

1 Legal status and principal activities

National Mineral Water Company SAOG ("the Parent Company") is a public joint stock company registered in the Sultanate of Oman, with its registered office in Muscat, PO Box 2740, PC 112, Sultanate of Oman. The principal activities of the Parent Company include bottling and distribution of natural mineral water as well as trading in other beverages in the Sultanate of Oman.

National Distribution and Development Co. LLC (formerly known as Valueddeal Trading LLC ("the subsidiary")) is a 95% owned subsidiary of the Parent Company registered with in the Sultanate of Oman. The subsidiary's principal activity is trading of preforms in the Sultanate of Oman as a limited liability company.

The consolidated financial statements include the results of operations and financial position of the Parent Company and its subsidiary (collectively referred to as "the Group").

2 Basis of preparation

Basis of presentation

The separate and consolidated financial statements have been prepared under the historical cost basis and going concern assumption, modified for certain assets and liabilities which are stated at their fair values as required by the IFRS.

Functional currencies

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

Statement of compliance

The separate and consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB, the disclosure requirements of the Capital Market Authority and the applicable provisions of the Commercial Companies Law of the Sultanate of Oman.

3 New standards, amendments and interpretations to existing IFRS effective 1 January 2024

The financial statements have been prepared based on IFRS effective for the accounting periods beginning on or after 01 January 2024. The Company has adopted these standards for the first time for the annual period beginning from 01 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Standards/Amendments to Standards	Effective date
Leases: Liability in a Sale and Leaseback (Amendments to IFRS 16)	01 January 2024
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	01 January 2024
Non-current Liabilities with Covenants (Amendments to IAS 1)	01 January 2024
Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	01 January 2024

These amendments are not relevant to the financial statements of the Company.

New and amended standards and interpretations to published approved accounting standards that are not yet effective in the current period

The following new accounting standards, amendments and interpretations are not effective for the financial year beginning on January 1, 2024 and have not been early adopted by the Company:

3 New standards, amendments and interpretations to existing IFRS effective 1 January 2024 (continued)

Standards/Amendments to Standards	Effective date
Lack of Exchangeability – Amendments to IAS 21	01 January 2025
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	01 January 2026
IFRS 19 Subsidiaries without Public Accountability: Disclosures	01 January 2027
IFRS 18 Presentation and Disclosure in Financial Statements	01 January 2027

Management believes that adoption of the above new Standards, amendments and interpretations, which are in issue but not yet effective, is not likely to have any material impact on the recognition, measurement, presentation and disclosure of items in the financial statements for current and future periods and foreseeable future transactions.

4 Summary of significant accounting policies

A summary of the significant accounting policies adopted in the preparation of these separate and consolidated financial statements is set out below. These policies have been consistently applied to all the periods presented, unless stated otherwise.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiary up to the reporting date. Control is achieved where the Parent Company has the power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary. If the Parent Company loses control of a subsidiary, the Parent Company derecognises the assets and liabilities of the former subsidiary from the statement of financial position and recognises the gain or loss associated with the loss of control attributable to the former controlling interest.

Non-controlling interest represents the portion of profit or loss and net assets not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position.

Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Parent Company.

All inter-company transactions, balances and gains or losses on transactions between the Parent Company and its subsidiary are eliminated as part of the consolidation process.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment is their purchase price together with any incidental expenses that are directly attributable to the acquisition of the item. Subsequent costs are included in the asset's 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 Parent Company or the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the separate and consolidated statement of comprehensive income during the financial year in which they are incurred.

Depreciation is calculated in accordance with the straight-line method to write-off the cost of each asset to its estimated residual value over its useful economic life. The estimated useful lives are as follows:

	Years
Buildings on leasehold land	20
Plant and machinery	4 - 20
Furniture, fixtures and other equipment	3 - 5
Motor vehicles	3 - 4

The assets' residual values, useful lives and depreciation rates are reviewed, and adjusted, if appropriate, at each reporting date. Where the carrying amount of an asset is greater than its estimated recoverable amount it is written-down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

Capital work-in-progress

Capital work-in-progress includes expenditure on improvements to the production facilities. Capital work-in-progress is stated at cost including capital advances incurred up to the date of the separate and consolidated statement of financial position and is not depreciated. Capital work-in-progress are not depreciated until assets are ready for their intended use.

