52	**0%**	0%
Profit after tax	**(17,255,990)**	(25,632,899)			**228%**	795%
Add: Depreciation	**706,793**	691,423	18	46	**9%**	21%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**(16,549,197)**	(24,941,476)			**219%**	774%

The accompanying notes on pages 11 to 52 form an integral part of these financial statements.
The Independent Auditor's Report is set forth on pages 3 to 5.

Approved by the Shareholder and authorised for issue on 04 May 2026.

For JSW Terminal (Middle East) FZE

Lalit Singhvi

Lalit Singhvi
Director
Monday 04 May 2026

Madhu Gopal Ravikanthi
Director
Monday 04 May 2026

Krunal Aundhiya
Director
Monday 04 May 2026

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JSW Terminal (Middle East) FZE

Statement of Financial Position
As at 31 March 2026

Particulars	2026	2025	Note	Page	2026	2025
Assets and liabilities	**AED**	AED	Nos	Nos	**Ratio**	Ratio
Non-current assets						
Property, plant and equipment	**1,550,078**	2,217,234	19	46	**0%**	0%
Non-current financial assets	**1,136,701**	26,603,587	20	46	**0%**	4%
Investments in subsidiaries	**553,086,427**	552,936,427	21	47	**95%**	89%
Total non-current assets	**555,773,206**	581,757,248			**96%**	93%
Current assets						
Trade receivable	**4,141,160**	463,091	22	47	**1%**	0%
Other receivables and prepayment	**153,182**	132,131	23	47	**0%**	0%
Cash equivalents	**19,290,847**	41,376,236	24	48	**3%**	7%
Total current assets	**23,585,189**	41,971,458			**4%**	7%
Total assets	**579,358,395**	623,728,706			**100%**	100%
Shareholder's funds						
Share capital	**211,956,100**	211,956,100	25	49	**37%**	34%
Statutory reserve	**75,000**	75,000	–	9	**0%**	0%
Accumulated losses	**(37,977,445)**	(20,721,455)	–	9	**(7%)**	(3%)
Total Shareholder's funds	**174,053,655**	191,309,645			**30%**	31%
Non-current liabilities						
Borrowings	**352,804,405**	387,558,822	26	49	**61%**	62%
Staff end-of-service gratuity provision	**140,396**	133,332	27	51	**0%**	0%
Total non-current liabilities	**352,944,801**	387,692,154			**61%**	62%
Current liabilities						
Borrowings	**50,836,562**	42,568,811	26	49	**9%**	7%
Trade and other payables	**1,523,377**	2,158,096	28	51	**0%**	0%
Total current liabilities	**52,359,939**	44,726,907			**9%**	7%
Total liabilities	**405,304,740**	432,419,061			**70%**	69%
Total Shareholder's funds & liabilities	**579,358,395**	623,728,706			**100%**	100%

The accompanying notes on pages 11 to 52 form an integral part of these financial statements.
The Independent Auditor's Report is set forth on pages 3 to 5.

Approved by the Shareholder and authorised for issue on 04 May 2026.

For JSW Terminal (Middle East) FZE

Lalit Singhvi	**Madhu Gopal Ravikanthi**	**Krunal Aundhiya**
Director	Director	Director
Monday 04 May 2026	Monday 04 May 2026	Monday 04 May 2026

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Statement of Changes in Equity
Year ended 31 March 2026

	Share capital AED	Statutory reserve AED	Accumulated losses AED	Total AED
As at 01 April 2024	211,956,100	75,000	4,911,445	216,942,545
Loss for the period	-	-	(25,632,899)	(25,632,899)
As at 31 March 2025	211,956,100	75,000	(20,721,455)	191,309,646
Loss for the year	-	-	(17,255,990)	(17,255,990)
As at 31 March 2026	**211,956,100**	**75,000**	**(37,977,445)**	**174,053,656**

The accompanying notes on pages 11 to 52 form an integral part of these financial statements.
The Independent Auditor's Report is set forth on pages 3 to 5.

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Statement of Cash Flows
Year ended 31 March 2026

Particulars	Nos	2026 AED	2025 AED
Cash flows from operating activities			
Loss for the year before tax	Pg 7	**(17,255,990)**	(25,632,899)
Adjustments for:			
Depreciation on property, plant and equipment	19	**706,793**	691,423
Amortisation pre-paid processing		**1,781,852**	1,573,391
Interest income	13	**(1,631,881)**	(7,210,638)
Interest expense	17	**24,377,352**	33,199,294
Operating profit before changes in operating assets and liabilities		**7,978,126**	2,620,571
(Increase)/decrease in trade receivable	22	**(3,678,069)**	594,862
(Increase)/decrease in other receivables and prepayments		**(21,051)**	274,342
Staff end-of-service gratuity provided	27	**7,063**	30,276
Decrease in trade and other payables	28	**(634,719)**	(554,138)
Net cash generated from operating activities (A)		**3,651,350**	2,965,913
Cash flows from investing activities			
Property, plant and equipment acquired	19	**(39,637)**	(245,014)
Invested in subsidiaries	21	**(150,000)**	-
Deposit withdrawn	20	**-**	2,000
Loan repaid by related party	20	**25,556,326**	91,093,098
Interest earned	13	**1,542,442**	7,210,638
Net cash generated from investing activities (B)		**26,909,131**	98,060,722
Cash flows from financing activities			
Bank loan repaid	26	**(24,492,453)**	(31,727,597)
Loan from related party repaid	26	**(3,672)**	(2,780,732)
Interest paid	17	**(24,377,352)**	(33,199,294)
Processing fee paid paid		**(3,772,393)**	-
Net cash used in financing activities (C)		**(52,645,870)**	(67,707,623)
Net (decrease)/increase in cash equivalents (A+B+C)		**(22,085,389)**	33,319,012
Cash equivalents at beginning of the year		**41,376,236**	8,057,224
Cash equivalents at end of the year	24	**19,290,847**	41,376,236

The accompanying notes on pages 11 to 52 form an integral part of these financial statements.
The Independent Auditor's Report is set forth on pages 3 to 5.

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1 Legal status and business activities

a) **Name, license & authority**

i) **Name**
JSW Terminal (Middle East) FZE (the Establishment)

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

FZC
constitution

FFZA
license

iii) **Registration**
Service license No 3895 with
Registration No 3895 of 05 December 2016

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 50526, Fujairah, UAE

ii) **Physical address**
Fujairah Free Zone Phase II
Fujairah, United Arab Emirates

iii) **Licensed activities**
Services
Maintenance and operation of bulk handling facilities at Port of Fujairah.
Others
- General trading
- Investment

iv) **Management**
The Establishment is managed by the Director, Mr Lalit Singhvi.

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

d) **Corporate Shareholder**

i) **Name**
JSW Infrastructure Limited

ii) **Constitution**
Limited by shares

iii) **Registration**
Registration No 161268, incorporated on 21 April 2006.

iv) **Registration authority**
Ministry of Corporate Affairs, India

v) **Registered address**
JSW Centre, Bandra Kurla Complex, Mumbai, Maharashtra, India – 400 051.

d) **Business model**
The Establishment has entered into contract with the Port of Fujairah (PoF) to operate, maintain and repair the entire bulk cargo handling system comprising of a ship loading conveyor system. The PoF has a self loading system that is unique in many respects, capable of loading over 5,000 MT of aggregates per hour in marine vessels, which the Establishment manages partly.

The Established has invested in a subsidiary that owns tank farms that are leased to clients who store liquid cargo - usually gas oil and fuel - for which it has borrowed funds.

The Establishment has also invested in a subsidiary for taking up projects in the nature of infrastructure development in the GCC region.

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2 Statement of compliance

a) Preparation of financial statements

i) These 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
- 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

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 (f).

iii) **Exception to compliance with IAS**
An incidental departure from the IAS, if any, is unintentional and does not materially affect the financial position of the Establishment or the performance for the reporting period.

iv) **Exception to compliance with IFRS**
An incidental departure from the IFRS, if any, is unintentional and does not materially affect the financial position of the Establishment or the performance for the reporting period.

v) **Fundamental accounting concepts**
The Establishment has adhered, as far as practically possible, to the principles of accounting period, matching, conservatism, continuity, economic entity, adequate disclosure and monetary unit.

vi) **Basis of consolidation**
These are stand-alone financial statements of the Establishment.

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
- Future contract costs expected to be incurred to complete the projects.

c) Responsibility towards financial statements
- These financial statements are prepared by the Director of the Establishment who bears full legal, financial and moral responsibility for the information presented therein.
- Although the work of preparation has been outsourced to Prudential Accounting®, the ultimate responsibility continues to be that of the Management of the Establishment.
- Prudential Accounting® acknowledges that the Management of the Establishment has been authorised to use the format for their own use and it will not be copied without permission and payment of the requisite
- The format refers to the manner of drafting of the Notes for presentation thereof and not the contents as required by IFRS.

Prudential Auditing Fujairah - UAE

2 Statement of compliance (Continued)

d) **License and local regulations**

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) **CPC / CrPC**

The Establishment has not purposely contravened provisions of the Federal Decree by Laws No 38 of 2022 Promulgating the Criminal Procedures Law and No 42 of 2022 on Civil Procedure, 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.

e) **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 has not wilfully violated any provisions of the Federal Decree 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) **Indirect taxation – Excise duty**

The Establishment is rendering services and the requirements of Federal Law No 7 of 2017, as amended, do not apply to it.

iv) **Indirect taxation – Customs duty**

The Establishment is rendering services and the requirements of Federal Law No 19 of 2002, as amended, do not apply to it.

v) **International taxation – ESR**

The requirements of Cabinet Regulation 57 of 2020 concerning the Economic Substance Regulation, as amended, are no longer applicable to businesses operating in the UAE.

