# PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C

SEPARATE FINANCIAL STATEMENTS AND REPORTS

YEAR ENDED 31 MARCH 2026

# PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C

## SEPARATE FINANCIAL STATEMENTS AND REPORTS
## YEAR ENDED 31 MARCH 2026

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# PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C

## MANAGER'S REPORT
## FOR THE YEAR ENDED 31 MARCH 2026

The manager submits his report and separate financial statements for the year ended 31 March 2026. I approve the separate financial statements and confirm that I am responsible for these, including selecting the accounting policies and making the judgments underlying them. I confirm that I have made available all relevant accounting records and information for their compilation.

**Results and dividends**
The profit after tax for the year amounted to AED 3,649,510. The manager does not recommend any dividend for the year ended 31 March 2026.

**Review of the business**
The principal activity of the Company during the year was providing air, sea and road freight forwarding services and general warehousing.

**Legal and regulatory requirements**
The Company has complied with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 on Commercial Companies, as amended.

**Events since the end of the year**
There are no significant events since the end of the year.

**Shareholder and its interests**
The shareholder at 31 March 2026 and its interests as at that date in the share capital of the Company were as follows:

| Name | No. of shares | AED |
|---|---|---|
| Proconnect Holding Limited, Dubai, UAE | 3,700 | 370,000 |

**Independent auditor**
PKF – Chartered Accountants (Dubai Br) were appointed as independent auditor for the year ended 31 March 2026 and it is proposed that they be re-appointed for the year ending 31 March 2027.

**Manager**

16 JUN 2026

PKF - Chartered Accountants (Dubai Br)
بيه كي إف - تشارترد اكاونتنتس (فرع دبي)

Accountants &
business advisers

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**INDEPENDENT AUDITOR'S REPORT**

**To the Shareholder of PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C**

**Report on the Audit of the Separate Financial Statements**

***Opinion***

We have audited the separate financial statements of **PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C** (the "Company"), which comprise the separate statement of financial position as at 31 March 2026, and the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 March 2026, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

***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 Separate 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 separate 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.

***Other Information***

Management is responsible for the other information. Other information comprises the Manager's report as required by the UAE Federal Decree Law No. (32) of 2021 on Commercial Companies, as amended, which we obtained prior to the date of this auditor's report. The other information does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

*continued...*

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

Management is responsible for the preparation of separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB, and for their compliance with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 on Commercial Companies, as amended, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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 Separate Financial Statements***

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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.

*continued...*

- 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 separate 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 separate financial statements, including the disclosures, and whether the separate 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**
As required by the UAE Federal Decree Law No. (32) of 2021 on Commercial Companies, as amended, we report that:

i) we have obtained all the information we considered necessary for the purpose of our audit;

ii) the separate financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 on Commercial Companies, as amended;

iii) the Company has maintained proper books of account;

iv) the financial information included in the Manager's report is consistent with the books of account of the Company;

v) the Company has not purchased or invested in any shares during the financial year ended 31 March 2026;

vi) note 12 to the separate financial statements reflects material related party transactions and balances, and the terms under which they were conducted;

vii) the Company has not made any social contributions during the financial year ended 31 March 2026; and

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**INDEPENDENT AUDITOR'S REPORT**
(continued)

viii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 March 2026 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 on Commercial Companies, as amended or of its Memorandum and Articles of Association which would materially affect its activities or its financial position as at 31 March 2026 and there are no penalties imposed on the Company.

For **PKF – Chartered Accountants (Dubai Br)**

Slalwani

**Saranga Lalwani**
Partner
Registration no. 5468
Dubai
United Arab Emirates

16 JUN 2026

# PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C

## SEPARATE STATEMENT OF FINANCIAL POSITION
## AS AT 31 MARCH 2026

| | Notes | 2026 AED | 2025 AED |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Right-of-use assets | 6 | **1,993,677** | 3,479,578 |
| Property, plant and equipment | 7 | **323,607** | 227,080 |
| Investment in subsidiary | 8 | **3,383,630** | 3,383,630 |
| Loans to a subsidiary | 9 | **17,444,375** | 8,079,500 |
| | | **23,145,289** | 15,169,788 |
| **Current assets** | | | |
| Trade and other receivables | 10 | **14,267,147** | 13,436,479 |
| Other current assets | 11 | **1,789,850** | 1,507,514 |
| Due from related parties | 12 | **3,102,662** | 3,914,985 |
| Loans to a subsidiary | 9 | **5,194,000** | 5,194,000 |
| Cash and cash equivalents | 13 | **664,089** | 6,314,126 |
| | | **25,017,748** | 30,367,104 |
| **Total assets** | | **48,163,037** | 45,536,892 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 14 | **370,000** | 370,000 |
| Statutory reserve | | **185,000** | 185,000 |
| Re-measurement of defined benefit obligation | | **278,500** | 152,277 |
| Retained earnings | | **19,918,307** | 16,268,797 |
| | | **20,751,807** | 16,976,074 |
| **Non-current liabilities** | | | |
| Loans from related parties | 15 | **6,836,250** | 9,407,000 |
| Provision for staff end-of-service benefits | 16 | **3,840,031** | 3,489,458 |
| Lease liabilities | 17 | **670,683** | 1,960,074 |
| | | **11,346,964** | 14,856,532 |
| **Current liabilities** | | | |
| Short term borrowings | 18 | **1,509,824** | -- |
| Trade and other payables | 19 | **10,440,913** | 10,089,466 |
| Other current liabilities | 20 | **2,205,877** | 1,818,773 |
| Lease liabilities | 17 | **1,337,635** | 1,485,537 |
| Current tax liabilities | 28 | **570,017** | 310,510 |
| | | **16,064,266** | 13,704,286 |
| **Total liabilities** | | **27,411,230** | 28,560,818 |
| **Total equity and liabilities** | | **48,163,037** | 45,536,892 |

The accompanying notes form an integral part of these separate financial statements.
The report of the independent auditor is set forth on pages 2 to 5.

Approved and authorised for issue by the Shareholder on 16 JUN 2026 and signed on their behalf by Mr. Prasanth Pookot Kayapurath Kannanunni.

For PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C

**PRASANTH POOKOT KAYAPURATH KANNANUNNI**
**MANAGER**

## PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C

### SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
### FOR THE YEAR ENDED 31 MARCH 2026

| | Notes | 2026<br>AED | 2025<br>AED |
|---|---|---|---|
| **Revenue** | 23 | 104,288,418 | 106,560,273 |
| Direct costs | 24 | (85,025,689) | (88,982,597) |
| Gross profit | | 19,262,729 | 17,577,676 |
| Other income | 25 | 23,711 | 39,236 |
| General administrative and selling expenses | 26 | (15,484,475) | (13,642,341) |
| Interest income on loans to a subsidiary | | 1,255,786 | 516,806 |
| Finance costs | 27 | (784,782) | (381,497) |
| Impairment provision of trade receivables (net) | 10 | (73,310) | (99,365) |
| **PROFIT BEFORE TAX FOR THE YEAR** | | 4,199,659 | 4,010,515 |
| Income tax expense | 28 | (550,149) | (327,196) |
| **PROFIT AFTER TAX FOR THE YEAR** | | 3,649,510 | 3,683,319 |
| **Other comprehensive income:**<br>*Items that will not be reclassified subsequently to profit and loss:* | | | |
| Actuarial gain/(loss) on defined employee benefit plan | 16 | 146,091 | (185,404) |
| Income tax (expense)/benefit | 28 | (19,868) | 16,686 |
| **Other comprehensive income for the year** | | 126,223 | (168,718) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | 3,775,733 | 3,514,601 |

The accompanying notes form an integral part of these separate financial statements.
The report of the independent auditor is set forth on pages 2 to 5.

## SEPARATE STATEMENT OF CHANGES IN EQUITY
**FOR THE YEAR ENDED 31 MARCH 2026**

| | | Share capital | Statutory reserve | Re-measurement of defined benefit obligation | Retained earnings | Total |
|---|---|---|---|---|---|---|
| | | AED | AED | AED | AED | AED |
| Balance at 1 April 2024 | | 370,000 | 185,000 | 320,995 | 13,500,807 | 14,376,802 |
| Comprehensive income | | | | | | |
| - Profit for the year | (a) | -- | -- | -- | 3,683,319 | 3,683,319 |
| - Other comprehensive income | | | | | | |
| *Items that will not be reclassified subsequently to profit and loss:* | | | | | | |
| Actuarial loss on defined employee benefit plan (net of income tax benefit) | (b) | -- | -- | (168,718) | -- | (168,718) |
| Total comprehensive income for the year | (a+b) | -- | -- | (168,718) | 3,683,319 | 3,514,601 |
| Dividends paid during the year | | -- | -- | -- | (915,329) | (915,329) |
| Balance at 31 March 2025 | | 370,000 | 185,000 | 152,277 | 16,268,797 | 16,976,074 |
| Comprehensive income | | | | | | |
| - Profit for the year | (c) | -- | -- | -- | 3,649,510 | 3,649,510 |
| - Other comprehensive income | | | | | | |
| *Items that will not be reclassified subsequently to profit and loss:* | | | | | | |
| Actuarial gain on defined employee benefit plan (including income tax expense) | (d) | -- | -- | 126,223 | -- | 126,223 |
| Total comprehensive income for the year | (c+d) | -- | -- | 126,223 | 3,649,510 | 3,775,733 |
| Balance at 31 March 2026 | | **370,000** | **185,000** | **278,500** | **19,918,307** | **20,751,807** |

The accompanying notes form an integral part of these separate financial statements.
The report of the independent auditor is set forth on pages 2 to 5.

# PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C

## SEPARATE STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 MARCH 2026

| | 2026<br>AED | 2025<br>AED |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before tax for the year | 4,199,659 | 4,010,515 |
| Adjustments for: | | |
| Depreciation of right-of-use assets | 1,548,855 | 1,454,832 |
| Depreciation of property, plant and equipment | 124,011 | 147,284 |
| Impairment provision of trade receivables (net) | 73,310 | 99,365 |
| Finance costs | 784,782 | 381,497 |
| Interest income on loans to a subsidiary | (1,255,786) | (516,806) |
| Provision for staff end-of-service benefits | 464,827 | 315,036 |
| | 5,939,658 | 5,891,723 |
| Changes in: | | |
| - Trade and other receivables | (164,998) | 1,638,413 |
| - Other current assets | (282,336) | 167,160 |
| - Trade and other payables | 312,154 | (66,106) |
| - Other current liabilities | 387,104 | 592,237 |
| Staff end-of service benefits paid | (119,047) | (102,713) |
| Income tax paid | (293,189) | -- |
| Net cash from operating activities | 5,779,346 | 8,120,714 |
| | | |
| **Cash flows from investing activities** | | |
| Payments for property, plant and equipment | (220,538) | (254,344) |
| Investment in subsidiary | -- | (2,879,240) |
| Receipts from related parties (net) | 795,002 | 7,195,029 |
| Loans to a subsidiary | (9,364,875) | (13,273,500) |
| Interest received | 516,806 | -- |
| Net cash used in investing activities | (8,273,605) | (9,212,055) |
| | | |
| **Cash flows from financing activities** | | |
| Payment of lease liabilities | (1,600,114) | (1,572,736) |
| Interest paid | (494,738) | (143,962) |
| Dividends paid | -- | (915,329) |
| Receipt of loans from related parties | 1,836,250 | 9,407,000 |
| Repayment loans from related parties | (4,407,000) | -- |
| Net cash (used in)/ from financing activities | (4,665,602) | 6,774,973 |
| | | |
| **Net (decrease)/increase in cash and cash equivalents** | (7,159,861) | 5,683,632 |
| **Cash and cash equivalents at beginning of year** | 6,314,126 | 630,494 |
| **Cash and cash equivalents at end of year** | (845,735) | 6,314,126 |
| | | |
| **Cash and cash equivalents comprise** | | |
| Cash and cash equivalents (note 13) | 664,089 | 6,314,126 |
| Bank overdraft (note 18) | (1,509,824) | -- |
| | (845,735) | 6,314,126 |
| | | |
| **Non-cash investing activities include** | | |
| Tax benefit of a related party offset against current tax liabilities (note 28) | 17,321 | -- |
| Transfer of provision of staff-end of service benefits from related parties (net) | -- | 2,020,140 |

The accompanying notes form an integral part of these separate financial statements.
The report of the independent auditor is set forth on pages 2 to 5.

