

TITAN HOLDINGS INTERNATIONAL FZCO

**SEPARATE FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
YEAR ENDED 31 MARCH 2025**

TITAN HOLDINGS INTERNATIONAL FZCO

SEPARATE FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT YEAR ENDED 31 MARCH 2025

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INDEPENDENT AUDITOR'S REPORT**To the Shareholder of TITAN HOLDINGS INTERNATIONAL FZCO****Report on the Audit of the Separate financial statements*****Opinion***

We have audited the separate financial statements of **TITAN HOLDINGS INTERNATIONAL FZCO** (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 separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying separate 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 Separate 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 separate 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 separate financial statements, which states that the Company has incurred a loss of AED 737,576 for the year ended 31 March 2025 and at that date and the Company's losses aggregated to AED 13,878,033. 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 shareholder 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 separate 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)

Emphasis of matter

We draw attention to note 2(a) to the financial statements, which states that these financial statements are the separate financial statements of the Company for the purpose of providing information to the shareholder. The consolidated financial statements of the Company and its subsidiaries, which are required to be presented in accordance with International Financial Reporting Standard 10: Consolidated financial statements are presented separately.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Separate financial statements

Management is responsible for the preparation of the separate 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 applicable provision of the Dubai Airport Free Zone Implementing Regulations 2021, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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 Separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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.

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INDEPENDENT AUDITOR'S REPORT

(continued)

- 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 separate 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 separate financial statements, including the disclosures, and whether the separate 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

We further confirm that the financial statements comply with Dubai Airport Free Zone Implementing Regulations 2021, concerning the formation of legal Company at Dubai Airport Free Zone. Further, we have obtained all the information and explanations necessary for our audit and proper books of account and other records have been maintained in accordance with the said regulation.

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

**Ashish Tulsan**

Partner

Registration no. 5466

Dubai

United Arab Emirates

26 June 2025



TITAN HOLDINGS INTERNATIONAL FZCO

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

	Notes	2025 AED	2024 AED
ASSETS			
Non-current assets			
Property, plant and equipment	6	179,989	91,392
Investments in subsidiaries	7	18,755,770	404,770
		<u>18,935,759</u>	<u>496,162</u>
Current assets			
Inventories	8	2,544,050	157,717
Trade receivables	9	2,332,513	--
Other current assets	10	1,580,705	464,487
Due from related parties	11	6,066,864	1,242,284
Other financial assets	12	128,527,500	--
Cash and cash equivalents	13	145,830	81,888
		<u>141,197,462</u>	<u>1,946,376</u>
Total assets		<u>160,133,221</u>	<u>2,442,538</u>
EQUITY AND LIABILITIES			
Equity funds			
Share capital	14	36,701,000	1,000
Accumulated losses		(13,878,033)	(13,140,457)
Surplus/(deficit) in equity funds		<u>22,822,967</u>	<u>(13,139,457)</u>
Current liabilities			
Loan from shareholder	15	128,523,500	--
Bank borrowings	16	1,435,918	14,546,506
Trade and other payables	17	417,746	934,619
Lease liabilities	18	103,763	--
Due to a related party	11	6,829,327	100,870
		<u>137,310,254</u>	<u>15,581,995</u>
Total equity and liabilities/liabilities net of deficit in equity funds		<u>160,133,221</u>	<u>2,442,538</u>

The accompanying notes form an integral part of these separate financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

We confirm that we are responsible for these separate financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

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

For TITAN HOLDINGS INTERNATIONAL FZCO



TITAN HOLDINGS INTERNATIONAL FZCO

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

	Notes	2025 AED	2024 AED
Revenue	20	5,051,543	144,266
Cost of sales		<u>(4,182,550)</u>	<u>(105,837)</u>
Gross Profit		868,993	38,429
Other income	21	--	78,290
Administrative expenses	22	(610,228)	(858,747)
Interest income	23	6,096,793	--
Finance costs	24	<u>(7,093,134)</u>	<u>(8,624,379)</u>
LOSS BEFORE TAX FOR THE YEAR		(737,576)	(9,366,407)
Income tax expense	25	<u>--</u>	<u>--</u>
LOSS AFTER TAX FOR THE YEAR		<u>(737,576)</u>	<u>(9,366,407)</u>
Other comprehensive income:			
Other comprehensive income for the year, net of tax		<u>--</u>	<u>--</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(737,576)</u>	<u>(9,366,407)</u>

The accompanying notes form an integral part of these separate financial statements.
The report of the independent auditor is set forth on pages 1 to 3.



