TITAN GLOBAL RETAIL L.L.C

FINANCIAL STATEMENTS AND REPORTS

YEAR ENDED 31 MARCH 2025

TITAN GLOBAL RETAIL L.L.C

FINANCIAL STATEMENTS AND REPORTS
YEAR ENDED 31 MARCH 2025

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TITAN GLOBAL RETAIL L.L.C

MANAGER'S REPORT
FOR THE YEAR ENDED 31 MARCH 2025

The Manager submits his report and financial statements for the year ended 31 March 2025. I approve the financial statements and confirm that I am responsible for these, including selecting the accounting policies and making the judgments underlying them. I confirm that I have made available all relevant accounting records and information for their compilation.

Results and dividends
The loss after tax for the year amounted to AED 39,278,220. In view of the losses, the Manager does not recommend any dividends for the year ended 31 March 2025.

Review of the business
The principal activity of the Company is trading in jewellery, watches, spectacles and precious stones.

Legal and regulatory requirements
The Company has complied with the applicable provisions of the UAE Federal Law No. (32) of 2021.

The losses of the Company exceeded 50% of its share capital. As required by Article 308 of the UAE Federal Law No. (32) of 2021, the Manager had called a General Meeting in which the shareholder had resolved that the Company shall continue its operations.

Events since the end of the year
There are no significant events since the end of the year.

Shareholders and their interests
During the year, vide amendment to memorandum of association dated 20 November 2024, the shareholding structure of the Company has changed. Accordingly, the shareholders and their interest as at the reporting dates in the share capital of the Company were as follows:

	At 31 March 2025		At 31 March 2024	
Name	**No. of shares**	**AED**	**No. of shares**	**AED**
Titan Holdings International FZCO	18,650	18,650,000	299	299,000
Kuruvilla Markose	--	--	1	1,000
	18,650	**18,650,000**	**300**	**300,000**

Independent auditor
PKF – Chartered Accountants (Dubai Br) were appointed as independent auditor for the year ended 31 March 2025 and it is proposed that they be re-appointed for the year ending 31 March 2026.

DUBAI
TITAN GLOBAL RETAIL L.L.C

MR. KURUVILLA MARKOSE
Manager
23 June 2025

PKF - Chartered Accountants (Dubai Br)
بـيـه كـي إف - تـشـارتـرد اكاونـتـنـتـس (فـرع دبـي)

Accountants &
business advisers

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of TITAN GLOBAL RETAIL L.L.C

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **TITAN GLOBAL RETAIL L.L.C** (the "Company"), which comprise the statement of financial position as at 31 March 2025, 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, including a summary of 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 31 March 2025, and of 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' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates (UAE), 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.

Material Uncertainty Related to Going Concern

We draw attention to note 2 (c) to the financial statements, which states that the Company incurred a loss after tax of AED 39,278,220 for the year ended 31 March 2025 and at that date, the Company's losses aggregated to AED 109,531,403, its current liabilities exceeded its current assets by AED 118,973,554 and it had a net deficit of AED 90,881,403 in equity funds. The Company also has bank borrowings of AED 304,327,754 (note 19) which are due for repayment in next twelve months. These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

However, the ultimate parent company has agreed to continue with the operations of the Company and has agreed to provide continuing financial support to enable the Company to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

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INDEPENDENT AUDITOR'S REPORT
(continued)

Other information
Management is responsible for the other information. Other information comprises the Manager's report as required by the UAE Federal Law No. (32) of 2021, which we obtained prior to the date of this auditor's report. The other information 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and for their compliance with the applicable provisions of the UAE Federal Law No (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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INDEPENDENT AUDITOR'S REPORT
(continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements
As required by the UAE Federal Law No. (32) of 2021, we report that:

i) we have obtained all the information we considered necessary for the purpose of our audit;

ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021;

iii) the Company has maintained proper books of account;

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Accountants &
business advisers

iv) the financial information included in the Manager's report is consistent with the books of account of the Company;

v) the Company has not purchased or invested in any shares during the financial year ended 31 March 2025;

vi) note 12 to the financial statements reflects material related party transactions and balances, and the terms under which they were conducted;

vii) the Company has not made any social contributions during the financial year ended 31 March 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 31 March 2025 any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or of its Memorandum and Articles of Association which would materially affect its activities or its financial position as at 31 March 2025 and there are no penalties imposed on the Company. Further, as referred in note 2 (c) to the financial statements, since the losses of the Company exceeded 50% of its share capital, as required by Article 308 of the UAE Federal Law No. (32) of 2021, the Manager of the Company called a General Meeting in which the shareholder resolved to continue with the operations of the Company.

For **PKF – Chartered Accountants (Dubai Br)**

Ashish Tulsan

AUDITORS PKF U.A.E.

Ashish Tulsan
Partner
Registration no. 5466
Dubai
United Arab Emirates
26 June 2025

TITAN GLOBAL RETAIL L.L.C

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

	Notes	2025 AED	2024 AED
ASSETS			
Non-current asset			
Property, plant and equipment	6	32,118,601	35,454,268
Intangible assets	7	1,203,920	498,429
Deferred tax assets	8	4,114,371	--
Trade and other receivables	10	1,616,471	1,100,014
		39,053,363	37,052,711
Current assets			
Inventories	9	337,487,288	223,511,744
Trade and other receivables	10	20,397,620	79,819,429
Other current assets	11	3,512,050	13,147,847
Due from related parties	12	4,581,893	1,833,936
Cash and cash equivalents	13	4,181,161	4,987,437
		370,160,012	323,300,393
Total assets		409,213,375	360,353,104
EQUITY AND LIABILITIES			
Equity funds			
Share capital	14	18,650,000	300,000
Accumulated losses		(109,531,403)	(70,253,183)
Deficit in equity funds		(90,881,403)	(69,953,183)
Non-current liabilities			
Long-term borrowings	15	--	--
Provision for staff end-of-service benefits	16	949,198	558,424
Lease liabilities	17	10,012,014	19,024,198
		10,961,212	19,582,622
Current liabilities			
Loan from shareholder	18	91,802,500	--
Short-term borrowings	19	304,327,754	335,513,306
Trade and other payables	20	37,399,715	35,431,325
Other current liabilities	21	3,344,365	6,641,352
Other financial liabilities	22	32,542,262	11,947,071
Due to related parties	12	10,682,976	11,292,512
Lease liabilities	17	9,033,994	9,898,099
		489,133,566	410,723,665
Total liabilities		500,094,778	430,306,287
Total liabilities net of deficit in equity funds		409,213,375	360,353,104

AUDITORS PKF U.A.E.

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TITAN GLOBAL RETAIL L.L.C

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

(continued)

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 to 5.

Approved, authorised for issue by the shareholders on 23 June 2025 and signed on their behalf by Mr. Kuruvilla Markose.

For TITAN GLOBAL RETAIL L.L.C

DUBAI
MR. KURUVILLA MARKOSE
MANAGER

AUDITORS PKF U.A.E.

