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شركة عبدالله الحديثي للاستشارات المهنية
عضو مستقل في تحالف أليوت العالمية

**ENSURE SERVICES ARABIA LLC
(LIMITED LIABILITY COMPANY)**

**FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED MARCH 31, 2024**

ENSURE SERVICES ARABIA LLC
(LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED MARCH 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the shareholders

Ensure Services Arabia LLC

A Limited Liability Company

Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Ensure Services Arabia LLC** ("the Company"), which comprise the statement of financial position as at March 31, 2024, 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 the 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, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("the Code") as endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw attention to note 17 of the financial statements, which indicates that the Company's accumulated losses reached to SR 2,295,496 as at March 31, 2024, which exceeded the share capital, and the Company's current liabilities exceeded current assets by SR 1,567,944. As mentioned in Note 17, these events or conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, and our opinion has not been modified in respect of this matter.

Other matter

The financial statements of the Company for the year ended March 31, 2023, were audited by another auditor who expresses an unmodified opinion on those statements on September 28, 2023.

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 International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and applicable Regulations for Companies and the Company's Articles of Association 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 i.e. the Directors are responsible for overseeing the Company's financial reporting process.



Independent Auditor's Report to the shareholders of Ensure Services Arabia LLC (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia 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 International Standards on Auditing endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 represents 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.

Abdullah Al Hudaithi Professional Services

Abdullah H. Al Hudaithi
License No 542
Shawwal 29, 1445H

May 8, 2024



ENSURE SERVICES ARABIA LLC
(LIMITED LIABILITY COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

	Notes	2024 SR	2023 SR
ASSETS			
Non-current assets			
Right-of-use assets	5	689,267	1,347,774
Property and equipment	6	<u>721,252</u>	<u>901,019</u>
Total non-current assets		<u>1,410,519</u>	<u>2,248,793</u>
Current assets			
Inventories – net	7	6,351,130	3,343,096
Trade and other receivables	8	7,701,538	6,176,302
Due from a related party	14	771,619	27,834
Cash and cash equivalents	9	<u>2,557,130</u>	<u>2,556,760</u>
Total current assets		<u>17,381,417</u>	<u>12,103,992</u>
TOTAL ASSETS		<u>18,791,936</u>	<u>14,352,785</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	1	1,050,000	1,050,000
Statutory reserve	10	500,000	500,000
(Accumulated losses) / retained earnings		<u>(2,295,496)</u>	<u>313,010</u>
Total equity		<u>(745,496)</u>	<u>1,863,010</u>
Non-current liability			
Employees defined benefits liabilities	11	588,071	987,132
Lease liabilities- non-current portion	5	<u>-</u>	<u>580,522</u>
Total non-current liability		<u>588,071</u>	<u>1,567,654</u>
Current liabilities			
Trade and other payables	12	8,602,169	3,618,063
Lease liabilities - current portion	5	580,381	558,800
Due to related parties	14	9,766,811	6,380,065
Income tax payable	13	<u>-</u>	<u>365,193</u>
Total current liabilities		<u>18,949,361</u>	<u>10,922,121</u>
Total liabilities		<u>19,537,432</u>	<u>12,489,775</u>
TOTAL EQUITY AND LIABILITIES		<u>18,791,936</u>	<u>14,352,785</u>

The accompanying notes form an integral part of these financial statements

ENSURE SERVICES ARABIA LLC
(LIMITED LIABILITY COMPANY)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2024

	Notes	2024 SR	2023 SR
Revenue	15	26,555,433	31,717,188
Cost of revenue		(15,970,827)	(18,574,788)
Gross profit		10,584,606	13,142,400
General and administrative expenses	16	(13,138,176)	(11,116,513)
Other income		-	7,832
Operating (loss) / income		(2,553,570)	2,033,719
Finance Cost		(35,702)	(34,072)
(Loss) / profit before income tax		(2,589,272)	1,999,647
Income tax	13	-	(365,193)
(Loss) / profit for the year		(2,589,272)	1,634,454
Other comprehensive loss			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Re-measurement loss on employees defined benefit liabilities	11	(19,234)	(115,319)
Total comprehensive (loss) / income for the year		(2,608,506)	1,519,135

