

INDEPENDENT AUDITOR'S REPORT

The Shareholders'
Golden Harvest Middle East FZC
Sharjah Airport International Free Zone
Sharjah – United Arab Emirates

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Golden Harvest Middle East FZC, Sharjah Airport International Free Zone, Sharjah, United Arab Emirates** (the Company), which comprise the statement of financial position as at 31 March 2024, the statement of profit or loss and other comprehensive income, statement of changes in shareholders' funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board For Accountants Code of Ethics for Professional Accountants (IESBA code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS). The management is also responsible for such internal controls as it determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Management is responsible for overseeing the Company's financial reporting process.

Auditors' responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement

when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- ❖ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ❖ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ❖ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ❖ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ❖ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ❖ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the management 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.

For Prasad Associates
Chartered Accountants

Beauty Prasad Pazhunnan Thavu
Registration No. 1278

Date: 21 May 2024
 Place: Sharjah

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2024

	Notes	2024 AED	2023 AED
ASSETS			
Non-current assets			
Investment in associates	5	1,470,000	1,470,000
Right-of-use assets	6	88,791	100,763
		1,558,791	1,570,763
Current assets			
Trade receivables	7	2,133,403	4,592,920
Deposits, advances and prepayments	8	767,625	766,196
Amount due from related parties	9	30,985,176	33,226,777
Advance towards share application money	10	27,849,627	27,849,627
Cash and cash equivalents	11	9,505	577
Total current assets		61,745,336	66,436,097
TOTAL ASSETS		63,304,127	68,006,860
SHAREHOLDERS' FUNDS AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	12	19,150,000	19,150,000
Accumulated (loss)		(1,839,102)	(8,325)
Reserve fund	13	75,000	75,000
Total shareholders' funds		17,385,898	19,216,675
Non-current liabilities			
Provision for employees' terminal benefits	14	45,434	36,120
Lease liability - non-current portion	6	76,290	86,610
Total non-current liabilities		121,724	122,730
Current liabilities			
Accruals and other payables	15	18,450	18,053
Lease liability - current portion	6	10,320	9,724
Amount due to related parties	9	45,767,735	48,639,678
Total current liabilities		45,796,505	48,667,455
Total liabilities		45,918,229	48,790,185
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		63,304,127	68,006,860

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making judgements underlying them.

For Golden Harvest Middle East FZC

Place: Sharjah
Date : 21 May 2024

Manager

The notes on pages 8 to 31 form part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 AED	2023 AED
INCOME			
Other income	16	825	1,866
Total income		825	1,866
EXPENSES			
Administration, selling and general expenses	17	159,748	139,024
Finance charges	18	1,659,882	2,083,084
Depreciation on right-of-use assets	6	11,972	11,972
Total expenses		1,831,602	2,234,080
Net (loss) for the year		(1,830,777)	(2,232,214)

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making judgements underlying them.

For Golden Harvest Middle East FZC

Manager

Place: Sharjah

Date : 21 May 2024

The notes on pages 8 to 31 form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 AED	2023 AED
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) for the year		(1,830,777)	(2,232,214)
Adjustment for:			
Provision for employees' terminal benefits	14	9,314	14,032
Gain on lease modifications	6	-	(1,866)
Interest on lease liabilities	6	5,276	5,813
Depreciation on right-of-use assets	6	11,972	11,972
Operating (loss) before working capital changes		(1,804,215)	(2,202,263)
Decrease in trade receivables		2,459,517	1,476,923
(Increase)/decrease in deposits, advances and prepayments		(1,429)	9,639
Decrease in amount due from related parties		2,241,601	3,564,537
Increase/(decrease) in accruals and other payables		397	(1,050)
(Decrease) in amount due to related parties		(2,871,943)	(2,608,116)
Cash generated from operations		23,928	239,670
Employees' terminal benefits paid	14	-	(20,000)
Net cash from operating activities		23,928	219,670
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movements in shareholders' current accounts		-	(211,904)
Lease payments	6	(15,000)	(15,000)
Net cash (used in) financing activities		(15,000)	(226,904)
Net increase/(decrease) in cash and cash equivalents		8,928	(7,234)
Cash and cash equivalents at beginning of the year		577	7,811
Cash and cash equivalents at end of the year	11	9,505	577