1. **REPORTING ENTITY**

a) **PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C.** (the "Company") with license number 687611 is a limited liability company registered in Dubai, United Arab Emirates, in accordance with the provision of Article 218 of the UAE Commercial Companies Law No. 8 of 1984 as amended [repealed by UAE Federal Law No (2) of 2015 which further repealed by UAE Federal Decree Law No. (32) of 2021 on Commercial Companies, as amended on Commercial Companies]. The registered address is P.O Box 12816, Office 307, The Atrium Centre, Bank Street, Dubai, United Arab Emirates. The Company was registered on 24 April 2013.

b) The Company also operates through its following branches in the Emirate of Dubai.

- Proconnect Supply Chain Logistics L.L.C (Branch) with license number 145323 registered in Jebel Ali Free Zone, Dubai.
- Proconnect Supply Chain Logistics L.L.C (Branch) with license number 3901 registered in Dubai Airport Free Zone, Dubai.

These separate financial statements include the assets, liabilities and business results of these branches.

c) The Company is mainly engaged in the business of providing air, sea and road freight forwarding services and general warehousing.

d) The parent company is ProConnect Holding Limited, a company registered in DIFC, Dubai, UAE and the ultimate parent company is Redington Limited, India.

e) These are the separate financial statements prepared in accordance with International Accounting Standards (IAS) 27 – 'Separate Financial Statements' and the investment in subsidiary is recognised at cost less impairment. As permitted under International Financial Reporting Standards (IFRS) 10 – 'Consolidated Financial Statements', paragraph 4(a), the Company has elected not to present consolidated financial statements as the parent company presents consolidated financial statements in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). The consolidated financial statements of parent company can be obtained from its registered office at Unit 202, Level 2, Park Towers, DIFC, Dubai, UAE.

2. **BASIS OF PREPARATION**

a) **Statement of compliance**

The separate financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1 April 2025, and the requirements of UAE Federal Decree Law No. (32) of 2021 on Commercial Companies, as amended.

b) **Basis of measurement**

The separate 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 separate financial statements are prepared on a going concern basis.

When preparing the separate financial statements, management makes an assessment of the Company's ability to continue as a going concern. Separate 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.

d) **Functional and presentation currency**

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

e) **Adoption of new standards**

*Standards, amendments, improvements and interpretations effective for the current period*

The following amendments which became effective for current period, did not have any significant impact on the Company's separate financial statements:

- Amendments to IAS 21 – Lack of Exchangeability

***New and revised standards in issue but not yet effective and not early adopted***

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

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7) (1 January 2026)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) (1 January 2026)
- Annual Improvements to IFRS Accounting Standards—Volume 11 (1 January 2026)
- IFRS 18 Presentation and Disclosures in Financial Statements (1 January 2027)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (1 January 2027)

3. **MATERIAL ACCOUNTING POLICIES**

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

a) **Property, plant and equipment and right-of-use assets**

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

| | |
|---|---|
| Right-of-use assets | 5 years |
| Furniture, fixtures and office equipment | 1 - 5 years |
| Vehicles | 3 years |

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

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

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

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

b) **Impairment of tangible assets**

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

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

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

c) **Investments in subsidiary**

Subsidiaries are entities 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 subsidiary is accounted for at cost less impairment losses, if any. Consolidated financial statements of the Company and its subsidiary are included in the consolidated financial statements of the parent company.

d) **Value added tax**

As per the Federal Decree-Law No. (08) of 2017 and its amendments, Value Added Tax (VAT), is charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person.

The Company pays Value Added Tax (VAT) on every taxable supply and deemed supply, in accordance with the applicable commercial VAT laws. Non-recoverable input VAT is charged to the relevant expenditure category or included in costs of non-current assets. The Company files its VAT returns and computes the payable tax (which is output tax less input tax) for the allotted tax periods and deposits the same within the prescribed due dates of filing VAT return and tax payment. VAT receivable and VAT Payable are offset and the net amount is reported in the separate statement of financial position as the Company has a legally enforceable right to offset the recognised amounts and has the intention to settle the same on net basis.

e) **Income and deferred tax**

Tax expense for the year comprises of current income tax and deferred tax. Current tax is measured by the amount of tax expected to be paid to the federal tax authorities on the taxable profits after considering tax allowances and exemptions and applying the applicable tax rates and laws. Deferred tax is recognised on the 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 non-deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in the separate 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.

Current tax and 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.

f) **Staff benefits**

The Company operates a defined benefit plan. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods.

The Company's gratuity plan is unfunded, the defined benefit obligation of which is determined annually by a qualified actuary using the projected unit credit method at each reporting date. Re-measurement of defined benefit obligation, which comprises of actuarial gains and losses are recognised in other comprehensive income in the period in which they occur. The Company determines the net interest expenses on the net defined benefit obligation, taking into account any changes in the defined benefit liability during the period as a result of contribution and benefit payments. Net interest expenses related to defined benefit plan are recognised in finance cost in the separate statement of profit or loss.

Provision is also made for employees' entitlement to annual leave and air fare for eligible employees as per the policy of the Company. Provision relating to annual leave and air fare are disclosed as current liability as employees are entitled to redeem these benefits at any point of time after the reporting period.

g) **Statutory reserve**

In accordance with the UAE Federal Decree Law No. (32) of 2021 on Commercial Companies, as amended, the Company is required to establish a statutory reserve by appropriation of 5% of net profit until the reserve equals 50% of the share capital. The shareholder may resolve to discontinue such deduction when the reserve totals 50% of the paid-up share capital. The reserve is not available for distribution except as provided in the Federal Law. During the year, no transfer of statutory reserve has been made as the statutory reserve has reached the mandatory threshold prescribed by the UAE Federal Decree Law No. (32) of 2021 on Commercial Companies, as amended.

h) **Revenue recognition**

The Company is engaged in providing air, sea and road freight forwarding services and general warehousing.

Revenue from contracts with customers is recognised when the control of 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 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.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied. 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.

***Sale of services***

The Company provides services that are sold separately. The services can be obtained from other providers and do not significantly modify or customise the services to be rendered.