The accompanying notes form an integral part of these financial statements

ENSURE SERVICES ARABIA LLC
(LIMITED LIABILITY COMPANY)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2024

	Share capital SR	Statutory reserve SR	Retained earnings / (Accumulated losses) SR	Total SR
Balance at March 31, 2022	1,050,000	500,000	(1,206,125)	343,875
Profit for the year	-	-	1,634,454	1,634,454
Other comprehensive loss	-	-	(115,319)	(115,319)
Total comprehensive income for the year	-	-	1,519,135	1,519,135
Balance at March 31, 2023	1,050,000	500,000	313,010	1,863,010
Loss for the year	-	-	(2,589,272)	(2,589,272)
Other comprehensive loss	-	-	(19,234)	(19,234)
Total comprehensive loss for the year	-	-	(2,608,506)	(2,608,506)
Balance at March 31, 2024	1,050,000	500,000	(2,295,496)	(745,496)

The accompanying notes form an integral part of these financial statements

ENSURE SERVICES ARABIA LLC
(LIMITED LIABILITY COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

	2024	2023
	<u>SR</u>	<u>SR</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before income tax	(2,589,272)	1,999,647
Adjustments for:		
Depreciation on Property and equipment	210,782	178,733
Depreciation on right-of-use assets	658,507	656,704
(Reversal) / allowance for expected credit losses	131,787	115,046
Employees defined benefits liabilities	215,468	164,537
Provision of slow-moving inventory provision	444,351	9,214
Loss on disposal of property and equipment	1,487	-
Gain on disposal of right-of-use asset	-	(7,832)
Finance cost on lease liabilities	35,702	34,072
Operating cash flows before movements in working capital	<u>(891,188)</u>	<u>3,150,121</u>
Movement in working capital		
Inventories	(3,452,385)	(1,637,109)
Trade and other receivables	(1,657,023)	2,752,255
Trade and other payables	4,984,106	(2,611,563)
Due to / from related parties	<u>2,642,961</u>	<u>1,816,114</u>
Cash generated from operations	<u>1,626,471</u>	<u>3,469,818</u>
Employees defined benefit liabilities paid	(633,763)	(55,758)
Income tax paid	<u>(365,193)</u>	<u>(767,014)</u>
Net cash generated from operating activities	<u>627,515</u>	<u>2,647,046</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(32,502)</u>	<u>(438,159)</u>
Net cash used in investing activities	<u>(32,502)</u>	<u>(438,159)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	<u>(594,643)</u>	<u>(674,108)</u>
Net cash used in financing activities	<u>(594,643)</u>	<u>(674,108)</u>
Net increase in cash and cash equivalents	370	1,534,779
Cash and cash equivalents at the beginning of the year	<u>2,556,760</u>	<u>1,021,981</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>2,557,130</u>	<u>2,556,760</u>
Non-cash transaction:		
Re- measurement loss on employees defined benefit liabilities	<u>(19,234)</u>	<u>(115,319)</u>

The accompanying notes form an integral part of these financial statements

ENSURE SERVICES ARABIA LLC
(LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

1. CORPORATE INFORMATION

Ensure Services Arabia LLC (the“ Company”) is a Limited Liability Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010160285 dated 27 Rabia II, 1421H (corresponding to July 29, 2000G).

The principal activities of the Company are the operation and maintenance of information technology equipment and related system and programs and training thereof under the license issued by the Saudi Arabian General investment authority (SAGIA) No. 102030125421 dated 5 Rabia I, 1420H (corresponding to June 19, 1999).

The shareholders of the Company and their respective shareholdings as of March 31, 2024 and 2023 are as follows:

Shareholders	Number of Shares	Value	Amount
Redington Gulf FZE	997.5	1,000	997,500
Cadensworth FZE	52.5	1,000	52,500
	<u>1,050</u>		<u>1,050,000</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for chartered and professional Accountants (“SOCPA”), collectively hereafter referred to as “IFRS”.

The financial statements have been prepared on the historical cost basis except for the employee defined benefit liabilities, which have been actuarially valued and right of use of assets and lease liabilities payable that have been recorded at the present value of future lease rent payable.

The financial statements are presented in Saudi Riyals (SR), which is the Company’s functional and presentation currency.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Expenditure on maintenance and repairs is expensed, while expenditure for improvement is capitalized.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment (Continued)

The estimated useful lives of the principal classes of assets are as follows:

	Years
Leasehold improvements	5
Furniture and fixtures	5
Office and service center equipment	5
Computers and network equipment	3

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Impairment of tangible assets

At the end of each reporting period, the Company 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). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Leases (and right of use assets)

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (and right of use assets) (Continued)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the statement of financial position.

