

1. Legal status and principal activities

Oman Refreshment Company SAOG (the "Parent Company" or "Company") is an Omani public joint stock company registered with the Ministry of Commerce, Industry and Investment Promotion in the Sultanate of Oman on 25 July 1977 and operates under the Commercial Registration No. 01/05440/06. The Parent Company's Head Office is located at Al Ghubra and its registered address is P.O. Box 30, CPO Airport, Postal Code 111, Muscat, Sultanate of Oman. The Company's shares are listed on the Muscat Stock Exchange (MSX).

The principal activities of the Parent Company includes the filling and distribution of soft drinks as well as the trading in consumer-packaged goods and related products primarily in the Sultanate of Oman. The Parent Company holds the franchise for filling and distribution of the entire range of Pepsi products in the Sultanate of Oman. Additionally, it exports to other Gulf Cooperation Council (GCC) countries and Africa through its distribution network.

The Parent Company holds investments in subsidiaries (refer to Note 9 for details).

2. Basis of preparation

Statement of compliance

The separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by International Accounting Standards Board (collectively IFRS Accounting Standards), the applicable provisions of the Commercial Companies Law (CCL) and Regulations (CCR) and the relevant disclosure requirements of the Financial Services Authority (FSA) of the Sultanate of Oman.

Basis of measurement

The separate and consolidated financial statements have been prepared under the historical cost convention and going concern assumption, except for certain assets and liabilities which are stated at their fair values. The preparation of separate and consolidated financial statements is in conformity with IFRS Accounting Standards that requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Parent Company's and the Group's accounting policies.

Functional currencies

The separate and consolidated financial statements are presented in Omani Rial (RO), which is the functional and reporting currency of the Parent Company and the Group.

Adoption of new and revised IFRS

(a) Standards, amendments and interpretations effective and adopted in the annual period beginning on or after 1 January 2024

The following new standards, amendments to existing standards or interpretations to various IFRS Accounting Standards are mandatorily effective for the reporting period beginning on or after 1 January 2024:

Standard or Interpretation	Title
Amendments to IFRS 16	Leases: 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	Statement of Cash Flows: Supplier Finance Arrangements
Amendments to IFRS 3	Financial Instruments: Disclosures - Supplier Finance Arrangements

Basis of preparation (continued)

Adoption of new and revised IFRS (continued)

(a) Standards, amendments and interpretations effective and adopted in the annual period beginning on or after 1 January 2024 (continued)

IFRS 16: Lease Liability in a Sale and Leaseback

On 22 September 2022, the IASB issued amendments to IFRS 16 – Lease Liability in a Sale and Leaseback. Prior to the amendments, IFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the amendments require a seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

These amendments had no effect on the separate and consolidated financial statements of the Parent Company and the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants

The IASB issued amendments to IAS 1 in January 2020 Classification of Liabilities as Current or Non-current and subsequently, in October 2022 Non-current Liabilities with Covenants.

The amendments clarify the following:

- 'An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

'These amendments have had no effect on the separate and consolidated financial statements of the Parent Company and the Group.

Amendments to IAS 7 & IFRS 7: Supplier Finance Arrangements

On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.

The Parent Company and the Group has carried out an assessment of its contracts and operations and, concluded that, these amendments have had no effect on the separate and consolidated financial statements, regardless of the transition relief provided.

Basis of preparation (continued)

Adoption of new and revised IFRS (continued)

(b) Standards, amendments and interpretations issued but not yet effective

The following new/amended accounting standards and interpretations have been issued by IASB that are effective in future accounting periods and the Parent Company and the Group has decided not to adopt early:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
Amendments to IAS 21	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025
Amendments to IFRS 9	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9	Contracts Referencing Nature-dependent Electricity	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

The Parent Company and the Group does not expect these amendments and standards issued but not yet effective, to have a material impact on the separate and consolidated financial statements of the Parent Company and the Group, except for IFRS 18.

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the separate and consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the separate and consolidated statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

3. Summary of material accounting policies

3.1. Basis of consolidation

These separate and consolidated financial statements comprise the Parent Company and its subsidiaries as at 31 December 2024. Control is achieved, when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect the investee's returns.
- When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
 - the contractual arrangement with the other vote holders of the investee;
 - rights arising from other contractual arrangements; and
 - the Group's voting rights and potential voting rights.

Summary of material accounting policies (Continued)

Basis of consolidation (Continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of subsidiaries begins when the Group obtains control over the subsidiaries and ceases when the Group loses control of the subsidiaries. Assets, liabilities, income and expenses of subsidiaries acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiaries.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the separate financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between group companies are eliminated in full on consolidation.

A change in the ownership interest of subsidiaries, without a loss of control, is accounted for as an equity transaction. If the Group loses control over subsidiaries, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiaries;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in consolidated shareholders' equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the Parent Company's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed off the related assets or liabilities.

In the Parent Company's separate financial statements, the investment in subsidiaries are stated at cost less impairment, if any.

3.2. Climate-related matters

Risks induced by climate changes may have future adverse effects on the Parent Company's and Group's business activities.

These risks include transition risks (e.g., regulatory changes and reputational risks) and physical risks (even if the risk of physical damage is low due to the group activities and geographical locations).

Climate-related matters are being assessed by the management for their potential impact on the operations of the Parent Company and the Group. No threats have been identified or reported, as at the reporting date.

3.3. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Summary of material accounting policies (Continued)

Business combinations and goodwill

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the input acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer are recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within Shareholders' equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the separate and consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the separate and consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Summary of material accounting policies (Continued)

3.4. Foreign currency translation

Foreign currency transactions are translated into the presentation currency of the Group, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items, denominated in foreign currency at year-end exchange rate, are recognised in the separate and consolidated statement of profit or loss and other comprehensive income under 'other income' or 'other expenses'.

Non-monetary items are not retranslated at the year-end. They are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.5. Current versus non-current classification

The Parent Company and the Group presents assets and liabilities in the separate and consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Parent and the Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

3.6. Fair value measurement:

The Parent Company and the Group measures financial instruments such as derivatives, and non-financial assets at fair value at each reporting 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; and
- The principal or the most advantageous market must be accessible by the Group.

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.

Summary of material accounting policies (Continued)

Fair value measurement: (Continued)

The 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 Parent Company and the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate and consolidated financial statements are categorised 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; and

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 recognised in the consolidated and separate financial statements on a recurring basis, the Parent Company and the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.7. Property, plant and equipment and capital work-in-progress

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, except for freehold land and capital work-in-progress which are carried at cost less impairment losses.

Costs include expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the separate and consolidated statement of profit or loss and other comprehensive income as incurred.

Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Parent Company and the Group over the estimated useful life of the assets as follows:

Summary of material accounting policies (Continued)

Property, plant and equipment and capital work-in-progress

	Years
Buildings	10 - 20
Leasehold improvements	2 - 5
Plant and machinery	3 - 20
Motor vehicles	3 - 7
Tools and equipment	3 - 20
Furniture, fixtures and office equipment	2 - 5
Coolers	5 - 7

Freehold land is not depreciated as it is deemed to have an infinite useful life.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written-down to their recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the separate and consolidated statement of profit or loss and other comprehensive income in the year the asset is derecognised.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Where carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written-down immediately to its recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the reference to their carrying amounts.

Repairs and renewals are charged to profit or loss when the expenditure is incurred.

Capital work-in-progress

Capital work-in-progress represents structures and facilities under construction and is stated at cost. This includes the cost of construction, equipment and other direct costs. Capital work-in-progress is not depreciated until such time that the relevant assets are completed and put into operational use.

3.8. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease; that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Summary of material accounting policies (Continued)

Leases (Continued)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received (if any). Right-of-use assets are amortised on a straight-line basis over the shorter of the lease-term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable (if any). The lease payments also include the payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is either a modification, a change in the lease term or a change in the lease payments.

3.9. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.10. Bank borrowings

Bank borrowings are recognised initially at fair value, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the bank borrowings using the EIR method.

3.11. Inventories

Inventories and consumables are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase price, delivery costs and other direct expenses; and
- Finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

Costs are assigned using the weighted average cost method.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Summary of material accounting policies (continued)

3.12. Financial instruments

Financial instruments are recognised when the Parent Company or the Group becomes a party to the contractual provisions of the instrument. 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.

[A] Financial assets

The Parent Company and the Group determines the classification of its financial assets at initial recognition. The classification depends on the Parent Company's and the Group's business model for managing the financial assets and the contractual terms of the cash flows.

