PROCONNECT HOLDING LIMITED

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

PERIOD ENDED 31 MARCH 2024

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of PROCONNECT HOLDING LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **PROCONNECT HOLDING LIMITED** (the "Company"), which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2024, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with 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 (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates (UAE), 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.

Emphasis of Matter

We draw attention to note 2(a) in the financial statements, which states that these financial statements are the separate financial statements of the Company prepared for the purpose of legal compliance and reporting to the shareholder. The consolidated financial statements of the Company and its subsidiary, which are required to be presented in accordance with International Financial Reporting Standard 10: Consolidated Financial Statements, are presented separately. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for their compliance with the applicable provisions of the Companies Law, DIFC Law No. 5 of 2018, 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.

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Auditor Registration No. S.D. Pereira - 552, S.Lalwani - 5468, A.Tulsan - 5466

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INDEPENDENT AUDITOR'S REPORT
(continued)

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.

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INDEPENDENT AUDITOR'S REPORT
(continued)

- 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 gives a true and fair view.

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

Report on Other Legal and Regulatory Requirements

We further confirm that the financial statements have been prepared in accordance with the applicable provisions of the Companies Law, DIFC Law No. 5 of 2018. Also, in our opinion, proper books of account and other records have been maintained in accordance with the said law.

For **PKF**

S. D. Pereira
Partner
Registration no. 552
Dubai
United Arab Emirates
29 April 2024

PROCONNECT HOLDING LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Notes	31.03.2024 AED
ASSETS		
Non-current assets		
Right-of-use assets	6	310,640
Investment in a subsidiary	7	19,831,500
		20,142,140
Current assets		
Deposits		7,500
Prepayments		23,718
Due from a related party	8	2,879,240
Cash and cash equivalents	9	2,647,730
		5,558,188
Total assets		25,700,328
EQUITY AND LIABILITIES		
Equity		
Share capital	10	36,725
Additional capital	11	25,670,775
Accumulated losses		(409,610)
		25,297,890
Non-current liabilities		
Lease liabilities	12	191,364
Current liabilities		
Accruals and other payables	13	55,918
Due to related parties	8	66,252
Lease liabilities	12	88,904
		211,074
Total liabilities		402,438
Total equity and liabilities		25,700,328

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

I confirm that I am responsible for these financial statements, including selecting the accounting policies and making the judgements underlying them. I confirm that I have made available all the relevant accounting records and information for their compilation.

Approved and authorised for issue by the shareholder on 22 April 2024 and signed on their behalf by Mr. Arun Srinivasan.

For **PROCONNECT HOLDING LIMITED**

ARUN SRINIVASAN
DIRECTOR

بروكونكت هولدينغ ليمتد
DIFC
P.O.Box: 242771
Dubai - U.A.E.
ProConnect Holding Limited

PROCONNECT HOLDING LIMITED

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

	Notes	12.10.2022 to 31.03.2024 (Note 17) AED
Revenue		--
Depreciation of right-of-use assets	6	(143,955)
Other operating expenses	15	(239,982)
Finance costs on lease liabilities	12	(25,673)
LOSS FOR THE PERIOD		(409,610)
Other comprehensive income:		
Other comprehensive income for the period		--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(409,610)

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

PROCONNECT HOLDING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2024

	Share capital AED	Additional capital AED	Accumulated losses AED	Total AED
Issue of share capital	36,725	--	--	36,725
Additional capital introduced	--	25,670,775	--	25,670,775
Total comprehensive income for the period	--	--	(409,610)	(409,610)
Balance at 31 March 2024	**36,725**	**25,670,775**	**(409,610)**	**25,297,890**

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 1 to 3.