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

The Establishment maintains arms length pricing with third parties and related parties in adherence to the principle set forth in Article 9 of the OECD Model Tax Convention.

vii) **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.

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2 Statement of compliance (Continued)

f) Labour regulations

Management confirms that the Establishment has not wilfully contravened any provisions applicable to it under the Federal Law No 33 of 2021 on Regulation of Labour Relations, as amended, read with Dubai Law No 47 of 2021, as amended, including, but not limited to, the following:

i) Work permits

The Establishment is registered in a free zone and is not required to apply for work permits, but is not exempt from application of the overal law as a federal requirement.

ii) End-of-service benefits

The policy for 'Staff end-of-service gratuity' is explained at Note 7 (j) and the provision at the end of the reporting period is stated at Note 27 to these financial statements.

iii) Staff pension

The Establishment has not recruited Emaratis and is not required to make monthly contributions as an eligible employer according to Pension Law No 57 of 2023, as

iv) WPS (wages protection system)

The Establishment is not required to pay staff salaries as required by Ministerial Resolution No 598 of 2022 on Wages Protection System and it has not defaulted on any obligations towards staff salaries.

v) Job loss insurance

The Establishment is not required to make a contribution under the Federal Decree Law No 13 of 2022 Concerning Unemployment Insurance Scheme.

vi) Emiratisation

The Establishment is not a mainland entity and does not have more than 20 employees so the Ministerial Resolution No 455 of 2023 for Emaratisation Targets does not apply to it.

g) Immigration law

The Establishment has not knowingly violated any provisions of the Federal Decree Law No 17 of 2017, as amended, concerning Immigration and Residence in the UAE.

h) Health insurance

Although the Establishment has no employees, the conditions of the Federal Law No 11 of 2013 concerning health insurance are implemented for the Shareholder.

i) Traffic law

The Establishment owns & operates motor vehicles and confirms that the regulations of the Federal Law No 21 of 1995 on Traffic, as amended, have not been violated.

j) General insurance

The Establishment occupies a shared desk and is not exposed to the financial implications of a risk to the office premises and its contents by fire or natural causes.

k) Identification cards

The Management has renewed the Establishment Card with Immigration Department and the Establishment is not required to apply for one from the Labour Department.

l) CSR initiatives

The Establishment is not under a statutory obligation to apportion a part of its revenues towards corporate social responsibility spending during the reporting period.

m) Administrative penalties

The Establishment was not exposed to any significant administrative penalties, that indicate delinquency on part of the Management, during the reporting period.

n) Actuarial valuation

The Establishment is not required to carry out actuarial valuation.

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2 Statement of compliance (Continued)

o) **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.

i) **AML reporting**

The Establishment is not a DNFBP (designated non-finance business or profession) and is not required to file AML (anti-money laundering) reports with the MoE (ministry of economy) and does not carry out any other activity that requires such a filing.

ii) **ML transactions**

The Management of the Establishment has not knowingly engaged into any restricted transaction to carry out or execute activities including, but not limited to, the following:
- money laundering
- terrorism financing
- financing proliferation of weapons
- production or distribution of narcotics
- human trafficking
- wildlife trade
- causing or spreading communal disharmony
- antiquities theft
- tax evasion
- such internationally prohibited activities

iii) **Risk assessment**

The Establishment confirms the identity of its employees, suppliers and customers by verifying their key documents, address and social media presence and does not deal with sanctioned entities.

p) **Financial institution**

The Establishment is not a 'licensed financial institution' under Articles 6.1 & 7 of the Federal Law No 32 of 2021 and the requirements of Article 114 of the Decretal Federal Law No 14 of 2018 do not specifically apply to it.

q) **Investments during the reporting period**

The Establishment acquired shares in a subsidiary, resulting in control over the entity. The investment represents a strategic expansion of the Establishment's operations.

r) **Board meetings**

The Management has held regular meetings of the Board of Directors of the Establishment as required. These have been held with electronic means as well as physically, as

s) **Capital structure**

The policy of the Management for conserving its investment and maintaining a healthy working capital cycle for the Establishment is stated at Note 7 (a) (ii) & (iii) to the financial statements.

t) **Director's Report**

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

u) **Related party**

Note 30 to the financial statements discloses material related party transactions and significant balances to the full extent known to the Management.

Note 7 (k) to these financial statements elaborates the significant accounting policies adopted for the related party.

v) **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

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

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3 Basis of preparation

a) **Statement of compliance**

Notes 2 to 10 of these financial statements encompass the overall basis of preparation of these 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.

Residual currency transactions

Transactions carried out in other currencies, besides the domicile and transactional currencies, are recorded at the exchange rate prevailing on the day of the transaction.

c) **Accrual basis of accounting**

The 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 37,977,445 and its equity funds were positive at AED 174,053,655.
- The operations are not profitable, but the equity is not below 50% of the Share Capital.
- The financial support of the Shareholder and related party would be available on a continuing basis.
- Accordingly, these financial statements have been prepared on a going concern basis.

e) **Accounting period**

The financial year-end of 31 March is followed on a consistent basis.

Basis

This is in accordance with the Memorandum of Association (MoA).

f) **Impairment of financial assets**

i) **Composition**
- Non-current financial assets
- Investment
- Current financial assets
- Trade and other receivables
- Cash equivalents

ii) **Stated at**

Cost less impairment, if any

iii) **Assessment of impairment**

Assessed to identify any evidence of impairment on the basis of:
- Default or delinquency by a debtor,
- The perceived creditworthiness of the debtor,
- The age of debts and serviceing, if any, and
- Management's experience in dealing with him and other similar debts.

g) **Non-financial assets**

i) **Composition**
- Property, plant and equipment
- Intangible asset
- May not include anything if the Establishment has not created any non-

ii) **Stated at**

Cost less impairment, if any

iii) **Assessment of impairment**

These are periodically reviewed to determine any indication of impairment

iv) **Adjustment in the event of impairment**
- The asset is reported at the assets' recoverable amount as estimated and
- Impairment loss (excess of carrying amount over recoverable amount) recognised in statement of profit or loss and other comprehensive income.

3 Basis of preparation (Continued)

h) **New and amended standards**

Composition

Standards and amendments that:

- are effective for the first time from the current year, i.e., 01 April 2025 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 financial statements and
- The Establishment intends to adopt these new standards, if applicable, when they become effective.

i) **Amendments effective for previous year – 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.

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

IFRS S1: Sustainability-related Information.

IFRS S2: Climate-related Disclosures.

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

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

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

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

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

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 1, IFRS 7, IAS 7, IFRS 9 & IFRS 10 (included in Volume 11): Annual Improvements to IFRS Accounting Standards (effective 01 January 2026)

IFRS 11: Annual Improvements

IFRS 9 & 7: Amendments to Classification & Measurement of Financial Instruments (effective 01 January 2026).

IFRS 9 & 7: Contracts referencing Nature-dependent Electricity
(effective 01 January 2026).

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).

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3 Basis of preparation (Continued)

i) **Acronyms used in these financial statements**
(sorted by approximate order of appearance)

i) **FFZA**
Fujairah Free Zone
ii) **CCL**
Commercial Company Law {refer Note 2 (d) (i)}
iii) **IAS**
International Accounting Standards
iv) **IASB**
International Accounting Standards Board
v) **ISA**
International Standards on Auditing
vi) **IFRS**
International Financial Reporting Standards
vii) **FZC**
Free Zone Establishment
viii) **MoA**
Memorandum of Association
ix) **FTA**
Federal Tax Authority
x) **CT**
Corporate Tax Law
xi) **VAT**
Value Added Tax
xii) **AED**
United Arab Emirates Dirhams
xiii) **USD (or the symbol $)**
United States Dollars
xiv) **ECL**
Expected Credit Loss

j) **References to laws**
i) All references to laws are "as amended".
ii) Only perfunctory evaluation is carried out.

k) **Definitions used in these financial statements**

i) Management
As stated at Note 1 (b) (iv).

ii) Establishment
As defined in the CCL.

iii) 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 4 (f) (iv) for 'Other income' under the point 'Classification for interest income'.
  - Note 7 (f) (iii) for 'Borrowings' u/p 'Stated at'.
  - Note 7 (f) (vi) for 'Borrowings' u/p 'Repayment'.
  - Note 7 (m) (x) 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'.

iv) Effective interest rate
- The rate that exactly discounts estimated future cash payments through the expected life of the financial liability.
- Used at:
  - Note (iii) above.
  - Note 4 (f) (iv) for 'Other income' under the point 'Classification for interest income'.

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

a) **Composition** **(Note 11 on Pg 43)**

The Establishment generates revenue from:

- Operation, maintenance and bulk handling at Port of Fujairah
- Related services.