Investment in a subsidiary

A subsidiary which is controlled by the Parent Company is consolidated in the financial statements of the Group. Control is achieved where the Parent Company has power over the investee, that exposes or give rights to variable returns from its involvement with the investee, and the Parent Company is able to use its power to affect the amount of returns from the investee. Generally, control is achieved with a shareholding of more than one-half of the voting rights over the relevant activities of the investee.

Financial instruments

Financial instruments are recognised when the Parent Company or the Group becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

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

(i) Classification

The financial assets are classified in the following measurement categories:

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

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

(i) Measurement

At initial recognition, the Parent Company and the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the profit or loss as incurred.

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

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

Debt instruments

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

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR).

Equity instruments

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

(ii) De-recognition of financial assets

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

(iii) Impairment of financial assets

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

(iv) Impairment of financial assets (continued)

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

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

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

(v) Income recognition

Interest income

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

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

Financial liabilities

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

(i) Classification

The financial liabilities are classified in the following measurement categories:

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

(ii) Measurement

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

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

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

(iii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

Impairment of non-financial assets

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

Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined by the weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In respect of finished goods, costs comprise of raw material costs and proportionate direct expenses. Provision is made, where necessary, for slow and non-moving inventories.

4 Summary of significant accounting policies (continued)**Intangible assets**

Intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives, which is not expected to exceed four years. Amortisation expense is recognised in the separate and consolidated statement comprehensive income. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary.

Cash and cash equivalents

For the purposes of the separate and consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and bank balances, net of bank overdrafts. Bank overdrafts are shown as part of current liabilities in the separate and consolidated statement of financial position.

Provisions

Provisions are recognised when the Parent Company or the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Parent Company or 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 end of the reporting year, 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, its 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, a 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.

Bank borrowings

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

Employees' benefit liabilities

Employees' end-of-service benefits are accrued in accordance with the terms of employment of the Parent Company's and the Group's qualifying employees at the reporting date, having regard to the requirements of the Oman Labour Law, as amended.

Employee entitlements to annual leave are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in current liabilities, while that relating to end-of-service benefits are disclosed as a part of non-current liabilities.

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurance Law are recognised as an expense in the separate and consolidated statement of profit or loss and other comprehensive income as incurred.

Revenue from contracts with customers

The Parent Company and the Group earns revenue from manufacturing and selling natural mineral water and trading in other beverages and confectionary items and preforms in the Sultanate of Oman.

Revenue from contracts with customers is recognised at a point-in-time, when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Parent Company and the Group expects to be entitled in exchange for those goods, the recovery of the consideration is probable and there is no unfulfilled obligation that could affect the customer's acceptance of the product.

4 Summary of significant accounting policies (continued)**Revenue from contracts with customers (continued)**

In determining the transaction price for the sale of goods, the Parent Company and the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

The cost of incentives, if any, is calculated on actual sales on the agreed amount that will ultimately be paid and is recognised as a reduction to revenue at the time of the sale.

Volume rebates

The Parent Company and the Group provide 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. The Parent Company and the Group recognise expenses related to the rebates under sales and marketing expenses. To estimate the variable consideration for the expected future rebates, the Parent Company and 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.

Other income

Other income is accounted for on the accruals basis, unless collectability is in doubt.

Borrowings costs

Borrowing costs are expensed in the period in which they are incurred. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset till such time as the asset is put to commercial use. Thereafter all the borrowings costs are expensed. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Directors' remuneration

The Parent Company follows the Commercial Companies Law of the Sultanate of Oman, and other latest relevant directives issued by the CMA, in regard to determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to the separate and consolidated statement of comprehensive income in the year to which they relate.

Operating segments

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment) whose operating results are regularly reviewed by the Group's General Manager, which is subject to risks and rewards that are different from those of other segments.

Foreign currencies

Foreign currency transactions are accounted for at the rates of exchange prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the separate and consolidated statement of profit or loss and other comprehensive income. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the end of the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date when the carrying value was determined.

4 Summary of significant accounting policies (continued)**Revenue from contracts with customers (continued)****Income tax**

Income tax is provided for in accordance with the fiscal regulations of the Sultanate of Oman.