TITAN HOLDINGS INTERNATIONAL FZCO

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	1,000	(3,774,050)	(3,773,050)
Total comprehensive income for the year	--	(9,366,407)	(9,366,407)
Balance at 31 March 2024	1,000	(13,140,457)	(13,139,457)
Issue of share capital	36,700,000	--	36,700,000
Total comprehensive income for the year	--	(737,576)	(737,576)
Balance at 31 March 2025	<u>36,701,000</u>	<u>(13,878,033)</u>	<u>22,822,967</u>

The accompanying notes form an integral part of these separate financial statements.
The report of the independent auditor is set forth on pages 1 to 3.



TITAN HOLDINGS INTERNATIONAL FZCO

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	(737,576)	(9,366,407)
Adjustments for:		
Depreciation of property, plant and equipment	119,003	135,308
Finance costs	7,093,134	8,624,379
Interest income	(6,096,793)	--
Gain on derecognition of lease liabilities	--	(28,290)
Credit balances written back	--	(50,000)
	<u>377,768</u>	<u>(685,010)</u>
Changes in:		
- Inventories	(2,386,333)	(157,717)
- Trade receivables	(2,332,513)	--
- Other current assets	(1,116,218)	(436,344)
- Trade and other payables	(516,873)	570,206
Net cash used in operating activities	<u>(5,974,169)</u>	<u>(708,865)</u>
Cash flows from investing activities		
(Loans to related parties)/ repayment of loan given to a related party	(122,498,841)	28,060,323
Payments to related parties	(4,824,580)	(1,218,678)
Investment in subsidiaries	(18,351,000)	--
Interest received	68,134	--
Net cash (used in)/from investing activities	<u>(145,606,287)</u>	<u>26,841,645</u>
Cash flows from financing activities		
Issue of share capital	36,700,000	--
Receipts of loan from shareholder	121,695,173	--
Payment of lease liabilities	(106,520)	(104,397)
Receipt from a related party (net)	6,728,457	--
Interest paid	(262,124)	(8,621,146)
Repayment of bank overdraft (net)	(13,110,588)	(17,329,049)
Net cash from/(used in) financing activities	<u>151,644,398</u>	<u>(26,054,592)</u>
Net increase in cash and cash equivalents	63,942	78,188
Cash and cash equivalents at beginning of year	81,888	3,700
Cash and cash equivalents at end of year (note 13)	<u>145,830</u>	<u>81,888</u>

The accompanying notes form an integral part of these separate financial statements.
The report of the independent auditor is set forth on pages 1 to 3.



TITAN HOLDINGS INTERNATIONAL FZCO

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

1. REPORTING ENTITY

- a) **TITAN HOLDINGS INTERNATIONAL FZCO** (the "Company") is a free zone company with limited liability registered in Dubai, United Arab Emirates, under Implementing Regulation No. 1/98 issued by the Dubai Airport Free Zone Authority pursuant to Law No. 2 of 1996 and its amendment No. (2) of 2000 and its amendment Law No. (2) of 2000 and amendment Law No. (25) of 2009 (repealed by Dubai Airport Free Zone Implementing Regulations 2021). The registered office address is PO Box 371304, Dubai, UAE. The Company was registered on 15 October 2019 and commenced operations since then.
- b) The Company's principal activity is in trading of watches, clocks, jewellery, leather goods, travel accessories, sunglasses, optical goods, spectacles, contact lenses, perfumes, cosmetics, clothing accessories, diamonds and precious stones.
- c) The parent company is Titan Company Limited, a company incorporated in India, which is listed on NSE and BSE in India and also considered to be the ultimate parent company by directors.

2. BASIS OF PREPARATION

a) Statement of compliance

The separate financial statements are prepared in accordance IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1 April 2024, and the requirements of Dubai Airport Free Zone Implementing Regulations 2021.

These financial statements are the separate financial statements of the Company for the purpose of providing information to the shareholder. The consolidated financial statements of the Company and its subsidiaries, which are required to be presented in accordance with International Financial Reporting Standard 10: Consolidated financial statements are presented separately.

b) Basis of measurement

The separate financial statements are prepared using historical cost.

