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Legal status and principal activities

Oman Refreshment Company SAOG ("the Company / the Parent Company") is an Omani Joint Stock Company registered in the Sultanate of Oman on 25 July 1977 under the commercial registration No. 01/05440/06. The Company's Head Office is located at Al Ghubra and its registered address is P O Box 30, CPO Airport. Postal code 111, Sultanate of Oman.

The principal activities of the Parent Company are the filling and distribution of soft drinks and 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. It also sells to other Gulf Corporation Council (GCC) countries and Africa through its distribution channel.

The Parent Company have investment in subsidiaries (Refer Note 8 for investment in subsidiaries).

Together, the Parent Company and its subsidiaries are referred to as "the Group".

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Basis of preparation

These parent company and consolidated financial statements are prepared on the historical cost basis, except for certain financial instruments measured at fair value, right-of-use assets and lease liabilities which are measured at present value of future lease payments. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly: and
- Level 3 inputs are unobservable inputs for the asset or liability.

These parent company and consolidated financial statements have been presented in Riyal Omani which is the parent company's functional and presentation currency.

The principal accounting policies of the Group applied in the preparation of these financial statement are set out below:

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Consolidation

Subsidiaries are all entities over which the parent company has control. The parent company controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceased.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-Company transactions, balances, and unrealized gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control any retained interest in the entity is re- measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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Summary of significant accounting policies

Statement of compliance

These parent company and the Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the requirements of the Commercial Companies Law 2019 of the Sultanate of Oman and comply with the disclosure requirements of the Capital Market Authority (CMA) of the Sultanate of Oman.

Going concern

The directors have, at the time of approving the parent company and consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the parent company and consolidated financial statements.

Basis of preparation

These parent company and consolidated financial statements are prepared on the historical cost basis, except for certain financial instruments measured at fair value, right-of-use assets and lease liabilities which are measured at present value of future lease payments. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly: and
- Level 3 inputs are unobservable inputs for the asset or liability.

These parent company and consolidated financial statements have been presented in Riyal Omani which is the parent company's functional and presentation currency.

The principal accounting policies of the Group applied in the preparation of these financial statement are set out below:

Consolidation

Subsidiaries are all entities over which the parent company has control. The parent company controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceased.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-Company transactions, balances, and unrealized gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control any retained interest in the entity is re- measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3. Summary of significant accounting policies (continued)

Revenue recognition

Revenue from contract with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Company considers the existence of significant financing components. Generally, the Company has contractual payment terms of 30 to 120 days. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for that good or service will be one year or less

Sale of goods
Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 60 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable consideration
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer, The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

Rights to return
Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

3. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Volume rebates
The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold.

The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

Interest income and expense

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest received on funds invested. Financing costs are recognised as an expense in the statement of comprehensive income in the period in which they are incurred.

Interest income is recognised in the statement of comprehensive income as it accrues, taking into account the effective yield on the asset.

Earnings and net assets per share

The Group presents earnings per share (“EPS”) and net assets per share data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. Net assets per share is calculated by dividing the net assets attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period.

Directors’ remuneration

Directors’ remuneration has been computed in accordance with the Commercial Companies Law and as per the requirements of Capital Market Authority.

Dividend distribution

The Board of Directors of the Group recommends to the Shareholders the dividend to be paid out of the Group’s profits. The Directors take into account appropriate parameters including the requirements of the Commercial Companies Law of 2019 and other relevant directives issued by CMA while recommending the dividend. Dividends are recognised as a liability when declared and approved.

3. Summary of significant accounting policies (continued)

Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI. Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Value-added tax (VAT)

Expenses, and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables, amounts are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3. Summary of significant accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Property, plant and equipment

Recognition and measurement
Property, plant and equipment is stated at cost less accumulated depreciation and impairment, if any. The cost of property, plant and equipment is the purchase price together with any incidental expenses. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost includes any other cost that is 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within "other income" in the statement of comprehensive income.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. All other borrowing costs are recognised as expenses in the period in which they are incurred.

3. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Subsequent costs
The cost of replacing a 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 costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

Depreciation
Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of the property, plant and equipment.

The estimated useful lives are as follows:

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

Land is not depreciated as it is deemed to have indefinite life.

Capital work-in-progress is not depreciated until it is transferred into one of the above categories at the time when it is ready for use.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively if appropriate.

Intangible assets

Goodwill
Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3. Summary of significant accounting policies (continued)

Intangible assets (continued)

Customer contracts

Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. They are recognised at their fair value at the date of acquisition and are subsequently amortised over a period of 5 years on a straight-line basis.

Investments in subsidiaries

Classification
Subsidiaries are all entities over which the Parent Company has control. The Parent Company controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Valuation
In the financial statements of the Parent Company, investments in subsidiaries are stated at cost less any diminution in the value of specific investment, which is other than temporary. Investment income is accounted for in the year in which entitlement is established.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its assets (or cash-generating units) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The loss arising on an impairment of an asset is determined as the difference between the recoverable amount and carrying amount of the asset and is recognised immediately in the consolidated and Parent Company's statement of profit or loss and comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount and the increase is recognised as income immediately, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised earlier.

Financial Instrument

Financial assets

Classification
The Group on initial recognition classifies its non-derivative financial instruments in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income (FVOCI), or through profit or loss (FVTPL), and
- those to be measured at amortised cost.

3. Summary of significant accounting policies (continued)

Financial Instruments (continued)

Financial assets (continued)

Classification (continued)

The classification depends on the entity's business model for managing the financial instruments and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, 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 (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains / (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

3. Summary of significant accounting policies (continued)

Financial Instruments (continued)

Financial assets (continued)

Measurement (continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains / (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains / (losses) in the period in which it arises.

Equity instruments
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains / (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment
The Group assesses on a forward-looking basis the expected credit loss associated with its financial instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise of cash at hand, bank balances and short-term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3. Summary of significant accounting policies (continued)

Cash and cash equivalents (continued)

Bank overdrafts which are repayable on demand and which form an integral part of an entity's cash management are also included as a component of cash and cash equivalents.

Inventories and goods in transit

Inventories are measured at the lower of cost and net realisable value. The cost of raw material represents the weighted average cost of materials purchased and includes the invoice value plus all direct expenses incurred in bringing the inventories to their present condition and location. Finished goods and work in progress cost includes direct labor and an appropriate share of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The liability for goods in transit is recorded when significant risks and rewards of ownership of the goods are transferred to the Group.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, it carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Employees' end of service benefits
A provision is made for employees' end of service benefits which is payable on completion of employment. The provision is calculated in accordance with Labor Law of Sultanate of Oman based on employees' salary and accumulated period of service as at the reporting date.

Foreign exchange difference

In preparing the financial statements of the Group, transactions in currencies other than the parent company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

3. Summary of significant accounting policies (continued)

Foreign exchange difference (continued)

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except as otherwise stated in the Standards.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

The assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity.

Segment reporting

An operating segment is 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. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors ('Board') that make strategic decisions. All operating segment results are reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. For more details on segment reporting refer note 34 below.

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Going concern

The directors have, at the time of approving the parent company and consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the parent company and consolidated financial statements.

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New and revised IFRS standards and interpretations but not yet effective

The parent company and the Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	**Effective for annual periods beginning on or after**
IFRS 17 Insurance Contracts IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.	1 January 2023
Amendments to IAS 1 – classification of liabilities as current or non-current	1 January 2023
Amendments to IFRS 3 – Reference to the conceptual framework	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle Amendments to:	
• IFRS 1 First-time Adoption of International Financial Reporting Standards,	1 January 2022
• IFRS 9 Financial Instruments,	1 January 2022
• IAS 41 Agriculture, and	1 January 2022
• IFRS 16 Leases	1 January 2022
Amendments to IAS 16 – *Property, plant and equipment – proceeds before intended use*	1 January 2022
Amendments to IAS 37 – Onerous contracts – cost of fulfilling a contract	1 January 2023
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

The Directors anticipate that these new standards, interpretations and amendments will be adopted in the parent company and the Group financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the parent company and consolidated financial statements in the period of initial application.