Current tax is recognised in the profit or loss account as the expected tax payable on the net taxable income for the year, using tax-rates enacted or substantively enacted at the separate and consolidated statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is provided using the liability method on all temporary differences at the reporting date. It is calculated adopting a tax-rate that is the rate that is expected to apply to the periods when it is anticipated the liabilities will be settled, and which is based on tax-rates (and laws) that have been enacted at the separate and consolidated statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Determination of fair values

A number of the Parent Company's and Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on certain methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Leases - the Parent Company and the Group as a lessee

The Parent Company and the Group assesses whether a contract is or contains a lease, at the inception of the contract. The Parent Company and the Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Parent Company and the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Dividend

The Board of Directors recommends to the shareholders the dividend to be paid out of the Group's net profits. The Directors take into account appropriate parameters including the requirements of the Commercial Companies Law of the Sultanate of Oman while recommending the dividend.

Dividend distribution is recognised as a liability in the period in which the dividends are approved by the Parent Company's shareholders.

The Board of Directors recommend to the shareholders the dividend to be paid out of the Parent Company or the Group's net profits. The Directors take into account appropriate parameters including requirements of the Commercial Companies Law of the Sultanate of Oman while recommending dividend.

Non-controlling interest

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in consolidated shareholders' equity. Gains or losses on disposals to non-controlling interests are also recorded in consolidated shareholders' equity.

4 Summary of significant accounting policies (continued)**Non-controlling interest (continued)**

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in statement of 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 consolidated statement of profit or loss.

5 Critical accounting estimates and key source of estimation uncertainty

Preparation of separate and consolidated financial statements in accordance with IFRS requires the Parent Company's and Group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the separate and consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates require judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates. The most significant areas requiring the use of management estimates and assumptions in these separate and consolidated financial statements relate to:

(i) Impairment reviews

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

- a) growth in earnings before interest, tax, depreciation and amortisation (EBITDA), calculated as adjusted operating profit before depreciation and amortisation;
- b) timing and quantum of future capital expenditure;
- c) long-term growth rates; and
- d) selection of discount rates to reflect the risks involved.

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

ii) Economic useful lives of property, plant and equipment

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

5 Critical accounting estimates and key source of estimation uncertainty (continued)**iii) Impairment of inventories**

Inventories are stated at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of aging or obsolescence, based on historical selling prices.

iv) Impairment losses on trade receivables

Trade receivables are stated at their amortised cost as reduced by appropriate provision for ECL for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the aging of the trade receivable balances and historical experience adjusted appropriately for the future expectations. Individual trade receivables are written-off when management deems them not to be collectible.

v) Going concern

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

vi) Contingencies

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

vii) Taxation

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

viii) Fair value measurements

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

6 Property, plant and equipment

Parent Company	Buildings on leasehold land	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Capital work in-progress	Total
Cost	RO	RO	RO	RO		RO
At 1 January	768,567	5,705,351	958,023	156,432	25,378	7,612,060
Additions	-	(169,636)	5,841	-	-	(163,795)
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At 30 Sep	768,567	5,535,715	963,864	156,432	25,378	7,448,265
	=====	=====	=====	=====	=====	=====
Accumulated depreciation						
At 1 January	683,476	3,825,905	855,893	155,163	-	5,520,437
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Charge for the period						
- Cost of revenue	1,951	136,705	15,076		-	153,732
- Selling and distribution expenses	4,648		1,179		-	5,827
- General and administration expenses	4,158		6,144		-	10,302
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	10,757	136,705	22,399	-	-	169,862
	=====	=====	=====	=====	=====	=====
At 30 Sep	694,233	3,962,610	878,292	155,163	-	5,690,299
	=====	=====	=====	=====	=====	=====
Net book value						
At 30 Sep	74,334	1,573,104	85,571	1,269	25,378	1,757,966
	=====	=====	=====	=====	=====	=====

6 Property, plant and equipment

Group Company	Buildings on leasehold land	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Capital work in-progress	Total
Cost	RO	RO	RO	RO		RO
At 1 January	768,567	5,705,351	974,525	156,432	25,378	7,630,253
Additions	-	(169,636)	5,841	-	-	(163,795)
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At 30 Sep	768,567	5,535,715	980,366	156,432	25,378	7,466,458
	=====	=====	=====	=====	=====	=====
Accumulated depreciation						
At 1 January	683,476	3,825,905	873,805	155,443	-	5,538,629
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Charge for the period						
- Cost of revenue	1,951	136,705	15,076	-	-	153,732
- Selling and distribution expenses	4,648	-	1,179	-	-	5,827
- General and administration expenses	4,158	-	6,144	-	-	10,302
	-----	-----	-----	-----	-----	-----
	10,757	136,705	22,399	-	-	169,862
	=====	=====	=====	=====	=====	=====
At 30 Sep	694,233	3,962,610	896,204	155,443	-	5,708,491
	=====	=====	=====	=====	=====	=====
Net book value						
At 30 Sep	74,334	1,573,104	84,161	989	25,378	1,757,967
	=====	=====	=====	=====	=====	=====

c) Certain items of property, plant and equipment have been mortgaged with the commercial banks as set out in note 16.

d) Factory building in Wadi Tanuf is constructed on land leased from Ministry of Awqaf and Religious Affairs under an agreement that expires on 31 December 2025.