Contracts for composite sale of services comprise of two performance obligations because the promise to provide services are capable of being distinct and separately identifiable. The Company allocates the transaction price based on the relative stand-alone selling prices of the services.

***Freight forwarding income***

Freight forwarding income represents amounts invoiced to the customers net of discounts, for services rendered as freight forwarders. Income from freight forwarding is recognised at point in time when the services are rendered to the customers.

***Warehousing rental income***

The Company provides warehousing services to the customers. Contracts for warehouse rental services comprise of a single performance obligation because the promise to provide services cannot be distinct and separately identifiable. The Company recognises revenue from rental services over time to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company.

i) **Leases**

***As a lessee***

The Company has taken office premises and warehouses on lease. Rental contracts are typically made for fixed period of 1 year but may have extension options. However, the management of the Company has the intention to continue its operations in the same premises for a longer period. 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, but leased assets may not be used as security for borrowing purposes.

*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 the incremental borrowing rate of the parent company 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.

*Short-term leases*
The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

j) **Cash and cash equivalents**
Cash and cash equivalents comprise cash on hand and balance in bank current accounts.

k) **Foreign currency transactions**
Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

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

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

l) **Provisions**

*General*

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.

m) **Contingencies and commitments**

Contingent liabilities are not recognised in the separate 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 separate financial statements but disclosed when an inflow of economic benefits is probable.

n) **Current versus non-current classification**

The Company presents assets and liabilities in the separate 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 for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period. or,
- The Company does not have the right at the end of the reporting period 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.

o) **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 instrument 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 financial 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 loans to a subsidiary, trade and other receivables, due from related parties 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*
Financial liabilities at amortised cost comprise of loans from related parties, trade and other payables, short-term borrowings 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, loan to a subsidiary, due from related parties and other receivables (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 30 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 90 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 separate 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.

p) **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.

q) **Events after the reporting period**

If the Company receives information after the reporting period, but prior to the date of authorisation for issue of the separate financial statements, about conditions that existed at the end of the reporting period, it assesses whether the information affects the amounts that it recognises in its separate financial statements. The Company adjusts the amounts recognised in its separate financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Company does not change the amounts recognised in its separate financial statements, but discloses the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

4. **JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES**

Following are the judgments made in applying accounting policies, that affect the application of the Company's accounting policies and the amounts recognised in the separate financial statements:

**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**

At each reporting date, management conducts an assessment of property, plant and equipment and right-of-use assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

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. The Company considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

*Discounting of lease payments*

The lease payments are discounted using the parent company's incremental borrowing rate ("IBR"), 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. Majority of the leases are present in the UAE and accordingly no adjustment for the economic environment was deemed required.

**Recognition of revenue and allocation of transaction price**

*Identification of performance obligations*

The Company provides air, sea and road freight forwarding services and general warehousing, that are sold separately to the customers.

The Company determined that all the services are capable of being distinct. The fact that the Company regularly sells both the services on a separate basis the transaction prices are allocated to the service provided based on the relative stand-alone selling prices.

*Determine timing of satisfaction of performance obligation*

The Company concluded that the revenue from freight forwarding services is to be recognised at a point in time when the services have been rendered to the customers.

The Company concluded that revenue from warehousing service is to be recognised over time as the customer simultaneously receives the benefit as the Company performs.

5. **KEY SOURCES OF ESTIMATION UNCERTAINTY**

Following are the 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. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management. Revisions to estimates are recognised prospectively.

**Carrying values of property, plant and equipment**

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

**Impairment**

Assessments of net recoverable amounts of property, plant and equipment 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(o).

**Income tax**

Significant judgments are involved in determining the provision for income tax, including the amount expected to be paid or recovered in connection with uncertain tax positions.

**Deferred tax**

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements, at the tax 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.

**Staff end-of-service benefits**

The Company computes the provision for the liability to staff end-of-service benefits stated at AED 3,840,031 (previous year AED 3,489,458) covering all eligible employees. The amount of provision in the current year is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include determination of discount rate, future salary increases, mortality and withdrawal rate. Due to the complexity of valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**Geopolitical uncertainty**

The Company operates in an environment affected by ongoing geopolitical developments. Management has assessed the potential impact on operations and financial position and concluded that, as at the reporting date, there is no material effect. The situation continues to be monitored, and actual results may differ from the judgments and estimates reflected in these separate financial statements.

## 6. RIGHT-OF-USE ASSETS

| | Right-of-use assets AED |
|---|---|
| **Cost** | |
| At 1 April 2024 | 10,082,658 |
| Adjustment on lease modification | 93,389 |
| At 31 March 2025 | 10,176,047 |
| Adjustment on lease modification | 62,954 |
| At 31 March 2026 | **10,239,001** |
| **Accumulated depreciation** | |
| At 1 April 2024 | 5,241,637 |
| Depreciation | 1,454,832 |
| At 31 March 2025 | 6,696,469 |
| Depreciation | 1,548,855 |
| At 31 March 2026 | **8,245,324** |
| **Carrying amount** | |
| At 1 April 2024 | 4,841,021 |
| At 31 March 2025 | 3,479,578 |
| At 31 March 2026 | **1,993,677** |

Right-of-use assets represents the right to use the various warehouse and office premises taken on lease.

## 7. PROPERTY, PLANT AND EQUIPMENT

| | Furniture, fixtures and office equipment AED | Vehicles AED | Total AED |
|---|---|---|---|
| **Cost** | | | |
| At 1 April 2024 | 1,821,778 | 16,014 | 1,837,792 |
| Additions | 254,344 | -- | 254,344 |
| At 31 March 2025 | 2,076,122 | 16,014 | 2,092,136 |
| Additions | 220,538 | -- | 220,538 |
| Assets written off | (1,252,028) | -- | (1,252,028) |
| At 31 March 2026 | **1,044,632** | **16,014** | **1,060,646** |
| **Accumulated depreciation** | | | |
| At 1 April 2024 | 1,706,939 | 10,833 | 1,717,772 |
| Depreciation | 143,240 | 4,044 | 147,284 |
| At 31 March 2025 | 1,850,179 | 14,877 | 1,865,056 |
| Depreciation | 122,874 | 1,137 | 124,011 |
| Adjustment on written off | (1,252,028) | -- | (1,252,028) |
| At 31 March 2026 | **721,025** | **16,014** | **737,039** |
| **Carrying amount** | | | |
| At 1 April 2024 | 114,839 | 5,181 | 120,020 |
| At 31 March 2025 | 225,943 | 1,137 | 227,080 |
| At 31 March 2026 | **323,607** | **--** | **323,607** |

