MUBARAK ALKETBI
Chartered Accountants

PANOL INDUSTRIES RMC FZE

RAK MARITIME CITY

RAS AL KHAIMAH - UNITED ARAB EMIRATES

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

MUBARAK ALKETBI
Chartered Accountants

PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

INDEPENDENT AUDITOR'S REPORT

The Shareholders,

Panol Industries RMC FZE,

Rak Maritime City,

Ras Al Khaimah – United Arab Emirates.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Panol Industries RMC FZE, (the Company), which comprise the statement of financial position as at March 31, 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2025, and its profit and other comprehensive income and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, applicable provisions of UAE Federal Law No. 2 of 2015 (the Federal Law), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

مبارك الكتبي لمراجعة الحسابات
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Dubai - U.A.E.
MUBARAK ALKETBI CHARTERED ACCOUNTANTS

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The 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.

- 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 an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended March 31, 2025:

a) We have obtained all the information we considered necessary for the purposes of our audit;

b) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;

c) The company has maintained proper books of account; and

d) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended March 31, 2025 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, or of its Memorandum and Articles of Association which would materially affect its activities or its financial position as at March 31, 2025.

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MUBARAK ALKETBI CHARTERED ACCOUNTANTS

Mubarak Al Ketbi Chartered Accountants
Muhmmad Farooq Muhammad Suleman (Reg. 1328)
Dubai, United Arab Emirates
May 15, 2025

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MUBARAK ALKETBI
Chartered Accountants

PANOL INDUSTRIES RMC FZE

RAK MARITIME CITY

RAS AL KHAIMAH - UNITED ARAB EMIRATES

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2025

	Note	2025 AED	2024 AED
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	23,689,428	25,065,291
Right-of-use assets	5	12,444,258	-
Capital work in progress	6	2,366,382	-
		38,500,068	25,065,291
CURRENT ASSETS			
Stock in trade	7	35,738,564	57,460,821
Trade debts	8	46,516,503	12,011,748
Advances, deposits, prepayments and other receivables	9	14,876,096	43,511,231
Cash and cash equivalents	10	57,588,149	14,349,794
		154,719,312	127,333,594
TOTAL ASSETS		**193,219,380**	**152,398,885**
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorized share capital			
33,018 (2024: 33,018) ordinary shares of AED 1,000 each		33,018,000	33,018,000
Issued, subscribed and paid up share capital	2	33,018,000	33,018,000
Statutory reserve	11	7,861,463	4,923,586
Retained earnings		127,001,386	100,560,496
		134,862,849	105,484,082
TOTAL EQUITY		167,880,849	138,502,082
NON-CURRENT LIABILITIES			
Staff retirement benefits	12	357,983	289,495
Lease liabilities	13	12,769,448	-
		13,127,431	289,495
CURRENT LIABILITIES			
Trade and other payables	14	12,211,100	13,607,308
TOTAL LIABILITIES		25,338,531	13,896,803
Contingencies and commitments	15	-	-
TOTAL LIABILITIES AND EQUITY		**193,219,380**	**152,398,885**

The accounting policies and notes on pages 9 - 33 form an integral part of these financial statements.

For and on the behalf of :- PANOL INDUSTRIES RMC FZE

P O Box 5130
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PANOL INDUSTRIES RMC FZE.

Authorized signatory

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Chartered Accountants

PANOL INDUSTRIES RMC FZE

RAK MARITIME CITY

RAS AL KHAIMAH - UNITED ARAB EMIRATES

STATEMENT OF PROFIT OR LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 AED	2024 AED
Revenue from contracts with customers	16	441,786,798	280,329,797
Cost of revenue	17	(379,849,505)	(234,562,549)
Gross profit		61,937,293	45,767,248
Operating expenses			
Distribution cost	18	(23,946,533)	(13,967,283)
Operating and administrative expenses	19	(6,791,075)	(5,293,669)
Other expenses	20	(370,593)	(214,099)
		(31,108,201)	(19,475,051)
		30,829,092	26,292,197
Other income	21	1,051,880	1,367,499
Profit from operations		31,880,973	27,659,696
Finance cost	22	(2,502,206)	(811,453)
Profit before tax		29,378,767	26,848,243
Income tax expense	23	-	-
Profit for the year after tax		**29,378,767**	**26,848,243**

The accounting policies and notes on pages 9 - 33 form an integral part of these financial statements.

