

Strategic Foods International Co. LLC.

Financial Statements

For the year ended March 31, 2024

Strategic Foods International Co. LLC.
Financial Statements
For the year ended March 31, 2024

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Strategic Foods

International Co. LLC.

Directors' Report

The Directors have the pleasure in presenting the audited financial statements of Strategic Foods International Co. L.L.C for the financial year ended 31st March 2024.

Activities

The business of the Company is manufacturing of Biscuit and Wafers.

RESULTS

The results of the Company are summarized as follows:

Figures in AED

	Year ended 31 March 2023	Year ended 31 March 2024
Turnover	191,002,512	196,855,001
Cost of sales (excluding depreciation)	(136,361,455)	(130,605,465)
Provision for slow moving inventory	(53,122)	(602,203)
Administrative and general expenses	(16,560,872)	(10,761,342)
Provision for bonus	(1,136,913)	(1,213,683)
Advertisement & sales promotion	(26,942,590)	(28,319,477)
Royalty on sales	(8,072,812)	(8,243,105)
Profit before interest and depreciation	1,874,748	17,109,726
Depreciation	(2,481,511)	(2,500,291)
Finance expenses	(1,087,608)	(245,982)
Finance income	2,082,330	2,249,204
Other income	925,948	798,790
Net profit for the year	1,313,907	17,411,447

Key Performance Highlights

The Business continued to witness good value growth across regions for second year in a row. The main levers of growth were distribution expansion, better in market execution in GCC, stable growth in developed markets on the backdrop of better penetration and portfolio expansion.

The Business witnessed deflation in commodity costs in the current year. The Company's performance boosted from implementation of cost efficiency programs; overheads control and sales promotion spend effectiveness.

Business Outlook & Future Plan

The business witnessed deflation in commodity prices, which boosted profitability. Ocean freights were stable in the earlier part of the year however, rates increased towards the end of the year due to Red Sea shipping crisis. The business continues to face challenges on account of Russia-Ukraine war, which is majorly impacting wheat flour prices. Also, the ongoing geo-political conflict in Middle East is impacting business adversely.



Strategic Foods

International Co. LLC.

This year, our business has focused on laying the foundation to expand consumer engagement beyond their traditional favorites to our exciting new releases. The Business has placed priority on establishing strong portfolio pillars in the rapidly growing categories of chocolate-based products, crackers, and health offerings with focused trial generation for Good Day Chunkies - Crunchy & Soft Baked, Biscuits & Nutri Choice Whole Wheat & Sugar Free crackers.

Our digital communication strategy has undergone a transformation to intricately weave in locally relevant narratives, spanning from orchestrating the Summer Snacktivity Camp amidst the sweltering summers of the UAE, to entrusting children with the reins of Britannia's social media platforms during the back-to-school rush, and showcasing delectable creations by Arab chefs in honor of Ramadan festivities.

The company will endeavor to deliver a strong growth in existing core markets of GCC and significantly increase market share in UAE and KSA, expand mainstream presence in Americas and Asia Pacific and aims to penetrate in alternate channels in US serving diverse communities like Hispanics and Arabs.

Business Strategy

Company's strategy to achieve growth and market share in The Business is to:

- Strengthen brand equity and affinity for its products among the Indian diaspora to retain its competitive edge over other international players;
- Offer new product experiences to existing consumers and ethnicity inspired offerings to recruit other nationalities;
- Establish and grow local operations in fast growing emerging markets through evaluation of available opportunities like contract manufacturing, acquisitions, joint ventures, etc.
- Customize its distribution strategy in Middle East North Africa (MENA) markets to address the dynamic business requirements.
- Build on the favorable consumer response and growth potential in the export markets in Americas, Asia and Africa that were developed in the past years by intensifying presence in mainstream & E-commerce channels and opening white space markets.

Transactions with related Parties

The financial statements disclose related party transactions and balances in note 8. All transactions are carried out as part of our normal course of business, at arm's length price and in compliance with applicable laws and regulations.

AUDITORS

Grant Thornton were appointed as auditors of the Company for the year ended March 31, 2024 and being eligible, have offered themselves for re-appointment for the year ending March 31, 2025.

For Strategic Foods International Co. LLC

Director
Mr. ANNU GUPTA



Dated: 1st May 2024



Director
Mr. VISHAL BHIMANI



Independent Auditor's Report To the Shareholders of Strategic Foods International Co. LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Strategic Foods International Co. LLC, which comprise the statement of financial position as at March 31, 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2024, and 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (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.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (32) of 2021, 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

To the Shareholders of Strategic Foods International Co. LLC

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors' report but does not include the financial statements and our auditor's report thereon.