The notes on pages 8 to 31 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 MARCH 2024

Year to 31 March 2024	Share capital	Shareholders' current accounts	Accumulated (loss)	Reserve fund	Total
	AED	AED	AED	AED	AED
Balance at 1 April 2023	19,150,000	-	(8,325)	75,000	19,216,675
Net (loss) for the year	-	-	(1,830,777)	-	(1,830,777)
Balance at 31 March 2024	19,150,000	-	(1,839,102)	75,000	17,385,898
Year to 31 March 2023	Share capital	Shareholders' current accounts	Accumulated (loss)	Reserve fund	Total
	AED	AED	AED	AED	AED
Balance at 1 April 2022	19,150,000	211,904	2,223,889	75,000	21,660,793
Net movements in shareholders' current accounts	-	(211,904)	-	-	(211,904)
Net (loss) for the year	-	-	(2,232,214)	-	(2,232,214)
Balance at 31 March 2023	19,150,000	-	(8,325)	75,000	19,216,675

The notes on pages 8 to 31 form part of these financial statements.

NOTES to the Financial Statements for the year ended 31st March 2024

1. LEGAL STATUS AND ACTIVITY

Legal status: Golden Harvest Middle East FZC (the "Company") is a Free Zone Company with limited liability incorporated and licensed at Sharjah Airport International Free (SAIF) Zone, Sharjah pursuant to Sharjah Emiri Decree No 2 of 1995.

The Company was incorporated on 31 October 2004 and operating under Commercial License No. 03146 issued by SAIF Zone Authorities, Sharjah, United Arab Emirates.

Activity: The principal activity of the Company is general trading.

The principal place of the business of the Company is located at Saif Office Q1-09-084/C, P.O.Box 9267 Sharjah, United Arab Emirates.

These separate financial statements relates to the operations of M/s. Golden Harvest Middle East FZC and do not include the results of operations of its associate Company M/s. Amarak Chemicals FZC, Fujairah, United Arab Emirates.

Shareholding pattern: The shareholding pattern of the Company at end of the year under review was as follows:

Name of shareholders	Nationality	No of shares	Value of shares AED
M/s Aries Agro Limited	India	168,780	16,878,000
Dr. Jimmy Mirchandani	India	22,720	2,272,000
Total		191,500	19,150,000

Management: The Company is managed by Mr. Rahul Mirchandani, Indian national.

Accounting period: These financial statements relate to the period from 1 April 2023 till 31 March 2024.

2. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS AND INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

2.1 New standards and amendments – applicable 1 January 2023:

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023:

Key Requirements	Effective date
IFRS 17 Insurance Contracts IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of	1 January 2023

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for eligible groups of insurance contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 1 January 2023

The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

NOTES to the Financial Statements for the year ended 31st March 2024

<p><u>Definition of Accounting Estimates – Amendments to IAS 8</u></p> <p>The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.</p>	1 January 2023	<p>Amendments made to IAS 1 <i>Presentation of Financial Statements</i> in 2020 and 2022 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).</p> <p>Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.</p> <p>The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:</p> <ul style="list-style-type: none"> • the carrying amount of the liability • information about the covenants, and • facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants. 	
<p><u>Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12</u></p> <p>The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities.</p> <p>The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:</p> <ul style="list-style-type: none"> • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. <p>The cumulative effect of recognising these adjustments is recognised in the opening balance of retained earnings, or another component of equity, as appropriate.</p>	1 January 2023		
<ul style="list-style-type: none"> • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. <p>The cumulative effect of recognising these adjustments is recognised in the opening balance of retained earnings, or another component of equity, as appropriate.</p>		<p>The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/ non-current classification of a convertible note.</p> <p>The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.</p>	
<p>2.2 Forthcoming requirements</p>			
<p>The following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 March 2024.</p>			
<p><u>Key Requirements</u></p> <p><u>Classification of Liabilities as Current or Non-current – Amendments to IAS 1</u> <u>Non-current Liabilities with Covenants – Amendments to IAS 1</u></p>	<p><u>Effective date</u></p> <p>1 January 2024</p>		

