

Strategic Foods International Co. LLC.

Financial Statements

For the year ended March 31, 2025

Strategic Foods International Co. LLC.
Financial Statements
For the year ended March 31, 2025

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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 2025.

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 2024	Year ended 31 March 2025
Turnover	196,855,001	217,003,184
Cost of sales (excluding depreciation)	(130,605,465)	(133,658,591)
Provision for slow moving inventory	(602,203)	(340,859)
Administrative and general expenses	(10,761,342)	(11,954,016)
Provision for bonus	(1,213,683)	(1,399,841)
Advertisement & sales promotion	(28,319,477)	(32,589,837)
Royalty on sales	(8,243,105)	(9,576,190)
	-----	-----
Profit before interest and depreciation	17,109,726	27,483,850
Depreciation	(2,500,291)	(2,197,677)
Finance expenses	(245,982)	(377,938)
Finance income	2,249,204	2,734,514
Other income	798,790	910,244
Income Tax expenses	-	(2,548,085)
	-----	-----
Net profit for the year	17,411,447	26,004,908
	=====	=====

Key Performance Highlights

The Business continued to witness good value growth across regions for third 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 management expects strong growth trajectory in core markets such as GCC, Africa, Americas, LATAM and Asiapac regions despite the challenges such as commodity prices upswing, high ocean freights rates due to Red Sea shipping crisis. The ongoing geo-political conflict in Middle East continues to impact the business adversely. However, the company still projects a double digit growth in next year.

The management has created a strong roadmap to control the manufacturing costs and deliver a superior cost efficiency programs and will take necessary price increases to mitigate the inflation to ensure that the gross margin of the business remains intact. This will be coupled with high efficiencies in supply chain overheads and sales promotion / marketing spends. The business plans to invest in additional resources in developed markets like Americas and UK to deliver a superlative growth. The business will also invest aptly in some of the payback based cost reduction initiatives such as usage of solar energy in manufacturing and reduce its carbon footprint. Overall, the management expects to deliver strong topline and bottomline result next year.

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 even deeper connect with Arab consumer base in the middle east and localize the portfolio suiting local requirements
- 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

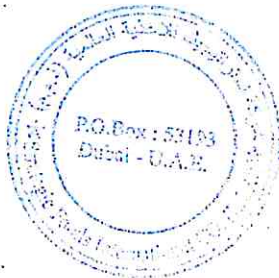
The financial statements disclose related party transactions and balances in note 8. All transactions are carried out as part of our normal course of business, at arm's length price and in compliance with applicable laws and regulations.


AUDITORS

Grant Thornton were appointed as auditors of the Company for the year ended March 31, 2025 and being eligible, have offered themselves for re-appointment for the year ending March 31, 2026.

For Strategic Foods International Co. LLC

Director

Mr. ANNU GUPTA



Director

Mr. VISHAL BHIMANI

Dated: 5th May 2025

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 (the "Company"), which comprise the statement of financial position as at March 31, 2025, 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, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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), together with other ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, 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.

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.



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

Report on the Audit of the Financial Statements (continued)

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 IFRS Accounting Standards as issued by the IASB and their preparation in compliance with the applicable provisions of the UAE Federal Decree 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.

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.
- 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.



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

Report on Other Legal and Regulatory Requirements

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

- (i) We have obtained all the information 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 Decree Law No. (32) of 2021;
- (iii) The Company has maintained proper books of account in accordance with established accounting principles;
- (iv) The financial information included in the Directors' report is consistent with the books of account of the Company;
- (v) The Company has not purchased or invested in any shares during the year ended March 31, 2025;
- (vi) Note 8 to the financial statements discloses material related party transactions and balances, and the terms under which they were conducted;
- (vii) The Company has not made any social contribution during the financial year ended March 31, 2025; and
- (viii) 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, 2025 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or of its Memorandum of Association which would materially affect its activities or its financial position as at March 31, 2025.

