Alumil Middle East DMCC
Dubai
United Arab Emirates

Financial Statements And Independent Auditor's Report For The Year Ended December 31, 2020

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For The Year Ended December 31, 2020

Table Of Contents

INDEPENDENT AUDITOR'S REPORT

The Shareholders
Alumil Middle East DMCC
Dubai
United Arab Emirates.

Opinion

We have audited the financial statements of **Alumil Middle East DMCC** ("the Company"), which comprise the statement of financial position as at December 31, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

On March 2, 2021, we had issued our independent auditor's report on financial statements prepared by the Management with unmodified opinion. However, due to extra-ordinary general meeting conducted by shareholders on March 11, 2021 annulling the decisions for dividend distribution of AED 6,000,000 until further notice, we reissue our independent auditor's report on the revised financial statements reflecting such changes.

Responsibilities of Management for the Preparation of the Financial Statements

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

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هاتف : ٤٢٧ ٢٢٨٨ ٧ ٩٧١+ - فاكس : ٩٢٩ ٢٢٨٥ ٧ ٩٧١+
ص.ب : ٤٠٣ - رأس الخيمة - الإمارات العربية المتحدة

Responsibilities of Management for the Preparation of the Financial Statements (continued…)

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.

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 auditors' 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.

Report on other legal and regulatory requirements

As required by UAE Federal Law No. (2) Of 2015 we report that:

1. We have obtained all the information and explanation we considered necessary for our audit.

2. The financial statements comply, in all material respect with the applicable provisions of UAE Federal Law No. (2) Of 2015 and the Articles of Association of the Company.

3. The Company has maintained proper books of accounts.

4. Transactions and term with related parties disclosed in Note 11.

5. Based on the information and explanation that has been made available to us nothing came to our attention which causes us to believe that the Company has contravened during the financial year ended December 31, 2020 any of the applicable provisions of UAE Federal Law No. (2) Of 2015 or the Articles of Association of the Company which would have a material effect on the Company's activities or on its financial position for the year.

For **TALAL ABU-GHAZALEH & CO. INTERNATIONAL**

TALAT ZABEN
LICENSED AUDITOR NO. 68

Ras Al Khaimah
March 11, 2021

ALUMIL MIDDLE EAST DMCC
DUBAI
UNITED ARAB EMIRATES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

EXHIBIT A

	Notes	2020 AED	2019 AED
ASSETS			
Non-current assets			
Property and equipment	4	**670,322**	745,674
Right-of-use assets	5	**147,188**	-
Total non-current assets		**817,510**	745,674
Current assets			
Inventories	6	**5,331,237**	6,076,040
Due from related parties	11	**1,000,000**	-
Trade and other receivables	7	**32,104,762**	40,042,802
Cash and cash equivalents	8	**10,505,530**	6,244,886
Total current assets		**48,941,529**	52,363,728
TOTAL ASSETS		**49,759,039**	53,109,402
EQUITY AND LIABILITIES			
Equity			
Capital	9	**400,000**	400,000
Retained earnings		**21,827,689**	22,466,905
Total equity - Exhibit C		**22,227,689**	22,866,905
Non-current liability			
Employees' end of service benefits	10	**1,285,170**	1,367,083
Lease liabilities	5	**73,866**	-
Total non-current liabilities		**1,359,036**	1,367,083
Current liabilities			
Due to related parties	11	**884,916**	1,947,090
Lease liabilities	5	**71,345**	-
Trade and other payables	12	**25,216,053**	26,928,324
Total current liabilities		**26,172,314**	28,875,414
Total liabilities		**27,531,350**	30,242,497
TOTAL EQUITY AND LIABILITIES		**49,759,039**	53,109,402

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

الوميل ميدل ايست م.د.م.س
ALUMIL MIDDLE EAST DMCC
DUBAI / U.A.E

Christoforos Chatzigeorgiou

ALUMIL MIDDLE EAST DMCC
DUBAI
UNITED ARAB EMIRATES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

EXHIBIT B

	Notes	2020 AED	2019 AED
Sales		**74,715,062**	96,215,991
Cost of sales	14	**(55,408,509)**	(66,278,764)
Gross profit		**19,306,553**	29,937,227
Other income	15	**1,873,112**	1,294,638
Administrative expenses	16	**(12,160,918)**	(15,739,401)
Finance Cost on lease liability		**(9,921)**	-
Finance Cost		**(648,042)**	(822,188)
Profit for the year – Exhibit C		**8,360,784**	14,670,276