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

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

Auditors' 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 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 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



Independent Auditor's Report

To the Shareholders of Strategic Foods International Co. LLC

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

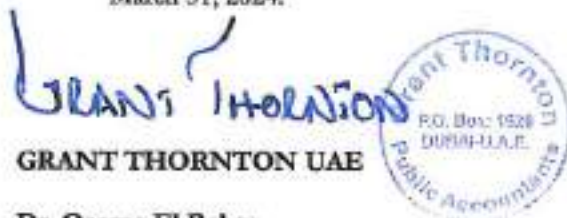
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (32) of 2021, we report that:

- (i) we have obtained all the information and explanations we considered necessary for the purposes 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. (32) of 2021;
- (iii) the Company has maintained proper books of account;
- (iv) the financial information included in the Directors' report, in so far as it relates to these financial statements, is consistent with the books of account of the Company;
- (v) the Company has not purchased any shares during the year ended March 31, 2024;
- (vi) Note 8 to the financial statements discloses material related party transactions and the terms under which they were conducted;
- (vii) 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 March 31, 2024 any of the applicable provisions of the UAE Federal Law No. (32) of 2021, and its Articles of Association, which would materially affect its activities or its financial position as at March 31, 2024.



GRANT THORNTON UAE

Dr. Osama El Bakry
Registration No: 935
Dubai, United Arab Emirates

01 May 2024

Strategic Foods International Co. LLC
Financial Statements

Statement of financial position
As at March 31, 2024

	Notes	2024 AED	2023 AED
ASSETS			
Non-current			
Property, plant and equipment	5	8,443,322	9,816,570
Right-of-use asset	6	3,367,849	704,833
Financial assets	12	33,102,985	33,334,852
		<u>44,914,156</u>	<u>43,856,255</u>
Current			
Inventories	7	3,878,874	3,248,895
Amounts due from related parties	8	3,857,627	8,804,980
Trade and other receivables	9	23,579,950	20,580,627
Financial assets	12	-	1,101,900
Other current assets	11	3,672,500	-
Cash and cash equivalents	10	20,482,372	28,658,999
		<u>55,471,323</u>	<u>62,395,401</u>
TOTAL ASSETS		<u>100,385,479</u>	<u>106,251,656</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13.1	19,500,000	19,500,000
Statutory reserve	13.2	9,750,000	9,750,000
Contributed capital	13.3	-	13,700,000
Retained earnings		17,985,977	574,530
TOTAL EQUITY		<u>47,235,977</u>	<u>43,524,530</u>
LIABILITIES			
Non-current			
Finance lease liabilities	15	2,759,503	-
Employees' end of service benefits	16	4,698,121	4,252,690
		<u>7,457,624</u>	<u>4,252,690</u>
Current			
Trade and other payables	17	42,051,668	57,732,401
Finance lease liabilities	15	608,346	742,035
Amounts due to related parties	8	3,031,864	-
		<u>45,691,878</u>	<u>58,474,436</u>
TOTAL LIABILITIES		<u>53,149,502</u>	<u>62,727,126</u>
TOTAL EQUITY AND LIABILITIES		<u>100,385,479</u>	<u>106,251,656</u>

These financial statements (including comparatives) were approved by the Board of Directors on May 1, 2024 and were signed on their behalf by:


Vishal Bhimani
Director


Annu Gupta
Director



The accompanying notes from 1 to 26 form an integral part of these financial statements.

Strategic Foods International Co. LLC
Financial Statements

Statement of comprehensive income
For the year ended March 31, 2024

	Notes	2024 AED	2023 AED
Revenue	18	196,855,001	191,002,512
Cost of sales	19	(131,207,668)	(136,414,577)
Depreciation	5 & 6	(2,410,864)	(2,400,893)
GROSS PROFIT		63,236,469	52,187,042
Administrative, selling and general expenses	20	(48,537,607)	(52,713,187)
Depreciation	5	(89,427)	(80,618)
Finance cost	21	(168,860)	(920,525)
Interest income	22	2,249,204	2,082,330
Other income	23	798,790	925,948
Net unrealised loss on financial assets	12.2	(77,122)	(167,083)
Net profit for the year		17,411,447	1,313,907
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		17,411,447	1,313,907

The accompanying notes from 1 to 26 form an integral part of these financial statements.

Strategic Foods International Co. LLC
Financial Statements

Statement of changes in equity
For the year ended March 31, 2024

	Share capital AED	Statutory reserve AED	Contributed capital AED	Retained earnings AED	Total equity AED
Balance at April 1, 2022	19,500,000	9,750,000	20,000,000	(739,377)	48,510,623
Repayment of contributed capital (note 13.3)	-	-	(6,300,000)	-	(6,300,000)
Net profit for the year	-	-	-	1,313,907	1,313,907
Balance at March 31, 2023	19,500,000	9,750,000	13,700,000	574,530	43,524,530
Repayment of contributed capital (note 13.3)	-	-	(13,700,000)	-	(13,700,000)
Net profit for the year	-	-	-	17,411,447	17,411,447
Balance at March 31, 2024	19,500,000	9,750,000	-	17,985,977	47,235,977

The accompanying notes from 1 to 26 form an integral part of these financial statements.

