TROIS FRERES DISTILLERIES LIMITED

DIRECTORS' REPORT AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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CORPORATE INFORMATION

DIRECTORS	:	Bernard D'Offay Richard D'Offay Duncan Macnab Mark Prechelt Klaus Froehlich
SECRETARY	:	ACM Consultants (Pty) Limited 4th Floor, The Link Building, Ile du Port, Seychelles
REGISTERED OFFICE	:	La Plaine St. Andre, Aux Cap, Mahé, Seychelles
PRINCIPAL PLACE OF BUSINESS	:	La Plaine St. Andre, Aux Cap, Mahé, Seychelles
AUDITOR	:	Moore MKM, Chartered Accountants Suite 202/302, Allied Plaza, P.O. Box 285, Rue de la possession, Mahé, Seychelles
BANKERS	:	The Mauritius Commercial Bank (Seychelles) Ltd Caravelle House P. O. Box 122 Victoria, Mahé, Seychelles

DIRECTORS' REPORT

The Directors present their report together with the consolidated audited financial statements of Trois Freres Distilleries Limited and its subsidiaries collectively, the Group for the year ended December 31, 2025.

PRINCIPAL ACTIVITIES

The Group is engaged in the distillation and distribution of rum and vodka, importation and sale of alcoholic beverages, treatment, bottling and marketing of potable water, and the operation of a retail outlet at the Airport for the sale of alcoholic beverages and other merchandise.

These activities remained unchanged as compared to the prior year.

RESULTS

	2025	2024
	SR	SR
Profit for the year	**21,707,020**	19,156,782

DIVIDENDS

Dividends amounting to SR. 9.72 million were declared at the last AGM and paid during the financial year under review (2024: SR. 8.77 million).

PROPERTY, PLANT AND EQUIPMENT

Additions of SR. 9,863,288 to property, plant and equipment during the year comprised equipment, motor vehicles, furniture and fixtures and leasehold improvements (2024: SR. 7,978,554). Disposals comprised of motor vehicles carried at net book value of SR. nil (2024: motor vehicles carried at book value of SR. nil).

Property, plant and equipment are stated at cost less accumulated depreciation. The Directors have estimated that the carrying amount of property, plant and equipment at the balance sheet date approximates their fair value.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Company and their interests in the shares of the Company since the date of the last report and the date of this report are:

		2025	2024
		shares % held	shares % held
Direct and Indirect interest in shares:			
Bernard D'Offay		**22.11%**	22.11%
Richard D'Offay		**23.73%**	23.75%
Indirect interest in shares:			
Duncan Macnab		**11.04%**	11.04%
Mark Prechelt		**10.84%**	10.84%
Amanda Bernstein	(resigned effective November 1, 2025)	**-**	-
Klaus Froehlich		**1.24%**	1.24%
		68.96%	68.98%

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The Directors have reviewed the events subsequent to the balance sheet date and reported the same under Note 23 to the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors is responsible for the overall management of the affairs of the Group including the operations of the Group and making investment decisions.

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and in compliance with the Seychelles Companies Act, 1972. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that fall within the accounting policies adopted by the Group; and making accounting estimates that are reasonable in the circumstances. The Board of Directors has the general responsibility of safeguarding the assets, owned by the Group and those that are held in trust and used by the Group. The Board of Directors confirm that the consolidated financial statements presented for audit are free from material misstatements and that they have met their aforesaid responsibilities.

The Directors hereby confirm that they have not entered into any contracts or arrangements (other than service contracts with the Group) and did not make any profit from the operations of the Group and that there is no transfer pricing involved in related party transactions for the financial year under review (2024 : SR. nil)

The Directors have reviewed the Group's cash flow forecast for the year to December 31, 2026 and, in light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the forseeable future.

The Directors confirm that the financial statements presented for audit are free from material misstatement and that they have met their aforesaid responsibilities.

