

ASIAN STAR DMCC

Financial Statements

31 March 2025

Registered Office:

Unit No. 29 D,
Almas Tower, Plot No. JLT PH1- A0,
Jumeirah Lakes Towers,
P.O. Box 336186
Dubai, U.A.E.

ASIAN STAR DMCC

Financial Statements

31 March 2025

| <i><u>CONTENTS</u></i> | <i><u>PAGE</u></i> |
|-----------------------------------|--------------------|
| Director's Report | 1 |
| Independent Auditors' Report | 2 – 3 |
| Statement of Financial Position | 4 |
| Statement of Comprehensive Income | 5 |
| Statement of Changes in Equity | 6 |
| Statement of Cash Flows | 7 |
| Notes to the Financial Statements | 8 – 20 |

ASIAN STAR DMCC Director's Report

The director submits his report and financial statements for the year ended 31 March 2025.

Results and dividend

Profit before taxes for the year amounted to US \$ 950,311/-.

The director has declared and paid an interim dividend of US \$ 285,000/- for the year ended 31 March 2025.

Review of the business

The company is registered and engaged to carry out trading in pearls, precious stones and jewellery.

Events since the end of the year

There were no important events, which have occurred since the year end that materially affect the company.

Shareholder and its interest

The shareholder at 31 March 2025 and its interest as at that date in the share capital of the company was as follows:

| <u>Name of the shareholder</u> | <u>Country of incorporation</u> | <u>No. of shares</u> | <u>AED</u> | <u>US \$</u> |
|--|-------------------------------------|--------------------------|------------|--------------|
| Asian Star Company Limited (converted @ 3.67 AED per US \$) | India | 200 | 200,000 | 54,496 |

Auditors

A resolution to re-appoint **KSI Shah & Associates** as auditors and fix their remuneration will be put to the board at the annual general meeting.

P. A. S. S.

Mr. Priyanshu Arvind Shah
Director



Independent Auditors' Report to the Shareholder/directors of ASIAN STAR DMCC

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of **ASIAN STAR DMCC**, (the "Company"), which comprise of the statement of financial position as of 31 March 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year and a summary of significant accounting policies and explanatory notes.

In our opinion, the financial statements present fairly, in all material respects the financial position of the company as of 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 UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises of the director's report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we concluded that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Independent Auditors' Report to the Shareholder/directors of ASIAN STAR DMCC

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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.

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

Report on Other Legal and Regulatory Requirements

We further confirm that we have obtained all information and explanations necessary for our audit and proper financial records have been maintained by the company in accordance with the DMCC Company Regulation No. 1 of 2013. To the best of our knowledge and belief no violations of said regulations have occurred which would have had a material effect on the business of the company or on its financial position.

KSI Shah & Associates



For KSI Shah & Associates
Dubai, U.A.E.

Signed by:
Sonal P. Shah (Registration No. 123)

29 May 2025

ASIAN STAR DMCC

Statement of Financial Position

At 31 March 2025


| | <i>Notes</i> | <i>2025 US \$</i> | <i>2024 US \$</i> |
|-------------------------------------|--------------|--------------------------|--------------------------|
| ASSETS | | | |
| Non- current asset | | | |
| Property and furniture | 6 | <u>179,071</u> | <u>240,466</u> |
| Current assets | | | |
| Inventories | 7 | 1,412,031 | 369,132 |
| Trade and other receivables | 8 | 56,521,266 | 62,448,619 |
| Cash and bank balances | 9 | <u>4,303,336</u> | <u>4,703,918</u> |
| | | <u>62,236,633</u> | <u>67,521,669</u> |
| TOTAL ASSETS | | <u>62,415,704</u> | <u>67,762,135</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 10 | 54,496 | 54,496 |
| Retained earnings | | <u>61,046,858</u> | <u>60,458,075</u> |
| Total equity | | <u>61,101,354</u> | <u>60,512,571</u> |
| Non-Current liabilities | | | |
| Employee end of service benefits | | <u>94,693</u> | <u>-</u> |
| Current liabilities | | | |
| Bank borrowings | 11 | - | 6,486,594 |
| Tax Payable | 16 | 76,528 | - |
| Trade and other payables | 12 | <u>1,143,129</u> | <u>762,970</u> |
| | | <u>1,219,657</u> | <u>7,249,564</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>62,415,704</u> | <u>67,762,135</u> |

The accompanying notes 1 to 21 form an integral part of these financial statements.

