

**Atraco Industrial Enterprises  
Jebel Ali Free Zone Branch of AMIBROS S.A  
Dubai, United Arab Emirates**

**Auditor's report and Special Purpose Financial statements  
For the year ended March 31, 2024**

**Atraco Industrial Enterprises**  
**Jebel Ali Free Zone Branch of AMIBROS S.A**  
**Dubai, United Arab Emirates**  
**For the year ended March 31, 2024**

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**Atraco Industrial Enterprises**  
**Jebel Ali Free Zone Branch of AMIBROS S.A**  
**Dubai, United Arab Emirates**  
**General information**

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Principal office address : Plot EWTA20  
Jebel Ali Free Zone P.O.BOX 16798  
Dubai, UAE.

Legal Status : Branch of Overseas Registered (Panama)  
Jebel Ali Free Zone

The Manager	: Name	Nationality
	Mr. Sivaramakrishnan Ganapathi	Indian

The Auditor : Expert House Chartered Accountants  
Dubai, United Arab Emirates

**Atraco Industrial Enterprises**  
**Jebel Ali Free Zone Branch of AMIBROS S.A**  
**Dubai, United Arab Emirates**  
**Director's Report**

We have pleasure in presenting this report and the audited special purpose financial statements for the quarter ending March 31, 2024

**Principal activities of the company :**

The company's principal business activities include Readymade Garments Trading, Sanitary Ware Trading, Sewing & Embroidery Requisites Trading, Tiles & Flooring Materials Trading, Building Hardware & Tools Trading, Basic Steel Products Trading, Timber Trading & Wooden Products Trading.

**Financial Review**

	<u>Mar-24</u>	<u>Dec-23</u>
	AED	AED
Revenue	88,556,338	341,713,644
Cost of revenue	(78,086,228)	(294,089,157)
Gross profit	10,470,110	47,624,487
Gross profit margin	12%	13.94%
Net Profit for the period	6,436,609	28,164,520

**Events since the end of the period**

In our opinion no transaction or event of a material and unusual nature, favourable or unfavourable has arisen in the interval between the end of the quarter and the date of this report, that is likely to affect, substantially the result of the operations or the financial position of the company.

**Statutory Auditors**

A resolution to appoint Expert House Chartered Accountants as auditors for the period ended March 31, 2025 and fix their remuneration will be proposed to the board at the annual general meeting.

**Statement of Director's responsibilities:**

The applicable requirements, requires the Director to prepare the special purpose financial statements for each quarter which presents fairly in all material respects, the financial position of the Entity and its financial performance for the quarter then ended.

These special purpose financial statements were approved by the Board and signed on behalf by the undersigned.

\_\_\_\_\_  
 Director  
 May 20, 2024





## EXPERT HOUSE

CHARTERED ACCOUNTANTS

### Independent auditor's report

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To,  
The Headoffice  
Atraco Industrial Enterprises  
Jebel Ali Free Zone Branch of AMIBROS S.A  
Dubai, United Arab Emirates

#### Opinion

We have audited the accompanying special purpose financial statements of Atraco Industrial Enterprises, Jebel Ali Free Zone Branch of AMIBROS S.A, Dubai, United Arab Emirates ("the company ") which comprise the special purpose statement of financial position as at March 31, 2024 and the special purpose statement of profit or loss and other comprehensive income, special purpose statement of changes in equity, special purpose statement of cash flows for the period from January 01, 2024 to March 31, 2024 and a summary of significant accounting policies and other explanatory notes.

In our opinion, the special purpose financial statements present fairly, in all material aspects, the financial position of the company as of March 31, 2024 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

#### 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 special purpose Financial Statements section of our report. We are independent of the company in accordance with The International Ethics Board of 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 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.

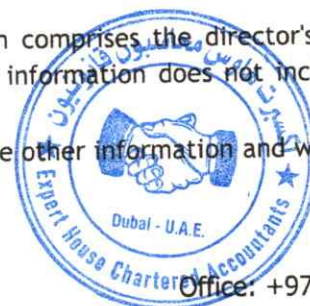
#### Restriction of use

The special purpose financial statement is prepared exclusively for the use of audit of consolidation financial statements of the holding company by the group Auditors. It is prepared for the specific purpose mentioned above and should not be used by anyone other than the parties mentioned.