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) **Risk analysis**

i) **Credit risk – concentration** Note 10 (f)
- Exposure 11 (b)
  - It is normal in the industry in which the Establishment operates for significant revenue to be concentrated with a few clients.
- Mitigation
  - The risk cannot be mitigated

ii) **Currency risk** Note 10 (g)
- Exposure 11 (c)
  - Invoices are raised on clients in UAE Dirhams or US Dollars, which is pegged to the UAE Dirham.
  - As a result, the Establishment is not exposed to any fluctuation of currency risk.
- Mitigation
  - Not required.

iii) **Interest rate risk** Note 10 (h)
- Exposure Irrelevant
  - This risk is not relevant for revenue.

iv) **Market prices risk** Note 10 (i)
- Exposure 11 (d)
  - This is a regular feature of the industry in which the Establishment operates.
- Mitigation
  - Not required.

v) **Liquidity risk** Note 10 (j)
- Exposure 11 (e)
  - The Establishment has retained most of its clients.
- Mitigation
  - Not required.

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

d) **Services**

i) **Description**

The Establishment has entered into contract with the Port of Fujairah (PoF) to operate, maintain and repair the entire bulk cargo handling system comprising of a ship loading conveyor system.

ii) **Stated at**

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

iii) **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

- 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 (risk analysis)**

- Definition Note 10 (f)
- Recognition & presentation 13 (a)
- Exposure
  - The exposure is the same as that of the underlying asset, expense, income or
  - The exposure is insignificant compared to the overall capital structure.
- Mitigation
  - The risk, which is not material, cannot be mitigated, but its impact is not identified.

f) **Other income** **(Note 13 on Pg 44)**

i) **Composition**

- Interest income {See (ii) to (iv) & (e)}
  (Except where it is earned from investments)
- Foreign exchange gain (net) {See Note 5 (j)}

ii) **Interest income stated at**

- Interest income is accrued taking into account the the 'effective interest rate' {explained at Note 3 (k) (iv)},
- 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'.

iv) **Classification for interest income**

- Where interest income is earned from financial assets at fair value:
  - Added to the net fair value gains/(losses) on the underlying assets and
  - routed through profit or loss.
- Where interest income is earned on financial assets at amortised cost and financial assets at fair value:
  - Calculated using the 'effective interest rate method' {explained at Note 3 (k) (iii)},
  - classified as 'Other income' and
  - routed through other comprehensive income.
- Where interest income earned from financial assets held for cash management purposes:
  - Classified as 'Finance income' in the statement of profit or loss and other comprehensive income.
- Where interest (income) is earned or accrued from any other source:
  - Classified as 'Other income'.

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

a) **Cost of revenue** **(Note 12 on Pg 43)**

i) **Composition**

- Cargo handling expenses
- Repairs and maintenance
- Depreciation,
- Staff costs directly identifiable,
- Other costs that are directly identifiable with the costs of services provided, products sold or revenue generated 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) **Risk analysis**

i) **Credit risk – concentration** Note 10 (f)

- Exposure 12 (d)
  - The Management matches suppliers and clients for the same products, since this is the nature of the trade. The lower concentration is a natural effect of change in the revenue pattern.
  - This is a normal feature of the industry in which the Establishment operates, although Management is working on increasing the supplier base with strategic efforts.
- Mitigation
  - This risk cannot be mitigated.

b) **Risk analysis (Continued)**

ii) **Currency risk** Note 10 (g)

- Exposure 12 (e)
  - All the purchases are in UAE Dirhams or US Dollars, to which the UAE Dirham is pegged.
  - The Establishment is not significantly exposed to any fluctuation of currency risk with respect to cost of revenue.
- Mitigation
  - Not required.

iii) **Interest rate risk** Note 10 (h)

- Exposure Irrelevant
  - This risk is not relevant for cost of revenue.

iv) **Market prices risk** Note 10 (i)

- Exposure 12 (f)
  - The Management matches suppliers and clients for the same products, since this is the nature of the trade. The lower concentration is a natural effect of change in the revenue pattern.
  - This is a normal feature of the industry in which the Establishment operates, although Management is working on increasing the supplier base with strategic efforts.
- Mitigation
  - Not required.

v) **Liquidity risk** Note 10 (j)

- Exposure 12 (d)
  - This risk is not relevant for cost of revenue.

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

c) **Selling expense** **(No Note)**

i) **Composition**

Expenses that are incidental to carrying out any present or future business activity.

ii) **Classification**

- If significant portion of total expenses:
  - Stated separately as 'Selling expense'.
- If not significant enough:
  - Not classified separately and
  - included in 'Administrative expenses'.

iii) **Additional considerations**

- Period costs — Note 5 (k)
- Related party disclosures — Note 5 (l) (ii)

d) **Administrative expenses** **(Note 14 on Pg 45)**

i) **Composition**

Costs that relate to the performance of regular business operations.

ii) **Additional considerations**

- Period costs — Note 5 (k)
- Related party disclosures — Note 5 (l) (ii)

e) **Staff costs** **(Note 15 on Pg 45)**

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

f) **Other expense** **(Note 16 on Pg 45)**

i) **Composition**

- Impairment to receivables — Note 6 (h)
- Impairment in financial assets — 6 (c) & (e)
- Loss on disposal of property — Note 6 (a)
- Exchange losses — Note 5 (j)

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

ii) These are in the reporting currency.

g) **Borrowing costs** **(Note 17 on Pg 46)**

This is explained along with 'Borrowings' at Note 7 (h) under 'Liabilities'.

h) **Depreciation** **(Note 18 on Pg 46)**

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

i) **Management remuneration** **(No Note)**

i) **Entitlement**

The MoA of the Establishment authorises the Director to receive remuneration for defraying his services.

ii) **Exception**

- The Director has waived his right to receive salary.
- This waiver may be withdrawn any time.

j) **Foreign exchange gain/(loss) (net)**

i) **Composition** **(Note 16 on Pg 45)**

- 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 — Note 4 (f)
- Foreign exchange loss (net)
  Other expense — Note 5 (f)

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

k) **Period costs** **(All expenses)**

i) **Composition**

- Costs that are incurred each year,
- 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.

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

i) **Composition**

- Costs incurred for the Director,
- acting as staff of the Establishment, unless
- specifically incurred for his 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)

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

m) Direct taxes – CT **(Note 29 on Pg 52)**

i) **Composition**
Corporate tax and income-tax (CT & IT).

ii) **Rate applicable**
9% on annual profits exceeding AED 375,000.

iii) **General exceptions**
- Extractive businesses
  - The Establishment's profits are not taxed for extraction and production of natural resources (oil & gas) in Fujairah.
- Banking business
  The Establishment's profits are not taxed at 20% under Dubai Law No 1 of 2024 for 'Banks'.

iv) **Inclusion under corporate tax**
In accordance with Federal Decree Law No 47 of 2022, the Establishment's net income is liable for tax @9% on profits exceeding AED 375,000 with effect from 01 January 2024.

n) WHT / TDS

i) **Composition**
Withholding taxes / Tax deducted at source.

ii) **Rate applicable**
WHT is applicable at 0% in the UAE at present.

iii) **Exception**
UAE has not implemented WHT / TDS.

o) Direct taxes – Pillar II taxation

i) **Composition**
Corporate tax on local profits generated by multinationals companies.

ii) **Rate applicable**
15% on profits, including the 9% CT as above.

iii) **Exception**
The Group has not crossed the threshold of Euro 750 million revenue, as a result of which, Pillar II Taxes are not applicable to it.

p) Indirect taxes – VAT **(Notes 22 & 28)**

i) **Composition**
VAT (Value-added tax).

ii) **Rates applicable**
- 5% on local sales / rendering local services.
- 0% on export sales / export of services.

iii) **Classification**
- VAT charged by suppliers (input credits)
  - Accounted as VAT receivable under 'Trade and other receivables'.
- VAT charged to clients.
  - Accounted as VAT payable under 'Trade and other payables'.
- VAT on unbilled expenses
  - Provisions are recorded without VAT since the suppliers will include it in their bills during the forthcoming year.

iv) **Settlement**
The net VAT payable, after offsetting the VAT receivable, is paid to FTA within the stipulated time of 28 days from the end of the tax

q) Indirect taxes – Excise

i) **Composition**
Excise duty on specified products.

ii) **Rates applicable**
- 100% on alcoholic beverages.
- 50% on tobacco products.
- AED 1.09 per liter on sweetened beverages.
- AED 0.79 per liter on sweetened beverages.
- 0% on other products.

iii) **Exception**
The Establishment is not trading in excisable

r) Indirect taxes – Customs duty

i) **Rate applicable**
Duty, where applicable, is at 5% of CIF value.

ii) **Incidence**
Customs duty, where paid, is expensed out.

Prudential Auditing Fujairah - UAE

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

a) Property, plant and equipment (Note 19 on Pg 46)

i) Composition and estimated useful life

- Equipment	3 years
- Computer hardware & software	3 years
- Motor vehicle	5 years

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.

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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.

viii) **Security**

- Plant, if any, is inside a covered shed.
- Vehicles, if any, do not need covered spaces.
- All assets, if any and with exception to vehicles, are uninsured. However, since the amount is not high, this does not constitute any liquidity or going concern risk.

b) **Risk analysis**

i) **Credit risk** — Note 10 (f)

- Exposure — 19 (c)
  - The Establishment had not availed any loans against assets, so this risk is irrelevant to assets held by it.
- Mitigation
  - This risk is not relevant for the Establishment.

ii) **Currency risk** — Note 10 (g)

- Exposure — 19 (c)
  - This risk is not relevant for property, plant and equipment.

iii) **Interest rate risk** — Note 10 (h)

- Exposure — 19 (c)
  - This risk is not relevant for property, plant and equipment.

iv) **Market prices risk** — Note 10 (i)

- Exposure — 19 (c)
  - The 'Property, plant and equipment' is not exposed to risk of obsolescence and replacements are easily available.
- Mitigation
  - Not required.

v) **Liquidity risk** — Note 10 (j)

- Exposure — 19 (c)
  - Funding the replacement of a significant portion of the 'Property, plant and equipment' in case of a sudden transition will not jeopardise the ability of the Establishment to continue to function as a going concern.
- Mitigation
  - Not required.