I. Classification

The financial assets are classified in the following measurement categories:

- (a) those to be measured subsequently at fair value (either through other comprehensive income (FVOCI), or through profit or loss (FVTPL)); and
- (b) those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in the profit or loss or other comprehensive income. For investments in equity instruments, the Parent Company and the groups make an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

II. Measurement

At initial recognition, the Parent Company and the Group 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed as incurred.

The Parent Company and the Group have classified fair value measurements on a recurring basis using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

Debt instruments

Subsequent measurement of debt instruments depends on the Parent Company's and the Group's business model for managing the asset and the cash flow characteristics of the asset. The Parent Company and the Group classifies debt instruments at amortised cost based on the below:

- a) the asset is held within a business model with the objective of collecting the contractual cash flows; and
- b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Employee loans, investment in bonds are carried at amortised cost.

Summary of material accounting policies (continued)**Financial instruments (Continued)****[A] Financial assets (Continued)****Equity instruments**

If the Parent Company and the Group elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the Parent Company's and the Group's right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/(losses) in profit and loss as applicable.

III. De-recognition of financial assets

The Parent Company and the Group derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Parent Company and the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Parent Company and the Group recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Parent Company and the Group retains substantially all the risks and rewards of ownership of the transferred financial asset, the Parent Company and the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

IV. Impairment of financial assets

The Parent Company and the Group applies the Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure that are debt instruments and are measured at amortised cost e.g., loans, deposits, trade receivables.

ECL is the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the Parent Company and the Group expects to receive. The ECL considers the amount and timing of payments and, hence, a credit loss arises even if the Parent Company and the Group expects to receive the payment in full but later than when contractually due. The ECL method requires assessing credit risk, default and timing of collection since initial recognition. This requires recognising allowance for ECL in profit or loss even for receivables that are newly originated or acquired.

Impairment of financial assets is measured as either 12-months ECL or life-time ECL, depending on whether there has been a significant increase in credit risk since initial recognition. '12-months ECL' represents the ECL resulting from default events that are possible within 12 months after the reporting date. 'Lifetime ECL' represents the ECL that results from all possible default events over the expected life of the financial asset.

Trade receivables are of a short-duration, normally less than 12 months, and hence the loss allowance measured as lifetime ECL does not differ from that measured as 12 months ECL. The Parent Company and the Group uses the practical expedient in IFRS 9 for measuring ECL for trade receivables using a provisioning matrix based on aging of trade receivables.

The Parent Company and the Group uses historical loss experience and derived loss rates based on the past twelve months and adjusts the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the aging of the amounts that are past due and are generally higher for those with the higher aging.

Summary of material accounting policies (continued)

Financial instruments (Continued)

[A] Financial assets (Continued)

V. Income recognition

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recognised using the EIR, which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan and receivable is impaired, the Parent Company and the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial assets is recognised using the original EIR.

Dividend income

Dividends receivable from financial instruments are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Parent Company and the Group, and the amount of the dividend can be measured reliably.

[B] Financial liabilities

The Parent Company and the Group determines the classification of its financial liabilities at initial recognition. The classification depends on the business model for managing the financial liabilities and the contractual terms of the cash flows.

I. Classification

The financial liabilities are classified in the following measurement categories:

- a) those to be measured as financial liabilities at fair value through profit or loss; and
- b) those to be measured at amortised cost.

II. Measurement

All financial liabilities are recognised initially at fair value. Financial liabilities accounted at amortised cost like borrowings are accounted at the fair value determined based on the EIR after considering the directly attributable transaction costs.

The Parent Company and the Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

The EIR method calculates the amortised cost of a debt instrument by allocating interest charge over the relevant EIR period. The EIR is the rate that exactly discounts estimated future cash outflow (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. This category generally applies to borrowings, trade payables, etc.

The Group's financial liabilities comprise trade and other payables, lease liabilities, term loans, short-term loans and due to related parties.

Summary of material accounting policies (continued)
Financial instruments (Continued)
[B] Financial liabilities (Continued)

III. Derecognition of financial liabilities

A financial liability is derecognised 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

IV. Impairment of non-financial assets and goodwill

The carrying amount of the Parent Company's and the Group's assets or its cash generating unit, other than financial assets, are reviewed at each separate and consolidated statement of financial position date to determine whether there is any indication of impairment. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other asset and groups. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or a cash generating unit is the greater of its value-in-use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

3.13. Cash and cash equivalents

Cash and cash equivalents in the separate and consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with maturities of three months or less, that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. For the purpose of the separate and consolidated statement of cash flows, cash and cash equivalents consist of cash at bank, cash on hand and short-term deposits, as defined above.

3.14. Provisions

A provision is recognised if, as a result of a past event, the Parent Company and the Group have a present (legal or constructive) obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.15. Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the separate and consolidated statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised directly in separate or consolidated shareholders' equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is calculated on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Summary of material accounting policies (continued)

3.16. Revenue

The Parent Company and the Group uses the following 5 steps model for revenue recognition:

- Identifying the contract with a customer;
- Identifying the performance obligations;
- Determining the transaction price;
- Allocating the transaction price to the performance obligations; and
- Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised at a point-in-time, when (or as) the Parent Company and the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Local sales

Revenue from local sales is recorded at a point-in-time when the Group transfers the control of goods to the customer. This is generally when the goods are delivered to the customer.

Export sales

Revenue is recognised when the control of the goods is transferred to the customer, which is when the goods are delivered to the port of departure or the port of arrival depending on the specific terms of the contract with the customer. Hence, revenue is recognised at a point-in-time.

3.17. Earnings per share

The Parent Company and the Group disclose both basic earnings per share (EPS) and diluted EPS. The calculation of basic EPS is based on the weighted average number of ordinary shares outstanding during the year, whereas diluted EPS also includes dilutive potential ordinary shares (such as options and convertible instruments) if they meet certain criteria.

3.18. Dividend distribution

The Board of Directors recommends to the shareholders the dividend to be paid out of the Parent Company's retained profits. The Directors take into account appropriate parameters including the requirements of the CCL and CCR, of the Sultanate of Oman and other relevant directives issued by the FSA while recommending the dividend. Dividends are paid out in the period in which they are declared.

3.19. Net asset per share

The Parent Company and the Group presents net assets per share for its ordinary shares. Net assets per share is calculated by dividing the net assets as at the year-end by the number of shares outstanding at the year-end.

3.20. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Chief Executive Officer (being the Chief Operating Decision Maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

3.21. Intangible assets

After initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses. The Group acquired computer software licenses which are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. Costs associated with maintaining computer software are recognised as an expense as incurred.

Summary of material accounting policies (continued)

3.22. Employees' end-of-service benefits

The provision for employees' end-of-service benefits is based upon the liability accrued in accordance with the terms of employment of the Parent Company and its subsidiaries' employees at the reporting date, having regard to the requirements of the Oman Labour Law of 2023, the Social Security Law of 1991 and Royal Decree No. 53/2023.

Government of Oman Social Insurance Scheme (the "Scheme")

The Parent Company contributes to the Scheme for all Omani employees. The Scheme, which is a defined contributions retirement plan, is administered by the Government of Oman. The Parent Company and Omani employees are required to make monthly contributions to the Scheme at the prescribed rates of gross salaries.

Non-Omani employees' terminal benefits

The provision for employees' terminal benefits for non-Omani employees is made in accordance with the requirements of the Oman Labour Law of 2023 and Royal Decree No. 53/2023. Employees are entitled to employees' terminal benefits calculated at the rate of 15 days of basic salary for first three years and 30 30 days thereafter each of the years of continuous service. This is an unfunded defined benefits retirement plan. Accrued non-Omani employees' terminal benefits are payable on termination of employment.

3.23. Equity

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior period results as disclosed in the separate and consolidated statement of changes in shareholders' equity.

3.24. Directors' remuneration

The Parent Company follows the CCL and CCR of the Sultanate of Oman, and other relevant directives issued by the FSA, in regard to determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to profit and loss in the year to which it relates.

4. Critical accounting estimates and key source of estimation uncertainty

Preparation of the separate and consolidated financial statements in accordance with IFRS Accounting Standards requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates requires judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

The most significant areas requiring the use of management estimates and assumptions in these separate and consolidated financial statements relate to:

4.1. Impairment reviews

IFRS Accounting Standards requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgment, requiring inter alia an assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- a) growth in earnings before interest, tax, depreciation and amortisation (EBITDA), calculated as adjusted operating profit before depreciation and amortisation;
- b) timing and quantum of future capital expenditure;
- c) long-term growth rates; and

Critical accounting estimates and key source of estimation uncertainty (Continued)
Impairment reviews (Continued)

- d) selection of discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence results.

