

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 2025, 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 2025 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: 14 May 2025

Place: Sharjah

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2025

	Notes	2025 AED	2024 AED
ASSETS			
Non-current assets			
Investment in associates	5	1,470,000	1,470,000
Right-of-use assets	6	76,819	88,791
Total non-current assets		1,546,819	1,558,791
Current assets			
Trade receivables	7	228,260	2,133,403
Deposits, advances and prepayments	8	393,272	767,625
Amount due from related parties	9	29,059,470	30,985,176
Advance towards share application money	10	27,849,627	27,849,627
Cash and cash equivalents	11	6,772	9,505
Total current assets		57,537,401	61,745,336
TOTAL ASSETS		59,084,220	63,304,127
SHAREHOLDERS' FUNDS AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	12	19,150,000	19,150,000
Accumulated (losses)		(3,780,378)	(1,839,102)
Reserve fund	13	75,000	75,000
Total shareholders' funds		15,444,622	17,385,898
Non-current liabilities			
Provision for employees' terminal benefits	14	58,918	45,434
Lease liability - non-current portion	6	65,350	76,290
Total non-current liabilities		124,268	121,724
Current liabilities			
Accruals and other payables	15	11,000	18,450
Lease liability - current portion	6	10,939	10,320
Amount due to related parties	9	43,493,391	45,767,735
Total current liabilities		43,515,330	45,796,505
Total liabilities		43,639,598	45,918,229
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		59,084,220	63,304,127

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 : 14 May 2025

The notes form part of these financial statements.

Manager

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

	Notes	2025 AED	2024 AED
INCOME			
Other income		-	825
Total income		-	825
EXPENSES			
Administration and general expenses	16	161,079	159,748
Finance charges	17	1,393,225	1,659,882
Advances written off	8	375,000	-
Amortisation charge on right-of-use assets	6	11,972	11,972
Total expenses		1,941,276	1,831,602
Net (loss) for the year		(1,941,276)	(1,830,777)

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 : 14 May 2025

The notes form part of these financial statements.

Manager

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 AED	2024 AED
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) for the year		(1,941,276)	(1,830,777)
Adjustment for:			
Provision for employees' terminal benefits	14	13,484	9,314
Interest on lease liabilities	6	4,679	5,276
Amortisation charge on right-of-use assets	6	11,972	11,972
Operating (loss) before working capital changes		(1,911,141)	(1,804,215)
Decrease in trade receivables		1,905,143	2,459,517
Decrease/(increase) in deposits, advances and prepayments		374,353	(1,429)
Decrease in amount due from related parties		1,925,706	2,241,601
(Decrease)/increase in accruals and other payables		(7,450)	397
(Decrease) in amount due to related parties		(2,274,344)	(2,871,943)
Net cash from operating activities		12,267	23,928
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease payments	6	(15,000)	(15,000)
Net cash (used in) financing activities		(15,000)	(15,000)
Net (decrease)/increase in cash and cash equivalents		(2,733)	8,928
Cash and cash equivalents at beginning of the year		9,505	577
Cash and cash equivalents at end of the year	11	6,772	9,505

The notes form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 MARCH 2025

Year to 31 March 2025	Share capital	Accumulated (losses)	Reserve fund	Total
	AED	AED	AED	AED
Balance at 1 April 2024	19,150,000	(1,839,102)	75,000	17,385,898
Net (loss) for the year	-	(1,941,276)	-	(1,941,276)
Balance at 31 March 2025	19,150,000	(3,780,378)	75,000	15,444,622

Year to 31 March 2024	Share capital	Accumulated (losses)	Reserve fund	Total
	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

The notes form part of these financial statements.

NOTES to the Financial Statements for the year ended 31st March 2025

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 Sharjah Airport International Free Zone Authority, 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

During the year, the Company mourned the passing of one of its shareholders, Dr. Jimmy Mirchandani. The legal formalities for removing his name from the shareholder records and updating the relevant legal documentation with the SAIF Zone Authorities are currently in progress.

Management: As per the trade license issued by the Sharjah Airport International Free Zone Authority, Sharjah, Mr. Rahul Mirchandani, Indian National is appointed as Manager of the Company.

Accounting period: These financial statements relate to 12 months period from 1 April 2024 till 31 March 2025.

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

2.1 New standards and amendments

New standards and amendments – applicable 1 January 2024.