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

c) Non-current financial assets

(Note 20 on Pg 46)

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.
- Any marginal fees that could be deducted at the time of withdrawal of the deposits is not recognised as an impairment.

d) Risk analysis

i) **Credit risk – exposure** Note 10 (f)

- Exposure 20 (c)
  - Deposits held with banks
    Deposits are maintained in banks with good credit rating.
  - Deposits with the registration authority
    These are treated at part with government bonds and are not marked for impairment.
  - Deposits with utility service providers
    These are treated at part with government bonds and are not marked for impairment.
  - Deposits with the landlord
    This is recognised at the value at which it was deposited, although the realisability is not assured considering market practices.
- Mitigation
  - Not required.

ii) **Currency risk** Note 10 (g)

- Exposure 20 (c)
  - All deposits are maintained in the UAE Dirham, which is the domicile currency.
  - There is no exposure to currency risk.
- Mitigation
  - Not required.

iii) **Interest rate risk** Note 10 (h)

- Exposure 20 (c)
  - Deposits with bank, if any, receive interest at a fixed rate per annum.
  - Deposits maintained with any other party are not interest bearing and are not exposed to fluctuation of interest risk.
- Mitigation
  - Not required.

iv) **Market prices risk** Note 10 (i)

- Exposure 20 (c)
  - Deposit maintained with the landlord may be forfeited on account of unpredictable reasons, but this risk is not taken into account for recognising impairment.
  - Amounts deducted as fees while withdrawing some deposits are not taken into account for recognising impairment.
- Mitigation
  - Not required.

v) **Liquidity risk** Note 10 (j)

- Exposure 20 (c)
  - Deposit with the landlord will be released upon surrendering the office, as a result, it is classified as non-current.
  - Most other deposits are intended to be retained throughout the lifetime of the Establishment.
- Mitigation
  - Not required.

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

e) **Investment** **(Note 21 on Pg 47)**

i) **Composition**

The Establishment has made investment in subsisdiaries.

ii) **Stated at**

When the Establishment decides to create an investment grade asset, it will be:

- Stated at lower of its carrying amount and fair value less costs to sell.
- Fair value is measured by reference to quoted market prices.

f) **Investment in subsidiaries** **(Note 21 on Pg 47)**

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.

e) **Investment in subsidiaries (Continued)**

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.

g) **Intangible asset** **(No Note)**

i) **Composition & estimated useful life**

The Establishment has not, at present created any intagible asset as of the date of these financial statements.

ii) **Classification and stated at**

- Classified separately only when acquired independently from any other asset class.
- When having finite useful lives
  - Stated at cost less accumulated amortisation and impairment losses.
- When having indefinite useful lives
  - Carried at cost less accumulated impairment losses.

iii) **Amortisation of cost**

Cost is amortised over its estimated useful life on a straight-line basis.

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

h) Trade and other receivables (Note 22 on Pg 47)

i) Composition

- Trade receivables
  - Amounts due from the clients
  - 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 receivables
  - Invoiced amounts less an estimate made for doubtful receivables 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 'Trade and other receivables' (Note 22) under 'Current assets' {Note 6 (h) (v)}}.
  - In all other cases, clubbed with 'Other receivables' (Note 22) under 'Current assets' {Note 6 (h) (v)}}.

iii) Classification – Trade receivables

- 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)

i) Trade and other receivables – Risk analysis (Risk analysis)

i) Credit risk – Impairment Note 10 (f)

- Exposure – Credit policy — See below
  - The clients are extended credit period of up to 30 days, normally.
  - Credit is extended on the basis of assessment of their creditworthiness.
  - Creditworthiness is judged by their conduct in the past, Management's trade experience, their reputation of financial standing, market information and the nature of the market in which they operate.
- Credit monitoring
  - The Management regularly monitors the outstanding amounts and follows up for recovery with periodic calls and occassional visits to the clients.
- Mitigation of credit risk
  - An ageing analysis of the trade receivables is carried out at the end of each reporting period to determine the impairment to their carrying values.
  - If the Management considers the trade receivable 'less' than fully recoverable, an appropriate provision for doubtful debt as required at the end of the reporting period is created.

ii) Credit risk – concentration Note 10 (f)

- Exposure — 22 (d)
  - The risks of concentration of revenue with few clients and concentration of trade receivables with few clients are proportionate to each other and is the nature of the trade of the Establishment.
  - The Management does not expect a total loss of dues from any of the clients on the basis of their knowledge of the clients and their past dealings with them.
- Mitigation of credit risk
  - This risk cannot be mitigated.

iii) Currency risk Note 10 (g)

- Exposure — 22 (e)
  - The clients are invoiced in AED. As such, the Establishment is not exposed to currency risk with respect to the trade receivables.
  - The exposure to fluctuation of currency risk is not expected to significantly affect the financial position of the Establishment or its performance for the year.
- Mitigation
  - No mitigation is required.

iv) Interest rate risk Note 10 (h)

- Exposure — Unclassified
  - Interest is not charged on overdue receivables from clients.
  - The Establishment loses notional interest on such overdue amounts.
- Mitigation
  - No mitigation of this risk is planned.

v) Market prices risk Note 10 (i)

- Exposure — 22 (f)
  - The exposure to fluctuation of geo-political risk is not expected to significantly affect the financial position of the Establishment or its performance for the year.
- Mitigation
  - No mitigation is required.

vi) Liquidity risk Note 10 (j)

- Exposure — Unclassified
  - This risk is not relevant for trade and other receivables.

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

j) Cash equivalents **(Note 24 on Pg 48)**

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 (f)

- Exposure 24 (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.
  - Stamps are fully convertible to legal tender.
  - The other items are not exposed to any risk.

iii) Currency risk Note 10 (g)

- Exposure 24 (a)
  - Bank account is designated in UAE Dirhams and US Dollars.
  - The Establishment is not exposed fluctuation of currency risk with respect to bank balance.
- Mitigation
  - Not required

iv) Market prices risk Note 10 (i)

- Exposure Irrelevant
  - 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 (h)

- Exposure Irrelevant
  - The Establishment loses notional interest on funds held as cash equivalents.
- Mitigation
  - This risk cannot be mitigated.

vi) Liquidity risk Note 10 (j)

- Exposure Irrelevant
  - Cash balance is maintained to satisfy a week's expense, however, higher balances are commonplace.
  - Cash expenses are also carried out through imprest accounts of the staff and Shareholder and the amounts are
  - 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 (Notes 25 & 0)

i) Composition

- Share capital
- Statutory reserve
- Accumulated losses
- Shareholder's current account
- Loan from a Shareholder

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.

iv) Consistency

There are no changes in this policy during the current year.

b) Statutory reserve (Page 9)

i) Basis of calculation

- Minimum appropriation of 5% of the profits of the Establishment till the reserve equals 50% of the paid-up share capital.
- Additional voluntary contribution as decided by Management.
- As required by Article 103 of the CCL {refer Note 2 (d) (i)}.

ii) Nature

Not available for distribution.

c) Accumulated losses (Page 9)

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 'Loan from a Shareholder' if the Establishment requires the funds.

d) 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.

e) Loan from a Shareholder

i) Composition

- Amounts introduced by the Shareholder for funding the capital requirements of the business.
- Retained earnings rerouted in business.

ii) Repayment

- Subordinate to borrowings and
- Repayable on demand.

iii) Interest

- Payable at 6.17% per annum.
- The Shareholder has the right to waive its right to receive interest on loan.

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

f) Borrowings

(Note 26 on Pg 49)

i) Composition

- Includes amounts borrowed from:
  - banks,
  - financial institutions,
  - trade credit facilitators,
  - asset funding organisations,
  - such lenders, by whatever name called, and
  - related parties (subject to below exclusion).
- Excludes:
  - Amounts borrowed from Shareholder,
  - unless the terms of payment of interest and repayment of principal are in the nature of institutional lending.

ii) Classification

- Non-current liability
  - Where the Establishment has an unconditional right to defer settlement of the liability for at least 12 months subsequent to the end of the reporting
- Current liability
  - In all other cases.

iii) Stated at

- Initially
  - Recognised at fair value, net of transaction costs incurred.
- Subsequent to initial recognition
  - Measured at amortised cost using the 'effective interest rate method' {explained at Note 3 (k) (iii)}.

iv) Inclusion of borrowing costs:

- Initial financing costs
  - Fees paid on the establishment of the borrowing facilities are recognised as transaction costs to the extent the facility will be drawn down.
- Subsequent financing costs
  - Deferred fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates, until the draw down occurs and to the extent there is no evidence to the contrary.

v) Renegotiation

Where the terms of a financial liability are renegotiated, a gain or loss is recognised in the 'statement of profit or loss and other comprehensive income', which is measured as the difference between the carrying amount of the financial liability and the fair value of the financial liability agreed.

vi) Repayment

- Borrowings are removed from the 'statement of financial position' when the obligation specified in the contract is discharged, cancelled or expired.
- The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the 'statement of profit or loss and other comprehensive income' as other income or finance costs, as
- Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the 'effective interest rate method' {explained at Note 3 (k) (iii)}.

vii) Covenants

The loan is secured against the guarantee of the shareholder.

