

**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 2026**

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 2026

TABLE OF CONTENTS	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 3
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF PROFIT OR LOSS ACCOUNT	5
STATEMENT OF COMPREHENSIVE INCOME	6
STATEMENT OF CHANGES IN EQUITY	7
STATEMENT OF CASH FLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	9 - 37

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, 2026, 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, 2026, 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. 32 of 2021 (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.



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.



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, 2026:

- 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, 2026 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, 2026.



MAK CHARTERED ACCOUNTANTS L.L.C
Muhmmad Farooq Muhammad Suleman (Reg. 1328)
May 20, 2026
Dubai, United Arab Emirates

PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026

	Note	2026 AED	2025 AED
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	22,715,280	23,689,428
Right-of-use assets	5	11,762,014	12,444,258
Capital work in progress	6	12,037,977	2,366,382
Investment	7	5,939,136	-
		52,454,407	38,500,068
CURRENT ASSETS			
Stock in trade	8	79,311,383	35,738,564
Trade debts	9	39,382,675	46,516,503
Advances, deposits, prepayments and other receivables	10	42,011,792	14,876,096
Cash and cash equivalents	11	15,218,124	57,588,149
		175,923,974	154,719,312
TOTAL ASSETS		228,378,381	193,219,380
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorized share capital			
33,018 (2025: 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	12	8,986,929	7,861,463
Retained earnings		148,385,210	127,001,386
Fair value reserve		1,513,302	-
		158,885,441	134,862,849
TOTAL EQUITY		191,903,441	167,880,849
NON-CURRENT LIABILITIES			
Staff retirement benefits	13	420,061	357,983
Lease liabilities	14	12,633,320	12,769,448
		13,053,381	13,127,431
CURRENT LIABILITIES			
Trade and other payables	15	23,292,557	12,211,100
Current portion of lease liabilities	14	129,002	-
		23,421,559	12,211,100
TOTAL LIABILITIES		36,474,940	25,338,531
Contingencies and commitments	16	-	-
TOTAL LIABILITIES AND EQUITY		228,378,381	193,219,380

The annexed notes 1 to 28 form an integral part of these financial statements.

For and on behalf of :- PANOL INDUSTRIES RMC FZE


Authorized signatory



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 2026

	Note	2026 AED	2025 AED
Revenue from contracts with customers	17	456,166,709	441,786,798
Cost of revenue	18	(384,026,779)	(381,003,221)
Gross profit		72,139,930	60,783,577
Operating expenses			
Distribution cost	19	(40,568,585)	(23,946,533)
Operating and administrative expenses	20	(6,959,124)	(5,637,359)
Other expenses	21	(604,156)	(370,593)
		(48,131,865)	(29,954,485)
		24,008,065	30,829,092
Other income	22	633,786	1,051,880
Profit from operations		24,641,851	31,880,973
Finance cost	23	(2,132,561)	(2,502,206)
Profit before tax		22,509,290	29,378,767
Income tax expense	24	-	-
Profit for the year after tax		22,509,290	29,378,767

The annexed notes 1 to 28 form an integral part of these financial statements.

For and on behalf of :- PANOL INDUSTRIES RMC FZE


Authorized signatory



**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2026**

	Note	2026 AED	2025 AED
Profit for the year after tax		22,509,290	29,378,767
Other comprehensive income			
Items not to be reclassified to profit or loss in subsequent periods			
Unrealized gain due to change in fair value of investment	7	1,513,302	-
Total comprehensive income for the year		24,022,592	29,378,767

The annexed notes 1 to 28 form an integral part of these financial statements.

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Authorized signatory



PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2026

	Share Capital AED	Statutory Reserve AED	Retained Earnings AED	Fair Value Reserve AED	Total Equity AED
Balance at 01-Apr-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
Profit for the year after tax	-	-	22,509,290	-	22,509,290
Other comprehensive income: Unrealized gain due to change in fair value of investment	-	-	-	1,513,302	1,513,302
Total comprehensive income for the year	-	-	22,509,290	1,513,302	24,022,592
Transferred to statutory reserve	-	1,125,466	(1,125,466)	-	-
Balance at 31-Mar-2026	33,018,000	8,986,929	148,385,210	1,513,302	191,903,441

The annexed notes 1 to 28 form an integral part of these financial statements.

