

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

Financial statements

Year ended December 31, 2022

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

Financial statements for the year ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders 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 December 31, 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity, and statement of cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Establishment give a true and fair view of the financial position of the Establishment as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 2 to the financial statements relating to the going concern consideration. There have been no operations in the Establishment and it had incurred a net loss of AED 139,270 (2021: AED 5,144,858). The continuance of the Establishment is dependent on sufficient business in future and financial support of the Parent Company.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (Continued)

To the Shareholders 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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 Yusuf Saifee

Reg. No. 418

May 29, 2023

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

Statement of financial position at December 31, 2022

	Note	AED	2021 AED
Current assets			
Prepayments		-	132,550
Due from related parties	6	2,001,785	2,101,785
Bank balance		158,666	65,386
Total current assets		2,160,451	2,299,721
Current liabilities			
Accruals and other payables		6,300	6,300
Net assets		2,154,151	2,293,421
Equity			
Share capital	7	1,000,000	1,000,000
Retained earnings		1,154,151	1,293,421
Total equity		2,154,151	2,293,421

The financial statements have been approved by the Shareholder on May 29, 2023 and are signed by:

Mudit Sharma
Manager



The notes on pages 7 to 14 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 year ended December 31, 2022

	Note	2021 AED	2021 AED
Administration and general expenses	8	(139,270)	(5,144,858)
Total comprehensive loss for the year		(139,270)	(5,144,858)
		<hr/>	<hr/>

The notes on pages 7 to 14 form part of these financial statements

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

Statement of changes in equity for the year ended December 31, 2022

	Share capital AED	Retained earnings AED	Total equity AED
Balance at January 1, 2021	1,000,000	6,438,279	7,438,279
Total comprehensive loss for the year	-	(5,144,858)	(5,144,858)
Balance at December 31, 2021	1,000,000	1,293,421	2,293,421
Total comprehensive loss for the year	-	(139,270)	(139,270)
Balance at December 31, 2022	1,000,000	1,154,151	2,154,151

The notes on pages 7 to 14 form part of these financial statements

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

Statement of cash flows for the year ended December 31, 2022

			2021
		AED	AED
Cash flows from operating activities	Note		
Net loss for the year		(139,270)	(5,144,858)
Adjustments for:			
Write off of related party balances		-	5,000,000
Operating loss before working capital changes		(139,270)	(144,858)
Decrease/(increase) in prepayments		132,550	(132,550)
Decrease in due from related parties	6	100,000	144,858
<i>Net cash generated from/(used in) operating activities</i>		93,280	(132,550)
Net increase/(decrease) in cash and cash equivalents		93,280	(132,550)
Cash and cash equivalents at beginning of the year		65,386	197,936
Cash and cash equivalents at end of the year		158,666	65,386

The notes on pages 7 to 14 form part of these financial statements

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 year were authorised for issue by the Shareholder on May 29, 2023.

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

2 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 year, there have been no operations in the Establishment and it had incurred a net loss of AED 139,270 (2021: AED 5,144,858). The continuity of the Establishment operations is dependent on the financial support of the Parent Company.

3 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 IFRSs). The financial statements have been prepared under historical cost convention, except where otherwise stated in the accounting policies in Note 5.

4 Application of new and revised International Financial Reporting Standards (IFRSs)

(a) New standards, interpretations and amendments adopted at January 1, 2022

The Establishment has adopted the following standards, new standards and amendments in the annual financial statements for the year ended December 31, 2022 which have not had a significant effect on the Establishment:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

(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, 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12); and
- Classification of liabilities as current or non-current (Amendments to IAS 1)

4 Application of new and revised International Financial Reporting Standards (IFRSs) (*Continued*)

*(b) New standards, interpretations and amendments effective (*Continued*)*

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

- IFRS 16 Leases (Amendment - Liability in a Sale and Leaseback)
- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-current)
- IAS 1 Presentation of Financial Statements (Amendment - Non-current Liabilities with Covenants)

The Establishment is currently assessing the impact of these new accounting standards and amendments and does not believe that these amendments will have a significant impact on the financial statements.

Other

The Establishment does not expect following other standards issued by IASB, but not yet effective, to have a material impact on the Establishment.

- IFRS 17 *Insurance Contracts* (*effective January 1, 2023*) - In June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to 1 January 2023.

5 Significant accounting policies

The significant 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 current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of profit or loss and other comprehensive income. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated provision.

5 Significant accounting policies (*Continued*)

*Financial assets (*Continued*)*

*Amortised cost (*Continued*)*

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.

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.

5 Significant accounting policies (*Continued*)

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.

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 IFRSs 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.

5 Significant accounting policies (*Continued*)

Leases (Continued)

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.

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.

6 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.

6 Related party disclosures (*Continued*)

Related party balances are as under:

		2021	AED	AED
Receivables				
- Other related parties		<u>2,001,785</u>		<u>2,101,785</u>
7 Share capital				
Authorised, issued and paid up capital:				
1,000 shares of AED 1,000 each		<u>1,000,000</u>		<u>1,000,000</u>
8 Administration and general expenses				
Trade license fees		125,050		125,050
Professional fees		13,800		13,800
Bad debts written off		-		6,008
Write off of related party balances		-		5,000,000
Bank charges		<u>420</u>		<u>-</u>
		<u>139,270</u>		<u>5,144,858</u>

9 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.

9 Financial instruments - risk management (*Continued*)

Capital risk management (*Continued*)

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.

Financial instruments by category

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

	2021	AED	2021	AED
Financial assets				
Amortised cost				
- Prepayments		-		132,550
- Due from related parties		2,001,785		2,101,785
- Bank balance		<u>158,666</u>		<u>65,386</u>
Financial liabilities				
Other financial liabilities				
- Accruals and other payables		<u>6,300</u>		<u>6,300</u>

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.

10 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 will become effective for accounting periods beginning on or after 1 June 2023. Generally, UAE businesses will be subject to a 9% CT rate and a rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision. Further, there were several other decisions as at the year end that were yet to be finalised by way of a Cabinet Decision that were significant in order for entities to determine their tax status and the taxable income. The Establishment is in the process of assessing the possible impact on its financial statements, both from current and deferred tax perspective.

11 Comparative figures

Previous year's figures have been regrouped or reclassified wherever necessary to make them comparable with those of current year. These regroupings and reclassifications were not material.