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New and revised IFRSs applied with no material effect on the parent company and consolidated financial statement effective for annual periods beginning on or after 1 January 2021

In the current period, the parent company and the Group has applied a number of other amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2021. The adoption of the following IFRSs have not had any material impact on the disclosures or on the amounts reported in these parent and consolidated financial statements and are listed below.

- Amendments to IFRS 9, IAS 39 and IFRS 7 – interest rate benchmark reform
- Amendment to IFRS 16 – Covid-19 related rent concessions beyond 30 June 2021

The above amendments had no impact on the parent company and consolidated financial statements of the Company.

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Critical accounting judgements and key source of estimation uncertainty

In applying the parent company and Group's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Critical accounting judgements

Business combinations

To allocate the cost of a business combination management exercises significant judgment to determine identifiable assets and liabilities and contingent liabilities whose fair value can be reliably measured, to determine provisional values on initial accounting and final values of a business combination and to determine the amount of goodwill and the Cash Generating Unit to which it should be allocated.

Key source of estimation uncertainty

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

Useful lives of property, plant and equipment

Depreciation is calculated so as to allocate the cost of assets less residual value 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.

Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Company uses estimates for the computation of loss rates. Refer the detailed note on assumptions used by management given in note 37.

Allowance for impairment of financial assets

Loss allowances for financial assets are based on assumptions about probability and risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

4. Critical accounting judgements and key source of estimation uncertainty (continued)

Key source of estimation uncertainty (continued)

Goodwill and investment in subsidiary

The management follows the guidance of IAS 36 to determine when an investment in a subsidiary is impaired. This determination requires significant judgement and in making this judgement, the management evaluates, among other factors, the carrying amount of the entity's net assets and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The Board of Directors test annually whether goodwill and investment in subsidiary have suffered any impairment in accordance with IAS 36, 'Impairment of Assets' which require the use of estimates.

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Segment reporting

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 in the statement of financial position, statement of comprehensive income and notes to the financial statements.

Parent **Consolidated**

	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Revenue from sale of finished goods	**60,319,966**	55,182,722	**64,715,786**	54,703,839
Revenue from sale of trading items	**8,970,442**	8,258,422	**8,970,442**	8,258,422
Total revenue	**69,290,408**	63,441,144	**73,686,228**	63,962,261

The region wise revenue from customer within and outside Sultanate of Oman and Algeria were as follows:

	Parent		**Consolidated**	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Domestic sales	**59,313,796**	54,435,246	**63,709,616**	54,956,363
UAE	**417,244**	309,671	**417,244**	309,671
KSA	**123,587**	126,991	**123,587**	126,991
Qatar	**1,877,979**	2,277,270	**1,877,979**	2,277,270
Kuwait	**145,473**	3,060,756	**145,473**	3,060,756
Bahrain	**123,218**	132,928	**123,218**	132,928
Yemen	**4,862,346**	1,127,280	**4,862,346**	1,127,280
Somalia	**2,426,765**	1,971,002	**2,426,765**	1,971,002
Total revenue	**69,290,408**	63,441,144	**73,686,228**	63,962,261

Revenue from major customers

The Company do not earn revenues through any single customers (2020: None).

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Cash and cash equivalents

	Parent		**Consolidated**	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Call deposit accounts	**8,556,488**	10,871,809	**8,556,488**	10,871,809
Bank balances	**8,799,247**	933,122	**9,805,582**	1,000,556
Less: ECL	**(71,768)**	-	**(71,768)**	-
	17,283,967	11,804,931	**18,290,302**	11,872,365
Cash balances	**176,914**	17,054	**180,879**	17,674
	17,460,881	11,821,985	**18,471,181**	11,890,039

Cash and cash equivalents include cash on hand, all bank balances, including deposits with a maturity of three months or less from the date of placement. Deposit accounts are maintained with commercial banks in Oman and earn interest at commercial rates.

Bank overdrafts which are repayable on demand and which form an integral part of an entity's cash management are also included as a component of cash and cash equivalents. And accordingly, bank overdraft if any are deducted from cash and bank balances to arrive at "cash and cash equivalent".

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Term deposits

	Parent and consolidated 2021 RO	2020 RO
Term deposits	**27,000,000**	41,000,000
Less: current portion of the term deposits	**(27,000,000)**	(17,000,000)
Non-current portion of the term deposits	**-**	24,000,000

Expected credit loss allowance on deposits based on the ratings of the bank –

	Parent and Consolidated			
	Current portion		Non-current portion	
	2021 RO	2020 RO	**2021 RO**	2020 RO
Term deposits	**27,000,000**	17,000,000	-	24,000,000
Less: expected credit loss (ECL)	**(118,593)**	(69,615)	-	(98,280)
Term deposits	**26,881,407**	16,930,385	-	23,901,720

The movement in ECL for term deposits during the year is as follows:

	Parent and Consolidated 2021 RO	2020 RO
At 1 January	**167,895**	-
ECL (reversal) / charge	**(49,302)**	167,895
At 31 December	**118,593**	167,895

The term deposits carry interest at rates of 4% p.a - 5.40 % p.a and maturity in the end of the 2022.

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Financial assets at fair value through profit or loss

Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL)

- equity investments that are held for trading; and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Equity investments at fair value through profit and loss

Equity investment at FVPL comprise the following investment:

Name of the Company	Parent and Consolidated 2021 RO	2020 RO
Listed securities		
Bank Nizwa SAOG	**13,765**	13,765

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Trade receivables

	Parent 2021 RO	2020 RO	Consolidated 2021 RO	2020 RO
Trade receivables (gross)	**7,441,709**	7,502,328	**14,565,686**	7,682,416
Less: expected credit loss allowance (ECL)	**(925,931)**	(1,398,398)	**(6,909,239)**	(1,401,246)
Trade receivables (net)	**6,515,778**	6,103,930	**7,656,447**	6,281,170
Other receivables (note 13)	**4,257,370**	4,916,616	**4,331,166**	4,214,708
Other current assets (note 14)	**1,126,144**	3,256,830	**1,388,408**	3,294,382
Trade and other receivables	**11,899,292**	14,277,376	**13,376,021**	13,790,260

Details of gross exposure of trade receivables are set out below:

	Parent 2021 RO	2020 RO	Consolidated 2021 RO	2020 RO
Not past due	**5,347,855**	3,913,322	**6,458,053**	3,985,077
Due up to 90 days	**1,946,606**	2,447,994	**2,158,776**	2,519,750
More than 90 days	**147,248**	1,141,012	**5,948,857**	1,177,589
	7,441,709	7,502,328	**14,565,686**	7,682,416

The movement in ECL for impairment of trade receivables during the year is as follows:

	Parent 2021 RO	2020 RO	Consolidated 2021 RO	2020 RO
At 1 January	**1,398,398**	1,066,572	**1,401,246**	1,066,572
Acquisition of a subsidiary (note 8)	-	-	**6,123,237**	-
ECL charge for the year	**(472,467)**	331,826	**(411,500)**	334,674
Foreign exchange translation	-	-	**(203,744)**	-
At 31 December	**925,931**	1,398,398	**6,909,239**	1,401,246

Refer note 37 for detailed disclosures.

Classification as trade receivables

Trade receivables are amounts due from customers for goods sold and services rendered 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 recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized fair value.

The Group holds these receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Carrying and fair values of trade receivables

The carrying amounts of the Group's trade receivables are denominated in Rial Omani and Algerian Dinar. Due to the short-term nature of the current receivables, their carrying amount approximate their fair value.

13. Other receivables

Classification of other receivables

The Group classifies its other receivables as amortized cost only if both of the following criteria are met:

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

Other receivables include the following:

	Parent		Consolidated	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Marketing and deposit receivables	**1,596,657**	3,017,210	**2,315,980**	3,017,210
Accrued bank interest income	**1,963,060**	1,151,578	**1,963,060**	1,151,578
Due from employees	**49,467**	45,920	**52,126**	45,920
Due from a related party	**648,186**	701,908	-	-
	4,257,370	4,916,616	**4,331,166**	4,214,708

Carrying and fair values of other receivables

The carrying amounts of the Group's other receivables are denominated in Rial Omani and Algerian Dinar. Due to the short-term nature of the current receivables, their carrying amount approximates to their fair value.