Strategic Foods International Co. LLC
Financial Statements

Statement of cash flows
For the year ended March 31, 2024

	Notes	2024 AED	2023 AED
OPERATING ACTIVITIES			
Net profit for the year		17,411,447	1,313,907
Adjustments for			
Depreciation on property, plant and equipment	5	1,795,458	1,776,655
Depreciation on right-of-use asset	6	704,833	704,856
Finance cost	21	168,860	920,525
Interest income	22	(2,249,204)	(2,082,330)
Provision for obsolete inventories	7	549,081	-
Net unrealised loss on financial asset	12.2	77,122	167,083
Provision for employees' end of service benefits	16	697,121	572,496
		<u>19,154,718</u>	<u>3,373,192</u>
Changes in working capital			
Inventories		(1,179,060)	1,603,998
Amounts due from related parties		4,947,353	2,556,720
Amounts due to related parties		3,031,864	-
Trade and other receivables		(2,999,323)	10,910,973
Other current assets		(3,672,500)	-
Trade and other payables		(15,680,734)	9,687,889
Cash generated from operations		<u>3,602,318</u>	<u>28,132,772</u>
End of service benefits paid	16	(251,689)	(152,374)
Net cash from operating activities		<u>3,350,629</u>	<u>27,980,398</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(422,210)	(536,412)
Interest received on bank deposit	22	730,608	518,950
Interest received on financial assets	22	1,518,596	1,563,380
Proceeds from disposal of financial assets	12.2	1,101,750	1,922,026
Investment in financial assets	12	-	(26,645,213)
Net cash from/(used in) investing activities		<u>2,928,744</u>	<u>(23,177,269)</u>
FINANCING ACTIVITIES			
Repayment of finance lease liabilities	15	(756,000)	(756,000)
Repayment of contributed capital	13.3	(13,700,000)	(6,300,000)
Interest on loan from Parent Company	21	-	(596,599)
Repayment of loan from Parent Company	8	-	(11,003,203)
Net cash used in financing activities		<u>(14,456,000)</u>	<u>(18,655,802)</u>
Net change in cash and cash equivalents		<u>(8,176,627)</u>	<u>(13,852,673)</u>
Cash and cash equivalents, beginning of year		28,658,999	42,511,672
Cash and cash equivalents, end of year	10	<u>20,482,372</u>	<u>28,658,999</u>

The accompanying notes from 1 to 26 form an integral part of these financial statements.

Strategic Foods International Co. LLC

Financial Statements

Notes to the financial statements

For the year ended March 31, 2024

1 Legal status and nature of operations

Strategic Foods International Co. LLC (the "Company") is a limited liability company registered in the Emirate of Dubai in accordance with the provision of the UAE Federal Law No. (2) of 2015, as amended, under Trade license No. 300667.

The Company is engaged in the manufacturing of biscuit and wafers. The Company's registered office address is PO Box 53193, Dubai, United Arab Emirates. The Company is a subsidiary of Britannia and Associate (Dubai) Pvt. Company Ltd. (the "Parent Company"), a company registered in Dubai, UAE. The Ultimate Parent Company is Britannia Industries Limited, a company registered in India.

Federal Law By Decree No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on September 20, 2021 with an effective date of January 2, 2022, and has entirely replaced Federal Law No. 2 of 2015 on Commercial Companies, as amended. Management has undertaken the necessary steps to comply with the provisions of the New Companies Law.

On December 9, 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 from June 1, 2023 and accordingly, it has an income tax related impact on the financial statements for accounting period beginning on or after June 1, 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of certain free zone entities.

The Company's current taxes shall be accounted for as appropriate in the financial statements for the period beginning from January 1, 2024. In accordance with the applicable requirements of IAS 12 - Income Taxes, the related deferred tax accounting impact has been considered for these financial statements and, after considering its interpretations of the applicable tax law, official pronouncements, cabinet decisions and ministerial decisions, it has been concluded that the deferred tax implications are not expected to be significant. Further, the Company shall continue to monitor critical Cabinet Decisions to determine the impact on the Company, from deferred tax perspective.

2 Statement of compliance

These financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ("IASB").

3 Standards, interpretations and amendments to existing standards

3.1 Standards, interpretations and amendments to existing standards that are effective in 2024

Standards, interpretations and amendments that are effective for the first time in 2024 (for entities with a March 31, 2024, year-end) are:

- IFRS 17 'Insurance Contracts'
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

These standards, amendments and interpretations do not have a significant impact on the financial statements and therefore the disclosures have not been made.

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)

For the year ended March 31, 2024

3 Standards, interpretations and amendments to existing standards (continued)

3.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current period have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

4 Material accounting policies

4.1 Overall considerations

The material accounting policies summarized below have been used in the preparation of these financial statements and are consistent with those used in the previous year.

These financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

4.2 Foreign currency

Functional currency

These financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Company's functional currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items are measured at historical cost and are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)

For the year ended March 31, 2024

4 Material accounting policies (continued)

4.3 Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition cost including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

The cost of an item of property and equipment is recognized as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Company; and
- the cost of the item can be measured reliably.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

The depreciation is charged to the profit and loss on a straight-line basis over the estimated useful lives of each item of property and equipment. The estimated useful lives are as follows:

Building	20 years
Plant and machinery	30 years
Furniture, fixtures and equipment	4 years
Motor vehicles	4 years

The residual value and the useful life of each asset are reviewed at each financial year end. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each year is recognized in statement of comprehensive income unless it is included in the carrying amount of another asset.

