

**SAFA OTOMOTIV FZE
RAS AL KHAIMAH- U.A.E**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED MARCH 31, 2024**

**SAFA OTOMOTIV FZE
RAS AL KHAIMAH- U.A.E**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED MARCH 31, 2024**

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INDEPENDENT AUDITOR'S REPORT

To
SAFA OTOMOTIV FZE
RAS AL KHAIMAH- U.A.E

We have audited the financial statements of **SAFA OTOMOTIV FZE** (the " Limited Liability Company) which comprise the statement of financial position as at 31 MARCH 2024 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of **SAFA OTOMOTIV FZE** as at 31 MARCH 2024 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 Company 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 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.

Responsibilities of the Management and the Board of Directors for the financial statements

The Management and the Board of Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the IASB, and for such internal control as the Board of Directors 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, the Management and the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Management and the Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Key audit matters

KAM are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Report on the Audit of the Financial Statements (continued)

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 the Management and the Board of Directors.
- Conclude on the appropriateness of the Management and the Board of Directors 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 the attention in our auditor's report the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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 a true and fair view.

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

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Commercial Companies Law of 2015, we report that;

- i. We have obtained all the information we considered necessary for the purpose of our audit.
- ii. The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015.
- iii. The Company has maintained proper books of account.
- iv. based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 MARCH 2024 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Memorandum and Articles of Association which would materially affect.

For NBN AUDITING OF ACCOUNTS

NBN Auditing Of Accounts, Chartered Accountants
LICENCE No. 817951



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SAPA OTOMOTIV FZE
RAS AL KHAIMAH - U.A.E.

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024
(In Arab Emirates Dirhams)

	Note	31/03/2024	31/03/2023
<u>ASSETS</u>			
<u>Non-Current Assets</u>			
Property, Plant & Equipment	5	2,295,938	2,398,616
Total Non-Current Assets		2,295,938	2,398,616
<u>Current Assets</u>			
Cash and Bank Balances	6	203,793	130,652
Inventories	7	3,810,256	495,046
Accounts Receivable	8	18,090,472	12,697,181
Deposits, Advances & Prepayments	9	13,707,802	520,594
Total Current Assets		35,812,323	13,843,473
TOTAL ASSETS		38,108,262	16,242,089
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>Current Liabilities</u>			
Accounts Payable	10	7,407,496	9,803,835
Accruals and Provisions	11	16,080,384	3,470,044
Total Current Liabilities		23,487,880	13,273,879
TOTAL LIABILITIES		23,487,880	13,273,879
<u>Shareholders' Equity</u>			
Share Capital		150,000	150,000
Retained Earnings	12	14,470,381	2,818,210
Total Shareholders' Equity		14,620,381	2,968,210
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		38,108,262	16,242,089

(Managing Director)



STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2024
(In Arab Emirates Dirhams)

	Note	31/03/2024	31/03/2023
<u>REVENUE</u>			
Net Revenue	13	76,208,492	31,334,625
Less : Cost of Revenue	14	(58,268,063)	(25,043,059)
Gross Profit		17,940,430	6,291,566
Oher Income		1,484	2,200
		<u>17,941,913</u>	<u>6,293,766</u>
<u>DEDUCT</u>			
General & Administration Expenses	15	(5,847,910)	(3,029,817)
Director Remuneration		-	-
Depreciation	5	(254,062)	(60,639)
Financial Charge		(187,769)	(83,415)
		<u>(6,289,742)</u>	<u>(3,173,871)</u>
Net Profit / (Loss) for the year		<u>11,652,172</u>	<u>3,119,894</u>

(Managing Director)



SAFA OTOMOTIV FZE
RAS AL KHAIMAH - U.A.E.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2024
 (In Arab Emirates Dirhams)

	Shareholders' Capital	Retained Earnings	Shareholders' Current A/c	Total
Balance as at MARCH 31, 2022	150,000	(301,685)	-	(151,685)
Changes in Shareholders' Equity				
- Net Profit / (Loss) for the year	-	3,119,894	-	3,119,894
- Net Movements in Shareholders' Current A/c	-	-	-	-
Balance as at MARCH 31, 2023	150,000	2,818,210	-	2,968,210
Changes in Shareholders' Equity				
- Net Profit / (Loss) for the year	-	11,652,172	-	11,652,172
- Net Movements in Shareholders' Current A/c	-	-	-	-
Balance as at MARCH 31, 2024	150,000	14,470,381	-	14,620,381

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SATA MOTOTIV FZE
RAS AL KHAIMAH - U.A.E.