TITAN GLOBAL RETAIL L.L.C

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 AED	2024 AED
Revenue	24	503,551,375	325,013,373
Cost of sales		(439,094,038)	(263,514,734)
Gross profit		64,457,337	61,498,639
Other operating income	25	8,032,575	165,230
Administrative and selling expenses	26	(91,501,991)	(78,565,139)
Interest income	27	3,449,532	1,833,936
Finance costs	28	(27,830,044)	(14,158,964)
LOSS BEFORE TAX FOR THE YEAR		(43,392,591)	(29,226,298)
Income tax expense			
Deferred tax	29	4,114,371	--
LOSS AFTER TAX FOR THE YEAR		(39,278,220)	(29,226,298)
Other comprehensive income:			
Other comprehensive income for the year, net of tax		--	--
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(39,278,220)	(29,226,298)

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 to 5.

AUDITORS PKF U.A.E.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2025

	Share capital AED	Accumulated losses AED	Total AED
Balance at 1 April 2023	300,000	(41,026,885)	(40,726,885)
Total comprehensive income for the year	--	(29,226,298)	(29,226,298)
Balance at 31 March 2024	300,000	(70,253,183)	(69,953,183)
Issue of share capital	18,350,000	--	18,350,000
Total comprehensive Income for the year	--	(39,278,220)	(39,278,220)
Balance at 31 March 2025	**18,650,000**	**(109,531,403)**	**(90,881,403)**

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 to 5.

AUDITORS PKF U.A.E.

TITAN GLOBAL RETAIL L.L.C

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2025

	2025 AED	2024 AED
Cash flows from operating activities		
Loss before tax for the year	(43,392,591)	(29,226,298)
Adjustments for:		
Depreciation of property, plant and equipment	11,756,894	8,396,259
Amortisation of intangible assets	413,078	67,964
Finance costs	27,830,044	14,158,964
Interest Income	(3,449,532)	(1,833,936)
Gain on lease modifications and derecognition	(1,452,570)	--
(Reversal of provision)/provision for slow moving inventories	(5,794,426)	13,558,328
Provision for staff end-of-service benefits	439,111	320,193
	(13,649,992)	5,441,474
Changes in:		
- Inventories	(108,181,118)	(3,679,207)
- Trade and other receivables	62,290,406	(77,323,390)
- Other current assets	9,635,797	(7,432,043)
- Trade and other payables	1,003,243	(89,671,351)
- Other current liabilities	(3,296,987)	5,073,876
Staff end-of-service benefits paid	(48,337)	--
Interest paid	(15,731,159)	(9,338,558)
Net cash used in operating activities	(67,978,147)	(176,929,199)
Cash flows from investing activities		
Payments for property, plant and equipment	(3,098,518)	(3,618,575)
Decrease in other financial assets	--	1,000,000
Payments to related parties	(2,747,957)	--
Interest received	64,478	--
Payments for intangible assets	(1,118,569)	(566,393)
Net cash used in investing activities	(6,900,566)	(3,184,968)
Cash flows from financing activities		
Issue of share capital	18,350,000	--
Payment of lease liability (including interest)	(15,105,195)	(5,050,881)
Receipts from bank loans	304,083,000	231,306,540
Payments of bank loans	(231,306,540)	--
Payment of bank overdraft (net)	(103,962,012)	(17,475,072)
Receipt of loan from shareholder	86,943,255	111,223,565
Payment of related party loan	--	(139,283,888)
(Payments to)/ receipts from related parties (net)	(5,525,262)	1,960,673
Increase in other financial liabilities (net)	20,595,191	1,049,103
Net cash from financing activities	74,072,437	183,730,040
Net (decrease)/increase in cash and cash equivalents	(806,276)	3,615,873
Cash and cash equivalents at beginning of the year	4,987,437	1,371,564
Cash and cash equivalents at end of the year (note 13)	4,181,161	4,987,437

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 to 5.

AUDITORS PKF

1. **REPORTING ENTITY**

a) **TITAN GLOBAL RETAIL L.L.C** (the "Company") is a limited liability company registered in Dubai, United Arab Emirates, in accordance with the provisions of UAE Federal Law No. (2) of 2015, as amended (repealed by UAE Federal Law No. (32) of 2021). The registered office address is P.O. Box 371304, Dubai UAE. The Company was registered on 15 December 2019 and commenced its operations since then vide license no. 868455.

b) These financial statements include the assets and liabilities and the results of operations of the following branches of the Company:

	Name of branch	Date of incorporation	License/permit No.
i	Titan Global Retail L.L.C (branch)	28-Dec-22	1118083
ii	Titan Global Retail L.L.C (branch)	27-Oct-23	813848
iii	Titan Global Retail L.L.C (branch)	28-Nov-23	1263881
iv	Titan Global Retail L.L.C (branch)	11-Jan-24	1289593
v	Titan Global Retail L.L.C (branch)	17-Oct-23	1196542
vi	Titan Global Retail L.L.C (branch)	31-Dec-20	925775
vii	Titan Global Retail L.L.C (branch)	20-Oct-20	894626
viii	Titan Global Retail L.L.C (branch)	24-Nov-21	981016
ix	Titan Global Retail L.L.C (-Branch of Abu Dhabi)	2-Oct-22	CN-4100344
x	Titan Global Retail L.L.C (branch)	29-Apr-22	1026049
xi	Titan Global Retail L.L.C (branch)	8-Oct-22	1040376
xii	Titan Global Retail L.L.C (branch)	30-Jun-23	804351
xiii	Titan Global Retail L.L.C (branch)	5-Dec-22	22692
xiv	Titan Global Retail L.L.C (branch)	18-Dec-23	1193610
xv	Titan Global Retail L.L.C (-Branch of Abu Dhabi)	11-Jan-20	CN-4525663
xvi	Titan Global Retail L.L.C (branch)	11-Jan-20	108058
xvii	Titan Global Retail L.L.C (branch)	11-Jan-20	1101830
xviii	Titan Global Retail L.L.C (branch)	11-Jan-20	1084270
xix	Titan Global Retail L.L.C (branch)	11-Jan-20	1084290
xx	Titan Global Retail L.L.C (branch)	11-Jan-20	28394
xxi	Titan Global Retail L.L.C (branch)	11-Jan-20	559814
xxii	Titan Global Retail L.L.C (branch)	11-Jan-20	554727
xxiii	Titan Global Retail L.L.C (branch)	11-Jan-20	1085950
xxiv	Titan Global Retail L.L.C (branch)	23-Jan-22	1021462
xxv	Titan Global Retail L.L.C (branch)	7-Aug-22	1191631
xxvi	Titan Global Retail L.L.C (branch)	8-Aug-22	1198930
xxvii	Titan Global Retail L.L.C (-Branch of Abu Dhabi)	19-Oct-22	CN-4648372
xxviii	Titan Global Retail L.L.C (branch)	18-Oct-22	1221830

AUDITORS PKF U.A.E.