The Independent Auditors' Report is set forth on page 2 to 3.

Approved by the board of directors on 29th May 2025 and signed on their behalf by:

For ASIAN STAR DMCC


Mr. Priyanshu Arvind Shah
 Director



ASIAN STAR DMCC

Statement of Comprehensive Income
for the year ended 31 March 2025

| | <i><u>Notes</u></i> | <i><u>2025</u></i> <i><u>US \$</u></i> | <i><u>2024</u></i> <i><u>US \$</u></i> |
|--|---------------------|---|---|
| Sales | 13 | 97,660,233 | 116,091,654 |
| Cost of sales | 14 | <u>(93,247,380)</u> | <u>(111,783,942)</u> |
| Gross profit | | 4,412,853 | 4,307,712 |
| Expenses | 15 | <u>(3,340,796)</u> | <u>(2,598,389)</u> |
| Profit from operations | | 1,072,057 | 1,709,324 |
| Interest income on fixed deposits | | 77,041 | 45,817 |
| Finance charges paid to banks | | <u>(198,787)</u> | <u>(179,811)</u> |
| Profit before taxes for the year | | 950,311 | 1,575,330 |
| Current income tax expense | 16 | <u>(76,528)</u> | <u>-</u> |
| Profit after taxes for the year | | 873,783 | 1,575,330 |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| Total comprehensive income for the year | | <u>873,783</u> | <u>1,575,330</u> |

The accompanying notes 1 to 21 form an integral part of these financial statements.

ASIAN STAR DMCC

Statement of Changes in Equity
for the year ended 31 March 2025

| | <i>Share capital <u>US \$</u></i> | <i>Retained Earnings <u>US \$</u></i> | <i>Total <u>US \$</u></i> |
|----------------------------|---|---|-------------------------------|
| As at 31 March 2023 | 54,496 | 59,157,745 | 59,212,241 |
| Dividend paid | - | (275,000) | (275,000) |
| Profit for the year | <u>-</u> | <u>1,575,330</u> | <u>1,575,330</u> |
| As at 31 March 2024 | 54,496 | 60,458,075 | 60,512,571 |
| Dividend paid | - | (285,000) | (285,000) |
| Profit for the year | <u>-</u> | <u>873,783</u> | <u>873,783</u> |
| As at 31 March 2025 | <u>54,496</u> | <u>61,046,858</u> | <u>61,101,354</u> |

The accompanying notes 1 to 21 form an integral part of these financial statements.

ASIAN STAR DMCC

Statement of Cash Flows
for the year ended 31 March 2025

| | <i>Notes</i> | 2025 <i>US \$</i> | 2024 <i>US \$</i> |
|---|--------------|-----------------------------|-----------------------------|
| <u>Cash flows from operating activities</u> | | | |
| Profit for the year | | 950,311 | 1,575,330 |
| Adjustments for: | | | |
| Finance charges paid to bank | | 198,787 | 179,812 |
| Interest Income | | (77,041) | (45,817) |
| Provision for staff end of service benefits (net) | | 94,693 | - |
| Depreciation | 6 | <u>61,395</u> | <u>61,395</u> |
| Operating profit before working capital changes | | 1,228,145 | 1,770,720 |
| Changes in inventory | | (1,042,899) | 4,795,598 |
| Changes in trade and other receivables | | 5,927,353 | (14,050,693) |
| Changes in trade and other payables | | <u>380,159</u> | <u>604,103</u> |
| Cash generated from/ (used in) operating activities | | <u>6,492,758</u> | <u>(6,880,272)</u> |
| <u>Cash flows from investing activities</u> | | | |
| Interest income received | | 77,041 | 45,817 |
| Changes in term deposit | | <u>(75,664)</u> | <u>(545,817)</u> |
| Cash generated from / (used in) investing activities | | <u>1,377</u> | <u>(500,000)</u> |
| <u>Cash flows from financing activities</u> | | | |
| Dividend paid | | (285,000) | (275,000) |
| Repaid/proceeds bank borrowings | | (6,486,594) | 6,486,594 |
| Finance charges paid to bank | | <u>(198,787)</u> | <u>(179,812)</u> |
| Cash (used in) /generated from financing activities | | <u>(6,970,381)</u> | <u>6,031,782</u> |
| Net increase in cash and cash equivalents | | (476,246) | (1,348,490) |
| Cash and cash equivalents at beginning of the year | | <u>2,658,101</u> | <u>4,006,591</u> |
| Cash and cash equivalents at end of the year | 9 | <u>2,181,855</u> | <u>2,658,101</u> |