GRANT THORNTON UAE

GRANT THORNTON

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



05 May 2025

Strategic Foods International Co. LLC
Financial Statements

Statement of financial position
As at March 31, 2025

	Notes	2025 AED	2024 AED
ASSETS			
Non-current			
Property, plant and equipment	5	7,441,534	8,443,322
Right-of-use asset	6	2,694,279	3,367,849
Financial assets	12	15,336,341	33,102,985
		<u>25,472,154</u>	<u>44,914,156</u>
Current			
Inventories	7	4,445,343	3,878,874
Amounts due from related parties	8	1,331,427	3,857,627
Trade and other receivables	9	26,297,959	23,579,950
Financial assets	12	17,481,767	-
Other current assets	11	7,345,000	3,672,500
Cash and cash equivalents	10	38,940,321	20,482,372
		<u>95,841,817</u>	<u>55,471,323</u>
TOTAL ASSETS		<u>121,313,971</u>	<u>100,385,479</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	-	-
Retained earnings		30,490,885	17,985,977
TOTAL EQUITY		<u>59,740,885</u>	<u>47,235,977</u>
LIABILITIES			
Non-current			
Finance lease liabilities	15	2,120,165	2,759,503
Employees' end of service benefits	16	4,971,445	4,698,121
		<u>7,091,610</u>	<u>7,457,624</u>
Current			
Trade and other payables	17	49,091,127	42,051,668
Finance lease liabilities	15	639,338	608,346
Amounts due to related parties	8	4,751,011	3,031,864
		<u>54,481,476</u>	<u>45,691,878</u>
TOTAL LIABILITIES		<u>61,573,086</u>	<u>53,149,502</u>
TOTAL EQUITY AND LIABILITIES		<u>121,313,971</u>	<u>100,385,479</u>

The financial statements for the year ended March 31, 2025 (including comparatives) were approved by the Board of Directors on May 5, 2025 and were signed on their behalf by:


Vishal Bhimani
Director




Annu Gupta
Director

The accompanying notes from 1 to 27 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, 2025

	Notes	2025 AED	2024 AED
Revenue	18	217,003,184	196,855,001
Cost of sales	19	(133,999,450)	(131,207,668)
Depreciation	5, 6	(2,099,352)	(2,410,864)
GROSS PROFIT		80,904,382	63,236,469
Administrative, selling and general expenses	20	(55,519,884)	(48,537,607)
Depreciation	5	(98,325)	(89,427)
Finance cost	21	(456,008)	(168,860)
Interest income	22	2,734,514	2,249,204
Other income	23	910,244	798,790
Net unrealised gain/(loss) on financial assets	12.2	78,070	(77,122)
Profit before tax		28,552,993	17,411,447
Corporate tax	24	(2,548,085)	-
NET PROFIT FOR THE PERIOD		26,004,908	17,411,447
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		26,004,908	17,411,447

The accompanying notes from 1 to 27 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, 2025

	Share Capital AED	Statutory Reserve AED	Contributed Capital AED	Retained Earnings AED	Total Equity AED
Balance at April 1, 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
Dividend paid (Note 13.4)	-	-	-	(13,500,000)	(13,500,000)
Net profit for the year	-	-	-	26,004,908	26,004,908
Balance at March 31, 2025	19,500,000	9,750,000	-	30,490,885	59,740,885

The accompanying notes from 1 to 27 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, 2025