- The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.
- The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in the expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated amortization and impairment losses.

The right-of-use assets are amortized over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of tangible assets' policy.

The right-of-use assets are presented as a separate line in the statement of financial position.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a weighted average cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Company recognizes financial assets on a trade date basis at which the Company becomes a part to the provisions of the contract.

All of the Company's recognized financial assets are subsequently measured in their entirety at amortized cost using the effective interest rate ("EIR") method (if the impact of discounting or any transaction costs is significant). Interest income from these financial assets is included in finance income. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income / expenses.

Classification of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

The Company does not have any financial asset that meets the criteria to be classified as subsequently measured at 'fair value through profit or loss' or at 'fair value through other comprehensive income' nor it has elected to irrevocably designate its financial assets to be subsequently measured at 'fair value through profit or loss' or at 'fair value through other comprehensive income'.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. EIR is the rate that exactly discounts estimated future cash receipts (including all fees and costs paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the EIR method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Effective interest method (Continued)

Interest income is recognized using the EIR method for debt instruments measured subsequently at amortized cost. Interest income is calculated by applying the EIR to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the EIR to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the EIR to the gross carrying amount of the financial asset.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on cash and cash equivalents and trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses ("ECL"). The expected credit losses on trade and other receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following bases:

- Nature of financial instruments
- Past-due status; and
- Nature, size and industry of debtors

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Measurement and recognition of expected credit losses (Continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating
- significant deterioration in external market indicators of credit risk for a particular financial instrument
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations
- an actual or expected significant deterioration in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations

Irrespective of the outcome of the above assessment, the Company presumes that credit risk on the financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if, i) the financial instrument has a low risk of default, ii) the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Company considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' in accordance with the globally understood definition.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- When there is a long outstanding debt and a similar past experience exists; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company)

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than one year past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower
- a breach of contract, such as a default or past due event
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganization; and
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are subsequently measured at amortized cost.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by the Company unless otherwise stated and have maturities of three months or less, which are subject to insignificant risk of changes in values.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee benefits

Employee defined benefit liabilities

The employee defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur.

Re-measurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- re-measurement gains / (losses).

The Company presents the first two components of defined benefit costs in profit or loss in relevant line items.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Retirement benefits

Retirement benefits made to defined contribution plans are expensed when incurred.

Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for transferring goods or services to a customer. Revenue is recognized when control of a good or service transfers to a customer.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties.

The Company recognizes revenue from the following major sources:

- Repairs and maintenance services
- Information products and solutions; and
- Sale of Spare Parts
- Cloud Consulting services

Repairs and maintenance services

This includes repairs and maintenance services for computer equipment, wired and wireless systems provided to the customers on behalf of vendors under warranty and post warranty. The Company recognizes revenue when it transfers control of a product or service to a customer. The related revenue is recognized at a point in time based upon customer acceptances of activities completed

Information products and solutions

These are implementation projects with varying scope of works and includes activities such as wireless network coverage/capacity improvement, introducing new networks, expanding coverage, and the supply, installation, integration, and test services for equipment, tools and systems. The Company has assessed this bundle of goods and services as one performance obligation. This is because of the interdependencies within the scope offered to customers, the specialized nature of the work and the context of the agreement. The related revenue is recognized over time of the contract on a straight-line basis as the benefits customers receive is on a consistent basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cloud services

This represents cloud computing services , which includes reselling of cloud space to the customers. The Company has assessed these services as one performance obligation and the related revenue is recognized over time of the contract on a straight-line basis as the benefits customers receive is on a consistent basis.

Sale of Spare Parts

Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the sale of the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional. Receivables are not discounted as these are due within a period of less than twelve months.

Customers have a right of return depending on the terms of sales agreement between the Company, Vendor and the customer. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Company has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales.

The Company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

The Company does not have its own promotions and incentives program. Any promotions and incentives received by the Company from the supplier are distributed to the customers once approved by the supplier and consideration becomes receivable by the Company.

For all of the Company's goods and services, revenue is recognized when control transfers to the customer. This is primarily based on the risks and rewards, the acceptance of the customers and the Company's present right to payment. The Company has determined that formal acceptance of its products may be preceded by an implicit acceptance - when all terms and conditions of the contract have been met and verified through internal Company processes.

Income tax

The income tax charge is computed based on the adjusted net income and charged to the statement of profit or loss and other comprehensive income. Any differences in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the profit or loss.