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

الوميل ميدل ايست م.د.م.س
ALUMIL MIDDLE EAST DMCC
DUBAI - U.A.E

Christoforos Chatzigeorgiou

ALUMIL MIDDLE EAST DMCC
DUBAI
UNITED ARAB EMIRATES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

EXHIBIT C

Description	Capital AED	Retained earnings AED	Total AED
Balance at December 31, 2018	400,000	13,796,629	14,196,629
Profit for the year – Exhibit B	-	14,670,276	14,670,276
Dividend distributed	-	(6,000,000)	(6,000,000)
Balance at December 31, 2019 – Exhibit A	**400,000**	**22,466,905**	**22,866,905**
Profit for the year – Exhibit B	-	8,360,784	8,360,784
Dividend distributed	-	(9,000,000)	(9,000,000)
Balance at December 31, 2020 – Exhibit A	**400,000**	**21,827,689**	**22,227,689**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

ALUMIL MIDDLE EAST DMCC
DUBAI
UNITED ARAB EMIRATES

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

EXHIBIT D

	2020 AED	2019 AED
Cash Flows from Operating Activities		
Profit for the year – Exhibit B	**8,360,784**	14,670,276
Adjustments:		
Depreciation	**206,842**	230,601
Depreciation on right-of-use assets	**283,119**	-
Finance costs on lease liabilities	**9,921**	-
Employees' end of service benefits	**(81,913)**	539,158
impairment allowance	**(36,960)**	(60,561)
Loss on disposal on asset	**-**	5,954
Operating profit before working capital changes	**8,741,793**	15,385,428
Trade and other receivables	**7,975,000**	(15,249,491)
Related party	**(2,062,174)**	1,222,742
Inventories	**744,803**	1,301,006
Trade and other payables	**(1,712,271)**	2,008,693
Net cash provided by operating activities	**13,687,151**	4,668,378
Cash Flows from Investment Activities		
Purchase of property and equipment	**(131,490)**	(91,867)
Net cash used in investment activities	**(131,490)**	(91,867)
Cash Flows from Financing Activities		
Repayment of lease liability	**(295,017)**	-
Dividend distribution	**(9,000,000)**	(6,000,000)
Net cash used in financing activities	**(9,295,017)**	(6,000,000)
Net increase/(decrease) in cash and cash equivalents	**4,260,644**	(1,423,489)
Cash and cash equivalents at the beginning of the year	**6,244,886**	7,668,375
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR – Note 8 & Exhibit A	**10,505,530**	6,244,886

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

1. GENERAL INFORMATION:

Alumil Middle East DMCC – Dubai (hereinafter referred to as "Company") is duly registered with the Dubai Multi Commodities Centre Authority. The Company is owned by M/S Alumil Gulf FZC – RAK Free Trade Zone, Ras Al Khaimah, UAE, and Mr. Christoforos Chatzigeorgiou (Greek National) with ownership ratio of 70:30, respectively, the latter being the representative of the Company as per the power of attorney issued.

The principal activity of the Company is building metal products trading. The registered office of the Company is Unit No. 2906 & 2907, Mazaya Business Avenue, Plot No. BB1, Jumeirah Lakes Towers, Dubai, United Arab Emirates.

2. ADOPTION OF NEW AND REVISED STANDARDS:

The effect of these amendments did not have any material impact on the financial statements for the year but may affect the accounting of future transactions or arrangements of the Company.

a) New and amended standards adopted by the Company:

Company has applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after January 1, 2020.

Amendments to IFRS 3 - Definition of a Business

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Earlier application is permitted and must be disclosed.

Minimum requirements to be a business

The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. They also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.

2. ADOPTION OF NEW AND REVISED STANDARDS (Continued…)

a) New and amended standards adopted by the Company: (Continued…)

Amendments to IFRS 3 - Definition of a Business (continued…)

Optional concentration test

The amendments introduced an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. Entities may elect to apply the concentration test on a transaction-by-transaction basis. The test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the test is met, the set of activities and assets is determined not to be a business and no further assessment is needed. If the test is not met, or if an entity elects not to apply the test, a detailed assessment must be performed applying the normal requirements in IFRS 3.

Amendments to IFRS 9, IAS 39 and IFRS 7- Interest Rate Benchmark Reform

Effective for annual periods beginning on or after 1 January 2020. The amendments must be applied retrospectively. However, any hedge relationships that have previously been designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight. Early application is permitted and must be disclosed.

The amendments provided reliefs that are essential to mitigate the hedge accounting issues that could arise during the period of uncertainty before IBOR contracts are amended to new benchmark rates.

The amendments to IFRS 9

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

Application of the reliefs is mandatory. The first three reliefs provide for:

- The assessment of whether a forecast transaction (or component thereof) is highly probable.
- Assessing when to reclassify the amount in the cash flow hedge reserve to profit and loss
- The assessment of the economic relationship between the hedged item and the hedging instrument

2. ADOPTION OF NEW AND REVISED STANDARDS (Continued...)

a) New and amended standards adopted by the Company: (Continued...)

Amendments to IFRS 9, IAS 39 and IFRS 7- Interest Rate Benchmark Reform (continued...)

For each of these reliefs, it is assumed that the benchmark on which the hedged cash flows are based (whether or not contractually specified) and/or, for relief three, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. The reliefs continue indefinitely in the absence of any of the events described in the amendments. When an entity designates a group of items as the hedged item, the requirements for when the reliefs cease are applied separately to each individual item within the designated group of items.