	Notes	2025 AED	2024 AED
OPERATING ACTIVITIES			
Profit before tax		28,552,993	17,411,447
Adjustments for			
Depreciation on property, plant and equipment	5	1,524,108	1,795,458
Depreciation on right-of-use asset	6	673,570	704,833
Finance cost	21	456,008	168,860
Interest income	22	(2,734,514)	(2,249,204)
Provision for obsolete inventories	7	264,000	549,081
Net unrealised (gain)/loss on financial asset	12.2	(78,070)	77,122
Provision for employees' end of service benefits	16	687,747	697,121
		<u>29,345,842</u>	<u>19,154,718</u>
Changes in working capital			
Inventories		(830,469)	(1,179,060)
Amounts due from related parties		2,526,200	4,947,353
Amounts due to related parties		1,719,147	3,031,864
Trade and other receivables		(2,718,009)	(2,999,323)
Other current assets		(3,672,500)	(3,672,500)
Trade and other payables		4,491,375	(15,680,734)
Cash generated from operations		<u>30,861,586</u>	<u>3,602,318</u>
End of service benefits paid	16	(414,423)	(251,689)
Net cash from operating activities		<u>30,447,163</u>	<u>3,350,629</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(522,321)	(422,210)
Interest received on bank deposit	22	1,215,154	730,608
Interest received on financial assets	22	1,519,360	1,518,596
Proceeds from disposal of financial assets	12.2	2,571,848	1,101,750
Investment in financial assets	12	(2,517,255)	-
Net cash from investing activities		<u>2,266,786</u>	<u>2,928,744</u>
FINANCING ACTIVITIES			
Repayment of finance lease liabilities	15	(756,000)	(756,000)
Dividend paid	13.4	(13,500,000)	-
Repayment of contributed capital	13.3	-	(13,700,000)
Net cash used in financing activities		<u>(14,256,000)</u>	<u>(14,456,000)</u>
Net change in cash and cash equivalents		<u>18,457,949</u>	<u>(8,176,627)</u>
Cash and cash equivalents, beginning of year		20,482,372	28,658,999
Cash and cash equivalents, end of year	10	<u>38,940,321</u>	<u>20,482,372</u>

The accompanying notes from 1 to 27 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, 2025

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.

On December 9, 2022, the United Arab Emirates (UAE) Ministry of Finance ("MOF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime is effective for accounting periods beginning on or after June 1, 2023. The CT Law confirms the rate of 9% to be applied to taxable income exceeding AED 375,000. As the Company's accounting year ends on March 31, accordingly, the effective implementation date for the Company is from April 1, 2024, to March 31, 2025, with the first return to be filed on or before December 31, 2025. Refer Note 24 for the provision of corporate tax estimated for the year ended March 31, 2025.

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 2025

Standards, interpretations and amendments that are effective for the first time in 2025 (for entities with a March 31, 2025, year-end) are:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

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

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.

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2025

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.

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.

Strategic Foods International Co. LLC
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Notes to the financial statements (continued)
For the year ended March 31, 2025

4 Material accounting policies (continued)

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).

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.

As at the reporting date, the Company's financial assets comprise trade and other receivables, financial assets (current and non-current), due from related parties, fixed deposits with banks and cash and cash equivalents. Discounting is omitted where the effect of discounting is immaterial.

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.

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Notes to the financial statements (continued)
For the year ended March 31, 2025

4 Material accounting policies (continued)

4.4 Financial instruments (continued)

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.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include trade and other payables, amounts due to related parties 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.

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Notes to the financial statements (continued)
For the year ended March 31, 2025

4 Material accounting policies (continued)

4.5 Inventories (continued)

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.

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 Decree 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.

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2025

4 Material accounting policies (continued)

4.9 Provisions and contingent liabilities (continued)

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.

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.

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2025

4 Material accounting policies (continued)

4.10 Leases (continued)

Measurement and recognition of leases as a lessee (continued)

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.

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.

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2025

4 Material accounting policies (continued)

4.11 Revenue (continued)

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.

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 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Establishment operates and generate taxable income.

Deferred tax

Deferred tax is recognised for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they are recovered, based on the laws that have been enacted or substantively enacted by the reporting date where the Establishment operate and generate taxable income.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

4.15 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.

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2025

4 Material accounting policies (continued)

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

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.

Impairment of financial assets

The carrying amounts of the Company's financial assets are reviewed at each statement of financial position date or whenever there is any indication of impairment. If any such indication exists, the recoverable value of the financial assets is estimated. An impairment loss is recognized where the carrying amount of a financial asset exceeds its recoverable value. Impairment losses are recognized in the statement of comprehensive income.

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.

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.