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2024
(In Arab Emirates Dirhams)

	<u>31/03/2024</u>	<u>31/03/2023</u>
<u>Cash flow from Operating activities :</u>		
Net Profit / (Loss) for the year	11,652,172	3,119,894
Adjustments for :		
Depreciation	254,062	60,639
Operating profit before changes in	11,906,234	3,180,534
<u>Operating Assets and Liabilities :</u>		
(Increase)/Decrease in Inventory	(3,315,210)	245,872
(Increase)/Decrease in Accounts Receivable	(5,393,291)	(12,193,772)
(Increase)/Decrease in Deposits, Advances & Prepayments	(13,187,209)	116,412
(Decrease)/Increase in Accounts Payable	(2,396,339)	8,705,985
(Decrease)/Increase in Accruals and Provisions	12,610,340	2,520,490
Net Cash inflow/(outflow) from Operating activities	224,526	2,575,521
<u>Cash flow from Investing activities :</u>		
Purchase of property, plant & equipment	(151,385)	(2,459,255)
Net Cash inflow /(outflow) from Investing activities	(151,385)	(2,459,255)
<u>Cash flow from Financing activities :</u>		
Capital	-	-
Net Movements in Shareholders' Current A/c	-	-
Net Cash inflow/(outflow) from Financing activities	-	-
Net Increase/(Decrease) in cash and cash equivalents	73,141	116,266
Cash and cash equivalents at beginning of the year	130,652	14,386
Cash and Cash equivalents at end of the year	203,793	130,652
Represented by:		
Cash in Hand	152,396	-
Cash at Bank	51,397	130,652
	203,793	130,652

(Managing Director)



**SAFA OTOMOTIV FZE
RAS AL KHAIMAH- U.A.E**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED MARCH 31, 2024**

1 Legal Status and business activity:

- 1.1 SAFA OTOMOTIV FZE, RAS AL KHAIMAH(the Limited Liability Company) is incorporated on January 17, 2021, under a Commercial License issued by the Department of Economic Development – RAS AL KHAIMAH- U.A.E.
- 1.2 The main activities of the Company as per Commercial License are Engines Spare Parts Manufacturing Oilifield Drilling Equipment & Components Manufacturing.
- 1.3 These financial statements incorporate the operating result of Commercial License No. 8000962
- 1.4 The registered office of the Company is located at, Shed No.21 Al Hulaila Industrial Zone-FZRAK,United Arab Emirates

2 Share Capital:

Authorized, Issued and Paid-up share capital of the Company is Dhs. 150,000/-.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED MARCH 31, 2024**

3 Adoption of new and revised International Financial Reporting Standards (IFRSs):

a) New standards, interpretations and amendments effective for the current years

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements

- Definition of Material – Amendments to IAS 1 ‘Presentation of Financial Statements and IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’.
- Definition of Material – Amendments to IFRS 3 ‘Business Combinations.
- Amendments to Amendments to References to the Conceptual Framework in IFRS Standards. These standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 AND SIC 32.
- Amendments Amendments relating to Interest Rate Benchmark Reform to IFRS 7 ‘Financial Instruments:
- Amendment to IFRS 16 ‘Leases’ to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The effective date is 1 June 2020.

b) New standards, interpretations and amendments in issue but are not yet effective

Standards, amendments and interpretations issued but not yet effective at the date of authorization of these financial statements are listed below. The Company intends to adopt those standards when they become effective.

**New and revised IFRS
after**

**Effective for
annual periods
beginning on or**

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to phase 2 of profit rate benchmark reforms.