	Name of branch	Date of incorporation	License/permit No.
xxix	Titan Global Retail L.L.C (branch)	17-Nov-22	555092
xxx	Titan Global Retail L.L.C (branch)	1-Dec-23	1276650
xxxi	Titan Global Retail L.L.C (branch)	28-Dec-22	1118083
xxxii	Titan Global Retail L.L.C (branch)	16-Feb-23	266800
xxxiii	Titan Global Retail L.L.C (branch)	20-Jul-23	6551494
xxxiv	Titan Global Retail L.L.C (branch)	9-Feb-23	560464
xxxv	Titan Global Retail L.L.C (branch)	27-Oct-23	813848
xxxvi	Titan Global Retail L.L.C (branch)	2-Feb-24	1289593
xxxvii	Titan Global Retail L.L.C (branch)	22-Aug-23	1217665
xxxviii	Titan Global Retail L.L.C (Shj BR branch-2)	20-Dec-24	902421
xxxix	Titan Global Retail L.L.C (branch)	11-Nov-24	1437807
xxxx	Titan Global Retail L.L.C (Shj BR branch-4)	06-Feb-25	914306
xxxxi	Titan Global Retail L.L.C (branch)	21-Jan-25	1601291
xxxxii	Titan Global Retail L.L.C (branch)	17-Dec-24	1591710
xxxxiii	Titan Global Retail L.L.C (branch)	19-Jul-24	1024297
xxxxiv	Titan Global Retail L.L.C (branch)	25-Jul-24	P-22458

c) The principal activity of the Company is trading in jewellery, watches, spectacles and precious stones.

d) The parent company is Titan Holdings International FZCO, a company incorporated in Dubai, UAE and the ultimate parent company is Titan Company Limited, a public listed company having its registered office in Bangalore, India.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1 April 2024 and the requirements of UAE Federal Law No. (32) of 2021.

b) Basis of measurement

The financial statements are prepared using historical cost, except certain derivative financial instruments carried at fair value.

Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

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.

c) Going concern

The financial statements are prepared on a going concern basis.

AUDITORS PKF U.A.E.

When preparing the financial statements, management makes an assessment of the Company's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company incurred a loss of AED 39,278,220 for the year ended 31 March 2025 and at that date, the Company's losses aggregated to AED 109,531,403, its current liabilities exceeded its current assets by AED 118,973,554 and it had a net deficit of AED 90,881,403 in equity funds. The Company also has bank borrowings of AED 304,327,754 (note 19) which are due for repayment in next twelve months. These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

However, the ultimate parent company has agreed to provide continuing financial support to enable the Company to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis.

Further, since the losses of the Company exceeded 50% of the share capital, as required by Article 308 of the UAE Federal Law No. (32) of 2021, the Manager referred the matter in the General Meeting in which the shareholder resolved that the Company shall continue its operations.

d) **Adoption of new standards**

Standards, amendments, improvements and interpretations effective for the current period

The following amendments, improvements and interpretations which became effective for current period, did not have any significant impact on the Company's financial statements:

- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangement
- Amendments to IAS 1 Presentation of Financial Statements relating to Classification of Liabilities as Current or Non-Current
- Amendments to IAS 1 – Non-current Liabilities with Covenants
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback
- Amendments to IAS 21 - Lack of Exchangeability
- Amendments to the SASB (Sustainability Accounting Standards Board) standards to enhance their international applicability
- IFRS S1 General Requirements for Disclosure of Sustainability Related Financial Information and IFRS S2 Climate Related Disclosures

New and revised IFRS Accounting Standards in issue but not yet effective and not early adopted

The following standards, amendments, improvements and interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold to an associate or a joint venture (The IASB postponed the effective date of this amendment indefinitely - Early adoption is permitted)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7) (1 January 2026)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) (1 January 2026)
- IFRS 18 Presentation and Disclosures in Financial Statements (1 January 2027)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (1 January 2027)

e) **Functional and presentation currency**

The financial statements are presented in UAE Dirhams ("AED") which is also the Company's functional currency.

3. **MATERIAL ACCOUNTING POLICIES**

The material accounting policies adopted, and which have been consistently applied, are as follows:

a) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of the assets as follows:

Right-of-use-assets	1-8 years
Computers and servers	3 years
Equipment, tools and spares	5 years
Leasehold improvements	5 years
Office equipment	5 years

The Company has presented right-of-use assets representing the right to use the underlying assets under property, plant and equipment [Refer notes 3 (k) and 6].

Capital work-in-progress is stated at cost less any impairment losses and is not depreciated. This will be depreciated from the date the relevant assets are ready for use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the expenditure will flow to the Company and such cost can be measured reliably

All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

AUDITORS PKF

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other income/expenses' in profit or loss.

b) **Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses. The cost of computer software is amortised over 3 years.

An assessment of amortisation method and useful lives is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the amortisation charge.

c) **Impairment of tangible and intangible assets**

At each reporting date, the management reviews the carrying amounts of its tangible assets (including right-of-use assets) and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. 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. Where it is not possible to estimate the recoverable amount of an individual asset, the acquirer estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in 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 (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, 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.

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d) **Value added tax**

As per the Federal Decree-Law No. (08) of 2017, Value Added Tax (VAT), is charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person.

The Company pays Value Added Tax (VAT) on every taxable supply and deemed supply, in accordance with the applicable commercial VAT laws. Non-recoverable input VAT is charged to the relevant expenditure category or included in costs of non-current assets. The Company files its VAT returns and computes the payable tax (which is output tax less input tax) for the allotted tax periods and deposits the same within the prescribed due dates of filing VAT return and tax payment. VAT receivable and VAT payable are offset and the net amount is reported in the statement of financial position as the Company has a legally enforceable right to offset the recognised amounts and has the intention to settle the same on net basis.

e) **Income and deferred tax**

Tax expense for the year comprises of current income tax and deferred tax. Current tax is measured by the amount of tax expected to be paid to the federal tax authorities on the taxable profits after considering tax allowances and exemptions and applying the applicable tax rates and laws. Deferred tax is recognised on the temporary differences between the accounting base and the tax base for the year and quantified using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date.

Deferred tax is recognised using the balance sheet approach. Deferred tax assets and liabilities are recognised for non-deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in the financial statements, except when the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred tax asset is recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax liabilities are recognised for all taxable temporary differences.

Current tax and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amount and there is an intention to settle the asset and liability on a net basis.

f) **Inventories**

Inventories (other than where hedge contracts have been entered into for quantities of gold and accounted for as fair value hedge) are stated at the lower of cost and net realisable value. Cost of jewellery, watches and eyewear is arrived at using specific identification method. The cost comprises invoice value plus applicable landing charges less discounts. Net realisable value is based on estimated selling price less any estimated cost of completion and disposal.

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g) **Staff benefits**

The Company provides staff end-of-service benefits to its non-UAE national employees as per the applicable local laws, the entitlement to these benefits is based on the employees' last drawn basic salary and length of services which is accrued over the period of employment. Provision for staff end of services benefits are disclosed as non-current liability.