The following standards and amendments that are effective for the first time for periods commencing on or after 1 January 2024 are as follows:

Key requirements	Effective date
<p>Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1</p> <p>Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarify 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 (for example, the receipt of a waiver or a breach of covenant that an entity is required to comply with only after the reporting period).</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 on or before the reporting date, this needs to be considered in 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 with which the entity must comply within 12 months of the reporting date.</p> <p>The disclosures include:</p> <ul style="list-style-type: none"> the carrying amount of the liability; information about the covenants (including the nature of the covenants and when the entity is required to comply with them); and facts and circumstances, if any, that indicate that the entity might have difficulty complying with the covenants. <p>The amendments must be applied retrospectively in accordance with the requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.</p>	1 January 2024
<p>Lease liability in sale and leaseback – Amendments to IFRS 16</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

NOTES to the Financial Statements for the year ended 31st March 2025

Key requirements	Effective date
<p>Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7</p> <p>On 25 May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require specific disclosures about supplier finance arrangements (SFAs). The amendments respond to the investors' need for more information about SFAs to be able to assess how these arrangements affect an entity's liabilities, cash flows and liquidity risk.</p> <p>The new disclosures will provide information about:</p> <p>(i) The terms and conditions of SFAs.</p> <p>(ii) The carrying amount of financial liabilities that are part of SFAs, and the line items in which those liabilities are presented.</p> <p>(iii) The carrying amount of the financial liabilities in (2), for which the suppliers have already received payment from the finance providers.</p> <p>(iv) 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.</p> <p>(v) Non-cash changes in the carrying amounts of financial liabilities in (2).</p> <p>(vi) Access to SFA facilities and concentration of liquidity risk with the finance providers.</p> <p>Entities will be required to aggregate the information that they provide about SFAs. However, entities should disaggregate information about terms and conditions that are dissimilar, disclose explanatory information where the range of payment due dates is wide, and disclose the type and effect of non-cash changes that are needed for comparability between periods.</p> <p>The IASB has provided transitional relief by not requiring comparative information in the first year, and 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.</p>	1 January 2024

2.2 Forthcoming requirements

As of 30 June 2024, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 March 2025.

Key requirements	Effective date
<p>Amendments to IAS 21 - Lack of Exchangeability</p> <p>In August 2023, the IASB amended IAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. Prior to these amendments, IAS 21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary.</p> <p>These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. Early application is permitted subject to any endorsement process.</p>	1 January 2025
<p>Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7</p> <p>On 30 May 2024, the IASB issued targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:</p> <ol style="list-style-type: none"> clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). <p>The amendments in (b) are most relevant to financial institutions, but the amendments in (a), (c) and (d) are relevant to all entities. The amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted subject to any endorsement process.</p>	1 January 2026

NOTES to the Financial Statements for the year ended 31st March 2025

Key requirements	Effective date
<p><u>IFRS 18, 'Presentation and Disclosure in Financial Statements'</u></p> <p>This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:</p> <ul style="list-style-type: none"> • the structure of the statement of profit or loss with defined subtotals; • requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss; • required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and • enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. 	1 January 2027
<p><u>IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'</u></p> <p>This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:</p> <ul style="list-style-type: none"> • it does not have public accountability; and • it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. 	1 January 2027

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.

The principal significant accounting policies applied in these

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

NOTES to the Financial Statements for the year ended 31st March 2025

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 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.

(iv) 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.

NOTES to the Financial Statements for the year ended 31st March 2025

3.6 Leases – IFRS 16

Under IFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

The Company leased office premises for a period of 10 years. The Company previously classified leases as operating lease based on its assessment of whether the lease transferred substantially all the risks and rewards incidental to ownership of underlying asset to the Company. The Contracts may contain both lease and non-lease components. At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative standalone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- ❖ Fixed payments (including in-substance fixed payments), less any lease incentives receivable

- ❖ variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- ❖ amounts expected to be payable by the group under residual value guarantees
- ❖ the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- ❖ payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

NOTES to the Financial Statements for the year ended 31st March 2025

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:

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

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

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.

NOTES to the Financial Statements for the year ended 31st March 2025

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.

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.

3.18 Corporate Tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ('the CT Law') to enact a Federal corporate tax ('CT') regime in the UAE.

Current taxes are accounted for as appropriate in the financial statements for the period beginning on April 01, 2024.

The taxable income of the Entity that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax.

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.

NOTES to the Financial Statements for the year ended 31st March 2025

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 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. INVESTMENT IN ASSOCIATE

(at cost)

Name of associate	Activity	% of holding	2025	2024
			AED	AED
Amarak Chemicals FZC (15,000 shares of AED 150) Fujairah Free Zone, Fujairah, United Arab Emirates.	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:

RIGHT-OF-USE ASSETS	2025	2024
	AED	AED
Balance at beginning of the year	88,791	100,763
(Less): Amortisation charge on right-of use assets	(11,972)	(11,972)
Balance at end of the year	<u>76,819</u>	<u>88,791</u>