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 separate financial statements are prepared on a going concern basis.

When preparing the separate financial statements, management makes an assessment of the Company's ability to continue as a going concern. Separate 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.



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

The Company incurred a loss of AED 737,576 for the year ended 31 March 2025 and at that date, the Company's losses aggregated to AED 13,878,033. 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 shareholder 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 separate financial statements have been prepared on a going concern basis.

d) **Adoption of new IFRS Accounting Standards**

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

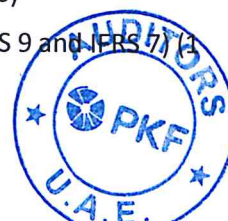
The following standards and amendments which became effective for current period, did not have any significant impact on the Company's separate financial statements:

- 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
- IFRS S1 General Requirements for Disclosure of Sustainability Related Financial Information and IFRS S2 Climate Related Disclosures
- Amendments to IAS 21 – Lack of Exchangeability
- Amendments to the SASB (Sustainability Accounting Standards Board) standards to enhance their international applicability

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

The following standards, improvements and interpretations that are assessed by management as likely to have an impact on the separate financial statements, have been issued by the IASB prior to the date the separate financial statements were authorised for issue, but have not been applied in these separate 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)



TITAN HOLDINGS INTERNATIONAL FZCO

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

- 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 separate 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	2 years
Furniture, fixtures and office equipment	3 - 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 (h) and 6].

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. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced parts is derecognised.

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

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 statement of profit or loss.



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

b) Impairment of tangible assets

At each reporting date, the management reviews the carrying amounts of its tangible assets (including right-of-use 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.

c) Investments in subsidiaries

Subsidiaries are entities over which the Company exercises control. Control is achieved when the Company is exposed, or has rights, to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The investment in subsidiaries is accounted for at cost less impairment losses, if any. Consolidated financial statements of the Company and its subsidiaries are prepared separately.

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.



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

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 separate 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 are stated at the lower of cost and net realisable value. Cost of watches 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.

g) **Revenue recognition**

The Company is in the business of trading of watches, clocks, jewellery, leather goods, travel accessories, sunglasses, optical goods, spectacles, contact lenses, perfumes, cosmetics, clothing accessories, diamonds and precious stones.

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

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:

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 recognized 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

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer. Revenue is measured based on the transaction price, which is the consideration, net of customer incentives, discounts, variable considerations, payments made to customers, other similar charges. Additionally, revenue excludes taxes collected from customers, which are subsequently remitted to governmental authorities.

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

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 consideration payable to the customer.

h) Leases

The Company leases office space. Rental contracts are typically made for 2 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;
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

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.

TITAN HOLDINGS INTERNATIONAL FZCO

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

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.

i) **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.

j) **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.

k) **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.

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.

l) **Contingencies and commitments**

Contingent liabilities are not recognised in the separate 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 separate financial statements but disclosed when an inflow of economic benefits is probable.



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

m) **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.

n) **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.

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.

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

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.

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.

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.

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

All other financial assets are subsequently measured at fair value.

Foreign exchange gains and 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 receivables, other financial assets due from related parties and cash and cash equivalents.

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities at amortised cost comprise of trade and other payables, lease liabilities, loan from shareholder, due to a related party and short-term borrowings.

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.

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

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.

o) Fair value measurement

The Company discloses the fair value of financial instruments measured at amortised cost

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

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.

4. JUDGEMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES

The significant judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the separate financial statements are as follows:

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) 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 losses or Lifetime expected credit losses depending on credit risk characteristics and how changes in economic factors affect expected credit losses, 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.

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

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 the option to renew.

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"), 5.25%, due to the absence of implicit rates in the lease contracts.

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

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. Payment of the transaction price is due immediately at the point the customer purchases the goods.

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 and climate-related commitments where appropriate. 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.

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

Inventory provisions

Management regularly undertakes a review of the Company's inventory, stated at AED 2,544,050 (previous year AED 157,717) 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.

Impairment

Assessments of net recoverable amounts of property, plant and equipment (including right-of-use 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(n).

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.