7 a) Right-of-use assets	<u>Parent Company</u>		<u>Group</u>	
	<u>30.09.2025</u>	<u>30.09.2024</u>	<u>30.09.2025</u>	<u>30.09.2024</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Cost				
At 1 January	280,451	101,019	280,451	101,019
Additions during the year	-	-	-	-
At 30 September	280,451	101,019	280,451	101,019
Accumulated amortisation				
At 1 January	146,058	41,142	146,058	41,142
Charge for the period to:				
Cost of revenue (Note 19)	2,480	7,713	2,480	7,713
Selling and distribution expenses (Note 20)	-	-	-	-
At 30 September	148,538	48,855	148,538	48,855
Netbook value				
At 30 September	131,913	52,164	131,913	52,164

b) Lease liabilities**Cost**

At 1 January	144,175	66,494	144,175	66,494
Additions during the year	2,750	3,242	2,750	3,242
Add: interest charged during the period (note 23)				
Less: lease payments	(1,500)	(10,800)	(1,500)	(10,800)
At 30 September	145,425	58,936	145,425	58,936
Current portion	90,092	8,100	90,092	8,100
Non-current portion	55,333	50,836	55,333	50,836
At 30 September	145,425	58,936	145,425	58,936

The right-of-use assets and lease liabilities pertain to the long-term leases relating to the Parent Company's production facilities located in Wadi Tanuf, Sultanate of Oman. The land has been leased from the Ministry of Awkaf and Religious Affairs under an agreement that expires on 31 March 2029. The vehicles have been leased from Corniche Cars LLC and leases expire in various times upto January 2026.

8 Intangible asset

	<u>Parent Company</u>		<u>Group</u>	
	<u>30.09.2025</u>	<u>30.09.2024</u>	<u>30.09.2025</u>	<u>30.09.2024</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Cost				
At 1 January	29,189	29,189	29,189	29,189
Additions during the year	-	-	-	-
At 30 September	29,189	29,189	29,189	29,189
Accumulated amortisation				
At 1 January	25,264	17,967	25,264	17,967
Charge for the period	3,925	5,473	3,925	5,473
At 30 September	29,189	23,440	29,189	23,440
Net book value	(0)	5,749	(0)	5,749

The intangible asset pertains to the purchase of Sales Force handheld application, back-office application and services to deploy all the applications and softwares required to operate the system and is being amortised over a period of four years.

The Parent Company and the Group have performed an impairment testing of its intangible assets and have concluded that no provision is considered necessary.

9 Investment in a subsidiary

National Distribution and Development Co. LLC (formerly knows as Valuedéal Trading LLC)

	<u>Parent Company</u>	<u>Group</u>
	30.09.2025	30.09.2024
	RO	RO
	26,983	95,000
Less- Impairment of Investment in Subsidiary		-
	26,983	95,000

The Parent Company holds 95% of the share capital of National Distribution and Development Co. LLC (formerly known as Valuedéal Trading LLC). The investment in the subsidiary is stated at less impairment cost.

10 Inventories

	<u>30.09.2025</u>	<u>30.09.2024</u>	<u>30.09.2025</u>	<u>30.09.2024</u>
	RO	RO	RO	RO
Raw materials and traded items	576,166	1,334,850	576,166	1,334,850
Tools, spares and consumables	79,600	164,937	79,600	164,937
Less: Provision against inventory	(64,478)	-	(64,478)	-
	591,288	1,499,787	591,288	1,499,787

11 Trade and other receivables

	<u>30.09.2025</u>	<u>30.09.2024</u>	<u>30.09.2025</u>	<u>30.09.2024</u>
	RO	RO	RO	RO
Trade receivables, gross	1,864,914	1,914,298	1,865,247	1,929,663
Less: Opening Expected Credit Loss Provision	(711,652)	(333,488)	(711,652)	(348,520)
Less: Provision made during the period	(27,000)	-	(27,000)	-
	1,126,262	1,580,810	1,126,595	1,581,143
Other receivables and prepayments	265,943	561,361	266,041	561,836
	1,392,206	2,142,171	1,392,637	2,142,979

(a) Trade and other receivables at amortised cost are non-interest bearing and are generally on 60 to 90 days' credit terms. They are recognised at the original amounts which represents their fair values on initial recognition.