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

g) **Borrowings – Risk analysis**

i) **Credit risk – Security** Note 10 (f)

- Exposure 26 (h)
  - The borrowings are secured. 7 (f) (vii)
  - The securities are disclosed at Note 26 (h).
- Mitigation
  - This risk cannot be mitigated.

ii) **Currency risk** Note 10 (g)

- Exposure 26 (i)
  - There is no fluctuation of currency risk with respect to borrowings.
- Mitigation
  - Not required.

iii) **Interest rate risk** Note 10 (h)

- Exposure 26 (j)
  - The interest rate is linked to LIBOR.
- Mitigation
  - This risk cannot be mitigated.

iv) **Liquidity risk** Note 10 (h)

- Exposure 26 (k)
  - The revenue is sufficient to cover the loans.
- Repayment
  - The loan is repayable in equated monthly instalments.
- Mitigation
  - This risk cannot be mitigated.

v) **Risk analysis – Borrowing costs**

- The risks of the borrowings and the borrowings cost would generally be identical.
- This is repeated at Note 7 (i).

h) **Borrowing costs** **(Note 17 on Pg 46)**

i) **Composition**

Costs incurred on funds obtained from banks, financial institutions or related parties.

ii) **Revenue recognition**

Accrued and expensed out on period basis.

iii) **Capitalisation**

Added to the cost of the assets concerned to the extent directly attributable to the acquisition / construction / production of the qualifying assets that necessarily take a substantial period of time beyond a reporting period to get ready for their intended use or sale.

iv) **Exception**

The Establishment has not availed loan or borrowed funds to satisfy its short term or long term capital requirements during the reporting period.

i) **Borrowing costs – Risk analysis** Note 10 (h)

- Exposure Note 17
  - Credit risk Note 17
  - Currency risk Note 17
    Interest is payable in the same currency as the loan to which it pertains.
  - Interest rate risk Note 17
  - Market prices risk NA
  - Liquidity risk NA
- Mitigation Note 7 (g)

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

j) **Staff end-of-service gratuity (Note 27 on Pg 51)**

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.
- 30 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.

k) **Leave salary provision**

i) **Composition**

Compensation to employees when they are away from their job due to vacation without any pay deductions.

ii) **Stated at**

Amount calculated at the end of the year.

iii) **Basis of provision**

In accordance with the local labour laws.

iv) **Basis of calculation**

- 2.5 days' of total salary, including allowances, for each month or part thereof

l) **Leave travel provision**

i) **Composition**

Travel cost for employees to proceed on annual leave as above and return from the same to resume their duties.

ii) **Stated at**

- Treated as a period cost and written off in the year in which it is incurred.
- It is provided in the books only when the amount becomes material.

iii) **Basis of provision**

- About AED 1,500 per person divided over the working period of the employee.
- Since unavailed leave travel cannot be encashed, it is not provided every year.

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

m) **Trade and other payables** **(Note 28 on Pg 51)**

i) **Composition**

- Trade payables {See (ii) below}
- Provisions and accruals {See (iii) below}
- Duties and taxes {See (iv) below}
- Advance from clients {See (v) below}
- Suppliers for capital assets {See (vi) below}
- Industry specific dues {See (vii) 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 towards customs duty and excise,
- Payable to FTA towards VAT, if any, and
- Corporate and other taxes payable.

v) **Composition – Advance from clients**

- Advances received, pending performance obligations or refunds,
- where the Establishment has a present obligation to deliver goods or services in the future and
- which is stated as a separate line item.

vi) **Composition – Suppliers for capital assets**

- Payables against capital assets supplied to the Establishment and
- which are stated as a separate line item.

vii) **Composition – Industry specific dues**

- Royalty payments, where applicable.
- Other dues, as applicable to the Establishment.

viii) **Incidence**

Recognised when a reliable estimate of the amount of the obligation can be made.

ix) **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.

x) **Stated at**

- Initially
  - Recognised at fair value.
- Subsequently
  - Measured at amortised cost using the 'effective interest rate method' {explained at Note 3 (k) (iii)}.

xi) **Settlement**

- The amounts are unsecured and
- These are usually paid within 30 to 60 days of recognition,
- Subject to exceptions.

xii) **Post sales, client support and warranties**

The estimated claims to repair or replace products still under warranty at the end of the reporting period are recognised based on the historical knowledge of the level of repairs and replacements and debited to 'Warranty claims' account.

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

n) **Trade and other payables – Risk analysis** **(Note 28 on Pg 51)**

i) **Credit risk** Note 10 (f)

- Exposure 28 (a)
  - These amounts are payable by the Establishment, as a result of which, it is not exposed to risk of default on account of trade creditors.
  - However, delays in serviceing trade debts are likely to increase the cost of borrowing to which the Establishment is exposed.
- Mitigation
  - Not required.

ii) **Currency risk** Note 10 (g)

- Exposure 28 (b)
  - All trade creditors and taxes are payable in UAE Dirhams or US Dollars to which the UAE Dirham is pegged.
  - The Establishment is not exposed to any risk of fluctuation of currency on account of trade payables.
  - Payables in foreign currency, if any, are not hedged to protect against fluctuations.
- Mitigation
  - Not required.

iii) **Interest rate risk** Note 10 (h)

- Exposure 28 (c)
  - Default of payment obligations is likely to expose the Establishment to delayed payment penalties or interest on trade
  - 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.
- Mitigation
  - Not required.

iv) **Market prices risk** Note 10 (i)

- Exposure 28 (d)
  - 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.
- Mitigation
  - Not required.

v) **Liquidity risk** Note 10 (j)

- Exposure 28 (e)
  - The Management does not rely on credit from trade suppliers as a principal source of funding the working capital requirements of the Establishment.
  - As a result, the Establishment is not exposed to significant liquidity risk from its liability to trade creditors.
  - A keyman insurance or other protection against default risk is not executed.
- Mitigation
  - Not required.

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

(Note 10 on Pg 42)

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,
- Trade and other receivables,
- 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 loan.

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 (k) (iii)}.

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 (k) (iii)}.

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 (k) (iii)}.

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,
- Trade and other payables,
- Advances from clients,
- Related party payables and
- Credit balance in Shareholder's current account and loan.

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 asset.

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 US Dollar or the UAE Dirham, which is pegged to the US Dollar.

ii) **Recognition**

- Transactions in other foreign currencies are translated into the US Dollar 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 other foreign currencies are translated into the US Dollar at the rate of exchange ruling at the end of the reporting period.
- Non-monetary items that are measured at historical cost in another foreign currency are not translated – these are measured at a fair value in that foreign currency and translated into the reporting currency at the exchange rate when the fair value was

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.

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

k) Related party (Note 30 on Pg 52)

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,
- Director,
- 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 year 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 for its benefit.
- 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 10)

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 (Note 33 on Pg 53)

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 lessor {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 (h) (ii).
- The new policy is described below.
- The impact of change described at Note 2 (v).

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

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.

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 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
- 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

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.

g) Refer Notes 17, 19 & 32 to the financial statements for corresponding details.

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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 (f) to (j) 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 11 to 42.

d) **Measurement**
This exposure to these risks is presented under respective classifications in the analytical notes from page 43 to 52.

e) **Summary of the correlations**
Refer Table A on Page 53.

f) **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.

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

h) **Interest rate risk**
The possibility that the value of an investment will decline as the result of an unexpected change in interest rates.

i) **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'.

j) **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.

k) **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.

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Notes to the Financial Statements
Year ended 31 March 2026

Sr	Particulars	2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
11	**Revenue**					
	Cargo handling and maintenance services					
	- Port of Fujairah	**3,164,197**	-		1x↑	1x↓
	- Port of Dibba	**4,395,388**	1,223,859		2x↑	1x↑
	- Incentive from Port of Fujairah	**-**	2,000,000		1x↓	1x↑
		7,559,585	3,223,859	(a) – (d)	1x↑	60%↓

a) Key reasons for change in revenue volume

i) Analysis of the growth in revenue

- Market penetration efforts of the Management yielded positive results, which increased the number of clients as well as the overall volume traded with them.
- The improvement in the overall economic conditions also assisted the Establishment.

ii) Numerical and statistical analysis

	2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
Number of overall clients	**2**	1	–	1x↑	0.00%↑

b) Credit risk – exposure of revenue to risk of concentration with few major clients:

	2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
Revenue with major clients	**4,395,388**	1,223,859	58%:38%	2x↑	85%↓
Extent of concentration in value	**58%**	38%	–	53%↑	62%↓
Concentration by client count	**1**	1	(f)	0.00%↑	0.00%↑
Proportion to total clients	**50%**	100%	–	50%↓	0.00%↑

c) Currency risk – revenue classified by currencies in which invoices are raised:

	2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
UAE Dirhams	**7,559,585**	3,223,859	(f)	1x↑	60%↓

d) Geo-political risk – revenue classified by countries in which clients are based:

	2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
United Arab Emirates	**7,559,585**	3,223,859	(f)	1x↑	60%↓

e) Liquidity risk – risk of continuity of revenue in the forthcoming year:

The Establishment has not generated revenue from the end of the reporting period till the date of these financial statements. However, as per the terms of engagement with the clients, it would be booked in stages during and by the end of the forthcoming reporting period.

f) The correlation between risks is tabulated at Pg 53. 10 (e)

g) The accounting policy adopted & consistently applied is stated at Pg 19. 4 (a)

Sr	Particulars	2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
12	**Cost of revenue**					
	Cargo handling expenses	**17,372,688**	460,720	(a) – (g)	3Kx↑	92%↓
	Less: charged to Port of Fujairah	**(17,372,688)**	-	14 (b)	1x↓	–
		-	460,720		1x↓	92%↓

a) Key reasons for decrease in costs – variance analysis

i) Analysis of the decrease in cost of revenue

- The cost of revenue has decreased in proportion to the revenue.
- This is a standard feature of the industry in which the Establishment operates.