For and on behalf of :- PANOL INDUSTRIES RMC FZE




Authorized signatory

PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2026

	2026	2025
Note	AED	AED
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year after tax	22,509,290	29,378,767
Adjustments for non-cash expenses / (income):		
Depreciation on property, plant and equipment	4 1,357,296	1,381,137
Depreciation on right of use assets	5 682,244	511,683
Profit on sale of property, plant and equipment	22 (419)	-
Lease finance charges	23 970,587	643,041
Provision for staff retirement benefits	13 62,078	68,488
Operating profit before changes in working capital:	<u>25,581,076</u>	<u>31,983,116</u>
Changes in working capital		
(Increase) / decrease in current assets:		
Stock in trade	8 (43,572,819)	21,722,257
Trade debts	9 7,133,828	(34,504,755)
Advances, deposits, prepayments and other receivables	10 (27,135,696)	28,635,135
Increase / (decrease) in current liabilities:		
Trade and other payables	15 11,081,457	(1,396,208)
Net cash (used in) / generated from operating activities - (A)	<u>(26,912,154)</u>	<u>46,439,545</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property, plant and equipment	4 (401,729)	(5,273)
Proceeds from disposal of property, plant and equipment	19,000	-
Capital work in progress	6 (9,671,595)	(2,366,382)
Payment for purchase of investment	7 (4,425,834)	-
Net cash (used in) investing activities - (B)	<u>(14,480,158)</u>	<u>(2,371,655)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liabilities	14 (977,713)	(829,535)
Short term borrowing received	-	-
Net cash (used in) financing activities - (C)	<u>(977,713)</u>	<u>(829,535)</u>
Net (decrease) / increase in cash and cash equivalents - (A+B+C)	<u>(42,370,025)</u>	<u>43,238,355</u>
Cash and cash equivalents at beginning of the year	57,588,149	14,349,794
Cash and cash equivalents at end of the year	<u><u>15,218,124</u></u>	<u><u>57,588,149</u></u>

The annexed notes 1 to 28 form an integral part of these financial statements.

For and on behalf of :- PANOL INDUSTRIES RMC FZE


 Authorized signatory



**PANOL INDUSTRIES RMC FZE
 RAK MARITIME CITY
 RAS AL KHAIMAH - UNITED ARAB EMIRATES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2026**

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 principal 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 and also following three more directors have been appointed during the period;
- a. Mr. Iqbal Rayani, effect from 01 June 2025
 b. Mrs. Serena Rayani, effect from 01 December 2025
 c. Mr. Ahyman Rayani, effect from 01 December 2025
- 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 Decree-Law No. (32) of 2021; and
- Provisions of and directives issued under the UAE Federal Decree-Law No. (32) of 2021.

Where provisions of and directives issued under the UAE Federal Decree-Law No. (32) of 2021 differ from the IFRS Standards, the provisions of and directives issued under the UAE Federal Decree-Law No. (32) of 2021 have been followed.

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

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.

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. The figures have been rounded off the nearest 1 AED.

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.

**PANOL INDUSTRIES RMC FZE
 RAK MARITIME CITY
 RAS AL KHAIMAH - UNITED ARAB EMIRATES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2026**

3.5.2 Stock in trade

The Company reviews the 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 effect 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 April 1, 2023. However, these do not have any significant impact on the Company’s financial statements.