14. Other current assets

	Parent		Consolidated	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Advances to suppliers	**946,785**	2,983,963	**1,209,049**	3,009,470
Prepayments and other deposits	**179,359**	272,867	**179,359**	284,912
	1,126,144	3,256,830	**1,388,408**	3,294,382

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Investment in subsidiaries

	Parent	
	2021	2020
	RO	RO

Al Rawdah Integrated Trade & Investment Enterprises LLC	**100,000**	100,000
Arabian Auto Vending Co. LLC	**630,000**	630,000
ORC Company Holdings Ltd.	**39**	-
	730,039	730,000

Information about subsidiaries

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 Vending Machine LLC	Sultanate of Oman	Engaged in sale of vending machines and providing quality vending products
ORC Company Holdings Ltd.	United Arab Emirates	Company incorporated for investment in Atlas Bottling Corporation
Subsidiary company of ORC Company Holdings Ltd.		
Atlas Bottling Corporation Limited	Algeria	Engaged in manufacturing and distribution of PepsiCo products in Algeria
ORC North Africa	France	Company for investment in Atlas Bottling Corporation

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 as a wholly owned subsidiary of the Parent Company. There were no commercial activities undertaken by the subsidiary since the inception.

8. Investment in subsidiaries (continued)

ii. During 2018, the parent company acquired 100% of the issued share capital of Arabian Auto Vending Co. LLC, a limited liability company registered with the Ministry of Commerce and Industry in accordance with the provisions of the Commercial Companies Law 2019, Sultanate of Oman.

iii. Acquisition of a subsidiary in the current year

On 31 August 2021, ORC Company Holdings Ltd. (ORCH) which is wholly owned subsidiary company incorporated by the parent company acquired control over 100% of Atlas Bottling Corporation Limited (ABC). To acquire 100% shareholding of ABC, ORCH bought 66.67% shareholding directly in ABC from erstwhile shareholder 100% and in ORC North Africa Limited (ORCNA) to acquire 33% shareholding in ABC.

Management have concluded that the acquirer as per IFRS 3: B14 is the Parent company who has paid the purchase consideration and beneficially holds 100% of the voting rights in Atlas Bottling Corporation Limited through its wholly owned subsidiaries ORC Company Holdings Limited and ORC North Africa and Food Beverage S.A.S.

The acquisition was provisionally accounted as follows:

2021

	RO
Cash and bank balances including term deposits	**639,282**
Trade and other receivables	**1,566,389**
Inventories	**5,242,457**
Other financial assets	**-**
Property, plant and equipment (net)	**16,032,353**
Right-to-use assets (net)	**81,257**
Other assets	**2,228,445**
Trade and other payables	**(7,703,198)**
Borrowings	**(7,400,659)**
End of service benefits	**(7,274)**
Other non-current liabilities	**(49,485)**
Other current liabilities	**(250,051)**
Net identifiable assets acquired	**10,379,516**
Less: Consideration transferred in cash	**23,100,000**
Provisional goodwill arising on acquisition	**12,720,484**
Purchase consideration – cash outflow	
Cash paid for acquiring 100% of the shareholding	**23,100,000**
Less: Cash and cash equivalents acquired	**(639,282)**
Net outflow of cash	**22,460,718**

8. Investment in subsidiaries (continued)

Acquisition of subsidiary in the current year (continued)

At the time the financial statements were authorized for issue the Group had not completed the accounting for the acquisition of Atlas Bottling Corporation Limited. The initial accounting for the business combination is provisional due to its complexity and will be adjusted retrospectively when the final purchase price allocation is completed during the one-year measurement period from the acquisition date.

The acquisition was complete on 30 August 2021. However, the Group for the sake of convenience has designated 1 September 2021 as the acquisition date. Management has evaluated that there are no events between the convenience date and acquisition date which are material.

Provisional goodwill arising on acquisition is attributable to Atlas Bottling Corporation Limited's Pepsi bottle franchise rights and land and buildings owned.

Acquisition related costs

Acquisition related costs of RO 515,195 are included under general and administrative expenses and in operating cash flows in the statement of cashflows (Note 27).

iv. Revenue and profit contribution

The acquired business (ABC) contributed revenues of RO 3.75 million and net loss of RO 2 million to the Group for the period from 1 September 2021 to 31 December 2021.

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Property, plant and equipment

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 process of completing the formalities to transfer legal title to the parent company.

b. Capital work in progress represents advances paid to contractors for the construction of new warehouses, staff accommodation near the warehouses and to consultants for preparation and approval of construction drawings for depots. The transferred amount from capital work in progress mainly includes new production lines of carbonated drinks / juices and, additions to building and warehousing facilities.

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Right-of-use assets

The Parent Company and Group has recognised right of use assets on parking spaces taken on lease.

	Parent		Consolidated	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Cost				
At 1 January	**37,221**	37,221	**37,221**	37,221
Acquisition of subsidiary (Note 8)	**-**	-	**99,846**	-
Foreign exchange translation	**-**	-	**(2,343)**	-
At 31 December	**37,221**	37,221	**134,724**	37,221
Accumulated depreciation				
At 1 January	**25,376**	13,531	**25,376**	13,531
Acquisition of subsidiary (Note 8)	-	**-**	**18,588**	**-**
Charge for the year	**11,845**	11,845	**20,958**	11,845
Foreign exchange adjustment	**-**	-	**(473)**	-
At 31 December	**37,221**	25,376	**64,449**	25,376
Net carrying amount at 31 December	**-**	11,845	**70,275**	11,845

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Intangible assets

	Consolidated		
	Goodwill	**Customer contracts**	**Total**
	RO	**RO**	**RO**
2021			
Cost			
Net book amount at 1 January	**463,714**	**150,000**	**613,714**
Acquisition of a subsidiary (note 8)	**12,720,484**	**-**	**12,720,484**
Amortised during the year	-	**(50,000)**	**(50,000)**
Net carrying amount at 31 December	**13,184,198**	**100,000**	**13,284,198**
2020			
Net book amount at 1 January	463,714	200,000	663,714
Amortised during the year	-	(50,000)	(50,000)
Net carrying amount at 31 December	463,714	150,000	613,714

Goodwill of RO 463,714 relates to acquisition of Arabian Vending Company in 2018. The cash flows used for impairment testing are discounted at a rate of 5% (2020: 5%), based on the Group's latest budget and forecast cash flows using growth rate of 10% (2020: 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 carrying value of Arabian Auto Vending Company LLC, which is considered as a Cash Generating Unit (CGU). Reasonable change of assumptions will not lead to the situation when recoverable amount is less than carrying value of CGU. The recoverable amount for 31st December 2021 RO 774,906 (2020: RO 778,581).

The customer contracts were acquired as part of a business combination. 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.

Investment in subsidiaries

	Parent 2021 RO	2020 RO
Al Rawdah Integrated Trade & Investment Enterprises LLC	**100,000**	100,000
Arabian Auto Vending Co. LLC	**630,000**	630,000
ORC Company Holdings Ltd.	**39**	-
	730,039	730,000

Information about subsidiaries

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 Vending Machine LLC	Sultanate of Oman	Engaged in sale of vending machines and providing quality vending products
ORC Company Holdings Ltd.	United Arab Emirates	Company incorporated for investment in Atlas Bottling Corporation
Subsidiary company of ORC Company Holdings Ltd.		
Atlas Bottling Corporation Limited	Algeria	Engaged in manufacturing and distribution of PepsiCo products in Algeria
ORC North Africa	France	Company for investment in Atlas Bottling Corporation

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 as a wholly owned subsidiary of the Parent Company. There were no commercial activities undertaken by the subsidiary since the inception.

8. Investment in subsidiaries (continued)

ii. During 2018, the parent company acquired 100% of the issued share capital of Arabian Auto Vending Co. LLC, a limited liability company registered with the Ministry of Commerce and Industry in accordance with the provisions of the Commercial Companies Law 2019, Sultanate of Oman.

iii. <u>Acquisition of a subsidiary in the current year</u>

On 31 August 2021, ORC Company Holdings Ltd. (ORCH) which is wholly owned subsidiary company incorporated by the parent company acquired control over 100% of Atlas Bottling Corporation Limited (ABC). To acquire 100% shareholding of ABC, ORCH bought 66.67% shareholding directly in ABC from erstwhile shareholder 100% and in ORC North Africa Limited (ORCNA) to acquire 33% shareholding in ABC.