Going concern assessment

The Company incurred a loss of AED 737,576 for the year ended 31 March 2025 and at that date, the Company's losses aggregated to AED 13,878,033. Notwithstanding these facts, the separate 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 has resolved to continue its operations in the General Meeting.



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

6. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets ^(a)	Furniture, fixtures and office equipment	Total
	AED	AED	AED
Cost			
At 1 April 2023	657,103	89,917	747,020
Derecognition	(552,706)	--	(552,706)
At 31 March 2024	104,397	89,917	194,314
Additions	207,600	--	207,600
At 31 March 2025	311,997	89,917	401,914
Accumulated depreciation			
At 1 April 2023	460,151	33,264	493,415
Depreciation	117,848	17,460	135,308
Adjustment on derecognition	(525,801)	--	(525,801)
At 31 March 2024	52,198	50,724	102,922
Depreciation	102,023	16,980	119,003
At 31 March 2025	154,221	67,704	221,925
Carrying amount			
At 1 April 2023	196,952	56,653	253,605
At 31 March 2024	52,199	39,193	91,392
At 31 March 2025	157,776	22,213	179,989

- a) The leasehold interest in office premises is capitalised as right-of-use asset. The lease is for a period of 2 years from 15 October 2024 to 14 October 2026.

	2025 AED	2024 AED
7. INVESTMENTS IN SUBSIDIARIES		
Investments in share capital at cost in:		
Titan Global Retail L.L.C	18,650,000	299,000
Titan International QFZ L.L.C	100,870	100,870
Titan Watch Company Limited	4,900	4,900
	18,755,770	404,770



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

The nature of investment in subsidiaries are as follows:

Name of subsidiary	Principal Activities	Country of incorporation	Registered proportion of ownership interest (%)	
			2025 AED	2024 AED
Titan Global Retail L.L.C. ^(a)	Trading in jewellery, watches and precious stones.	UAE	100%	99%
Titan International QFZ L.L.C	Trading in jewellery.	Qatar	100%	100%
Titan Watch Company Limited	Trading in watches.	Hong Kong	100%	100%

- a) Until the previous year, the share capital of this subsidiary company to the extent of 1% was registered in the name of Mr. Kuruvilla Markose, an Indian national which has been acquired by the Company in the current year and now holds 100% of the share capital in this subsidiary.

	2025 AED	2024 AED
8. INVENTORIES		
Goods held-for-sale	2,544,050	157,717
An age analysis of inventories as at the reporting date is as follows:		
0 to 180 days	1,965,019	157,717
180 to 365 days	510,863	--
Over 365 days	68,168	--
	2,544,050	157,717
9. TRADE RECEIVABLES		
Trade receivables	2,332,513	--

The below table is to be included if there is no allowance for expected credit losses as at the reporting date.

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

Trade receivables past due and not impaired		
0 to 90 days	861,226	--
91 to 180 days	746,032	--
181 to 365 days	725,255	--
	2,332,513	--

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



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

	2025 AED	2024 AED
10. OTHER CURRENT ASSETS		
Prepayments	329	289
Advance for goods and services	1,545,959	438,948
VAT receivable (net)	34,417	25,250
	<u>1,580,705</u>	<u>464,487</u>

11. RELATED PARTIES

The Company enters into transactions with entities that fall within the definition of related parties 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.

Related parties comprise the ultimate parent company and subsidiaries.

At the reporting date significant balances with subsidiaries were as follows:

	Ultimate parent company AED	Subsidiaries AED	Total 2025 AED	Total 2024 AED
Loans to subsidiaries	--	128,527,500	128,527,500	--
Loan from shareholder	128,523,500	--	128,523,500	--
Due from related parties	6,066,864	--	6,066,864	--
Due to a related party	6,829,327	--	6,829,327	1,242,284
Accrued commission on corporate guarantee	--	100,870	--	100,870
	932,382	--	--	932,382

The shareholder have provided guarantee against amounts due from related parties.

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in note 26.

The Company also provides funds to and receives funds from related parties as working capital facilities at fixed rates of interest.



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

Transactions with related parties are approved by the management. Amounts due from related parties relate to transactions arising in the normal course of business with minimal credit risk. For the year ended 31 March 2025, the Company has not recorded any allowance for expected credit losses of the amounts owed by the related parties (previous year Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. The shareholder have provided guarantees to the Company in respect of the recoverability of above-mentioned due from related parties amounting to AED 6,066,864 (previous year AED 1,242,284).