NOTES to the Financial Statements for the year ended 31st March 2024

<p><u>Lease Liability in a Sale and Leaseback – Amendments to IFRS 16</u></p> <p>In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction.</p> <p>The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.</p>	1 January 2024
<p><u>Supplier finance arrangements – Amendments to IAS 7 and IFRS 7</u></p> <p>The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> falls short of meeting user information needs.</p> <p>The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following:</p>	1 January 2024

The terms and conditions of SFAs.

- The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented.
- The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers.
- The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.
- Non-cash changes in the carrying amounts of financial liabilities in (b).
- Access to SFA facilities and concentration of liquidity risk with finance providers.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are

only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Compliance with IFRS

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

3.2 Basis of preparation

The financial statements have been prepared on a historical cost basis, except for the following:

- ❖ available-for-sale financial assets, financial assets and liabilities (including derivative instruments) certain classes of furniture and equipment and investment property – measured at fair value;
- ❖ assets held for sale – measured at fair value less cost of disposal, and
- ❖ defined benefit pension plans – plan assets measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for assets or goods or services.

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

An asset is classified as current when it is:

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

All other assets shall be classified as non-current.

A liability shall be classified as current when it is:

- Expected to be settled in the entity's normal operating cycle;
- Held primarily for the purpose of being traded;
- Due to be settled within twelve months after the reporting date;
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities shall be classified as non-current.

NOTES to the Financial Statements for the year ended 31st March 2024

3.3 Financial instruments

Financial assets and financial liabilities are recognized on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

3.4 Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating unit ("CGU").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognized in the profit or loss. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.5 Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- ❖ those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- ❖ those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and de-recognition

Regular way purchases and sales of financial assets are recognized on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are de-recognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is de-recognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit

NOTES to the Financial Statements for the year ended 31st March 2024

or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(i) Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

3.6 Leases – IFRS 16

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

Company as a lessee

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

Right-of-Use Assets

The Company recognises right-of-use assets (“RoU Assets”) at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease Liabilities

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

the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company has used 6% uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Lease liabilities has been presented under the head “Other Financial Liabilities”.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company presents right-of-use assets and lease liabilities separately in the statement of financial position.

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate and the weighted average rate applied is 6%.

3.7 Revenue from contract with customers

The Company recognizes revenue from contracts with customers in accordance with IFRS 15 and based on a five-step model as stated below:

Step 1 Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Entity will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognize revenue when (or as) the entity satisfies a performance obligation.

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

NOTES to the Financial Statements for the year ended 31st March 2024

The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or

1. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
2. The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which performance obligation is satisfied.

When the Entity satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Entity and the revenue and costs, if applicable, can be measured reliably.

Sale of goods

Under IFRS 15, revenue from sale of goods is recognized when the goods are delivered and the customer obtains control of the goods.

3.8 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Prepayments

Prepayments are carried at cost less any accumulated impairment losses.

3.10 Interest income and expense

Interest income and expense are recognized within 'finance income' and 'finance costs' in profit or loss using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalized as part of the cost of that asset. The Company has chosen to capitalize borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating

the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

3.11 Value added tax (VAT)

Expenses and assets are recognized net of the amount of value added tax, except:

- ❖ When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ❖ When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables and payables in the financial statements.

3.12 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

3.13 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows 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, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.14 Employees' terminal benefits

Termination benefits are paid to employees' when employment is terminated by the Company before the normal retirement date or whenever an employee accepts voluntary retirement in exchange for these benefits.