4.2. Economic useful lives of property, plant and equipment

The Parent Company and the Group's property, plant and equipment are depreciated on a straight-line basis over their economic useful lives. The economic useful lives of property, plant and equipment are reviewed periodically by the management. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

4.3. Classification of investments

In the process of applying the Parent Company's and the Group's accounting policies, the management decides on acquisition of an investment whether it should be classified as investments designated at FVTPL or FVOCI. The classification of each investment reflects the management's intention in relation to each investment and is subject to different accounting treatments based on such classification.

4.4. Fair valuation of investments

The Parent Company and the Group determines fair values of investments that are not quoted in active markets by using valuation techniques such as discounted cash flows and recent transaction prices. Fair value estimates are made at a specific point in time, based on market conditions and information about the investee companies. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. There is no certainty about future events (such as continued operating profits and financial strengths). It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the investments. In case where discounted cash flow models have been used to estimate fair values, the future cash flows have been estimated by the management based on information from and discussions with representatives of the management of the investee companies, and based on the latest available audited financial statements and un-audited management accounts.

4.5. Impairment losses on trade receivables

Loss allowances for trade receivables are based on assumptions about risk of default and expected loss rates. The Parent Company and the Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Parent Company's and the Group's past experience and historical data, existing market conditions as well as forward-looking estimates at the end of each reporting period.

4.6. Provision for slow and non-moving inventories

The Parent Company and the Group creates a provision for obsolete and slow-moving inventories. Estimates of net realisable value of inventories are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the separate and consolidated statement of financial position date to the extent that such events confirm conditions existing at the end of the reporting period.

4.7. Going concern

The management of the Parent Company and the Group reviews their separate and consolidated financial position on a periodic basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due.

Critical accounting estimates and key source of estimation uncertainty (Continued)

4.8. Taxation

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of the existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to the assumptions, could necessitate future adjustments to taxable income and expenses already recorded. The Parent Company and the Group establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of the Parent Company and the Group. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible and relevant Tax Authority.

4.9. Fair value measurements

A number of assets and liabilities included in the Parent Company's or the Group's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Parent Company's and the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. The classification of an item into the level 1, level 2 and level 3 hierarchy is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

4.10. Significant judgment in determining the lease term of the contracts

The Parent Company and the Group determines the lease term as non-cancellable term of the lease, together with any periods covered by an option to extend the lease, if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Parent Company and the Group has an option, under some of its leases to lease the assets for additional terms. The Parent Company and the Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew; that is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Parent Company and the Group reassesses the lease-term if there is a significant event or change in the circumstances that is within its control and effects its ability to exercise (or not exercise) the option to renew or to terminate (e.g., a change in business strategy, construction of significant leasehold improvements or significant customisation to the leased assets).

4.11. Useful lives of property, plant and equipment

Depreciation is charged so as to write-off the cost of property, plant and equipment's over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

4.12. Impairment of financial assets at amortised cost

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Parent Company and the Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Parent's Company and the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting year.

4.13. Impairment of investment in subsidiaries

The Parent Company assesses whether there are any indicators of impairment in its investments in subsidiaries at each reporting date. If any such indications are observed, then the recoverable amount of the investment is determined and impairment loss is recorded if this recoverable amount is lower than the carrying amount.

Critical accounting estimates and key source of estimation uncertainty (Continued)

4.14. Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

5. Property, plant and equipment and capital work-in-progress

	Land and buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Tools and equipment	Furniture, fixtures and office equipment	Coolers	Capital work-in- progress	Total
Parent Company									
2024									
Cost									
At 1 January 2024	20,343,581	82,780	32,350,557	5,312,611	62,471	5,084,557	4,822,922	371,347	68,430,826
Additions during the year	-	-	400,523	-	-	92,399	45,971	13,817	552,710
Transferred during the year	-	-	355,000	-	-	-	-	(355,000)	-
Disposals during the year	-	-	-	(11,700)	(2,109)	(4,417)	(171,686)	-	(189,912)
Written-off during the year	(46,893)	-	(1,167,747)	(116,296)	-	(215)	(17,839)	-	(1,348,990)
At 31 December 2024	20,296,688	82,780	31,938,333	5,184,615	60,362	5,172,324	4,679,368	30,164	67,444,634
Accumulated depreciation									
At 1 January 2024	4,998,769	82,780	21,675,514	4,475,006	62,471	3,900,834	4,093,926	-	39,289,300
Charge for the year	531,663	-	1,821,619	274,467	-	267,920	166,167	-	3,061,836
Relating to disposals	-	-	-	(11,700)	(2,109)	(4,417)	(171,686)	-	(189,912)
Relating to write offs	(46,893)	-	(1,167,747)	(116,296)	-	(215)	(17,839)	-	(1,348,990)
At 31 December 2024	5,483,539	82,780	22,329,386	4,621,477	60,362	4,164,122	4,070,568	-	40,812,234
Net book amount									
At 31 December 2024	14,813,149	-	9,608,947	563,138	-	1,008,202	608,800	30,164	26,632,400
2023									
Cost									
At 1 January 2023	20,148,701	82,780	30,404,921	5,009,671	62,471	4,913,951	4,356,129	1,564,493	66,543,117
Additions during the year	194,880	-	915,372	219,957	-	90,707	466,793	-	1,887,709
Transferred during the year	-	-	1,030,264	82,983	-	79,899	-	(1,193,146)	-
At 31 December 2023	20,343,581	82,780	32,350,557	5,312,611	62,471	5,084,557	4,822,922	371,347	68,430,826
Accumulated depreciation									
At 1 January 2023	4,550,214	82,780	20,090,106	4,270,239	62,471	3,613,653	3,936,881	-	36,606,344
Charge for the year	448,555	-	1,585,408	204,767	-	287,181	157,045	-	2,682,956
At 31 December 2023	4,998,769	82,780	21,675,514	4,475,006	62,471	3,900,834	4,093,926	-	39,289,300
Net book amount									
At 31 December 2023	15,344,812	-	10,675,043	837,605	-	1,183,723	728,996	371,347	29,141,526

Property, plant and equipment and capital work-in-progress (continued)

	Land and buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Tools and equipment	Furniture, fixtures and office equipment	Coolers	Capital work- in-progress	Total
Group									
2024									
Cost									
At 1 January 2024	46,992,386	82,780	47,662,453	7,280,347	3,499,227	5,622,147	11,170,592	817,584	123,127,516
Additions during the year	-	-	918,430	230,151	116,667	146,013	1,376,712	1,015,641	3,803,614
Transfer									
Written-off during the year	(46,893)	-	(1,167,747)	(116,296)	-	(215)	(17,839)	-	(1,348,990)
Disposals during the year	-	-	(2,312,301)	(158,170)	(6,738)	(4,560)	(171,686)	(6,678)	(2,660,133)
Transferred during the year	-	-	355,000	-	-	-	-	(355,000)	-
Foreign exchange translation	(167,302)	-	(40,115)	(22,168)	(40,508)	(6,637)	(89,003)	(17,431)	(383,164)
At 31 December 2024	46,778,191	82,780	45,415,720	7,213,864	3,568,648	5,756,748	12,268,776	1,454,116	122,538,843
Accumulated depreciation									
At 1 January 2024	10,405,744	82,780	32,563,634	6,293,979	3,296,360	4,309,546	7,326,143	-	64,278,186
Charge for the year	772,659	-	2,746,551	361,414	246,327	326,235	1,029,069	-	5,482,255
Relating to write-offs	(46,893)	-	(1,167,747)	(116,296)	-	(215)	(17,839)	-	(1,348,990)
Relating to disposals	-	-	(2,270,465)	(156,747)	(9,820)	(5,565)	(171,686)	-	(2,614,283)
Foreign exchange translation	(64,624)	-	(99,314)	(18,972)	(38,723)	(5,205)	(47,617)	-	(274,455)
At 31 December 2024	11,066,886	82,780	31,772,659	6,363,378	3,494,144	4,624,796	8,118,070	-	65,522,713
Net book amount									
At 31 December 2024	35,711,305	-	13,643,061	850,486	74,504	1,131,952	4,150,706	1,454,116	57,016,130
	Land and buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Tools and equipment	Furniture, fixtures and office equipment	Coolers	Capital work- in-progress	Total
2023									
Cost									
At 1 January 2023	46,222,862	82,780	44,572,334	7,059,244	3,214,295	5,370,809	8,254,648	1,758,056	116,535,028
Additions during the year	209,111	-	1,988,492	258,350	214,932	161,055	2,802,888	421,344	6,056,172
Disposals during the year	-	-	(224,706)	(160,371)	(152)	-	-	(175,906)	(561,135)
Transferred during the year	-	-	1,030,264	82,983	-	79,899	-	(1,193,146)	-
Foreign exchange translation	560,413	-	296,069	40,141	70,152	10,384	113,056	7,236	1,097,451
At 31 December 2023	46,992,386	82,780	47,662,453	7,280,347	3,499,227	5,622,147	11,170,592	817,584	123,127,516
Accumulated depreciation									
At 1 January 2023	9,369,293	82,780	29,933,108	6,123,680	3,112,110	3,964,796	6,587,040	-	59,172,807
Charge for the year	926,909	-	2,431,301	300,909	117,640	336,809	675,658	-	4,789,226
Disposals during the year	-	-	(7,757)	(167,591)	(152)	-	-	-	(175,500)
Foreign exchange translation	109,542	-	206,982	36,981	66,762	7,941	63,445	-	491,653
At 31 December 2023	10,405,744	82,780	32,563,634	6,293,979	3,296,360	4,309,546	7,326,143	-	64,278,186
Net book amount									
At 31 December 2023	36,586,642	-	15,098,819	986,368	202,867	1,312,601	3,844,449	817,584	58,849,330