The amendments to IAS 39

The corresponding amendments are consistent with those for IFRS 9, but with the following differences:

- For the prospective assessment of hedge effectiveness, it is assumed that the benchmark on which the hedged cash flows are based (whether or not it is contractually specified) and/or the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform.

- For the retrospective assessment of hedge effectiveness, to allow the hedge to pass the assessment even if the actual results of the hedge are temporarily outside the 80%-125% range, during the period of uncertainty arising from IBOR reform.

- For a hedge of a benchmark portion (rather than a risk component under IFRS 9) of interest rate risk that is affected by IBOR reform, the requirement that the portion is separately identifiable need be met only at the inception of the hedge.

Amendments to IAS 1 and IAS 8 - Definition of Material

The amendments must be applied prospectively for annual periods beginning on or after 1 January 2020. Early application is permitted and must be disclosed.

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

2. ADOPTION OF NEW AND REVISED STANDARDS (Continued...)

a) New and amended standards adopted by the Company: (Continued...)

Amendments to IAS 1 and IAS 8 - Definition of Material (continued...)

Obscuring information

The amendments explain that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information.

Primary users of the financial statements

The current definition refers to 'users' but does not specify their characteristics, which can be interpreted to imply that an entity is required to consider all possible users of the financial statements when deciding what information to disclose.

Although the amendments to the definition of material is not expected to have a significant impact on an entity's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organized in the financial statements.

Amendment to IFRS 16 – Covid-19 Related Rent Concessions

On 28 May 2020, the International Accounting Standards Board (the IASB or Board) issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases (the amendment). The Board amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment does not apply to lessors.

Many lessors have provided rent concessions to lessees as a result of the covid-19 pandemic. Rent concessions include rent holidays or rent reductions for a period of time, possibly followed by increased rent payments in future periods. Applying the requirements in IFRS 16 for changes to lease payments, particularly assessing whether the rent concessions are lease modifications, and applying the required accounting, could be practically difficult in the current environment. The objective of the amendment is to provide lessees that have been granted covid-19 related rent concessions with practical relief, while still providing useful information about leases to users of the financial statements.

2. ADOPTION OF NEW AND REVISED STANDARDS (Continued...)

a) New and amended standards adopted by the Company: (Continued...)

Amendment to IFRS 16 – Covid-19 Related Rent Concessions (Continued...)

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020.

Lessees will apply the practical expedient retrospectively, recognizing the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.

The Conceptual Framework for Financial Reporting

The amendments must be applied prospectively for annual periods beginning on or after January 1, 2020. Early application is permitted and must be disclosed.

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, and guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

b) New and revised IFRSs issued but not yet effective

Amendment to IFRS 17 - Insurance Contracts

IFRS 17 is effective for periods beginning on or after 1 January 2023, early application is permitted.

In June 2020, the IASB issued amendments to IFRS 17. These amendments come from the draft proposal for proposed amendments to IFRS 17 Insurance Contracts. As a result of re-deliberations, the IASB made changes to the following key areas of IFRS 17:

- Postponement of the effective date of IFRS 17 and IFRS 9 for qualifying insurance companies for a period of two years to annual reporting periods beginning on or after January 1, 2023).

2. ADOPTION OF NEW AND REVISED STANDARDS (Continued...)

b) New and revised IFRSs issued but not yet effective (continued...)

Amendment to IFRS 17 - Insurance Contracts (continued...)

- Scope of the standard.
- The expected recovery of cash flow to acquire insurance from renewal of insurance contracts.
- Contractual Service Margin (CSM) related to investment activities.
- Applicability of the risk mitigation option for contracts with direct participation features.
- Applicability of the risk mitigation option for contracts with direct participation features.
- Retained reinsurance contracts - expected recovery of losses from compensatory contracts.
- Simplified display of insurance contracts in the financial position list.
- Additional transition dilutions.

In addition to the above changes, the amendments also include several minor and editorial changes to IFRS 17.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1

The amendment is effective for periods beginning on or after 1 January 2023, early application is permitted.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

2. ADOPTION OF NEW AND REVISED STANDARDS (Continued...)

b) New and revised IFRSs issued but not yet effective (continued...)

Amendments to IAS 37 – Costs of fulfilling a contract

The amendments must be applied for annual periods beginning on or after January 1, 2022. Early application is permitted. The Company applies amendments to contracts in which the Company has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which the facility applies the amendments first.

Amendments to IAS 37 – Costs of fulfilling a contract (continued...)

In May 2020, the International Accounting Standards Board (IASB) issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to determine the costs that an entity must include when assessing whether a contract is onerous or losing ground.

The amendments apply the "directly related cost approach". Costs directly related to a contract to provide goods or services include both additional costs (for example, direct labor and material costs) and the allocation of costs directly related to contract activities (for example, depreciation of the equipment used to fulfill the contract as well as costs for contract administration and supervision). General and administrative costs are not directly related to the contract and are excluded unless explicitly charged to the counterparty under the contract.