Expenses

Expenses are measured and recognized as a period cost at the time when they are incurred. Expenses related to more than one financial period are allocated over such periods proportionately.

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The following standards, amendments, or interpretations effective for annual periods beginning on or after April 1, 2023, did not have a significant impact on the Company's financial statements:

Standard, interpretation, amendments	Description	Effective date
IFRS 17, 'Insurance contracts'	This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.	Annual periods beginning on or after April 1, 2023
Narrow scope amendments to IAS 1	Practice statement 2 and IAS 8 - The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after April 1, 2023
Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after April 1, 2023
Amendment to IAS 12 - International tax reform - pillar two model rules	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.	Annual periods beginning on or after April 1, 2023
Amendments to IAS 8	Definition of accounting estimates	Annual periods beginning on or after April 1, 2023

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS (Continued)

New and revised IFRS Standards in issue but not yet effective

The Company has chosen not to early adopt the following new standards and amendments to IFRS which have been issued but not yet effective for the Company's accounting year beginning on or after April 1, 2023

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	April 1, 2023
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	April 1, 2023
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	April 1, 2023
IFRS S1 & IFRS S2 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	April 1, 2023 subject to endorsement from SOCPA
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	Available for optional adoption/effective date deferred indefinitely)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, the management are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of trade receivables

An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The Company provides an amount as allowance for impairment of trade receivables on a regular basis and at each reporting date adjusting the closing balance of the allowance by reassessing the expected credit loss (ECL) from each customer.

Calculation of loss allowance for trade and other receivables

When measuring ECL, the company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in profit or loss.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION
UNCERTAINTY (Continued)

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

Employee defined benefit liabilities

Employee defined benefit liabilities are determined using an actuarial valuation which requires estimates to be made of the various inputs. These estimates have been disclosed in note 11.

5. LEASES

Below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	2024	2023
	SR	SR
As at April 1, 2023	1,347,774	2,194,543
Addition	-	506,800
Disposal	-	(696,865)
Depreciation expense	(658,507)	(656,704)
As at March 31, 2024	689,267	1,347,774

Below are the carrying amounts of lease liabilities and the movements during the year:

	2024	2023
	SR	SR
As at April 1, 2023	1,139,322	1,977,255
Addition	-	506,800
Disposal	-	(704,697)
Accretion of interest expense	35,702	34,072
Payments during the year	(594,643)	(674,108)
As at March 31, 2024	580,381	1,139,322
Current	580,381	558,800
Non-current	-	580,522

The following are the amounts recognised in profit or loss:

	2024	2023
	SR	SR
Depreciation expense on right-of-use assets (Note 16)	658,507	656,704
Interest expense on lease liabilities	35,702	34,072
Total amount recognised in profit or loss	694,209	690,776

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function. All lease obligations are denominated in local currency.

ENSURE SERVICES ARABIA LLC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

6. PROPERTY AND EQUIPMENT

	Leasehold Improvements SR	Office and service center equipment SR	Furniture and fixtures SR	Computers and network equipment SR	Total SR
Cost:					
April 01, 2022	4,700	170,053	463,863	125,895	764,511
Additions during the year	346,860	46,009	11,977	33,313	438,159
March 31, 2023	351,560	216,062	475,840	159,208	1,202,670
Additions during the year	-	-	-	32,502	32,502
Disposals during the year	-	-	-	(3,693)	(3,693)
March 31, 2024	351,560	216,062	475,840	188,017	1,231,479
Accumulated depreciation:					
April 01, 2022	3,794	12,820	47,792	58,512	122,918
Charge for the year	2,961	39,632	98,028	38,112	178,733
March 31, 2023	6,755	52,452	145,820	96,624	301,651
Charge for the year	35,002	42,988	95,128	37,664	210,782
Disposals during the year	-	-	-	(2,206)	(2,206)
March 31, 2024	41,757	95,440	240,948	132,082	510,227
Net book value:					
March 31, 2024	309,803	120,622	234,892	55,935	721,252
March 31, 2023	344,805	163,610	330,020	62,584	901,019

7. INVENTORIES - NET

	2024 SR	2023 SR
Spare parts	5,684,942	3,261,770
Inventory in transit	1,136,360	107,147
Less: Provision for slow moving inventory	(470,172)	(25,821)
	6,351,130	3,343,096

The movement in allowance for slow moving and obsolete inventory during the year is as follows:

	2024 SR	2023 SR
April 1	25,821	16,607
Allowance for slow moving inventories	444,351	9,214
March 31	470,172	25,821

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

8. TRADE AND OTHER RECEIVABLES

	2024	2023
	SR	SR
Trade receivables	<u>7,242,126</u>	5,919,250
Less: Allowance for expected credit losses	<u>(367,581)</u>	(235,794)
	<u>6,874,545</u>	5,683,456
Prepayments	806,886	416,965
VAT receivable	-	51,551
Others	<u>20,107</u>	24,330
	<u>7,701,538</u>	6,176,302

The average credit period granted to trade receivables is around 15 to 90 days. No interest is charged on outstanding trade receivables.

The movement in the allowance for expected credit losses is as follows:

	2024	2023
	SR	SR
Balance at start of the year	<u>235,794</u>	120,748
Provision during the year	<u>131,787</u>	115,046
Balance at end of the year	<u>367,581</u>	235,794

9. CASH AND CASH EQUIVALENTS

	2024	2023
	SR	SR
Cash at bank	<u>2,546,572</u>	2,554,151
Cash in hand	<u>10,558</u>	2,609
	<u>2,557,130</u>	2,556,760

Balances with bank are assessed to have low credit risk of default since these banks are highly regulated by the Saudi Arabian Monetary Authority. Accordingly, management of the company estimates the loss allowance on balances with bank at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with bank at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

10. STATUTORY RESERVE

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 30% of the share capital. This reserve is not available for distribution.

ENSURE SERVICES ARABIA LLC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

11. EMPLOYEES DEFINED BENEFIT LIABILITIES

	2024 SR	2023 SR
Balance at the beginning of the year	987,132	763,034
Charge for the year	215,468	164,537
Benefits paid during the year	(633,763)	(55,758)
Actuarial loss	19,234	115,319
Balance at the end of the year	588,071	987,132

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	2024 %	2023 %
Discount rate	5%	4.5%
Rate of salary increases	5%	4.5%
Retirement age	60 years	60 years

All movements in the employees defined benefit liabilities are recognized in profit or loss except for the actuarial gain or loss which is recognized in other comprehensive income

Sensitivity analysis

The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability.

	2024 SR	2023 SR
Increase in discount rate of 1%	536,976	(933,669)
Decrease in discount rate of 1%	647,364	1,047,068
Increase in rate of salary increase of 1%	649,716	1,051,286
Decrease in rate of salary increase of 1%	534,077	(928,868)

The sensitivity analysis presented above may not be representative of the actual change in the employees' end-of-service benefits as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions are correlated.

12. TRADE AND OTHER PAYABLES

	2024 SR	2023 SR
Trade payables	5,574,554	2,204,426
Advances from customers	1,221,353	-
Accrued services	561,370	1,027,012
Accrued employees' benefits	426,196	386,625
Value Added Tax	389,577	-
Other payables	429,119	-
	8,602,169	3,618,063

ENSURE SERVICES ARABIA LLC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

13. INCOME TAX PAYABLE

The movement in the income tax provision is as follows:

	2024	2023
	SR	SR
Balance at beginning of the year	365,193	767,014
Charge for the year	-	365,193
Paid during the year	<u>(365,193)</u>	<u>(767,014)</u>
Balance at end of the year	<u>-</u>	<u>365,193</u>

Status of tax assessments

The Company has submitted all its income tax returns up to year ended March 31, 2023 with ZATCA and settled all its tax liabilities accordingly.

14. RELATED PARTY TRANSACTIONS AND BALANCES

The immediate and ultimate controlling party is Redington Gulf FZE ("RGF").

During the year, the Company transacted with the following related parties:

<u>Related party</u>	<u>Nature of relationship</u>
Redington Gulf FZE ("RGF")	Shareholder
Redington Saudi Arabia Distribution Company	Affiliate
Proconnect Saudi LLC	Affiliate
Ensure Gulf FZE	Affiliate
Redington Middle East Trading LLC	Affiliate
Cadensworth FZE	Shareholder

The significant transactions during the year were as follows:

	2024	2023
	SR	SR
<i>Transactions with other related parties</i>		
Purchases	10,154,135	10,800,461
Sales	3,121,805	2,766,382

as at March 31, related parties' balances are as follow:

	2024	2023
	SR	SR
Due from a related party		
Redington Gulf Arabia for Information Technology Company	<u>771,619</u>	<u>27,834</u>
	<u>771,619</u>	<u>27,834</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

14. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

	2024	2023
	SR	SR
Due to related parties		
Ensure Gulf FZE	4,525,422	4,217,571
Redington Middle East Trading LLC	3,319,811	1,217,801
Cadensworth FZE	1,298,408	910,156
Redington Saudi Arabia Distribution Company	583,323	-
Ensure Middle East Technology Solutions LLC	38,472	30,878
Proconnect Saudi LLC	1,375	3,659
	<u>9,766,811</u>	<u>6,380,065</u>

The amounts outstanding with related parties are unsecured and will be settled in cash. No guarantees have been given or received. No amount has been expensed in the current year for bad or doubtful debts in respect of amounts owed by related parties.

Key management personnel compensation:

For the period ended March 31, compensation for key management personnel was:

	2024	2023
	SR	SR
	Senior Management	Senior Management
Short-term employee benefits	272,919	412,500
Bonus	84,594	179,340
Post-employment benefits	53,399	51,428
	<u>410,912</u>	<u>643,268</u>

15. REVENUE

The Company generates revenue from the following sources:

	Timing of revenue recognition	2024	2023
		SR	SR
Repairs and Services	<i>At a point in time</i>	12,252,159	13,101,620
Information products and solutions	<i>Over time</i>	9,180,131	13,858,523
Sale of Spare Parts	<i>At a point in time</i>	5,123,143	4,757,045
		<u>26,555,433</u>	<u>31,717,188</u>

16. GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
	SR	SR
Salaries and other related benefits	9,330,751	8,313,853
Travel Expense	1,098,880	818,075
Depreciation on right of use assets (Note 5)	658,507	656,704
Professional fees	543,348	249,409
Allowance for slow moving inventories	444,351	-
Repairs and Maintenance	225,627	96,941
Depreciation on property and equipment (Note 6)	210,782	178,733
Expected credit loss (Note 8)	131,787	115,046
Warehousing expenses	18,000	86,969
Others	476,143	600,783
	<u>13,138,176</u>	<u>11,116,513</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

17. GOING CONCERN

As at March 31, 2024, the Company's accumulated losses reached to SR 2,295,496 which exceeded the share capital, and the Company's current liabilities exceeded current assets by SR 1,567,944. These circumstances indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. On April 1, 2024, the partners held a meeting in compliance with the Regulations for Companies and decided to continue operations of the Company and to provide financial support to the Company when needed. The result of this support will be shown in the upcoming financial statements. Accordingly, the accompanying financial statements have been prepared on the going concern basis.

18. FINANCIAL INSTRUMENTS

Capital management

The Company manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of equity comprising share capital, statutory reserve, and retained earnings.

Categories of financial instruments

	2024 SR	2023 SR
<i>Financial assets</i>		
Trade and other receivables	7,242,126	5,919,250
Due from a related party	771,619	27,834
Cash and cash equivalents	2,557,130	2,556,760
Total financial assets	10,570,875	8,503,844

	2024 SR	2023 SR
<i>Financial liabilities</i>		
Trade and other payables	8,298,927	3,618,063
Due to related parties	9,766,811	6,380,065
Lease liabilities	580,381	1,139,322
Total financial liabilities	18,646,119	11,137,450

Market risk

The Company did not have any significant exposure to market risk. Consequently, no market risk sensitivity analysis has been presented.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies, primarily in US Dollars. As Saudi Riyals is pegged to the US Dollar, the management believes that the Company is not significantly exposed to foreign currency risk. Consequently, no foreign currency sensitivity analysis has been presented.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Financial assets which potentially subject the Company to concentrations of credit risk consist principally of cash at banks and trade and other receivables. Cash at banks is placed with reliable financial institutions. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings. Trade and other receivables are regularly

monitored by the management. Management believes that the due from related parties balance is not subject to credit risk considering the historical data and sound creditworthiness of the related parties.

18. FINANCIAL INSTRUMENTS (Continued)

Liquidity rate risk

The ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate banking balances at the reporting date and by continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

Fair value of financial instruments

The management consider that the carrying value of the financial instruments reported in the statement of financial position approximates their fair value.

18. EVENTS SUBSEQUENT TO THE REPORTING DATE

No events have occurred subsequent to the reporting date and before the issuance of these financial statements which requires adjustment to, or disclosure, in these financial statements.

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Company's Management on May 5, 2024.