Provision is also made for employees' entitlement to annual leave salary and air passage for eligible employees as per the policy of the Company. Provision relating to annual leave salary and air passage is disclosed as current liability as employees are entitled to redeem these benefits at any point of time after the reporting period.

U.A.E national employees of the Company are members of the Government-managed retirement pension and social security benefit scheme pursuant to Federal Labour Law no. 7 of 1999 and Federal Labour Law no. 57 of 2023. As per the requirements of Federal Law no. 7 of 1999, the Company is required to contribute 15% of the "contribution calculation salary" of payroll costs to the retirement benefit scheme to fund the benefits. The employees are required to contribute 5% of the "contribution calculation salary" to the scheme. However, as per Federal Decree Law no. 57 of 2023, the employees registered after 31 October 2023 for the first time with General Pension and Social Security Authority (GPSSA) shall contribute 11% of the "contribution calculation salary" to the scheme. If the "contribution calculation salary" is less than AED 20,000, the employer's contribution will be restricted to 12.5% and the remaining 2.5% will be contributed by the Government. The only obligation of the Company with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to profit or loss.

h) **Statutory reserve**

In accordance with the U.A.E. Federal Law No. 32 of 2021 on Commercial Companies, the Company is required to establish a statutory reserve by appropriation of 5% of net profit until the reserve equals 50% of the share capital. The shareholders may resolve to discontinue such deduction when the reserve totals 50% of the paid-up share capital. The reserve is not available for distribution except as provided in the Federal Law. During the year, no transfer of statutory reserve has been made on account of loss incurred by the Company.

i) **Revenue recognition**

The Company is in the business of trading of jewellery, watches, spectacles and precious stones.

Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

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1. Identify the contracts with customers: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a goods to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties.
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 amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the Company satisfies a performance obligation at a point in time or over time.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

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

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied. The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

Sale of goods

The Company has concluded that revenue from sale of goods should be recognised at a point in time when the control of the asset is transferred to the customer, generally on delivery of the goods.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of transaction price needs to be allocated.

In determining the transaction price for the sale of goods, the Company considers the effect of significant financing components.

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The Company receives short-term advance from its customers. As the period between the transfer of promised goods or services to the customer and when the customer pays for those goods or services is expected to be less than one year, the Company has used the practical expedient in IFRS 15 and not adjusted the consideration for significant financing component.

j) **Interest income**

Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

k) **Leases**

The Company leases office space. Rental contracts are typically made for period ranging from 1 to 8 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenant, however leased assets are not used as security for borrowing purposes.

Right-of-use assets

The Company recognises right-of-use assets at 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 reimbursement of lease liabilities. The cost of right-of-use assets includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial costs and
- restoration costs.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

The Company recognises lease liabilities at the commencement date of the lease. The lease liabilities are measured at the net 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;
- amounts expected to be paid under residual value guarantees;
- 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.

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The Company uses its incremental borrowing rate as the discount rate in calculating the present value of lease payments and uses the incremental borrowing rate at the commencement date of the lease if the profit rate implicit in the lease is not readily determinable. Further, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance lease payments or a change in the assessment to purchase the underlying asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases
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). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

l) **Cash and cash equivalents**
Cash and cash equivalents comprise cash, bank current accounts, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

m) **Foreign currency transactions**
Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

n) **Borrowing costs**
Borrowing costs are recognised as an expense in the period in which they are incurred except those that are attributable to the acquisition and construction of an asset that necessarily takes a substantial period to get ready for its intended use ("qualifying asset"). Such borrowing costs are capitalised as part of the related qualifying asset up to the date the qualifying asset is ready for use.

o) **Provisions**
A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

p) **Contingencies and commitments**

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

q) **Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period. or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period. or,
- There is no right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

r) **Financial instruments**

Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; debt investment at fair value through other comprehensive income; equity investment at fair value through other comprehensive income; or fair value through profit or loss.

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The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding. This assessment is referred to as the solely payments of principal and interest test and is performed at an instrumental level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cashflows, selling the financial assets, or both.

Financial liabilities are classified as financial liabilities at fair value through profit or loss or at amortised cost. The Company determines the classification of its financial liabilities at initial recognition.

Recognition
Financial assets and financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

Derecognition
Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) the Company has transferred substantially all the risks and rewards of the asset,

    or
  - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities are de-recognised when, and only when, they are extinguished i.e., when obligation specified in the contract is discharged, cancelled or expired.

Measurement
A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit and loss.

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All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income or at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies apply to the subsequent measurement of financial assets and liabilities.

Financial assets

Financial assets at amortised cost

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through other comprehensive income on initial recognition) using the effective interest method.

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The financial assets at amortised cost comprise of trade and other receivables, due from related parties, cash and cash equivalents and other financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss.

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Financial liabilities at amortised cost
Financial liabilities at amortised cost comprise of trade and other payables, lease liabilities (current and non-current), due to related parties, other financial liabilities and borrowings (short-term and long-term).

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

Financial liabilities at fair value through profit or loss consists of derivative financial liabilities

Impairment of financial assets
The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Loss allowances are measured on either of the following basis:

- 12-month expected credit loss: expected credit loss that result from possible default events within 12 months after the reporting date; and
- Lifetime expected credit loss: expected credit losses that result from all possible default events over the expected life of a financial instrument.

The Company measures the loss allowance at an amount equal to lifetime expected credit losses, except for the following which are measured as 12-month expected credit losses:

- Bank balances, other financial assets and other receivables for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company has elected to measure loss allowances for trade receivables at an amount equal to lifetime expected credit losses. The Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:

- The customer is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 365 days past due.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset. For financial assets carried at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income, instead of reducing the carrying amount of the asset.

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

Equity
Share capital is recorded at the value of proceeds received towards interest in share capital of the Company.

s) **Derivatives financial instruments**

Derivatives that qualify for hedge accounting
The management has applied hedge accounting for its derivative financial instruments. The management applies hedge accounting only if all of the following conditions are met:

- There is formal designation and written documentation at the inception of the hedge;
- The effectiveness of the hedging relationship can be measured reliably. This requires the fair value of the hedging instrument, and the fair value or cash flows of the hedged item with respect to the risk being hedged, to be reliably measurable;
- The hedge is expected to be highly effective in achieving fair value or cash flow offsets in accordance with the original documented risk management strategy; and
- The hedge is assessed and determined to be highly effective on an ongoing basis throughout the hedge relationship. A hedge is highly effective if changes in the fair value of the hedging instrument, and changes in the fair value or expected cash flows of the hedged item attributable to the hedged risk.

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk.

At inception of the hedge, the management designates hedge either as a cash flow hedge or as a fair value hedge. The designation is done at inception of the hedge. At inception of the hedge, the management establishes formal documentation of the hedge relationship. The method an entity adopts depends on its risk management strategy and hedge accounting systems and practices. The method that will be used in measuring hedge effectiveness is specified in the hedge documentation.