The accompanying notes 1 to 21 form an integral part of these financial statements.

ASIAN STAR DMCC

(Incorporated in the Dubai Multi Commodities Centre, U.A.E.)

(Registration No. DMCC0032)

Notes to the Financial Statements

for the year ended 31 March 2025

1. Legal status and business activity

- a) **ASIAN STAR DMCC** (“The Company”) is a free zone company with limited liability, incorporated on 25 January 2004 in the Dubai Multi Commodities Centre, Dubai, U.A.E, under the trade license No. DMCC-30030.
- b) The company is registered and engaged to carry out trading in pearls, precious stones and jewellery.

2. Basis of preparation

a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) and which are effective for accounting periods beginning on or after 1 January 2023 and the applicable rules and regulations of the Dubai Multi Commodities Centre.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial assets and financial liabilities which are being measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety as described below:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

c) Functional and presentation currency

The functional currency of the company is UAE Dirhams. These financial statements are presented in United States Dollars (US \$), which in the opinion of the management is the most appropriate presentation currency in view of the global presence of the company. U.A.E. Dirham is currently pegged to US \$ and there are no differences on translation from functional to presentation currency.

ASIAN STAR DMCC

Notes to the Financial Statements for the year ended 31 March 2025

3. Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, 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 estimates are revised and in any future periods affected.

Judgments made in applying accounting policies

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

Revenue from contracts with customers

- **Timing for transfer of control of goods:**
In case of performance obligation satisfied at point in time, the control of goods is transferred, when physical delivery of the goods to the agreed location has occurred, as a result, the company has a present right to payment and retains none of the significant risks and rewards of the goods.
- **Financing components:**
The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.
- **Determining the transaction price:**
The company's revenue from sale of goods is derived from fixed price contracts with customers and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Based on the historical performance of the company, it is highly probable that there will not be reversal of previously recognized revenue on account of the return of goods or volume rebates.
- **Allocating the transaction prices:**
There is a fixed unit price for each item sold to the customer. Therefore, there is no judgment involved in allocating the contract price to each unit ordered in contracts with customers. Where a customer orders more than one item, the company is able to determine the split of the total contract price between each item by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).
- **Provision of rights to return goods, volume rebates and other similar obligations:**
The company reviews its estimate of expected returns at each reporting date on basis of the historical data for the returns, rebates and other similar obligations and updates the amounts of the asset and liability accordingly.

ASIAN STAR DMCC**Notes to the Financial Statements**
*for the year ended 31 March 2025****Impairment of non-financial assets***

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

Financial assets at amortized cost

The company classifies its financial assets as at amortized cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest

Key sources of estimation uncertainty and assumptions

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

Residual values of property and furniture

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

Estimated useful life of property and furniture

Management determines the estimated useful lives and depreciation charge for its property and furniture at the time of addition of the assets and is reviewed on annual basis.

Valuation of rough and polished diamonds

Management undertakes periodic review of all inventories, for both rough and polished diamonds. As per the prevailing market practice, the contents of different packets of diamonds are mixed and sorted/resorted. The management ensures that inventories are correctly valued with reference to the quantity, quality and rates for different grades of diamonds.

Inventory provision

Management regularly undertakes a review of the company's inventory, in order to assess the likely realization proceeds, taking in account purchase and replacement prices, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Staff end-of-service gratuity

The company computes the provision for the liability to staff end-of-service gratuity assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite affects.