PROCONNECT HOLDING LIMITED

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2024

	12.10.2022 to 31.03.2024 (Note 17) AED
Cash flows from operating activities	
Loss for the period	(409,610)
Adjustments for:	
Depreciation of right-of-use assets	143,955
Finance costs on lease liabilities	25,673
	(239,982)
Changes in	
- Deposits	(7,500)
- Prepayments	(23,718)
- Accruals and other payables	55,918
Net cash used in operating activities	(215,282)
Cash flows from investing activities	
Investment in a subsidiary	(19,831,500)
Payments to a related party (net)	(2,879,240)
Net cash used in investing activities	(22,710,740)
Cash flows from financing activities	
Issue of share capital	36,725
Additional capital introduced	25,670,775
Payment of lease liabilities	(200,000)
Receipt from related parties (net)	66,252
Net cash from financing activities	25,573,752
Net increase in cash and cash equivalents	2,647,730
Cash and cash equivalent at the beginning of the period	--
Cash and cash equivalents at end of period (note 9)	2,647,730

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 1 to 3.

1. **LEGAL STATUS AND BUSINESS ACTIVITY**

a) **PROCONNECT HOLDING LIMITED** (the "Company"), with license number CL6188, is a private company with limited liability registered in Dubai, United Arab Emirates, in accordance with the provision of the Companies Law, DIFC Law No. 5 of 2018. The registered office is Unit 202, Level 2, Park Towers, DIFC, Dubai, UAE. The Company was registered on 12 October 2022.

b) The Company's activities as per commercial license are to act as holding company and managing office and investment in commercial enterprises.

c) The Company is a wholly owned subsidiary of Proconnect Supply Chain Solutions Limited, India (the "parent company"). Redington Limited, India, a public limited company is the "ultimate parent company".

d) These are the first set of financial statements of the Company which are prepared for a period from 12 October 2022 to 31 March 2024.

2. **BASIS OF PREPARATION**

a) **Statement of compliance**

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 12 October 2022, and the requirements of the applicable provisions of the Companies Law, DIFC Law No. 5 of 2018.

These financial statements are the separate financial statements of the Company prepared for the purpose of legal compliance and reporting to the shareholder. The consolidated financial statements of the Company and its subsidiary, which are required to be presented in accordance with International Financial Reporting Standard 10: Consolidated Financial Statements, are presented separately.

b) **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.

c) **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.

The Company is a holding company and is the parent company to its wholly owned subsidiary. The Company has not earned any revenue and has incurred losses of AED 391,610 during the period ended 31 March 2024. However, the Company is expecting to earn dividend income from its investments and generate positive cash flows in near future. Accordingly, these financial statements have been prepared on a going concern basis.

d) **New and revised IFRSs in issue but not yet effective and not early adopted**

The following amendments, improvements and interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (1 January 2023).
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (1 January 2023).
- Amendments to IAS 8 – Definition of Accounting Estimates (1 January 2023).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (1 January 2023).
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold to an associate or a joint venture (The IASB postponed the effective date of this amendment indefinitely). (Early adoption is permitted).
- Amendments to IAS 1 – Non-current Liabilities with Covenants (1 January 2024)
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangement (1 January 2024)
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (1 January 2024)
- Amendments to IAS 21 – Lack of Exchangeability (1 January 2025)
- Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules (23 May 2023)
- IFRS S1 - General requirements for disclosure of sustainability-related financial information and IFRS S2 - Climate-related disclosures (Effective upon adoption by applicable regulatory)

e) **Functional and presentation currency**

The financial statements are presented in UAE Dirham ("AED") which is also the Company's functional currency.

3. **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted, and which have been consistently applied, are as follows:

a) **Investment in subsidiary**

Subsidiary is an entity over which the Company exercises control. Control is achieved when the Company is exposed, or has rights, to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The investment in a subsidiary is accounted at cost less impairment losses, if any. Consolidated financial statements of the Company and its subsidiary are presented separately.

b) **Value added tax**

As per the Federal Decree-Law No. (08) of 2017, Value Added Tax (VAT), needs to be 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 does not have any output taxable supplies of goods or services. As VAT registration is not mandatory in UAE for such an entity, the Company has opted not to register under VAT.

c) **Deferred tax**

Deferred tax is recognised on temporary differences between the accounting base and the tax base for the year and quantified using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date.