#### Management's Responsibility for the special purpose Financial Statements and Other Information

Management is responsible for the other information. Other information comprises the director's report, which we obtained prior to the date of this auditor's report. The other information does not include the special purpose financial statements and our auditor's report thereon.

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







## EXPERT HOUSE

CHARTERED ACCOUNTANTS

In connection with our audit of the special purpose financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the special purpose financial statements of our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 no material misstatement of the other information and hence we are not required to report the same.

### Auditor's responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 be 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 user taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the special purpose 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 omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for 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 auditors' report to the related disclosures in the special purpose 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair representation.

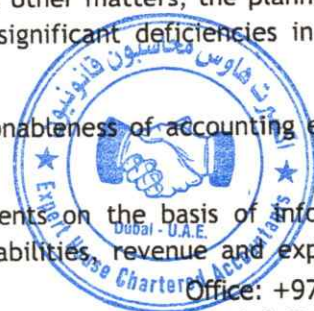
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

The management has compiled the special purpose financial statements on the basis of information, evidence and data that were available. We have accounted assets, liabilities, revenue and expenses as

provided by the management.

Office:  
Zainal Mohebi Plaza,  
Al Karama, Dubai, UAE, P.O. Box: - 122408





## EXPERT HOUSE

CHARTERED ACCOUNTANTS

### Report on Other Legal and Regulatory Requirements

As required by the U.A.E. Federal Commercial Companies Law No. 32 of 2021, we further confirm that,

- <sup>1</sup> According to the information made available to us, we are not aware of any contraventions during the period of the above mentioned law or the company's Articles of Association; which may materially effect on the financial position of the company or the result of its operations for the period.

**Expert House Chartered Accountants**  
**Auditors & Business Consultants**

*Nouf.R*

**Nouf Rashid Mohamad Abdalla Abuhindi**

Reg. No: 4366, Dubai, UAE

Dubai, United Arab Emirates



May 20, 2024

File No:- EHCA#403



**Atraco Industrial Enterprises**  
**Jebel Ali Free Zone Branch of AMIBROS S.A**  
**Dubai, United Arab Emirates**

**Statement of Financial Position as at March 31, 2024**  
**(In UAE Dirhams )**

<b>Assets Employed</b>	<b>Notes</b>	<b>Mar-24</b>	<b>Dec-23</b>
<b>Non Current Assets:</b>			
Tangible fixed assets	4	79,935	999,854
Right to use assets	5	621,049	677,508
Deposits	6	341,560	341,560
<b>Total non current assets</b>		<b>1,042,544</b>	<b>2,018,922</b>
<b>Current Assets:</b>			
Accounts receivables	7	27,740,149	34,873,000
Other receivables	8	5,384,550	34,118,288
Inventory	9	73,987,780	62,195,974
Cash and Cash equivalents	10	6,927,266	827,257
Due from related party	11	27,365,218	-
<b>Total current assets</b>		<b>141,404,963</b>	<b>132,014,519</b>
<b>Total assets</b>		<b>142,447,507</b>	<b>134,033,441</b>
<b>Liabilities &amp; Equity</b>			
<b>Non-Current Liabilities:</b>			
Employee end of service benefits	12	1,252,858	956,369
Lease Liability	13	376,395	485,693
<b>Total Non-Current liabilities</b>		<b>1,629,253</b>	<b>1,442,062</b>
<b>Current Liabilities:</b>			
Trade payables	14	1,302,911	14,446,772
Other payables	15	11,120,301	7,344,943
Lease Liability	13	273,280	216,702
Bank facilities	16	66,323,955	55,221,764
<b>Total Current liabilities</b>		<b>79,020,447</b>	<b>77,230,181</b>
<b>Equity:</b>			
Headoffice account	17	55,361,198	27,196,678
Retained earnings		6,436,609	28,164,520
<b>Total equity funds</b>		<b>61,797,807</b>	<b>55,361,198</b>
<b>Total equity &amp; liabilities</b>		<b>142,447,507</b>	<b>134,033,441</b>

The accompanying notes 1 to 30 were form an integral part of these financial statements.

