

**AFCONS GULF INTERNATIONAL PROJECTS SERVICES FZE
FUJAIRAH FREE ZONE, FUJAIRAH**

Financial statements

Period Ended March 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Afcons Gulf International Projects Services FZE, Fujairah Free Zone, Fujairah Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Afcons Gulf International Projects Services FZE, Fujairah Free Zone, Fujairah ("the Establishment") which comprise the statement of financial position as at March 31, 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity, and statement of cash flows for the period then ended and the notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements of the Establishment give a true and fair view of the financial position of the Establishment as at March 31, 2024, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS Accounting 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 Financial Statements section of our report. We are independent of the Establishment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to note 3 to the financial statements relating to the going concern considerations. There have been no operations in the Establishment and it had incurred a net loss of AED 174,348 (December 31, 2022: AED 139,270). The continuance of the Establishment is dependent on sufficient business in future and financial support of Afcons Infrastructure Limited, which is the Holding Company of the Parent Company.

Other Matter

As described in Note 2 in the financial statements, the management has decided to change the financial year end from December 31 to March 31 to align and streamline the year end of the Establishment with its Parent Company.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Establishment'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 Establishment or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Establishment's financial reporting process.

بي دي أو محاسبون قانونيون ومستشارون شركة مساهمة مسجلة بدبي وعضو بشركات بي دي أو العالمية المحدودة. وبضمان محدود من المملكة المتحدة، وتشكل جزء من شبكة بي دي أو العالمية ذات عضوية مستقلة.

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INDEPENDENT AUDITOR'S REPORT (*Continued*)

To the Shareholder of Afcons Gulf International Projects Services FZE, Fujairah Free Zone, Fujairah
(*Continued*)

Report on the Audit of the Financial Statements (*Continued*)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Establishment'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 Establishment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Establishment to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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


BDO CHARTERED ACCOUNTANTS & ADVISORS

Yunus Yusur Saif

Reg. No. 418

Dubai

May 29, 2024





AFCONS GULF INTERNATIONAL PROJECTS SERVICES FZE, FUJAIRAH FREE ZONE, FUJAIRAH

Statement of financial position at March 31, 2024

	Note	March 31, 2024 AED	December 31, 2022 AED
Current assets			
Prepayments		99,414	-
Due from related parties	7	1,866,785	2,001,785
Bank balance		22,004	158,666
Total current assets		1,988,203	2,160,451
Current liabilities			
Accruals and other payables		8,400	6,300
Net assets		1,979,803	2,154,151
Equity			
Share capital	8	1,000,000	1,000,000
Retained earnings		979,803	1,154,151
Total equity		1,979,803	2,154,151

The financial statements have been approved by the Shareholder on May 29, 2024 and are signed by:

Mudit Sharma
Manager

The notes on pages 7 to 13 form part of these financial statements

AFCONS GULF INTERNATIONAL PROJECTS SERVICES FZE, FUJAIRAH FREE ZONE, FUJAIRAH

Statement of profit or loss and other comprehensive income for the period ended March 31, 2024

		For the period from January 01, 2023 to March 31, 2024	For the period from January 01, 2022 to December 31, 2022
	Note	AED	AED
Administration and general expenses	9	<u>(174,348)</u>	<u>(139,270)</u>
Total comprehensive loss for the period		<u><u>(174,348)</u></u>	<u><u>(139,270)</u></u>

The notes on pages 7 to 13 form part of these financial statements

AFCONS GULF INTERNATIONAL PROJECTS SERVICES FZE, FUJAIRAH FREE ZONE, FUJAIRAH

Statement of changes in equity for the period ended March 31, 2024

	Share capital AED	Retained earnings AED	Total equity AED
Balance at January 1, 2022	1,000,000	1,293,421	2,293,421
Total comprehensive loss for the period	-	(139,270)	(139,270)
Balance at December 31, 2022	1,000,000	1,154,151	2,154,151
Total comprehensive loss for the period	-	(174,348)	(174,348)
Balance at March 31, 2024	1,000,000	979,803	1,979,803

The notes on pages 7 to 13 form part of these financial statements

AFCONS GULF INTERNATIONAL PROJECTS SERVICES FZE, FUJAIRAH FREE ZONE, FUJAIRAH

Statement of cash flows for the period ended March 31, 2024

		For the period from January 01, 2023 to March 31, 2024	For the period from January 01, 2022 to December 31, 2022 December 31, 2022
Cash flows from operating activities	Note	AED	AED
Net loss for the period		(174,348)	(139,270)
Operating loss before working capital changes		(174,348)	(139,270)
(Increase)/decrease in prepayments		(99,414)	132,550
Decrease in due from related parties	7	135,000	100,000
Increase in accruals and other payables		2,100	-
<i>Net cash (used in)/generated from operating activities</i>		(136,662)	93,280
Net (decrease)/increase in cash and cash equivalents		(136,662)	93,280
Cash and cash equivalents at beginning of the period		158,666	65,386
Cash and cash equivalents at end of the period		22,004	158,666

The notes on pages 7 to 13 form part of these financial statements

Notes to the financial statements for the period ended March 31, 2024

1 Status and activity

Afcons Gulf International Projects Services FZE, Fujairah Free Zone, Fujairah ("the Establishment") is a Free Zone Establishment registered with limited liability in Fujairah Free Zone.