ASIAN STAR DMCC

Notes to the Financial Statements for the year ended 31 March 2025

Impairment of financial assets

The loss allowance for financial assets is based on assumptions about risk of default and expected loss rates. The company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Impairment of non-financial assets

Assessments of net recoverable amounts of property and furniture, and all financial assets other than loans and receivables are based on assumptions regarding future cash flows expected to be received from the related assets.

4. Adoption of new International Financial Reporting Standards

a) New and revised International Financial Reporting Standards

The following International Financial Reporting Standards (IFRSs), amendments and interpretations issued by IASB that became effective for the current reporting period:

- Amendments to IFRS 16 – Lease liability in a sale and leaseback.
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current.
- Amendments to IAS 1 - Non-current liabilities with Covenants.
- Amendments to IAS 7 and IFRS 7 -Supplier Finance Arrangements

During the current year, the management has adopted the above amendments to the extent applicable to them from their effective dates.

These amendments have no significant impact on the amounts reported in these financial statements. Their adoption has resulted in presentation and disclosure changes only.

b) International Financial Reporting Standards issued but not effective

Amendments to IAS 21 - Lack of Exchangeability. The effective date of the amendments is set for annual periods beginning on or after 1 January 2025.

Amendments to IFRS 9 and IFRS 7- Amendments to the classification and measurements of financial instruments. The effective date of the amendments is set for annual periods beginning on or after 1 January 2026.

IFRS 18 - Presentation and Disclosure in Financial Statements- The effective date of the standard is set for annual periods beginning on or after 1 January 2027.

IFRS 19 – Subsidiaries without public accountability: Disclosures- The effective date of the standard is set for annual periods beginning on or after 1 January 2027.

The company has not adopted any other standard, amendment or interpretation that has been issued but is not yet effective.

ASIAN STAR DMCC

Notes to the Financial Statements for the year ended 31 March 2025

5. Significant accounting policies:

a) Depreciation of property and furniture

The cost of property and furniture is depreciated by equal annual installments over their estimated useful lives as under:

| | |
|--------------------------------|----------|
| Property | 20 years |
| Furniture and office equipment | 5 years |

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Minor purchases of fixed assets are depreciated fully in the year of purchase.

b) Financial instruments

Recognition and Initial measurement

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified as follows:

Financial assets at amortised cost (debt instruments)

Financial assets that are held within a business model whose objective is to hold the asset in order to collect contractual cash flows that are solely payments of principal and interest are subsequently measured at amortised cost less impairments, if any. Interest income calculated using effective interest rate (EIR) method and impairment loss, if any are recognised in the statement of profit and loss. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortised cost include trade and other receivables and cash and bank balances. Due to the short term nature of these financial assets, their carrying amounts are considered to be the same as their fair value.

ASIAN STAR DMCC

Notes to the Financial Statements for the year ended 31 March 2025

Classification and subsequent measurement of financial liabilities

For the purpose of subsequent measurement, financial liabilities are classified as follows:

- Amortized cost - Financial liabilities are classified as financial liabilities at amortized cost by default. Interest expense calculated using EIR method is recognized in the statement of profit and loss. The company's financial liabilities at amortized cost include trade and other payables.
- Fair values through profit or loss (FVTPL) - Financial liabilities are classified as FVTPL if it is held for trading, or is designated as such on initial recognition. Changes in fair value and interest expense on these liabilities are recognized in the statement of profit and loss.

The company's financial liabilities include other payables. The carrying amounts of financial liabilities are considered as to be the same as their fair values, due to their short term nature.

Derecognition of financial assets and financial liabilities

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

- The contractual rights to receive cash flows expire or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - a) the Company has transferred substantially all the risks and rewards of the asset, or
 - b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Impairment of financial assets

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The company considers the liabilities owed to parties with whom the trade receivables are outstanding, while assessing for impairment of trade receivable.

ASIAN STAR DMCC

Notes to the Financial Statements for the year ended 31 March 2025

Impairment of financial assets (contd.)

Expected credit losses are recognized in two stages.