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2025

4 Material accounting policies (continued)

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

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, 2025

5 Property, plant and equipment

	Buildings AED	Plant and Machinery AED	Motor Vehicle AED	Furniture, Fixtures and Equipment AED	Total AED
2025					
Gross carrying amount					
Balance at April 1, 2024	24,896,659	87,909,692	638,483	4,961,179	118,406,013
Additions during the year	110,000	186,398	-	225,923	522,321
Balance at March 31, 2025	25,006,659	88,096,090	638,483	5,187,102	118,928,334
Accumulated depreciation					
Balance at April 1, 2024	24,783,672	79,972,789	463,593	4,742,638	109,962,692
Charge for the year	10,940	1,334,914	36,875	141,379	1,524,108
Balance at March 31, 2025	24,794,612	81,307,703	500,468	4,884,017	111,486,800
Net carrying amount at March 31, 2025	212,047	6,788,387	138,015	303,085	7,441,534

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2025

5 Property, plant and equipment (continued)

	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

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 leasehold land from the local government and the lease contract is renewable each year.

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2025

5 Property, plant and equipment (continued)

Depreciation charged to statement of comprehensive income is as follows:

	2025 AED	2024 AED
Direct cost	1,425,783	1,706,031
Indirect cost	98,325	89,427
	<u>1,524,108</u>	<u>1,795,458</u>

6 Right-of-use asset

	2025 AED	2024 AED
Cost		
Opening balance	6,892,100	3,524,251
Remeasurement (Note 15)	-	3,367,849
Disposal during the year	-	(3,524,251)
Closing balance	<u>6,892,100</u>	<u>3,367,849</u>
Accumulated depreciation		
Opening balance	3,524,251	2,819,418
Charge for the year	673,570	704,833
Disposal during the year	-	(3,524,251)
Closing balance	<u>4,197,821</u>	<u>-</u>
Carrying value as at March 31,	<u>2,694,279</u>	<u>3,367,849</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

	2025 AED	2024 AED
Raw and packing material	3,506,516	3,147,069
Finished goods	996,129	833,817
Machinery spares	283,557	500,191
	<u>4,786,202</u>	<u>4,481,077</u>
Less: Provision for obsolete inventories	<u>(340,859)</u>	<u>(602,203)</u>
	<u>4,445,343</u>	<u>3,878,874</u>

Movement in provision for obsolete inventories is as follows:

Opening balance	602,203	53,122
Charge for the year (Note 19)	264,000	549,081
Written-off during the year	<u>(525,344)</u>	<u>-</u>
Closing balance	<u>340,859</u>	<u>602,203</u>

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2025

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.

The Company's related parties mainly include its Ultimate Parent Company, Parent Company, key management personnel and entities under common control.

Following are the details of related party balances:

Amounts due from related parties

	2025 AED	2024 AED
<i>Ultimate Parent Company</i>		
Britannia Industries Limited	1,284,277	-
<i>Parent Company</i>		
Britannia and Associate (Dubai) Pvt. Company Ltd.	47,150	-
<i>Entities under common control</i>		
Al-Sallan Foods Ind. Co. SAOC, Oman	-	3,714,388
Kenafric Biscuits Co. Limited	-	143,239
	<u>1,331,427</u>	<u>3,857,627</u>

Amounts due to related parties

	2025 AED	2024 AED
<i>Entity under common control</i>		
Al-Sallan Foods Ind. Co. SAOC, Oman	4,751,011	-
<i>Ultimate Parent Company</i>		
Britannia Industries Limited	-	3,014,785
<i>Parent Company</i>		
Britannia and Associate (Dubai) Pvt. Company Ltd.	-	17,079
	<u>4,751,011</u>	<u>3,031,864</u>

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

	2025 AED	2024 AED
Purchases of goods/services	113,687,181	105,347,420
Expense incurred in respect of selling and promotion expense on behalf of a related party	13,920,436	11,423,201
Claims raised in respect of selling and promotion expense on behalf of a related party	11,555,645	11,069,415
Royalty charged (Note 20)	10,171,123	8,243,105
Other expenses recharged by related parties	646,124	621,528
Other expenses recharged to related parties	47,147	-
Sale of goods	-	323,282