The amendments must be applied prospectively to contracts for which the enterprise has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which the amendments are applied first (the date of initial application). Early application is permitted and must be disclosed.

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before intended use

The amendments must be applied for annual periods beginning on or after January 1, 2022. Early application is permitted.

The Company applies amendments retrospectively only to items of property, machinery and equipment that were brought to the site and the conditions necessary for them to be able to operate in the manner intended by the management on or after the beginning of the first period presented in the financial data in which the Company applies first.

The amendment prohibits companies from deducting from the cost of any item of property and equipment, that is, proceeds from the sale of items produced while bringing that asset to the site and the condition necessary for it to be able to operate in the manner intended by management. Instead, the entity recognizes the proceeds from the sale of these items, and the costs of producing those items, in profit or loss.

2. ADOPTION OF NEW AND REVISED STANDARDS (Continued…)

b) New and revised IFRSs issued but not yet effective (continued…)

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 – Interest Rate Benchmark Reform: Phase 2

Application must be for annual periods beginning on or after 1 January 2021. Amendments are mandatory, with early application permitted.

The hedging relationships should be restored if the hedging relationship was discontinued only due to the changes required by IBOR repair and could not be stopped if the phase II adjustments were applied at that time. While the application is retrospective, the entity is not required to restate prior periods.

The amendments provide temporary exemptions that address the effects of financial reporting when an Interbank Offered Rate (IBOR) is exchanged for a Risk Free Substantive Alternative Interest Rate (RFR).

IFRS 3 Defining Business – Reference to the conceptual framework:

The amendments must be applied for annual periods beginning on or after January 1, 2022. The amendments must be applied prospectively. Early application is permitted if the facility also applied, at the same time or earlier, all the amendments contained in the amendments to the references of the conceptual framework in the International Standards (March 2018).

In May 2020, the International Accounting Standards Board issued amendments to IFRS 3 Business Definition - a reference to the conceptual framework. The amendments are intended to replace an earlier version of the IASB Conceptual Framework (1989 Framework) with reference to the current version issued in March 2018 (Conceptual Framework) without significantly changing its requirements.

Annual Improvements 2018 – 2020 cycle (issued in May 2020)

- *Amended to IFRS 1 – First time adoption of international financial reporting standards – Subsidiary as a first time adopter (effective from annual periods beginning on or after January 1, 2022. Early application is permitted.*
- *Amended to IFRS 9 – Financial instruments – Fees in the "10%" test for de-recognition of financial liabilities (effective from annual periods beginning on or after January 1, 2022. Early application is permitted.*
- *Amended to IFRS 41 – Agriculture – Taxation in fair value measurement (effective from annual periods beginning on or after January 1, 2022. Early application is permitted.*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of preparation:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Company's transactions are denominated.

These financial statements have been prepared on the historical cost principle.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services, while Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Property and equipment:

Property and equipment held for use in production or supply of goods or services or for administrative purposes are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the asset to the location and condition necessary for them to be capable of operating in the manner intended by the Management.

After initial recognition, the property and equipment are carried, in the statement of financial position, at their cost less accumulated depreciation and any accumulated impairment. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company over the estimated useful lives of the assets and accordingly annual depreciation rates are decided for each class of assets. The annual rate of depreciation used are as follows:

Asset category	Percentage
Machinery and equipment	10%
Furniture and fixtures	20% - 33.33%
Computers and electronics	20%
Telecommunications equipment	20%

The depreciation charge for each period is recognized in the statement of profit or loss and other comprehensive income. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued…)

Property and equipment (continued…):

On the subsequent derecognition (sale or retirement) of the property and equipment, the resultant gain or loss, being the difference between the net disposal proceeds, if any, and the carrying amount, is included in the statement of profit or loss and other comprehensive income.

Impairment of non-financial assets

At each statement of financial position date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset. An impairment loss is recognized immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior periods. A reversal of an impairment loss is recognized immediately in the statement of profit or loss and other comprehensive income unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Leases

Applicable from 1 January 2019

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Company as a lessee

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Vehicle leases over the period of the lease
Land leases over the period of the lease

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section impairment of nonfinancial assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

ii) Lease liabilities (continued...)

The Company's lease liabilities are disclosed as a separate line-item under current and non-current portion.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory costs include:

(a)Costs of purchase (including transport and handling) net of trade discounts received,
(b) Costs of conversion (including fixed and variable manufacturing overheads), and
(c)Other costs incurred in bringing the inventories to their present location and condition.

Related party transactions

Related parties includes persons (or a close member of that person's family) that are related to the Company, has control or joint control over the Company, has significant influence over the Company, and/or member of the key management personnel of the reporting entity, or of a parent of the reporting entity. The Company is related to another entity if they are members of the same group (that is all entities within a group are related to each other).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Related party transactions (continued...)