The report of the auditors is set out on page 3 to 5

The financial statements approved on May 20, 2024 and signed on behalf of the Entity, by:

\_\_\_\_\_  
 Authorised Signatory



**Atraco Industrial Enterprises**  
**Jebel Ali Free Zone Branch of AMIBROS S.A**  
**Dubai, United Arab Emirates**

**Statement of Comprehensive Income for the year ended March 31, 2024**  
**(In UAE Dirhams )**

	<u>Notes</u>	<u>Mar-24</u>	<u>Dec-23</u>
Revenue	18	88,556,338	341,713,644
Cost of Sales	19	(78,086,228)	(294,089,157)
<b>Gross Profit</b>		<b>10,470,110</b>	<b>47,624,487</b>
<b>Operating Expenses</b>			
Depreciation	4 & 5	(118,418)	(522,022)
Administration and selling expenses	20	(2,031,093)	(11,601,941)
<b>Operating Profit</b>		<b>8,320,599</b>	<b>35,500,524</b>
Finance cost	21	(2,604,991)	(9,205,742)
Other Income	22	721,001	1,869,738
<b>Net Profit for the Year</b>		<b>6,436,609</b>	<b>28,164,520</b>

The accompanying notes 1 to 30 were form an integral part of these financial statements.

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**Atraco Industrial Enterprises**  
**Jebel Ali Free Zone Branch of AMIBROS S.A**  
**Dubai, United Arab Emirates**

**Statement of Changes in Equity for the year ended March 31, 2024**  
**(In UAE Dirhams )**

	Headoffice Account	Retained earnings	Total
<b>At December 31, 2022</b>	<b>59,850,784</b>	-	<b>59,850,784</b>
Withdrawals by Headoffice	(35,954,105)	-	(35,954,105)
Profit for the year	-	28,164,520	28,164,520
<b>At December 31, 2023</b>	<b>23,896,679</b>	<b>28,164,520</b>	<b>52,061,199</b>
Transferred to Headoffice account	28,164,520	(28,164,520)	-
Profit for the year	-	6,436,609	6,436,609
<b>At March 31, 2024</b>	<b>52,061,199</b>	<b>6,436,609</b>	<b>58,497,808</b>

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**Atraco Industrial Enterprises**  
**Jebel Ali Free Zone Branch of AMIBROS S.A**  
**Dubai, United Arab Emirates**  
**Statement of Cash Flows for the year ended March 31, 2024**  
**(In UAE Dirhams )**

	<u>Mar-24</u>	<u>Dec-23</u>
<b><i>Cash flows from operating activities</i></b>		
Net Profit/(loss)	6,436,609	28,164,520
Adjustment for :		
Depreciation	118,418	522,022
Provision for staff end of service benefits	296,489	198,221
Unrealised (gain) / loss on derivatives	-	(1,628,305)
Gain on lease modification	-	(79,984)
Finance cost	2,617,271	9,264,791
Operating cash flow before changes in net working capital	<u>9,468,787</u>	<u>36,441,265</u>
<b><i>Changes in working capital</i></b>		
(Increase)/decrease in account receivables	7,132,851	28,488,259
(Increase)/decrease in other receivables	28,733,738	(13,060,322)
(Increase)/decrease in Inventory	(11,791,806)	5,949,589
(Increase)/decrease in related parties	(26,507,258)	(7,000,000)
Increase/(decrease) in account payables	(13,143,861)	(2,486,766)
Increase/(decrease) in other payables	3,775,358	3,016,365
<b>Net cash flow after working capital changes</b>	<u>(2,332,191)</u>	<u>51,348,390</u>
Less : Staff end of service benefits paid	-	(132,518)
<b>Net Cashflow from operating Activity</b>	<u>(2,332,191)</u>	<u>51,215,872</u>
<b><i>Cash flows from investing activities</i></b>		
Sale/(Purchase) of tangible fixed assets	-	(6,764)
<b>Net cash flow (used in) investing activities</b>	<u>-</u>	<u>(6,764)</u>
<b><i>Cash flows from financing activities</i></b>		
Repayment of lease liability	(65,000)	(260,000)
Payment of finance cost	(2,604,991)	(9,205,742)
Due to Banks	11,102,191	(5,485,122)
Withdrawals by Headoffice	-	(35,954,105)
<b>Net cash flow from financing activities</b>	<u>8,432,200</u>	<u>(50,904,969)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>6,100,009</u>	<u>304,139</u>
<b>Cash and cash equivalents at beginning of the year</b>	<u>827,257</u>	<u>523,118</u>
<b>Cash and cash equivalents at end of the year</b>	<u>6,927,266</u>	<u>827,257</u>