Compensation to key management personnel is as follows:

Salaries and other benefits	869,700	799,542
Employees' end of service benefits	72,480	66,628

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2025

9 Trade and other receivables

	2025 AED	2024 AED
<i>Financial assets</i>		
Trade receivables	22,572,183	18,461,679
Deposits	183,236	183,236
Other receivables	1,132,146	614,363
	<u>23,887,565</u>	<u>19,259,278</u>
<i>Non-financial assets</i>		
Prepayments	758,225	1,279,924
Advances to suppliers and employees	1,652,169	3,040,748
	<u>2,410,394</u>	<u>4,320,672</u>
	<u>26,297,959</u>	<u>23,579,950</u>

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

	2025		2024	
	Gross carrying amount AED	Provision for expected credit losses AED	Gross carrying amount AED	Provision for expected credit losses AED
0 – 30 days	13,174,072	-	11,364,920	-
31 – 60 days	8,502,917	-	6,574,859	-
61 – 90 days	684,608	-	382,070	-
91 – 120 days	210,586	-	139,830	-
	<u>22,572,183</u>	<u>-</u>	<u>18,461,679</u>	<u>-</u>

10 Cash and cash equivalents

	2025 AED	2024 AED
Cash on hand	6,010	20,908
Cash at banks	13,224,311	13,113,964
Fixed deposits with maturity of less than 3 months	25,710,000	7,347,500
	<u>38,940,321</u>	<u>20,482,372</u>

Fixed deposits with maturity of less than 3 months with bank carry an interest rate of 4.90% p.a. (2024: 5.4% p.a.)

11 Other current assets

	2025 AED	2024 AED
Fixed deposits	7,345,000	3,672,500
	<u>7,345,000</u>	<u>3,672,500</u>

Fixed deposits with bank are held for maturity tenor of 112 to 133 days (2024: 94 days) and carries an interest rate of 4.65% to 4.75% p.a. (2024: 5.4% p.a.)

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2025

12 Financial assets

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

2025	Amortised cost AED	FVTPL AED	Total AED
<i>Long-term investments</i>			
Quoted bonds	10,929,341	4,407,000	15,336,341
<i>Short-term investments</i>			
Quoted bonds	17,481,767	-	17,481,767
	28,411,108	4,407,000	32,818,108
2024	Amortised cost AED	FVTPL AED	Total AED
<i>Long-term investments</i>			
Quoted bonds	26,202,207	6,900,778	33,102,985
<i>Short-term investments</i>			
Quoted bonds	-	-	-
	26,202,207	6,900,778	33,102,985

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% (2024: between 5.13% and 6.13%). 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:

	2025 AED	2024 AED
<i>Carrying amount at amortised cost:</i>		
Quoted bonds	28,411,108	26,202,207
<i>Fair value at the reporting date:</i>		
Quoted bonds	28,297,681	26,063,960

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:

	2025 AED	2024 AED
Balance at April 1,	26,202,207	26,357,102
Additions during the year	2,517,255	-
Amortisation on financial assets (Note 20)	(308,354)	(154,895)
Balance at March 31,	28,411,108	26,202,207
Less: current portion	17,481,767	-
Non-current portion	10,929,341	26,202,207

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Notes to the financial statements (continued)
For the year ended March 31, 2025

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 2028 to 2029. The Company made the irrevocable election to account for it at FVTPL and hence continues to account for it at FVTPL.

	2025 AED	2024 AED
<i>Long-term investments at FVTPL</i>		
Quoted bonds	4,407,000	6,900,778
<i>Short-term investments at FVTPL</i>		
Quoted bonds	-	-
	<u>4,407,000</u>	<u>6,900,778</u>

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

	2025 AED	2024 AED
Balance at April 1,	6,900,778	8,079,650
Matured during the year	(2,571,848)	(1,101,750)
Net unrealised gain/(loss) for the year	78,070	(77,122)
Balance at March 31,	4,407,000	6,900,778
Less: current portion	-	-
Non-current portion	<u>4,407,000</u>	<u>6,900,778</u>

13 Equity

13.1 Share capital

	2025 AED	2024 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, 2025		March 31, 2024	
	%	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 Decree 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.