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Sr	Particulars	2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
12	**Cost of revenue (Continued)**					
a)	Key reasons for decrease in costs – variance analysis (Continued)					
ii)	Numerical and statistical results					
	Change in revenue	1x↑	60%↓	11 (a) (ii)		
	Change in cost of revenue	1x↓	92%↓	(i)		

b) The Establishment has completely outsourced the activity of cargo handling and repairs to an independent third party. As such, the cargo handling expenses includes all the costs incurred for the third party to provide qualified operation, maintenance and administrative manpower around the clock and perform all services as agreed.

c) The cargo handling sub-contractor's fee includes a proportionate performance incentive. The Establishment has provided a back-to-back assurance on minimum performance, but has provided for a lower incentive as mutually agreed between the Management and the supplier.

Sr	Particulars	2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
d)	Credit risk – exposure of cargo handling expenses to risk of concentration with few service providers:					
	Cargo handling expenses from few suppliers	**17,372,688**	460,720	100%:100%	3Kx↑	92%↓
	Extent of concentration in value	**60%**	80%	(g)	25%↓	2.44%↓
	Suppliers with concentration of trade	**1**	1	–	0.00%↑	0.00%↑
e)	Currency risk – cargo handling expenses classified by currency in which bills are received:					
	UAE Dirhams	**17,372,688**	460,720	(g)	3Kx↑	92%↓
f)	Geo-political risk – cargo handling expenses classified by country in which suppliers are based:					
	United Arab Emirates	**17,372,688**	460,720	(g)	3Kx↑	92%↓
g)	The correlation between risks is tabulated at Pg 53.			10 (e)		
h)	The accounting policy adopted & consistently applied is stated at Pg 21.			5 (a)		
13	**Other income**					
	Interest income on					
	- Fixed deposits	**1,115,830**	1,330,238	–	16%↓	6x↑
	- Loan to related party	**516,051**	5,880,400	20 (a)	91%↓	1x↑
	Other Income	**21,751**	-	–	1x↑	–
		1,653,632	7,210,638		77%↓	1x↑
a)	The correlation between risks is tabulated at Pg 53.			10 (e)		
b)	The accounting policy adopted & consistently applied is stated at Pg 21.			4 (f)		

Notes to the Financial Statements
Year ended 31 March 2026

Sr	Particulars	2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
14	**Administrative expenses**					
	Staff costs	**1,997,064**	2,358,749	15 (a)	15%↓	6.65%↑
	Trade license expenses and office rent	**131,473**	29,245	(a)	3x↑	28%↓
	Telephone	**54,349**	61,021	–	11%↓	48%↑
	Travelling and boarding	**109,061**	164,035	–	34%↓	27%↓
	Professional fees	**18,352**	46,056	(a)	60%↓	2x↑
	Printing and stationery	**9,428**	6,898	–	37%↑	1x↑
	Bank charges	**20,084**	7,140	–	1x↑	29%↑
	Depreciation	**706,793**	691,423	19	2.22%↑	2x↑
	Other administrative expenses	**95,237**	137,104	–	31%↓	35%↑
		3,141,840	3,501,671		10%↓	23%↑
	Less: charged to Port of Fujairah	**(3,141,840)**	(3,465,732)	(b)	9.35%↑	3x↓
		-	35,939		1x↓	98%↓
a)	Treated as period costs	**149,825**	75,301	5 (k)	99%↑	41%↑

b) In order to better reflect its business model and purpose, the Management has changed the method of disclosure of revenue and expenses starting from 1 January 2024. As part of its agreement with the Port of Fujairah, all the expenses are charged to the account of Port of Fujairah on a monthly basis instead of considering those as expenses of the Establishment.

c) The accounting policy adopted & consistently applied is stated at Pg 22. 5 (d)

Sr	Particulars	2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
15	**Staff costs**					
	Salaries and overtime	**1,912,089**	2,324,072	–	18%↓	9.17%↑
	Health insurance	**41,667**	-	–	1x↑	1x↓
	End-of-service gratuity	**43,308**	34,677	27	25%↑	39%↓
		1,997,064	2,358,749		15%↓	6.65%↑
a)	Included under:					
	Administrative expenses	**1,997,064**	2,358,749	–	15%↓	6.65%↑
b)	Staff strength for the reporting period	**10**	10	–	0.00%↑	0.00%↑

c) The Director has waived his right to receive salary. 5 (i)

d) The accounting policy adopted & consistently applied is stated at Pg 22. 5 (e)

Sr	Particulars	2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
16	**Other expense**					
	Foreign exchange losses (net)	-	794,379	–	1x↓	8x↑

The accounting policy adopted is consistently applied. 5 (j), 8 (j) & 10 (g)

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Sr	Particulars	2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
17	**Finance costs**					
	Interest expense on:					
	- Loan from bank	**22,477,442**	29,519,209	26 (b)	24%↓	2x↑
	- Loan from related party	**1,899,910**	3,680,085	26 (c)	48%↓	2x↑
	Loan processing fees	**1,781,852**	1,573,391	26 (d)	13%↑	2x↑
	Bank guarantee charges	**-**	3,673	–	1x↓	2x↑
	Other financial charges	**310,003**	-	–	1x↑	–
		26,469,207	34,776,358		24%↓	2x↑
	The accounting policy adopted & consistently applied is stated at Pg 33.			7 (h)		
18	**Depreciation**					
	Equipment	**637,866**	621,081		2.70%↑	3.51%↑
	Computer hardware & software	**16,046**	12,981		24%↑	30%↑
	Motor vehicle	**52,881**	57,359		7.81%↓	15%↑
	Classified as administrative expenses	**706,793**	691,421	14	2.22%↑	15%↑
	The accounting policy adopted & consistently applied is stated at Pg 22.			5 (h)		
19	**Property, plant and equipment**					
	Cost	**2,202,243**	1,976,123		11%↑	1x↑
	Accumulated depreciation	**(706,793)**	-		1x↓	–
	Net book values	**1,495,450**	1,976,123		24%↓	1x↑
a)	**Reconciliation of net book value**					
	Opening balance	**2,217,234**	2,663,641		17%↓	33%↑
	Purchased during the year	**39,637**	245,014		84%↓	23%↑
	Depreciation for the year	**(706,793)**	(691,421)		2.22%↓	0.21%↓
	Net book values	**1,550,078**	2,217,234		30%↓	47%↑
b)	The movements schedule is set out on Page 52.					
c)	The correlation between risks is tabulated at Pg 53.			10 (e)		
d)	The accounting policy adopted & consistently applied is stated at Pg 24.			6 (a)		
20	**Non-current financial assets**					
	Loan to a related party	**1,060,701**	26,527,587	(a)	96%↓	77%↓
	Deposits held with FFZA	**38,000**	38,000	(b) (i)	0.00%↑	0.00%↑
	Other deposit	**38,000**	38,000	(b) (ii)	0.00%↑	5.00%↓
		1,136,701	26,603,587		96%↓	77%↓

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Sr	Particulars	2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
20	**Non-current financial assets (Continued)**					
a)	**Movement in loan to related party**					
	Opening balance	**26,527,587**	117,620,931		77%↓	12%↓
	Repayment of loan	**(25,556,326)**	(91,093,098)		72%↑	4x↓
	Interest income earned	**516,052**	5,880,400	13	91%↓	1x↑
	Interest income received	**(426,612)**	(5,880,646)		93%↑	1x↓
		1,060,701	26,527,587		96%↓	77%↓

b) Composition

i) These are maintained against visas obtained for staff.

ii) Represents deposit with landlord, which is equivalent to 10% of the annual rent.

c) The correlation between risks is tabulated at Pg 53. 10 (e)

d) The accounting policy adopted & consistently applied is stated at Pg 26. 6 (c)

Sr	Particulars	2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
21	**Investments in subsidiaries**					
	At cost (Issued share capital)					
	- JSW Middle East Liquid Terminal Corp	**552,936,427**	552,936,427	(a)	0.00%↑	0.00%↑
	- JSW Overseas FZE	**150,000**	-	(b)	1x↑	–
		553,086,427	552,936,427	(c)	0.03%↑	0.00%↑

a) The Establishment holds 500 equity shares in JSW Middle East Liquid Terminal Corp, Republic of the Marshall Islands, pursuant to a Share Purchase Agreement executed with a related party.

b) The Establishment holds 1,000 equity shares in JSW Overseas FZE, Fujairah Free Zone, UAE at a face value of AED 150 per share.

c) The investments are carried at cost. The Management is confident that no impairment needs to be recognised in the carrying value of the investments.