Significant transactions with parent/ultimate parent company during the year were as follows:

	Ultimate parent company	Subsidiaries	Total 2025	Total 2024
	AED	AED	AED	AED
Sales	--	232,368	232,368	--
Purchases	1,854,877	--	1,854,877	--
Interest expenses	6,828,327	--	6,828,327	--
Interest income	--	6,028,659	6,028,659	--
Commission on Corporate Guarantee	18,397	--	18,397	--
	575,007	--		575,007
			2025 AED	2024 AED
12. OTHER FINANCIAL ASSETS				
At amortised cost				
Loans to subsidiaries		128,527,500		--

Loans to subsidiaries comprise of unsecured loans of:

- i) An aggregate amount of AED 36,725,000 (previous year Nil) given to a subsidiary, "Titan International QFZ LLC". The loans are given at fixed interest rates as follows:
 - AED 18,362,500 disbursed on 1 July 2024, bearing interest at a fixed rate of 7% per annum; and
 - AED 18,362,500 disbursed on 22 January 2025, bearing interest at a fixed rate of 6.15% per annum.
- ii) AED 91,802,500 (previous year AED Nil) unsecured at fixed interest-rate of 7% per annum given to a subsidiary, "Titan Global Retail LLC"

These loans are repayable on demand and are therefore classified as current assets.



TITAN HOLDINGS INTERNATIONAL FZCO

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

	2025 AED	2024 AED
13. CASH AND CASH EQUIVALENTS		
Bank balances in current accounts	<u>145,830</u>	<u>81,888</u>

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.

14. SHARE CAPITAL		
Issued and paid up:		
36,701 shares of AED 1,000 held by Titan Company Limited	<u>36,701,000</u>	<u>1,000</u>

During the year, vide amendment to memorandum of association dated 21 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:

Name	At 31 March 2025		At 31 March 2024	
	No. of shares	AED	No. of shares	AED
Titan Company Limited	36,701	36,701,000	1	1,000
	<u>36,701</u>	<u>36,701,000</u>	<u>1</u>	<u>1,000</u>

15. LOAN FROM SHAREHOLDER		
Opening balance	--	--
Receipt during the year	<u>128,523,500</u>	<u>--</u>
Closing balance	<u>128,523,500</u>	<u>--</u>

This represents loan at fixed interest-rate of 7% per annum, taken from shareholder, repayable on demand and therefore classified as current liability.

16. SHORT-TERM BORROWINGS		
Bank overdrafts	<u>1,435,918</u>	<u>14,546,506</u>

The Company has overdraft facility of USD 10,000,000 from the bank at an agreed interest rate of SOFR+1.35% per annum.

This facility is secured by the letter of comfort issued by the ultimate parent company i.e. Titan Company Limited.



TITAN HOLDINGS INTERNATIONAL FZCO

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

	2025 AED	2024 AED
17. TRADE AND OTHER PAYABLES		
Trade payables	346,069	--
Accrued commission on corporate guarantee	--	932,382
Other accruals	71,677	2,237
	<u>417,746</u>	<u>934,619</u>

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

18. LEASE LIABILITIES		
Lease liabilities for lease of office space	<u>103,763</u>	--
Disclosed in the statement of financial position as follows:		
Current liabilities	<u>103,763</u>	--

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

Opening balance	--	156,359
Lease liabilities for the year	207,600	--
Finance cost on lease liabilities	2,683	3,233
Derecognised during the year	--	(55,195)
Payments made during the year	(106,520)	(104,397)
Closing balance	<u>103,763</u>	--

A maturity analysis of undiscounted lease liabilities is as follows:

0 – 1 year	<u>106,520</u>	--
------------	----------------	----

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

Lease payments due	106,520	--
Less: Finance cost on leases	(2,757)	--
Disclosed in the statement of financial position	<u>103,763</u>	--

19. 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 shareholder with a rate of return on their investment commensurate with the level of risk assumed.

Capital, which is unchanged from the previous year, comprises equity funds as presented in the statement of financial position. Debt comprises total amounts owed by the Company net of cash and cash equivalents.