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months.
- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

For trade receivables and other financial assets, the Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime expected credit losses at each reporting date.

c) Inventories

Inventories are valued at lower of cost or net realizable value using specific identification method for each item of inventories. Cost comprise of invoice value plus attributable direct expenses. Net realizable value is based on estimated selling price less any further costs expected to be incurred for disposal.

d) Foreign currency transactions

Transactions in foreign currencies are converted into US Dollars at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into US Dollars at the rate of exchange ruling at the reporting date.

Resulting gains or losses arising from the foreign currency transactions are taken to the statement of comprehensive income.

e) Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount.

Where the carrying amount of an asset or cash generating units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Such reversal is recognized in the statement of comprehensive income.

f) Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

ASIAN STAR DMCC**Notes to the Financial Statements**
*for the year ended 31 March 2025***Provisions (contd.)**

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

g) Contingent liabilities

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

h) Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

ASIAN STAR DMCC

Notes to the Financial Statements for the year ended 31 March 2025

i) Value Added Tax

The revenue, expenses and assets are recognized net of value-added tax (VAT). In case Input VAT paid to the supplier of asset or expense is not recoverable from the Federal Tax Authority, it is disclosed as part of asset acquired or expense incurred.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from or VAT payable to, Federal Tax Authority is disclosed as other payable or other receivable under current liabilities or current assets in the statement of financial position.

j) Staff end of service benefits

Provision is made for end-of-service gratuity payable to the staff, subject to the completion of a minimum service period, at the reporting date in accordance with the local labour laws.

k) Revenue recognition

Sales of goods

The company is registered and engaged to carry out trading in pearls, precious stones and jewellery.

Revenue from sale of goods is recognized at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customers and have been accepted by the customers at their premises and there is no unfulfilled obligation that could affect customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer or the company has objective evidence that all criteria for acceptance have been satisfied.

The amount of revenue is shown as net of discounts, returns, other similar obligations and VAT as per the performance obligations determined as per the provisions of the contracts with customers.

l) Borrowing costs

Finance expense comprises interest expense on bank borrowings is recognised in Statement of Comprehensive Income.

m) Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise cash and cheques on hand, bank balance in current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

n) Dividend

Dividend is paid out of retained earnings, when declared.

ASIAN STAR DMCC

Notes to the Financial Statements
for the year ended 31 March 2025

| 6. Property and furniture | <i>Property^a</i> <i>US \$</i> | <i>Furniture and office equipment</i> <i>US \$</i> | <i>Total</i> <i>US \$</i> |
|----------------------------------|---|---|------------------------------|
| Cost | | | |
| As at 01.04.2024 | <u>1,227,902</u> | <u>286,594</u> | <u>1,514,496</u> |
| As at 31.03.2025 | <u>1,227,902</u> | <u>286,594</u> | <u>1,514,496</u> |
| Depreciation | | | |
| As at 01.04.2024 | 987,436 | 286,594 | 1,274,030 |
| Charge for the year | 61,395 | - | 61,395 |
| As at 31.03.2025 | <u>1,048,831</u> | <u>286,594</u> | <u>1,335,425</u> |
| Net book value | | | |
| As at 31.03.2025 | <u>179,071</u> | <u>-</u> | <u>179,071</u> |
| As at 31.03.2024 | <u>240,466</u> | <u>-</u> | <u>240,466</u> |

^a Represents office premise at Unit 29-D, Almas Tower, Dubai, U.A.E.

In the opinion of management, there was no impairment in respect of property and furniture. Hence, the carrying values of the property and furniture as at reporting date are the same as their net book values.

| | <i>2025</i> <i>US \$</i> | <i>2024</i> <i>US \$</i> |
|-----------------------------------|-----------------------------|-----------------------------|
| 7. Inventories^a | | |
| Rough diamonds | <u>1,412,031</u> | <u>369,132</u> |

^a Inventories are hypothecated in favor of a bank for the facilities availed (refer note 11).

| | | |
|--|-------------------|-------------------|
| 8. Trade and other receivables | | |
| Trade receivables ^a (refer note 17) | 45,595,080 | 55,011,892 |
| Advance to a supplier | 10,893,398 | 7,404,763 |
| Deposits and other receivable | 32,788 | 31,964 |
| | <u>56,521,266</u> | <u>62,448,619</u> |