Transactions with related parties, normally, comprise of transfer of resources, services, or obligations between the parties. At the statement of financial position date, the related parties' receivables are stated at the net realizable value.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are either financial assets or financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Any asset that is: cash, an equity instrument of another entity, or a debt instrument of another entity (a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity, or a contract that will or may be settled in the entity's own equity instruments).

a) Initial measurement:

Financial assets are recognized when the Company becomes party to the contractual provisions of the instruments. At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Financial assets (continued...)

b) Subsequent measurement:

- *Debt Instruments*

Subsequent measurement of debt instruments depends on an entity's business model for managing the asset and the contractual cash flow characteristics of the asset. The Company's financial assets are mainly debt instruments that are subsequently measured at amortized cost. The Company's financial assets are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Financial assets are measured at amortized cost using the effective interest method, less impairment. Gains and losses are recognized in profit or loss when the assets are derecognized or impaired, and through amortization process.

c) Impairment:

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortized cost and FVOCI. For trade receivables, the Company measures the loss allowance at an amount equal to the lifetime expected credit losses.

d) Derecognition:

A financial asset is derecognized where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognized in other comprehensive income for debt instruments is recognized in profit or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash comprises cash on hand and demand deposits where cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

a) Initial recognition and measurement:

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Financial liabilities

a) Initial recognition and measurement (continued...):

All financial liabilities are recognized initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

b) Subsequent measurement:

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, and through the amortization process.

c) Derecognition:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Employees' end-of-service benefits

Provision for employees' end-of-service benefits is calculated in accordance with the Federal Labour Laws of United Arab Emirates.

Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Revenue recognition (continued...)

Sale of goods

The Company is engaged in building metal products trading. Revenue is recognized when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with a right of return.

The amount of revenue recognized is based on the estimated transaction price, which comprises the contractual price, adjusted for expected returns. Based on the Company's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Company recognizes expected returns from customers as a refund liability. Separately, the Company recognizes a related asset for the right to recover the returned goods, based on the former carrying amount of the good less expected costs to recover the goods, and adjusts them against cost of sales correspondingly.

At the end of each reporting date, the Company updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained, and its estimate of refund liability. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes. The Company also updates its measurement of the asset for the right to recover returned goods for changes in its expectations about returned goods.

Contract costs

The Company has elected to apply the practical expedient to recognize the incremental costs of obtaining a contract for the sale of goods as an expense when incurred where the amortization period of the asset that would otherwise be recognized is one year or less.

Incremental costs of obtaining a contract are capitalized if these costs are recoverable. Costs to fulfil a contract are capitalized if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Revenue recognition (continued...)

Contract costs (continued...)

Capitalized contract costs are subsequently amortized on a systematic basis as the Company recognizes the related revenue. An impairment loss is recognized in profit or loss to the extent that the carrying amount of the capitalized contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognized as expenses.

Bill-and-hold arrangements

In some bill-and-hold arrangements, even though the Company has not yet delivered the goods to the customer, it has satisfied its performance obligation as control of the good has been transferred to the customer, and all of the following criteria are met: the reason for the bill-and-hold arrangement is substantive, the product is identified separately as belonging to the customer, the product currently is ready for physical transfer to the customer, and the Company does not have the ability to use the good or to direct it to another customer.

Significant financing component

In determining the transaction price, the Company adjusts the promised consideration for the effects of the time value of money for contracts with customers that include a significant financing component. In adjusting for the significant financing component, the Company uses a discount rate that would be reflected in a separate financing transaction between the Company and its customer at contract inception, such that it reflects the credit characteristics of the party receiving financing in the contract.

The Company has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is one year or less.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Revenue recognition (continued...)

Consideration payable to customers

The Company accounts for consideration payable to customers as a reduction of the transaction price if the payment is not for distinct goods or services received from the customer. If the payment is for distinct goods or services received from the customer, the Company accounts for any excess of the consideration payable to the customer over the fair value of the distinct goods or services as a reduction of the transaction price. If the Company cannot reasonably estimate the fair value of the goods or services received from the customer, it accounts for all of the consideration payable to the customer as a reduction of the transaction price.

The Company recognizes the reduction of revenue at the later of: (a) when it recognizes revenue for the transfer of the related goods or services to the customer; and (b) when it promises to pay the consideration.

Foreign currency

The transactions during the year are recorded using UAE Dirham (the functional currency). In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement of financial position date (closing rate). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

Provisions

Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date, that is, the amount that the Group would rationally pay to settle the obligation at the statement of financial position date or to transfer it to a third party.