For and on the behalf of :- PANOL INDUSTRIES RMC FZE

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PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 AED	2024 AED
Profit for the year after tax		29,378,767	26,848,243
Other comprehensive income		-	-
Total comprehensive income for the year		**29,378,767**	**26,848,243**

The accounting policies and notes on pages 9 - 33 form an integral part of these financial statements.

For and on the behalf of :- PANOL INDUSTRIES RMC FZE

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RAK MARITIME CITY

RAS AL KHAIMAH - UNITED ARAB EMIRATES

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2025

	Share Capital AED	Statutory Reserve AED	Retained Earnings AED	Total AED
Balance at 01-Apr-2023	33,018,000	2,238,762	76,397,077	111,653,839
Profit for the year after tax	-	-	26,848,243	26,848,243
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	26,848,243	26,848,243
Transferred to statutory reserve	-	2,684,824	(2,684,824)	-
Balance at 31-Mar-2024	**33,018,000**	**4,923,586**	**100,560,496**	**138,502,082**
Profit for the year after tax	-	-	29,378,767	29,378,767
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	29,378,767	29,378,767
Transferred to statutory reserve	-	2,937,877	(2,937,877)	-
Balance at 31-Mar-2025	**33,018,000**	**7,861,463**	**127,001,386**	**167,880,849**

The accounting policies and notes on pages 9 - 33 form an integral part of these financial statements.

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RAS AL KHAIMAH - UNITED ARAB EMIRATES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2025

MUBARAK ALKETBI
Chartered Accountants

	Note	2025 AED	2024 AED
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year after tax		29,378,767	26,848,243
Adjustments for non-cash items:			
Depreciation	19	1,892,820	1,408,978
Profit on sale of property, plant and equipment	21	-	(782,162)
Lease finance charges	22	643,041	-
Provision for staff retirement benefits	12	68,488	115,624
Operating profit before changes in working capital:		31,983,116	27,590,683
Changes in working capital			
(Increase) / decrease in current assets:			
Stock in trade	7	21,722,257	(35,890,174)
Trade debts	8	(34,504,755)	3,981,630
Advances, deposits, prepayments and other receivables	9	28,635,135	(17,381,656)
Increase / (decrease) in current liabilities:			
Trade and other payables	14	(1,396,208)	7,936,321
Net cash generated from / (used in) operating activities - (A)		46,439,545	(13,763,196)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(5,273)	(1,500)
Proceeds from disposal of property, plant and equipment		-	6,500,000
Capital work in progress	6	(2,366,382)	-
Net cash (used in) / generated from investing activities - (B)		(2,371,656)	6,498,500
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liabilities	13	(829,535)	-
Net cash (used in) financing activities - (C)		**(829,535)**	-
Net increase / (decrease) in cash and cash equivalents - (A+B+C)		**43,238,355**	**(7,264,696)**
Cash and cash equivalents at beginning of the year		14,349,794	21,614,490
Cash and cash equivalents at end of the year	10	**57,588,149**	**14,349,794**

The accounting policies and notes on pages 9 - 33 form an integral part of these financial statements.

PANOL INDUSTRIES RMC FZE.
P O Box 5130
RAK U A E

Authorized signatory

1 LEGAL STATUS AND BUSINESS ACTIVITY

1.1 PANOL INDUSTRIES RMC FZE (the Entity) was registered on 07-03-2012 in RAK Maritime City, Ras Al Khaimah, U.A.E. The entity registered address is P.O.Box: 5130, Rak Maritime City, Ras Al Khaimah, U.A.E.

1.2 The principle activities of the entity are Petrochemical Manufacturing, Grease Manufacturing, Lubricants Manufacturing, Lubricants & Grease Blending, Blending of Biofuels, Fuel Oil and Refinery Gases Production, Oils Production Residuals Products Production, and Conversion of Cooking Oil and Fats used to produce secondary raw materials, under the license no. RMC 07120001.