1-Jan-2021

SIFA OTOMOTIV FZE
RAS AL KHAIMAH- U.A.E

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED MARCH 31, 2024

periods	Effective for annual
<u>New and revised IFRS</u> after	<u>beginning on or</u>
Amendments to IAS 16 Property, plant, and equipment relating to proceeds before intended use.	1-Jan-2022
Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets relating to onerous contracts.	1-Jan-2022
Annual improvements to IFRS standards 2018 – 2020.	1-Jan-2022
Amendments to IAS 1 Presentation of Financial Statements relating to classification of Liabilities as Current or Non-Current.	1-Jan-2023
Amendment to IFRS 17 Insurance contracts.	1-Jan-2023

The management believes that the adoption of the above amendments is not likely to have any significant impact on the financial statements of the Company for future years.

4 **Summary of significant accounting policies:**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Boards (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC), and applicable requirements of the U.A.E. Law. A summary of the significant accounting policies, which have been applied consistently, are set out as follows:

a) **Accounting Convention**

These financial statements have been prepared under historical cost convention basis.

b) **Accrual accounting**

Generally the accrual method of accounting followed for the recognition of revenue and expenses.

**SAFA OTOMOTIV FZE
RAS AL KHAIMAH- U.A.E**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED MARCH 31, 2024**

c) Property, Plant and Equipments

Property, plant and equipments are stated at cost less accumulated depreciation and identified impairment loss, if any. The costs comprise of purchase price, levies, duties and any directly attributable costs of bringing the assets to its working condition. The cost of property, plant and equipment is depreciated using the Diminishing Balance method over their estimated useful economic lives as follows:

	<u>Years</u>
Furniture, Fixtures & Office Equipment	: 5
Motor Vehicle	: 5

d) Employee's Terminal Benefits

Staff Statutory Benefits are being accounted upon payments.

e) Revenue Recognition

Revenue is recognized when significant risk and rewards associated with the services are transferred to the customers.

f) Financial Expenses

Financial expenses are accounted in the statement of income in the Period in which they are incurred.

g) Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

**SAFA OTOMOTIV FZE
RAS AL KHAIMAH- U.A.E**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED MARCH 31, 2024**

h) Financial Instruments

Financial instruments comprise financial assets and financial liabilities, financial assets and financial liabilities are recognised on the Company balance sheet when the Company has become a party to the contractual provisions of the instrument. A financial asset is any asset that is cash, a contractual right to receive cash or other financial asset, a contractual right to exchange financial instruments under conditions that are potentially favourable or an equity instrument.

i) Foreign Currencies

Foreign currency transactions are converted into Dirham of UAE. at the rate of exchange prevailing on the date of transactions. Any resulting gain or loss by exchange rate fluctuations of foreign currency account are treated as income or expenses.

j) Trade Receivables

Invoices made on credit are included in trade receivables at the balance due, as reduced by appropriate allowances for estimated doubtful amounts. Bad debts are written off as they arise.

k) Trade Payables

Trade payables are stated at their nominal value.

l) Comparative Figures

Previous year's figures have been regrouped / reclassified wherever necessary to confirm to the presentation adopted in the current year.

m) Cash and Cash Equivalents

For the purposes of the statement of cash flow, cash and cash equivalents comprise cash balances with bank.

n) General

Figures in the Financial Statements are rounded off to the nearest Dirham of UAE. Direct confirmation of Bank Balances is not received by us, hence Bank Balances and Credit facilities could not be verified by us independently.

SAFA OTOMOTIV FZE
RAS AL KHAIMAH - U.A.E.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED MARCH 31, 2024
 (In Arab Emirates Dirhams)

PROPERTY, PLANT AND EQUIPMENT

<u>COST</u>	<u>Furn., Fixtures & Office Equip.</u>	<u>Decoration</u>	<u>Motor Vehicle</u>	<u>Total</u>
As at MARCH 31, 2023	2,459,255	-	-	2,459,255
Additions	151,385	-	-	151,385
As at MARCH 31, 2023	2,610,640	-	-	2,610,640
Accumulated Depreciation:				
As at MARCH 31, 2023	60,639	-	-	60,639
Charge for the year	254,062	-	-	254,062
As at MARCH 31, 2023	314,702	-	-	314,702
Net Book Value				
As at MARCH 31, 2023	2,295,938	-	-	2,295,938
As at MARCH 31, 2022	2,398,616	-	-	2,398,616

