



MORISON CKS COMPANY LIMITED
(HEAD OFFICE)
128/123 Phayathai Plaza Bldg., 11th Floor
Unit 11 J, Phayathai Rd, Thungphayathai
Ratchathewi, Bangkok, 10400, Thailand

บริษัท มอริสัน ซีเคเอส จำกัด
(สำนักงานใหญ่)
128/123 อาคารพญาไทพลาซ่า ชั้น 11 ยูนิต 11 J
ถนนพญาไท แขวงทุ่งพญาไท
เขตราชเทวี กรุงเทพฯ 10400

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of STS Global Limited

Opinion

I have audited the financial statements of STS Global Limited (the Company), which comprise the statement of financial position as at March 31, 2023, the statements of income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023, its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standard for Non - Publicly Accountable Entities.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountant. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, 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.



Independent member
Morison Global

Auditor's Responsibilities for the Audit of the Financial Statements

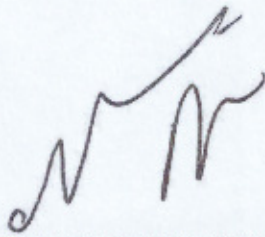
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

As part of an audit in accordance with Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



NETILUCK DENSIRIMONGKOL

Certified Public Accountant

Registration No. 5192

MORISON CKS CO., LTD.

Bangkok

April 21, 2023

Statement of financial position as at March 31, 2023

		<u>2023</u>	<u>2022</u>
	<u>Notes</u>	<u>Baht</u>	<u>Baht</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	8,815,942	14,500,613
Short-term investments	5	7,214,256	7,200,000
Trade accounts receivable		5,945,582	21,141,902
Trade accounts receivable-related parties		116,831,001	137,090,274
Other receivables-related parties		275,996	68,554
Inventories	6	26,576,727	29,868,767
Other current assets		4,982,601	1,483,103
TOTAL CURRENT ASSETS		170,642,105	211,353,213
NON-CURRENT ASSETS			
Equipment	7	170,516	258,379
Intangible assets	8	96,636	289,908
Other non-current assets		205,000	145,000
TOTAL NON-CURRENT ASSETS		472,152	693,287
TOTAL ASSETS		171,114,257	212,046,500

These financial statements have been approved at the Annual General Meeting of Shareholders No ____ dated ____

Director

(Gulzar Sharif)

The notes form an integral part of the financial statements.

Statement of financial position as at March 31, 2023

		<u>2023</u>	<u>2022</u>
	<u>Notes</u>	<u>Baht</u>	<u>Baht</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade accounts payable		22,661,099	53,530,922
Trade accounts payable-related parties		28,283,593	48,001,806
Other payables-related parties		3,393,891	4,395,088
Income tax payable		1,868,923	4,279,458
Other current liabilities		1,740,680	372,241
TOTAL CURRENT LIABILITIES		57,948,186	110,579,515
NON-CURRENT LIABILITIES			
Employee benefit obligations	9	5,084,433	4,889,353
TOTAL NON-CURRENT LIABILITIES		5,084,433	4,889,353
TOTAL LIABILITIES		63,032,619	115,468,868
SHAREHOLDERS' EQUITY			
Share capital			
Authorised share capital			
Ordinary shares, 350,000 shares of par Baht 100 each		35,000,000	35,000,000
Issued and paid-up share capital			
Ordinary shares, 350,000 shares of paid-up Baht 100 each		35,000,000	35,000,000
Share premium		148,100,000	148,100,000
Retained earnings (Deficit) - Appropriated legal reserve	10	2,000,000	2,000,000
- Unappropriated		(77,018,362)	(88,522,368)
TOTAL SHAREHOLDERS'S EQUITY		108,081,638	96,577,632
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		171,114,257	212,046,500

These financial statements have been approved at the Annual General Meeting of Shareholders No ____ dated ____

Director


(Gulzar Shari)

The notes form an integral part of the financial statements.