1.3 The management and control are vested with directors Mr. Samir Rayani, Mr. Amin Rayani and Mr. Ashok Mukhi.

1.4 Tax registration number 100324047800003.

2 Shareholding

The shareholding of the entity is as follows:

Name of the Shareholders	Origin	Shares holding	No. of shares	Value of shares
				AED
M/S. Panama Petrochem Ltd.	India	100%	33018	33,018,000
Total		**100%**	**33018**	**33,018,000**

The authorized and paid up share capital of the company is AED 33,018,000/- divided into 33018 shares of AED 1,000/- each.

3 BASIS FOR PREPARATION

3.1 Statement of compliance

The financial statements have been prepared in accordance with the accounting and reporting standards as applicable in United Arab Emirates. The accounting and reporting standards as applicable in United Arab Emirates comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB), as notified under UAE Federal Law No. (2) of 2015; and

- Provisions of and directives issued under the UAE Federal Law No. (2) of 2015.

Where provisions of and directives issued under the UAE Federal Law No. (2) of 2015 differ from the IFRS Standards, the provisions of and directives issued under the UAE Federal Law No. (2) of 2015 have been followed.

3.2 Basis of measurement

The financial statements are prepared using historical cost. Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

MUBARAK ALKETBI
Chartered Accountants

3.3 Going concern

The financial statements are prepared on a going concern basis. When preparing the financial statements, management makes an assessment of the Company's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

3.4 Functional and presentation currency

The financial statements are presented in UAE Dirhams which is the Company's functional currency.

3.5 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the approved accounting and reporting standards as applicable in United Arab Emirates requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that year, or in the year of the revision and any future year affected.In the process of applying the Company's accounting policies, the management has made the following estimates, assumptions and judgments which are relevant to the financial statements:

3.5.1 Property, plant and equipment

The Company reviews the useful lives and residual values of property, plant and equipment on the reporting date. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

3.5.2 Stores, spare parts and loose tools and stock in trade

The Company reviews the stores, spare parts and loose tools and stock in trade for possible write downs/ provisions on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items with a corresponding affect on the provision.

3.5.3 Measurement of the expected credit loss allowance

The measurement of the expected credit loss ("ECL") allowance for financial assets requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of counter parties defaulting and the resulting losses).

Elements of the ECL models that are considered accounting judgments and estimates include:
- Development of ECL models, including the various formulas and choice of inputs.

- Determining the criteria, if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;

- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on Probability of Default (PDs), Exposure At Default (EADs) and Loss Given Default (LGDs); and

- Selection of forward-looking macroeconomic scenarios and their Probability weightings, to derive The economic inputs into The ECL models.

3.6 New and amended standards and interpretations

3.6.1 There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2023. However, these do not have any significant impact on the Company's financial statements.

3.6.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

		Effective date (Annual reporting periods beginning on or after)
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2024
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2024
IFRS 16	Leases (Amendments)	January 1, 2024
IAS 21	The Effects of changes in Foreign Exchange Rates (Amendments)	January 1, 2025
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 1, 2026
IFRS 17	Insurance Contracts	January 1, 2026
IFRS 9	Financial Instruments – Classification and Measurement of Financial Instruments (Amendments)	January 1, 2026

3.6.3 The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.

3.6.4 Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRIC 12	Service Concession Arrangement
IFRS 18	Presentation and Disclosures in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

3.7 Summary of Significant Accounting Policies

A summary of the significant accounting policies, which have been applied consistently in the preparation of these financial statements, is set out below.

a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognized, using the straight-line method over the estimated useful lives of the assets as follows:

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the expenditure will flow to the Company and such cost can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced parts is derecognised.

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. Subsequently, these assets are carried at initially recorded amount less accumulated depreciation and accumulated impairment. Depreciation on leased assets is charged by applying reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of assets at end of the lease term.

All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other income/expenses' in profit or loss.

b) Right-of-use assets

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. Subsequently, these assets are carried at initially recorded amount less accumulated depreciation and accumulated impairment. Depreciation on leased assets is charged by applying reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of assets at end of the lease term.

c) Capital work in progress

Capital work-in-progress is stated at cost less impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

d) Impairment of tangible assets

At each reporting date, the management reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where it is not possible to estimate the recoverable amount of an individual asset, the acquirer estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

e) Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at the lower of cost and net realizable value less allowance for slow moving, obsolete and in transit items. Cost is determined on the moving average basis and comprises cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.Materials in transit are stated at cost comprising invoice value and other charges paid thereon.

