

**Italica Global (F.Z.C)**  
**Ajman Free Zone, Ajman, U.A.E.**

**Auditor's Report & Financial Statements**  
**For the year ended 31st March, 2025**

Italica Global (F.Z.C)  
Ajman Free Zone, Ajman, U.A.E.

**Auditor's Report & Financial Statements**  
For the year ended 31st March, 2025

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Contents	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Cash Flows	5
Statement of Changes in Equity	6
Notes to the Financial Statements	7 - 19

**INDEPENDENT AUDITOR'S REPORT**

Ref No.- Magnus/ 2025 -DC /11262

The Shareholders,  
Italica Global (F.Z.C),  
Ajman Free Zone, Ajman, U.A.E.

**Report on the audit of Financial Statements****Opinion**

We have audited the accompanying financial statements of **Italica Global (F.Z.C)**, which comprise the Statement of Financial Position as at **31st March, 2025**, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows and Changes in Equity for the year then ended, including a summary of significant accounting policies and other explanatory notes.

The management has compiled the financial statements on the basis of information and data that was available.

In our opinion, the financial statements give a true and fair view of the financial position of **Italica Global (F.Z.C)** as of **31st March, 2025**, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' 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 of Accountants Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the company's Memorandum and with the applicable provisions of the Ajman Free Zone, 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.

**Auditor's 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 auditors' 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 International Standards on Auditing 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.

(Continued from page 2)

As part of an audit in accordance with International Standards on Auditing, 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.

#### Report on other legal and regulatory requirements

- We have obtained all the information and explanation we considered necessary for our audit.
- The financial statements comply, in all material respect with the applicable provisions of the Ajman Free Zone, and the Articles of Association of the Company.
- Based on the information and explanation that has been made available to us nothing came to our attention which causes us to believe that the Company has contravened during the financial year ended 31st March, 2025 any of the applicable provisions of the Ajman Free Zone, or the Articles of Association of the Company which would have a material effect on the Company's activities or on its financial position for the year.

For Omran Mousa  
Auditing of Accounts  
Dubai, United Arab Emirates  
22nd April, 2025



Italica Global (F.Z.C)  
Ajman Free Zone, Ajman, U.A.E.

Statement of Financial Position  
As at 31st March, 2025

	Notes	2025 AED	2024 AED
<b>Non Current Assets:</b>			
Investment in shares	6	159,910	159,910
		<u>159,910</u>	<u>159,910</u>
<b>Current Assets:</b>			
Accounts receivables	7	10,106,533	8,548,787
Cash and balance with bank	8	78,784	7,649
Advances and deposits	9	8,341,725	8,342,225
		<u>18,527,042</u>	<u>16,898,661</u>
<b>Total Assets</b>		<u><u>18,686,952</u></u>	<u><u>17,058,571</u></u>
<b>Equity:</b>			
Share capital	2	185,000	185,000
Statutory reserve	10	3,013,621	3,013,621
Retained earnings	11	8,688,331	7,059,950
		<u>11,886,952</u>	<u>10,258,571</u>
<b>Current Liabilities:</b>			
Unsecured loan	12	6,800,000	6,800,000
<b>Total Liabilities</b>		<u>6,800,000</u>	<u>6,800,000</u>
<b>Total Equity and Liabilities</b>		<u><u>18,686,952</u></u>	<u><u>17,058,571</u></u>

The accompanying notes on pages 7 to 19 form an integral part of these financial statements.  
The Auditor's Report is set out on page 1 & 2.

For Italica Global (F.Z.C)

  
Authorized Signatory



Italica Global (F.Z.C)  
Ajman Free Zone, Ajman, U.A.E.

Statement of Profit or Loss and Other Comprehensive Income  
For the year ended 31st March, 2025

	Notes	2025 AED	2024 AED
Sales	13	8,014,880	4,969,322
Cost of sales	14	(6,041,111)	(2,961,159)
Gross Profit		1,973,769	2,008,163
Operating Expenses			
Administration expenses	15	(518,766)	(487,356)
Other income	16	173,378	59,055
		(345,388)	(428,301)
Profit before tax		1,628,381	1,579,862
Current tax		-	-
Profit after tax		1,628,381	1,579,862
Other comprehensive income		-	-
Total Comprehensive Income for the Year		1,628,381	1,579,862

The accompanying notes on pages 7 to 19 form an integral part of these financial statements.  
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For Italica Global (F.Z.C)



Authorized Signatory



Italica Global (F.Z.C)  
Ajman Free Zone, Ajman, U.A.E.