STS Global LimitedStatement of incomeFor the year ended March 31, 2023

	<u>2023</u>	<u>2022</u>
	<u>Baht</u>	<u>Baht</u>
REVENUE		
Sales	319,510,785	421,028,597
Other income	1,716,182	3,403,576
TOTAL REVENUE	321,226,967	424,432,173
EXPENSES		
Cost of sales	278,803,920	361,010,948
Selling expenses	12,576,500	13,469,111
Administrative expenses	14,526,724	15,045,638
TOTAL EXPENSES	305,907,144	389,525,697
PROFIT BEFORE FINANCE COST AND INCOME TAX EXPENSE	15,319,823	34,906,476
Finance cost	-	(17,813)
PROFIT BEFORE INCOME TAX EXPENSE	15,319,823	34,888,663
Income tax expense	(3,815,817)	(7,164,018)
NET PROFIT FOR THE YEAR	11,504,006	27,724,645

Director



(Gulzar Sharif)

The notes form an integral part of the financial statements.

Statement of changes in shareholders' equity

For the year ended March 31, 2023

			Retained earnings (Deficit)		
	Issued and paid-up	Share	Appropriated		
	share capital	premium	legal reserve	Unappropriated	Total
	Baht	Baht	Baht	Baht	Baht
Balance as at March 31, 2021	35,000,000	148,100,000	2,000,000	(116,247,013)	68,852,987
Net profit for the year	-	-	-	27,724,645	27,724,645
Balance as at March 31, 2022	35,000,000	148,100,000	2,000,000	(88,522,368)	96,577,632
Net profit for the year	-	-	-	11,504,006	11,504,006
Balance as at March 31, 2023	35,000,000	148,100,000	2,000,000	(77,018,362)	108,081,638



Director

(Gulzar Sharif)

The notes form an integral part of the financial statements.

Statement of cash flows

For the year ended March 31, 2023

	<u>2023</u>	<u>2022</u>
	<u>Baht</u>	<u>Baht</u>
Cash flows from operating activities		
Net profit(loss) for the year	11,504,006	27,724,645
Items to reconcile net income to cash received from operating activities:		
Unrealised loss(gain) on exchange rate	1,136,608	(851,128)
Interest income	(42,398)	(6,234)
Depreciation and amortisation	302,898	299,412
Loss on devaluation of inventories	3,408,578	-
Employee benefit expenses	195,080	751,440
Interest expenses	-	17,813
Income tax expense	3,815,817	7,164,018
Income from operations before change in operating assets and liabilities	20,320,589	35,099,966
Operating assets (increase)/decrease		
Trade accounts receivable	15,040,954	(12,292,949)
Trade accounts receivable-related parties	18,627,172	(86,809,769)
Other receivables-related parties	(209,112)	84,453
Inventories	(116,538)	6,422,596
Other current assets	(3,491,839)	1,155,303
Other non-current assets	(60,000)	-
Operating liabilities increase/(decrease)		
Trade accounts payable	(30,869,823)	40,326,007
Trade accounts payable-related parties	(19,152,881)	28,129,579
Other payables-related parties	(913,999)	(3,192,078)
Other current liabilities	1,368,439	53,291
Cash provided by (used in) operations	542,962	8,976,399
Income tax paid during the year	(6,226,353)	(5,713,061)
Net cash provided by (used in) operating activities	(5,683,391)	3,263,338



Director _____

(Gulzar Sharif)

The notes form an integral part of the financial statements.

Statement of cash flows

For the year ended March 31, 2023 (continued)

	2023	2022
	Baht	Baht
Cash flows from investing activities		
Decrease(Increase) in short-term investments	(14,256)	(7,200,000)
Decrease(Increase) in long-term loans to related persons	-	137,527
Purchases of equipment	(21,763)	(136,549)
Interest received	34,739	6,234
Net cash provided by (used in) investing activities	(1,280)	(7,192,788)
Cash flows from financing activities		
Interest paid	-	(724,950)
Net cash provided by (used in) financing activities	-	(724,950)
Net increase (decrease) in cash and cash equivalents	(5,684,671)	(4,654,400)
Cash in hand and equivalents at beginning of year	14,500,613	19,155,013
Cash in hand and equivalents at end of year	8,815,942	14,500,613



Director

(Gulzar Sharif)

The notes form an integral part of the financial statements.

