

# TITAN INTERNATIONAL QFZ LLC

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Notes	2024 (Note 20) QAR
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6	<u>58,197</u>
<b>Current assets</b>		
Inventories	7	37,353,506
Trade and other receivables	8	2,576,350
Other current assets		8,938
Due from related parties	9	<u>708,250</u>
		<u>40,647,044</u>
<b>Total assets</b>		<u><u>40,705,241</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity funds</b>		
Share capital	10	100,000
Accumulated losses		<u>(1,780,359)</u>
Deficit in equity funds		<u>(1,680,359)</u>
<b>Non-current liability</b>		
Lease liabilities	11	<u>27,403</u>
<b>Current liabilities</b>		
Short-term borrowings	12	14,584,355
Trade and other payables	13	24,322,446
Other current liabilities		495,107
Other financial liabilities	14	1,707,174
Due to a related party	9	1,215,430
Lease liabilities	11	<u>33,685</u>
		<u>42,358,197</u>
<b>Total liabilities</b>		<u>42,385,600</u>
<b>Total liabilities less deficit in equity funds</b>		<u><u>40,705,241</u></u>

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

For TITAN INTERNATIONAL QFZ LLC

# TITAN INTERNATIONAL QFZ LLC

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

	Notes	21 February 2023 to 31 March 2024 (Note 20) QAR
<b>Revenue</b>	16	16,301,385
Direct costs		<u>(12,734,687)</u>
Gross profit		3,566,698
Administrative and selling expenses	17	(3,640,617)
Finance costs	18	<u>(1,706,440)</u>
<b>LOSS FOR THE YEAR</b>		<u><u>(1,780,359)</u></u>
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Other comprehensive income for the year		<u><u>--</u></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>(1,780,359)</u></u>

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

# TITAN INTERNATIONAL QFZ LLC

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2024

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	Share capital QAR	Accumulated losses QAR	Total QAR
Issue of share capital	100,000	--	100,000
Total comprehensive income for the period	<u>--</u>	<u>(1,780,359)</u>	<u>(1,780,359)</u>
Balance at 31 March 2024	<u>100,000</u>	<u>(1,780,359)</u>	<u>(1,680,359)</u>

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

# TITAN INTERNATIONAL QFZ LLC

## STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2024

	21 February 2023 To 31 March 2024 (Note 20) QAR
<b>Cash flows from operating activities</b>	
Loss for the period	(1,780,359)
Adjustments for:	
Depreciation of property, plant and equipment	41,628
Finance costs	1,706,440
	<u>(32,291)</u>
Changes in:	
- Inventories	(37,353,506)
- Trade and other receivables	(2,576,350)
- Other current assets	(8,938)
- Trade and other payables	22,849,487
- Other current liabilities	495,107
- Other financial liabilities	1,707,174
Net cash used in operating activities	<u>(14,919,317)</u>
<b>Net cash used in operating activities</b>	<u>(14,919,317)</u>
<b>Cash flows from investing activities</b>	
Payments to related parties	(708,250)
Net cash used in financing activities	<u>(708,250)</u>
<b>Cash flows from financing activities</b>	
Proceeds from issuance of shares	100,000
Interest paid	(227,445)
Payment of lease liabilities	(44,773)
Receipt from related party	1,215,430
Net cash from financing activities	<u>1,043,212</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(14,584,355)</u>
<b>Cash and cash equivalents at end of the period</b>	<u>    --</u>
<b>Cash and cash equivalent comprise</b>	
Cash and cash equivalent	--
Bank overdraft	<u>(14,584,355)</u>

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

# TITAN INTERNATIONAL QFZ LLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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### 1. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets <sup>(a)</sup> QAR
<b>Cost</b>	
Additions	99,825
At 31 March 2024	<u>99,825</u>
<b>Accumulated depreciation</b>	
Depreciation for the period	41,628
At 31 March 2024	<u>41,628</u>
<b>Carrying amount</b>	
At 31 March 2024	<u>58,197</u>

(a) The leasehold interest in lease of office is capitalised for three years as right-of-use asset.

The lease is for a period of 3 years from 21 February 2023 to 31 March 2025.

	2024 QAR
<b>7. INVENTORIES</b>	
Goods held for sale	<u>37,353,506</u>
<b>8. TRADE AND OTHER RECEIVABLES</b>	
Trade receivables	2,571,425
Deposits	4,925
	<u>2,576,350</u>

# TITAN INTERNATIONAL QFZ LLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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An age analysis of trade receivables that are past due but not impaired is as follows:

	<b>2024</b>
	<b>QAR</b>
0 – 1 year	<b><u>2,571,425</u></b>

The Company does not hold any collateral against trade receivables.

### 9. RELATED PARTIES

The Company enters into transactions with entities that fall within the definition of related parties as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and are at prices determined by the management.

Related parties comprise companies under common ownership and/or common management control, parent company, ultimate parent company and fellow subsidiary.