## 8. INVESTMENT IN SUBSIDIARY

| | **2026** AED | 2025 AED |
|---|---|---|
| **At cost:** | | |
| 1,000 shares in Proconnect Saudi LLC (a limited liability company registered in the Kingdom of Saudi Arabia). | **3,383,630** | 3,383,630 |

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

| Name of subsidiary | Principal Activities | Country of incorporation | Registered proportion (%) of ownership interest | |
|---|---|---|---|---|
| | | | **2026** | 2025 |
| Proconnect Saudi LLC | Logistics and warehousing | Kingdom of Saudi Arabia | **100** | 100 |

| | | 2026 AED | 2025 AED |
|---|---|---|---|
| 9. | **LOANS TO A SUBSIDIARY** | | |
| | Opening balance | 13,273,500 | -- |
| | Loans given during the year | 9,364,875 | 13,273,500 |
| | Closing balance | 22,638,375 | 13,273,500 |

Disclosed in the separate statement of financial position under:

| | 2026 AED | 2025 AED |
|---|---|---|
| Non-current assets | 17,444,375 | 8,079,500 |
| Current assets | 5,194,000 | 5,194,000 |
| | 22,638,375 | 13,273,500 |

This represents unsecured loans given to Proconnect Saudi LLC, KSA, subsidiary carrying interest at 7% per annum. Loan balances of AED 17,444,375 and AED 5,194,000 are due for repayment on 31 March 2029 and 31 March 2027 respectively.

| | | 2026 AED | 2025 AED |
|---|---|---|---|
| 10. | **TRADE AND OTHER RECEIVABLES** | | |
| | Trade receivables | 12,155,344 | 12,116,869 |
| | Less: Allowance for expected credit losses | (216,748) | (177,468) |
| | | 11,938,596 | 11,939,401 |
| | Deposits | 1,055,764 | 946,286 |
| | Interest receivable | 1,255,786 | 516,806 |
| | Staff advances | 17,001 | 33,986 |
| | | 14,267,147 | 13,436,479 |

A reconciliation of the movements in the allowance for expected credit losses on trade receivables is as follows:

| | 2026 AED | 2025 AED |
|---|---|---|
| Opening balance | 177,468 | 129,000 |
| Provision made during the year | 73,310 | 99,365 |
| Amounts written off | (34,030) | (50,897) |
| Closing balance | 216,748 | 177,468 |

The Company holds post-dated cheques amounting to AED 353,269 (previous year AED 541,225) as security against trade receivables.

| | | 2026 AED | 2025 AED |
|---|---|---|---|
| 11. | **OTHER CURRENT ASSETS** | | |
| | Prepayments | 866,489 | 509,935 |
| | Advance for services | 878,224 | 960,895 |
| | VAT receivable (net) | 45,137 | 36,684 |
| | | 1,789,850 | 1,507,514 |

## 12. 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, subsidiary and companies under common ownership and/or common management control.

At the reporting date significant balances with related parties were as follows:

| | Parent company | Subsidiary | Companies under common ownership and/or common management control | Total 2026 | Total 2025 |
|---|---|---|---|---|---|
| | AED | AED | AED | AED | AED |
| Loan to a subsidiary | -- | 22,638,375 | -- | **22,638,375** | |
| | -- | 13,273,500 | -- | | 13,273,500 |
| Due from related parties | -- | 509,269 | 2,593,393 | **3,102,662** | |
| | -- | 2,246,525 | 1,668,460 | | 3,914,985 |
| Included in trade and other receivables | -- | 1,255,786 | -- | **1,255,786** | |
| | -- | 516,806 | -- | | 516,806 |
| Loans from related parties | 5,000,000 | -- | 1,836,250 | **6,836,250** | |
| | 5,000,000 | -- | 4,407,000 | | 9,407,000 |
| Included in trade and other payables | 85,897 | -- | 1,324,855 | **1,410,752** | |
| | 31,110 | -- | 1,721,616 | | 1,752,726 |
| Guarantees issued | -- | -- | 303,000 | **303,000** | |
| | -- | -- | 358,000 | | 358,000 |

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in note 29.

Significant transactions with related parties during the year were as follows:

| | Parent company | Subsidiary | Companies under common ownership and/or common management control | Total 2026 | Total 2025 |
|---|---|---|---|---|---|
| | AED | AED | AED | AED | AED |
| Revenue | -- | 2,052,790 | 35,289,296 | **37,342,086** | |
| | -- | 4,479,030 | 37,745,094 | | 42,224,124 |

| | Parent company | Subsidiary | Companies under common ownership and/or common management control | Total 2026 | Total 2025 |
|---|---|---|---|---|---|
| | AED | AED | AED | AED | AED |
| Cost of revenue | | -- | 4,020,350 | 4,020,350 | |
| | -- | 129,369 | 5,379,244 | | 5,508,613 |
| Transfer of provision of staff-end of service benefits from related parties (net) | -- | -- | -- | -- | |
| | -- | -- | 2,020,140 | | 2,020,140 |
| Transfer of accrual for staff benefits from related parties (net) | -- | -- | -- | -- | |
| | -- | -- | 381,391 | | 381,391 |
| Interest income on loans | -- | 1,255,786 | -- | 1,255,786 | |
| | -- | 516,806 | -- | | 516,806 |
| Finance costs on loans from related parties | 354,866 | -- | 139,820 | 494,686 | |
| | 31,110 | -- | 170,525 | | 201,635 |
| Service charges received from a related party | -- | -- | 6,264 | 6,264 | |
| | -- | -- | 4,698 | | 4,698 |
| Dividends paid | -- | -- | -- | -- | |
| | 915,329 | -- | -- | | 915,329 |

The Company also provides funds to/receives funds from related parties as working capital facilities, free of interest.