The hedge documentation prepared at inception includes a description of the following:

- Risk management objective and strategy for undertaking the hedge;
- The nature of the risk being hedged;
- Clear identification of the hedged item the asset, liability, firm commitment or cash flows arising from a forecast transaction and the hedging instrument; and
- How hedge effectiveness will be assessed both prospectively and retrospectively. The entity describes the method and procedures in sufficient detail to establish a firm and consistent basis for measurement in subsequent periods for the particular hedge.

A hedging relationship meets the hedge effectiveness requirements if there is an economic relationship between the hedged item and the hedging instrument, the effect of credit risk does not dominate the value changes that result from the economic relationship and the hedge ratio of the hedging relationship is the same as that resulting from the quantities of the hedged item that the entity actually hedges and the hedging instrument used to hedge that quantity of hedged item.

In a fair value hedge, any ineffectiveness is automatically recognised in the consolidated statement of comprehensive income because changes in the measurement of both the hedging instrument and the hedged item are reported through the consolidated statement of comprehensive income except if the hedging instrument hedges an equity investment for which the management has elected to present changes in fair value in other comprehensive income.

t) **Fair value measurement**

The Company measures financial instruments, such as financial assets at fair value through profit or loss at fair value at each reporting date. The Company also discloses the fair value of financial instruments measured at amortised cost.

The 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In addition, the fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement are observable and significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

u) **Events after the reporting period**

If the Company receives information after the reporting period, but prior to the date of authorisation for issue of the financial statements, about conditions that existed at the end of the reporting period, it assesses whether the information affects the amounts that it recognises in its financial statements. The Company adjusts the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Company does not change the amounts recognised in its financial statements, but discloses the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

4. **JUDGEMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES**

Following are the judgments made in applying accounting policies, that affect the application of the Company's accounting policies and the amounts recognised in the financial statements:

Classification of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

Impairment

At each reporting date, management conducts an assessment of property, plant and equipment (including right-of-use assets) and intangible assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

The Company applies expected credit loss model to measure loss allowance in case of financial assets on the basis of 12-month expected credit loss or Lifetime expected credit loss depending on credit risk characteristics and how changes in economic factors affect expected credit loss, which are determined on a probability-weighted basis.

Leases

Determining the lease term

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 has the option, under some of its leases to lease the assets for additional years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. The Company 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.

The right-of-use assets and lease liabilities recognised are mainly determined based on the Company's expected lease renewal terms derived primarily from the Company's long-term business plans.

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"), which ranges from 4.11% to 6.96%, due to the absence of implicit rates in the lease contracts.

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Management has applied judgments and estimates to determine the IBR, using borrowing rates that certain financial institutions would charge the Company against financing the different types of assets it leases over different terms and different ranges of values. IBR is further adjusted for Company's specific risk, term risk and underlying asset risk. Majority of the leases are present in the UAE and accordingly no adjustment for the economic environment was deemed required.

Recognition of revenue and allocation of transaction price

Identification of performance obligations

The Company determined that the sale of goods is provided as a single component to customers and accordingly it becomes single performance obligation in respect of the goods being sold.

Determine timing of satisfaction of performance obligation

For sale of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods

The Company concluded that the revenue from sales of goods is to be recognised at a point in time when the control of the goods has transferred to the customers.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Following are the key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management. Revisions to estimates are recognised prospectively.

Carrying values of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Inventory provisions

Management regularly undertakes a review of the Company's inventory, stated at AED 346,317,010 (previous year AED 238,135,892) in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

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Fair value of financial assets
The fair values of financial instruments that are not traded on an active market are determined using valuation techniques. The Company uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. The key assumptions used and the impact of changes in these assumptions is provided in Note 3(t).

Impairment
Assessments of net recoverable amounts of property, plant and equipment (including right-of-use assets) and intangible assets is based on assumptions regarding future cash flows expected to be received from the related assets.

Impairment of financial assets
The loss allowance for financial assets is based on assumptions about the risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 3(r).

Deferred tax
Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Staff end-of-service benefits
The Company computes the provision for the liability to staff end-of-service benefits stated at AED 949,198 (previous year AED 558,424), assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

Going concern assessment
As at the reporting date, the Company incurred a loss of AED 39,278,220 for the year ended 31 March 2025 and at that date, the Company's losses aggregated to AED 109,531,403, which is more than 50% of its share capital, and its current liabilities exceeded its current assets by AED 118,973,554. Notwithstanding these facts, the financial statements of the Company have been prepared on a going concern basis as the management of the Company believes that the future operations of the Company will generate sufficient profits and cashflows. Further, as required by Article 308 of the UAE Federal Law No. (32) of 2021, the shareholder resolved to continue its operations in the General Meeting.

6. PROPERTY, PLANT AND EQUIPMENT

	Capital work-in-progress [a]	Right-of-use assets[b]	Computers and servers	Equipment, tools and spares	Leasehold Improvements	Office equipment	Total
	AED	AED	AED	AED	AED	AED	AED
Cost							
At 1 April 2023	3,456,143	14,742,414	324,338	367,607	3,248,910	770,049	22,909,461
Additions	3,618,575	23,334,749	--	--	--	--	26,953,324
Transfer	(5,991,707)	--	271,419	1,006,282	3,854,336	859,670	--
At 31 March 2024	1,083,011	38,077,163	595,757	1,373,889	7,103,246	1,629,719	49,862,785
Additions	3,098,518	7,075,843	--	--	--	--	10,174,361
Adjustment on lease modification (net)	--	1,837,247	--	--	--	--	1,837,247
Adjustment on de recognition	--	(4,258,359)	--	--	--	--	(4,258,359)
Transfer	(2,614,330)	--	308,440	374,466	1,448,627	482,797	--
At 31 March 2025	1,567,199	42,731,894	904,197	1,748,355	8,551,873	2,112,516	57,616,034
Accumulated depreciation							
At 1 April 2023	--	4,781,414	134,793	127,571	850,475	118,005	6,012,258
Depreciation	--	6,666,254	167,626	158,931	1,142,386	261,062	8,396,259
At 31 March 2024	--	11,447,668	302,419	286,502	1,992,861	379,067	14,408,517
Depreciation	--	9,233,240	179,711	327,464	1,606,754	409,725	11,756,894
Adjustment on de-recognition	--	(667,978)	--	--	--	--	(667,978)
At 31 March 2025	--	20,012,930	482,130	613,966	3,599,615	788,792	25,497,433
Carrying amount							
At 1 April 2023	3,456,143	9,961,000	189,545	240,036	2,398,435	652,044	16,897,203
At 31 March 2024	1,083,011	26,629,495	293,338	1,087,387	5,110,385	1,250,652	35,454,268
At 31 March 2025	1,567,199	22,718,964	422,067	1,134,389	4,952,258	1,323,724	32,118,601

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a) Capital work-in-progress represent payment made towards civil work and renovation of stores. Related capital commitments are disclosed in note 31.

b) It represents leasehold interest in retail stores premises capitalised as right-of-use assets. The leases are for period ranging from 1 to 8 years.