Provisions are reviewed and adjusted at each statement of financial position date. If outflows, to settle the provisions, are no longer probable, reverse of the provision is recorded as income. Provisions are only used for the purpose for which they were originally recognized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued…)

Contingent liabilities

Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably. Contingent liabilities are not recognized in the financial statements but are disclosed.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Impairment of non-current assets

IFRS requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

i) Growth in EBITDA, calculated as adjusted operating profit before depreciation and amortization;
ii) Timing and quantum of future capital expenditure;
iii) Long-term growth rates; and
iv) The selection of discount rates to reflect the risks involved.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Useful lives of property and equipment

The cost of property and equipment is depreciated over the estimated useful life, which is based on expected usage of the assets, expected physical wear and tear, which depends on operational factors such as repair and maintenance program and physical obsolescence. The Management has not considered any residual value as it is deemed immaterial.

Revenue recognition

a) *Variable consideration*

In estimating the variable consideration for the sale of goods, the Company uses the expected value method to predict the transaction price allocated to product returns, by the different product types and geographical areas. For existing products, management relies on historical experience with purchasing patterns and product returns of customers, analyzed by different product types, customers and geographical areas, for the past 2 to 4 years. For new products, management uses the historical trends for purchasing patterns and returns for similar products in the same geographical area, and adjusted for higher return rates based on historical trends for new product launches, so as to determine the projection for new product returns.

b) *Constraint on variable consideration*

Management has exercised judgment in applying the constraint on the estimated variable consideration that can be included in the transaction price. For product returns, management considers its historical experience and evidence from other similar contracts to develop an estimate of variable consideration for expected returns using the expected value method.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

4. PROPERTY AND EQUIPMENT:

Property and equipment are stated at cost less accumulated depreciation, as follows:

	Machinery & equipments AED	Furniture & fixtures AED	Computers & electronics AED	Telecom equipment AED	Total AED
Cost:					
At December 31, 2018	709,757	887,750	139,759	41,211	1,778,477
Additions during the year	-	57,000	29,642	5,225	91,867
Disposal	-	(33,907)	-	(9,940)	(43,847)
At December 31, 2019	**709,757**	**910,843**	**169,401**	**36,496**	**1,826,497**
Additions during the year	-	-	108,240	23,250	131,490
Reclassification	-	(187,295)	185,596	1,699	-
At December 31, 2020	**709,757**	**723,548**	**463,237**	**61,445**	**1,957,987**
Accumulated Depreciation:					
At December 31, 2018	203,216	596,685	59,309	28,905	888,115
Charge for the year	70,976	133,858	21,218	4,549	230,601
Disposal	-	(32,906)	-	(4,987)	(37,893)
At December 31, 2019	**274,192**	**697,637**	**80,527**	**28,467**	**1,080,823**
Charge for the year	70,976	74,898	57,771	3,197	206,842
Reclassification	-	(153,186)	151,628	1,558	-
At December 31, 2020	**345,168**	**619,349**	**289,926**	**33,222**	**1,287,665**
Net Carrying Amount:					
At December 31, 2019 – Exhibit A	435,565	213,206	88,874	8,029	745,674
At December 31, 2020 – Exhibit A	**364,589**	**104,199**	**173,311**	**28,223**	**670,322**

5. LEASE AGREEMENTS – IFRS 16:

The company adopted IFRS 16 using retroactive modification method. The leases measured as per IFRS 16 computations for right-of-use asset and corresponding lease liabilities are related to the vehicles for operations rented by the Company for periods agreed with the lessor ranging from more than 12 months upto 36 months. The computations for right-of-use assets and lease liabilities are as follows:

a) Right-of-use assets:

Right-of-use assets was measured at an amount equivalent to the discounted lease commitments for the respective lease agreements. The movement on the account during the year is as follows:

	2020 AED
At January 1	-
Additions	430,307
Depreciation charged during the year	(283,119)
At December 31 - Exhibit A	147,188

b) Lease Liabilities:

The movement of lease liabilities is as follows:

	2020 AED
Lease liabilities as at January 1	-
Additions during the year	430,307
Finance cost during the year	9,921
Payment of lease commitments	(295,017)
Lease liabilities as at December 31	145,211
Classified as follows:	
Lease liablity - Non - current - **Exhibit A**	73,866
Lease liablity - current - **Exhibit A**	71,345

6. INVENTORIES:

This item comprises of the following:

	2020 AED	2019 AED
Merchandise	**3,996,407**	4,878,970
Raw materials	**157**	49,265
Finished goods	**1,105,841**	1,006,411
Sub-total	**5,102,405**	5,934,646
Goods in transit	**228,832**	141,394
Total – Exhibit A	**5,331,237**	6,076,040

7. TRADE AND OTHER RECEIVABLES:

This item comprises of the following:

	2020 AED	2019 AED
Trade accounts receivable	**32,130,735**	40,736,966
Impairment allowances for credit losses	**(1,557,217)**	(1,594,177)
Net	**30,573,518**	39,142,789
Advance to suppliers	**225,669**	288,918
Prepaid expenses	**462,229**	413,929
Visa deposits	**112,000**	157,000
Refundable deposits	**10,700**	11,200
Employees' advances	**610,615**	28,932
Other receivables	**110,031**	34
Total – Exhibit A	**32,104,762**	40,042,802

Movement details of impairment allowances for credit losses are as follows:

	2020 AED	2019 AED
Balance at the beginning of the year	**1,594,177**	1,654,738
Net decrease during the year	**(36,960)**	(60,561)
Balance at the end of the year	**1,557,217**	1,594,177

The Company measures the impairment allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for the factors that are specific to the customers bank guarantees, and letters of credit provided, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

7. TRADE AND OTHER RECEIVABLES: *(continued…)*

The Company writes-off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery or when the trade receivables are over three years past due, whichever occurs earlier.

