TITAN HOLDINGS INTERNATIONAL FZCO

Financial statements and independent auditor's report

Year ended 31 March 2022

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Year ended 31 March 2022

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STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Notes	31.03.2022	31.03.2021 (Note 22)
		AED	AED
ASSETS			
Non-current assets			
Property, plant and equipment	6	**402,286**	486,094
Investment in a subsidiary	7	**299,000**	299,000
Other financial assets	8	**28,060,323**	15,910,323
		28,761,609	16,695,417
Current assets			
Other current assets	9	**24,075**	12,907
Cash and cash equivalents	11	**11,477**	71,104
		35,552	84,011
Total assets		**28,797,161**	16,779,428
EQUITY AND LIABILITIES			
Shareholder's equity funds			
Share capital	12	**1,000**	1,000
Accumulated losses		**(1,779,699)**	(909,845)
Deficit in equity funds		**(1,778,699)**	(908,845)
Non-current liability			
Lease liabilities	13	**146,807**	291,364
Current liabilities			
Lease liabilities	13	**160,578**	240,867
Short-term borrowings	14	**30,098,116**	17,114,823
Accruals	15	**170,359**	41,219
		30,429,053	17,396,909
Total liabilities		**30,575,860**	17,688,273
Total liabilities less deficit in equity funds		**28,797,161**	16,779,428

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

We confirm that we are responsible for these 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 and authorised for issue by the shareholder on 18 April 2022 and signed on their behalf by Mr. Kuruvilla Markose.

For **TITAN HOLDINGS INTERNATIONAL FZCO**

DIRECTOR

TITAN HOLDINGS INTERNATIONAL FZCO

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	1.04.2021 to 31.03.2022 AED	15.10.2019 to 31.03.2021 (Note 22) AED
Revenue		--	--
Staff costs	17	--	(57,567)
Depreciation	18	(147,185)	(197,549)
Other operating expenses	19	(263,997)	(438,489)
Finance costs	20	(458,672)	(216,240)
LOSS FOR THE YEAR/PERIOD		(869,854)	(909,845)
Other comprehensive income:			
Other comprehensive income for the year/period		--	--
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		(869,854)	(909,845)

The accompanying notes form an integral part of these 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 2022

	Share capital AED	Accumulated losses AED	Total AED
Issue of share capital	1,000	--	1,000
Total comprehensive income for the period	--	(909,845)	(909,845)
Balance at 31 March 2021 (Note 22)	1,000	(909,845)	(908,845)
Total comprehensive income for the year	--	(869,854)	(869,854)
Balance at 31 March 2022	**1,000**	**(1,779,699)**	**(1,778,699)**

The accompanying notes form an integral part of these 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 2022

	01.04.2021 to 31.03.2022	15.10.2019 to 31.03.2021 (Note 22)
	AED	AED
Cash flows from operating activities		
Loss for the year/period	(869,854)	(909,845)
Adjustments for:		
Depreciation of property, plant and equipment	147,185	197,549
Finance costs	458,672	216,240
	(263,997)	(496,056)
Changes in:		
- Other current assets	(11,168)	(12,907)
- Accruals	129,140	41,219
Net cash used in operating activities	(146,025)	(467,744)
Interest paid	(442,650)	(180,754)
Net cash used in operating activities	(588,675)	(648,498)
Cash flows from investing activities		
Payment for property, plant and equipment	(63,377)	(26,540)
Loan given to a subsidiary	(12,150,000)	(15,910,323)
Investment in a subsidiary	--	(299,000)
Net cash used in investing activities	(12,213,377)	(16,235,863)
Cash flows from financing activities		
Issue of share capital	--	1,000
Payment of lease liabilities (including interest)	(240,868)	(160,358)
Receipts from short term borrowings (net)	12,983,293	17,114,823
Net cash from financing activities	12,742,425	16,955,465
Net (decrease)/increase in cash and cash equivalents	(59,627)	71,104
Cash and cash equivalents at beginning of year/period	71,104	--
Cash and cash equivalents at end of year/period (note 11)	11,477	71,104

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

1. **LEGAL STATUS AND BUSINESS ACTIVITY**

a) **Titan Holdings International FZCO** (the "Company") is a limited liability company 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 (Dubai Airport Free Zone Implementing Regulations 2021). The registered office is PO Box 371304, Dubai UAE. The Company was registered on 15 October 2019 and commenced operations since then.

b) The principal activity of the Company as per trade license is trading of watches, clocks, jewellery, leather goods, travel accessories, sunglasses, optical goods, spectacles, contact lenses, perfumes, cosmetics, clothing accessories, diamonds and precious stones. However, the Company has not carried out any activity during the year.

c) The ultimate parent company is Titan Company Limited, which is also the ultimate controlling party.