Notes to Financial Statement - March 31, 20231. General information

STS Global Limited was incorporated as a limited company under Thai laws on November 18, 1991.

The Company has become 100% subsidiary of Vaibhav Global Limited, India with effect from January 23, 2006 upon the transfer of shares by the STS Holdings Limited, erstwhile parent company, and other shareholders to Vaibhav Global Limited. The Company operates its business in Thailand and its principal activities are engaged in selling gemstones and jewelry.

The Company's registered address is at 919/350 28th Floor, Room A, Jewelry Trade Center Building, Silom Road, Kwaeng Silom, Khet Bangrak, Bangkok.

Coronavirus disease 2019 Pandemic

The Coronavirus 2019 pandemic is resulting in an economic slowdown and adversely impacting most business and industries in many countries around the world. This situation may bring uncertainties and have an impact on the environment in which the business operates. The management has continuously monitored ongoing developments and assessed the financial impact in respect of the revenues and expenses, valuation of assets, provisions and contingent liabilities which using estimates and judgement in respect of various issues as the situation has evolved.

2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standard for Non - Publicly Accountable Entities (TFRS for NPAEs) promulgated by the Federation of Accounting Professions.

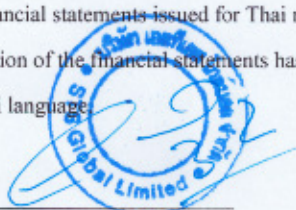
The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the related amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

Director

(Gulzar Shari)



Notes to Financial Statement - March 31, 2023 (continued)3. Significant accounting policies3.1 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

3.2 Trade accounts receivable

Trade accounts receivable are carried at original invoice amount and subsequent measure at the remaining amount less allowance for doubtful accounts based on a review of all outstanding amounts at year end. The amount of the allowance is the difference between the carrying amount of the receivables and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in the statements of income.

3.3 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined on the weighted average basis and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses. The amount of any write down of inventories to net realisable value is recognised as an expense in the period the write down occurs and presented as cost of sales.

3.4 Equipment

Equipment are stated at historical cost less accumulated depreciation and losses on decline in value (if any). Depreciation is calculated so as to write - off the cost of the assets on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are as follows:

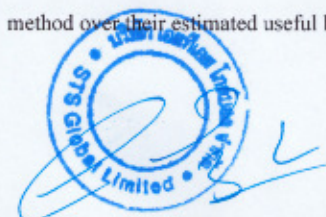
<u>Description</u>	<u>Years</u>
Office equipment	3 - 5
Motor Vehicles	5

No depreciation is provided on assets under installation.

3.5 Intangible assets

Intangible assets represent proprietary software for internal use. The cost includes the costs incurred to acquire and bring to use the specific software. Intangible assets are amortized using the straight line method over their estimated useful lives of 3-5 years.

Director



(Gulzar Sharif)

Notes to Financial Statement - March 31, 2023 (continued)3. Significant accounting policies (continue)3.6 Losses on decline in value

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of a permanent decline in value. If any such indication exists, the assets' recoverable amounts are estimated. A loss on decline in value is recognised in the statement of income.

3.7 Provisions

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

Employee benefits

Obligations for retired benefits and other long-term employee benefits are recognised using the best estimate method at the reporting date.

3.8 Foreign currencies

Transactions during the year denominated in foreign currencies are translated into Thai Baht at the exchange rates ruling when the transactions were entered into. Monetary assets and liabilities denominated in foreign currencies are translated into Thai Baht at the exchange rates ruling at the statement of financial position date. Exchange gains or losses are included in the statements of income.

3.9 Operating leases

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line basis over the lease term.

3.10 Revenues and expenses recognition

Revenue from sale of goods is recognized in the statements of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Sales represent the invoiced value, excluding value added tax, of goods supplied after deducting goods returned and discounts.

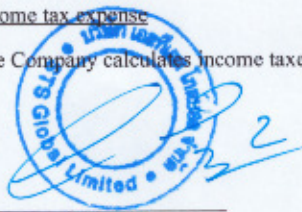
Other income and expenses are recognised on the accrual basis.