(b) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group and Parent Company do not hold any collateral as security.

(c) Trade receivables of the Parent Company are subject to a charge in favour of the lenders against bank borrowings (note 16).

(d) Expected credit losses (ECL)

The Group and Parent Company applies the IFRS 9 simplified approach to measure ECL using a lifetime ECL provision for trade receivables. To measure ECL on a collective basis, trade receivables are grouped based on similar credit risk and aging. The ECL rates are based on the Group's and Parent Company's historical credit losses experienced over the three -years period prior to the year-end. The historical losses are then adjusted for the current and forward-looking information on macro-economic factors affecting the Parent Company's and the Group's customers.

11 Trade and other receivables (continued)

(h) The movement in ECL allowance on trade receivables is as follows:

	<u>Parent Company</u>		<u>Group</u>	
	<u>30.09.2025</u>	<u>30.09.2024</u>	<u>30.09.2025</u>	<u>30.09.2024</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
At 1 January	711,652	318,488	711,652	333,520
Provision for the year	27,000	183,359	27,000	183,359
Less: written-off during the year	-	(168,359)	-	-
At 30 September	<u>735,652</u>	<u>333,488</u>	<u>735,652</u>	<u>348,520</u>

12 Bank balances and cash

	<u>Parent Company</u>		<u>Group</u>	
	<u>30.09.2025</u>	<u>30.09.2024</u>	<u>30.09.2025</u>	<u>30.09.2024</u>
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Cash and bank balances	50,267	124,560	50,568	124,862
	<u>50,267</u>	<u>124,560</u>	<u>50,568</u>	<u>124,862</u>

The current account balances with banks are non-interest bearing.

13 Share capital and share premium

(a)

Share capital

The Parent Company's authorised, issued and fully paid-up share capital comprises of 27,003,040 (2023: 27,003,040 shares) ordinary shares of RO 0.100 each (2023: RO 0.100 each).

At the end of the reporting period, shareholders who own 5% or more of the Parent Company's share capital and the number of shares they hold are as follows:

	<u>30.09.2025</u>		<u>30.09.2024</u>	
	<u>Shareholding</u>		<u>Shareholding</u>	
<u>Name of shareholders</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>
The heirs of Late Sayyid Hamad bin Hamoud	40.69%	10,988,840	40.69%	10,988,840
bin Hamad Al Busaidi	15.92%	4,298,579	15.92%	4,298,579
Sabco LLC	15.19%	4,101,221	15.92%	4,101,221
Mustahil Ahmed Ali Al Maashani	6.31%	1,703,309	6.31%	1,703,309
Saleh Mohammed Talib Al Zakwani	5.00%	1,350,160	5.00%	1,350,160
	83.11%	22,442,109	83.11%	22,442,109

(b) Share premium

The share premium is the amount subscribed to the share capital in excess of the nominal value. The share premium is stated net of share issuance costs.

The Parent Company made a rights issue of 8,000,000 equity shares of RO 0.100 per share at a premium of RO 0.025 per share in the year 2008. Issue expenses amounted to RO 0.002 per share. Out of the 8,000,000 equity shares, 6,632,752 shares were subscribed. The share premium represents RO 0.025 per share received, less issue expenses.

14 Legal reserve

In accordance with the provisions of the Commercial Companies Law of the Sultanate of Oman, annual appropriations of 10% of the net profit are made to this reserve until the accumulated balance of the reserve is equal to one-third of the Parent Company's issued and fully paid-up share capital. This reserve is not available for distribution.

15 Employees' end of service benefits

Movement in expatriate employees' end of service benefits:

	<u>Parent Company</u>		<u>Group</u>	
	<u>30.09.2025</u>	30.09.2024	<u>30.09.2025</u>	30.09.2024
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
At 1 January	191,531	204,745	191,531	204,745
Recognized during the period	25,102	21,702	25,102	21,702
Paid during the period	(17,646)	(25,621)	(17,646)	(25,621)
At 30 September	198,986	200,826	198,986	200,826
	=====	=====	=====	=====