In the case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually.

4.4 Financial instruments

Recognition and de-recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset has expired, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or has expired.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into one of the following categories:

- amortised cost
- fair value through profit or loss (FVTPL), or
- fair value through other comprehensive income (FVOCI).

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2024

4 Material accounting policies (continued)

4.4 Financial instruments (continued)

Classification and initial measurement of financial assets (continued)

The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets measured at amortised cost are recognised in statement of comprehensive income and presented within 'finance costs' or 'interest income', except for impairment of trade receivables which is presented within 'administrative and general expenses'.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of the business model used, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2024

4 Material accounting policies (continued)

4.4 Financial instruments (continued)

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include trade and other payables, amounts due to related parties, loan from Parent Company and finance lease liabilities.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in the statement of comprehensive income.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of comprehensive income are included within 'finance income or finance costs'.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.5 Inventories

Inventories are stated at the lower of cost or net realisable value.

Trading goods, raw materials and packing materials cost comprises of purchase cost and other costs incurred in bringing the raw material to their present location and condition. Finished goods cost comprises of direct material cost, direct labour and an appropriate share of production overheads based on normal operating capacity.

The cost of inventories is assigned using weighted average cost formula.

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Provision is made for obsolete items based on management's judgment.

When inventories are sold, the carrying amounts of those inventories are recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, are recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

4.6 Cash and cash equivalents

Cash and cash equivalents are items, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the statement of financial position comprise cash on hand and cash in bank and are initially and subsequently recorded at fair value.

For purpose of the statement of cash flows, all cash and bank balances are considered to be cash and cash equivalents.

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2024

4 Material accounting policies (continued)

4.7 Equity and reserves

Share capital represents the nominal value of shares that have been issued. Retained earnings/(accumulated losses) include all current and prior period retained profits and losses.

The contributed capital represents the capital contributed by the shareholders which is considered perpetual as the settlement is at the sole discretion of the Company. All transactions with owners of the Company are recorded separately within equity.

Statutory reserve is required to be created by UAE Federal Law No. (32) of 2021, as described in note 13.2.

4.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense when the employee renders services that increase their entitlement or, in the case of non-accumulating absences, when the absences occur.

Employees' end of service benefits

A provision for employees' end of service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the U.A.E. Labour Law and is reported as separate line item under non-current liabilities.

The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service year as specified in U.A.E. Labour Law. The expected costs of these benefits are accrued over the year of employment.

4.9 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)

For the year ended March 31, 2024

4 Material accounting policies (continued)

4.10 Leases

The Company as a lessee

At lease commencement date, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Company has the right to direct the use of the identified asset throughout the period of use.

The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to the statement of profit or loss, as finance costs over the period of the lease.

The Company as a lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Amounts due from lessees under finance lease are recognized as receivable at the amount of the net investment in finance leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return the company's net investment outstanding in respect of the leases.

Notes to the financial statements (continued)

For the year ended March 31, 2024

4 Material accounting policies (continued)

4.11 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable by the Company, excluding discounts, rebates, and duty.

IFRS 15 'Revenue from Contracts with Customers' outlines a single comprehensive model of accounting for revenue arising from contracts with customers. Five-step model, explained below, which will apply to revenue arising from contracts with customers.

- Step 1 Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.
- Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.
- Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
- Step 5 Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company, and the Company has an enforceable right to payment for performance completed to date.

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

The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Company's efforts or inputs to the satisfaction of the performance obligations

When the Company satisfy a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)

For the year ended March 31, 2024

4 Material accounting policies (continued)

4.12 Operating expenses

Operating expenses are recognised in profit or loss upon utilization of the service or at the date of their origin.

4.13 Value-Added Tax (VAT)

Revenue, expenses and assets are recognised net of the amount of VAT, if applicable. When VAT from sales (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognised as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of services (output VAT), the excess is recognised as an asset in the statement of financial position to the extent of the recoverable amount.

4.14 Significant management judgments and estimates in applying accounting policies

When preparing the financial statements management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected use of the assets by the Company. Actual results, however, may vary due to technical obsolescence of certain equipment.

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Notes to the financial statements (continued)

For the year ended March 31, 2024

4 Material accounting policies (continued)

4.14 Significant management judgments and estimates in applying accounting policies (continued)

Provision for obsolete inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Company's core business is subject to technology changes which may cause selling prices to change rapidly. Moreover, future realisation of the carrying amounts of inventory assets is affected by price changes in different market segments.

Determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

Strategic Foods International Co. LLC
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Notes to the financial statements (continued)
For the year ended March 31, 2024

5 Property, plant and equipment

	Buildings AED	Plant and machinery AED	Motor vehicle AED	Furniture, fixtures and equipment AED	Total AED
2024					
Gross carrying amount					
Balance at April 1, 2023	24,880,659	87,674,477	568,458	4,860,209	117,983,803
Additions during the year	16,000	235,215	70,025	100,970	422,210
Balance at March 31, 2024	24,896,659	87,909,692	638,483	4,961,179	118,406,013
Accumulated depreciation					
Balance at April 1, 2023	24,774,843	78,344,595	419,591	4,628,204	108,167,233
Charge for the year	8,829	1,628,194	44,002	114,433	1,795,458
Balance at March 31, 2024	24,783,672	79,972,789	463,593	4,742,637	109,962,691
Net carrying amount at March 31, 2024	112,987	7,936,903	174,890	218,542	8,443,322

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2024

5 Property, plant and equipment (continued)

	Buildings	Plant and machinery	Motor vehicle	Furniture, fixtures and equipment	Total
	AED	AED	AED	AED	AED
2023					
Gross carrying amount					
Balance at April 1, 2022	24,880,659	87,320,127	420,958	4,825,647	117,447,391
Additions during the year	-	354,350	147,500	34,562	536,412
Balance at March 31, 2023	24,880,659	87,674,477	568,458	4,860,209	117,983,803
Accumulated depreciation					
Balance at April 1, 2022	24,764,333	76,723,804	378,093	4,524,348	106,390,578
Charge for the year	10,510	1,620,791	41,498	103,856	1,776,655
Balance at March 31, 2023	24,774,843	78,344,595	419,591	4,628,204	108,167,233
Net carrying amount at March 31, 2023	105,816	9,329,882	148,867	232,005	9,816,570

In 2008, the Company transferred two production lines with a then net book value of AED 31.54 million to a related party in Oman. As per the agreement, the related party produces the Company's biscuit products which are then sold back to the Company at a margin on cost. The ownership of these assets has been retained by the Company.

The building is constructed on a leasehold land from the local government and is renewable each year.

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2024

5 Property, plant and equipment (continued)

Depreciation charged to statement of comprehensive income is as follows:

	2024 AED	2023 AED
Direct cost	1,706,031	1,696,037
Indirect cost	89,427	80,618
	<u>1,795,458</u>	<u>1,776,655</u>

6 Right-of-use asset

	2024 AED	2023 AED
Cost		
Balance as at April 1,	3,524,251	3,524,251
Remeasurement (note 15)	3,367,849	-
Disposal during the year	(3,524,251)	-
Balance as at March 31,	<u>3,367,849</u>	<u>3,524,251</u>
Accumulated depreciation		
Balance as at April 1,	2,819,418	2,114,562
Charge for the year	704,833	704,856
Disposal during the year	(3,524,251)	-
Balance as at March 31,	<u>-</u>	<u>2,819,418</u>
Carrying value as at March 31,	<u>3,367,849</u>	<u>704,833</u>

The Company has a leasehold land for factory located in Al-Quoz Industrial Area, Dubai, UAE. The depreciation on right-of-use asset is classified under direct cost. On March 31, 2024, the Company re-measured its right-of-use asset for a period of 5 years.

7 Inventories

	2024 AED	2023 AED
Raw and packing material	3,147,069	2,707,265
Finished goods	833,817	164,905
Machinery spares	500,191	429,847
	<u>4,481,077</u>	<u>3,302,017</u>
Less: Provision for obsolete inventories	(602,203)	(53,122)
	<u>3,878,874</u>	<u>3,248,895</u>

Movement of provision for obsolete inventories is as follows:

	2024 AED	2023 AED
Balance as on April 1,	53,122	234,614
Add: charge for the year (note 19)	549,081	-
Less: inventories written-off	-	(181,492)
Balance as on March 31,	<u>602,203</u>	<u>53,122</u>

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2024

8 Related parties

The Company in the normal course of business carries on transactions with other enterprises that fall within the definition of a related party. These transactions are carried out in the normal course of business and are measured at exchange amounts, being the amounts agreed by both the parties.

Following are the details of related party balances:

Amounts due from related parties

	2024 AED	2023 AED
<i>Entities under common control</i>		
Al-Sallan Foods Ind. Co. SAOC, Oman	3,714,388	4,841,719
Kenaftric Biscuits Co. Limited	143,239	
<i>Ultimate Parent Company</i>		
Britannia Industries Limited	-	1,291,591
<i>Parent Company</i>		
Britannia and Associate (Dubai) Pvt. Company Ltd.	-	2,671,670
	<u>3,857,627</u>	<u>8,804,980</u>

Amounts due to related parties

	2024 AED	2023 AED
<i>Ultimate Parent Company</i>		
Britannia Industries Limited	<u>3,014,785</u>	-
<i>Parent Company</i>		
Britannia and Associate (Dubai) Pvt. Company Ltd.	<u>17,079</u>	-
	<u>3,031,864</u>	-

Significant transactions with related parties included in the financial statements are as follows:

	2024 AED	2023 AED
Purchases of goods/services	105,347,420	109,987,139
Royalty (note 20)	8,243,105	8,072,812
Other expenses recharged by related parties	621,528	1,840,185
Sale of goods	323,282	160,726
Other expenses recharged to related parties	-	591,775
Interest on loan from the Parent Company	-	596,599
Expense incurred in respect of selling and promotion expense on behalf of a related party	11,423,201	11,423,883
Claims raised in respect of selling and promotion expense on behalf of a related party	11,069,415	9,015,712
Repayment of loan from the Parent Company	-	11,003,203
<i>Compensation to key management personnel is as follows:</i>		
Salaries and other benefits	799,542	773,102
Employees' end of service benefits	<u>66,628</u>	<u>64,425</u>

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2024

9 Trade and other receivables

	2024 AED	2023 AED
<i>Financial assets</i>		
Trade receivables	18,461,679	16,776,496
Deposits	183,236	183,236
Other receivables	614,363	540,756
	<u>19,259,278</u>	<u>17,500,488</u>
<i>Non-financial assets</i>		
Prepayments	1,279,924	1,268,518
Advances to suppliers and employees	3,040,748	1,811,621
	<u>4,320,672</u>	<u>3,080,139</u>
	<u>23,579,950</u>	<u>20,580,627</u>

The ageing for trade receivables as at the reporting date is shown below:

	2023		2022	
	Gross carrying amount AED	Provision for expected credit losses AED	Gross carrying amount AED	Provision for expected credit losses AED
0 – 30 days	11,364,920	-	11,715,369	-
31 – 60 days	6,574,859	-	4,910,778	-
61 – 90 days	382,070	-	141,759	-
91 – 120 days	139,830	-	8,590	-
	<u>18,461,679</u>	<u>-</u>	<u>16,776,496</u>	<u>-</u>

10 Cash and cash equivalents

	2024 AED	2023 AED
Cash on hand	20,908	12,860
Cash at banks	13,113,964	28,646,139
Fixed deposits with maturity of less than 3 months	7,347,500	-
	<u>20,482,372</u>	<u>28,658,999</u>

11 Other current assets

	2024 AED	2023 AED
Fixed deposits	3,672,500	-
	<u>3,672,500</u>	<u>-</u>

Fixed deposits with bank are held for maturity tenor of 94 days and carries an interest rate of 5.4% p.a.

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2024

12 Financial assets

The Company's financial assets comprises of quoted bonds traded in active market. The carrying amounts of financial assets in each category are as follows:

2024	Amortised cost AED	FVTPL AED	Total AED
<i>Long-term investments</i>			
Quoted bonds	26,202,207	6,900,778	33,102,985
	<u>26,202,207</u>	<u>6,900,778</u>	<u>33,102,985</u>
2023	Amortised cost AED	FVTPL AED	Total AED
<i>Long-term investments</i>			
Quoted bonds	26,357,102	6,977,750	33,334,852
<i>Short-term investments</i>			
Quoted bonds	-	1,101,900	1,101,900
	<u>26,357,102</u>	<u>8,079,650</u>	<u>34,436,752</u>

12.1 Financial assets at amortised cost

Financial assets at amortised cost include publicly traded bonds with fixed coupon rates between 4.75% and 7%. Their maturity date ranges from 2025 to 2026. The carrying amounts (measured at amortised cost) and fair values of these bonds as at the reporting date are as follows:

	2024 AED	2023 AED
<i>Carrying amount at amortised cost:</i>		
Quoted bonds	<u>26,202,207</u>	<u>26,357,102</u>
<i>Fair value at the reporting date:</i>		
Quoted bonds	<u>26,063,960</u>	<u>25,621,508</u>

Fair values of these bonds have been estimated by reference to quoted bid prices in active markets at the reporting date and are categorised within Level 1 of the fair value hierarchy.

The movement in financial assets at amortised cost can be analysed as follows:

	2024 AED	2023 AED
At April 1,	26,357,102	-
Additions during the year	-	26,645,213
Amortisation on financial assets (note 20)	(154,895)	(288,111)
At March 31,	<u>26,202,207</u>	<u>26,357,102</u>

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Notes to the financial statements (continued)
For the year ended March 31, 2024

12 Financial assets (continued)

12.2 Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include publicly traded bonds with fixed coupon rates between 5.13% and 6.13%. Their maturity date ranges from 2023 to 2029. The Company made the irrevocable election to account for it at FVTPL and hence continues to account for it at FVTPL.

	2024 AED	2023 AED
<i>Long-term investments at FVTPL</i>		
Quoted bonds	6,900,778	6,977,750
<i>Short-term investments at FVTPL</i>		
Quoted bonds	-	1,101,900
	<u>6,900,778</u>	<u>8,079,650</u>

The movement in financial assets at fair value through profit or loss (FVTPL) can be analysed as follows:

	2024 AED	2023 AED
Balance at April 1,	8,079,650	10,168,759
Matured during the year	(1,101,750)	(1,922,026)
Net unrealised loss for the year	(77,122)	(167,083)
Balance at March 31,	<u>6,900,778</u>	<u>8,079,650</u>
Less: current portion	-	1,101,900
Non-current portion	<u>6,900,778</u>	<u>6,977,750</u>

13 Equity

13.1 Share capital

	2024 AED	2023 AED
Issued and fully paid-up:		
13,000 ordinary shares of AED 1,500 each	<u>19,500,000</u>	<u>19,500,000</u>