f) Stock in trade

Stock in trade is valued at the lower of production cost and net realizable value. Cost is determined on average cost basis and mainly comprise of field operating cost incurred to extract and process oil and gas. Net realizable value signifies the estimated selling price in the ordinary course of business less net estimated cost of production and selling expenses.

g) Staff end-of-service benefits

Provision is made for staff end-of-service benefits payable to non-UAE national employees at the reporting date in accordance with the local labour laws.

h) Statutory reserve

Statutory reserve is created by appropriating 10% of the profit of the Company as required by Article 103 of the UAE Federal Law No. (2) of 2015. The shareholders may resolve to discontinue such deduction when the reserve totals 50% of the paid-up share capital. The reserve is not available for distribution except as provided in the Federal Law.

i) Revenue from contracts with customers

Revenue recognition

Revenue from contracts with customers is recognized when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. The application of the standard required the Company to apply the following accounting policies:

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1. Identify the contracts with customers: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognize revenue when (or as) the Company satisfies a performance obligation at a point in time or over time.

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

• The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or

• The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

• The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue. As part of the impact assessment exercise, Company has concluded that for majority of its arrangements, it is either creating or enhancing an asset controlled by the customer or it is creating an asset with no alternative use and has an enforceable right to payment for work completed. Therefore, it meets the criteria to recognize revenue overtime and measure progress of its projects through the cost to complete method (input method) as it best depicts the transfer of control of products and services under each performance obligation.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

Variations which are in the nature of extension of existing scope of work are accounted for using cumulative catch up adjustments to the cost to complete method of revenue recognition. Variation orders which require addition of distinct goods and services to the scope at discounted prices are accounted for prospectively and variation orders which require addition of distinct goods and services to the scope at standalone selling prices are accounted for as new contracts with the customers.

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Chartered Accountants

Claims are accounted for as variable consideration. They are included in contract revenue using the expected value or most likely amount approach (whichever is more predictive of the amount the entity expects to be entitled to receive) and it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the claim is subsequently resolved.

A loss is recognized in the statement of comprehensive income when the expected contract costs exceed the total anticipated contract revenue.

Pre-contract cost of obtaining a contract with a customer is recognized as an asset if those costs are expected to be recovered.

Revenue is recognized in the statement of comprehensive income to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and the revenue and costs, if applicable, can be measured reliably.

Contract costs

Contract costs comprise direct contract costs and other costs relating to the contracting activity in general and which can be allocated to contracts. In addition, contract costs include other costs are specifically chargeable to the customer under the terms of the contracts.

Costs that cannot be related to contract activity or cannot be allocated to a contract are excluded from the cost of the construction contracts and are included in other operating expenses/administrative expenses.

Contract assets

A Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized from the earned consideration that is conditional. The contract assets are transferred to receivable when the rights become unconditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

j) Operating lease

The Company classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. The Company recognizes lease payments received under operating lease as lease income on a straight-line basis over the lease term.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in IFRS 15.

k) Finance income and expense

Finance income comprises interest income on funds invested, delayed payments from customers, on investments and lease arrangements, dividend income, exchange gain and changes in the fair value of financial assets at fair value through profit or loss. Interest income on financial assets at amortized cost is calculated using the effective interest method and is recognized in statement of profit or loss. Interest income is calculated by applying the effective interest rate to gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets. Dividend income is recognized when the right to receive the payment is established. Foreign currency gains and losses are reported on a net basis.
The Company has contractual right and is entitled to charge interest if payments from customers are delayed beyond credit terms, however, considering the uncertainties relating to recoverability of interest, the Company recognizes interest, if any, on delayed payments from customers and on investments and lease arrangements when the interest on delayed payments is received by the Company.

Finance cost comprises interest expense on borrowings (if any), unwinding of the discount on provisions and bank charges. Mark up, interest and other charges on borrowings are charged to profit or loss in the period in which they are incurred.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current and saving accounts along with other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

m) Foreign currency transaction and translation

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions. Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date. Gains or losses resulting from foreign currency transactions are taken to profit or loss.

n) Provisions and contingent liabilities

A provision is recognized in the statement of financial position when the Company has a present, legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of such obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability.