A fire at the terminal facility of JSW Middle East Liquid Terminal Corp resulted in damage to certain storage tanks and related infrastructure with a carrying amount of USD 13,023,822. The Management has recognised an insurance claim receivable in respect of the damage sustained.

d) The accounting policy adopted is consistently applied.

Sr	Particulars	2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
22	**Trade receivable**					
	Trade receivables	**4,141,160**	463,091	(a) – (f)	7x↑	56%↓
a)	Credit risk – ageing analysis of trade receivables as at the end of the reporting period					
	• Neither past due nor impaired			6 (i) (i)		
	- 1 month to 3 months	**4,141,160**	463,091	100%:100%	7x↑	56%↓
	Trade receivables at the end of the year	**4,141,160**	463,091	100%:100%	7x↑	56%↓
	• Subsequent realisation	**-**	(463,091)	(c)	1x↑	56%↑
	Receivables at the date of the report	**4,141,160**	-	100%:0%	1x↑	–

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Sr	Particulars		2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
22	**Trade receivable (Continued)**						
b)	Credit risk – the realisability of trade receivables is partially covered by securities held by the Establishment. Although the entire trade receivable is due from two clients, this is in line with the concentration of revenue and follows the purpose of setting up the Establishment.						
c)	Subsequent realisation – since the end of the reporting period and up to the date of this report						
	- Total realised from trade receivables		-	463,091	(a)	NA	NA
d)	Credit risk – concentration						
	Assessment of the risk to the continuity of the working capital cycle and liquidity of the Establishment from default of payment of dues from a few large trade receivables:						
	Few high trade receivables		**2,371,068**	463,091		4x↑	56%↓
	Proportion to total trade receivables		**57%**	100%	–	43%↓	0.00%↑
	Number of clients		**1**	1	(g)	0.00%↑	80%↓
	Proportion to total clients		**50%**	100%	–	50%↓	80%↓
e)	Currency risk – trade receivables classified by currency in which amounts are receivable:						
	UAE Dirhams	100%	**4,141,160**	463,091	(g)	7x↑	56%↓
f)	Geo-political risk – trade receivables classified by country in which the Establishment's clients are based:						
	United Arab Emirates	100%	**4,141,160**	463,091	(g)	7x↑	56%↓
g)	The correlation between risks is tabulated at Pg 53.				10 (e)		
h)	The accounting policy adopted & consistently applied is stated at Pg 28.				6 (h)		
23	**Other receivables and prepayments**						
	VAT receivable			29,051		1x↓	91%↓
	Prepaid expenses		149,582	101,946		47%↑	17%↑
	Staff advances		3,600	1,134		2x↑	64%↑
			153,182	132,131		16%↑	67%↓
	The accounting policy adopted & consistently applied is stated at Pg 28.				6 (h)		
24	**Cash equivalents**						
	Balance in a current account with a bank		**472,722**	2,887,361	(a) – (b)	84%↓	64%↓
	Fixed deposits with a bank		**18,818,125**	38,488,875	(a) – (b)	51%↓	1x↑
			19,290,847	41,376,236		53%↓	4x↑
a)	Currency risk – bank account is designated in the following currencies:						
i)	Balance in a current account with a bank						
	UAE Dirhams		**255,363**	2,679,356	54%:93%	90%↓	34%↑
	US Dollars		**217,359**	208,005	46%:7%	4.50%↑	4.00%↑
			472,722	2,887,361	(c)	84%↓	31%

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Notes to the Financial Statements
Year ended 31 March 2026

Sr	Particulars		2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
24	**Cash equivalents (Continued)**						
a)	Currency risk – bank account is designated in the following currencies: (Continued)						
ii)	Fixed deposits with a bank						
	UAE Dirhams		**18,818,125**	35,000,000		46%↓	1x↑
	US Dollars		**-**	3,488,875		1x↓	1x↑
			18,818,125	38,488,875	(c)	51%↓	1x↑
b)	Credit risk – bank balance is maintained with:						
i)	Balance in a current account with a bank						
	National Bank of Fujairah	100%	**472,722**	2,887,361	(c)	84%↓	31%↑
ii)	Fixed deposits with a bank						
	National Bank of Fujairah	100%	18,818,125	38,488,875		51%↓	1x↑
c)	The correlation between risks is tabulated at Pg 53.				10 (e)		
d)	The accounting policy adopted & consistently applied is stated at Pg 30.				6 (j)		
25	**Share capital**						
	1,000 shares of AED 211,956.1 each		**211,956,100**	211,956,100		NA	NA
	The accounting policy adopted & consistently applied is stated at Pg 31.				7 (a)		
26	**Borrowings**						
	Bank loan		**378,623,605**	403,116,058	(b) & (e)	6.08%↓	7.30%↓
	Loan from related party		**31,554,366**	31,558,038	(c) & (f)	0.01%↓	8.10%↓
	Less: Pre-paid processing fee paid		**(6,537,004)**	(4,546,463)	(d) & (g)	44%↓	26%↑
			403,640,967	430,127,633		6.16%↓	7.11%↓
a)	**Net borrowings**						
	Non-current	(A+C-E)	**352,804,405**	387,558,822	–	8.97%↓	9.12%↓
	Current (B+D)	(B+D-F)	**50,836,562**	42,568,811	–	19%↑	16%↑
			403,640,967	430,127,633		6.16%↓	7.11%↓
b)	**Movement in loan from bank**						
	Opening balance		**403,116,058**	434,843,655	–	7.30%↓	1x↑
	Repayment		**(24,492,453)**	(31,727,597)	–	23%↑	1x↓
	Interest expense charged		**1,899,910**	3,680,085	17	48%↓	62%↓
	Interest expense repaid		**(1,899,910)**	(3,680,085)	–	48%↑	55%↑
	Closing balance		**378,623,605**	403,116,058		6.08%↓	7.30%↓

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Notes to the Financial Statements
Year ended 31 March 2026

Sr	Particulars		2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
26	**Borrowings (Continued)**						
c)	**Movement in loan from related party**						
	Opening balance		**31,558,038**	34,338,770	–	8.10%↓	1x↑
	Repayment		**(3,672)**	(2,780,732)	–	100%↑	1x↓
	Interest expense charged		**1,899,910**	3,680,085	17	48%↓	2x↑
	Interest expense repaid		**(1,899,910)**	(3,680,085)	–	48%↑	1x↓
	Closing balance		**31,554,366**	31,558,038		0.01%↓	8.10%↓
d)	**Movement in processing fee**						
	Opening		**4,546,463**	6,119,854	–	26%↓	1x↑
	Paid during the year		**3,772,393**	-	–	1x↑	1x↓
	Amortised during the year		**(1,781,852)**	(1,573,391)	17	13%↓	2x↓
	Closing balance		**6,537,004**	4,546,463		44%↑	26%↓
e)	**Repayment schedules - Loan from bank**						
	Between 1 and 2 years		**44,070,000**	36,725,000	–	20%↑	0.00%↑
	Between 2 and 3 years		**49,578,750**	44,070,000	–	13%↑	0.00%↑
	Between 3 and 4 years		**51,415,000**	44,070,000	–	17%↑	0.00%↑
	Between 4 and 5 years		**187,297,500**	240,548,750	–	22%↓	14%↓
	Non-current	(A)	**332,361,250**	365,413,750	–	9.05%↓	9.55%↓
	Current	(B)	**46,262,355**	37,702,308		23%↑	22%↑
			378,623,605	403,116,058		6.08%↓	7.30%↓
f)	**Repayment schedules - Loan from related party**						
	Between 1 and 2 years		**6,310,873**	6,311,608	–	0.01%↓	8.10%↓
	Between 2 and 3 years		**6,310,873**	6,311,608	–	0.01%↓	8.10%↓
	Between 3 and 4 years		**6,310,873**	6,311,608	–	0.01%↓	8.10%↓
	Between 4 and 5 years		**6,310,873**	6,311,608	–	0.01%↓	8.10%↓
	Non-current	(C)	**25,243,493**	25,246,430		0.01%↓	8.10%↓
	Current	(D)	**6,310,873**	6,311,608		0.01%↓	8.10%↓
			31,554,366	31,558,038		0.01%↓	8.10%↓
g)	**Amortisation schedule - Processing fee**						
	Between 1 and 2 years		**1,522,602**	1,289,698	–	18%↑	17%↓
	Between 2 and 3 years		**1,287,801**	1,127,541	–	14%↑	15%↓
	Between 3 and 4 years		**1,033,436**	684,119	–	51%↑	41%↓
	Between 4 and 5 years		**956,499**	-	–	1x↑	1x↓
	Non-current	(E)	**4,800,338**	3,101,358		55%↑	38%↓
	Current	(F)	**1,736,666**	1,445,105		20%↑	29%↑
			6,537,004	4,546,463		44%↑	26%↓

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Notes to the Financial Statements
Year ended 31 March 2026