- **Amendments to IAS 1 – ‘Presentation of Financial Statements’**
(Effective for annual periods beginning on or after January 1, 2024)
- **Amendments to IFRS 16 – ‘Leases’**
(Effective for annual periods beginning on or after January 1, 2024)
- **Amendments to IAS 7 – ‘Statement of Cash Flows’ and IFRS 7 – ‘Financial Instruments: Disclosures’**
(Effective for annual periods beginning on or after January 1, 2024)

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)
IFRS S1	General Requirements for Disclosure of Sustainability–Related Financial Informat	July 1, 2025
IFRS S2	Climate–Related Disclosures	July 1, 2025
IAS 21	The Effects of changes in Foreign Exchange Rates (Amendments)	January 1, 2025
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 1, 2026
IFRS 9	Financial Instruments – Classification and Measurement of Financial Instruments (Amendments)	January 1, 2026

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 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
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.

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

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.

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

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 retirement 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. (32) of 2021. 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.

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

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.

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

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.

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

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.

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

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.

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 payment.

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.

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

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.

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

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.

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

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) Short term borrowing

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss account over the period of the borrowings using the effective interest method.

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.

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

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

All transactions with related parties are carried out at arm's length prices. The prices are determined in accordance with comparable uncontrolled price method.

z) Corporate tax

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.

The Company has assessed the requirements of the UAE Corporate Tax Law (Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses) and has concluded that it qualifies for the application of a 0% corporate tax rate for the relevant financial period, as it meets the prescribed conditions applicable to Qualifying Free Zone Persons and/or other applicable exemptions under the law. Accordingly, no current corporate tax expense has been recognised in these financial statements for the year ended 31 March 2026. Management will continue to monitor ongoing compliance with the relevant regulatory requirements and reassess the Company's tax position at each reporting date in accordance with IAS 12 Income Taxes.

4 Property, plant and equipment

	Factory Building	Plant and Machinery	Motor Vehicles	Office Equipment	Furniture and Fixtures	Laboratory Equipment	Total
As 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	23,689,428
As 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
As at 31 March 2026							
Opening net book value	7,073,291	16,160,817	359,736	18,735	1,759	75,089	23,689,427
Addition	-	-	214,020	15,305	-	172,404	401,729
Disposal							
Cost	-	-	(45,281)	-	-	-	(45,281)
Accumulated depreciation	-	-	26,700	-	-	-	26,700
			(18,581)				(18,581)
Depreciation charge	(326,952)	(923,238)	(76,715)	(7,513)	(148)	(22,730)	(1,357,296)
Closing net book value	6,746,339	15,237,579	478,460	26,527	1,611	224,763	22,715,279
As at 31 March 2026							
Cost	10,324,825	24,295,750	1,119,454	214,186	22,035	333,128	36,309,378
Accumulated depreciation	(3,578,486)	(9,058,171)	(640,994)	(187,658)	(20,424)	(108,365)	(13,594,098)
Net book value	6,746,339	15,237,579	478,460	26,528	1,611	224,763	22,715,280
Useful life (years)	30	25	8	3 and 5	10	10	

PANOL INDUSTRIES RMC FZE
 RAK MARITIME CITY
 RAS AL KHAIMAH - UNITED ARAB EMIRATES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2026

5 Right-of-use assets

	Land	Total
As at 31 March 2025		
Opening net book value	-	-
Addition	12,955,941	12,955,941
Depreciation charge	(511,683)	(511,683)
Closing net book value	<u>12,444,258</u>	<u>12,444,258</u>
As at 31 March 2025		
Cost	12,955,941	12,955,941
Accumulated depreciation	(511,683)	(511,683)
Net book value	<u>12,444,258</u>	<u>12,444,258</u>
As at 31 March 2026		
Opening net book value	12,444,258	12,444,258
Depreciation charge	(682,244)	(682,244)
Closing net book value	<u>11,762,014</u>	<u>11,762,014</u>
As at 31 March 2026		
Cost	12,955,941	12,955,941
Accumulated depreciation	(1,193,927)	(1,193,927)
Net book value	<u>11,762,014</u>	<u>11,762,014</u>
Useful life (years)	25	
	2026	2025
Note	AED	AED
6 Capital work in progress		
Opening balance	2,366,382	-
Add: Expenses capitalized during the year	9,671,595	2,366,382
Closing balance	<u>12,037,977</u>	<u>2,366,382</u>
7 Investment		
At Fair through OCI		
Investment in Gold (1612 Units)	2,212,948	-
Unrealized gain due to change in fair value	324,087	-
	<u>2,537,035</u>	-
Investment in Silver ETC (13200 Units)	2,212,886	-
Unrealized gain due to change in fair value	1,189,215	-
	<u>3,402,101</u>	-
Total	<u>5,939,136</u>	-