Property, plant and equipment and capital work-in-progress (continued)

- (a) Land costing RO 56,010 in Sohar, RO 337,912 in Barka and RO 42,000 in Ibri are registered in the names of two Directors for the beneficial interest of the Parent Company. The Directors are in the process of completing the formalities to transfer legal title to the Parent Company.
- (b) Capital work-in-progress represents the construction of new warehouses, staff accommodation near the warehouses and to cost of consultants for preparation and approval of construction drawings for depots. The amount transferred from capital work-in-progress relates to plant and machinery.
- (c) Land in Oran and Rouiba in Algeria are secured against the term loan (Note 22)

5.1. The depreciation charge for the year is allocated as follows:

	Parent Company		Group	
	For the year ended 31 December 2024	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2023
Cost of sales (Note 28)	1,948,640	1,606,456	3,154,691	2,885,158
Selling and distribution expenses (Note 29)	858,267	803,591	1,917,718	1,471,616
General and admin expenses (Note 30)	254,929	272,909	409,846	432,452
	<u>3,061,836</u>	<u>2,682,956</u>	<u>5,482,255</u>	<u>4,789,226</u>

6. Intangible assets

	Customer contracts	Other intangible assets	Total
Group 2024			
Cost			
As at 1 January and as at 31 December	100,000	77,769	177,769
2024			
Accumulated amortisation			
As at 1 January	100,000	23,890	123,890
Amortisation charge for the year	-	21,007	21,007
Translation loss	-	355	355
As at 31 December	<u>100,000</u>	<u>45,252</u>	<u>145,252</u>
Net book amount as at 31 December	<u>-</u>	<u>32,517</u>	<u>32,517</u>

Intangible assets (Continued)

	Customer contracts	Other intangible assets	Total
2023			
Cost			
As at 1 January and as at 31 December	100,000	77,769	177,769
2023			
Accumulated amortisation			
As at 1 January	50,000	-	50,000
Amortisation charge for the year	50,000	23,890	73,890
As at 31 December	100,000	23,890	123,890
Net book amount as at 31 December	-	53,879	53,879

The customer contracts were acquired as part of the acquisition of Arabian Auto Vending Company Co. SPC, a subsidiary. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line over a period of 5 years. In accordance with IAS 36, the management of the Parent Company has performed an impairment testing of its intangible assets during the year and, concluded that, the intangible assets are not impaired.

7. Goodwill

Group	31 December 2024	31 December 2023
Opening balance	1,390,491	1,370,997
(Loss)/gain on translation of goodwill	(10,587)	19,494
Closing balance	1,379,904	1,390,491

Goodwill includes RO 463,714 related to acquisition of Arabian Auto Vending Co. SPC in 2018. The cash flows used for impairment testing are discounted at a rate of 4.67% (2023: 5%), based on the Group's latest budget and cash flows forecast using growth rate of 10% (2023: 10%), covering a five-year period, which have regard to historic performance and knowledge of the current market, together with the Group's views on the future achievable growth and the impact of committed cash flows. No impairment was identified as a result of the impairment test as the recoverable amounts exceeded the carrying value of Arabian Auto Vending Co. SPC, which is considered as a Cash Generating Unit (CGU).

Balance goodwill of RO 916,190 relates to Atlas Bottling Corporation Limited. In the year 2021, the Parent Company acquired 100% of the voting rights in Atlas Bottling Corporation Limited, a subsidiary through its wholly-owned subsidiaries ORC Company Holdings Limited and ORC North Africa Limited S.A.S. for a consideration of RO 23,100,000. No impairment has been identified in the current year as a result of the impairment test as the recoverable amounts exceed carrying value of Atlas Bottling Corporation Limited, which is considered as a (CGU).

8. Leases

(a) Right of use of assets

Motor vehicles

	Group	
	31 December 2024	31 December 2023
Motor vehicles		
Cost		
At 1 January	138,007	135,887
Additions during the year	283,045	-
Adjustments during the year	31,495	-
Foreign exchange translation	(1,576)	2,120
At 31 December	<u>450,971</u>	<u>138,007</u>
Accumulated amortisation		
At 1 January	119,217	92,327
Charge for the year	111,204	25,388
Foreign exchange translation	1,362	1,502
At 31 December	<u>231,783</u>	<u>119,217</u>
Net book amount as at 31 December	<u><u>219,188</u></u>	<u><u>18,790</u></u>

(b) Lease liabilities

	Group	
	31 December 2024	31 December 2023
At 1 January	21,951	47,880
Additions during the year	283,045	-
Finance costs	17,728	2,252
Adjustments during the year	5,744	-
Lease rentals paid	(98,499)	(28,876)
Foreign exchange translation	546	695
At 31 December	<u>230,515</u>	<u>21,951</u>
Current	99,563	12,227
Non current	130,952	9,724
	<u><u>230,515</u></u>	<u><u>21,951</u></u>

9. Investment in Subsidiaries

		Parent Company	
	Shareholding %	31 December 2024	31 December 2023
Al Rawdah Integrated Trade & Investment Enterprises LLC, Oman	100%	100,000	100,000
Arabian Auto Vending Co SPC, Oman	100%	630,000	630,000
ORC Company Holdings Limited, United Arab Emirates (UAE)	100%	23,741,200	39
		<u>24,471,200</u>	<u>730,039</u>

Information about subsidiaries

Name of the subsidiary	Country of incorporation	Nature of business
Al Rawdah Integrated Trade & Investment Enterprises LLC	Sultanate of Oman	Engaged in buying, selling and sub-dividing real estate into plots, renting and operating self-owned or leased real estate (residential and non-residential), real estate appraisal, export and import offices, business agencies (excluding portfolio and securities), renting of commercial equipment and professional machinery.
Arabian Auto Vending Co. SPC	Sultanate of Oman	Engaged in sale of vending machines and providing related vending products.
ORC Company Holdings Ltd., UAE	United Arab Emirates	Company incorporated for investment in Atlas Bottling Corporation Limited
<i>Subsidiary companies of ORC Company Holdings Ltd.</i>		
Atlas Bottling Corporation Limited	Algeria	Engaged in manufacturing and distribution of PepsiCo products in Algeria.
ORC North Africa Limited S.A.S	France	Company for investment in Atlas Bottling Corporation Limited

- I. The Parent Company registered a subsidiary, Al Rawdah Integrated Trade & Investment Enterprises LLC, in Oman together with two other directors of the Parent Company as its shareholders during the year 2011. The two directors jointly own 70% of the shareholding in this subsidiary beneficially for, and on behalf of, the Parent Company, resulting in it being a wholly-owned subsidiary of the Parent Company. There were no commercial activities undertaken by the subsidiary since inception.
- II. During the year 2018, the Parent Company acquired 100% of the share capital of Arabian Auto Vending Co. SPC, single person company registered with the Ministry of Commerce, Industry and Investment Promotion in accordance with the provisions of CCL and CCR, of the Sultanate of Oman.
- III. On 31 August 2021, ORC Company Holdings Ltd. ("ORCH") which is wholly-owned subsidiary incorporated by the Parent Company acquired 100% control of Atlas Bottling Corporation Ltd. ("ABC"). To acquire 100% shareholding of ABC, ORCH bought 66.67% shareholding directly in ABC from erstwhile shareholder and ORC North Africa Limited S.A.S. ("ORCNA") acquired 33.33% shareholding in ABC.

Investment in Subsidiaries (Continued)

During the year, management decided to convert an interest-free loan to ORCH, previously classified under current assets, into an investment in the subsidiary (refer to Note 17).