Provision is made for employees' terminal benefits on the basis prescribed under the U.A.E Labour Law based on employees' salaries and number of years of service. The terminal benefits are paid to employees on termination or completion of their term of employment.

NOTES to the Financial Statements for the year ended 31st March 2024

3.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3.16 Foreign currencies

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency in which the majority of its transactions are denominated ("the functional currency"). The financial statements are presented in UAE Dirham (AED), which is the Company's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

3.17 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from the past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

Contingent liabilities are not recognized but are disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When an inflow is virtually certain, an asset is recognized.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment losses on trade receivables and due from related parties

The Company reviews its receivables to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade receivables and amounts due from related parties. In determining whether impairment losses should be reported in the profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made in accordance with 'Expected Credit Loss' (ECL), which will require considerable judgement about how the changes in economic factors affect ECLs, which are determined on a probability weighted basis.

Lease term and incremental borrowing rate

In determining the lease term and assessing the length of the non-cancellable period of a lease, the Company applies the definition of a contract to determine the period for which the contract is enforceable. A lease is no longer enforceable when the Company (lessee) and the lessor, both, has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

In determining the lease term where the enforceability of the option solely rests with the Company, the management considers all facts and circumstances that create an economic incentive to exercise the option. Extension/renewal options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are most relevant:

If there are significant penalties (contractual) to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).

The Company also considers other factors including current market conditions, historical impairments on related CGUs, business plans etc.

Where the option on the lease term rests with both the Company (lessee) and the lessor, the Company considers that the option is not enforceable and that the term under the option

NOTES to the Financial Statements for the year ended 31st March 2024

is based on the consent of both parties is not considered in the lease term since the Company cannot enforce the extension of the lease without the agreement of the lessor. In addition, economic incentives are also considered when evaluating the enforceability rights.

The Company cannot readily determine the interest rate implicit in the lease and hence uses its incremental borrowing rate to measure lease liabilities. To determine the incremental borrowing rate, the Company uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk.

5. INVESTMENTS IN ASSOCIATES

<u>Name of associate/ subsidiary</u>	<u>Activity</u>	<u>Percentage of holding</u>	<u>2024</u>	<u>2023</u>
			<u>AED</u>	<u>AED</u>
Amarak Chemicals FZC, Fujairah	Manufacture of chemical fertilizers	49%	1,470,000	1,470,000
			<u>1,470,000</u>	<u>1,470,000</u>

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The statement of financial position shows the following amounts relating to lease of property:

<u>RIGHT-OF-USE ASSETS</u>	<u>2024</u>	<u>2023</u>
	<u>AED</u>	<u>AED</u>
Balance at beginning of the year	100,763	131,283
Lease modifications	-	(18,548)
Less: Depreciation charge of right-of use assets	(11,972)	(11,972)
Balance at end of the year	<u>88,791</u>	<u>100,763</u>
 <u>LEASE LIABILITIES</u>	 <u>2024</u>	 <u>2023</u>
	<u>AED</u>	<u>AED</u>
Balance at beginning of the year	96,334	125,935
Lease modifications	-	(20,414)
Add: Interest expense (included in finance charges) - note 18	5,276	5,813
Less: Lease payments	(15,000)	(15,000)
Balance at end of the year	<u>86,610</u>	<u>96,334</u>
	<u>2024</u>	<u>2023</u>
	<u>AED</u>	<u>AED</u>
Lease liability - current portion	<u>10,320</u>	<u>9,724</u>
Lease liability - Non-current portion	<u>76,290</u>	<u>86,610</u>
 <u>Amount recognized in the statement of profit or loss and other comprehensive income</u>	 <u>2024</u>	 <u>2023</u>
	<u>AED</u>	<u>AED</u>
Depreciation charge of right-of-use assets	<u>11,972</u>	<u>11,972</u>
Interest expense on lease liabilities (Note 18)	<u>5,276</u>	<u>5,813</u>
Gain on lease modifications (Note 16)	<u>-</u>	<u>1,866</u>