16 Bank borrowings

	<u>Parent Company</u>		<u>Group</u>	
	<u>30.09.2025</u>	30.09.2024	<u>30.09.2025</u>	30.09.2024
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Non-current portion				
Term loan	358,661	313,874	358,661	313,874
	358,661	313,874	358,661	313,874
Current portion				
Bank overdraft	1,223,671	1,055,571	1,223,972	1,055,57
Loan against trust receipts	700,096	908,737	700,096	908,737
Bills Discounting	327,504	277,057	327,504	277,057
Short Term Loan	230,000	247,190	230,000	247,190
	2,481,271	2,488,555	2,481,572	2,488,555

17 Trade and other payables

	<u>Parent Company</u>		<u>Group</u>	
	<u>30.09.2025</u>	30.09.2024	<u>30.09.2025</u>	30.09.2024
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Trade payables	2,181,259	1,700,411	2,181,259	1,700,411
Staff leave pay accruals	115,757	78,734	115,757	78,734
Other accruals	461,445	286,676	461,445	287,053
	2,758,676	2,065,821	2,758,676	2,066,198
	=====	=====	=====	=====

18 Revenue

The company's income from operation represents revenue from contracts with customers by transfer of goods at a point in time in the following geographical region and product line.

a) Primary geographicaly region

	<u>Parent Company</u>		<u>Group</u>	
	<u>30.09.2025</u>	30.09.2024	<u>30.09.2025</u>	30.09.2024
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Sultanate of Oman	4,272,167	4,052,174	4,272,167	4,052,174

b) Segment information

Management has determined the operating segments in the Parent Company and the Group based on the reports reviewed by the Executive Committee (the Committee') that are used to making strategic decisions.

The Committee considers the business from a divisional perspective. Management considers the performance of its water bottling and distribution, resale of third-party products and bottle manufacturing (Preforms) division. The Committee reviews monthly analysis of these divisions for sales volume and sales value only. The remaining key performance indicators such as trade debtors, cost of sales and factory costs by

value, variance with budget, financial position, working capital facilities with utilisation status and raw materials are monitored at the Parent Company level.

The Parent Company has a single reportable business segment, which is manufacturing and trading in bottled water and other beverages. The activity of the subsidiary is the sale of preforms. All sales are within the Sultanate of Oman. The analysis of revenue by product line is in note 18 (b).

19 Cost of Sales

	Parent Company		Group	
	30.09.2025	30.09.2024	30.09.2025	30.09.2024
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Opening inventory of manufactured finished	100,670	401,571	994,421	1,062,049
Material and traded goods consumed	1,914,603	1,290,073	1,914,603	1,290,073
Salaries and employee related costs	303,164	314,534	303,164	314,534
Depreciation	153,735	165,162	153,735	165,162
Primary transportation	172,596	202,725	172,596	202,725
Utilities	128,946	167,937	128,946	167,937
Purchase of Water	41,088	9,504	41,088	9,504
Repairs and maintenance	38,751	199,90	38,751	199,909
Conversion Cost	-	52,991	-	52,991
Consumables	14,346	55,408	14,346	55,408
Vehicle operating expenses	6,465	6,150	6,465	6,150
Communications	3,453	3,752	3,453	3,752
Amortisation of right-of-use asset	2,480	7,713	2,480	7,713
Inventory Writeoff	24,310	139,86	24,310	139,860
Other expenses	10,001	13,742	10,001	13,742
Less: Closing inventory of manufactured finished goods	(100,553)	(203,959)	(100,553)	(203,959)
	2,814,055	2,827,073	2,814,055	2,827,073

20 Selling and distribution expenses

	Parent Company		Group	
	30.09.2025	30.09.2024	30.09.2025	30.09.2024
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Salaries and employee related costs	592,697	626,190	592,697	626,190
Distribution and vehicle operating expenses	503,889	446,316	503,889	446,316
Trade Marketing and Support Expenses	155,139	212,532	155,389	212,532
Depot Rent	118,740	124,070	118,740	124,070
Depreciation	5,827	11,713	5,827	11,713
Communications	9,677	11,219	9,677	11,219
Repairs and maintenance	9,041	12,573	9,041	12,573
Amortisation of right-of-use asset	3,925	-	3,925	-
Utilities	10,815	13,256	10,815	13,256
Printing & Stationery	3,609	3,012	3,609	3,012
Other expenses	6,168	7,418	6,168	7,418
	1,419,529	1,468,299	1,419,779	1,468,299