Management have concluded that the acquirer as per IFRS 3: B14 is the Parent company who has paid the purchase consideration and beneficially holds 100% of the voting rights in Atlas Bottling Corporation Limited through its wholly owned subsidiaries ORC Company Holdings Limited and ORC North Africa and Food Beverage S.A.S.

The acquisition was provisionally accounted as follows:

	2021 RO
Cash and bank balances including term deposits	639,282
Trade and other receivables	1,566,389
Inventories	5,242,457
Other financial assets	-
Property, plant and equipment (net)	16,032,353
Right-to-use assets (net)	81,257
Other assets	2,228,445
Trade and other payables	(7,703,198)
Borrowings	(7,400,659)
End of service benefits	(7,274)
Other non-current liabilities	(49,485)
Other current liabilities	(250,051)
Net identifiable assets acquired	**10,379,516**
Less: Consideration transferred in cash	23,100,000
Provisional goodwill arising on acquisition	**12,720,484**
Purchase consideration – cash outflow	
Cash paid for acquiring 100% of the shareholding	23,100,000
Less: Cash and cash equivalents acquired	(639,282)
Net outflow of cash	**22,460,718**

8. Investment in subsidiaries (continued)

Acquisition of subsidiary in the current year (continued)

At the time the financial statements were authorized for issue the Group had not completed the accounting for the acquisition of Atlas Bottling Corporation Limited. The initial accounting for the business combination is provisional due to its complexity and will be adjusted retrospectively when the final purchase price allocation is completed during the one-year measurement period from the acquisition date.

The acquisition was complete on 30 August 2021. However, the Group for the sake of convenience has designated 1 September 2021 as the acquisition date. Management has evaluated that there are no events between the convenience date and acquisition date which are material.

Provisional goodwill arising on acquisition is attributable to Atlas Bottling Corporation Limited's Pepsi bottle franchise rights and land and buildings owned.

Acquisition related costs

Acquisition related costs of RO 515,195 are included under general and administrative expenses and in operating cash flows in the statement of cashflows (Note 27).

iv. Revenue and profit contribution

The acquired business (ABC) contributed revenues of RO 3.75 million and net loss of RO 2 million to the Group for the period from 1 September 2021 to 31 December 2021.

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11. Inventories

Parent 2021	2020	Consolidated 2021	2020

	RO	RO	RO	RO
Raw and packing materials	**4,733,966**	3,010,166	**6,354,588**	3,010,166
Finished products (inclusive of excise tax)	**4,256,939**	2,280,642	**4,605,963**	2,366,191
Stores, spares and consumables	**682,190**	517,751	**2,602,446**	517,751
Trading items	**982,979**	975,160	**982,979**	975,160
	10,656,074	6,783,719	**14,545,976**	6,869,268
Less: provision for loss and slow-moving inventories	**(217,368)**	(105,785)	**(678,596)**	(105,785)
	10,438,706	6,677,934	**13,867,380**	6,763,483

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

	Parent		**Consolidated**	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Opening balance	**105,785**	77,438	**105,785**	77,438
Acquisition of a subsidiary (note 8)	-	-	**283,426**	-
Provided during the year	**111,583**	28,347	**296,750**	28,347
Foreign exchange translation	-	-	**(7,365)**	
Closing balance	**217,368**	105,785	**678,596**	105,785

Provisions for loss and slow-moving inventories is charged to cost of sales.

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Share capital

The Parent Company's authorized share capital comprises of 100,000,000 (2020 - 100,000,000) ordinary shares of 100 baisa each amounting to RO 10,000,000 and the issued share capital comprises 50,000,000 (2020 - 50,000,000) fully paid-up shares of 100 baisa each amounting to
RO 5,000,000.

The Parent Company has only one class of ordinary shares, which rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Company meetings.

Share capital (continued)

Details of shareholders who own 10% or more of the parent company's share capital are as follows:

	Shares held		**%Share holding**	
	2021	2020	**2021**	2020
Mohamed & Obaid Al Mulla LLC	8,395,000	8,395,000	16.79	16.79
Dubai Refreshments PSC	7,110,470	7,110,470	14.22	14.22

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Legal reserve

The Commercial Companies Law of 2019 requires that 10% of an entity's profit be transferred to a non-distributable legal reserve until the amount of legal reserve becomes equal to one-third of a Company's issued share capital. This being achieved, the parent company have discontinued the transfer. The legal reserve is not available for distribution.

Foreign currency translation reserve (FCTR)

The exchange differences relating to translation of assets and liabilities from functional currency of the Group's foreign operations into Rials Omani (RO) are recorded directly in the foreign exchange translation reserve (FCTR).

General reserve

In accordance with Article 133 of the Commercial Companies Law of 2019, the General reserve is an optional reserve established by transferring 20% of the profits for the year after deduction of taxes and the legal reserve. This reserve is available for distribution to shareholders upon the recommendation of the Board of Directors. The Board Directors has proposed Nil transfer for the year ended 31 December 2021.

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Trade and other payables

	Parent		Consolidated	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Trade and other payables	**4,691,328**	4,887,956	**11,677,618**	4,905,416
Accrued expenses	**3,253,207**	3,731,089	**3,324,201**	3,669,526
Provision for leave pay and air passage	**21,125**	100,324	**290,876**	100,324
Directors' remuneration and sitting fees (note 35)	**185,200**	200,000	**185,200**	200,000
Excise tax payable	**6,351,918**	9,852,385	**6,351,918**	9,852,385
VAT payable	**610,047**	-	**621,890**	-
Advances from export customers	**160,000**	110,000	**160,000**	110,000
Payable to subsidiary	**100,000**	100,000	**-**	-
	15,372,825	18,981,754	**22,611,703**	18,837,651

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases in parent company is 38 days (2020: 51 days). For suppliers no interest is charged on the trade payables. The parent company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The carrying amounts of trade payables and other payables are the same as their fair values, due to their short-term nature.

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Employees' end of service benefits

	Parent		Consolidated	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
At 1 January	**1,268,239**	1,492,496	**1,272,862**	1,494,734
Acquisition of subsidiary (note 8)	-	-	**7,274**	-
Accrued during the year (note 28)	**197,254**	222,373	**199,938**	225,330
Payments during the year	**(122,084)**	(446,630)	**(123,622)**	(447,202)
Foreign exchange translation	-	-	**(842)**	-
At 31 December	**1,343,409**	1,268,239	**1,355,610**	1,272,862

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Lease liabilities

The parent company recognized lease liabilities in relation to lease of parking space. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate 5%.

	Parent		Consolidated	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
At 1 January	**11,845**	23,690	**11,845**	23,690
Acquisition of a subsidiary (Note 8)	-	-	**96,517**	-
Finance cost acquired during the year	-	-	**1,632**	-
Lease rentals paid during the year	**(11,845)**	(11,845)	**(41,935)**	(11,845)
Foreign exchange translation	-		**2,216**	
At 31 December	-	11,845	**70,275**	11,845

The maturity of finance lease liability is as follows:

	Parent		Consolidated	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Not later than 1 year	-	11,845	**33,034**	11,845
Later than 1 year and not later than 5 years	-	-	**37,241**	-
	-	11,845	**70,275**	11,845

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Term loans

	Parent		Consolidated	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Long term loans	**2,728,532**	5,387,934	**4,317,693**	5,387,934
Less: current portion of term loans	**(2,728,532)**	(2,656,154)	**(2,728,532)**	(2,656,154)
Non-current portion	-	2,731,780	**1,589,161**	2,731,780
Current portion of long-term loans	**2,728,532**	2,656,154	**2,728,532**	2,656,154
Short term loans	**21,368,610**	5,000,000	**26,551,339**	5,000,000
Current portion	**24,097,142**	7,656,154	**29,279,871**	7,656,154

a. **Term loan availed by Parent Company:**

-

Long term loans:
In the year 2019, the parent company had availed a long term for purpose of investment in capital expenditure at an annual interest rate of 1 month Treasury bill reference rate + 1.05% p.a. from a commercial bank. This long-term loan is repayable over 36 months after 6 months moratorium period from the date of drawdown in equal instalments.