7. TRADE RECEIVABLES

	<u>2024</u>	<u>2023</u>
	<u>AED</u>	<u>AED</u>
Trade receivables	2,133,403	4,592,920
	<u>2,133,403</u>	<u>4,592,920</u>

- (i) In the opinion of the management, the receivables are considered good and fully recoverable.
- (ii) The aging analysis of the trade receivables are as follows

	<u>2024</u>	<u>2023</u>
	<u>AED</u>	<u>AED</u>
Due for less than 6 months	-	-
Due for more than 6 months	2,133,403	4,592,920
	<u>2,133,403</u>	<u>4,592,920</u>

8. DEPOSITS, ADVANCES AND PREPAYMENTS

	<u>2024</u>	<u>2023</u>
	<u>AED</u>	<u>AED</u>
Prepaid expenses	6,250	6,250
Deposits	7,825	7,825
Loans and advances	750,000	750,000
Other receivables	3,550	2,121
	<u>767,625</u>	<u>766,196</u>

9. RELATED PARTY BALANCES

The Company has in the ordinary course of business, entered into financial transactions with concerns in which the shareholders' /directors'/manager of the Company or their relatives have an investing / controlling interest.

The prices and terms of these transactions were approved by the management and considered comparable to those charged by third parties. The amount outstanding from/to related parties are unsecured, which attract interest and are payable on demand. No expense has been recognized in the period for bad or doubtful debts in respect of the amounts owed by related parties.

At the end of the reporting year, amount due from/to related parties were as follows: -

<u>Amount due from related parties</u>	<u>2024</u>	<u>2023</u>
	<u>AED</u>	<u>AED</u>
Amarak Chemicals FZC, Fujairah	29,782,480	32,024,082
Aries Agro Limited, Mumbai	1,202,696	1,202,695
	<u>30,985,176</u>	<u>33,226,777</u>
 <u>Amount due to related parties</u>	 <u>2024</u>	 <u>2023</u>
	<u>AED</u>	<u>AED</u>
Aries Agro Limited	45,767,735	48,639,678
	<u>45,767,735</u>	<u>48,639,678</u>

The volume of significant related party transactions during the year were as follows: -

	<u>2024</u>	<u>2023</u>
	<u>AED</u>	<u>AED</u>
Interest expenses (Note 18)	1,635,444	2,058,509

10. ADVANCE TOWARDS SHARE APPLICATION MONEY

This represents amount paid to the associate Company, Amarak Chemicals FZC, Fujairah Free Zone towards advance for allotment of shares. The management confirms that the allotment of shares has not yet done as on the date of statement of financial position.

NOTES to the Financial Statements for the year ended 31st March 2024

11. CASH AND CASH EQUIVALENTS

	2024	2023
	AED	AED
Current account with banks	9,505	577
	<u>9,505</u>	<u>577</u>

12. SHARE CAPITAL

	2024	2023
	AED	AED
Authorised, issued and paid-up capital (Note 1) (191,500 shares of AED 100 each)	19,150,000	19,150,000
	<u>19,150,000</u>	<u>19,150,000</u>

13. RESERVE FUND

This represents reserve created out of profit of the Company in accordance with the provisions of Memorandum and Articles of Association of the Company.

14. PROVISION FOR EMPLOYEES' TERMINAL BENEFITS

	2024	2023
	AED	AED
Balance at the beginning of the year	36,120	42,088
Add : Charge for the year	9,314	14,032
(Less): Paid during the year	-	(20,000)
Balance at the end of the year	<u>45,434</u>	<u>36,120</u>

The provision for end of service benefits for employees is made in accordance with the requirements of the U.A.E. Labour Laws. This is an unfunded defined benefits retirement plan. Employees are entitled to benefits based on length of service and final remuneration. Accrued employees' terminal benefits are payable on termination of employment.