Statement of Cash Flows  
For the year ended 31st March, 2025

	2025	2024
	AED	AED
<b>Cash flows from operating activities</b>		
Net profit for the year	1,628,381	1,579,862
Operating cash flows before changes in net operating assets	1,628,381	1,579,862
<u>(Increase) / Decrease in Current Assets</u>		
Accounts receivables	(1,557,746)	(1,612,362)
Advances and deposits	500	-
Net cash generated from / (used in) operating activities (A)	71,135	(32,500)
<b>Cash flows from investing activities</b>		
Investment in shares	-	(100)
Net cash used in investing activities (B)	-	(100)
Net increase / (decrease) in cash and cash equivalents (A+B)	71,135	(32,600)
Cash and cash equivalents at beginning of the year	7,649	40,249
Cash and cash equivalents at end of the year	78,784	7,649

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For Italica Global (F.Z.C)

Authorized Signatory



Italica Global (F.Z.C)  
Ajman Free Zone, Ajman, U.A.E.

Statement of Changes in Equity  
For the year ended 31st March, 2025

	Share capital AED	Statutory reserve AED	Retained earnings AED	Total AED
At 1st April, 2023	185,000	3,013,621	5,480,088	8,678,709
Total comprehensive income for the year	-	-	1,579,862	1,579,862
At 31st March, 2024	185,000	3,013,621	7,059,950	10,258,571
Total comprehensive income for the year	-	-	1,628,381	1,628,381
At 31st March, 2025	185,000	3,013,621	8,688,331	11,886,952

The accompanying notes on pages 7 to 19 form an integral part of these financial statements.  
The Auditor's Report is set out on page 1 & 2.

For Italica Global (F.Z.C)

Authorized Signatory



**Italica Global (F.Z.C)**  
**Ajman Free Zone, Ajman, U.A.E.**

**Notes to the Financial Statements**  
**For the year ended 31st March, 2025**

**1 Legal status and activities**

- 1.1 Italica Global (F.Z.C) was registered in Ajman Free Zone on 22nd December, 2016 as a Free Zone Company-F.Z.C Under the rules and regulations Ajman Free Zone with License No. 20377 issued by Ajman Free Zone, Government of Ajman. The registered address of the company is Office -C1-309 B , Ajman Free Zone, Ajman, U.A.E.
- 1.2 The company is managed by Mr. Parag Kantilal Shah Shah Kantilal Popatlal, an Indian national.
- 1.3 The company is primarily engaged in the business of the general trading import & export.

**2 Shareholding**

- 2.1 The shareholding of the company is as follows:

Name	Nationality	No. of shares	Value per share AED	Total value AED	% age
1. Mr. Asad Daud (Shares held on behalf of Sat Industries Limited)	Indian	99	1,850	183,150	99
2. Mr. Parag Kantilal Shah Shah Kantilal Popalal (Shares held on behalf of Sat Industries Limited)	Indian	1	1,850	1,850	1
		100		185,000	100

- 2.2 The authorized and paid up share capital of the company is AED 185,000/- divided into 100 shares of AED 1,850/- each.

**3 Adoption of New and Revised International Financial Reporting Standards (IFRS) & Interpretations**

**i) Standards and Interpretations effective in the current year**

The following standards and amendments apply for the first time to the financial reporting periods commencing on or after January 01, 2024.

- Non-current Liabilities with Covenants – Amendments to IAS 1
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

**ii) New & Revised IFRS in issue but not effective or early adopted**

The following standards and interpretations had been issued but not yet mandatory for annual reporting periods ending March 31, 2025. Management anticipates that these new standards, interpretations, and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations, and amendments, may have no material impact on the financial statements in the period of initial application.