The long-term loans of parent company are secured against first charge over certain property, plant and equipment.

The parent company has complied all the financial covenants of the commercial bank.

Short term loans:
The short-term loans availed by the parent company are due to mature within 12 months from its date of drawdown. These short-term loans have been availed at the interest rate of 4.5%.

There are no financial covenants pertaining to short term loans availed by the parent company.

b. **Term loan availed by a subsidiary:**

Long term loans:
The subsidiary company availed long term loans from various banks for the purpose of working capital management and capital investment at an annual interest rate ranging 3.25%-7.25% pa. The long term is repayable over 24 month ,payment will on quarterly equal installment . The loans are secured against land of Oran & Rouiba in Algeria.

Short term loans:
The short-term loans availed by the ABC are due to mature within 12 months from its date of drawdown. These short term loan have been availed at the interest rate of 4.5%.

Net debt reconciliation

	Parent		**Consolidated**	
	2021	**2020**	**2021**	2020
	RO	**RO**	**RO**	RO
Cash and cash equivalent	**17,460,881**	11,821,985	**18,471,181**	11,890,039
Borrowings - repayable within one year	**(24,097,142)**	(7,656,154)	**(29,279,871)**	(7,656,154)
Borrowings - repayable after one year	-	(2,731,780)	**(1,589,161)**	(2,731,780)
Net cash / (Net debt)	**(6,636,261)**	1,434,051	**(12,397,851)**	1,502,105

Reconciliation of financing cash flows

A reconciliation between opening and closing balances in the statement of financial position for liabilities that result in financing cash flows is presented below:

Borrowings	**At 1 January**	**Proceeds during the year**	**Repayments during the year**	**At 31 December**
	RO	**RO**	**RO**	**RO**
Parent				
2021				
Short term loans	**5,000,000**	**21,368,610**	**(5,000,000)**	**21,368,610**
Long term loans	**5,387,934**	**-**	**(2,659,402)**	**2,728,532**
	10,387,934	**21,368,610**	**(7,659,402)**	**24,097,142**
Parent and consolidated				
2020				
Short term loans	-	5,000,000	-	5,000,000
Long term loans	7,963,457	-	(2,575,523)	5,387,934
	7,963,457	5,000,000	(2,575,523)	10,387,934

	At 1 January	**Acquisition of a subsidiary (Note 8)**	**Proceeds during the year**	**Repayments during the year**	**At 31 December**
	RO	**RO**	**RO**	**RO**	**RO**
Consolidated					
2021					
Short term loans	**5,000,000**	**5,336,551**	**21,368,610**	**(5,153,822)**	**26,551,339**

Long term loans	5,387,934	2,064,108	4,599,662	(7,734,011)	4,317,693
	10,387,934	7,400,659	25,968,272	(12,887,833)	30,869,032

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Finance income (net)

	Parent		Consolidated	
	2021	2020	2021	2020
	RO	RO	RO	RO
Interest income	1,890,279	1,704,435	1,891,897	1,704,435
Interest expense	(176,687)	(256,494)	(395,979)	(256,494)
	1,713,592	1,447,941	1,495,918	1,447,941

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Other income

	Parent		Consolidated	
	2021	2020	2021	2020
	RO	RO	RO	RO
Scrape sales	164,810	47,660	176,919	47,660
Gain on sale of property, plant and Equipment	85,400	35,731	85,401	35,731
Writeback of liabilities not required	168,775	-	168,775	-
Miscellaneous income	322,585	-	421,245	-
	741,570	83,391	852340	83,391

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28. Employee related expenses

Details of employee related expenses included in cost of sales, selling and distribution expenses and general and administrative expenses are as follows:

	Parent		Consolidated	
	2021	2020	2021	2020
	RO	RO	RO	RO
Wages and salaries	11,306,770	10,710,101	11,839,974	10,832,860
End of service benefits (note 22)	197,254	222,373	199,938	225,330
	11,504,024	10,932,474	12,039,912	11,058,190
Selling and distribution expenses (note 26)	6,727,218	6,549,885	6,983,956	6,675,601
General and administrative expenses (note 27)	2,522,204	2,469,879	2,613,453	2,469,879
Cost of sales (note 25)	2,254,602	1,912,710	2,442,503	1,912,710
	11,504,024	10,932,474	12,039,912	11,058,190

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General and administrative expenses

	Parent		Consolidated	
	2021	2020	2021	2020
	RO	RO	RO	RO

Employee related expenses (note 28)	**2,522,204**	2,469,879	**2,613,453**	2,469,879
Directors' remuneration and sitting fees (note 35)	**185,200**	200,000	**185,200**	200,000
Depreciation (note 5)	**202,145**	167,071	**497,674**	167,071
Communication charges	**60,467**	62,701	**66,949**	62,701
Business entertainment and travel	**50,466**	27,606	**56,021**	27,606
Rent, electricity and water	**45,628**	71,354	**82,252**	71,354
Repairs and maintenance	**11,827**	21,749	**19,231**	21,749
Legal and professional charges	**25,700**	24,000	**43,717**	29,304
Depreciation on leased asset (note 7)	**11,845**	11,845	**20,958**	11,845
Printing and stationery	**8,044**	6,160	**9,332**	7,085
Acquisition cost (note 8)	-	-	**515,195**	-
Other expenses	**424,869**	541,910	**499,230**	576,119
	3,548,395	3,604,275	**4,609,212**	3,644,713

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Cost of sales

	Parent		**Consolidated**	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Direct materials	**31,271,997**	26,097,303	**34,297,364**	26,311,372
Cost of trading items	**5,729,549**	5,297,380	**5,729,549**	5,311,264
Employee related expenses (note 28)	**2,254,602**	1,912,710	**2,442,503**	1,912,710
Other direct expenses	**2,397,358**	2,085,508	**3,041,057**	2,100,515
Depreciation (note 5)	**1,360,575**	1,252,224	**1,670,408**	1,350,465
	43,014,081	36,645,125	**47,180,881**	36,986,326

Selling and distribution expenses

	Parent		**Consolidated**	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Employee related expenses (note 28)	**6,727,218**	6,549,885	**6,983,956**	6,675,601
Advertising and sales promotion	**3,762,798**	4,019,313	**3,909,902**	4,029,231
Depreciation (note 5)	**724,802**	742,645	**1,771,218**	762,286
Vehicle expenses	**1,178,914**	1,079,357	**1,180,008**	1,084,151
Transportation	**1,217,508**	931,318	**1,217,508**	931,318
Repairs and maintenance	**125,791**	119,891	**130,450**	122,629
Rent, electricity and wear	**216,754**	216,227	**218,889**	219,606
Business entertainment and travel	**32,514**	29,112	**33,596**	37,141
Amortisation of intangible assets	-	-	**50,000**	50,000
Communication charges	**50,084**	40,040	**51,738**	44,763
Printing and stationery	**17,584**	24,867	**18,021**	24,867
Other expenses	**254,403**	224,630	**225,316**	225,491
	14,308,370	13,977,285	**15,790,602**	14,207,084

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Taxation

The taxation charge credit for the year comprises:

	Parent 2021 RO	2020 RO	Consolidated 2021 RO	2020 RO
Current taxation:				
Current year	**1,483,266**	1,408,491	**1,563,993**	1,411,041
Deferred taxation				
Current year	**231,687**	156,662	**231,687**	156,662
	1,714,953	1,565,153	**1,795,680**	1,567,703

The Parent Company and subsidiaries in Sultanate of Oman are subject to income tax at the rate of 15% of taxable profit (2020 - 15%) in accordance with the Income Tax Laws of 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 2021 RO	2020 RO	Consolidated 2021 RO	2020 RO
Profit before tax	**11,324,724**	10,246,206	**8,865,291**	10,152,901
Tax on accounting profit	**1,698,709**	1,536,931	**1,329,794**	1,522,956
Add / (deduct) tax effect of:				
Income not subject to tax	-	-	-	-
Expenses not deductible	**16,244**	28,222	**465,886**	44,747
	1,714,953	1,565,153	**1,795,680**	1,567,703

The Parent Company's income tax assessments for the tax years up to 2017 have been finalized by the Secretariat General for Taxation (“tax department”). The Board of Directors are of the opinion that additional taxes, if any, that may be assessed on completion of the assessments for the open tax years would not be significant to the Parent and Group's financial position as of 31 December 2021.