7. INTANGIBLE ASSETS

	Computer software AED
Cost	
At 1 April 2023	--
Additions	566,393
At 31 March 2024	566,393
Additions	1,118,569
At 31 March 2025	**1,684,962**
Accumulated amortisation	
At 1 April 2023	--
Amortisation	67,964
At 31 March 2024	67,964
Amortisation	413,078
At 31 March 2025	**481,042**
Carrying amount	
At 1 April 2023	--
At 1 March 2024	498,429
At 31 March 2025	**1,203,920**

8. DEFERRED TAX ASSESTS

	2025 AED	2024 AED
The balance comprises temporary differences attributable to:		
Tax losses	2,205,451	--
Interest disallowed in the current year allowable for carry forward	1,908,920	--
Total	4,114,371	--
Movement of deferred tax asset / liability		
Opening balance	--	--
Credited to statement of profit or loss	4,114,371	--
Closing balance	4,114,371	--

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	2025 AED	2024 AED
9. INVENTORIES		
Goods held-for-sale	346,317,010	238,135,892
Less: Provision for slow moving inventories	(8,829,722)	(14,624,148)
	337,487,288	223,511,744

A reconciliation of the movements in the provision for slow moving inventories is as follows:

Opening balance	14,624,148	1,065,820
(Reversal of provision)/provision made during the year	(5,794,426)	13,558,328
Closing balance	8,829,722	14,624,148

An age analysis of inventories as at the reporting date is as follows:

0-90 days	120,242,014	52,680,638
91-180 days	95,852,544	40,960,850
181-365 days	47,455,047	33,109,122
Over 365 days	82,767,405	111,385,282
	346,317,010	238,135,892

10. TRADE AND OTHER RECEIVABLES		
Trade receivables	12,572,064	76,869,939
Deposits [a]	2,878,735	1,895,114
Other receivables	6,563,292	2,154,390
	22,014,091	80,919,443

a) Deposits amounting to AED 1,616,471 pertains to long term leases. Accordingly, these have been classified as non-current asset.

Disclosed as:		
Non-current assets	1,616,471	1,100,014
Current assets	1,262,264	795,100
	2,878,735	1,895,114

An age analysis of trade receivables as at the reporting date is as follows:

Trade receivables past due and not impaired		
0 to 1 month	--	2,411,893
1 to 3 months	--	34,532,444
3 to 6 months	6,291,000	25,799,727
6 months to 1 year	4,227	9,139,136
Over 1 year	6,276,837	4,986,739
	12,572,064	76,869,939

The Company does not hold any collateral against trade receivables (previous year Nil)

The information about credit exposure is disclosed in note 30.

	2025 AED	2024 AED
11. OTHER CURRENT ASSETS		
Prepayments	1,335,701	5,773,057
Advances for goods and services	1,282,954	7,374,790
VAT receivables	893,395	--
	3,512,050	13,147,847

12. RELATED PARTIES

The Company enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and are at prices determined by the management.

Name of related parties and description of relationship is as follows:

Name	Nature of Relationship
Titan Holding International FZCO	Parent Company
Titan Company Limited	Ultimate Parent Company
TCL North America Inc.	Company under common management
Titan International QFZ LLC	Company under common management
Mr. Kuruvilla Markose	Manager
Mr. Ashok Kumar Sonthalia	Director
Mr. Ajoy Hiro Chawla	Director

At the reporting date significant balances with related parties were as follows:

	Parent company	Ultimate parent company	Companies under common ownership and/or common management control	Total 31.03.2025	Total 31.03.2024
	AED	AED	AED	AED	AED
Trade and other receivables	2,000	--	12,473,174	12,475,174	
	1,000	--	76,479,586		76,480,586
Trade and other payables	--	7,520,395	--	7,520,395	
	--	21,658,807	--		21,658,807
Due from related parties [a]	--	--	4,581,893	4,581,893	
	--	--	1,833,936		1,833,936
Due to related parties [a]	4,859,244	5,482,586	341,146	10,682,976	
	--	10,655,415	637,097		11,292,512
Loan from shareholder [a]	91,802,500	--	--	91,802,500	
	--	--	--		--

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in notes 30.

a) The balances due from/ due to related parties are unsecured, interest-free and are repayable on demand. The ultimate parent Company have provided guarantees against amounts due from related parties.

Significant transactions with related parties during the year were as follows:

	Parent company AED	Ultimate parent company AED	Companies under common ownership and/or common management control AED	Total 31 .03.2025 AED	Total 31 .03.2024 AED
Sales	--	--	125,001,485	125,001,485	
	--	--	76,479,586		76,479,586
Purchases	--	252,169,793	--	252,169,793	
	--	148,649,867	--		148,649,867
Finance costs	4,859,245	4,915,726	--	9,774,971	
	--	3,687,137	--		3,687,137
Interest Income	--	--	3,385,054	3,385,054	
	--	--	1,833,936		1,833,936
Commission expense on corporate guarantee	--	345,625	--	345,625	
	--	601,930	--		601,930
Professional and service charges (shared services)	--	410,315	--	410,315	
	--	242,833	--		242,833

	2025 AED	2024 AED
13. CASH AND CASH EQUIVALENTS		
Cash on hand	2,371,427	1,783,273
Bank balance in current accounts	1,809,734	3,204,164
	4,181,161	4,987,437

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting year at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting year are past due and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

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14. SHARE CAPITAL		
Issued and paid up		
18,650 shares of AED 1,000 each (previous year 300 shares of AED 1,000 each)	18,650,000	300,000

During the year, vide amendment to memorandum of association dated 20 November 2024, the shareholding structure of the Company was changed. Accordingly, the shareholders and their interest as at the reporting dates in the share capital of the Company were as follows:

Name	At 31 March 2025 No. of shares	At 31 March 2025 AED	At 31 March 2024 No. of shares	At 31 March 2024 AED
Titan Holdings International FZCO	18,650	18,650,000	299	299,000
Kuruvilla Markose	--	--	1	1,000
	18,650	**18,650,000**	**300**	**300,000**

	2025 AED	2024 AED
15. LONG-TERM BORROWINGS		
Opening balance	--	28,060,323
Receipts during the year	--	111,223,565
Repayments during the year	--	(139,283,888)
Closing balance	--	--

This represented interest free long-term loan with no fixed repayment schedule obtained from Titan Holding International FZCO, the parent company. The loan was fully repaid by the Company during the previous year.