Transactions with related parties are approved by the management. Amounts due from related parties relate to transactions arising in the normal course of business with minimal credit risk. For the year ended 31 March 2026, the Company has not recorded any allowance for expected credit losses of the amounts owed by the related parties (previous year AED Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

| | 2026 | 2025 |
|---|---|---|
| | AED | AED |
| **13. CASH AND CASH EQUIVALENTS** | | |
| Cash in hand | 43,732 | 24,207 |
| Bank balances in current accounts | 620,357 | 6,289,919 |
| | 664,089 | 6,314,126 |

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the Central Bank of the UAE. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with banks 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.

| | | 2026<br>AED | 2025<br>AED |
|---|---|---|---|
| 14. | **SHARE CAPITAL** | | |
| | **Issued and paid up:** | | |
| | 3,700 shares of AED 100 each held by Proconnect Holding Limited, DIFC, Dubai, UAE | 370,000 | 370,000 |

| | | 2026<br>AED | 2025<br>AED |
|---|---|---|---|
| 15. | **LOANS FROM RELATED PARTIES** | | |
| | Opening balance | 9,407,000 | -- |
| | Loans received during the year | 1,836,250 | 9,407,000 |
| | Loan paid during the year | (4,407,000) | -- |
| | Closing balance | 6,836,250 | 9,407,000 |

These represent following long-term loans received by the Company:

- Loan from Proconnect Holding Limited, parent company amounting to AED 5,000,000 (previous year AED 5,000,000).
- Loan from Redington Gulf FZE, a company under common ownership amounting to USD 500,000 equivalent to AED 1,836,250 (previous year USD 1,200,000 equivalent to AED 4,407,000).

The above loans carry interest at 7% per annum and are due for repayment on 31 March 2029.

16. **PROVISION FOR STAFF END-OF-SERVICE BENEFITS**

The amount included in the separate statement of financial position in respect of defined benefit plan is as follows:

| | 2026<br>AED | 2025<br>AED |
|---|---|---|
| Present value of unfunded obligation | 3,840,031 | 3,489,458 |

Movements in the present value of defined employee benefits obligation are as follows:

| | 2026<br>AED | 2025<br>AED |
|---|---|---|
| Opening obligation | 3,489,458 | 1,026,634 |
| Service cost | 464,827 | 315,036 |
| Interest cost | 150,884 | 44,957 |
| Actuarial (gain)/loss on obligation | (146,091) | 185,404 |
| Transferred from related parties (net) | -- | 2,020,140 |
| Benefits paid during the year | (119,047) | (102,713) |
| Closing obligation | 3,840,031 | 3,489,458 |

Expense recognised in profit or loss during the year are as follows:

| | 2026<br>AED | 2025<br>AED |
|---|---|---|
| Service cost (note 26) | **464,827** | 315,036 |
| Interest cost (note 27) | **150,884** | 44,957 |
| | **615,711** | 359,993 |

Gain/(loss) recognised in other comprehensive income are as follows:

| | | |
|---|---|---|
| Actuarial gain/(loss) for the current year | **146,091** | (185,404) |

Principal assumptions used for the purpose of actuarial valuation are as follows:

| | | |
|---|---|---|
| Discount rate | **4.65%** | 4.80% |
| Salary escalation rate (per annum) | **4.65%** | 4.80% |
| Mortality rate (table) | **Per AM (80) table** | Per AM (80) table |
| Withdrawal rate | **16.00%** | 21.00% |

In accordance with the provisions of IAS 19 Employee Benefits, the management has carried out an exercise to assess the present value of its obligations as at 31 March 2026, using the projected unit credit method, in respect of employees' end-of-service benefits payable under the local labour laws. Under this method, an assessment has been made of an employee's expected service life with the Company and the expected basic salary as at the date of leaving the service.

17. **LEASE LIABILITIES**

| | | |
|---|---|---|
| Lease liabilities for long-term leases | **2,008,318** | 3,445,611 |

Disclosed in the separate statement of financial position as follows:

| | | |
|---|---|---|
| Non-current liabilities | **670,683** | 1,960,074 |
| Current liabilities | **1,337,635** | 1,485,537 |
| | **2,008,318** | 3,445,611 |

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

| | | |
|---|---|---|
| Opening balance | **3,445,611** | 4,790,053 |
| Adjustment for lease modification | **62,954** | 93,389 |
| Finance costs for the year | **99,867** | 134,905 |
| Payments made during the year | **(1,600,114)** | (1,572,736) |
| Closing balance | **2,008,318** | 3,445,611 |

A maturity analysis of undiscounted lease liabilities is as follows:

| | 2026<br>AED | 2025<br>AED |
|---|---|---|
| 0 – 3 months | 833,842 | 598,636 |
| 3 months – 1 year | 766,273 | 974,100 |
| 1 year – 5 years | 574,966 | 2,041,615 |
| **Total** | 2,175,081 | 3,614,351 |

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

| | | |
|---|---|---|
| Lease payments due | 2,175,081 | 3,614,351 |
| Less: Finance cost on leases | (166,763) | (168,740) |
| Disclosed in the separate statement of financial position | 2,008,318 | 3,445,611 |

18. **SHORT-TERM BORROWINGS**

| | | |
|---|---|---|
| Bank overdraft from Emirates NBD | 1,509,824 | -- |

The Company has utilised this overdraft facility out of the facility limit extended by the Emirates NBD bank to Redington Gulf FZE, a related party.

19. **TRADE AND OTHER PAYABLES**

| | | |
|---|---|---|
| Trade payables | 10,319,580 | 9,856,496 |
| Accruals | 17,000 | 170,000 |
| Interest payable | 96,966 | 57,673 |
| Other payables | 7,367 | 5,297 |
| | 10,440,913 | 10,089,466 |

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

20. **OTHER CURRENT LIABILITIES**

| | | |
|---|---|---|
| Advance received from customers | 372,880 | 189,032 |
| Accrual for staff benefits | 1,832,997 | 1,629,741 |
| | 2,205,877 | 1,818,773 |

21. **DIVIDENDS**

No dividends approved and paid during the year. (Dividend of AED 915,329 declared and paid in the previous year represents a dividend per share of AED 247).