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

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o) Value added tax

As per the Federal Decree-Law No. (08) of 2017, Value Added Tax (VAT), is charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person. The Company is required to file its VAT returns and compute the payable tax (which is output tax less input tax) for the allotted tax periods and deposit the same within the prescribed due dates of filing VAT return and tax

p) Current versus non-current classification

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

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period. or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability

for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when:

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

months after the reporting period. The Company classifies all other liabilities as non-current.

q) Financial instruments

Recognition

Financial assets and financial liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset.

Classification

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income ("FVTOCI") – debt investment; FVTOCI – equity investment; or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrumental level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cashflows will result from collecting contractual cashflows, selling the financial assets, or both.

Financial liabilities are classified as financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

Derecognition

Financial assets are de-recognised when, and only when:

• The contractual rights to receive cash flows expire or

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

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

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

Financial liabilities are de-recognized when, and only when, they are extinguished i.e. when obligation specified in the contract is discharged, cancelled or expired.

Measurement

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Transactions costs of financial assets carried at FVTPL are expensed in profit or loss.

The following accounting policies apply to the subsequent measurement of financial assets and liabilities.

Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost less impairment loss, if any using the effective interest method.

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.The financial assets at amortized cost comprise of retention receivables, trade and other receivables, due from a related party, other financial assets and cash and cash equivalents.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at amortized cost comprise of short-term and long-term borrowings, trade and other payables, due to related parties, lease liabilities and shareholders' current accounts.

Impairment of financial assets:

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, due from customers and contract assets except for which are measured at 12-month ECLs.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The Company recognises in the statement of profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Offsetting of financial instruments:

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

r) **Equity**

Ordinary shares are classified as equity. The considerations received are shown in equity after deduction of incremental costs directly attributable to the issue of shares.

s) **Fair value measurement:**

The Company discloses the fair value of financial instruments measured at amortized cost.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

t) **Trade and other receivables**

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

u) **Trade and other payables**

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

v) Significant accounting judgements, estimates and assumptions

The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are paid on cash basis over the period of employment.

w) Foreign currency transaction and translation

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the period-end are translated at exchange rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of transaction. Exchange differences are included in combined statement of comprehensive income for the period.

x) Significant accounting judgements, estimates and assumptions

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingencies and commitments at the reporting date. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

y) Related Party Transactions

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method except reason disclosed in relevant note to the financial statements, if any. Transactions with related parties have been disclosed in the relevant notes to the financial statements.

z) Taxation

On December 09, 2022, the UAE Ministry of Finance released the Federal Decree-Law No.47 of 2022 on the taxation of Corporations and Business (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after June 01, 2023 and accordingly, it has an income tax related impact on the financial statements for the accounting periods beginning on or after June 1, 2023.

The Cabinet of Ministry Decision No. 116/2022 effective from 2023, specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

4 Property, plant and equipment

	Factory Building	Office Building	Plant and Machinery	Motor Vehicles	Office Equipment	Furniture and Fixtures	Laboratory Equipment	Total
	(AED)							
At 31 March 2023								
Cost	10,324,825	6,081,922	24,295,750	950,715	192,107	22,035	160,724	42,028,078
Accumulated depreciation	(2,597,630)	(345,880)	(6,288,457)	(395,800)	(138,462)	(16,145)	(55,097)	(9,837,471)
Net book value	7,727,195	5,736,042	18,007,293	554,915	53,645	5,890	105,627	32,190,607
As at 31 March 2024								
Opening net book value	7,727,195	5,736,042	18,007,293	554,915	53,645	5,890	105,627	32,190,607
Addition	-	-	-	-	1,500	-	-	1,500
Disposal								
Cost	-	(6,081,922)	-	-	-	-	-	(6,081,922)
Accumulated depreciation	-	364,084	-	-	-	-	-	364,084
	-	(5,717,838)	-	-	-	-	-	(5,717,838)
Depreciation charge	(326,952)	(18,204)	(923,238)	(97,831)	(25,391)	(2,093)	(15,269)	(1,408,978)
Closing net book value	7,400,243	-	17,084,055	457,084	29,754	3,797	90,358	25,065,291
At 31 March 2024								
Cost	10,324,825	-	24,295,750	950,715	193,607	22,035	160,724	35,947,656
Accumulated depreciation	(2,924,582)	-	(7,211,695)	(493,631)	(163,853)	(18,238)	(70,366)	(10,882,365)
Net book value	7,400,243	-	17,084,055	457,084	29,754	3,797	90,358	25,065,291
As at 31 March 2025								
Opening net book value	7,400,243	-	17,084,055	457,084	29,754	3,797	90,358	25,065,291
Addition	-	-	-	-	5,273	-	-	5,273
Depreciation charge	(326,952)	-	(923,238)	(97,348)	(16,292)	(2,038)	(15,269)	(1,381,137)
Closing net book value	7,073,291	-	16,160,817	359,736	18,735	1,759	75,089	23,689,427
At 31 March 2025								
Cost	10,324,825	-	24,295,750	950,715	198,881	22,035	160,724	35,952,930
Accumulated depreciation	(3,251,534)	-	(8,134,933)	(590,979)	(180,145)	(20,276)	(85,635)	(12,263,502)
Net book value	7,073,291	-	16,160,817	359,736	18,736	1,759	75,089	23,689,428
Useful life (years)	**30**	**60**	**25**	**8**	**3 and 5**	**10**	**10**	