	2025 AED	2024 AED
16. PROVISION FOR STAFF END-OF-SERVICE BENEFITS		
Opening balance	558,424	238,231
Provision made during the year	439,111	320,193
Paid during the year	(48,337)	--
Closing balance	949,198	558,424

17. LEASE LIABILITIES

	2025 AED	2024 AED
Lease liabilities for long-term lease of retail store space	19,046,008	28,922,297

Disclosed in the statement of financial position as follows:

	2025 AED	2024 AED
Non-current liabilities	10,012,014	19,024,198
Current liabilities	9,033,994	9,898,099
	19,046,008	28,922,297

A reconciliation of the movements in the lease liabilities is as follows:

	2025 AED	2024 AED
Opening balance	28,922,297	9,505,160
Lease liabilities for the year	7,075,843	23,334,749
Adjustment on lease modification	904,473	
Adjustment on de-recognition	(4,110,177)	--
Finance cost for the year	1,358,767	1,133,269
Payments made during the year	(15,105,195)	(5,050,881)
Closing balance	19,046,008	28,922,297

	2025 AED	2024 AED
A maturity analysis of undiscounted lease liabilities is as follows:		
0 – 6 months	4,194,100	4,196,470
6 months – 1 year	6,243,719	5,701,629
1 year – 5 years	11,354,084	19,431,564
	21,791,903	29,329,663

Reconciliation of undiscounted lease liabilities to the lease liabilities as stated in the statement of financial position is as follows:

Lease payments due	21,791,903	29,329,663
Less: Finance cost on leases	(2,745,895)	(407,366)
Disclosed in the statement of financial position	19,046,008	28,922,297

18. LOAN FROM SHAREHOLDER

Opening balance	--	--
Receipt during the year	91,802,500	--
Closing balance	91,802,500	--

This represents a short-term taken from the parent company, Titan Holdings International FZCO. The loan is repayable on demand and carries a fixed interest rate of 7% per annum.

19. SHORT-TERM BORROWINGS

Bank overdrafts	244,754	104,206,766
Bank loans	304,083,000	231,306,540
	304,327,754	335,513,306

An analysis by bank of amount outstanding is as follows

Standard Chartered Bank[(a)]	244,754	104,206,766
MUFG Bank[(b)]	--	231,306,540
Deutsche Bank AG[(c)]	11,017,500	--
DBS Bank[(d)]	183,625,000	--
HDFC Bank[(d)]	109,440,500	--
	304,327,754	335,513,306

(a) The bank overdraft is obtained from Standard Chartered Bank and is secured by the letter of comfort issued by the ultimate parent company.

(b) The bank loans were obtained from MUFG Bank and were secured by the corporate guarantees and letter of credits issued by the ultimate parent company. This loan has been repaid in full during the current year. This loan is secured by the letter of comfort issued by the ultimate parent company.

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(c) This represents a short-term credit facility obtained from Deutsche Bank AG in the form of Post Import Finance. This facility is repayable on 30 April 2025 and is therefore classified as a short-term borrowing. This loan is secured by the letter of comfort issued by the ultimate parent company.

(d) These represent short-term credit facilities obtained in the form of uncommitted revolving short term loan facilities. These loans are repayable in the months of May and June 2025 and are therefore classified as short-term borrowings. This loan is secured by the letter of comfort issued by the ultimate parent company.

A maturity analysis of short-term bank borrowings is as follows:

	2025 AED	2024 AED
Overdrafts	244,754	104,206,766
0 - 1 months	11,017,500	165,218,957
1 – 3 months	293,065,500	66,087,583
Presented as current liabilities	304,327,754	335,513,306

20. TRADE AND OTHER PAYABLES

	2025	2024
Trade payables	27,567,666	29,685,604
Accrued interest	965,147	--
Other accruals	7,356,709	5,745,721
Other payables	1,510,193	--
	37,399,715	35,431,325

The entire trade and other payables are due for payment within one year from the reporting date.

21. OTHER CURRENT LIABILITIES

	2025	2024
Advance for goods and services	1,975,358	5,249,353
VAT payable (net)	--	1,359,012
Employee related payables	1,347,864	16,390
Other liabilities	21,143	16,597
	3,344,365	6,641,352

22. OTHER FINANCIAL LIABILITIES

Financial liabilities at fair value through profit or loss (FVTPL):

	2025	2024
Derivative instruments[(a)]	32,542,262	11,947,071

(a) Derivative instruments at fair value through profit or loss are forward contracts taken by the Company and carried at fair value as at the reporting date. These instruments are disclosed under current liability since the settlement date is within twelve months from the reporting date.

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23. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to ensure that the Company continues as a going concern and to provide the shareholders with a rate of return on their investment commensurate with the level of risk assumed.

Capital comprises equity funds as presented in the statement of financial position together with loan from a shareholder. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The Company is subject to externally imposed capital requirements as per provisions of the Article 308 of the UAE Federal Law No. (32) of 2021 and bank facilities availed. As referred in note 2 (c) to the financial statements, since the losses of the Company exceeded 50% of its share capital, the Manager referred the matter in the General meeting in which the shareholders have resolved to continue with the operations of the Company.

Funds generated from internal accruals together with funds received from related parties net of funds provided to related parties, if any are retained in the business, to limit bank borrowings within covenants and according to the business requirements and maintain capital at desired levels.

24. REVENUE

The Company generates revenue from the transfer of goods at a point in time. The disaggregated revenue from contracts with customers by geographical segments, type of goods and timing of recognition is presented below. The management believes that this best depicts the nature, amount and timing of the Company's revenue and cash flows.

	2025 AED	2024 AED
Primary Geographical segments		
- American countries	116,567,407	56,848,386
- United Arab Emirates	358,243,173	248,533,787
- Other Middle East countries	14,437,507	19,631,200
- Other Asian countries	14,303,288	--
	503,551,375	325,013,373
Type of goods		
Trading		
- Jewellery	485,458,482	312,014,766
- Watches	14,577,069	10,900,613
- Spectacles	3,515,824	2,097,994
	503,551,375	325,013,373
Timing of revenue recognition		
- At a point in time	503,551,375	325,013,373

25 OTHER OPERATING INCOME

	2025 AED	2024 AED
After sales service income	379,653	153,298
Reversal of provision for slow-moving inventories (net)	5,794,426	--
Gain on modification of lease	932,774	--
Gain on derecognition of lease	519,796	--
Net exchange gain	380,888	--
Miscellaneous income	25,038	11,932
	8,032,575	165,230

26. ADMINISTRATIVE AND SELLING EXPENSES

	2025 AED	2024 AED
Staff salaries and benefits	20,086,929	12,749,897
Staff end-of-service gratuity	439,111	320,193
Depreciation of property, plant and equipment	11,756,894	8,396,259
Amortisation of intangible assets	413,078	67,964
Advertising and publicity expenses	30,017,591	23,624,457
Travel expenses	1,338,270	883,072
Provision for slow-moving inventories	--	13,558,328
Short-term lease expenses	3,358,549	2,029,231
Recruitment expenses	778,060	612,942
Commission expenses	12,228,262	8,569,010
Registration and License fees	1,433,171	1,055,760
Insurance expenses	296,683	438,555
Professional and Legal services	1,549,473	935,604
Telephone expense	478,053	324,448
Courier charges	77,845	185,878
Repairs and maintenance expenses	175,136	180,569
Power fuel and water charges	299,619	154,262
Printing and stationery expenses	169,563	128,683
Other expenses	6,605,704	4,350,027
	91,501,991	78,565,139

27. INTEREST INCOME

	2025 AED	2024 AED
On fixed deposits	64,478	--
On overdue trade receivable balances	3,385,054	1,833,936
	3,449,532	1,833,936

28. FINANCE COSTS

	2025 AED	2024 AED
On lease liabilities	1,358,767	1,133,269
On supplier balances	4,915,726	3,687,137
On shareholder's loan	4,859,245	--
On bank borrowings	16,696,306	9,338,558
	27,830,044	14,158,964

29. INCOME TAX EXPENSE

On 9 December 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 has become effective for accounting periods beginning on or after 1 June 2023.