The assessments of subsidiaries with the Oman Tax Authorities are at different stages of completion.

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

The movement in provision for taxation is as follows:

	Parent 2021 RO	2020 RO	Consolidated 2021 RO	2020 RO
Opening balance	**1,415,506**	1,292,845	**1,412,109**	1,301,297
Provided during the year	**1,483,266**	1,408,491	**1,505,943**	1,411,041
Paid during the year	**(1,380,382)**	(1,285,830)	**(1,382,932)**	(1,300,229)
Closing balance	**1,518,390**	1,415,506	**1,535,120**	1,412,109

Deferred income tax is calculated on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purpose using a principal tax rate of 15% (2020 - 15%).

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

	1 January RO	Movement during the year RO	31 December RO
Parent			
2021			
Deferred tax asset / (liability)	**(203,297)**	**(159,641)**	**(362,938)**
Accumulated tax depreciation			
Tax effect of provision for			
- impairment of trade receivables	**260,302**	**(92,816)**	**167,486**
- slow moving and obsolete stock	**11,614**	**20,719**	**32,333**
- impairment of property, plant and equipment	**64,079**	**50**	**64,130**
	132,698	**(231,687)**	**(98,989)**
Parent and consolidated			
2020			
Deferred tax asset / (liability)			
Accumulated tax depreciation	53,274	(256,571)	(203,297)
Tax effect of provision for			
- impairment of trade receivables	160,393	99,909	260,302
- slow moving and obsolete stock	11,614	-	11,614
- impairment of property, plant and equipment	64,079	-	64,079
	289,360	(156,662)	132,698

Deferred tax asset (net) of RO 782,460 has been acquired from the subsidiary and the closing balance as per subsidiary financial statements is RO 803,556

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Related party transactions

The Group has entered transactions with directors, key management personnel of the Group and entities over which directors are able to exercise significant influence. In the ordinary course of business, such related parties provide goods and services to the Group. The Group also sells goods to the related parties. Terms of purchases, sales, and provision of goods and services are comparable with those that could be obtained on arm's length basis from third parties.

The significant related party transactions during the year were as follows:

	Parent		**Consolidated**	
	2021 RO	2020 RO	**2021 RO**	2020 RO
Sale of products and goods to:				
- Subsidiary companies				
Arabian Vending LLC	**7,814**	11,994	-	-
- Shareholder				
Dubai Refreshments PSC, UAE	**283,882**	309,671	**283,882**	309,671
Ahmed Mohamed bin Omair	**1,911**	2,748	**1,911**	2,748
Purchase of trading items and materials from:				
- Subsidiary companies				
Arabian Vending LLC	**5,629**	7,425	-	-

- Shareholder				
Dubai Refreshments PSC, UAE	**160,416**	465,073	**160,416**	465,073
- Other related party				
Omani Packaging Co SAOG	**275,936**	217,793	**275,936**	217,793

Compensation of key management personnel and directors during the year was as follows:

	Parent		**Consolidated**	
	2021 RO	2020 RO	**2021 RO**	2020 RO
Short-term benefits	**743,714**	695,298	**743,714**	695,298
Employees' end of service benefits	**24,965**	25,689	**24,965**	25,689
Directors' remuneration	**150,000**	170,600	**150,000**	170,600
Directors' sitting fees	**35,200**	29,400	**35,200**	29,400
	953,869	920,987	**953,869**	920,987

The Directors' remuneration for the year 2021 is subject to shareholders' approval at the annual general meeting.

35. Related party transactions (continued)

Balances with related parties as at 31 December were as follows:

	Parent		**Consolidated**	
	2021 RO	2020 RO	**2021 RO**	2020 RO
Payable to:				
- Subsidiary companies				
Al Rawdah Integrated Trade & Investment Enterprises LLC	**100,000**	100,000	-	-
- Other related party				
Omani Packaging Co SAOG (*)	**41,318**	37,848	**41,318**	37,848

* The balances are shown under Trade payable (note 23).

	Parent		**Consolidated**	
	2021 RO	2020 RO	**2021 RO**	2020 RO
Receivable from:				
- Subsidiary companies				
Arabian Auto Vending LLC	**648,754**	701,908	-	-

-Subsidiary companies

ORC Holding Company Limited (@)	**23,729,701**	-	-	-
- Shareholders				
Dubai Refreshments PSC, UAE (#)	**85,760**	120,379	**85,760**	120,379
- Other related parties				
Sheikh Ahmad Bin Omair (#)	**847**	1,191	847	1,191

The balances are shown under Other receivable (note 13).

@ The Parent company has given loan to ORC Holding Company Limited for the purpose of acquisition of subsidiary (Refer note 8). The loan is repayable on demand and do not carry any interest rate.

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Financial risk management

Financial risk factors

The Group (including parent company) has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and is responsible for developing and monitoring the Group's risk management policies.

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Capital risk management

Equity of the Parent Company and Group comprises share capital, legal reserve, general reserve and retained earnings. Group's policy is to maintain an optimum capital base to maintain investor, creditor and market confidence to sustain future growth of business as well as return on capital. Capital requirements are prescribed by the Commercial Companies Law of 2019, and the Capital Market Authority.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the statement of financial position less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December 2021 and 2020 were as follows:

	Parent		**Consolidated**	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Total borrowings (note 20)	**24,097,142**	10,387,934	**30,869,032**	10,387,934
Less: cash and cash equivalents	**(17,460,881)**	(11,821,985)	**(18,471,181)**	(11,890,039)
(Net cash) / Net debt	**6,636,261**	(1,434,051)	**12,397,851**	(1,502,105)
Equity	**76,346,660**	69,236,889	**73,471,743**	69,139,795
Gearing ratio	**8.70%**	-	**16.87%**	-

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Credit risk

Risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and deposits with commercial banks. With regards to customer receivables, the Group maintains a credit policy that stipulates dealing with only creditworthy parties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. The Group regularly monitors the credit ratings of its debtors and the volume of transactions with those debtors during the year. Ongoing credit evaluation is performed on the financial condition of debtors. Therefore, credit risk exposures are insignificant.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Parent		**Consolidated**	
	2021	2020	**2021**	2020
	RO	RO	**RO**	RO
Term deposits	**26,881,407**	40,832,105	**26,881,407**	40,832,105
Financial assets at fair value through profit and loss	**13,765**	13,765	**13,765**	13,765
Trade receivables	**6,515,778**	6,103,930	**7,656,447**	6,281,170
Other receivables	**4,257,370**	4,916,616	**4,331,166**	4,214,708
Cash and bank balances	**17,460,881**	11,804,931	**18,471,181**	11,872,985
	55,129,201	63,671,347	**57,353,966**	63,214,733

For customers where there is no independent rating agency established in the country, the credit control team comprising of senior management assesses the credit quality of the customers, considering their financial position, past experience and other factors. The outstanding position of the customers is continuously reviewed by the management.

The Group mainly categorises its trade receivables as corporate customers, salesman customers, government customers and others. Gross exposure by major classification of trade receivables is set out below:

	2021		2020	
	RO	**ECL %**	RO	ECL %
Parent				
Corporate customers	**5,259,011**	**12.57**	5,357,378	11.90
Salesman customers	**2,182,698**	**5.92**	2,144,950	6.67
Gross trade receivables	**7,441,709**	**18.49**	7,502,328	18.63
Less: loss allowance	**(925,931)**	-	(1,398,398)	-
Trade receivables - net	**6,515,778**	-	6,103,930	-

	2021		2020	
	RO	**ECL %**	RO	ECL %
Consolidated				
Corporate customers	**12,382,980**	**48.76**	5,537,466	11.57
Salesman customers	**2,182,698**	**1.76**	2,144,950	6.67
Gross trade receivables	**14,565,686**	**50.52**	7,682,416	18.24
Less: loss allowance	**(6,909,239)**	-	(1,401,246)	-
Trade receivables - net	**7,656,447**	-	6,281,170	-

As per the credit policy of the Group, customers are extended a credit period of up to 60 days in the normal course of business. However, in some cases, due to the market conditions and historical business relationship with the customer the credit period may be extended by a further period of 60 days. The credit quality of financial assets is determined by the customers history of meeting commitments, market intelligence related information and management's trade experience.