The Parent Company has performed an impairment testing of its investment in the subsidiaries and, has concluded that, no impairment is considered necessary primarily because, based on forecasts prepared by the management of the subsidiaries, it is projected that the subsidiaries will be able to generate profits in the foreseeable future.

10. Term deposits

	Parent Company		Group	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Term deposits	19,000,000	22,000,000	19,000,000	22,000,000

The term deposits carry interest rates ranging from 5.3% to 5.85% per annum (2023: from 3.25% to 5.50% per annum) and will mature within 12 months from the reported date. Part of these deposits are secured against the term loans (refer to Note 22).

11. Financial assets at amortised cost

	Parent Company		Group	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Financial assets at amortised cost	2,641,645	3,601,142	2,641,645	3,601,142

12. Financial assets at fair value through profit or loss

	Parent Company	
	31 December 2024	31 December 2023
Parent Company		
Quoted equity shares		
Bank Nizwa SAOG	-	13,765

13. Financial assets at fair value through other comprehensive income

	Parent Company		Group	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Unquoted shares	620,185	-	620,185	-

As at 31 December 2024, the management has reclassified financial assets at amortised cost to financial assets at fair value through other comprehensive income as the management intends to collect the contractual cash flows upon selling the financial asset (refer 38(g)). The change in fair value has not been recognized in both the separate and consolidated financial statements, as the impact is considered immaterial.

14. Inventories

	Parent Company		Group	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Raw materials	3,869,597	5,950,707	6,429,282	8,981,707
Finished goods	1,722,123	3,521,591	2,368,256	4,843,969
Stores, spares and consumables	897,671	862,942	3,185,582	3,320,001
Trading items	707,735	1,445,322	1,228,652	1,445,322
	7,197,126	11,780,562	13,211,772	18,590,999
Less: provision for slow-moving inventories	(263,331)	(131,333)	(641,953)	(468,366)
	6,933,795	11,649,229	12,569,819	18,122,633

The movement in provision for slow-moving inventories is as follows:

	Parent Company		Group	
	For the year ended 31 December 2024	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2023
At 1 January	131,333	37,333	468,366	355,756
Provided during the year	131,998	94,000	177,631	106,100
Foreign exchange translation	-	-	(4,044)	6,510
At 31 December	263,331	131,333	641,953	468,366

15. Trade and other receivables

	Parent Company		Group	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Trade receivables (gross)	6,550,433	4,386,971	12,613,712	9,530,276
Less: allowance for ECL	(820,060)	(810,580)	(5,753,947)	(5,802,777)
Trade receivables (net)	5,730,373	3,576,391	6,859,765	3,727,499
Marketing and deposit receivables	1,038,051	2,665,786	1,131,562	3,590,395
Accrued interest	804,703	893,675	832,978	893,675
Due from employees	113,978	184,540	184,474	184,206
Advances to suppliers	278,566	636,734	278,566	653,520
Other deposits and prepayments	276,205	405,706	425,556	405,706
Value-Added-Tax (VAT) refund receivable	-	445,007	204,381	445,007
Other receivables	54,586	-	178,241	-
	<u>8,296,462</u>	<u>8,807,839</u>	<u>10,095,523</u>	<u>9,900,008</u>

- (a) Trade receivables are generally on 30 to 60 days' credit terms. They are recognised at the original amounts which represent their fair values on initial recognition.
- (b) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Parent Company and the Group do not hold any collateral as security.
- (c) The impairment in trade receivables is determined based on the ECL model and reviewed periodically. As at 31 December 2024, impairment allowance on trade receivables of the Parent Company and the Group amounted to RO 820,060 and 5,753,948, respectively (31 December 2023: Parent Company - RO 810,580 and Group - RO 5,802,777).
- (d) The Group and the Parent Company applies the IFRS 9 simplified approach to measure ECL using a lifetime ECL allowance for trade receivables. To measure ECL on a collective basis, trade receivables are grouped based on similar credit risk and aging. The ECL rates are based on the Group's and the Parent Company's historical credit losses experienced over the three year period prior to the year-end. The historical losses are then adjusted for the current and forward-looking information on macro-economic factors affecting the Group's and the Parent Company's customers.
- (e) 'At 31 December 2024, the lifetime ECL allowance for trade receivables is as follows:

Group	Not past due	Due upto 90 days	More than 90 days	Total
Gross carrying amount	4,470,247	1,833,724	6,309,741	12,613,712
Less: loss allowance	<u>29,287</u>	<u>453,806</u>	<u>5,270,854</u>	<u>5,753,947</u>

Trade and other receivables (continued)

At 31 December 2023, the lifetime ECL allowance for trade receivables is as follows:

	Not past due	Due upto 90 days	More than 90 days	Total
Gross carrying amount	2,465,949	3,052,656	4,011,671	9,530,276
Less: loss allowance	25,870	150,850	5,626,057	5,802,777

At 31 December 2024, the lifetime ECL allowance for trade receivables is as follows:

Parent Company	Not past due	Due upto 90 days	More than 90 days	Total
Gross carrying amount	3,793,150	1,761,102	996,181	6,550,433
Less: loss allowance	5,670	12,262	802,128	820,060

At 31 December 2023, the lifetime ECL allowance for trade receivables is as follows:

	Not past due	Due upto 90 days	More than 90 days	Total
Gross carrying amount	1,798,863	2,250,627	337,481	4,386,971
Less: loss allowance	2,750	18,590	789,240	810,580

The movement in ECL allowance for impaired trade receivables is as below:

	Parent Company		Group	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
At 1 January	810,580	810,580	5,802,777	5,960,901
Add: Charge/(reversal) for the year	9,480	-	(199,864)	(263,772)
Foreign exchange translation	-	-	151,034	105,648
At 31 December	820,060	810,580	5,753,947	5,802,777

- (f) The carrying amounts of the Parent Company's and the Group's trade receivables are denominated in RO and Algerian Dinar. Due to the short-term nature of the current receivables, their carrying amounts approximate their fair values.
- (g) Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 – 60 days and, therefore, are all classified as current. These receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

16. Cash and cash equivalents:

	Parent Company		Group	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Cash at banks	1,525,802	1,517,266	2,726,750	2,315,007
Cash on hand	7,000	7,000	7,520	9,876
At 31 December	1,532,802	1,524,266	2,734,270	2,324,883

Cash and cash equivalents include cash on hand, cash at banks. The current account balances with banks are non-interest bearing.

17. Related party transactions and balances

The Parent Company and the Group, in the ordinary course of business, deals with parties, which fall within the definition of 'related parties' as contained in International Accounting Standard 24. The transactions with related parties are at mutually agreed terms.

(a) Related party balances

i. Loan to a subsidiary

Related party balances:	Parent Company		Group	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Loan to a subsidiary				
ORC Holding Company Limited	-	23,741,161	-	-

The Parent Company had provided a loan to ORC Holding Company Ltd for the acquisition of Atlas Bottling Corporation Limited. The loan was originally classified as current assets based on the signed agreement with the subsidiary.

During the year, the management has changed the classification of this loan to an investment in subsidiary which is approved by the Board of Directors.

ii. Due from related parties

Arabian Auto Vending Co. SPC	704,115	698,087	-	-
Dubai Refreshments PSC, UAE	100,084	145,898	100,084	145,898
ORC North Africa Limited S.A.S	28,719	-	-	-
Rashad Ahmed Mohammed Al Hinai	743	839	743	839
Sheikh Ahmed Mohamed bin Omair	1,048		1,048	
	834,709	844,824	101,875	146,737

Related party transactions and balances (Continued)

Related party balances:

iii. Due from related parties

	Parent Company		Group	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Al Rawdah Integrated Trade & Investment Enterprises LLC	100,000	100,000	-	-
Omani Packaging Co. SAOG	52,034	86,866	52,034	86,866
Dubai Refreshments PSC, UAE	-	31,045	-	31,045
	<u>152,034</u>	<u>217,911</u>	<u>52,034</u>	<u>117,911</u>

The amounts due to and from related parties are unsecured, bear no interest, have no fixed repayment terms, arise in the ordinary course of business have been disclosed separately in the statement of financial position.