Deferred tax is recognised using the balance sheet approach. Deferred tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in the financial statements, except when the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred tax asset is recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amount and there is an intention to settle the asset and liability on a net basis.

d) **Revenue recognition**

The Company's principal activities during the period were investment in commercial enterprises and management.

Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

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

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.
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.
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.
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.
5. Recognise 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 recognises 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 recognising revenue.

Dividend income
Dividend income is recognised when the right to receive dividend is established.

e) **Leases**

As a lessee

The Company has taken its office premises on lease. Rental contract is typically made for a fixed period of 12 months but may have extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants.

Right-of-use assets

The Company recognises right-of-use assets at the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any reimbursement of lease liabilities. The cost of right-of-use assets includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial costs; and
- restoration costs.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

The Company recognises lease liabilities at the commencement date of the lease. The lease liabilities are measured at the net present value of lease payments to be made over the lease term. The lease payments include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Company; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

The Company uses its incremental borrowing rate as the discount rate in calculating the present value of lease payments and uses the incremental borrowing rate at the commencement date of the lease if the profit rate implicit in the lease is not readily determinable. Further, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance lease payments or a change in the assessment to purchase the underlying asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

f) **Cash and cash equivalents**

Cash and cash equivalents comprise bank balances in current accounts.

g) **Foreign currency transactions**

Transactions in foreign currencies are translated into functional currency at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into functional currency at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

h) **Provisions**

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, 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 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 flow estimated to settle the present obligation, it's carrying amount is the present value of those cash flows.

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

i) **Contingencies and commitments**

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

j) **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 realised 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 or 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.

k) **Financial instruments**

Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; debt investment at fair value through other comprehensive income; equity investment at fair value through other comprehensive income; or fair value through profit or loss.

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 amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are "solely payments of principal and interest" on the principal amount outstanding. This assessment 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 cash flows will result from collecting contractual cashflows, selling the financial assets, or both.

Financial liabilities are classified as financial liabilities at fair value through profit or loss or at amortised cost. The Company determines the classification of its financial liabilities at initial recognition.

Recognition

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

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

Measurement

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

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

Financial assets

Financial assets at amortised cost

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through other comprehensive income on initial recognition) 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 recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The financial assets at amortised cost comprise of deposits, due from a related party and cash and cash equivalents.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss.

Financial liabilities at amortised cost comprise of accruals and other payables, due to related parties and lease liabilities.

Impairment of financial assets

The Company recognised an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Loss allowances are measured on either of the following basis:

- 12-month expected credit losses: expected credit losses that result from possible default events within 12 months after the reporting date; and
- Lifetime expected credit losses: expected credit losses that result from all possible default events over the expected life of a financial instrument.

The Company measures the loss allowance at an amount equal to lifetime expected credit losses, except for the following which are measured as 12-month expected credit losses:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company has elected to measure loss allowances for trade receivables at an amount equal to lifetime expected credit losses. The Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognised a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:

- The customer is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 365 days past due.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Equity

Share capital is recorded at the value of proceeds received towards interest in share capital of the Company.

l) **Fair value measurement**

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

4. SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Classification of financial assets

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

Impairment

The Company applies expected credit loss model to measure loss allowance in case of financial assets on the basis of 12-month expected credit losses or Lifetime expected credit losses depending on credit risk characteristics and how changes in economic factors affect expected credit losses, which are determined on a probability-weighted basis.

Leases

Determining the lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extent (or not terminate). The Company considers all relevant factors that create an economic incentive for it to exercise the renewal.

Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Accordingly, the leasehold land has been capitalised as right-of-use assets and lease liabilities.