		2025	2024
		AED	AED
5	**Right-of-use assets**		
	As at 31 March 2025		
	Opening net book value	-	-
	Addition	12,955,941	-
	Depreciation charge	(511,683)	-
	Closing net book value	12,444,258	-
	As at 31 March 2025		
	Cost	12,955,941	-
	Accumulated depreciation	(511,683)	-
	Net book value	12,444,258	-
	Useful life (years)	**25**	
6	**Capital work in progress**	2,366,382	-
7	**Stock in trade**		
	Raw material	35,699,108	57,443,121
	Packing material	39,456	17,700
		35,738,564	57,460,821
8	**Trade debts**	46,516,503	12,011,748

8.1 Trade debts in respect of foreign and local jurisdictions is given under:

	2025	2024
Asia, Africa and Australia	37,223,783	11,187,815
Europe	1,036,328	-
United Arab Emirates	8,256,392	823,933
	46,516,503	12,011,748

8.2 Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 10 to 90 days from delivery in case of local sales, and 15 to 120 days in case of export sales.

8.3 As at 31 March 2025, trade debts aggregating to AED 46,516,503 (2024: 12,011,748 AED) are not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2025	2024
	AED	AED
Trade debts (continued)		
Ageing analysis		
1 to 30 days	28,374,533	5,582,946
31 to 60 days	17,880,603	6,274,435
61 to 90 days	107,017	154,367
Above 90 days	154,350	-
	46,516,503	12,011,748

9 Advances, deposits, prepayments and other receivables

	2025	2024
Advances to suppliers	3,134,837	23,211,080
Deposit	5,004,603	3,130,673
Prepayments	533,402	149,357
Fixed deposits (Note 9.1)	5,772,392	16,573,046
VAT receivable	260,277	200,851
Other receivables	170,586	246,224
	14,876,096	43,511,231

9.1 This represented deposits with Standard Chartered Bank and Qatar National Bank at the profit rate ranging from 3.15% to 4.15% per annum. These deposits will be matured till May 2025.

10 Cash and cash equivalents

	2025	2024
Cash in hand	138,255	154,648
With banks:		
On current accounts		
Including 6,093,287 US$ (2024: 566,003 US$)	28,065,894	6,796,671
Saving account	-	52,475
	28,065,894	6,849,146
Fixed deposits (Note no. 9.1 for CY Note 10.1 for PY)	29,384,000	7,346,000
	57,588,149	14,349,794

10.1 This represented deposit with Qatar National Bank at the profit rate of 5.49% per annum. It will be matured on April 15, 2024.

11 Statutory reserve

	2025	2024
Opening balance	4,923,586	2,238,762
Transfer from retained earnings (Note 11.1)	2,937,877	2,684,824
	7,861,463	4,923,586

11.1 The Articles of Association of the Company require 10% of the annual profit to be transferred to a legal reserve until such reserve amounts to 50% of the share capital of the Company.

12 Staff retirement benefits

Opening balance	289,495	173,871
Provision for the year	68,488	115,624
	357,983	289,495

13 Lease liabilities

Opening balance as at April 01,		-	-
Add: Obtained during the year (Note 13.1)	13.1	12,955,941	-
Add: Lease finance charges during the year	22	643,041	-
		13,598,982	-
Less: Paid during the year		(829,535)	-
Closing balance as at March 31,		12,769,448	-

13.1 The Company has entered into lease agreement for lease of land from Ras Al Khaimah Maritime City for period of 13 years (Plot 1) and 25 years (Plot 2) respectively. The rentals are payable in annually (Plot 1) and quarterly (Plot 2) installments respectively. Interest rate implicit on leased land is 12 months EIBOR plus 2.25% per annum.