^a Trade receivables are assigned in favor of bank for facilities availed (refer note 11)

The management is of opinion that no provision is required and receivable balances will be recovered in full.

| | | |
|----------------------------------|------------------|------------------|
| 9. Cash and bank balances | | |
| Cash balance | 13,990 | 19,444 |
| Bank balances in: | | |
| Current accounts | 2,165,867 | 2,638,657 |
| Cash and cash equivalents | <u>2,181,855</u> | <u>2,658,101</u> |
| Term deposit ^a | 2,121,481 | 2,045,817 |
| | <u>4,303,336</u> | <u>4,703,918</u> |

^a Term deposit is under lien against the bank facilities availed (refer note 11).

| | | |
|---|---------------|---------------|
| 10. Share capital | | |
| Authorised, issued and paid up capital | <u>54,496</u> | <u>54,496</u> |
| 200 ordinary shares of AED 1,000 each (converted @ 3.67 AED per US \$) | | |

ASIAN STAR DMCC

Notes to the Financial Statements
for the year ended 31 March 2025

| | 2025 <u>US \$</u> | 2024 <u>US \$</u> |
|---|--------------------------|---------------------------|
| 11. Bank borrowings | | |
| NBD Term loan | - | <u>6,486,594</u> |
| <i>The bank facilities mentioned above is held in the name of the Company and Not utilised as of the year end 31 March 2025.</i> | | |
| <i>Bank borrowing is secured against the following:</i> | | |
| ✚ <i>Personal guarantee Mr. Dharmesh Dineshchandra Shah, director of the company.</i> | | |
| ✚ <i>Personal guarantee Mr. Priyanshu Arvind Shah, director of the company.</i> | | |
| ✚ <i>Corporate guarantee of the shareholder, Asian Star Company Limited, India.</i> | | |
| ✚ <i>Assignment of jewellers block insurance policy covering stocks, in favour of the bank, on pari-pasu basis.</i> | | |
| ✚ <i>Hypothecation over stocks belonging to the Borrower, in favour of the bank, on pari-pasu basis.</i> | | |
| ✚ <i>Lien over fixed deposit (refer note 9a).</i> | | |
| ✚ <i>General assignment of receivables. (refer note 8a)</i> | | |
| <i>In addition, there are various conditions and financial covenants attached to the bank borrowings, which are in the normal course of business.</i> | | |
| | 2025 <u>US \$</u> | 2024 <u>US \$</u> |
| 12. Trade and others payables | | |
| Trade Payables | 1,139,587 | 759,428 |
| Others Payables | <u>3,542</u> | <u>3,542</u> |
| | <u>1,143,129</u> | <u>762,970</u> |
| 13. Sales | | |
| Rough diamonds | 68,346,243 | 108,995,796 |
| Polished diamonds | <u>29,313,990</u> | <u>7,095,858</u> |
| | <u>97,660,233</u> | <u>116,091,654</u> |
| 14. Cost of sales | | |
| Opening stock | 369,132 | 5,164,730 |
| Purchases | 94,290,279 | 106,988,344 |
| Closing stock | <u>(1,412,031)</u> | <u>(369,132)</u> |
| | <u>93,247,380</u> | <u>111,783,942</u> |
| 15. Expenses | | |
| Directors' remuneration (refer note 17) | 1,634,877 | 1,634,877 |
| Salaries and benefits | 948,968 | 298,031 |
| Other administrative expenses | 695,556 | 604,884 |
| Depreciation | <u>61,395</u> | <u>61,395</u> |
| | <u>3,340,796</u> | <u>2,598,388</u> |
| 16. Taxation | | |

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ("Corporate Tax Law" or "the Law") to enact a Federal Corporate Tax ("CT") regime in the UAE. The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% CT rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000, and a rate of 0% will apply on qualifying income of qualifying free zone entities.

ASIAN STAR DMCC

Notes to the Financial Statements for the year ended 31 March 2025

Taxation (contd.)

The Company is subject to the provisions of the UAE Corporate Tax Law with effect from 1 April 2024.