The Company's issued share capital is held by the following shareholder:

	March 31, 2024		March 31, 2023	
	%	AED	%	AED
The First Dubai Corporation LLC	51	9,945,000	51	9,945,000
Britannia and Associate (Dubai) Pvt. Company Ltd.	49	9,555,000	49	9,555,000
	<u>100</u>	<u>19,500,000</u>	<u>100</u>	<u>19,500,000</u>

13.2 Statutory reserve

In accordance with UAE Federal Law No. (32) of 2021, a minimum of 5% of the net profit of the Company is required to be allocated to statutory reserve every year. Such transfers are required to be made until the balance on the statutory reserve equals one half of the Company's paid-up share capital. As the Company has already transferred an amount equalling to 50% of the paid-up share capital to the statutory reserve, no transfer has been made to statutory reserve in the current year.

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Notes to the financial statements (continued)
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13 Equity (continued)

13.3 Contributed capital

During 2010, AED 20 million was provided by the Parent Company, in its capacity as a shareholder, as non-reciprocal capital contribution to the Company. The amount is interest free, unsecured and repayments, if any, will be at the sole discretion of the Company. An amount of AED 13.7 million was repaid in the current year as agreed between the Company and the Shareholder (2022: AED 6.3 million).

14 Guarantees

Guarantees	2024 AED	2023 AED
Guarantees	105,000	105,000
Letters of credit	1,882,667	640,018

15 Finance lease liabilities

	2024 AED	2023 AED
Balance as at April 1,	742,035	1,462,220
Remeasurement (note 6)	3,367,849	-
Finance cost (note 20)	13,965	35,815
Repayments during the year	(756,000)	(756,000)
Balance as at March 31,	3,367,849	742,035
<i>Non-current</i>	2,759,503	-
<i>Current</i>	608,346	742,035
	3,367,849	742,035

Finance lease liabilities are repayable as follows:

	Within 1 year AED	1-2 years AED	Total AED
2024			
Finance lease liability	608,346	2,759,503	3,367,849
2023			
Finance lease liability	742,035	-	742,035

Future minimum finance lease payments as at the end of the reporting period are as follows:

	Within 1 year AED	1-2 years AED	Total AED
March 31, 2024			
Lease payments	756,000	3,024,000	3,780,000
Finance charges	(147,654)	(264,497)	(412,151)
Net present value	608,346	2,759,503	3,367,849
March 31, 2023			
Lease payments	756,000	-	756,000
Finance charges	(13,965)	-	(13,965)
Net present value	742,035	-	742,035

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Notes to the financial statements (continued)
For the year ended March 31, 2024

16 Employees' end of service benefits

	2024 AED	2023 AED
Balance at April 1,	4,252,689	3,832,568
Charge for the year	697,121	572,496
Payments during the year	(251,689)	(152,374)
Balance at March 31,	<u>4,698,121</u>	<u>4,252,690</u>

17 Trade and other payables

	2024 AED	2023 AED
<i>Financial liabilities</i>		
Trade payables	4,504,748	18,266,683
Accrued staff benefits	2,364,944	2,306,830
Deposits	1,912,482	1,980,932
Accrued expenses	30,833,157	32,540,015
	<u>39,615,331</u>	<u>55,094,460</u>
<i>Non-financial liabilities</i>		
Advance from customers	2,207,967	2,490,609
VAT payable, net	228,370	147,332
	<u>42,051,668</u>	<u>57,732,401</u>

18 Revenue

	2024 AED	2023 AED
Sale of goods	<u>196,855,001</u>	<u>191,002,512</u>

The Company's revenue disaggregated by primary geographical markets is as follows:

	2024 AED	2023 AED
GCC	105,792,891	103,218,573
Africa	23,366,007	26,190,753
North America & Canada	22,060,605	21,827,495
Asia-Pacific	17,215,064	16,858,904
AGCC	12,741,922	11,988,930
Europe	7,251,006	6,205,951
SAARC	5,887,083	4,711,906
Latin America	2,540,423	-
	<u>196,855,001</u>	<u>191,002,512</u>

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For the year ended March 31, 2024

19 Cost of sales

	2024	2023
	AED	AED
Material costs	122,262,127	129,793,754
Staff and related costs	5,218,380	3,974,489
Utilities	1,043,249	992,836
Rent, rates and taxes	799,004	813,715
Repairs and maintenance	1,176,911	734,108
Provision for obsolete inventories (note 7)	549,081	-
Other direct production overheads	158,916	105,675
	<u>131,207,668</u>	<u>136,414,577</u>

20 Administrative, selling and general expenses

	2024	2023
	AED	AED
Selling and promotion expenses	28,319,477	26,942,590
Staff and related costs	9,756,757	8,878,542
Royalty (note 8)	8,243,105	8,072,812
Travelling expenses	555,823	656,017
Bank charges	409,524	366,955
Legal and professional fees	378,316	1,506,146
Telephone and fax	230,973	208,014
Provision for litigation claim*	-	5,509,500
Other	643,614	572,611
	<u>48,537,587</u>	<u>52,713,187</u>

* In the prior year, the Company had recognized a provision for litigation of AED 5,509,500. During the current year, the litigation was settled in favour of the Company and on October 3, 2023, the Company paid the total sum as per the court judgment. No additional provision was deemed necessary in respect of the settlement.