3.11 Income tax expense

The Company calculates income taxes according to the Revenue Code and records them on the accrual basis.

Director

(Gulzar Sharif)



Notes to Financial Statement - March 31, 2023 (continued)

4. Cash and cash equivalents

	<u>2023</u>	<u>2022</u>
	<u>Baht</u>	<u>Baht</u>
Cash	8,699	11,964
Bank deposits	8,807,243	14,488,649
Total	<u>8,815,942</u>	<u>14,500,613</u>

5. Short-term investments

Short-term investments represented time deposit with a local bank to be deposited for 12 months bearing interest at the rate of 0.50% per annum.

6. Inventories

	<u>2023</u>	<u>2022</u>
	<u>Baht</u>	<u>Baht</u>
Finished goods	28,782,544	29,868,767
Goods in transit	1,202,761	-
<u>Less</u> Allowance for decline in value of inventories	<u>(3,408,578)</u>	<u>-</u>
Net	<u>26,576,727</u>	<u>29,868,767</u>

Loss on devaluation of inventory amounting to Baht 3.41 million was included in cost of sales for the year ended March 31, 2023.

7. Equipment

	Office equipment	Motor vehicles	Total
	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>
COST			
At start of the period 1/4/22	1,785,983	1,189,000	2,974,983
Additions	21,763	-	21,763
At end of the period 31/3/23	1,807,746	1,189,000	2,996,746
ACCUMULATED DEPRECIATION			
At start of the period 1/4/22	1,527,604	1,189,000	2,716,604
Depreciation for the year	109,626	-	109,626
At end of the period 31/3/23	1,637,230	1,189,000	2,826,230
NBV at start of the period 1/4/22	258,379	-	258,379
NBV at end of the period 31/3/23	170,516	-	170,516
Depreciation - 2022			104,171
Depreciation - 2023			109,626

Director

(Gulzar Sharif)

Notes to Financial Statement - March 31, 2023 (continued)

8. Intangible assets

	Computer software <u>Baht</u>	Total <u>Baht</u>
COST		
At start of the period 1/4/22	926,450	926,450
At end of the period 31/3/23	926,450	926,450
ACCUMULATED AMORTISATION		
At start of the period 1/4/22	636,542	636,542
Amortisation for the year	193,272	193,272
At end of the period 31/3/23	829,814	829,814
NBV at start of the period 1/4/22	289,908	289,908
NBV at end of the period 31/3/23	96,636	96,636
Amortisation - 2022		195,241
Amortisation - 2023		193,272

9. Employee benefit obligations

	<u>2023</u> <u>Baht</u>	<u>2022</u> <u>Baht</u>
At beginning of the period	4,889,353	4,137,913
Provisions made	541,203	751,440
Unused amounts reversed	(346,123)	-
At ending of the period	<u>5,084,433</u>	<u>4,889,353</u>

Employee benefit obligations recognised as expenses are calculated based on the last salary and length of employment in accordance with the conditions specified in the regulations of the Company and criteria for severance pay specified in the labour law, and taking into account the possibility that each employee will work with the Company until retirement.

Director

(Gulzar Sharif)



Notes to Financial Statement - March 31, 2023 (continued)10. Legal reserve

In accordance with the provisions of the Civil and Commercial Code of Thailand, the Company has to set aside as a legal reserve at least 5% of its net profit at each dividend declaration until the reserve reaches 10% of authorized capital.

The reserve is not available for dividend distribution.

11. Lease agreements

The Company has entered into lease and service agreements for office spaces. Under the terms of the agreements, the Company has committed to pay monthly rental and service fees according to agreements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<u>2023</u>	<u>2022</u>
	<u>Baht</u>	<u>Baht</u>
Not later than 1 year	297,632	540,000
Later than 1 year but not later than 5 years	-	45,000
	<u>297,632</u>	<u>585,000</u>

12. Approval of financial statements

These financial statements were authorized for issuance by the Company's director on April 21, 2023.

Director _____

(Gulzar Sharif)