Sr	Particulars	2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
26	**Borrowings (Continued)**					
h)	Credit risk – assets offered as security and exposed to risk of seizure in the event of default:					
	Secured borrowings	**378,623,605**	403,116,058		6.08%↓	7.30%↓
	Security coverage (covenants)	Almost 100%	Almost 100%	7 (f) (vii)		
i)	Currency risk – borrowings classified by currency in which loans are repayable:					
	US Dollars	**378,623,605**	403,116,058		6.08%↓	7.30%↓
	Indian Rupees	**31,554,366**	31,558,038		0.01%↓	8.10%↓
		410,177,971	434,674,096	(l)	5.64%↓	7.35%↓
j)	Interest rate risk – risk on account of fluctuation of interest on the borrowings:					
	Charged at 5.64% pa on reducing balance	**378,623,605**	403,116,058	(l)	6.08%↓	7.30%↓
	Charged at 6.17% pa on reducing balance	**31,554,366**	31,558,038	(l)	0.01%↓	8.10%↓
	- The interest rate is linked to the LIBOR.			7 (g) (iii)		
k)	Repayment policy			7 (g) (iv)		
	Repayment schedule			(e) & (f)		

l) The correlation between risks is tabulated at Pg 53. 10 (e)

m) The accounting policy adopted & consistently applied is stated at Pg 32. 7 (f)

Sr	Particulars	2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
27	**Staff end-of-service gratuity provision**					
	Opening balance	**133,332**	103,056	–	29%↑	1x↑
	Provision for the year	**43,308**	34,677	15	25%↑	38%↓
	Paid during the year	**(36,244)**	(4,401)	–	7x↓	1x↓
	Closing balance	**140,396**	133,332		5.30%↑	29%↑

The accounting policy adopted & consistently applied is stated at Pg 34. 7 (j)

Sr	Particulars	2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
28	**Trade and other payables**					
	Trade payables	**134,859**	-	(a) & (f)	1x↑	–
	Sub-contractor	**385,329**	1,369,362	–	72%↓	33%↓
	Provisions for staff salaries and airfare	**893,067**	779,178	–	15%↑	22%↑
	VAT	**90,814**	-	–	1x↑	–
	Professional fee	**19,308**	9,556	–	1x↑	68%↓
		1,523,377	2,158,096		29%↓	20%↓

a) Credit risk – the amounts are payable with the following approximate time-frame:
The maturity profile of the trade payables is not presented.

Sr	Particulars	2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
b)	Currency risk – trade and other payables are designated in:					
	UAE Dirhams	**134,859**	-	(f)	1x↑	–

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Sr	Particulars	2026 AED	2025 AED	Note Nos	2026 Net Δ	2025 Net Δ
28	**Trade and other payables (Continued)**					
c)	Interest rate risk – amounts that are likely to change on account of change of rate of interest thereon:					
	- Not exposed to late payment penalty	**134,859**	-	(f)	1x↑	–
d)	Market prices risk – the amounts are payable in:					
	UAE	**134,859**	-	(f)	1x↑	–
e)	Liquidity risk – Exposure to risk of delay in fulfilling the payment obligations: The trade payables do not have any risk of default.					
f)	The correlation between risks is tabulated at Pg 53.			10 (e)		
g)	The accounting policy adopted & consistently applied is stated at Pg 35.			7 (m)		
29	**Corporate tax**					
a)	During the current reporting period, the Establishment incurred a loss of AED 17,255,990. So the Establishment is not liable to pay corporate tax.					
b)	The Establishment has carried forward the loss of AED 17,255,990 of the current period and will offset this loss with the next year's profit.					
c)	The accounting policy adopted & consistently applied is stated at Pg 23.			5 (m)		
30	**Related party**					
a)	Significant balance with a related party at the end of the reporting period:					
i)	**Shareholder**					
	Borrowings	**31,554,366**	31,558,038		0.01%↓	8.10%↓
	Contingent liability	**15,000,000**	15,000,000		0.00%↑	0.00%↑
ii)	**Entities under common management control**					
	JSW Middle East Liquid Terminal Corp.					
	- Investment	**552,936,427**	552,936,427	21 (a)	0.00%↑	0.00%↑
	- Loan	**1,060,701**	26,527,587	20 (a)	96%↓	77%↓
	JSW Overseas FZE					
	- Investment	**150,000**	-	21 (b)	1x↑	–
b)	Significant transaction with related party during the year:					
i)	**Shareholder**					
	Finance costs	**1,899,910**	3,680,085	17	48%↓	2x↑
ii)	**Entities under common management control**					
	JSW Middle East Liquid Terminal Corp					
	- Interest income earned	**516,051**	5,880,400	12	91%↓	1x↑
c)	The accounting policy adopted & consistently applied is stated at Pg 39.			8 (k)		

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Notes to the Financial Statements
Year ended 31 March 2026

31 **Purchase commitment**

The Establishment has not commited to acquire any additional assets that will create long term liabilities and the purchase orders placed for goods and / or services are in the normal course of business.

32 **Comparative figures**

There is no significant reclassification or restatement of the figures of the previous reporting period.

33 **Contingent liability**

Bank guarantees	**12,000,000**	12,000,000	20 (b)	0.00%↑	0.00%↑

This performance bank guarantee is provided to the client. It is secured by the Shareholder's guarantee of AED 15,000,000.

The accounting policy adopted & consistently applied is stated at Pg 40. 8 (m)

34 **Approval of these financial statements**

These financial statements were approved by the Directors and authorised for issue on 04 May 2026.

These 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 Terminal (Middle East) FZE

Lalit Singhvi	**Madhu Gopal Ravikanthi**	**Krunal Aundhiya**
Director	Director	Director
Monday 04 May 2026	Monday 04 May 2026	Monday 04 May 2026

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Notes to the financial statements
Year ended 31 March 2026

A Risk management (Risk exposure listing) – (refer Note 10)

Risk classification	Credit risk		Currency risk		Interest rate risk		Market prices risk		Liquidity risk	
Definition and recognition at	**Note 10 (f)**		**Note 10 (g)**		**Note 10 (h)**		**Note 10 (i)**		**Note 10 (j)**	
Classification and measurement	**Presented**	**Disclosed**	**Presented**	**Disclosed**	**Presented**	**Disclosed**	**Presented**	**Disclosed**	**Presented**	**Disclosed**
Revenue	11 (b)	4 (c) (i)	11 (c)	4 (c) (ii)	Irrelevant	4 (c) (iii)	11 (d)	4 (c) (iv)	11 (e)	4 (c) (v)
Other income	13 (a)	Undefined	13 (a)	Undefined	13 (a)	Undefined	13 (a)	Undefined	13 (a)	Irrelevant
Cost of revenue	12 (d)	5 (b) (i)	12 (e)	5 (b) (ii)	Irrelevant	5 (b) (iii)	12 (f)	5 (b) (iv)	12 (d)	5 (b) (v)
Borrowing costs	Unclassified	Undefined	Unclassified	Undefined	17	5 (h) (h)	Unclassified	Undefined	Unclassified	Undefined
Property, plant and equipment	19 (c)	6 (b) (i)	19 (c)	6 (b) (ii)	19 (c)	6 (b) (iii)	19 (c)	6 (b) (iv)	19 (c)	6 (b) (v)
Non-current financial assets	20 (c)	6 (d) (i)	20 (c)	6 (d) (ii)	20 (c)	6 (d) (iii)	20 (c)	6 (d) (iv)	20 (c)	6 (d) (v)
Trade receivable	See below	See below	22 (e)	6 (i) (iii)	Unclassified	6 (i) (iii)	22 (f)	6 (i) (v)	Unclassified	6 (i) (vi)
- Ageing impairment	22 (a)	6 (i) (i)	As above	As above	As above	As above	As above	As above	As above	As above
- Concentration	22 (d)	6 (i) (ii)	As above	As above	As above	As above	As above	As above	As above	As above
Cash equivalents	24 (b)	6 (j) (ii)	24 (a)	6 (j) (iii)	Irrelevant	6 (j) (v)	Irrelevant	6 (j) (iv)	Irrelevant	6 (j) (vi)
Borrowings	26 (h)	7 (g) (i)	26 (i)	7 (g) (ii)	26 (j)	7 (g) (iii)	Irrelevant	Undefined	26 (k)	7 (g) (iv)
Trade and other payables	28 (a)	7 (n) (i)	28 (b)	7 (n) (ii)	28 (c)	7 (n) (iii)	28 (d)	7 (n) (iv)	28 (e)	7 (n) (v)

B Risk management (Maturity profile) – (refer Note 10)

The details of maturity dates of the Establishment's financial liabilities are not presented as they do not significantly affect its financial position at the end of the reporting period or its performance for the period.

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Notes to the financial statements
Year ended 31 March 2026

Property, plant and equipment (Movements schedule) – (refer Note 19)

	Equipment	Computer hardware & software	Motor vehicle	Total
	AED	AED	AED	AED
Net book values				
Cost	2,789,510	61,761	452,060	3,303,331
Accumulated depreciation	(1,396,731)	(43,293)	(313,229)	(1,753,253)
As at 31 March 2026	**1,392,779**	**18,468**	**138,831**	**1,550,078**
Cost	2,789,510	59,019	415,165	3,263,694
Accumulated depreciation	(758,865)	(27,247)	(260,348)	(1,046,460)
As at 31 March 2025	2,030,645	31,772	154,817	2,217,234
Reconciliation of net book values				
As at 01 April 2024	2,406,712	44,753	212,176	2,663,641
Additions during the year	245,014	-	-	245,014
Depreciation for the year	(621,081)	(12,981)	(57,359)	(691,421)
As at 31 March 2025	2,030,645	31,772	154,817	2,217,234
Additions during the year	-	2,742	36,895	39,637
Depreciation for the year	(637,866)	(16,046)	(52,881)	(706,793)
As at 31 March 2026	**1,392,779**	**18,468**	**138,831**	**1,550,078**

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Prudential Auditing

PO Box 5201, Fujairah, UAE

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