21 General and administrative expenses

	<u>Parent Company</u>		<u>Group</u>	
	30.09.2025	30.09.2024	30.09.2025	30.09.2024
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Salaries and employee related costs	221,386	213,273	221,386	213,273
Consultancy Expenses	140,604	19,240	140,604	19,240
Insurance premium	47,858	50,448	47,858	50,448
Audit Fees	13,500	9,180	13,500	9,180
Legal and professional fees	7,764	4,342	7,764	4,342
Depreciation	10,302	12,423	10,302	12,423
Communications	7,403	5,852	7,403	5,852
IT expenses	5,668	10,653	5,668	10,653
Vehicle operating expenses	2,495	2,381	2,495	2,381
Directors' expenses	-	26,003	-	26,003
Supplier payment write off	-	40,019	-	40,019
Other expenses	10,579	58,663	10,771	59,585
	-----	-----	-----	-----
	467,559	452,477	467,751	453,399

22 Other income

	<u>Parent Company</u>		<u>Group</u>	
	30.09.2025	30.09.2024	30.09.2025	30.09.2024
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Miscellaneous income	5,583	3,449	5,583	3,449
	-----	-----	-----	-----
	5,583	3,449	5,583	3,449

23 Finance costs

	<u>Parent Company</u>		<u>Group</u>	
	30.09.2025	30.09.2024	30.09.2025	30.09.2024
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Interest on lease liabilities	2,750	3,242	2,750	3,242
Interest on bank borrowings	178,114	194,324	178,114	194,324
	180,864	197,566	180,864	197,566

24 Taxation

	<u>Parent Company</u>		<u>Group</u>	
	30.09.2025	30.09.2024	30.09.2025	30.09.2024
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Income tax payable				
Separate and consolidated statement of comprehensive income:				
Tax charge for the year comprises:				
Prior period tax	-	-	-	-

25 Related party transactions

Related parties comprise the shareholders, directors, business entities in which they have the ability to control or exercise significant influence in financial and operating decisions and with senior management. The Group and the Parent Company have entered into transactions with entities related to the shareholders or directors in the ordinary course of business, who provide goods and render services to the Group and the Parent Company. The transactions are carried out on mutually agreed terms.

During the year the company entered in to following transactions with the related parties in the normal course of the business

	<u>Parent Company</u>		<u>Group</u>	
	30.09.2025	30.09.2024	30.09.2025	30.09.2024
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
a) Sales to related parties				
Subsidiary	-	-	-	-
Other related parties	10,100	9,024	10,100	9,024
	10,100	9,024	10,100	9,024
b) Key management personnel compensation and Directors' expenses				
	<u>Parent Company</u>		<u>Group</u>	
	30.09.2025	30.09.2024	30.09.2025	30.09.2024
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Short-term employment benefits	90,720	107,871	90,720	107,871
End-of-service benefits	1,058	3,688	1,058	3,688
	131,903	152,982	131,903	152,982
	<u>Parent Company</u>		<u>Group</u>	
	30.09.2025	30.09.2024	30.09.2025	30.09.2024
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Directors' sitting fees	-	26,003	-	26,003
	<u>Parent Company</u>		<u>Group</u>	
	30.09.2025	30.09.2024	30.09.2025	30.09.2024
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
c) Amount due from related parties				
Shareholders having significant influence	11,605	10,643	11,605	10,643
Other related parties	5,606	7,226	5,606	7,226
	17,212	17,868	17,212	17,868
d) Amount due to related parties				
	<u>Parent Company</u>		<u>Group</u>	
	30.09.2025	30.09.2024	30.09.2025	30.09.2024
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
NDDC	27,448	27,669	-	-
Loan from Yumn Investment LLC	300,000	-	300,000	-
Interest paid	(2,708)	-	(2,708)	-
Interest accrued but unpaid	9,479	-	9,479	-
Loan from Sabco LLC	250,000	-	250,000	-
Interest paid	-	-	-	-
Interest accrued but unpaid	10,833	-	10,833	-
Amount due to related parties	597,761	27,669	570,312	-
e) Amounts due from and to related parties are unsecured and carries interest rate at 6.5% p.a but have no fixed repayment terms.				

26 Earnings per share

The basic earnings per fully paid equity share for the Group and the Parent Company has been determined by dividing the profit or loss for the year attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares in issue during the year. As there are no dilutive potential shares, the diluted earnings per share is identical to the basic earnings per share.