(b) Significant transactions during the year with related parties are as follows:

i. Sale of products and goods to:

	Parent Company		Group	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Arabian Auto Vending Co. SPC	33,735	20,011	-	-
Dubai Refreshments PSC, UAE	1,097,112	684,767	1,097,112	495,772
Sheikh Ahmed Mohamed bin Omair	1,946	2,270	1,946	1,749
Rashad Ahmed Mohammed Al Hinai	845	1,132	845	1,132
	<u>1,133,638</u>	<u>708,180</u>	<u>1,099,903</u>	<u>498,653</u>

ii. Purchase of trading items and materials from:

Arabian Auto Vending Co. SPC	9,780	6,498	-	-
Dubai Refreshments PSC, UAE	90,631	526,231	90,631	526,231
Omani Packaging Co. SAOG	186,905	313,886	186,905	313,886
	<u>287,316</u>	<u>846,615</u>	<u>277,536</u>	<u>840,117</u>

Related party transactions and balances (Continued)

Significant transactions during the year with related parties are as follows: (Continued)

iii. Compensation of key management personnel and directors during the year were as follows:

	Parent Company		Group	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Short-term benefits	677,210	727,011	677,210	727,011
Employees' end-of-service benefits	31,650	26,989	31,650	26,989
Directors' remuneration	150,000	150,000	150,000	150,000
Directors' sitting fees	48,400	42,200	49,200	42,200
	<u>907,260</u>	<u>946,200</u>	<u>908,060</u>	<u>946,200</u>

The Directors' remuneration for the year 2024 is subject to shareholders' approval at the Annual General Meeting.

18. Share Capital

The Parent Company's authorised share capital comprises of 100,000,000 (2023: 100,000,000) ordinary shares of 100 baiza each amounting to RO 10,000,000 (2023: 10,000,000) and the issued share capital comprises of 50,000,000 (2023: 50,000,000) fully paid-up shares of 100 baiza each amounting to RO 5,000,000 (2023: RO 5,000,000).

The Parent Company has a single class of ordinary shares, which rank equally with regard to its residual assets. Holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at Company meetings.

The shareholders of the Parent Company who own 10% or more of the shares, whether in their name or through a nominee account, are as follows:

	Shares		Holding %	
	2024	2023	2024	2023
Mohamed & Obaid Al Mulla LLC	8,615,288	8,556,665	17.23%	17.11%
Dubai Refreshments PSC	<u>7,110,470</u>	<u>7,110,470</u>	<u>14.22%</u>	<u>14.22%</u>

19. Legal reserves

Article 132 of the Commercial Companies Law and Regulations of the Sultanate of Oman requires that 10% of the Parent Company's net profit be transferred to a non-distributable legal reserve until the amount of legal reserve becomes equal to one-third of the Parent Company's issued and fully paid-up share capital. The legal reserve in these consolidated financial statements also includes the legal reserve transferred by the subsidiaries. The reserve is not available for distribution except in certain cases allowed in the CCL and CCR of the Sultanate of Oman. As the legal reserve has already reached the statutory limit, no amount has been transferred to the legal reserve for the year ended 31 December 2024 (2023: RO Nil). The legal reserve of the Group represents the combined legal reserve of the Parent Company and its subsidiaries.

20. Foreign exchange translation reserve

Exchange rate differences arising from the translation of assets and liabilities of the Group's foreign operations from their functional currency into RO are recorded directly in the foreign exchange translation reserve.

21. General reserve

In accordance with Article 133 of the Commercial Companies Law of the Sultanate of Oman, the general reserve is an optional reserve established by transferring 20% of the annual net profits after deducting taxes and the legal reserve. This reserve is available for distribution to shareholders upon the recommendation of the Board of Directors. The Board of Directors has proposed RO Nil transfer for the year ended 31 December 2024 (2023: RO Nil).

22. Term loans

	Parent Company		Group	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Current portion	3,484,803	3,540,000	3,484,803	3,846,554
Non-current portion	-	3,264,470	1,745,842	3,756,109
	<u>3,484,803</u>	<u>6,804,470</u>	<u>5,230,645</u>	<u>7,602,663</u>

The Parent Company obtained a term loan from a commercial bank at fixed interest rate of 4.15% per annum. The term loan is repayable over 36 months in equal monthly instalments, starting from the date of drawdown. This loan term loan is secured against the term deposits of the Parent Company (Note 10).

Atlas Bottling Corporation Limited obtained term loans from various banks for the purpose of financing its working capital management and capital investment at annual interest rates ranging from 3.5% to 7.25% per annum. The term loans are repayable over 24 months in equal quarterly instalments. The loans are secured against the land in Oran and Rouiba in Algeria (Note 5c).

23. Short-term loans

	Parent Company		Group	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Short-term loans	-	-	7,342,154	8,275,428
	-	-	7,342,154	8,275,428

The short-term loans obtained by Atlas Bottling Corporation Limited for the purpose of financing its working capital management are due to mature within 12 months from the date of drawdown. These short-term loans carry interest rate of 4.25% per annum.

24. Employees' benefit liabilities

	Parent Company		Group	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
At 1 January	1,610,194	1,350,073	1,637,135	1,365,376
Provision for the year (Note 31)	252,160	428,621	258,204	458,675
Payments made during the year	(582,982)	(168,500)	(591,298)	(187,035)
Foreign exchange translation	-	-	55	119
At 31 December	1,279,372	1,610,194	1,304,096	1,637,135

25. Trade and other payables

	Parent Company		Group	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Trade and other payables	2,909,784	2,494,233	7,483,648	5,993,485
Accrued expenses	2,131,469	1,667,682	2,650,927	4,331,136
Provision for leave pay and air passage	306,985	414,920	562,972	625,613
Directors' remuneration and sitting fees payable	198,400	203,410	198,400	203,410
Excise tax payable	3,122,484	4,875,349	3,175,794	4,875,349
VAT payable	541,962	-	806,999	21,422
Advances from export customers	607,249	57,283	945,815	57,283
	9,818,333	9,712,877	15,824,555	16,107,698

Trade and other payables are generally settled within 90 to 120 days of the suppliers' invoice date.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

All amounts are short-term. The net carrying value of trade and other payables is considered a reasonable approximation of fair value.

26. Income Tax

The Parent Company and subsidiaries in the Sultanate of Oman are subject to income tax at the rate of 15% of taxable profit (2023: 15%) in accordance with the Income Tax Laws of the Sultanate of Oman. The following is reconciliation between income taxes calculated on accounting profit at the applicable tax rates with the income tax expense for the year:

	Parent Company		Group	
	For the year ended 31 December 2024	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2023
Profit or loss				
Current tax- current year	-	714,118	388,932	905,291
Deferred tax - current year	(778,760)	74,810	(833,397)	99,892
	<u>(778,760)</u>	<u>788,928</u>	<u>(444,465)</u>	<u>1,005,183</u>

	Parent Company		Group	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Income tax payable				
Opening balance	762,963	1,251,793	801,583	1,286,765
Recognised during the year	-	714,118	388,932	905,291
Paid during the year	(714,563)	(1,202,948)	(1,112,206)	(1,390,473)
Closing balance	<u>48,400</u>	<u>762,963</u>	<u>78,309</u>	<u>801,583</u>

Deferred tax (asset)/liability

The deferred tax asset has been computed at the tax rate of 15% (2023:15%). Deferred tax asset arises on accounting of timing difference of depreciation, impairment allowance on trade receivables, slow moving and obsolete inventories and brought forward tax losses. The movement is as follows:

	Parent Company		Group	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Opening balance	340,907	266,097	(546,188)	(646,080)
Recognise during the year	(778,760)	74,810	(833,397)	99,892
Closing balance	<u>(437,853)</u>	<u>340,907</u>	<u>(1,379,585)</u>	<u>(546,188)</u>

Income tax of the Parent Company have been agreed with the Tax Authority up to the tax year 2020. The management considers that additional tax liability, if any, in respect of open tax years would not be material to the financial position of the Company as at 31 December 2024.

Income tax assessments of Al Rawdah Integrated Trade & Investment Enterprises LLC and Arabian Auto Vending Co. SPC have been completed upto December 2020. The management considers that the amount of additional taxes, if any, that may become payable in relation to the tax years for which assessments are pending would not be material to the Parent Company's and the Group's financial position as at 31 December 2024.

Income Tax (Continued)

During the year, 'Atlas Bottling Corporation Limited a subsidiary has received tax assessment notice against tax litigation of RO 121,306, accordingly made the provision. The management has filed an objection against the assessment order and believes that the finalisation of decision against assessment will take more than one year, hence the provision has been classified as non current liability.

The Parent Company and each of its subsidiaries are assessed separately for taxation. The Group as an entity is not taxable.