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

	Note	<u>2026</u> AED	<u>2025</u> AED
8 Stock in trade			
Raw material		79,279,321	35,699,108
Packing material		32,062	39,456
		<u>79,311,383</u>	<u>35,738,564</u>
9 Trade debts			
Trade debts		39,414,202	46,516,503
Less: Provision for expected credit losses	20	(31,527)	-
		<u>39,382,675</u>	<u>46,516,503</u>
9.1 Trade debts in respect of foreign and local jurisdictions is given under:			
Asia, Africa and Australia		27,721,517	37,223,783
Europe		1,115,730	1,036,328
United Arab Emirates		10,545,428	8,256,392
		<u>39,382,675</u>	<u>46,516,503</u>
9.2 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.			
9.3 As at 31 March 2026, trade debts aggregating to AED 39,382,675 (2025: AED 46,516,503) 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 are as follows:			
Ageing analysis			
1 to 30 days		16,954,541	28,374,533
31 to 60 days		18,701,080	17,880,603
61 to 90 days		3,517,741	107,017
Above 90 days		209,313	154,350
		<u>39,382,675</u>	<u>46,516,503</u>
10 Advances, deposits, prepayments and other receivables			
Advances to suppliers		30,650,699	3,134,837
Deposit		6,681,384	5,004,603
Prepayments		555,077	533,402
Fixed deposits (maturity within twelve months)	10.1	3,856,650	5,772,392
VAT receivable - net		181,573	260,277
Other receivables		86,409	170,586
		<u>42,011,792</u>	<u>14,876,096</u>

10.1 This represented deposits with Standard Chartered Bank at the profit rate 3.46% per annum. These deposits will be matured till 11th May 2026.

**PANOL INDUSTRIES RMC FZE
 RAK MARITIME CITY
 RAS AL KHAIMAH - UNITED ARAB EMIRATES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2026**

	Note	2026 AED	2025 AED
11 Cash and cash equivalents			
Cash in hand		208,658	138,255
With banks:			
Current accounts		15,009,466	28,065,894
Fixed deposits (maturity less than three months)	11.1	-	29,384,000
		<u>15,218,124</u>	<u>57,588,149</u>
11.1	This represented deposit with Emirates NBD and Standard Chartered Bank at the profit rate ranging from 3% to 4.11% per annum.		
12 Statutory reserve			
Opening balance		7,861,463	4,923,586
Transfer from retained earnings	12.1	1,125,466	2,937,877
		<u>8,986,929</u>	<u>7,861,463</u>
12.1	The Articles of Association of the Company require 5% of the annual profit to be transferred to a legal reserve until such reserve amounts to 50% of the share capital of the Company.		
13 Staff retirement benefits			
Opening balance		357,983	289,495
Provision for the year		62,078	68,488
		<u>420,061</u>	<u>357,983</u>
14 Lease liabilities			
Opening balance		12,769,448	-
Add: Obtained during the year	14.1	-	12,955,941
Add: Lease finance charges during the year	23	970,587	643,041
		13,740,035	13,598,982
Less: Paid during the year		(977,713)	(829,535)
		12,762,322	12,769,448
Less: Current portion of lease liabilities		(129,002)	-
Closing balance		<u>12,633,320</u>	<u>12,769,448</u>
14.1	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.		

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026**

	Note	2026 AED	2025 AED
15 Trade and other payables			
Creditors	15.1	8,207,695	11,779,573
Contract liabilities - unsecured		4,668,729	289,537
Salaries and wages payable		379,075	134,390
Bank overdraft		10,022,058	-
Other payables		15,000	7,600
		<u>23,292,557</u>	<u>12,211,100</u>

15.1 It include balance amounting to AED 621,075 (2025: AED 486,055) due to a holding company M/S. Panama Petrochem Ltd against corporate guarantees charges.