The following table details the risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significant different loss patterns for different customer segments except for specific cases, the provision for loss allowance based on past due is not further distinguished between the Company's different customer base.

At December 31, 2020	On Demand AED	0-30 AED	31-60 AED	61-90 AED	91-120 AED	121-150 AED	151-180 AED	> 180 AED	Other specific cases AED	Total AED
Expected credit loss rate	0.00%	0.02%	0.03%	0.04%	0.50%	0.60%	1.00%	5.00%	33-100%	
Estimated total gross carrying amount at default	12,492,195	3,061,115	6,007,773	2,957,673	1,501,546	731,207	312,937	2,753,399	2,312,890	**32,130,735**
Lifetime ECL	-	612	1,802	1,183	7,508	4,387	3,129	137,670	1,400,925	**1,557,217**

At December 31, 2019	On Demand AED	0-30 AED	31-60 AED	61-90 AED	91-120 AED	121-150 AED	151-180 AED	> 180 AED	Other specific cases AED	Total AED
Expected credit loss rate	0.00%	0.02%	0.03%	0.04%	0.50%	0.60%	1.00%	5.00%	33-100%	
Estimated total gross carrying amount at default	14,650,763	9,426,210	7,087,878	2,056,641	1,978,318	272,957	430,694	2,214,328	2,619,177	**40,736,966**
Lifetime ECL	-	1,885	2,126	823	9,892	1,638	4,307	110,716	1,462,790	**1,594,177**

8. CASH AND CASH EQUIVALENTS:

This item comprises of the following:

	2020 AED	2019 AED
Cash on hand	**4,950**	11,242
Checking accounts with bank	**10,500,580**	6,233,644
Total –Exhibits A & D	**10,505,530**	6,244,886

9. CAPITAL:

Share capital is distributed between the Shareholders as follows:

	Ratio	2020 AED	2019 AED
M/s. Alumil Gulf FZC	**70%**	**280,000**	280,000
Mr. Christoforos Chatzigeorgiou	**30%**	**120,000**	120,000
Total – Exhibit A	**100%**	**400,000**	400,000

10. EMPLOYEES' END OF SERVICE BENEFITS:

This item comprises of the following:

	2020 AED	2019 AED
Balance at January 1	**1,367,083**	927,088
Current service cost	**207,102**	745,841
Reveral of provision	**(660,893)**	-
Settlements	**(118,275)**	(206,683)
Other transfer	**490,153**	(99,163)
Balance at December 31 – Exhibit A	**1,285,170**	1,367,083

11. RELATED PARTIES:

The Company in the normal course of business conducts transactions with entities which fall within the definition of related parties as they are under common ownership or management. Terms and conditions of transactions with related parties are decided by the Company's management. The related parties' balances are unsecured, bearing no interest and will be settled in cash. In the opinion of the management these balances are recoverable in full. As of the date of the statement of financial position, the balances with related parties are as follows:

11. RELATED PARTIES: (continued...)

a) **Due from related parties:**

	2020 AED	2019 AED
Shareholders:		
Christoforos Chatzigeorgiou	**1,000,000**	-
Total – Exhibit A	**1,000,000**	-

b) **Due to related parties:**

	2020 AED	2019 AED
Shareholders:		
Alumil Gulf FZC	**299,036**	558,677
Other related parties		
Alumil Aluminium Industry SA	**585,880**	1,388,413
Total – Exhibit A	**884,916**	1,947,090

c) **Transactions:**

During the period, the Company entered into the following transactions with related parties:

	2020 AED	2019 AED
Sales	**239,139**	393,594
Other income	**576,672**	562,992
Purchases	**7,292,474**	7,578,718
Expenses	**1,476,513**	1,590,205

12. TRADE AND OTHER PAYABLES:

a) This item comprises of the following:

	2020 AED	2019 AED
Trade accounts payable	**23,889,381**	26,471,369
Employees' short term benefits	**108,455**	-
Advance from customers	**1,000,921**	112,250
Accrued expenses	**30,831**	18,550
Tax liability - Note 12 (b)	**45,981**	199,963
Due to employee	**41,321**	27,029
Other provisions	**99,163**	99,163
Total -Exhibit A	**25,216,053**	26,928,324

b) Tax liability represents net of value added tax charged and recoverable on taxable supplies.