Movement in the temporary differences during the year for Parent Company are as follows:

Parent

2024	At 1 January 2024	Recognised during the year	At 31 December 2024
Deferred tax (liabilities)/assets			
Accumulated tax depreciation	(546,268)	(108,482)	(437,786)
Tax effect of provision for:			
ECL on trade receivables	121,632	(1,422)	123,054
Slow-moving and obsolete stock	19,601	(19,899)	39,500
Carried forward losses	-	(649,008)	649,008
Impairment of property, plant and equipment	64,128	51	64,077
	<u>(340,907)</u>	<u>(778,760)</u>	<u>437,853</u>
2023	At 1 January 2024	Recognised during the year	At 31 December 2024
Deferred tax (liabilities)/assets			
Accumulated tax depreciation	(457,360)	(88,908)	(546,268)
Tax effect of provision for:			
ECL on trade receivables	121,632	-	121,632
Slow-moving and obsolete stock	5,501	14,100	19,601
Impairment of property, plant and equipment	64,130	(2)	64,128
	<u>(266,097)</u>	<u>(74,810)</u>	<u>(340,907)</u>

27. Revenue

	Parent Company		Group	
	For the year ended 31 December 2024	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2023
Revenue recognised at a point-in-time				
Sale of finished goods	33,294,537	56,993,287	55,792,907	83,334,717
Sale of trading items	7,576,211	12,483,267	7,576,211	13,408,206
	<u>40,870,748</u>	<u>69,476,554</u>	<u>63,369,118</u>	<u>96,742,923</u>
Domestic	37,120,915	65,678,833	59,619,285	92,945,202
Export	3,749,833	3,797,721	3,749,833	3,797,721
	<u>40,870,748</u>	<u>69,476,554</u>	<u>63,369,118</u>	<u>96,742,923</u>

28. Cost of Sales

	Parent Company		Group	
	For the year ended	For the year ended	For the year ended	For the year ended
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Direct material costs	18,309,462	32,248,004	31,134,864	48,282,623
Cost of trading items	5,528,294	8,563,491	5,528,294	8,921,401
Employee related expenses (Note 31)	1,805,766	2,352,112	2,493,927	3,079,700
Other direct expenses	2,209,497	2,506,491	3,202,020	4,091,336
Depreciation (Note 5.1)	1,948,640	1,606,456	3,154,691	2,885,158
	<u>29,801,659</u>	<u>47,276,554</u>	<u>45,513,796</u>	<u>67,260,218</u>

29. Selling and distribution expenses

	Parent Company		Group	
	For the year ended	For the year ended	For the year ended	For the year ended
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Employee related expenses (Note 31)	5,333,161	6,790,096	7,074,697	8,846,114
Advertising and promotion expenses	4,195,410	3,076,627	2,769,319	1,612,541
Transportation expenses	775,336	1,299,549	1,029,011	1,538,590
Vehicle expenses	1,018,282	1,335,186	1,216,509	1,476,463
Depreciation (Note 5.1)	858,267	803,591	1,917,718	1,471,616
Utility expenses	338,114	335,692	527,835	442,361
Repairs and maintenance expenses	92,891	142,549	206,631	275,698
Entertainment and traveling expenses	45,959	72,781	980,165	103,916
Communication expenses	33,912	32,015	52,686	52,944
Printing and stationery expenses	12,664	32,988	38,343	36,160
Amortisation of intangible assets (Note 6)	-	-	21,007	73,890
Miscellaneous expenses	726,908	733,916	1,039,888	2,141,282
	<u>13,430,904</u>	<u>14,654,990</u>	<u>16,873,809</u>	<u>18,071,575</u>

30. General and administrative expenses

	Parent Company		Group	
	For the year ended 31 December 2024	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2023
Employee related expenses (Note 31)	2,173,099	2,417,123	2,963,610	3,495,288
Depreciation (Note 5.1)	254,929	272,909	409,847	432,452
Directors' remuneration and sitting fees	198,400	192,200	198,400	192,200
Utility expenses	52,511	53,706	117,216	102,118
Communication expenses	48,850	56,599	63,403	67,680
Entertainment and traveling expenses	27,173	13,408	79,611	75,062
Legal and professional charges	28,915	24,770	97,213	98,404
Repairs and maintenance expenses	5,056	9,082	20,380	42,675
Printing and stationery expenses	6,096	6,665	10,689	10,125
Amortisation of right-of-use asset (Note 8)	-	-	111,204	25,388
Miscellaneous expenses	812,678	690,028	1,006,757	901,373
	<u>3,607,707</u>	<u>3,736,490</u>	<u>5,078,330</u>	<u>5,442,765</u>

31. Salaries and other related staff costs

	Parent Company		Group	
	For the year ended 31 December 2024	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2023
Salaries and other related staff costs	9,059,866	11,080,710	11,447,357	14,962,427
Employees' end of service benefits (Note 24)	252,160	428,621	258,204	458,675
	<u>9,312,026</u>	<u>11,509,331</u>	<u>11,705,561</u>	<u>15,421,102</u>

Salaries and other related costs are allocated as follows:

Cost of sales (Note 28)	1,805,766	2,352,112	2,493,927	3,079,700
Selling and distribution expenses (Note 29)	5,333,161	6,790,096	7,074,697	8,846,114
General and administrative expenses (Note 30)	2,173,099	2,367,123	2,963,610	3,495,288
	<u>9,312,026</u>	<u>11,509,331</u>	<u>12,532,234</u>	<u>15,421,102</u>

32. Other Income

	Parent Company		Group	
	For the year ended 31 December 2024	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2023
Scrap sales	83,311	72,473	169,615	146,696
Gain/(loss) on disposal of property, plant and equipment	-	50,110	(9,986)	50,110
Miscellaneous income	67,531	347,554	77,517	581,035
	<u>150,842</u>	<u>470,137</u>	<u>237,146</u>	<u>777,841</u>

33. Finance income (net)

	Parent Company		Group	
	For the year ended 31 December 2024	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2023
Finance income	1,294,585	1,594,003	1,294,585	1,594,653
Finance costs	(231,936)	(604,760)	(854,513)	(1,281,868)
	<u>1,062,649</u>	<u>989,243</u>	<u>440,072</u>	<u>312,785</u>

34. Basic and diluted (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to shareholders of the Parent Company for the year by the weighted average number of shares outstanding during the year.

	Parent Company		Group	
	For the year ended 31 December 2024	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2023
Net (loss)/profit for the year attributable to the equity holders of the Parent Company (RO)	(3,986,751)	4,478,972	(2,775,270)	6,317,580
Weighted average number of shares outstanding during the year (numbers)	50,000,000	50,000,000	50,000,000	50,000,000
Basic (loss)/earnings per share (RO)	<u>(0.080)</u>	<u>0.090</u>	<u>(0.056)</u>	<u>0.126</u>

As the Parent Company does not have any dilutive potential shares, the diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share.

35. Net assets per share

Net assets per share is calculated by dividing the net assets at the reporting date by the number of shares outstanding at the year-end as follows:

	Parent Company		Group	
	2024	2023	2024	2023
Net assets attributable to the equity holders of the Parent Company (RO)	76,618,109	82,604,469	77,613,762	82,411,661
Number of shares in issue at the year-end (numbers)	50,000,000	50,000,000	50,000,000	50,000,000
Net assets per share (RO)	1.532	1.652	1.552	1.648

36. Contingencies and commitments

	Parent Company		Group	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Letters of guarantee (i)	5,871,555	4,261,002	5,871,555	4,261,002
Performance bond	4,256,052	2,589,553	4,256,052	2,589,553
Capital commitments	30,788	707,023	30,788	707,023
	10,158,395	7,557,578	10,158,395	7,557,578

- i. This includes the letter of guarantee issued by the Parent Company's bank of RO 3.2 million (USD 8.4 million) on behalf of Atlas Bottling Corporation Limited (a subsidiary) to Arab Bank Algeria.

37. Capital risk management

The capital is managed by the Parent Company in a way that it is able to continue to operate as a going concern while maximising returns to the shareholders.

The capital of the Parent Company consists of share capital, reserves and retained earnings. The Parent Company manages its capital by making adjustments in dividend payments and bringing in additional capital in light of changes in business conditions.

(a) Financial assets and liabilities

Financial assets and liabilities carried on the separate and consolidated statement of financial position include cash and bank balances, investments at fair value through other comprehensive income, financial assets at amortised cost, trade and other receivables, due from and to related parties, short-term loan, term loans, term deposit, lease liabilities and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

38. Financial assets and liabilities and risk management

(b) Risk management

Risk management is carried out by the senior management under policies approved by the Board of Directors. The Parent Company and the Group identifies, evaluates and hedges financial risks in close co-operation with the Board of Directors. The Parent Company and the Group provides principles for overall risk management, as well as policies covering specific areas.

Financial assets and liabilities and risk management (Continued)

(c) Capital management

The primary objective of the management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

The Parent Company and the Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the years ended 31 December 2024 and 2023.