16 Contingencies and commitments

a) Contingencies

There was no contingencies as at 31 March 2026 (2025: AED Nil)

b) Commitments

Corporate guarantees of AED 62,073,700 (2025: AED 62,073,700) is given by the Holding Company M/S. Panama Petrochem Ltd to Standard Chartered and Citi Bank against time to time making advances or other banking facilities.

	Note	2026 AED	2025 AED
17 Revenue from contracts with customers			
Export sales - (Designated Zone)		345,936,727	336,913,375
Local sales - (Designated Zone)		110,229,982	104,873,423
		<u>456,166,709</u>	<u>441,786,798</u>
18 Cost of revenue			
Opening inventory		35,738,564	57,460,821
Purchases and direct expenses		427,599,598	359,280,964
Closing inventory		(79,311,383)	(35,738,564)
		<u>384,026,779</u>	<u>381,003,221</u>

PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

	Note	<u>2026</u> AED	<u>2025</u> AED
19 Distribution cost			
Freight and shipment		35,997,812	23,700,866
Commission to selling agents		4,441,587	245,667
Advertising and business promotion		129,186	-
		<u>40,568,585</u>	<u>23,946,533</u>
20 Operating and administrative expenses			
Salaries and other benefits		2,281,957	1,580,591
Management remuneration		734,000	-
Repair and maintenance others		66,314	105,366
Legal, license, professional and visa charges		347,480	1,092,368
Rent, rates and taxes		17,891	115,480
Travelling and conveyance		476,951	310,443
Telephone and courier charges		71,687	48,064
Insurance		852,094	425,318
Other admin expenses		39,683	66,909
Depreciation on property, plant and equipment	4	1,357,296	1,381,137
Depreciation on right of use assets	5	682,244	511,683
Provision for expected credit losses	9	31,527	-
		<u>6,959,124</u>	<u>5,637,359</u>
21 Other expenses			
Foreign exchange loss - net		<u>604,156</u>	<u>370,593</u>
22 Other income			
Interest income		8,420	4,109
Interest on fixed deposits		624,947	1,047,771
Profit on sale of property, plant and equipment		419	-
		<u>633,786</u>	<u>1,051,880</u>
23 Finance cost			
Interest expense		12,649	87,664
Lease finance charges	14	970,587	643,041
Corporate guarantee charges		621,075	904,494
Bank charges		528,250	867,007
		<u>2,132,561</u>	<u>2,502,206</u>
24 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.

25 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	2026		2025	
			AED	AED	AED	AED
M/s. Panama Petrochem Ltd	Holding Company	Corporate guarantee charges payable at year end	621,075		486,055	
Mr. Iqbal Rayani	Director	Corporate guarantee	62,073,700		62,073,700	
Ms. Serena Iqbal Rayani	Director	Salary	510,000		-	
Mr. Ahyman Rayani	Director	Salary	100,000		-	
		Salary	124,000		-	

26 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.

PANOL INDUSTRIES RMC FZE
 RAK MARITIME CITY
 RAS AL KHAIMAH - UNITED ARAB EMIRATES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2026

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:

	2026	2025
Cash at banks - USD	220,021	6,093,287
Trade debts - USD	7,851,143	10,416,583
Bank overdraft - USD	2,728,575	-

Following significant exchange rates were applied during the year:

AED per US Dollar

Average rate

Reporting date rate

Average rate	3.6730	3.6730
Reporting date rate	3.6730	3.6730

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 1,983,372 (2025: AED 3,032,038) 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.

PANOL INDUSTRIES RMC FZE
 RAK MARITIME CITY
 RAS AL KHAIMAH - UNITED ARAB EMIRATES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2026

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.

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:

	2026	2025
	AED	AED
Investment	5,939,136	-
Trade debts	39,382,675	46,516,503
Deposits	6,681,384	5,004,603
Fixed deposits	3,856,650	5,772,392
Other receivables	52,263	170,586
Bank balances	15,009,466	57,449,894
	70,921,574	114,913,977

PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

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.