**Italica Global (F.Z.C)**  
**Ajman Free Zone, Ajman, U.A.E.**

**3 Adoption of New and Revised International Financial Reporting Standards (IFRS) & Interpretations (Continued)**

Particulars	Effective for Annual periods beginning from
Lack of Exchangeability - Amendments to IAS 21	January 01, 2025
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	January 01, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 01, 2026
IFRS 18 Presentation and Disclosure in Financial Statements	January 01, 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 01, 2027

**4 Summary of Significant Accounting Policies**

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

**Basis of preparation**

- These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC), and applicable requirements of the U.A.E. Law.
- The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed.
- Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore fairly present the financial position and results.
- There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

**Going concern**

The financial statements are prepared on a going concern basis.

When preparing the financial statements, management makes an assessment of the Company's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB).

**Accounting convention**

These financial statements have been prepared under the historical cost convention. The fair / net realizable value concept of measurement of assets and liabilities has also been applied wherever applicable under IFRSs.

**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 United Arab Emirates Dirhams ("AED"), which is the Company's functional and presentation currency.

**Italica Global (F.Z.C)**  
**Ajman Free Zone, Ajman, U.A.E.**

**4 Summary of Significant Accounting Policies (Continued)**

**Revenue from Contracts with Customers**

IFRS 15 "Revenue from contracts with customers" replaces IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied before revenue can be recognized: i) Identify contracts with customers: ii) Identify the separate performance obligation: iii) Determine the transaction price of the contract: iv) Allocate the transaction price to each of the separate performance obligations, and v) Recognize the revenue as each performance obligation is satisfied.

Key changes to current practice are:

Any bundled goods or services that are distinct must be separately recognized, and any discounts or rebates on the contract price must generally be allocated to the separate elements.

Revenue may be recognized earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.) – minimum amounts must be recognized if they are not at significant risk of reversal.

The point at which revenue is able to be recognized may shift: some revenue which is currently recognized at a point in time at the end of a contract may have to be recognized over the contract term and vice versa.

There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.

Increased required disclosures.

**Value added tax**

As per the Federal Decree-Law No. (08) of 2017, effective from January 1, 2018 for companies incorporated in UAE. Value Added Tax (VAT), is charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person. The Company is required to file its VAT returns and compute the payable tax (which is output tax less input tax) for the allotted tax periods and deposit the same within the prescribed due dates of filing VAT return and tax payment. Furthermore, since there have been no local sales or purchases during the reporting period, related tax provisions are not applicable to the company's operations.

**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 Business (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023 and accordingly, it has an Corporate tax related impact on the financial statements for the accounting periods beginning on or after June, 1, 2023.

The Cabinet of Ministry Decision No. 116/2022 effective from 2023, specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted. 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% on qualifying income of free zone entities.

As the company is registered within a designated free zone, it is currently exempt from corporate tax under prevailing regulations.

**Italica Global (F.Z.C)**  
**Ajman Free Zone, Ajman, U.A.E.**

**4 Summary of Significant Accounting Policies (Continued)**

**Corporate tax (Continued)**

Corporate tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI. The Company has determined that interest and penalties related to Corporate taxes, including uncertain tax treatments, do not meet the definition of Corporate taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The Company has determined that the global minimum top-up tax - which it is required to pay under Pillar Two legislation - is an Corporate tax in the scope of IAS 12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

**i. Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to Corporate taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

**ii. Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:
  - is not a business combination; and
  - at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

**Italica Global (F.Z.C)**  
**Ajman Free Zone, Ajman, U.A.E.**

**4 Summary of Significant Accounting Policies (Continued)**

**Fair value measurement**

The Company measures financial instruments at fair value at each financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability or

In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation technique that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation Techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are mentioned in the respective notes.

**Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Italica Global (F.Z.C)**  
**Ajman Free Zone, Ajman, U.A.E.**

**4 Summary of Significant Accounting Policies (Continued)**

**Financial instruments (continued)**

**Financial assets**

*Initial recognition and measurement*

As per IFRS 9, Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model or managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

*Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

Financial assets at amortised cost (debt instruments);

Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);

Financial assets at fair value through profit or loss.

*Financial assets at amortised cost (debt instruments)*

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

The contractual terms of the financial asset give rise on a specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognised, modified or impaired.