(d) Market risk

i. Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Parent Company and the Group is exposed to foreign exchange risk arising from various currency exposures. Significant portion of revenues and major operating costs are denominated in RO and indexed to the USD / RO exchange rates. The balance operating costs denominated in USD are covered by the fact that RO is pegged to the USD and has remained unchanged since 1986. As these currencies are pegged against the RO, the management does not believe that the Parent Company and the Group is exposed to any material foreign exchange risk except for Euro and DZD as mentioned below;

	31 December 2024		31 December 2023	
	RO EURO	RO DZD	RO Euro	RO DZD
Trade receivables	-	1,478,507	-	1,478,507
Trade payables	(66,421)	(5,985,028)	(51,430)	(7,039,871)
Investments at FVOCI	314,527	-	-	-
	<u>248,106</u>	<u>(4,506,521)</u>	<u>(51,430)</u>	<u>(5,561,364)</u>

Sensitivity analysis:

A 10% strengthening or weakening of RO against the above foreign currencies would have an impact of RO 425,841 (2023: RO 561,279) on earnings before tax of the Group.

Financial assets and liabilities and risk management (Continued)
Market risk (Continued)

ii. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Parent Company and the Group manages its exposure to interest rate risk on term loans, short-term loans and term deposits by ensuring that they are on a fixed rate basis.

The Parent Company's and the Group's interest-rate risk arises from term loan, short term loans and term deposits. The interest rates on term loan, short term loans and term deposits are at commercial rates negotiated with banks. Sensitivity analysis of interest rates is as follows: If the interest rates would have been 50 basis points higher or lower with all other variables held constant, the Parent Company's and the Group's net loss would decrease or increase by RO 77,576 (2023: RO 75,978) and RO 56,987 (2023: RO 71,987), respectively.

iii. Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Assuming that the relevant stock index would have changed by 5% and the Company's investments move accordingly with the historical correlation with the respective indices, the shareholders' equity would have changed by RO 1,475 (2023: RO 3,964).

(e) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Parent Company and the Group are potentially exposed to credit risk principally on its trade receivables, amounts due from related parties and cash and cash equivalents. For trade receivables, the significant concentration of credit risk is provided in Note 15 to the separate and consolidated financial statements. The credit risk on trade receivables and related parties is subjected to credit evaluations and an allowance for ECL is made for estimated irrecoverable amounts. The amounts presented in the separate and consolidated statement of financial position are net of provision for ECL. The bank balances are held with national and international banks with good credit ratings.

(f) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Parent Company's and the Group's management monitors liquidity requirements on a regular basis and ensures that sufficient funds are available, including unutilised facilities with banks, to meet any future commitments. The Parent Company and the Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities by continuously monitoring forecasted and actual cash flows.

Financial assets and liabilities and risk management (Continued)

Liquidity risk (Continued)

The contractual maturity profile of financial liabilities is as follows:

Parent Company

Liabilities as at 31 December 2024	Total	Contractual cash flows	Less than 1 year	More than 1 year
Term loans	3,484,803	3,624,195	3,624,195	-
Trade and other payables	9,818,333	9,818,333	9,818,333	-
Amounts due to related parties	152,034	152,034	152,034	-
	13,455,170	13,594,562	13,594,562	-

Liabilities as at 31 December 2023	Total	Contractual cash flows	Less than 1 year	More than 1 year
Term loans	6,804,470	7,042,626	3,362,404	3,680,222
Trade and other payables	9,712,877	9,712,877	9,712,877	-
Amounts due to related parties	217,911	217,911	217,911	-
	16,735,258	16,973,414	13,293,192	3,680,222

Group

Liabilities as at 31 December 2024	Total	Contractual cash flows	Less than 1 year	More than 1 year
Term loans	5,230,645	6,407,765	1,868,051	4,539,714
Short-term loans	7,342,154	7,342,154	7,342,154	-
Trade and other payables	15,824,555	15,824,555	15,824,555	-
Provisions	121,306	121,306	-	121,306
Amounts due to related parties	52,034	52,034	52,034	-
Lease liabilities	230,515	290,383	107,528	182,855
	28,801,209	30,038,197	25,194,322	4,843,875

Liabilities as at 31 December 2023	Total	Contractual cash flows	Less than 1 year	More than 1 year
Term loans	7,602,663	7,959,988	4,115,813	3,844,175
Short-term loans	8,275,428	8,440,937	8,440,937	-
Trade and other payables	16,107,698	16,107,698	16,107,698	-
Lease liabilities	21,951	21,951	21,951	-
	32,007,740	32,530,574	28,686,399	3,844,175

(g) Fair value estimation

All the Group's financial assets and liabilities, except for financial assets measured at fair value through profit or loss and those measured at fair value through other comprehensive income, are recognised at amortised cost. The fair values of term loans closely align with their carrying amounts, as the applicable interest rates are consistent with prevailing market rates. Similarly, the carrying amounts of trade receivables (net of impairment provisions), trade payables and short-term loans approximate their respective fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable (refer to Note 3):

The valuation of each publicly traded investment is based upon the closing market price of that investment as at the valuation date, less a discount if the security is restricted.

Fair values of investments in unquoted equity shares classified in Level 3 are determined based on the investees' latest reported net asset values as at the separate and consolidated statement of financial position date.

Nature of the financial instrument	Carrying value	Level 1	Level 2	Level 3
As at 31 December 2024				
Unquoted foreign investments - FVOCI	620,185	-	620,185	-

Nature of the financial instrument	Carrying value	Level 1	Level 2	Level 3
As at 31 December 2023				
Quoted investments - FVTPL	13,765	13,765	-	-

The assumptions used for the valuations of investment during the year are as follows:-

The valuation relies on observable market inputs, such as prices of similar instruments or market transactions.

If the comparable are not identical, adjustments are made for differences in terms of size, liquidity, and other relevant factors.

The prices used in the valuation are assumed to be transparent and reflect current market conditions, reflecting what a market participant would pay or receive.

There was no transfer between the level 1, level 2 and level 3 during the year ended 31 December 2024.

A 10% increase or decrease in price of the above investments would have an impact of RO 62,018 on the reserves of the Parent Company and the Group respectively.

39. Operating segments

The Parent Company operates in one reportable segment of canning, bottling, distribution of soft drinks and trading of consumer-packaged goods. All relevant information relating to this reportable segment is disclosed below:

	Parent Company		Group	
	For the year ended	For the year ended	For the year ended	For the year ended
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Sale of finished goods	33,294,537	56,993,287	55,792,907	83,334,717
Sale of trading items	7,576,211	12,483,267	7,576,211	13,408,206
	<u>40,870,748</u>	<u>69,476,554</u>	<u>63,369,118</u>	<u>96,742,923</u>

The sales to customers within and outside the Sultanate of Oman were as follows:

Local	37,120,915	65,678,833	59,619,285	92,945,202
Export	3,749,833	3,797,721	3,749,833	3,797,721
	<u>40,870,748</u>	<u>69,476,554</u>	<u>63,369,118</u>	<u>96,742,923</u>

40. Comparative figures

Certain comparative figures of the previous year have been either regrouped or reclassified, wherever necessary, in order to conform with the presentation adopted in the current years' separate and consolidated financial statements. Such regroupings or reclassifications did not affect previously reported separate and consolidated net profit or shareholders' equity.

41. Dividends

During the year, a cash dividend of RO 1,999,609 for the year 2023 (2023: RO 3,000,000 for the year 2022) was paid, as approved by the shareholders of the Parent Company.

42. Notes supporting the separate and consolidated statement of cash flows

Transactions from financing activities shown in the reconciliation of liabilities from financing transactions is as follows:

2024:

Particulars	At 1 January 2024	Cash inflows / (outflows)	Non-cash changes	At 31 December 2024
Group:				
Lease liabilities	21,951	184,546	24,018	230,515
Short-term loans	8,275,428	(933,274)	-	7,342,154
Term loans	7,602,663	(2,372,018)	-	5,230,645
Parent Company				
Term loans	6,804,470	(3,319,667)	-	3,484,803

2023:

Particulars	At 1 January 2023	Cash inflows / (outflows)	Non-cash changes	At 31 December 2023
Group:				
Lease liabilities	47,880	(28,876)	2,947	21,951
Short-term loans	24,273,302	(15,997,874)	-	8,275,428
Term loans	11,161,677	(3,559,014)	-	7,602,663
Parent Company				
Short-term loans	15,700,400	(15,700,400)	-	-
Term loans	10,000,000	(3,195,530)	-	6,804,470

43. Subsequent events

There were no events occurring subsequent to 31 December 2024 and before the date of the approval that are expected to have a significant impact on these separate and consolidated financial statements.