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"), which ranges from 5% p.a. due to the absence of implicit rates in the lease contracts.

Management has applied judgments and estimates to determine the IBR at the transition date, using borrowing rates that certain financial institutions would charge the Company against financing the different types of assets it leases over different terms and different ranges of values. IBR is further adjusted for Company's specific risk, term risk and underlying asset risk. The leases are present in the UAE and accordingly no adjustment for the economic environment was deemed required.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Impairment

Assessments of net recoverable amounts of right-of-use assets are based on assumptions regarding future cash flows expected to be received from the related assets.

Impairment of financial assets

The loss allowance for financial assets are based on assumptions about the risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3(k).

Deferred tax

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

6. RIGHT-OF-USE ASSETS

	AED
Cost	
Additions	454,595
At 31 March 2024	**454,595**
Accumulated depreciation	
Depreciation	143,955
At 31 March 2024	**143,955**
Carrying amount	
At 31 March 2024	**310,640**

This represents right to use the office premise located in DIFC, Dubai. The lease is being renewed annually, however, considering the substance of the arrangement, the lease is estimated to have a period upto September 2027.

7. INVESTMENT IN A SUBSIDIARY

	31.03.2024 AED
Cost:	
Proconnect Supply Chain Logistics L.L.C, UAE	**19,831,500**

The nature of investment in a subsidiary held by the Company is as follows:

Name of subsidiary	Principal Activities	Country of incorporation	Registered proportion of ownership interest (%) 31.03.2024
Proconnect Supply Chain Logistics L.L.C	Air, sea and road freight forwarding and general warehousing services	United Arab Emirates	100

8. RELATED PARTIES

The Company enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and are at prices determined by the management.

Related parties comprise the parent company, ultimate parent company, subsidiary, companies under common ownership and/or management control and director.

At the reporting date significant balances with parent company were as follows:

	Parent company	Subsidiary	Companies under common ownership and/or common management control	Total 31.03.2024
	AED	AED	AED	AED
Due from a related party	--	--	2,879,240	**2,879,240**
Due to related parties	18,500	47,752	--	**66,252**

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in notes 11 and 16.

At the reporting date, there were no significant transactions with related parties except the funding transactions.

The Company receives funds from related parties as working capital facilities free of interest.

	31.03.2024
	AED
9. CASH AND CASH EQUIVALENTS	
Bank balances in current accounts	**2,647,730**
10. SHARE CAPITAL	
Issued and paid up:	
10,000 shares of USD 1 each held by Proconnect Supply Chain Solutions Limited, India (translated at exchange rate of USD 1 = AED 3.6725)	**36,725**
11. ADDITIONAL CAPITAL	
Opening balance	**--**
Receipt during the period	**25,670,775**
Closing balance	**25,670,775**

This represents additional capital introduced by the shareholder which will be converted to registered/legal capital in the near future.

12. LEASE LIABILITIES	
Lease liabilities for long-term lease of office premises	**280,268**

Disclosed in the statement of financial position as under:

Non-current liabilities	**191,364**
Current liabilities	**88,904**
	280,268

A reconciliation of the movements in lease liabilities is as follows:

	31.03.2024
	AED
Opening balance	--
Additions	454,595
Finance costs for the period	25,673
Payments made during the period	(200,000)
Closing balance	280,268

A maturity analysis of undiscounted lease liabilities is as follows:

3 months – 1 year	100,000
1 year – 5 years	200,000
Total	300,000

Reconciliation of undiscounted lease liabilities to the lease liabilities as stated in the statement of financial position is as follows:

Lease payments due	300,000
Less: Finance cost on leases	(19,732)
Disclosed in the statement of financial position	280,268

13. ACCRUALS AND OTHER PAYABLES

Accruals for expenses	38,000
Other payables	17,918
	55,918

The entire accruals and other payables are due for payment in one year from the reporting date.

14. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to ensure that the Company continues as a going concern and to provide the shareholder with a rate of return on their investment commensurate with the level of risk assumed.

Capital comprises equity funds as presented in the statement of financial position. Debt comprises total amounts owed by the Company, net of cash and cash equivalents.

The Company is not subject to externally imposed capital requirements.

Funds generated from internal accruals together with funds received from shareholder and a related party are retained in the business according to the business requirements and maintain capital at desired levels.

		12.10.2022 to 31.03.2024 (Note 17) AED
15.	**OTHER OPERATING EXPENSES**	
	Legal and professional fees	147,632
	License fees	67,794
	Other expenses	24,556
		239,982

16. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial instruments

Classification and fair values

The net carrying amounts and fair value as at the reporting date of financial assets and financial liabilities are as follows:

	At Amortised cost 31.03.2024 AED
Financial assets	
Deposits	7,500
Due from a related party	2,879,240
Cash and cash equivalents	2,647,730
	5,534,470
Financial liabilities	
Accruals and other payables	55,918
Lease liabilities (non-current and current)	280,268
Due to related parties	66,252
	402,438

Fair value measurement and disclosures

The management assesses the fair values of all its financial assets and financial liabilities at each reporting date.

The fair values of deposits, due from a related party, cash and cash equivalents, due to related parties, current lease liabilities and accruals and other payables approximate to their carrying amounts largely due to short-term maturities of these instruments.

Fair value of non-current lease liabilities are estimated by discounting future cash flows using rates currently available for debts on similar items, credit risk and remaining maturities. As at the reporting date, the carrying amounts of such liabilities, are not materially different from their fair values.

Financial risk management

Risk management objectives

Risk is inherent in the Company's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability. The Company's risk management focusses on actively securing short to medium term cash flows by minimizing the exposure to financial markets.

The primary risks to which the business is exposed, comprise credit risks, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

The management of the Company reviews and agrees policies for managing each of these risks which are summarised below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and followup.

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally cash and cash equivalents and due from a related party.

The Company's bank accounts are placed with high credit quality financial institutions and hence have low credit risk.

Amount due from a related party relates to transactions arising in the normal course of business with minimal credit risk.

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturities of the Company's undiscounted financial liabilities at the reporting date, based on contractual payment dates and current market interest rates.

	Less than one year	One to five years	Total
	31.03.2024	31.03.2024	31.03.2024
	AED	AED	AED
Accruals and other payables	55,918	--	55,918
Lease liabilities	100,000	200,000	300,000
Due to related parties	66,252	--	66,252
	222,170	200,000	422,170

Market risk

Market risk is the risk that the changes in market prices, such as foreign currency exchange rates, interest rates and prices, will affect the Company's income or the value of its holdings of financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns.

Currency risk

Currency risk is the risk that the values of financial instruments will fluctuate because of changes in foreign exchange rates.

There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates.

The Company is not subject to any significant interest rate risks.

17. COMPARATIVE INFORMATION

These are the first set of financial statements of the Company since the date of incorporation of 12 October 2022 and hence, no comparative information is presented.

18. CORPORATE TAX

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the 'CT Law') to enact a Federal corporate tax ('CT') regime in the UAE. The CT Law will be effective for the financial years beginning on or after 1 June 2023. Decision No. 116 of 2022 specifies the threshold of income (as AED 375,000) over which a corporate tax of 9% would apply and accordingly, the CT Law is now considered to be substantively enacted.

For the Company, current taxes shall be accounted for as appropriate in the financial statements for the accounting period beginning 1 April 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the financial period ended 31 March 2024.

Based on the information available to date, the Company has assessed the deferred tax implications for the period ended 31 March 2024 and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with regard to transition rules), it has been concluded that deferred tax implications are not expected to be material.

The Company shall continue to monitor critical Cabinet Decisions to determine the impact on the Company, from deferred tax perspective.

For **PROCONNECT HOLDING LIMITED**

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