**Italica Global (F.Z.C)**  
**Ajman Free Zone, Ajman, U.A.E.**

**4 Summary of Significant Accounting Policies (Continued)**

**Financial instruments (continued)**

**Financial assets (continued)**

*Financial assets at amortised cost (debt instruments) (Continued)*

The Company's financial assets at amortised cost includes trade receivable, deposits and other receivables.

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

*Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

**Italica Global (F.Z.C)**  
**Ajman Free Zone, Ajman, U.A.E.**

**4 Summary of Significant Accounting Policies (continued)**

**Financial instruments (Continued)**

**Financial assets (Continued)**

*Financial assets at fair value through profit or loss (continued)*

The rights to receive cash flows from the asset have expired; 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.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and reward of the asset, not transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continued involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

*Impairment of financial assets*

For trade receivable, the Company has applied a combination of the simplified and general approach permitted by IFRS 9. Simplified approach is applied to a portfolio of trade receivable that are homogeneous in nature and carry similar credit risk. Under general approach, the Company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, simplified approach requires expected lifetime losses to be recognized from initial recognition of the receivables.

**Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities includes bank borrowings and trade and other payables.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

**Italica Global (F.Z.C)**  
**Ajman Free Zone, Ajman, U.A.E.**

**4 Summary of Significant Accounting Policies (continued)**

**Financial instruments (Continued)**

**Financial liabilities (Continued)**

*Financial liabilities at fair value through profit or loss (continued)*

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through 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 realise the assets and settle the liabilities simultaneously.

**Foreign currency transactions**

As per IAS 21, Foreign currency transactions should be recorded initially at the rate of exchange at the date of the transaction (use of averages is permitted if they are a reasonable approximation of actual).

At each subsequent balance sheet date

Foreign currency monetary amounts should be reported using the closing rate

Non-monetary items carried at historical cost should be reported using the exchange rate at the date of the transaction.

Non-monetary items carried at fair value should be reported at the rate that existed when the fair values were determined.

Exchange differences arising when monetary items are settled or when monetary items are translated at rates different from those at which they were translated when initially recognised or in previous financial statements are reported in the 'Statement of Profit or Loss and Other Comprehensive Income'. on net basis as either 'Foreign exchange gains' or 'Foreign exchange losses' and included in 'Other operating income' or "Other operating expenses' respectively.

**Impairment of assets**

As per IAS 36, At the end of each reporting period, the entity is require to reviews the carrying amounts of its tangible and intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill are reviewed at the end of each reporting period for possible reversal of the impairment loss.

**Accounts / Trade receivables**

Accounts / Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets otherwise as non-current assets. Accounts / Trade receivables are carried at the invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off when identified.

**Italica Global (F.Z.C)**  
**Ajman Free Zone, Ajman, U.A.E.**

**4 Summary of Significant Accounting Policies (continued)**

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the Statement of Cash Flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the Statement of Financial Position.

**Provisions and accruals**

Liabilities are recognized for amounts to be paid in future for goods and services rendered, whether or not billed to the company.

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

**Short term borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost using the effective interest rate method. Difference between the proceeds (net of transaction costs) and the redemption value is recognized in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings using the effective interest method.

Borrowing costs are recognized in Statement of Profit or Loss and Other Comprehensive Income in the period in which they are incurred. Fees paid on the company of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Obligations towards banking institutions are segregated generally into current portion (short term portion) and non-current portion (long term portion). Obligations which falls within a period of one period is treated as current portion (short term portion).

**Staff terminal benefits - Gratuity**

An accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date. Provision is also made for the full amount of end of service benefits due to employees in accordance with the company's policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the reporting date. The accrual relating to annual leave is disclosed as a current liability, while the provision relating to end of service benefits is disclosed as a non-current liability.

**5 Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

In the application of the Company's accounting policies, which are described in note 3, the management of the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 revision affects both current and future periods.

## Italica Global (F.Z.C)

Ajman Free Zone, Ajman, U.A.E.

### 5 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

#### Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### *Satisfaction of performance obligations under IFRS 15 Revenue from contracts with customers*

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. Revenue is recognized when the Company satisfies a performance obligation by transferring the promised good or service to the customer, which is when the customer obtains control of the good or service.