13. RISK MANAGEMENT:

The Company's management relating to its business and operations regularly performs the financial risk management function. These risks include: capital risk, credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by diversifying the source of its capital. It maintains timely reports about its risk management function and monitors risks and policies implemented to mitigate risk exposures.

a) ***Capital risk:***

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing returns to shareholders through optimization of its debt to equity balance. The Capital structure of the Company consists of equity comprising Capital and reserves as disclosed in Exhibit C.

b) ***Credit risk:***

Credit risk refers to the risk that a debtor will default on its contractual obligations resulting in financial loss to the Company. The Company maintains a credit policy that states dealing with only creditworthy parties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company monitors, regularly, the credit ratings of its debtors and the volume of transactions with those debtors during the year. Ongoing credit evaluation is performed on the financial condition of debtors. However, credit risk exposures are insignificant. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk without taking into account the value of any collateral obtained.

c) ***Liquidity risk:***

Ultimate responsibility for liquidity risk management rests with the Company's management which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The following table shows the maturities of the Company's undiscounted financial liabilities based on contractual payment dates:

13. RISK MANAGEMENT: (continued...)

c) Liquidity risk (continued...):

As at December 31, 2020	Less than three months AED	Three months to one year AED	More than one year AED
Due to related party	884,916	-	-
Lease liabilities	19,536	51,809	73,866
Trade and other payables	22,346,115	1,869,017	-
Employees' end of service benefits	-	-	1,285,170
Total	**23,250,567**	**1,920,826**	**1,359,036**

As at December 31, 2019	AED	AED	AED
Due to related party	1,947,090	-	-
Trade and other payables	26,389,047	427,027	-
Employees' end of service benefits	-	-	1,367,083
Total	**28,336,137**	**427,027**	**1,367,083**

14. COST OF SALES:

This item comprises of the following:

	2020 AED	2019 AED
Beginning inventories	**5,934,646**	7,377,046
Purchase of merchandise and raw materials	**54,036,725**	64,312,778
Ending inventories	**(5,102,405)**	(5,934,646)
Net material consumed	**54,868,966**	65,755,178
Other direct expenses	**539,543**	523,586
Total – Exhibit B	**55,408,509**	66,278,764

15. OTHER INCOME:

a) This item comprises of the following:

	2020 AED	2019 AED
Reversal of impairment allowance - Note 7	**36,960**	60,561
Reversal of provisions of end of service benefits	**660,893**	-
Customs charges	**15,432**	-
Interest income	**100,215**	-
Exchange rate difference	-	10,907
Consultancy fees - Note 15 (b)	**844,334**	1,223,170
Other	**215,278**	-
Total – Exhibit B	**1,873,112**	1,294,638

b) Consultancy fees as shown in Note 15 (a) include an amount of AED 576,672 received from a related party - Alumil Aluminium Industry SA for the consultancy service provided by the company for the year ended December 31, 2020.

16. ADMINISTRATIVE EXPENSES:

a) This item comprises of the following:

	2020 AED	2019 AED
Salary and wages	**5,768,606**	7,377,034
Director remuneration	**312,000**	624,000
Sponsorship fee and other expenses	**60,627**	73,723
Employees' benefits and expenses	**830,212**	1,433,845
Duties and taxes	**22,916**	42,945
Commission/discount on sales	**23,468**	-
Registration and other fees	**235,471**	269,668
Rent Expenses	**928,938**	1,128,305
Rent car	**-**	178,259
Travelling expenses	**69,257**	400,209
Telephone and postage	**217,153**	271,094
Fuel and transportation	**39,700**	32,005
Depreciation	**206,842**	230,601
Depreciation on right of use asset	**283,119**	-
Loss on disposal of fixed asset	**-**	5,954
Management consultancy fees - Note 16 (b)	**1,839,330**	1,790,300
Hospitality and reception expenses	**11,223**	98,587
Sales documentation charges	**44,453**	32,622
Subscription fees	**122,354**	113,942
Office expenses	**49,026**	48,170
Professional fees	**47,500**	61,250
Electricity and water charges	**60,829**	64,713
Exchange rate difference	**262,586**	-
Printing and stationery	**31,420**	39,613
Discount allowed	**-**	19,672
Annual maintenance charges	**45,000**	45,000
Miscellaneous	**648,888**	1,357,890
Total - Exhibit B	**12,160,918**	15,739,401

b) Management consultancy fees as shown in Note 16 (a) above represent service fees provided by a related party - Alumil Aluminium Industry SA and others for the year ended December 31, 2020.

17. COMMITMENTS AND CONTINGENCIES:

Following are the details of commitments and contingencies of the Company as on December 31, 2020:

	2020	2019
	AED	AED
Export Letters of Credit	**1,239,092**	2,001,178

18. GENERAL:

a) Comparative figures have been reclassified wherever necessary for the purpose of comparison.
b) The figures in the financial statements are rounded to the nearest Dirham of United Arab Emirates.