The accompanying notes 1 to 30 were form an integral part of these financial statements.  
 The report of the auditors is set out on page 3 to 5

The financial statements approved on May 20, 2024 and signed on behalf of the Entity, by:

\_\_\_\_\_  
 Authorised Signatory





**Atraco Industrial Enterprises**  
**Jebel Ali Free Zone Branch of AMIBROS S.A**  
**Dubai, United Arab Emirates**

**Notes to the Financial Statements for the year ended March 31, 2024**  
**(In UAE Dirhams )**

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**1 Legal status and business activities**

- 1.1 Atraco Industrial Enterprises** ("the Company") is registered as Jebel Ali Free Zone Branch of Overseas Registered Entity in Panama (License no.:- 1345), under the U.A.E. Federal Commercial Company Law. Company is registered with Federal Tax Authority for VAT with TRN 100277614200003 effective from 1st January 2018.
- 1.2** The Branch's principal business activities include Readymade Garments Trading, Sanitary Ware Trading, Sewing & Embroidery Requisites Trading, Tiles & Flooring Materials Trading, Building Hardware & Tools Trading, Basic Steel Products Trading, Timber Trading & Wooden Products Trading.
- 1.3** The management and control of the company are vested with the Manager Mr. Sivaramakrishnan Ganapathi, an Indian National.
- 1.4** The registered office address of the company is Plot EWTA20, Jebel Ali Free Zone P.O.BOX 16798 Dubai - United Arab Emirates.

**2 Significant Accounting Policies**

**Basis of preparation**

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The financials have been presented in the currency of the UAE Dirhams which is the functional currency of the company.

The significant accounting policies, which has been applied are set out below:-

**a) Accounting convention**

These financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with approved accounting standards requires the use of judgments. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

The accounting policies adopted are consistent with those of the previous financial period, except for the new and amended IFRS and IFRIC interpretations.

**Atraco Industrial Enterprises**  
**Jebel Ali Free Zone Branch of AMIBROS S.A**  
**Dubai, United Arab Emirates**

**Notes to the Financial Statements for the year ended March 31, 2024**  
**(In UAE Dirhams )**

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**b) Property plant and equipment**

Property, plant and equipment, except for buildings, are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Buildings are carried at a revalued amount, which is the fair value at the date. property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions. The useful lives are as follows:-

Land & building	: 08 years
Plant & Machinery	: 08 years
Office Equipment, Furnitures & fixtures	: 04 years
Motor Vehicles	: 05 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in the statement of comprehensive income. A revaluation deficit is recognised in the statement of comprehensive income, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the asset revaluation reserve.

**c) Impairment of assets**

The carrying amount of the entity's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in Statement of Comprehensive Income.

**d) Trade & other receivables**

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

**Atraco Industrial Enterprises**  
**Jebel Ali Free Zone Branch of AMIBROS S.A**  
**Dubai, United Arab Emirates**

**Notes to the Financial Statements for the year ended March 31, 2024**  
**(In UAE Dirhams )**

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**e) Expected credit losses**

The company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are companyed based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the company's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the company's customers.