#### *Determination of transaction prices*

In the process of determining transaction prices in respect of its contracts with customers, the Company assesses impact of any variable consideration in the contract due to discounts, penalties, the existence of any significant financing component or any non cash consideration. In determining the impact of variable consideration the Company uses the most likely amount method under IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

#### Key sources of estimation uncertainty

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

#### *Impairment of financial assets*

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Any difference between the amounts actually collected in a future period and the amounts expected, will be recognized in the income statement in that period.

#### *Impairment of non-financial assets*

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

		2025	2024
		AED	AED
6 Investment in shares		159,910	159,910
	No. of Shares	Amount	
Aeroflex Industries Limited	7454830	5,000	
Vested Finance Inc.	59491	22,050	
Mycelium Software Inc.	84000	6	
Laminar Global Fund	30000	132,300	
Field Proxy Inc.	123725	454	
Bugbase Pte Ltd	4732	100	
		<u>159,910</u>	

**Italica Global (F.Z.C)**  
**Ajman Free Zone, Ajman, U.A.E.**

		2025	2024
		AED	AED
7	Accounts receivables	10,106,533	8,548,787
8	Cash and balance with bank	78,784	7,649
9	Advances and deposits		
	Advances & loan (Note 9.1)	8,340,225	8,340,225
	Deposits	1,500	2,000
		8,341,725	8,342,225
9.1	This represents loan given to companies which is unsecured, and recoverable on demand.		
10	Statutory reserve	3,013,621	3,013,621
11	Retained earnings		
	Opening balance	7,059,950	5,480,088
	Total comprehensive income for the year	1,628,381	1,579,862
		8,688,331	7,059,950
12	Unsecured loan (Note 12.1)	6,800,000	6,800,000
12.1	This represents loan taken from companies which is unsecured, and payable on demand.		
13	Sales (Note 13.1)	8,014,880	4,969,322
13.1	The detail of the revenue according to the laws of Value Added Tax (VAT) is as follows:		
	AED		
	Out of Scope sales revenue	8,014,880	
14	Cost of sales		
	Purchases & direct expense	6,041,111	2,961,159
15	Administration expenses		
	Salaries and benefits	373,000	373,000
	Printing, stationery and couriers	1,989	985
	Legal, lease, professional and visa charges	84,186	82,572
	Travelling & conveyance	22,945	18,385
	Bank charges	5,536	2,856
	Other expenses	31,110	9,558
		518,766	487,356
16	Other income		
	Interest, commission and dividend income	173,378	59,055

**Italica Global (F.Z.C)**  
**Ajman Free Zone, Ajman, U.A.E.**

**17 Fair value of financial instruments**

The company's financial instruments are accounted for under the historical cost convention. Fair value represents the amount at which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction, therefore, differences can arise between values under the historical cost method and fair value estimates. The fair value of the company's financial instruments is not materially different from the carrying value at 31st March, 2025.

**18 Liquidity and interest risk**

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

The company aims to maintain adequate cash and bank balances to meet its operating commitments. In addition, the company has an arrangement to settle its liabilities and obligations on a timely basis in order to ensure that the company has sufficient liquidity to meet its operating requirements.

Interest rate risk arises from mismatches in the interest rate profile of the company's assets and liabilities. Cash flow interest risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The company takes on minimal exposure to the effects of fluctuations in the prevailing levels of market interest rates on cash flow as the company's interest earning assets and interest bearing liabilities carry a fixed rate of interest. The company takes on minimal exposure to the effects of fluctuations in the prevailing levels of market interest rates on fair value interest rate risk. The company strives to maintain an interest rate profile that will lead to financial performance consistent with its long term objectives.

**19 Exchange rate risk**

Since the main underlying currencies of the financial instruments, other assets, other liabilities and transactions including cost of revenue and revenue are in U.A.E. Dirhams, the company is not exposed to a significant exchange rate risk.

**20 Contingencies and commitments**

As at 31st March, 2025 the company had no contingencies and commitments.

**21 Comparative figures**

Previous year's figures have been reclassified / regrouped wherever necessary to conform to the presentation adopted in these financial statements. Figures of the company have been rounded off to nearest AED 1/-.

The accompanying notes on pages 7 to 19 form an integral part of these financial statements.

The Auditor's Report is set out on page 1 & 2.

For Italica Global (F.Z.C)



Authorized Signatory