LEASE LIABILITIES	2025	2024
	AED	AED
Balance at beginning of the year	86,610	96,334
Add: Interest expense (Note 17)	4,679	5,276
(Less): Lease payments	(15,000)	(15,000)
Balance at end of the year	<u>76,289</u>	<u>86,610</u>
	2025	2024
	AED	AED
Lease liability - current portion	<u>10,939</u>	<u>10,320</u>
Lease liability - Non-current portion	<u>65,350</u>	<u>76,290</u>

Amount recognized in the statement of profit or loss

	2025	2024
	AED	AED
Amortisation charge on right-of-use assets	<u>11,972</u>	<u>11,972</u>
Interest expense on lease liabilities (Note 17)	<u>4,679</u>	<u>5,276</u>

7. TRADE RECEIVABLES

	2025	2024
	AED	AED
Trade receivables	228,260	2,133,403
	<u>228,260</u>	<u>2,133,403</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

	2025	2024
	AED	AED
Due for less than 6 months	-	-
Due for more than 6 months	228,260	2,133,403
	<u>228,260</u>	<u>2,133,403</u>

8. DEPOSITS, ADVANCES AND PREPAYMENTS

	2025	2024
	AED	AED
Prepaid expenses	6,250	6,250
Deposits	7,825	7,825
Loans and advances	375,000	750,000
Other receivables	4,197	3,550
	<u>393,272</u>	<u>767,625</u>

Loans and advances represent amounts advanced to a third party, which have remained outstanding for a period exceeding five years. Based on management's assessment, taking into consideration the continued non-recoverability of the balance, the Company has determined that the amount is no longer collectible. In accordance with a resolution passed by management, the total balance of AED 750,000 is being written off over a period of two years.

During the current financial year, an amount of AED 375,000 has been written off, with the remaining AED 375,000 scheduled to be written off in the subsequent financial year.

NOTES to the Financial Statements for the year ended 31st March 2025

9. RELATED PARTY TRANSACTIONS AND 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: -

Amount due from related parties	2025	2024
	AED	AED
Amarak Chemicals FZC, Fujairah	27,856,774	29,782,480
Aries Agro Limited, Mumbai	1,202,696	1,202,696
	29,059,470	30,985,176

Amount due to related parties	2025	2024
	AED	AED
Aries Agro Limited, Mumbai	43,493,391	45,767,735
	43,493,391	45,767,735

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

	2025	2024
	AED	AED
Interest expenses (Note 17)	1,367,581	1,635,444

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.

11. CASH AND CASH EQUIVALENTS

	2025	2024
	AED	AED
Current account with banks	6,772	9,505
	6,772	9,505

12. SHARE CAPITAL

	2025	2024
	AED	AED
Authorised and issued capital (Note 1) (191,500 shares of AED 100 each)	19,150,000	19,150,000
	19,150,000	19,150,000

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

	2025	2024
	AED	AED
Balance at the beginning of the year	45,434	36,120
Add : Charge for the year	13,484	9,314
Balance at the end of the year	58,918	45,434

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

	2025	2024
	AED	AED
Accrued expenses	11,000	18,450
	11,000	18,450

16. ADMINISTRATION AND GENERAL EXPENSES

	2025	2024
	AED	AED
Salaries and other employee benefits	124,416	101,664
Legal and professional charges	33,663	32,941
Other administration expenses	3,000	25,143
	161,079	159,748

17. FINANCE CHARGES

	2025	2024
	AED	AED
Bank charges	8,560	3,751
Interest charges	1,367,581	1,635,444
Loss on currency exchange fluctuation	12,405	15,411
Interest on lease liabilities (Note 6)	4,679	5,276
	1,393,225	1,659,882

Interest charges represent interest paid to a related party.

18. 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.

NOTES to the Financial Statements for the year ended 31st March 2025

(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:

	2025	2024
	AED	AED
Financial assets		
Investments	1,470,000	1,470,000
Trade receivables	228,260	2,133,403
Deposits and advances	387,022	761,375
Amount due from related parties	29,059,470	30,985,176
Cash and cash equivalents	6,772	9,505
	<u>31,151,524</u>	<u>35,359,459</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.

(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:

	2025			2024		
	Carrying amount	Within 1 year	More than 1 year	Carrying amount	Within 1 year	More than 1 year
	AED	AED	AED	AED	AED	AED
Financial liabilities						
Accruals and other payables	11,000	11,000	-	18,450	18,450	-
Amount due to related parties	43,493,391	43,493,391	-	45,767,735	45,767,735	-
Lease liabilities	76,289	10,939	65,350	86,610	10,320	76,290
	<u>43,580,680</u>	<u>43,515,330</u>	<u>65,350</u>	<u>45,872,795</u>	<u>45,796,505</u>	<u>76,290</u>

19. 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.

20. 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.

21. 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.

22. LEVEL OF PRECISION

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

23. 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 2025.

24. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the management for issue on 14 May 2025.