**f) Financial instruments**

The company classifies its financial assets & liabilities into one of the categories discussed below, depending on the purpose for which the asset was acquired. The company's accounting policy for each category is as follows:

**Fair value through profit & loss account:-** this category comprises in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value (see "Financial liabilities" section for out-of-money derivatives classified as liabilities). They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

**Amortised cost :** These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

**g) Fair value measurement**

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Entity is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected.

**h) Trade & other payables**

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost.

**i) Revenue Recognition**

The majority of the company's revenue is derived from trading of goods where revenue is recognised once the goods are dispatched for delivery to the customers.

Other income has been recorded on accrual basis.



**Atraco Industrial Enterprises**  
**Jebel Ali Free Zone Branch of AMIBROS S.A**  
**Dubai, United Arab Emirates**

**Notes to the Financial Statements for the year ended March 31, 2024**  
**(In UAE Dirhams )**

**j) Financial Instruments: Classification and Measurement**

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1st January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Entity's financial assets, but will not have an impact on the classification and measurements of financial liabilities. The Entity will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

**k) Lease contracts**

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes amounts expected to be payable under any residual value guarantee; the exercise price of any purchase option granted in favour of the company if it is reasonable certain to assess that option; and any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for: lease payments made at or before commencement of the lease; initial direct costs incurred; and the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

**l) Provisions**

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

**Atraco Industrial Enterprises**  
**Jebel Ali Free Zone Branch of AMIBROS S.A**  
**Dubai, United Arab Emirates**

**Notes to the Financial Statements for the year ended March 31, 2024**  
**(In UAE Dirhams )**

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**m) Employees' end of service benefits**

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

**n) Cash & cash equivalent**

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less.

**o) Contingent liability & contingent assets**

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or
- (b) a present obligation that arises from past events but is not recognized because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

Contingent liabilities and assets are not recognized on the balance sheet of the company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

**p) Foreign currency transactions**

Foreign currency transactions are recorded in UAE Dirhams at the approximate rate of exchange ruling at the time of the transaction. Assets and liabilities expressed in foreign currencies at the balance sheet date are translated into UAE Dirhams at the year end rate of exchange. All foreign currency gains and losses are booked in the statement of income as and when they arise.

**q) Offsetting of financial instruments**

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

**r) Borrowing cost**

Borrowing costs are capitalised, net of interest received on cash drawn down yet to be expended when they are directly attributable to the acquisition, contribution or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

**s) Dividend**

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.



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**3 Critical Judgements and key sources of estimations**

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**4 Property, Plant & Equipments**

		Office Equipment, Furniture & Fixtures			
Gross Cost	Buildings	Plant & Machinery	Fixtures	Motor Vehicles	Total
At December 31, 2022	14,669,756	1,853,703	7,849,625	5,682,952	30,056,036
Disposal during the year	-	-	-	-	-
Addition during the year	-	-	6,764	-	6,764
At December 31, 2023	14,669,756	1,853,703	7,856,389	5,682,952	30,062,800
Disposal during the period	-	-	-	(1,324,629)	(1,324,629)
Addition during the period	-	-	-	-	-
At March 31, 2024	14,669,756	1,853,703	7,856,389	4,358,323	28,738,171
Accumulated depreciation					
At December 31, 2022	14,669,756	1,853,703	7,808,045	4,435,257	28,766,761
Reversal depreciation on disposal	-	-	-	-	-
Charge for the year	-	-	14,859	281,326	296,185
At December 31, 2023	14,669,756	1,853,703	7,822,904	4,716,583	29,062,946
Reversal depreciation on disposal	-	-	-	(466,669)	(466,669)
Charge for the period	-	-	2,490	59,469	61,959
At March 31, 2024	14,669,756	1,853,703	7,825,394	4,309,383	28,658,236
Net book value					
At March 31, 2024	-	-	30,995	48,940	79,935
At December 31, 2023	-	-	33,485	966,369	999,854

- 4.1** Buildings are constructed on a land leased from the Jebel Ali Free Zone Authority for a period of 10 years. The lease was renewed in December 2016 for a further period of 10 years.
- 4.2** The Branch carries its buildings at revalued amounts. The fair valuation of the buildings was carried out as at 31 December 2016 by ValuStrat Management Consultancies, an accredited independent valuer. Fair value of the buildings was determined using the income valuation approach.