## 22. 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, which is unchanged from the previous year, comprises equity funds as presented in the separate statement of financial position. Debt comprises total amounts owed by the Company, net of cash and cash equivalents

The Company is subject to externally imposed capital requirements as per provisions of the Article 308 of the UAE Federal Decree Law No. (32) of 2021 on Commercial Companies, as amended. The Company has complied with all the capital requirements to which it is subject.

Funds generated from internal accruals together with funds received from related parties, net of funds provided to related parties, are retained in the business, according to the business requirements and to maintain capital at desired levels.

## 23. REVENUE

The Company generates revenue from the transfer of services over time and at a point in time. The disaggregated revenue from contracts with customers by contract type and timing of revenue recognition are presented below. The management believes that this best depicts the nature, amount, timing and uncertainty of the Company's revenue and cash flows.

| | 2026<br>AED | 2025<br>AED |
|---|---|---|
| **Primary geographical segments** | | |
| - UAE | 97,978,675 | 97,386,837 |
| - Other Middle East countries | 3,898,694 | 6,114,168 |
| - European countries | 387,403 | 292,567 |
| - African countries | 322,733 | 294,848 |
| - American countries | 70,571 | 102,851 |
| - Asian countries | 1,630,342 | 2,369,002 |
| | 104,288,418 | 106,560,273 |
| **Major service lines** | | |
| - Freight forwarding | 80,237,515 | 84,640,296 |
| - Warehousing | 24,050,903 | 21,919,977 |
| | 104,288,418 | 106,560,273 |
| **Timing of revenue recognition** | | |
| - At a point in time | 80,237,515 | 84,640,296 |
| - Over time | 24,050,903 | 21,919,977 |
| | 104,288,418 | 106,560,273 |

| | | 2026 AED | 2025 AED |
|---|---|---|---|
| 24. | **DIRECT COSTS** | | |
| | Freight and transportation expenses | 48,944,048 | 54,648,117 |
| | Port and terminal costs | 4,491,977 | 1,704,043 |
| | Documentation charges | 11,086,942 | 10,951,590 |
| | Loading and unloading charges | 2,870,219 | 6,246,257 |
| | Warehousing expenses | 16,083,648 | 13,977,758 |
| | Depreciation of right-of-use assets (note 6) | 1,548,855 | 1,454,832 |
| | | 85,025,689 | 88,982,597 |
| 25. | **OTHER INCOME** | | |
| | Service charges received from a related party | 6,264 | 4,698 |
| | Miscellaneous income | 17,447 | 34,538 |
| | | 23,711 | 39,236 |
| 26. | **GENERAL ADMINISTRATIVE AND SELLING EXPENSES** | | |
| | Staff salaries and benefits | 13,339,327 | 11,542,684 |
| | Staff end-of-service benefits | 464,827 | 315,036 |
| | Depreciation of property, plant and equipment (note 7) | 124,011 | 147,284 |
| | Legal, consultancy and professional charges | 186,064 | 82,612 |
| | License and registration fees | 698,870 | 720,105 |
| | Utility charges | 193,231 | 192,080 |
| | Maintenance charges | 35,283 | 68,880 |
| | Sales promotion expenses | 106,394 | 114,766 |
| | Other expenses | 336,468 | 458,894 |
| | | 15,484,475 | 13,642,341 |
| 27. | **FINANCE COSTS** | | |
| | On loans from related parties | 494,686 | 201,635 |
| | On lease liabilities | 99,867 | 134,905 |
| | On overdrafts | 39,345 | -- |
| | On defined employee benefit plan | 150,884 | 44,957 |
| | | 784,782 | 381,497 |

28. **INCOME TAX EXPENSE**

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 is effective for the financial years beginning on or after 1 June 2023.

UAE CT law specifies that a tax rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000. Additionally, for qualifying multinational enterprises subject to the OECD Pillar Two rules, a minimum effective tax rate of 15% will apply in each jurisdiction in which they operate.

The Company has registered for corporate tax as a group with Pro Connect Holding Limited, UAE, parent company. This note provides an analysis of the Company's income tax expense and shows the amounts which are recognised directly in equity and the impact of tax expense which is affected by non-assessable and non-deductible items.

| | 2026<br>AED | 2025<br>AED |
|---|---|---|
| **Separate statement of financial position** | | |
| Current tax liabilities | 570,017 | 310,510 |
| **Separate statement of profit or loss and other comprehensive income** | | |
| Profit or loss - income tax expense | 550,149 | 327,196 |
| Other comprehensive income – income tax benefit | 19,868 | (16,686) |
| | 570,017 | 310,510 |
| **Reconciliation of accounting profit and current tax expense** | | |
| Profit before tax for the year | 4,199,659 | 4,010,515 |
| Actuarial gain/ (loss) on defined employee benefit plan | 146,091 | (185,404) |
| Taxable income | 4,345,750 | 3,825,111 |
| Less: Income taxable at 0% | (365,775) | (375,000) |
| Income taxable at 9% | 3,979,975 | 3,450,111 |
| Tax expense | 358,207 | 310,510 |
| Pillar-2 Top-up Tax | 211,810 | -- |
| Current tax expense | 570,017 | 310,510 |
| **Movement in corporate tax payable:** | | |
| Opening balance | 310,510 | -- |
| Provision for the year | 570,017 | 310,510 |
| Tax benefit of entity under corporate tax group | (17,321) | -- |
| Paid during the year | (293,189) | -- |
| Closing balance | 570,017 | 310,510 |

In current year, an amount of AED 211,810 has been recognized as a provision in accordance with the OECD Pillar Two model rules. These rules, issued in December 2021 by the Organisation for Economic Co-operation and Development (OECD) under the Global Anti-Base Erosion (GloBE) framework—part of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS)—are intended to ensure that large multinational enterprises (MNEs), with annual consolidated revenue of EUR 750 million or more at the ultimate parent entity level in at least two of the preceding four fiscal years, are subject to a minimum effective tax rate of 15% in each jurisdiction in which they operate.

29. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Financial instruments**

***Classification and fair values***

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

| | At amortised cost | |
|---|---|---|
| | 2026 | 2025 |
| | AED | AED |
| **Financial assets** | | |
| Loans to a subsidiary | 22,638,375 | 13,273,500 |
| Trade and other receivables | 14,267,147 | 13,436,479 |
| Due from related parties | 3,102,662 | 3,914,985 |
| Cash and cash equivalents | 664,089 | 6,314,126 |
| | 40,672,273 | 36,939,090 |
| **Financial liabilities** | | |
| Short term borrowings | 1,509,824 | -- |
| Loans from related parties | 6,836,250 | 9,407,000 |
| Trade and other payables | 10,440,913 | 10,089,466 |
| Lease liabilities | 2,008,318 | 3,445,611 |
| | 20,795,305 | 22,942,077 |

***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 short-term loan to a subsidiary, cash and cash equivalents, trade and other receivables, due from related parties, short term borrowings, trade and other payables and current lease liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value of long-term loan to a subsidiary, loans from related parties and non-current lease liabilities is 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 assets and 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, which are unchanged from the previous year, 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 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 follow-up. As part of the Company's credit risk management, where it is considered necessary, such receivables are covered by post-dated cheques and security cheques in favour of the Company, issued by high credit quality financial institutions.

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally loans to a subsidiary, cash and cash equivalents, due from related parties and trade and other receivables.

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

The management assesses the credit risk arising from trade and other receivables taking into account their financial position, past experience and other factors. Based on the assessment individual risk limits are determined.

Loans to a subsidiary and amounts due from related parties relate to transactions arising in the normal course of business with minimal credit risk.

At the reporting date, the Company's maximum exposure to credit risk from such receivables situated outside the UAE is as follows:

| | Loan to a subsidiary | | Due from related parties | | Trade receivables | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | **2026** | 2025 | **2026** | 2025 |
| | **AED** | AED | **AED** | AED | **AED** | AED |
| Other Middle East countries | **22,638,375** | 13,273,500 | **915,537** | 2,246,525 | **241,832** | 313,562 |
| European countries | **--** | -- | | -- | **48,888** | 44,060 |
| Asian countries | **--** | -- | | -- | **45,743** | 9,834 |
| American countries | **--** | -- | | -- | **--** | 6,319 |

At the reporting date, there is no significant concentration of credit risk from individual customers (previous year Nil).

At the reporting date 97% of amount due from related parties are due from four parties (previous year 98% is due from three parties).

At the reporting date, there is no significant concentration of credit risk from any particular industry as the Company's customers are from diverse industries.

The Company uses an allowance matrix to measure the expected credit losses of trade receivables, which comprise a number of balances. Loss rates are calculated using a 'flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Flow rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables from individual customers as at the reporting date.

| | Loss rate | | Gross carrying amount | | Loss allowance | |
|---|---|---|---|---|---|---|
| | **2026** | 2025 | **2026** | 2025 | **2026** | 2025 |
| | **%** | % | **AED** | AED | **AED** | AED |
| Not past due | **0.00%** | 0.00% | **6,129,760** | 7,773,359 | **--** | -- |
| Less than 60 days | **0.00%** | 0.00% | **5,338,387** | 3,654,007 | **--** | -- |
| 61-90 days past due | **19.98%** | 18.01% | **295,255** | 348,692 | **59,003** | 62,784 |
| 91-150 days past due | **23.08%** | 11.28% | **39,071** | 142,024 | **9,017** | 16,025 |
| More than 150 days past due | **42.15%** | 49.63% | **352,871** | 198,787 | **148,728** | 98,659 |
| | | | **12,155,344** | 12,116,869 | **216,748** | 177,468 |

Loss rates are based on actual credit loss experience over the past four years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

***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 financial liabilities at the reporting date, based on contractual payment dates.

| | Less than one year | | More than one year | | Total | |
|---|---|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 |
| | AED | AED | AED | AED | AED | AED |
| Short term borrowings | 1,509,824 | -- | -- | -- | 1,509,824 | -- |
| Loans from related parties | -- | -- | 6,836,250 | 9,407,000 | 6,836,250 | 9,407,000 |
| Trade and other payables | 10,440,913 | 10,089,466 | -- | -- | 10,440,913 | 10,089,466 |
| Lease liabilities | 1,600,115 | 1,572,736 | 574,966 | 2,041,615 | 2,175,081 | 3,614,351 |
| | 13,550,852 | 11,662,202 | 7,411,216 | 11,448,615 | 20,962,068 | 23,110,817 |

***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 optimising 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 except for the following:

| | 2026 | 2025 |
|---|---|---|
| | AED | AED |
| **Loan to a subsidiary** | | |
| - Saudi Riyal | 5,194,000 | 5,194,000 |
| **Trade receivables** | | |
| - Euro | 31,642 | 31,756 |
| **Bank balances in current accounts** | | |
| - Euro | 372,341 | 396,931 |
| **Trade payables** | | |
| - Euro | 61,964 | 48,571 |
| - Pound sterling | 1,735 | 1,724 |

Reasonably possible changes to exchange rates at the reporting date are unlikely to have had a significant impact on profit or equity.

***Interest rate risk***

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

Loans to a subsidiary and loans from related parties are subject to fixed interest rate at levels generally obtained in the UAE and is therefore exposed to fair value interest rate risk. Bank overdraft is subject to variable rate of interest linked to Eibor and therefore exposed to cash flow interest rate risk

At the reporting date, if interest rates had been 1% higher or lower, interest expense on variable rate debt would have been AED 15,098 higher or lower (previous year nil) resulting in profit and equity being lower or higher by that amount.

| | | 2026 | 2025 |
|---|---|---|---|
| | | AED | AED |
| 30. | **CONTINGENT LIABILITIES AND COMMITMENTS** | | |
| | Bankers' letters of guarantee | 340,000 | 358,000 |

31. **CURRENT ONGOING CONFLICT IN THE WEST ASIA REGION**

The ongoing geopolitical conflict in the West Asia Region have introduced a degree of uncertainty in the Global and regional environment. The UAE may experience indirect impacts arising from these developments. The Company has assessed the potential implications of the situation on its operations and financial performance as at the reporting date.

Potential risk that may arise include fluctuations in oil prices, disruptions to supply chain, increased transportation/insurance cost which could have an impact on the Company's operations in the future periods.

While there is no material direct impact on the Company's separate financial statements for the current reporting period, the management continues to closely monitor the impact of the situation on the operation of the Company.

For **PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C**

**PRASANTH POOKOT KAYAPURATH KANNANUNNI**
**MANAGER**