With respect to exposures with banks, management considers the credit risk exposure to be minimal as the Group deals with reputed banks. Management does not expect any losses from non-performance by these counterparties.

Impairment of financial assets

The Group has trade receivables and other financial assets at amortized cost as financial assets that are subject to IFRS 9's expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial, except as disclosed

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been Grouped based on shared credit risk characteristic and the days past due.

The expected loss rates are based on payment profiles of the trade receivables for a period of 48 months from January 2017 and corresponding historical credit loss experience which are adjusted to reflect current and forward-looking information based on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified Gross Domestic Product of Oman to be the most relevant factors and accordingly, adjust the historical loss rates based on expected changes in the factor.

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on financial assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables. Other financial assets at amortised cost are considered to have low credit risk, and the loss allowance considered during the year was therefore limited to 12 months expected losses. Management believes that the expected credit loss on the above category of financial assets is not material and hence no loss allowance was made for such financial assets at 31 December 2021 and 2020.

Management has considered ECL provision on term deposit balances based on external credit ratings of the banks.

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Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has adequate bank balance, credit facilities from commercial banks to ensure that it has sufficient cash on demand to meet expected operational expenses and sufficient credit facilities to manage its liquidity risk.

The Group's financial liabilities based on contractual payments at the reporting date were as follows:

	Carrying amount RO	Contractual cash flows RO	Up to 1 year RO	Up 1 to 3 year RO
Parent				
31 December 2021				
Trade and other payables	**15,372,825**	**15,372,825**	**15,372,825**	-
Bank borrowings	**24,097,142**	**24,097,142**	**24,097,142**	-
Future interest on borrowings	-	**252,560**	**252,560**	-
	39,469,967	**39,722,527**	**39,722,527**	-
Consolidated				
31 December 2021				
Trade and other payables	**22,625,475**	**22,625,475**	**22,625,475**	-
Bank borrowings	**30,869,032**	**30,869,032**	**29,279,871**	**1,589,161**
Future interest on borrowings	-	**1,502,035**	**1,390,793**	**111,241**
Lease liability	**70,275**	**70,275**	**33,034**	**37,241**
	53,564,782	**55,066,817**	**53,329,173**	**1,737,643**
Parent and Consolidated				
31 December 2020				
Trade and other payables	18,981,651	18,837,651	18,837,651	-
Bank borrowings	10,387,934	10,387,934	7,656,154	2,731,780
Future interest on borrowings	-	281,895	236,118	45,777

Lease liabilities	11,845	11,845	11,845	-
	29,237,430	29,519,325	26,741,768	2,777,557

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Market risk

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

Foreign currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. In respect of the Group's transactions denominated in US Dollar and GCC currencies, the Group is not exposed to currency risk as the Rial Omani and GCC currencies are pegged to the US Dollar.

Financial risk factors (continued)

Group management has set up a policy that requires Group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group is primarily exposed to foreign currency risk as a result of foreign exchange gains/losses on translation of foreign currency denominated assets and liabilities such as trade and other receivables, trade and other payables and due to banks. The impact on total comprehensive income arising from a 10% weakening/strengthening of the functional currency against Algerian Dinar to which the Group is exposed RO 663,026.

Fair value interest rate risk

Interest rate risk arises from the possibility of changes in interest rates and mismatches or gaps in the amount of assets and liabilities that mature or re-price in a given period. The Group's interest rate risk arises from borrowings and term deposits placed with the banks. The Group places deposits and borrows from commercial banks at commercial rates of interest.

Term deposits and borrowings issued at variable rates expose the Group to cash flow interest rate risk. Term deposits and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to maintain almost all of its term deposits and borrowings in fixed rate instruments.

During 2021 and 2020, the Group's borrowings were denominated in Rial Omani and Algerian Dinar. The Group analyses its interest rate exposure on a regular basis and reassesses the source of borrowings and renegotiates interest rates at terms favorable to the Group.

At the reporting date, if the interest rate on borrowings were to shift by 0.5%, there would be a maximum increase or decrease in the interest expense of RO 213,419 (2020 - RO 51,940) of the Parent Company and the Group.

At the reporting date, if the interest rate on term deposits were to shift by 0.5%, there would be a maximum increase or decrease in the interest income of RO 223,703 (2020 - RO 205,000) of the Parent Company and the Group.

The carrying values of the borrowings are not considered materially different from their fair values since the loans are at prevailing market interest rates.

The Group manages its exposure to interest rate risk by ensuring that borrowings and deposits are on a contracted fixed rate basis.

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Fair value estimation

All the financial assets and liabilities of the Group except for the financial assets through profit and loss are carried at amortised cost. The fair values of the long terms bank borrowings are approximate to their carrying values as the interest rates thereof approximate the market rates of interest. The carrying value less impairment provision of trade receivables, trade payables, short-term borrowings from banks approximate their 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:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from 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); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Parent and Consolidated	Level 1 RO	Total RO
31 December 2021		
Financial assets at fair value through profit and loss	**13,765**	**13,765**
31 December 2020		
Financial assets at fair value through profit and loss	13,765	13,765

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Basic and diluted earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year ended 31 December 2021, calculated as follows:

	Parent 2021 RO	Parent 2020 RO	Consolidated 2021 RO	Consolidated 2020 RO
Net profit attributable to ordinary shareholders	**9,609,771**	8,680,917	**7,069,611**	8,585,198
Weighted average number of shares	**50,000,000**	50,000,000	**50,000,000**	50,000,000
Basic and diluted earnings per share	**0.192**	0.174	**0.141**	0.172

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Net assets per share

Net assets per share is calculated by dividing the net assets attributable to the shareholders of the Company by the number of shares outstanding at the year-end, as follows:

	Parent 2021 RO	Parent 2020 RO	Consolidated 2021 RO	Consolidated 2020 RO
Net assets	**76,346,660**	69,236,889	**73,471,743**	69,139,795
Number of shares outstanding	**50,000,000**	50,000,000	**50,000,000**	50,000,000
Net assets per share	**1.527**	1.385	**1.469**	1.383

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Commitments and contingent liability

	Parent 2021 RO	Parent 2020 RO	Consolidated 2021 RO	Consolidated 2020 RO
Letters of guarantee	**2,414,717**	808,397	**2,414,717**	808,397
Purchase commitments	**1,437,811**	842,325	**1,437,811**	842,325
Capital commitments	**2,913,181**	542,454	**2,913,181**	542,454

Purchase commitments relates to the purchase orders of trading goods, raw material, stores, and spares and packing materials.

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ANNUAL FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON 03 Mar 2022

Dividends

Subsequent to the reporting date, the Board of Directors has proposed a cash dividend of RO 0.060 per share totaling RO 3,000,000 for the year ended 31 December 2021, subject to shareholders' approval at the ensuing annual general meeting.

The proposed dividend for 2020 amounting to RO 2,500,000 (RO 0.050 per share) was approved and paid during 2021.

The proposed dividend for 2019 amounting to RO 2,500,000 (RO 0.050 per share) was approved and paid during 2020.

Comparative figures

The consolidated financial statement figures for previous year are not comparable with the current year (Refer note 8).

Approval of financial statements

The financial statements were approved by the Board and authorized for issue on 3 March 2022.