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	<u>Mar-24</u>	<u>Dec-23</u>
<b>5 Right of Use Assets</b>		
Cost :		
Opening Cost of Lease Asset	1,624,677	1,442,660
Add : Modification in lease	-	182,017
<b>Closing Cost of Lease Asset</b>	<b><u>1,624,677</u></b>	<b><u>1,624,677</u></b>
Depreciation :		
Opening dep for the period	947,169	721,332
Add : Charge for the period	56,459	225,837
Closing Dep for the period	<b><u>1,003,628</u></b>	<b><u>947,169</u></b>
<b>Net Book Value</b>	<b><u>621,049</u></b>	<b><u>677,508</u></b>
<b>6 Deposits</b>		
Deposits with Bank	266,560	266,560
Security deposit	75,000	75,000
	<b><u>341,560</u></b>	<b><u>341,560</u></b>
<b>7 Account receivables</b>		
Sundry debtors	27,740,149	34,873,000
Less : expected credit losses	-	-
	<b><u>27,740,149</u></b>	<b><u>34,873,000</u></b>
<b>7.1 Age analysis</b>		
1 to 30 Days	22,120,114	29,470,585
31 to 90 Days	3,046,383	534,882
> 90 Days	2,573,652	4,867,533
	<b><u>27,740,149</u></b>	<b><u>34,873,000</u></b>
<b>7.2 Geographical analysis</b>		
Within U.A.E.	-	-
Outside U.A.E.	27,740,922	34,873,000
	<b><u>27,740,922</u></b>	<b><u>34,873,000</u></b>
<b>7.3</b> Trade receivables are stated at their nominal value, as reduced by appropriate allowances for estimated doubtful amounts. Bad debts are written off as and when they arise."		
<b>7.4</b> ~51% of the trade receivables amounting to AED 14.125 mn are subsequently recovered by the time this Audit report is signed.		
<b>8 Other receivables</b>		
Staffs & management receivables	24,828	27,557
Advance to suppliers	4,099,273	33,006,077
Other receivables	216,198	-
Recoverable VAT	942,221	896,837
Prepayments	102,030	187,817
	<b><u>5,384,550</u></b>	<b><u>34,118,288</u></b>

\*Advance to suppliers are advances with related parties given for the manufacturing/processing of finished goods

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	<b>Mar-24</b>	<b>Dec-23</b>
<b>9 Inventory</b>		
Raw materials and consumables	29,594,316	48,060,995
Work-in-progress	31,726,000	6,107,319
Finished goods and goods for resale	11,146,000	7,061,371
Goods in Transit	1,521,464	966,289
	<b>73,987,780</b>	<b>62,195,974</b>
<i>*Inventories are pledged as security against the bank loans (note 16).</i> <i>*Inventory has been valued,verified and certified by the management. The Branch's raw materials are processed to finished goods by a third party outside of UAE under a toll manufacturing agreement. These inventories are held by a third party domiciled in Republic of Kenya.</i>		
<b>10 Cash and Cash equivalents</b>		
Cash in Hand	5,723	1,897
Bank balance - current account	6,921,543	825,360
	<b>6,927,266</b>	<b>827,257</b>
<b>11 Due from related party</b>		
Advance receivable	27,365,218	-
	<b>27,365,218</b>	<b>-</b>
<i>* Represents unsecured &amp; interest fee receivable from related parties</i>		
<b>12 Employee end of service benefits</b>		
Opening Provision	956,369	890,666
Add : Provision made during the period	296,489	198,221
Less : Paid during the period	-	(132,518)
<b>Closing balance</b>	<b>1,252,858</b>	<b>956,369</b>
<b>13 Lease Liability</b>		
Opening Balance	702,395	801,313
Modification of lease	-	102,033
Interest portion	12,280	59,049
Payments made	(65,000)	(260,000)
Closing Balance	<b>649,675</b>	<b>702,395</b>
Less : Non Current portion	<b>(376,395)</b>	<b>(485,693)</b>
Current portion	<b>273,280</b>	<b>216,702</b>
<b>14 Accounts payables</b>		
Sundry creditors	1,302,911	14,446,772
	<b>1,302,911</b>	<b>14,446,772</b>
<b>15 Other payables</b>		
Provision for manufacturing charges on work in progress	3,861,743	2,702,293
Provision for manufacturing charges on finished goods	3,800,619	1,291,180
Accrued Expenses	3,310,629	2,081,325
Other payables	147,310	1,270,145
	<b>11,120,301</b>	<b>7,344,943</b>