The tax expense for the year is reconciled to the profit before tax as per statement of comprehensive income as follows –

| | 2025 | 2024 |
|---|-----------------------|-------------------------|
| | <u>US \$</u> | <u>US \$</u> |
| Accounting profit for the period before tax | 950,331 | 1,575,330 |
| Non-deductible expense for tax purpose: | <u>N/A</u> | <u>N/A</u> |
| Profit before tax after adjustments | <u>950,311</u> | <u>1,575,330</u> |
| Tax at application rate of 0%: Up to AED 375,000 (US \$ 100,000) | - | N/A |
| Tax at application rate of 9%: Above AED 375,000(US \$ 100,000) | <u>76,528</u> | N/A |
| Current income tax payable | <u>76,528</u> | N/A |

As at 31 March 2025, current income tax provision amounts to US \$ 76,528 (2023: Nil).

17. Related party transactions

For the purpose of these financial statements, parties are considered to be related to the company, if the company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making party financial and operating decisions, or vice versa, or where the company and the party are subject to common control and includes where the company has significant influence but not control, and generally does not have any controlling shareholding on the entity whose accounts are presented. Related party may be individuals or other entities.

The relationship of related parties is as under –

- a) Parent Company
 - Asian Star Company Limited, India
- b) Key Managerial Personnel
 - Mr. Priyanshu Arvind Shah
 - Mr. Dharmeshu Shah

The nature and amount of significant transactions during the year are as under:

| | <i>Parent company</i> | <i>Key managerial personnel</i> | <i>Total 2025</i> | <i>Total 2024</i> |
|-------------------------|---------------------------|---|-----------------------|-----------------------|
| | <u>US \$</u> | <u>US \$</u> | <u>US \$</u> | <u>US \$</u> |
| Sales | 31,004,313 | - | 31,004,313 | 28,289,534 |
| Expenses | | | | |
| Directors' remuneration | - | 1,634,877 | 1,634,877 | 1,634,877 |

At the reporting date, balances with related parties were as under:

| | <i>Total 2025</i> | <i>Total 2024</i> |
|---|-----------------------|-----------------------|
| | <u>US \$</u> | <u>US \$</u> |
| Included in current assets: | | |
| Under trade and other receivables: | | |
| Asian Star Company Limited, India | 10,628,928 | 10,204,916 |

ASIAN STAR DMCC

Notes to the Financial Statements for the year ended 31 March 2025

18. Financial instruments

The company has exposure to the following risks from its use of financial instruments:

- a) Credit risk
- b) Market risk
- c) Liquidity risk

a) Credit risk

Financial assets, which potentially expose the company to concentration of credit risk comprise principally of bank balances, party and trade and other receivables.

Trade and other receivables

As at 31 March 2025, the company's exposure on account of significant concentration of credit risk from trade receivables within U.A.E. US\$ 23,295,154/- due from four customers (previous year US\$ 32,194,498/- due from five customers) And outside U.A.E. US\$ 10,628,928 /- (previous year US\$ 10,204,916 /-)due from one customer.

Bank balances

The company's bank balances in current accounts are placed with a high credit quality financial institution situated in U.A.E.

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as exchange rate risk, interest rate risk or other price risk, which will affect the company's income or the value of its holding of financial instruments.

Financial instruments affected by market risk include financial assets in the form of loans and receivables only. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

The group's fixed deposits are at a fixed rate. Bank borrowings are at a rate at a level, which is generally obtained in the U.A.E. Trust receipts loans carries fluctuating rate of interest based on 6-month LIBOR. Interest rate sensitivity over fluctuating rate borrowings is not significant.

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in US Dollars or U.A.E. Dirhams to which the US Dollar is pegged.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the owners and the management who ensure that sufficient funds are made available to the company to meet any future commitments.

19. Financial instruments: Fair value

The fair values of the company's financial assets, comprising of trade and other receivables and bank balances and financial liabilities comprising of other payables approximate to their carrying values.

20. Contingent liability

There was no significant liability of contingent nature outstanding at the reporting date.

21. Comparative figures

Previous year figures have been regrouped/reclassified wherever necessary to conform to the presentation adopted in the current year.