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:

PANOL INDUSTRIES RMC FZE
 RAK MARITIME CITY
 RAS AL KHAIMAH - UNITED ARAB EMIRATES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2026

Contractual maturities of financial liabilities as at 31 March 2026:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
Non-derivative financial liabilities:						
Lease liabilities	12,633,320	12,633,320	-	-	-	12,633,320
Creditors	8,207,695	8,207,695	8,207,695	-	-	-
Salaries and wages payable	379,075	379,075	379,075	-	-	-
Bank overdraft	10,022,058	10,022,058	10,022,058	-	-	-
Other payables	15,000	15,000	15,000	-	-	-
Current portion of lease liabilities	129,002	129,002	129,002	-	-	-
	31,386,150	31,386,150	18,752,830	-	-	12,633,320

Contractual maturities of financial liabilities as at 31 March 2025:

Non-derivative financial liabilities:						
Lease liabilities	12,769,448	12,769,448	-	-	-	12,769,448
Creditors	11,779,573	11,779,573	11,779,573	-	-	-
Salaries and wages payable	134,390	134,390	134,390	-	-	-
Other payables	7,600	7,600	7,600	-	-	-
	24,691,011	24,691,011	11,921,563	-	-	12,769,448

PANOL INDUSTRIES RMC FZE
 RAK MARITIME CITY
 RAS AL KHAIMAH - UNITED ARAB EMIRATES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2026

26.1 Financial instruments by categories

	2026		2025		Total
	At fair value through other comprehensive income	At amortized cost	At fair value through other comprehensive income	At amortized cost	
As at 31 March					
Financial assets as per statement of financial position					
Investment	5,939,136	-	-	-	5,939,136
Trade debts	-	39,382,675	-	46,516,503	46,516,503
Deposits	-	6,681,384	-	5,004,603	5,004,603
Fixed deposits	-	3,856,650	-	5,772,392	5,772,392
Other receivables	-	52,263	-	170,586	170,586
Cash and cash equivalents	-	15,218,124	-	57,588,149	57,588,149
	5,939,136	65,191,096	-	115,052,232	115,052,232
As at 31 March					
Financial liabilities as per statement of financial position					
Lease liabilities	-	12,633,320	-	12,769,448	12,769,448
Creditors	-	8,207,695	-	11,779,573	11,779,573
Salaries and wages payable	-	379,075	-	134,390	134,390
Bank overdraft	-	10,022,058	-	-	-
Other payables	-	15,000	-	7,600	7,600
Current portion of lease liabilities	-	129,002	-	-	-
	-	31,386,150	-	24,691,011	24,691,011

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PANOL INDUSTRIES RMC FZE
 RAK MARITIME CITY
 RAS AL KHAIMAH - UNITED ARAB EMIRATES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2026

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

	2026			2025		
	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
As at 31 March						
Assets as per statement of financial position						
Investment	5,939,136	-	5,939,136	-	-	-
Trade debts	39,382,675	-	39,382,675	46,516,503	-	46,516,503
Advances, deposits, prepayments and other receivables	10,590,297	31,421,495	42,011,792	10,947,581	3,928,516	14,876,096
Cash and cash equivalents	15,218,124	-	15,218,124	57,588,149	-	57,588,149
	71,130,232	31,421,495	102,551,727	115,052,233	3,928,516	118,980,748
As at 31 March						
Liabilities as per statement of financial position						
Lease liabilities	12,633,320	-	12,633,320	12,769,448	-	12,769,448
Trade and other payables	18,623,828	4,668,729	23,292,557	11,921,563	289,537	12,211,100
Current portion of lease liabilities	129,002	-	129,002	-	-	-
	31,386,150	4,668,729	36,054,879	24,691,011	289,537	24,980,548

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.

26.2 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.

26.3 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.

PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

27 Corresponding figure

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

28 Subsequent events

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

The annexed notes 1 to 28 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 09-May-2026.

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



Authorized signatory