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	Mar-24	Dec-23
<b>16 Bank facilities</b>		
Trust Receipts:		
HSBC Bank Middle East	14,331,375	12,428,303
National Bank of Fujairah	19,821,544	20,260,222
Standard Chartered Bank	5,299,759	8,246,688
National Bank of Abu Dhabi	25,423,459	11,058,932
Bank Overdrafts		
Habib Bank AG Zurich	322,615	525,721
HSBC Bank Middle East	278,885	130,993
National Bank of Fujairah	188,608	151,756
Standard Chartered Bank	399,609	334,382
First Abu Dhabi Bank	258,101	108,027
Bills Discounting	-	1,976,740
	<b>66,323,955</b>	<b>55,221,764</b>

\* HSBC Bank facility of AED 20,000,000/- for the purpose of facilitating imports has been secured against:-

- Irrevocable personal guarantee from
  1. Mr. Fakhraddin Ghulamhusein Amiji
- Assignment of Insurance policy in the favour of Bank
- Assignment of Insurance policy for stock in the favour of Bank

\* FAB Bank facility of AED 49,986,329/- for the purpose of facilitating trade related fund requirement has been secured against:-

- Irrevocable personal guarantee from
  1. Mr. Fakhraddin Ghulamhusein Amiji
  2. Mr. Shezan Fakhraddin Amiji
- Assignment of Insurance policy in the favour of Bank
- Promisory Note covering overall facility in the favour of the bank.

\* NBF Bank facility of AED 49,986,329/- for the purpose of facilitating trade related fund requirement has been secured against:-

- Irrevocable personal guarantee from
  1. Mr. Fakhraddin Ghulamhusein Amiji
  2. Mr. Shezan Fakhraddin Amiji
- Assignment of Insurance policy covering stocks of AED 15,000,000 in the favour of Bank
- Indemnity for foreign exchange, currency options, commodity derivatives & Interest rate derivatives.

\* SCB Bank facility of AED 7,500,000/- for the purpose of facilitating trade related fund requirement has been secured

\* Habib Bank facility of AED 10,000,000/- for the purpose of facilitating trade related fund requirement has been secured against:-

- Irrevocable personal guarantee from
  1. Mr. Fakhraddin Ghulamhusein Amiji
  2. Mr. Shezan Fakhraddin Amiji
- Corporate guarantee from Atraco Industries
- Assignment of Insurance policy for stock in the favour of Bank