The principal activities of the Establishment are investments and financial services. The principal place of business of the Establishment is located at Fujairah Free Zone, Fujairah.

The Establishment is a wholly owned subsidiary of Afcons Mauritius Infrastructure Limited ("the Parent Company"), a company registered in Mauritius.

The financial statements for the period were authorised for issue by the Shareholder on May 29, 2024.

These financial statements are presented in UAE Dirhams (AED).

2 Accounting period

The management has decided to change the year end from December 31 to March 31 to align and streamline the year end of the Establishment with its Parent Company. Accordingly, these financial statements relate to the period from January 1, 2023 to March 31, 2024 and prior period relates to the period from January 1, 2022 to December 31, 2022.

3 Going concern considerations

These financial statements are prepared on a going concern assumption, which assumes that the Establishment will continue to operate as a going concern for the foreseeable future. During the period, there have been no operations in the Establishment and it had incurred a net loss of AED 174,348 (December 31, 2022: AED 139,270). The continuity of the Establishment operations is dependent on the financial support of Afcons Infrastructure Limited, which is the Holding Company of the Parent Company.

4 Basis of preparation

These financial statements of the Establishment have been prepared in accordance with the International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards). The financial statements have been prepared under historical cost convention, except where otherwise stated in the accounting policies in Note 6.

5 Application of new and revised International Financial Reporting Standards ("IFRS Accounting Standards")

a) New standards, interpretations and amendments adopted at January 1, 2024

The Establishment has adopted the following standards, new standards and amendments in the annual financial statements for the period ended March 31, 2024 which have not had a significant effect on the Establishment:

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes); and
- International Tax Reform - Pillar Two Model Rules (Amendment to IAS 12 Income Taxes) (effective immediately upon the issue of the amendments and retrospectively).

5 Application of new and revised International Financial Reporting Standards ("IFRS Accounting Standards") (*Continued*)

(b) New standards, interpretations and amendments effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Establishment has decided not to adopt early. The most significant of these are as follows:

The following amendments are effective for the period beginning January 1, 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The Establishment is currently assessing the impact of these new accounting standards and amendments. The Establishment does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Establishment.

6 Material accounting policies

The material accounting policies adopted by the Establishment are as follows:

Financial assets

The Establishment classifies its financial assets into one of the following categories depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Establishment's accounting policy for each category is as follows:

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.

Impairment provisions for receivables from related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those, where credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Establishment's financial assets measured at amortised cost comprise of due from related parties and cash and cash equivalents in the statement of financial position.

6 Material accounting policies (Continued)

Financial assets (Continued)

Fair value through other comprehensive income (FVTOCI)

These financial assets are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal, any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss. The Establishment does not have any investments or financial assets which are being designated at fair value through other comprehensive income.

Fair value through profit or loss (FVTPL)

By default, all other financial assets not classified as amortised cost or FVTOCI are measured subsequently at fair value through profit or loss. These financial assets are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income in the finance income or expense line. The Establishment 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.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include bank balance free of encumbrance.

Financial liabilities

The Establishment classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

The Establishment's accounting policy for each category is as follows:

Fair value through profit or loss

They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income. The Establishment does not have any liabilities which is to be designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include accruals and other payables, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Leases

Identifying leases

The Establishment accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in Establishment for consideration. Leases are those contracts that satisfy the following criteria:

- a) There is an identified asset;
- b) The Establishment obtains substantially all the economic benefits from use of the asset; and
- c) The Establishment has the right to direct use of the asset.

The Establishment considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Establishment obtains substantially all the economic benefits from use of the asset, the Establishment considers only the economic benefits that arise of the asset, not those incidental to legal ownership or other potential benefits.

6 Material accounting policies (*Continued*)

Leases (Continued)

In determining whether the Establishment has the right to direct use of the asset, the Establishment considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Establishment considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Establishment applies other applicable IFRS Accounting Standards rather than IFRS 16.

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 Establishment's incremental borrowing rate 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 Establishment if it is reasonably certain to assess that option;
- 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 Establishment 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.

When the Establishment revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining revised lease term.

The Establishment has not recognised a right-of-use asset and a lease liability as the Establishment does not have any operating lease in its name.