TITAN HOLDINGS INTERNATIONAL FZCO

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

The Company is subject to externally imposed capital requirements as per provisions of the bank facilities availed. The Company has complied with all the capital requirements to which it is subject.

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

20. 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		
- United Arab Emirates	2,867,219	--
- Other GCC Countries	1,061,016	115,979
- African countries	48,367	--
- Australian countries	144,579	--
- Asian Countries	930,362	28,287
	<u>5,051,543</u>	<u>144,266</u>
Type of goods		
- Trading in Jewellery	<u>5,051,543</u>	<u>144,266</u>
Timing of revenue recognition		
- At a point in time	<u>5,051,543</u>	<u>144,266</u>
21. OTHER INCOME		
Credit balances written back	--	50,000
Gain on derecognition of lease	--	28,290
	<u>--</u>	<u>78,290</u>
22. ADMINISTRATIVE EXPENSES		
Depreciation of property plant and equipment	119,003	135,308
Commission charges	18,270	575,007
Legal and professional fees	120,783	129,422
Other expenses	352,172	19,010
	<u>610,228</u>	<u>858,747</u>
23. INTEREST INCOME		
On loan to subsidiaries	6,028,659	--
On fixed deposits	68,134	--
	<u>6,096,793</u>	<u>--</u>



TITAN HOLDINGS INTERNATIONAL FZCO

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

	2025 AED	2024 AED
24. FINANCE COSTS		
On lease liabilities	2,683	3,233
On bank overdrafts	262,124	8,621,146
On shareholder's loan	6,828,327	--
	<u>7,093,134</u>	<u>8,624,379</u>

25. **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 31 December 2025. In accordance with the CT Law, a free zone entity is eligible for a 0% corporate tax rate on its "Qualifying Income," provided it meets specific conditions.

The Company has determined that its income qualifies as "Qualifying Income" since it is registered in the Dubai Airport Free Zone, a designated free zone, and derives its income from the qualifying activities of distribution of goods or materials in or from a designated zone.

Accordingly, the Company has applied the 0% corporate tax rate to its qualifying income, resulting in no tax expenses for the year ended 31 March 2025.

26. **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:

	At amortised cost	
Financial assets		
Trade receivables	2,332,513	--
Due from related parties	6,066,864	1,242,284
Other financial assets	128,527,500	--
Cash and cash equivalents	145,830	81,888
	<u>137,072,707</u>	<u>1,324,172</u>
Financial liabilities		
Loan from shareholder	128,523,500	--
Bank borrowings	1,435,918	14,546,506
Trade and other payables	417,746	934,619
Due to a related party	6,829,327	100,870
Lease liabilities	103,763	--
	<u>137,310,254</u>	<u>15,581,995</u>



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

The fair values of trade receivables, cash and cash equivalents, other financial assets, due from related parties, loan from shareholder, bank borrowings, due to a related party and current lease liabilities are estimated by discounting future cash flows using rates currently available for debts on similar items, credit risk and remaining maturities.

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

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally bank accounts and debt instruments carried at amortised cost.

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

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

At the reporting date, the Company's maximum exposure to credit risk from such receivables situated outside the UAE is as follows:

		2025 AED	2024 AED
Other Middle East countries		584,797	--
Other Asian countries		241,830	--
Australian countries		78,199	--

TITAN HOLDINGS INTERNATIONAL FZCO

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

Amount due from related parties relate to transactions arising in the normal course of business with minimal credit risk. For the year ended 31 March 2025, the Company has not recorded any allowance for expected credit losses of the amounts owned by the related parties (previous year Nil).

At the reporting date 59% of trade receivables were due from three customers (no concentration in the previous year).

At the reporting date 100% of amount due from related parties are due from two related parties (previous year 100% from one related party).

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.

The table below summarizes 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	
	2025	2024
	AED	AED
Bank borrowings	1,435,918	14,546,506
Trade and other payables	417,746	934,619
Due to a related party	6,829,327	100,870
Lease liabilities	106,520	--



TITAN HOLDINGS INTERNATIONAL FZCO

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

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 UAE 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 borrowings are subject to floating interest rates 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 14,359 (previous period AED 145,465 higher or lower resulting in equity being higher or lower by AED 14,359 (previous period AED 145,465).

For TITAN HOLDINGS INTERNATIONAL FZCO