**17 Headoffice account**

Head office Account	55,361,198	27,196,678
	<b>55,361,198</b>	<b>27,196,678</b>





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	For the quarter ended Mar-24	For the year ended Dec-23
<b>18 Revenue</b>		
Sale of Goods	88,556,338	341,713,644
	<b>88,556,338</b>	<b>341,713,644</b>
<i>*Sale of goods represents all the sales made outside UAE.</i>		
<b>19 Cost of Sales</b>		
Opening stock	62,195,974	68,145,563
Add: Purchases & other direct cost	89,878,034	288,139,568
Less : closing stock	(73,987,780)	(62,195,974)
	<b>78,086,228</b>	<b>294,089,157</b>
<b>20 Administration and selling expenses</b>		
Salaries and benefits	1,318,493	5,005,550
Director Remuneration & expenses	10,784	2,188,207
Product Development cost	252,174	884,935
Claims	-	855,358
Travel Expenses	88,573	678,367
Legal & Professional	87,219	510,230
Utilities	55,555	250,368
Insurance cost	19,114	244,239
Repairs & Maintenance	9,497	168,871
Interest on Lease Liability	12,280	59,049
Miscellaneous Exps	177,404	756,767
	<b>2,031,093</b>	<b>11,601,941</b>
<b>21 Finance cost</b>		
Bank charges	296,389	1,306,714
Bank interest	2,308,602	7,899,028
	<b>2,604,991</b>	<b>9,205,742</b>
<b>22 Other Income</b>		
Other Income	-	80,453
Profit on Derivatives	721,001	1,789,285
	<b>721,001</b>	<b>1,869,738</b>

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**23 Related party transactions**

Normal course of business company enters into transaction which falls under definition of related party transactions as per International Accounting Standards - 24.

At the date of financial statements, following are the related party transaction.

Relation	Nature of transaction	For the quarter ended Mar-24	For the year ended Dec-23
Common control	Expenses	26,371,790	73,222,497
Common control	Reimbursement of expenses	147,310	-
Key Management person	Remuneration	10,784	2,697,190
Relation	Due to / from related party	Mar-24	Dec-23
Common control	Other payables	147,310	-
Common control	Advances for job work	4,099,273	31,190,072
Common control	Other receivables	27,365,218	-

**24 Exchange rate risk**

Since the main underlying currencies of the financial instruments, other assets, other liabilities and transactions including cost of sales and sales are in U.A.E. Dirhams and U.S. Dollars, which are pegged to each other. Hence the Company is not exposed to a significant exchange rate risk. However the company has recorded any exchange gain/loss whenever required.

**25 Credit Risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is mainly exposed to credit risk from credit sales. It is company policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

**26 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Branch's exposure to the risk of changes in market interest rates relates primarily to the Branch's debt obligations with floating interest rates. The branch analyses the interest rate exposure on a quarterly basis. A sensitivity analysis is performed by applying a simulation technique to the liabilities that represent major interestbearing positions. During the year, interest rate risk managed as per group policy.

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the Branch's profit for one year, based on the floating rate on financial liabilities held at closing date.

	Increase/decrease in basis points	Effect on Profit for the year
Mar-24	+25	(165,810)
	-25	165,810
Dec-23	+25	(138,054)
	-25	138,054

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## 27 Liquidity risk

Liquidity risk arises from the company's management of working capital and the finance charges and principal repayments

	Within 1 year	More than 1 year
<b>As at March 31, 2024</b>		
Sundry creditors	1,302,911	-
End of service benefits	-	1,252,858
Accruals & provisions	11,120,301	-
Lease Liability	273,280	376,395
	<b>12,696,492</b>	<b>1,629,253</b>
<b>As at December 31, 2023</b>		
Sundry creditors	14,446,772	-
End of service benefits	-	956,369
Accruals & provisions	7,344,943	-
Lease Liability	216,702	485,693
	<b>22,008,417</b>	<b>1,442,062</b>

## 28 Fair value of financial instruments

The Company's financial instruments are accounted for under the historical cost convention. Fair value represents the amount at which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction, therefore, differences can arise between values under the historical cost method and fair value estimates. The fair value of the Company's financial instruments is not materially different from the carrying value at March 31, 2024

## 29 Contingencies and commitments

As at March 31, 2024 as per management the Company has given First pari passu Charge on plant and machinery for the loan taken by Gokaldas Exports FZCO, which also happens to own the headoffice entity.

## 30 Comparative figures

Previous year's figures have been reclassified / regrouped wherever necessary to conform to the presentation adopted in these financial statements. However it should be noted that previous year report has been audited by different independent auditor who has issued unqualified report.

**The accompanying notes 1 to 30 were form an integral part of these financial statements.**  
**The report of the auditors is set out on page 3 to 5**

The financial statements approved on May 20, 2024 and signed on behalf of the Entity, by:

\_\_\_\_\_  
 Authorised Signatory