01/01/2021-31/12/2021										Actuals/Omani Rial/Audited	
Gross Carrying Amount	**Land**	**Building**	**Mining assets**	**Motor Vehicles**	**Furniture and Equipment**	**Computer equipment**	**Leasehold Improvements**	**Office Equipment**	**Capital Workin Progress**	**Others**	**Total**
GROSS CARRYING AMOUNT : CONSOLIDATED											
PARTICULARS											
At the beginning of the period		16,558,452		4,769,833	33,450,816		82,780	62,471	936,763	4,639,130	60,500,245
Additions		34,775		715,472	1,883,461			125,024	1,274,596	543,258	4,576,586
Acquisition of subsidiaries		6,072,507		1,397,419	21,677,403			3,858,089	209,851	2,719,728	35,934,997
Exchange differences		(142,490)		(32,802)	(561,879)			(90,892)	(4,967)	(65,413)	(898,443)
Write Off				262,688	218,420			35,569		188,617	705,294
At the end of the period		22,523,244		6,587,234	56,231,381		82,780	3,919,123	2,416,243	7,648,086	99,408,091
GROSS CARRYING AMOUNT : STANDALONE											
PARTICULARS											
At the beginning of the period		16,558,452		4,672,513	32,795,304		82,780	62,471	936,763	4,530,966	59,639,249
Additions		34,775		665,063	1,051,617				1,263,963	91,268	3,106,686
Disposals				215,325	15,840					188,616	419,781
At the end of the period		16,593,227		5,122,251	33,831,081		82,780	62,471	2,200,726	4,433,618	62,326,154

01/01/2020-31/12/2020										Actuals/Omani Rial/Audited	
Gross Carrying Amount	**Land**	**Building**	**Mining assets**	**Motor Vehicles**	**Furniture and Equipment**	**Computer equipment**	**Leasehold Improvements**	**Office Equipment**	**Capital Workin Progress**	**Others**	**Total**
GROSS CARRYING AMOUNT : CONSOLIDATED											
PARTICULARS											
At the beginning of the period		16,059,128		4,972,683	31,993,850		82,780	62,471	892,945	4,511,378	58,575,235
Additions		503,101		93,081	1,474,491				43,818	257,274	2,371,765
Write Off		3,777		295,931	17,525					129,522	446,755
At the end of the period		16,558,452		4,769,833	33,450,816		82,780	62,471	936,763	4,639,130	60,500,245
GROSS CARRYING AMOUNT : STANDALONE											
PARTICULARS											
At the beginning of the period		16,059,128		4,875,363	31,347,658		82,780	62,471	892,945	4,486,126	57,806,471
Additions		503,101		93,082	1,465,171				43,818	174,362	2,279,534
Disposals		3,777		295,932	17,525					129,522	446,756
At the end of the period		16,558,452		4,672,513	32,795,304		82,780	62,471	936,763	4,530,966	59,639,249

01/01/2021-31/12/2021										Actuals/Omani Rial/Audited	
Accumulated Depreciation, Amortisation And Impairment	**Land**	**Building**	**Mining assets**	**Motor Vehicles**	**Furniture and Equipment**	**Computer equipment**	**Leasehold Improvements**	**Office Equipment**	**Capital Workin Progress**	**Others**	**Total**
ACCUMULATED DEPRECIATION, AMORTISATION AND IMPAIRMENT : CONSOLIDATED											
PARTICULARS											
At the beginning of the period	0	3,808,987	0	4,314,143	21,214,226	0	82,780	62,471	0	4,003,351	33,485,958
Charge for the period		360,635		418,723	2,324,746			207,549		627,649	3,939,302
Exchange differences				(27,523)	(313,583)			(82,222)		(49,054)	(472,382)
Disposals				252,951	215,271			35,281		188,617	692,120
Increase (decrease) through other transfers				1,155,239	13,243,006			3,474,310		2,030,089	19,902,644
At the end of the period		4,169,622		5,607,631	36,253,124		82,780	3,626,827		6,423,418	56,163,402
ACCUMULATED DEPRECIATION, AMORTISATION AND IMPAIRMENT : STANDALONE											
PARTICULARS											
At the beginning of the period		3,808,987		4,251,428	20,748,269		82,780	62,471		3,880,855	32,834,790
Charge for the period		360,635		267,223	1,419,996					239,668	2,287,522
Disposals				215,325	15,840					188,617	419,782
At the end of the period		4,169,622		4,303,326	22,152,425		82,780	62,471		3,931,906	34,702,530

01/01/2020-31/12/2020										Actuals/Omani Rial/Audited	
Accumulated Depreciation, Amortisation And Impairment	**Land**	**Building**	**Mining assets**	**Motor Vehicles**	**Furniture and Equipment**	**Computer equipment**	**Leasehold Improvements**	**Office Equipment**	**Capital Workin Progress**	**Others**	**Total**
ACCUMULATED DEPRECIATION, AMORTISATION AND IMPAIRMENT : CONSOLIDATED											
PARTICULARS											
At the beginning of the period		3,468,629		4,334,792	19,940,347		82,780	57,859		3,768,484	31,652,891
Charge for the period		344,135		275,282	1,291,404			4,612		364,389	2,279,822
Disposals		3,777		295,931	17,525					129,522	446,755
At the end of the period	0	3,808,987	0	4,314,143	21,214,226	0	82,780	62,471	0	4,003,351	33,485,958
ACCUMULATED DEPRECIATION, AMORTISATION AND IMPAIRMENT : STANDALONE											
PARTICULARS											
At the beginning of the period		3,468,629		4,288,835	19,477,273		82,780	57,859		3,744,230	31,119,606
Charge for the period		344,135		258,525	1,288,521			4,612		266,147	2,161,940
Disposals		3,777		295,932	17,525					129,522	446,756

	Land	Building	Mining assets	Motor Vehicles	Furniture and Equipment	Computer equipment	Leasehold Improvements	Office Equipment	Capital Workin Progress	Others	Total
At the end of the period		3,808,987		4,251,428	20,748,269		82,780	62,471		3,880,855	32,834,790

31/12/2021										Actuals/Omani Rial/Audited	
Net Book Value	Land	Building	Mining assets	Motor Vehicles	Furniture and Equipment	Computer equipment	Leasehold Improvements	Office Equipment	Capital Workin Progress	Others	Total
NET BOOK VALUE : CONSOLIDATED											
PARTICULARS											
Net Book Value		18,353,622		979,603	19,978,257			292,296	2,416,243	1,224,668	43,244,689
NET BOOK VALUE : STANDALONE											
PARTICULARS											
Net Book Value		12,423,605		818,925	11,678,656				2,200,726	501,712	27,623,624

31/12/2020										Actuals/Omani Rial/Audited	
Net Book Value	Land	Building	Mining assets	Motor Vehicles	Furniture and Equipment	Computer equipment	Leasehold Improvements	Office Equipment	Capital Workin Progress	Others	Total
NET BOOK VALUE : CONSOLIDATED											
PARTICULARS											
Net Book Value		12,749,465		455,690	12,236,590				936,763	635,779	27,014,287
NET BOOK VALUE : STANDALONE											
PARTICULARS											
Net Book Value		12,749,465		421,085	12,047,035				936,763	650,111	26,804,459

Cost	Actuals/Omani Rial/Audited 01/01/2021-31/12/2021 Value	01/01/2020-31/12/2020 Value
COST : CONSOLIDATED		
PATICULARS		
At the beginning of the period	663,714	663,714
Recognised on acquisition of a subsidiary	12,720,484	
At the end of the period	13,384,198	663,714

Accumulated Impairment	Actuals/Omani Rial/Audited 01/01/2021-31/12/2021 Value	01/01/2020-31/12/2020 Value
ACCUMULATED IMPAIRMENT : CONSOLIDATED		
PATICULARS		
At the beginning of the period	50,000	50,000
Impairment losses for the period	50,000	
At the end of the period	100,000	50,000

Net Book Value	Actuals/Omani Rial/Audited 31/12/2021 Value	31/12/2020 Value
NET BOOK VALUE : CONSOLIDATED		
PATICULARS		
Net book value	13,284,198	613,714
NET BOOK VALUE : STANDALONE		
PATICULARS		
Net book value	0	0

31/12/2021		Actuals/Omani Rial/Audited		
Net Book Value	Licence	Computer Software	Other	Total
NET BOOK VALUE : CONSOLIDATED				
PARTICULARS				
Net book value				0

ANNUAL FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON 03 Mar 2022