15. ACCRUALS AND OTHER PAYABLES

	2024	2023
	AED	AED
Accrued expenses	18,450	10,500
Other payables	-	7,553
	<u>18,450</u>	<u>18,053</u>

16. OTHER INCOME

	2024	2023
	AED	AED
Miscellaneous income	825	-
Gain on lease modification	-	1,866
	<u>825</u>	<u>1,866</u>

17. ADMINISTRATION, SELLING AND GENERAL EXPENSES

	2024	2023
	AED	AED
Salaries and other benefits	101,664	102,188
Legal and professional charges	32,941	33,726
Other expenses	22,898	3,110
Traveling and conveyance expenses	1,250	-
Communication expenses	995	-
	<u>159,748</u>	<u>139,024</u>

18. FINANCE CHARGES

	2024	2023
	AED	AED
Bank charges	3,751	2,841
Interest charges	1,635,444	2,058,509
Loss on currency exchange fluctuation	15,411	15,921
Interest on lease liabilities (note 6)	5,276	5,813
	<u>1,659,882</u>	<u>2,083,084</u>

Interest charges represent interest paid to a related party (Note 9).

19. FINANCIAL INSTRUMENTS

Financial assets of the Company include investments, trade receivables, amount due from related parties, deposits, advances, cash and cash equivalents. Financial liabilities of the Company include lease liabilities, amount due to related parties, accruals and other payables.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset and financial liability are disclosed in note 3 to the financial statements.

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit exposure is continuously monitored and regularly reviewed by the management. The credit risk on trade receivables and related parties are subject to credit evaluations. The credit risk on liquid funds is limited because the Company's bank accounts are placed with high credit quality financial institutions.

The maximum exposure to credit risk at the reporting date was:

	2024	2023
	AED	AED
Financial assets		
Investments	1,470,000	1,470,000
Trade receivables	2,133,403	4,592,920
Deposits and advances	761,375	759,946
Amount due from related parties	30,985,176	33,226,777
Cash and cash equivalents	9,505	577
	<u>35,359,459</u>	<u>40,050,220</u>

Amount due from related parties is considered fully recoverable by the management.

The Company has a diversified customer base and as such there is no significant concentration of credit risk. The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade receivables based on the past and the recent collection trend.

(ii) Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates, and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all financial assets traded in the market.

NOTES to the Financial Statements for the year ended 31st March 2024

(iii) Currency risk

The Company undertakes certain transactions denominated in foreign currencies and hence exposure to exchange rate fluctuations arises.

The majority of the Company's financial assets and financial liabilities are either denominated in local currency (AED) or currencies fixed to the AED. Hence the management believes that there would not be a material impact on the profitability if these foreign currencies weaken or strengthens against the AED with all other variables held constant.

(iv) Liquidity risk

The Company manages its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due.

The table below summarizes the contractual maturities of financial liabilities:

	2024			2023		
	Carrying amount AED	Within 1 year AED	More than 1 year AED	Carrying amount AED	Within 1 year AED	More than 1 year AED
<i>Financial liabilities</i>						
Accruals and other payables	18,450	18,450	-	18,053	18,053	-
Amount due to related parties	45,767,735	45,767,735	-	48,639,678	48,639,678	-
Lease liabilities	86,610	10,320	76,290	96,334	9,724	86,610
	45,872,795	45,796,505	76,290	48,754,065	48,667,455	86,610

20. CAPITAL COMMITMENTS

Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known capital commitment on Company's financial statements as of reporting date.

21. CONTINGENT LIABILITIES

Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability on Company's financial statements as of reporting date.

22. COMPARATIVE FIGURES

Previous year's figures have been regrouped or reclassified wherever necessary to make them comparable to those of the current year.

However, such reclassification does not have impact on the previously reported loss or equity.

23. LEVEL OF PRECISION

All figures are rounded off to nearest Dirhams (AED).

24. SUBSEQUENT EVENTS

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the financial statements as at and for the year ended 31 March 2024.

25. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the management for issue on 21 May 2024.

For Golden Harvest Middle East FZC

Manager