Notes to the financial statements for the period ended March 31, 2024 (Continued)

6 Material accounting policies (Continued)**Provisions**

Provisions are recognised in the statement of financial position when the Establishment has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the statement of profit or loss and other comprehensive income when the changes arise.

Share capital

Financial instruments issued by the Establishment are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Establishment's ordinary shares are classified as equity instruments.

Foreign currencies

Transaction entered into by the Establishment in a currency other than the currency of the primary economic environment in which it operates ("its functional currency") is recorded at the ruling rates when the transaction occurs. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the reporting date. Exchange difference arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the profit or loss.

7 Related party disclosures

Related parties include the Parent Company and any businesses which are controlled directly or indirectly by the Parent Company, or over which it exercises significant management influence. The balances due to/from such parties, which have been disclosed separately in the financial statements, are unsecured, interest-free and are repayable on demand.

Related party balances are as under:

	March 31, 2024 AED	December 31, 2022 AED
Receivables		
- Other related parties	<u>1,866,785</u>	<u>2,001,785</u>
8 Share capital		
	March 31, 2024 AED	December 31, 2022 AED
Authorised, issued and paid up capital:		
1,000 shares of AED 1,000 each	<u>1,000,000</u>	<u>1,000,000</u>

Notes to the financial statements for the period ended March 31, 2024 (Continued)

9 Administration and general expenses

	For the period from January 01, 2023 to March 31, 2024 AED	For the period from January 01, 2022 to December 31, 2022 AED
Trade license fees	165,688	125,050
Professional fees	8,400	13,800
Bank charges	260	420
	174,348	139,270

10 Financial instruments - risk management**Capital risk management**

The capital is managed by the Establishment in a way that it is able to continue as a going concern while maximising returns to shareholder.

The capital structure of the Establishment consists of cash and cash equivalents and equity attributable to equity holder comprising of issued capital and retained earnings.

As a risk management policy, the Establishment reviews its cost of capital and risks associated with capital. The Establishment balances its capital structure based on the above review.

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates, and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all financial assets traded in the market.

The Establishment is primarily exposed to the financial risks of changes in foreign currency exchange rates (currency risk).

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign currency risk management

The Establishment exposure to currency risk is minimal as the majority of transactions are conducted in the Establishment's functional currency.

Credit risk management

Credit risk is the risk of financial loss to the Establishment if a customer or counterparty to a financial instrument fails to meet its contractual obligation.

The Establishment is potentially exposed to concentration of credit risk from its financial assets which comprise due from related parties and bank balances. The Establishment's bank accounts are placed with high credit quality financial institutions. The credit risk on due from related parties is subjected to credit evaluations and an allowance has been made for estimated irrecoverable amounts.

Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Establishment has built an appropriate liquidity risk management framework for the management of its short, medium and long term funding and liquidity requirements. The Establishment manages liquidity risk by continuously monitoring forecast and actual cashflows.

Notes to the financial statements for the period ended March 31, 2024 (Continued)

10 Financial instruments - risk management (Continued)**Financial instruments by category**

The carrying amounts for each class of financial instrument are listed below:

	March 31, 2024 AED	December 31, 2022 AED
Financial assets		
Amortised cost		
- Due from related parties	1,866,785	2,001,785
- Bank balance	22,004	158,666
Financial liabilities		
Other financial liabilities		
- Accruals and other payables	8,400	6,300

The carrying value of the above financial assets and liabilities approximate to their fair value. The contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities is less than 12 months.

11 Corporate tax

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal Corporate Tax ("CT") regime in the UAE. The CT regime is effective for annual periods beginning on or after 1 June 2023 and the Establishment will be subject to CT for its financial year commencing 1 January 2024. A business in UAE will be subject to a 9% tax rate or a possible higher rate as may be published in the future for the taxable income exceeding AED 375,000. There are other possible reliefs and/or exemptions that could be availed depending on locational presence and/or operations of the business in the UAE.

As a result of the transitional rules published in Article 61 of Federal Decree-Law No 47 of 2022 and Ministerial Decision No 120 of 2023 on the Adjustments Under the Transitional Rules for the Purposes of Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, the Establishment will have an opening tax basis in their assets and liabilities equal to their financial statement carrying value as at the end of the prior period. Based on the assessment of facts and circumstances as at this reporting date and considering the transitional rules, the management has not identified any deferred tax implication which requires any adjustment in these financial statements.

12 Comparative figures

As described in note 2, the Establishment has changed its financial year end from December 31 to March 31 to align and streamline the year end of the Establishment with its Parent Company. As a result, these financial statements relates to the period from January 1, 2023 to March 31, 2024. Hence, these financial statements are not comparable with those of the prior year.