2. **BASIS OF PREPARATION**

a) **Statement of compliance**

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

These financial statements represent only the financial results and position of the Company. The parent prepares the consolidated financial statements in accordance with International Financial Reporting Standard 10: Consolidated Financial Statements, which includes the consolidated results of the Company and its subsidiary, which can be obtained by contacting the Parent's registered office. Details of subsidiary that are included in the financial statements as set out in note 7.

b) **Basis of measurement**

The 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 financial statements are prepared on a going concern basis.

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 has not carried out any business activity during the year.

The Company incurred a loss of AED 869,854 for the year ended 31 March 2022 and at that date, the Company's losses aggregated to AED 1,779,699 its current liabilities exceeded its current assets by AED 30,393,501 and it had a net deficit of AED 1,778,699 in equity funds.

Further, the uncertainty due to COVID-19 outbreak shall affect the financial position, results of operations and cashflows of the Company.

Since the impact of COVID-19 continues to evolve, the Company will continue to monitor the situation and its impacts on the financial statements. (Refer note 5).

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 financial statements have been prepared on a going concern basis.

d) **Adoption of new International Financial Reporting Standards**

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

The following amendments, improvements and interpretations which became effective 1 January 2021 or after, did not have any significant impact on the Company's financial statements:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark - Phase 2 (1 January 2021)

The Company has not early adopted any other amendments, improvements and interpretations that have been issued but is not yet effective.

New and revised IFRSs in issue but not yet effective and not early adopted

The following amendment and improvements 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 3 – Reference to Conceptual Framework (1 January 2022)
- Amendments to IAS 37 – Onerous Contracts - Cost of Fulfilling a contract (1 January 2022)
- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use (1 January 2022)
- Annual Improvements to IFRS Standards 2018-2021 (1 January 2022)
  - IFRS 9 Financial Instruments
  - IFRS 16 Leases
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (1 January 2023)

e) **Functional and presentation currency**

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

3. **SIGNIFICANT ACCOUNTING POLICIES**

The significant 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	5 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 (e) 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.

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) **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 subsidiary**

Subsidiary is an entity 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 subsidiary is accounted for at cost less impairment losses, if any. The financial statements of the subsidiary companies are not consolidated in these financial statements as they will be consolidated in the financial statements of the parent company.

d) **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. However, the Company has not commenced any activity during the year.

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.

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.

e) **Leases**

The Company leases office space. Rental contracts are typically made for 1 year but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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;

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, if any.

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. 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.

f) **Cash and cash equivalents**
Cash and cash equivalents comprise bank balance in current accounts.

g) **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.

h) **Borrowing costs**
Borrowing costs are recognised as an expense in the year in which they are incurred.

i) **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.

j) **Value added tax**

The Company charges and recovers Value Added Tax (VAT) on every taxable supply and deemed supply, in accordance with the applicable commercial VAT laws. Irrecoverable VAT for which Company cannot avail the credit is charged to the relevant expenditure category or included in costs of non-current assets. The Company is also required to file its VAT returns and compute the payable tax (which is output tax less input tax) for the allotted tax periods and deposit 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.

k) **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 unconditional 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.

l) **Financial instruments**

Classification

On initial recognition, a financial asset is classified and measured at: amortised cost; fair value through other comprehensive income (“FVTOCI”) – debt investment; FVTOCI – equity investment; or fair value through profit or loss (“FVTPL”).

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 FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI 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 FVTPL 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 FVTPL, transaction costs that are directly attributable to its acquisition. Transactions costs of financial assets carried at FVTPL are expensed in profit or loss.

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

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.

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 other financial assets and cash and cash equivalents.

Financial liabilities
All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost comprise of accruals, lease liabilities (current and non-current) and short-term borrowings.