21 Finance cost

	2024	2023
	AED	AED
Amortisation expense on financial assets	154,895	288,111
Interest on finance lease liabilities (note 15)	13,965	35,815
Interest on loan from the Parent Company (note 8)	-	596,599
	<u>168,860</u>	<u>920,525</u>

22 Interest income

	2024	2023
	AED	AED
Interest income on quoted bonds	1,518,596	1,563,380
Interest income on bank deposits	730,608	518,950
	<u>2,249,204</u>	<u>2,082,330</u>

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2024

23 Other income

	2024	2023
	AED	AED
Rental income	781,459	714,584
Miscellaneous income	11,740	186,845
Foreign currency exchange gain	5,591	24,519
	<u>798,790</u>	<u>925,948</u>

24 Financial instruments risk

Risk management objectives and policies

The Company is exposed to various risks in relation to the financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to financial markets.

24.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, which result from both its operating and investing activities.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Most of the Company's transactions are carried out in AED, and United States Dollars ("USD"). The foreign exchange risk related to USD is minimal as USD is pegged with AED.

Price risk

Price risk is the risk that the value of a financial instrument would fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The Company is exposed to price risk with respect to its investments in quoted bonds.

The following table illustrates the sensitivity of total comprehensive income/(loss) and equity to a reasonably possible change in interest rates of +/- 2% (2023: +/- 2%). The sensitivity analysis has been determined based on the exposure to financial asset price risks at the end of the reporting period.

	Total comprehensive income/(loss) for the year		Retained Earnings	
	AED +2%	AED -2%	AED +2%	AED -2%
March 31, 2024	138,016	(138,016)	138,016	(138,016)
March 31, 2023	161,594	(161,594)	161,594	(161,594)

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Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2024

24 Financial instruments risk (continued)

24.2 Credit risk analysis

Credit risk is the risk that a counter party fails to discharge an obligation to the Company.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2024 AED	2023 AED
Financial assets (current and non-current) (note 12)	33,102,985	34,436,752
Amounts due from related parties (note 8)	3,857,627	8,804,980
Trade and other receivables (note 9)	19,259,278	17,500,488
Other current assets (note 11)	3,672,500	-
Cash at banks (note 10)	13,113,964	28,646,139
Fixed deposits with banks (note 10)	7,347,500	-
	<u>80,353,854</u>	<u>89,388,359</u>

Amounts due from related parties

The management of the Company is directly involved in the Company's operations and reviews and approves all transactions with related parties. The receivable balances are reconciled periodically with the related parties through intercompany reconciliations and confirmations.

Financial assets

All the Group's investments in bonds are considered to have low credit risk and the loss allowance recognised is based on the 12 months expected loss. Management considers "low credit risk" for listed bonds and to be those with high quality external credit ratings (investment grade).

Trade and other receivables

The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period. Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 1 year from the invoice date and failure to engage with the Company on alternative payment arrangement amongst other is considered to be an indicator of no reasonable expectation of recovery.

Cash at banks

The Company seeks to limit its credit risk with respect to bank balances and long term deposit by only dealing with reputable banks and continuously monitoring outstanding balances.

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Notes to the financial statements (continued)
For the year ended March 31, 2024

24 Financial instruments risk (continued)

24.3 Liquidity risk analysis

Liquidity risk also referred to as funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below summarises the maturities of the Company's undiscounted financial liabilities at March 31, based on contractual payment dates and current market interest rates.

	Within 1 year AED	1 to 2 years AED	Total AED
March 31, 2024			
Trade and other payable (note 17)	39,615,331	-	39,615,331
Finance lease liabilities (note 15)	608,346	2,759,503	3,367,849
	<u>40,371,331</u>	<u>2,759,503</u>	<u>42,983,180</u>
March 31, 2023			
Trade and other payable (note 17)	55,094,460	-	55,094,460
Finance lease liabilities (note 15)	756,000	-	756,000
	<u>55,850,460</u>	<u>-</u>	<u>55,850,460</u>

25 Capital management policies and procedures

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to Shareholders.

The Company is financed by its Shareholders. The Company's structure is regularly reviewed to ensure that it remains relevant to the business and its plans for growth. Management has a reasonable expectation that the Company has adequate resources to continue operating in the foreseeable future.

26 Fair value measurement

Financial instruments measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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Notes to the financial statements (continued)
For the year ended March 31, 2024

26 Fair value measurement (continued)

The following table shows the levels within the hierarchy of financial assets measured at fair value:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
March 31, 2024				
Financial assets (note 12.2)	6,900,778	-	-	6,900,778
	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
March 31, 2023				
Financial assets (note 12.2)	8,079,650	-	-	8,079,650

Financial assets represent investment in quoted bonds which are traded in active market. Fair values have been determined by reference to their quoted closing prices at the reporting date.