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

Significant transactions with related parties during the year were as follows:

	<b>Ultimate Parent Company</b>	<b>Parent company</b>	<b>Companies under common ownership/ management control</b>	<b>2024</b>
	<b>QAR</b>	<b>QAR</b>	<b>QAR</b>	<b>QAR</b>
Purchases	26,484,692	--	19,605,106	<b>46,089,798</b>
Interest expenses	691,105	--	781,854	1,472,959
Commission on Corporate Guarantee	14,188	--	--	14,188
Professional and service charges (shared services)	60,981	--	--	60,981

# TITAN INTERNATIONAL QFZ LLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

	2024 QAR
<b>10. SHARE CAPITAL</b>	
<b>Issued and paid up:</b>	
100 share of QAR 1,000 held by Titan Holdings International FZCO	<u>100,000</u>
<b>11. LEASE LIABILITIES</b>	
Lease liabilities for long-term lease of office space	<u>61,088</u>
Disclosed in the statement of financial position as follows:	
Non-current liabilities	27,403
Current liabilities	<u>33,685</u>
	<u>61,088</u>
A maturity analysis of undiscounted lease liabilities is as follows:	
0 – 6 months	17,876
6 – 12 months	18,321
1 year – 2 years	<u>28,153</u>
<b>Total</b>	<u>64,350</u>
Reconciliation of undiscounted lease liabilities to the lease liabilities as stated in the statement of financial position is as follows:	
Lease payments due	64,350
Less: Finance cost on leases	<u>(3,262)</u>
Disclosed in the statement of financial position	<u>61,088</u>
<b>12. SHORT-TERM BORROWINGS</b>	
Bank overdraft from Standard Chartered bank	<u>14,584,355</u>





# TITAN INTERNATIONAL QFZ LLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

### 16. REVENUE

The Company generates revenue from the transfer of goods at a point in time. The disaggregated revenue from contracts with customers by geographical segments, type of goods and timing of recognition is presented below. The management believes that this best depicts the nature, amount, timing and uncertainty of the Company's revenue and cash flows.

	<b>21 February to 31 March 2024 QAR</b>
<b>Primary Geographical segments</b>	
- Qatar	<u><u>16,301,385</u></u>
<b>Type of goods</b>	
- Trading in Jewellery	<u><u>16,301,385</u></u>
<b>Timing of revenue recognition</b>	
- At a point in time	<u><u>16,301,385</u></u>
<b>17. SELLING AND ADMINISTRATIVE EXPENSES</b>	
Staff salaries and benefits	102,581
Depreciation of property plant and equipment	41,628
Advertising expenses	2,194,290
Commission expenses	1,096,246
Other expenses	<u>205,872</u>
	<u><u>3,640,617</u></u>
<b>18. FINANCE COSTS</b>	
On bank loans and overdrafts	227,445
On lease liabilities	6,036
On amount due to related parties	<u>1,472,959</u>
	<u><u>1,706,440</u></u>

### 19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### Financial instruments

#### *Classification and fair values*

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

# TITAN INTERNATIONAL QFZ LLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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	At amortised cost
	2024
	QAR
<b>Financial Asset</b>	
Trade and other receivables	2,576,350
Due from related party	708,250
	<hr/> 3,284,600
<b>Financial liabilities</b>	
Short term borrowings	14,584,355
Trade and other payables	24,322,446
Due to related party	1,215,430
Other financial liabilities	1,707,174
Lease liabilities	61,088
	<hr/> 41,890,493

### ***Fair value measurement and disclosures***

The management assesses the fair values of all its financial assets and financial liabilities at each reporting date.

The fair values of trade and other receivables, due from related parties, trade and other payables, short term borrowings, other financial liabilities, due to a related party, and lease liabilities are estimated by discounting future cash flows using rates currently available for debts on similar items, credit risk and remaining maturities. The fair value of loan to a subsidiary due to their terms have value lower than their fair value.

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

The fair value of non-current lease liabilities is estimated by discounting future cash flows using rates currently available for debts on similar items, credit risk and remaining maturities. As at the reporting date, the carrying amounts of such liabilities, are not materially different from their fair values.

### **Financial risk management**

#### ***Risk management objectives***

Risk is inherent in the Company's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability. The Company's risk management focusses on actively securing short to medium term cash flows by minimising the exposure to financial markets.

# TITAN INTERNATIONAL QFZ LLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

The management of the Company reviews and agrees policies for managing each of these risks which are summarised below:

### **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk is managed by assessing the creditworthiness of potential customers and the Potential for exposure to the market in which they operate, combined with regular monitoring and follow-up

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally trade and other receivables.

The management assesses the credit risk arising from trade and other receivables taking into account their financial position, past experience and other factors. Based on the assessment individual risk limits are determined.

At the reporting date, 100% of trade receivables were due from one party.

At the reporting date, 100% of amount due from related parties are due from two related parties.

### **Liquidity risk**

Liquidity risk is the risk that the Company may encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarizes the maturities of the Company's undiscounted financial liabilities at the reporting date, based on contractual payment dates and current market interest rates.

# TITAN INTERNATIONAL QFZ LLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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	Less than one year	One to two years	Total
	2024	2024	2024
Bank borrowings	14,584,355	--	14,584,355
Trade and other payables	24,322,446	--	24,322,446
Due to related party	1,215,430	--	1,215,430
Lease liability (Current and non-current)	33,685	27,403	61,088

### ***Market risk***

Market risk is the risk that the changes in market prices, such as foreign currency exchange rates, interest rates and prices, will affect the Company's income or the value of its holdings of financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns.

### ***Currency risk***

Currency risk is the risk that the values of financial instruments will fluctuate because of changes in foreign exchange rates.

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

Reasonably possible changes to exchange rates at the reporting date are unlikely to have had a significant impact on profit or equity.

### ***Interest rate risk***

Interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates.

At the reporting date, if interest rates had been 1% higher or lower, interest expense on variable rate debt would have been QAR 145,844 resulting in equity being higher or lower by QAR 145,844.

## 20. **COMPARATIVE INFORMATION**

These are the first set of financial statements for the Company since the date of its registration i.e. 21 February 2023 [refer note 1(d)], and hence, no comparative information is presented.

For **TITAN INTERNATIONAL QFZ LLC**