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED MARCH 31, 2024
(In Arab Emirates Dirhams)

	<u>31/03/2024</u>	<u>31/03/2023</u>
6 <u>CASH AND BANK BALANCE</u>		
Cash in Hand	152,396	-
Cash at Bank	51,397	130,652
	<u>203,793</u>	<u>130,652</u>
7 <u>Inventories</u>		
Inventories	3,810,256	495,046
	<u>3,810,256</u>	<u>495,046</u>
8 <u>ACCOUNTS RECEIVABLE</u>		
Trade Receivables	18,090,472	12,697,181
Other Receivables	-	-
	<u>18,090,472</u>	<u>12,697,181</u>
9 <u>DEPOSITS, ADVANCES AND PREPAYMENTS</u>		
Prepaid Expenses	238,219	101,348
Advances for supply of goods and rendering of services	-	12,673
Other Loans & Advances	13,430,263	388,545
Security Deposits	39,320	18,028
	<u>13,707,802</u>	<u>520,594</u>

SAEA OTOMOTIV FZE
RAS AL KHAIMAH - U.A.E.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED MARCH 31, 2024
(In Arab Emirates Dirhams)

	<u>31/03/2024</u>	<u>31/03/2023</u>
10 <u>ACCOUNTS PAYABLE</u>		
Trade Payables	7,407,496	9,803,835
	<u>7,407,496</u>	<u>9,803,835</u>
11 <u>Accruals and Provisions</u>		
Current Maturity of Long Term Debt		
Loans & Advances from related parties	2,930,923	799,203
Other Advances	11,877,116	150,351
Other Payables	1,272,345	2,520,490
Deposit received	-	-
	<u>16,080,384</u>	<u>3,470,044</u>
12 <u>RETAINED EARNINGS</u>		
Opening Balance b/f	2,818,210	-301,685
Net Profit / (Loss) for the year	11,652,172	3,119,894
	<u>14,470,381</u>	<u>2,818,210</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED MARCH 31, 2024
(In Arab Emirates Dirhams)**

	<u>31/03/2024</u>	<u>31/03/2023</u>
13 REVENUE		
Net Revenue	76,208,492	31,334,625
	<u>76,208,492</u>	<u>31,334,625</u>
14 COST OF REVENUE		
Purchases & Other Direct Expenses	(58,268,063)	(25,043,059)
	<u>(58,268,063)</u>	<u>(25,043,059)</u>
15 GENERAL & ADMINISTRATION EXPENSES		
Employee Costs	2,467,455	850,384
Other Employee Costs	56,909	39,186
Rent	1,093,446	474,008
Rates & Taxes	45,205	16,886
Electricity Charges	77,556	50,290
Legal and Professional Fees	86,477	42,176
Travelling & Conveyance Expenses	130,773	90,885
Audit Fees	10,000	10,000
Foreign exchange Fluctuation Loss	4,964	535
Miscellaneous Expenses	6,119	103
Advertisement & Sales Promotion Expenses	587,009	235,586
Freight Forwarding & Distribution Expenses	766,524	590,145
Commission	515,473	629,615
Bad Debts	-	18
	<u>5,847,910</u>	<u>3,029,817</u>

NOTES TO THE FINANCIAL STATEMENTS
(Continued)
FOR THE YEAR ENDED MARCH 31, 2024
(In Arab Emirates
Dirhams)

16 FINANCIAL INSTRUMENTS

Financial instruments of the Company comprise of cash at bank, other assets trade payables, and other liabilities.

Credit risk

Financial assets which potentially expose the Company to concentration of credit risk comprise principally bank accounts and other receivables

The Company's bank accounts are placed with high credit quality financial institutions.

Currency risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirham or United States Dollar to which the conversion of Dirham into United States Dollar is fixed.

Interest rate risk

The Company is not exposed to any significant interest rate risk.

Fair values

At the balance sheet date, the fair values of financial assets and liabilities at year-end approximate to their carrying amounts.

17 CONTINGENT LIABILITY

Except for ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability or capital commitment on Company's account as of balance sheet date.