	Parent Company		Group	
	30.09.2025	30.09.2024	30.09.2025	30.09.2024
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Net profit for the year	(631,258)	(1,073,151)	(631,700)	(1,074,073)
Weighted average number of shares(No's)	27,003,040	27,003,040	27,003,040	27,003,040
Basic earnings per share (RO)	(0.023)	(0.040)	(0.023)	(0.040)

As there are no dilutive potential shares issued by the Parent Company, the diluted earnings per share is the same as the basic earnings per share.

27 Net assets per share

Net assets per share is based on dividing the net assets attributable to shareholders by the number of shares outstanding as at the end of the reporting period.

	Parent Company		Group	
	30.09.2025	30.09.2024	30.09.2025	30.09.2024
	<u>RO</u>	<u>RO</u>	<u>RO</u>	<u>RO</u>
Net assets (RO)	(2,406,583)	935,101	(2,406,988)	867,105
Number of shares outstanding	27,003,040	27,003,040	27,003,040	27,003,040
Net assets per share (RO)	(0.089)	0.035	(0.089)	0.032

28 Capital risk management

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

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

29 Financial assets and liabilities and risk management**(a) Financial assets and liabilities**

Financial assets and liabilities carried on the separate and consolidated statement of financial position include cash and bank balances, trade and other receivables, bank borrowings, lease liabilities, due from and to related parties and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(b) Risk management

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

(c) Capital management

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

The Parent Company and the Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. No changes were made in the objectives, policies and processes during the period ended 30 September 2025.

The Parent Company and the Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Parent Company and the Group includes within net debt, bank borrowings less cash and bank balances. Capital includes share capital, reserves and accumulated losses.

	Parent Company		Group	
	30.09.2025	30.09.2024	30.09.2025	30.09.2024
	RO	RO	RO	RO
Bank borrowings	2,839,932	2,802,429	2,840,233	2,802,429
Less: cash and bank balances	(50,267)	(124,560)	(50,568)	(124,862)
Net debt	2,789,665	2,677,869	2,789,665	2,677,567
Share capital	2,700,304	2,700,304	2,700,304	2,700,304
Share premium	135,169	135,169	135,169	135,169
Legal reserve	487,733	487,733	488,184	488,184
Accumulated losses	(5,729,790)	(2,388,105)	(5,730,645)	(2,456,552)
Total capital	(2,406,583)	935,101	(2,406,988)	867,105
Total capital and net debt	383,082	3,612,971	382,677	3,544,673
Gearing ratio	728%	74%	729%	76%

30 Financial risk management**(a) Market risk****(i) Foreign exchange risk**

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

The Group and the Parent Company are exposed to foreign exchange risk arising from various currency exposures. A significant portion of revenues and major operating costs are either denominated in RO or United States Dollar (USD). The operating costs denominated in USD are covered by the fact that RO is pegged to the USD. As this currency is pegged against the RO, the management does not believe that the Group and the Parent Company are exposed to any material foreign exchange risk.

(ii) Interest rate risk

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

(iii) Price risk

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

The Group and the Parent Company do not have any equity instruments and are therefore not exposed to price risk.

(a) Credit risk

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

The Parent Company and the Group are potentially exposed to credit risk principally on their trade and other receivables, due from related parties and cash and bank balances. The credit risk on trade and other receivables and due from related parties are subjected to credit evaluations and a provision is made for estimated irrecoverable amounts. The bank balances are held with national and international banks with good credit ratings.

(b) **Liquidity risk**

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

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

The liquidity risk profile of the Parent Company is as follows:

Liabilities as at 30 Sep 2025

	<u>Total</u>	<u>Less than</u>	<u>More than</u>
	<u>RO</u>	<u>1 year</u>	<u>1 year</u>
		<u>RO</u>	<u>RO</u>
Bank borrowings*	2,839,932	2,481,271	358,661
Lease liabilities	145,425	90,092	55,333
Trade and other payables	2,758,676	1,812,837	945,839
	5,744,033	4,384,200	1,359,833

Liabilities as at 30 Sep 2025

	<u>Total</u>	<u>Less than</u>	<u>More than</u>
	<u>RO</u>	<u>1 year</u>	<u>1 year</u>
		<u>RO</u>	<u>RO</u>
Bank borrowings*	2,802,429	2,488,555	13,874
Lease liabilities	58,936	8,100	50,836
Trade and other payables	2,065,821	1,794,703	271,118
	4,927,186	4,291,358	635,828

31 Comparative figures

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

32 Subsequent events

There were no events occurring subsequent to 30 September 2025 and before the date of the approval that are expected to have a significant impact on these separate and consolidated financial statements.