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2025

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. The balance amount of AED 13.7 million was repaid in the prior year as agreed between the Company and the Shareholder.

13.4 Dividend

On July 15, 2024, the Shareholders resolved to pay dividend amounting AED 13,500,000 to its Parent Company, Britannia and Associate (Dubai) Pvt. Company Ltd.

14 Guarantees and commitments

Guarantees	2025 AED	2024 AED
Guarantees	105,000	105,000
Letters of credit	3,568,569	1,882,667

At the reporting date the Company had the following capital commitments:

Capital commitments	2025 AED	2024 AED
Capital commitments	102,975	-

15 Finance lease liabilities

	2025 AED	2024 AED
Balance as at April 1,	3,367,849	742,035
Remeasurement (Note 6)	-	3,367,849
Finance cost (Note 20)	147,654	13,965
Repayments during the year	(756,000)	(756,000)
Balance as at March 31,	2,759,503	3,367,849
<i>Non-current</i>	2,120,165	2,759,503
<i>Current</i>	639,338	608,346
	2,759,503	3,367,849

Finance lease liabilities are repayable as follows:

	Within 1 year AED	More than 1 year AED	Total AED
2025			
Finance lease liability	639,338	2,120,165	2,759,503
2024			
Finance lease liability	608,346	2,759,503	3,367,849

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

	Within 1 year AED	More than 1 year AED	Total AED
March 31, 2025			
Lease payments	756,000	2,268,000	3,024,000
Finance charges	(116,662)	(147,835)	(264,497)
Net present value	639,338	2,120,165	2,759,503

Strategic Foods International Co. LLC
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Notes to the financial statements (continued)
For the year ended March 31, 2025

15 Finance lease liabilities (continued)

	Within 1 year	More than 1 year	Total
March 31, 2024	AED	AED	AED
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

16 Employees' end of service benefits

	2025	2024
	AED	AED
Balance at April 1,	4,698,121	4,252,689
Charge for the year	687,747	697,121
Payments during the year	(414,423)	(251,689)
Balance at March 31,	4,971,445	4,698,121

17 Trade and other payables

	2025	2024
	AED	AED
<i>Financial liabilities</i>		
Trade payables	3,316,351	4,504,748
Accrued staff benefits	2,501,424	2,364,944
Deposits	1,848,714	1,912,482
Accrued expenses	36,999,838	30,833,157
	44,666,327	39,615,331
<i>Non-financial liabilities</i>		
Advance from customers	1,859,280	2,207,967
Provision for corporate tax (Note 24)	2,548,085	-
VAT payable, net	17,435	228,370
	49,091,127	42,051,668

18 Revenue

	2025	2024
	AED	AED
Sale of goods	217,003,184	196,855,001

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

	2025	2024
	AED	AED
Gulf Cooperation Council (union of six Middle Eastern countries)	109,160,938	105,792,891
Africa	22,664,463	23,366,007
North America & Canada	38,546,303	22,060,605
Asia-Pacific	20,569,202	17,215,064
AGCC (other Middle East and North Africa countries)	11,879,777	12,741,922
Europe	6,813,360	7,251,006
SAARC (South Asian Association for Regional Cooperation)	5,194,904	5,887,083
Latin America	2,174,237	2,540,423
	217,003,184	196,855,001

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Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2025

19 Cost of sales

	2025	2024
	AED	AED
Material costs	127,056,792	122,262,127
Staff and related costs	4,374,207	5,218,380
Utilities	872,426	1,043,249
Rent, rates and taxes	836,356	799,004
Repairs and maintenance	409,283	1,176,911
Provision for obsolete inventories (Note 7)	264,000	549,081
Other direct production overheads	186,386	158,916
	<u>133,999,450</u>	<u>131,207,668</u>