14 Trade and other payables

Creditors (Note 14.1)	11,779,573	8,143,887
Contract liabilities - unsecured	289,537	5,402,563
Accrued liabilities	134,390	60,858
Other payables	7,600	-
	12,211,100	13,607,308

14.1 This balance include due to a holding company M/S. Panama Petrochem Ltd of AED 486,055 (2024: AED 257,272).

15 Contingencies and commitments

a) Contingencies

Corporate guarantees of AED 62,073,700 (2024: 41,866,500) is given by the Holding Company M/S. Panama Petrochem Ltd to bank against time to time making advances or other banking facilities.

b) Commitments

There was no commitment as at 31 March 2025 (2024: AED Nil).

16 Revenue from contracts with customers

Export sales	336,913,375	222,868,854
Local sales	104,873,423	57,460,943
	441,786,798	280,329,797

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		2025	2024
		AED	AED
17	**Cost of revenue**		
	Opening inventory	57,460,821	21,570,647
	Purchases and direct expenses	358,127,248	270,452,723
	Closing inventory	(35,738,564)	(57,460,821)
		379,849,505	234,562,549
18	**Distribution cost**		
	Freight and shipment	23,700,866	13,576,039
	Commission to selling agents	245,667	306,736
	Advertising and business promotion	-	84,508
		23,946,533	13,967,283
19	**Operating and administrative expenses**		
	Salaries and other benefits	1,580,591	1,337,293
	Power and fuel	784,168	549,360
	Water charges	46,460	57,126
	Repair and maintenance plant	323,088	182,296
	Repair and maintenance others	105,366	62,913
	Legal, professional and visa charges	1,092,368	712,960
	Rent, rates and taxes	115,480	436,182
	Travelling and conveyance	310,443	112,316
	Telephone and courier charges	48,064	20,719
	Insurance	425,318	353,209
	Others	66,909	60,317
	Depreciation (Note 4 & 5)	1,892,820	1,408,978
		6,791,075.15	5,293,669
20	**Other expenses**		
	Net exchange loss	370,593	214,099
21	**Other income**		
	Interest income	4,109	-
	Interest on fixed deposit	1,047,771	286,530
	Miscellaneous income	-	298,807
	Profit on sale of property, plant and equipment	-	782,162
		1,051,880	1,367,499
22	**Finance cost**		
	Interest expense	87,664	64,005
	Lease finance charges	643,041	-
	Corporate guarantee charges	904,494	-
	Bank charges	867,007	747,448
		2,502,206	811,453

23 Income tax expense

In accordance with the UAE Corporate Tax Law (Federal Decree-Law No. 47 of 2022) and the relevant regulatory requirements, the Company has complied with all necessary conditions and maintained the requisite documentation to qualify for the 0% corporate tax rate.

23 Transactions with related parties

The related parties comprise of holding Company. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements is as follows:

Name	Basis of relationship	Nature of transaction	2025 AED	2024 AED
M/S. Panama Petrochem Ltd.	Holding Company	Corporate guarantee charges payable at year end	486,055	257,272
		Corporate guarantee	62,073,700	41,866,500

24 Financial risk management

The Company's activities expose it to a variety of financial risks including: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of non-derivative financial instruments and investment of excess liquidity.

i- Market risk

a) Currency risk

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

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to bank balances and Trade debts. The Company's exposure to currency risk was as follows:

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	2025	2024
Cash at banks - USD	6,093,287	566,003
Trade debts - USD	10,416,583	3,046,542

Following significant exchange rates were applied during the year:

AED per US Dollar

Average rate	**3.6730**	**3.6723**
Reporting date rate	**3.6730**	**3.6723**

Sensitivity analysis
If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit for the year would have been AED 3,032,038 (2024: AED 633,317) lower / higher mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

b) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. At the year end, the Company is not exposed to commodity price risk.

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from long term financing and short term borrowings. At the year end, the Company is not exposed to commodity price risk.