Impairment of financial assets
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs 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 ECLs: ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: ECLs 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 ECLs, except for the following which are measured as 12-month ECLs:
- Bank balances and other financial assets 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.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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 risk 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 60 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 ECLs 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

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.

m) **Fair value measurement**
The Company 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.

4. **SIGNIFICANT 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 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 (ECL) model to measure loss allowance in case of financial assets on the basis of 12-month ECLs or Lifetime ECLs depending on credit risk characteristics and how changes in economic factors affect ECLs, 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.

Discounting of lease payments
The lease payments are discounted using the Company's incremental borrowing rate ("IBR"), 4.11%, 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.

5. **KEY SOURCES OF ESTIMATION UNCERTAINTY**

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, are as follows:

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.

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(l).

Impact of COVID-19
Since the COVID-19 outbreak is evolving rapidly, the Company continues to assess the impact on its operations on a regular basis. The management believe that there exists a material uncertainty in respect of expected duration and its potential impact on the overall economy including the operations of the Company.

6. PROPERTY, PLANT AND EQUIPMENT

	Capital work - in- progress	Furniture, fixtures and office equipment	Right-of-use assets[a]	Total
	AED	AED	AED	AED
Cost				
Additions	26,540	--	657,103	683,643
As at 31 March 2021 (note 22)	26,540	--	657,103	683,643
Additions	--	63,377	--	63,377
Transfers	(26,540)	26,540	--	--
As at 31 March 2022	**--**	**89,917**	**657,103**	**747,020**
Accumulated depreciation				
Depreciation for the period	--	--	197,549	197,549
As at 31 March 2021 (note 22)	--	--	197,549	197,549
Depreciation for the year	--	15,884	131,301	147,185
As at 31 March 2022	**--**	**15,884**	**328,850**	**344,734**
Carrying amount				
At 31 March 2021 (note 22)	26,540	--	459,554	486,094
At 31 March 2022	**--**	**74,033**	**328,253**	**402,286**

(a) The leasehold interest in lease of retail store is capitalised for five years as right-of-use asset.

		31.03.2022	31.03.2021 (Note 22)
		AED	AED
7.	**INVESTMENT IN A SUBSIDIARY**		
	Titan Global Retail L.L.C.	299,000	299,000
	99.66% share in the capital of the Company	299,000	299,000

The nature of investment in a subsidiary held by the Company is as follows:

Name of subsidiary	Principal Activities	Country of incorporation	Registered proportion (%) of ownership interest	
			31.03.2022	31.03.2021 (Note 22)
			AED	AED
Titan Global Retail L.L.C.	The Company's principal activity during the year was jewellery, watches and precious stones trading.	UAE	99.66%	99.66%

		31.03.2022	31.03.2021 (Note 22)
		AED	AED
8.	**OTHER FINANCIAL ASSETS**		
	Debt instruments at amortised cost		
	Loan to a subsidiary	28,060,323	15,910,323

This represents unsecured interest free loan given to Titan Global Retail L.L.C. and it is not the intention of the Company to demand the repayment within twelve months from the reporting date.

9.	**OTHER CURRENT ASSETS**		
	Prepayments	251	1,084
	Advance for goods and services	4,482	--
	VAT receivable (net)	19,342	11,823
		24,075	12,907

10. **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.

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

Name	Nature of Relationship	Nature of transactions
Titan Company Limited	Parent Company	--
Titan Global Retail L.L.C.	Subsidiary Company	Loan Given
Mr. Kuruvilla Markose	Director	--
Mr. Ashok Kumar Sonthalia	Director	--
Mr. Ajoy Hiro Chawla	Director	--

At the reporting date significant balances with subsidiary company were as follows:

	31.03.2022	31.03.2021 (Note 22)
	AED	AED
Other financial assets	28,060,323	15,910,323
Investment in a subsidiary	299,000	299,000

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in notes 7,8 and 21.

The Company also provides funds to related parties as working capital facilities free of interest.

Administrative and staff related services are availed from a related party free of cost.