20 Administrative, selling and general expenses

	2025	2024
	AED	AED
Selling and promotion expenses	32,589,837	28,319,477
Staff and related costs	10,989,116	9,756,757
Royalty (Note 8)	9,576,190	8,243,105
Travelling expenses	577,918	555,823
Bank charges	424,989	409,524
Legal and professional fees	435,152	378,316
Telephone and fax	240,217	230,973
Foreign currency exchange loss	66,378	-
Other	620,087	643,614
	<u>55,519,884</u>	<u>48,537,587</u>

21 Finance cost

	2025	2024
	AED	AED
Amortisation expense on financial assets	308,354	154,895
Interest on finance lease liabilities (Note 15)	147,654	13,965
	<u>456,008</u>	<u>168,860</u>

22 Interest income

	2025	2024
	AED	AED
Interest income on quoted bonds	1,519,360	1,518,596
Interest income on bank deposits	1,215,154	730,608
	<u>2,734,514</u>	<u>2,249,204</u>

23 Other income

	2025	2024
	AED	AED
Rental income	861,460	781,459
Miscellaneous income	48,784	11,740
Foreign currency exchange gain	-	5,591
	<u>910,244</u>	<u>798,790</u>

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2025

24 Corporate tax

Corporate tax expense comprises of the following:

	2025 AED	2024 AED
Current tax expense	2,548,085	-
Deferred tax	-	-
Tax expense reported in the statement of comprehensive income	<u>2,548,085</u>	<u>-</u>

Movement in corporate tax payable is as follows:

	2025 AED	2024 AED
Opening balance	-	-
Provided during the year	2,548,085	-
Closing balance	<u>2,548,085</u>	<u>-</u>

Reconciliation of corporate tax expense is as follows:

	2025 AED	2024 AED
Profit before tax	28,552,993	-
Effect of inadmissible expenses	134,067	-
Basic exemption	(375,000)	-
Estimated taxable income	<u>28,312,060</u>	<u>-</u>
Tax using the domestic tax rate of 9%	<u>2,548,085</u>	<u>-</u>

25 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.

25.1 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.

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Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2025

25 Financial instruments risk (continued)

25.1 Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company has no significant variable interest-bearing assets and liabilities. The Company's income and operating cash flows are substantially independent of changes in market interest rates.

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	AED	AED	AED
	+2%	-2%	+2%	-2%
March 31, 2025	88,140	(88,140)	88,140	(88,140)
March 31, 2024	138,016	(138,016)	138,016	(138,016)

25.2 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:

	2025 AED	2024 AED
Financial assets (current and non-current) (Note 12)	32,818,108	33,102,985
Amounts due from related parties (Note 8)	1,331,427	3,857,627
Trade and other receivables (Note 9)	23,887,565	19,259,278
Other current assets (Note 11)	7,345,000	3,672,500
Cash at banks (Note 10)	13,230,321	13,113,964
Fixed deposits with banks (Note 10)	25,710,000	7,347,500
	<u>104,322,421</u>	<u>80,353,854</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.

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Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2025

25 Financial instruments risk (continued)

25.2 Credit risk analysis (continued)

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.

25.3 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	More than 1 year AED	Total AED
March 31, 2025			
Trade and other payable (Note 17)	44,666,327	-	44,666,327
Finance lease liabilities (Note 15)	756,000	2,268,000	3,024,000
	45,422,327	2,268,000	47,690,327
March 31, 2024			
Trade and other payable (Note 17)	39,615,331	-	39,615,331
Finance lease liabilities (Note 15)	756,000	3,024,000	3,780,000
	40,371,331	3,024,000	43,395,331

26 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.

Strategic Foods International Co. LLC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2025

26 Capital management policies and procedures (continued)

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.

27 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).

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

	Level 1	Level 2	Level 3	Total
	AED	AED	AED	AED
March 31, 2025				
Financial assets (Note 12.2)	4,407,000	-	-	4,407,000
March 31, 2024				
Financial assets (Note 12.2)	6,900,778	-	-	6,900,778

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.