As the Company's accounting year begins on 1 April, the first tax period will be the period from 1 April 2024 to 31 March 2025, with the respective tax return to be filed on or before 30 September 2025. UAE CT Law specifies that a tax rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000.

This note provides an analysis of the Company's income tax expense and shows the amounts which are recognised directly in equity and the impact of tax expense which is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax position.

	2025 AED	2024 AED
Statement of financial position:		
Deferred tax asset	4,114,371	--
Statement of profit or loss:		
Deferred tax income	4,114,371	--
Relationship between tax expenses and accounting profits:		
Loss for the year before tax	(43,392,591)	--
Add: Disallowed expenses	28,689,586	--
Taxable income/(loss) for the year	(14,703,005)	--
Deferred tax at the applicable rate of 15% as per OECD BEPS Pillar Two	2,205,451	--
Deferred tax on disallowed interest expense to be carried forward at the applicable rate of 15% as per OECD BEPS Pillar Two	1,908,920	--
Total deferred tax assets	4,114,371	--

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30. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial instruments

Classification and fair values

The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:

	Fair value through profit or loss		At amortised cost	
	2025 AED	2024 AED	2025 AED	2024 AED
Financial assets				
Trade and other receivables	--	--	22,014,091	80,919,443
Due from related parties	--	--	4,581,893	1,833,936
Cash and cash equivalents	--	--	4,181,161	4,987,437
	--	--	30,777,145	87,740,816
Financial liabilities				
Loan from shareholder	--	--	91,802,500	--
Bank borrowings	--	--	304,327,754	335,513,306
Trade and other payables	--	--	37,399,715	35,431,325
Due to related parties	--	--	10,682,976	11,292,512
Other financial liabilities	32,542,262	11,947,071	--	--
Lease liabilities (current and non-current)	--	--	19,046,008	28,922,297
	32,542,262	11,947,071	463,258,953	411,159,440

Fair value measurement and disclosures

The management assesses the fair values of all its financial assets and financial liabilities at each reporting date.

The fair values of cash and cash equivalents, trade and other receivables, due from related parties, loan from shareholder, trade and other payables, other financial liabilities, current lease liabilities, due to related parties and bank borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to determine the fair values of other financial liabilities:

Fair values of non-current lease liabilities is estimated by discounting future cash flows using rates currently available for debts on similar items, credit risk and remaining maturities. As at the reporting date, the carrying amounts of such liabilities, are not materially different from their fair values.

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The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Commodity forward contracts are valued using valuation techniques, which employ the use of market observable inputs.

The following tables detail the Company's fair values of assets and liabilities measured and recognised at their fair value categorised by the following levels:

- Level 1: Quoted market 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 (as prices) or indirectly (derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1		Level 2		Level 3		Total	
	2025 AED	2024 AED	2025 AED	2024 AED	2025 AED	2024 AED	2025 AED	2024 AED
Other financial liabilities	--	--	32,542,262	11,947,071	--	--	32,542,262	11,947,071

Financial risk management

Risk management objectives

Risk is inherent in the Company's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability. The Company's risk management focusses on actively securing short to medium term cash flows by minimising the exposure to financial markets.

The primary risks to which the business is exposed, which are unchanged from the previous year, comprise credit risks, liquidity risks and market risks (including cash flow interest rate risks and fair value interest rate risks).

The management of the Company reviews and agrees policies for managing each of these risks which are summarised below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk is managed by assessing the creditworthiness of potential customers and the Potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

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The Company buys and sells goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US dollars to which the UAE Dirhams is pegged.

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally bank accounts, trade and other receivables and amount due from related parties.

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

Borrowing facilities are regularly reviewed to ensure that the Company obtains the best available pricing, terms and conditions on its borrowings.

The management assesses the credit risk arising from trade and other receivables and related parties taking into account their financial position, past experience and other factors. Based on the assessment individual risk limits are determined.

At the reporting date, 99% of trade receivables was due from two customers (previous year 99% of trade receivables was due from two customers).

At the reporting date, the Company's trade receivable balances are from customers engaged in similar business in which the Company operates.

The Company uses an allowance matrix to measure the expected credit losses of trade receivables, which comprise a number of balances. Loss rates are calculated using a 'flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Flow rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

Based on the assessment, the management believes that no impairment provision is required under IFRS 9.

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

	Less than one year		One to five years		Over five years		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	AED	AED	AED	AED	AED	AED	AED	AED
Bank borrowings	304,327,754	335,513,306	--	--	--	--	304,327,754	335,513,306
Loan from shareholder	91,802,500	--	--	--	--	--	91,802,500	--
Trade and other payables	37,399,715	35,431,325	--	--	--	--	37,399,715	35,431,325
Due to related parties	10,682,976	11,292,512	--	--	--	--	10,682,976	11,292,512
Lease liabilities	10,437,819	9,898,099	11,354,084	19,431,564	--	--	21,791,903	29,329,663

Market risk

Market risk is the risk that the changes in market prices, such as foreign currency exchange rates, interest rates and prices, will affect the Company's income or the value of its holdings of financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns.

Currency risk

Currency risk is the risk that the values of financial instruments will fluctuate because of changes in foreign exchange rates.

There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed.

Reasonably possible changes to exchange rates at the reporting date are unlikely to have had a significant impact on profit or equity.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates.

Bank overdraft and bank loans are subject to floating interest rates at levels generally obtained in the UAE or are linked to SOFR and are therefore exposed to cash flow interest rate risk.

At the reporting date, if interest rates had been 1% higher or lower, interest expense on variable rate debt would have been AED 3,043,278 higher or lower (previous year AED 3,355,133 resulting in equity being lower or higher by AED 3,043,278 (previous year AED 3,355,133).

AUDITORS PKF U.A.E.

TITAN GLOBAL RETAIL L.L.C

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

		2025	2024
		AED	AED
31.	**CAPITAL COMMITMENTS**		
	For renovations of property, plant and equipment [note 6(a)]	57,353	488,761

For TITAN GLOBAL RETAIL L.L.C

MR. KURUVILLA MARKOSE
MANAGER