		31.03.2022	31.03.2021 (Note 22)
		AED	AED
11.	**CASH AND CASH EQUIVALENTS**		
	Bank balances in current accounts	11,477	71,104
12.	**SHARE CAPITAL**		
	Issued and paid up:		
	1 share of AED 1,000 held by Titan Company Limited	1,000	1,000
13.	**LEASE LIABILITIES**		
	Lease liabilities for long-term lease of office space	307,385	532,231

Disclosed in the statement of financial position as follows:

Non-current liabilities	146,807	291,364
Current liabilities	160,578	240,867
	307,385	532,231

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

	31.03.2022	31.03.2021 (Note 22)
	AED	AED
Opening balance	532,231	--
Lease liabilities for the year/period	--	657,103
Finance cost for the year/period	16,022	35,486
Payments made during the year/period	(240,868)	(160,358)
Closing balance	307,385	532,231

A maturity analysis of undiscounted lease liabilities is as follows:

0 – 6 months	--	80,289
6 – 12 months	160,578	160,578
Presented as current liabilities	160,578	240,867
1 year – 2 years	164,803	160,578
2 years – 4 years	--	160,578
Total	325,381	562,023

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

Lease payments due	325,381	562,023
Less: Finance cost on leases	(17,996)	(29,792)
Disclosed in the statement of financial position	307,385	532,231

14. SHORT-TERM BORROWINGS

Bank overdraft	30,098,116	13,124,873
Short term bank loans	--	3,989,950
	30,098,116	17,114,823

An analysis by bank of amounts outstanding is as follows:

Standard chartered bank	30,098,116	17,114,823

The Company has availed the overdraft of USD 8 million from the bank at an agreed interest rate of 1.65% per annum.

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

Overdraft	30,098,116	13,124,873
0 – 3 months	--	3,989,950
	30,098,116	17,114,823

Bank facilities are secured by corporate guarantee of up to USD 8 million by ultimate parent company i.e. Titan Company Limited.

		31.03.2022	31.03.2021 (Note 22)
		AED	AED
15.	**ACCRUALS**		
	Accruals	**170,359**	41,219

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

The Company has complied with the capital requirements to which it is subject to.

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

		1.04.2021 to 31.03.2022	15.10.2019 to 31.03.2021 (Note 22)
		AED	AED
17.	**STAFF COSTS**		
	Staff salaries and benefits	**--**	57,567
18.	**DEPRECIATION**		
	Depreciation on property, plant and equipment	**147,185**	197,549
19.	**OTHER OPERATING EXPENSES**		
	Commission expenses	**124,141**	--
	Professional fees	**45,583**	104,776
	Registration expenses	**--**	149,515
	Insurance expenses	**20,503**	625
	Office expenses	**20,072**	20,923
	Other expenses	**53,698**	162,650
		263,997	438,489
20.	**FINANCE COSTS**		
	On lease liabilities	**16,022**	35,486
	On short term bank loans and bank overdrafts	**442,650**	180,754
		458,672	216,240

21. **FINANCIAL INSTRUMENTS**

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

	At amortised cost	
	31.03.2022	31.03.2021 (Note 22)
Financial assets	**AED**	AED
Other financial assets	**28,060,323**	15,910,323
Cash and cash equivalents	**11,477**	71,104
	28,071,800	15,981,427
Financial liabilities		
Short-term borrowings	**30,098,116**	17,114,823
Accruals	**170,359**	41,219
Lease liabilities (current and non-current)	**307,385**	532,231
	30,575,860	17,688,273

Management of risks

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

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

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.

Management continuously monitors its cash flows to determine its cash requirements and makes comparison with its funded and unfunded facilities in order to manage exposure to liquidity risk.

The Company buys and sells services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US Dollar.

Exposures to the aforementioned risks are detailed below:

Credit risk

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, there is no significant concentration of credit risk from other receivables.

Currency risk

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

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 300,981 (previous period AED 131,248 higher or lower resulting in equity being higher or lower by AED 300,981 (previous period AED 131,248).

Fair values

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, other financial assets, short term borrowings, accruals and lease liabilities (current) approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of loan to a subsidiary due to their terms have value lower than their fair value.

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

Fair value 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.

22. COMPARATIVE INFORMATION

Previous period figures are for the period from 15 October 2019 to 31 March 2021 (seventeen and half months). The current year financial statements are prepared for twelve months period from 1 April 2021 to 31 March 2022. As a result, the comparative figures as stated in statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cashflows and the related notes to the financial statements are not comparable.

For **TITAN HOLDINGS INTERNATIONAL FZCO**

DIRECTOR