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ii- **Credit risk**

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2025	2024
	AED	AED
Trade debts	46,516,503	12,011,748
Deposits	10,776,995	19,703,719
Other receivables	170,586	246,224
Bank balances	57,449,894	6,796,671
	114,913,977	**38,758,362**

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales contracts and credit terms are approved by the senior management and where considered necessary, advance payments are obtained from certain parties. Export sales to major customers are secured through letters of credit. The management has set a maximum credit period limit for each type of customers in order to reduce the credit risk.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts. Management uses actual historical credit loss experience, credit risk characteristics and past days due, adjusted for forward-looking factors specific to the debtors and the economic environment to determine expected credit loss allowance.

Based on the past experience and deliberations management has no recognized expected credit losses in respect of trade debts as given in Note 8 to the financial statements.

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iii- Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash, marketable securities and the availability of funding through an adequate amount of committed credit facilities. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 31 March 2025:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
Non-derivative financial liabilities:						
Trade and other payables	11,921,563	11,921,563	11,921,563	-	-	-
	11,921,563	**11,921,563**	**11,921,563**	-	-	-

Contractual maturities of financial liabilities as at 31 March 2024:

Trade and other payables	8,204,745	8,204,745	8,204,745	-	-	-
	8,204,745	**8,204,745**	**8,204,745**	-	-	-

24.1 Financial instruments by categories

	2025			2024		
	At fair value through profit or loss	At amortized cost	Total	At fair value through profit or loss	At amortized cost	Total
	-----AED-----					
As at 31 March						
Financial assets as per statement of financial position						
Trade debts	-	46,516,503	46,516,503	-	12,011,748	12,011,748
Deposits	-	10,776,995	10,776,995	-	19,703,719	19,703,719
Other receivables	-	170,586	170,586	-	246,224	246,224
Cash and bank balances	-	57,588,149	57,588,149	-	14,349,794	14,349,794
	-	**115,052,233**	**115,052,233**	-	**46,311,485**	**46,311,485**
As at 31 March						
Financial liabilities as per statement of financial position						
Trade and other payables	-	11,921,563	11,921,563	-	8,204,745	8,204,745
	-	**11,921,563**	**11,921,563**	-	**8,204,745**	**8,204,745**

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Reconciliation of financial assets and financial liabilities to the line items presented in the statement of financial position is as follows:

	2025			2024		
As at 31 March	**Financial assets**	**Other than financial assets**	**Total as per statement of financial position**	**Financial assets**	**Other than financial assets**	**Total as per statement of financial position**
Assets as per statement of financial position						
Trade debts	46,516,503	-	46,516,503	12,011,748	-	12,011,748
Advances, deposits, prepayments and other receivables	10,947,580	3,928,516	14,876,096	19,949,943	23,561,288	43,511,231
Cash and bank balances	57,588,149	-	57,588,149	14,349,794	-	14,349,794
	115,052,232	**3,928,516**	**118,980,748**	**46,311,485**	**23,561,288**	**69,872,773**

	2025			2024		
As at 31 March	**Financial liabilities**	**Other than financial liabilities**	**Total as per statement of financial position**	**Financial liabilities**	**Other than financial liabilities**	**Total as per statement of financial position**
Liabilities as per statement of financial position						
Trade and other payables	11,921,563	289,537	12,211,100	8,204,745	5,402,563	13,607,308
	11,921,563	**289,537**	**12,211,100**	**8,204,745**	**5,402,563**	**13,607,308**

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Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

24.2 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The Company does not utilize any interest bearing option to support its sustained development and working capital requirements.

24.3 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values.

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25 Corresponding figure

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made. However, no significant re-arrangements have been made.

26 Subsequent events

There were no significant subsequent events which have a bearing on the understanding of these financial statements.

The accounting policies and notes on pages 9 - 33 form an integral part of these financial statements.

We declare that all records, information, and explanation provided for the preparation of accompanying financial statements is true, accurate, and complete to the best of our knowledge and belief; and have been approved and signed by the undersigned on 15-May-2025.

For and on the behalf of :- PANOL INDUSTRIES RMC FZE

PO Box 5130
RAK UAE
PANOL INDUSTRIES RMC FZE

Authorized signatory

MUBARAK ALKETBI
Chartered Accountants