AUDITORS

The auditors Moore MKM, Chartered Accountants, Seychelles (previously known as Baker Tilly) retire at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

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Bernard D'Offay
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Bernard D'Offay
Director

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Director

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Klaus Froehlich
Director

Dated: April 15, 2026
Victoria, Seychelles

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TROIS FRERES DISTILLERIES LIMITED

This report is made solely to the members of Trois Freres Distilleries Limited and its subsidiaries collectively (the "Group"), in terms of our engagement to conduct the audit. Our audit work has been undertaken so that we might state to the members those matters which we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a Group, for our audit work, for this report, or for the opinions we have formed.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Trois Freres Distilleries Limited and its subsidiaries, ("the Group") set out on pages 5 to 41 which comprise the consolidated statement of financial position at December 31, 2025, the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2025, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and comply with the Seychelles Companies Act, 1972.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), together with the other ethical requirements that are relevant to our audit of the consolidated financial statements in Seychelles, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period and include the most significant assessed risks of material misstatement, whether or not due to fraud, that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters identified and how they were addressed in the audit are stated on pages 4 (a) and 4 (b) of our audit opinion.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TROIS FRERES DISTILLERIES LIMITED *Continued*

Key Audit Matter - IFRS 16 Leases

The adoption and application of IFRS 16 Leases requires significant judgment and estimation in determining the recognition, measurement, and presentation of lease contracts.

This area has been considered a significant risk due to the number of judgements which have been applied and the estimates made in determining the impact of IFRS 16.

How our scope addressed the matter

In responding to the key audit matter, we performed the following audit procedures:

- Obtained an understanding of the changes in the Group's adoption and the level of internal controls implemented including the accounting, processes and systems.
- Assessed the design and implementation of key controls pertaining to the application of IFRS 16. We also assessed the appropriateness of the discount rate applied in determining lease liabilities.
- Verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contracts or other supporting information and checked the integrity and mechanical accuracy of the IFRS 16 calculations for each lease sampled through recalculation of the expected IFRS 16 adjustment, and obtained written representations in regard to the decisions.
- Assessed compliance of financial statement disclosures related to leases, including the transition to IFRS 16, with IFRS standards.
- Acquired a comprehensive understanding of changes in the Group's adoption of the accounting standard, as well as the level of internal controls implemented, including the associated accounting processes and systems.

Based on our audit work, we did not identify material misstatements concerning the recognition, measurement and presentation of lease contracts in accordance with IFRS 16.

Key Audit Matter - Impairment testing of goodwill

The Group has recognised goodwill of SR. 10.1 million during the financial year 2024. The assessment of goodwill impairment involves significant management judgment, especially in estimating future cash flows, determining appropriate discount rates, and identifying key sensitivities. As a result, the impairment testing process is inherently complex and subject to estimation uncertainty, which increases the risk of material misstatement. Given the significance of goodwill to the financial statements and the complexity of the impairment testing process, we have focused on this area during our audit.

How our scope addressed the matter

In responding to the key audit matter, we performed the following audit procedures:

- Assessed appropriateness and consistency of methodology applied by the Management in setting up key assumptions and obtained management representations. We also evaluated the historical data for accuracy of the initial recognition of goodwill.
- Evaluated the adequacy of the related disclosures in the financial statements, in accordance with the applicable accounting framework, accounting, processes and systems.

Based on our audit work, we did not identify material misstatements concerning the impairment testing of goodwill.

Key Audit Matter - Allocation of costs

As a Group structure, the parent company shared rent, and staff costs with respect to overlapping duties of certain management and other staff members who perform responsibilities for both the parent company and its subsidiaries and units. Common costs incurred are allocated by the parent company to its subsidiary and units.

The Group identified and allocated them on a systematic and logical basis to ensure tax compliance since they fall in different tax regimes and impact the overall tax expense of the Group. The risk identified is medium to low.

How our scope addressed the matter

We performed the following test of detail rather than seeking to rely on any of the Group's control because testing for recoverability through detailed testing is inherently the most effective means of obtaining audit evidence:

- Assessed appropriateness and consistency of methodology applied by the Management in setting up key assumptions and obtained management representations.
- Identified and tested specific journal entries for cost allocation based on documented methodology, checked the arithmetical accuracy, overall compliance, completeness and whether the basis was consistent with prior years.

Based on our audit work, we did not identify material misstatements concerning the impact of restructuring and allocation of costs by the parent company to its subsidiary and units.

Key Audit Matter - Impairment allowance for financial assets based on IFRS 9

The materiality of the reported amounts in the financial statements and significant subjectivity inherent in the Management's impairment estimation underpinned our basis for considering it as a key audit matter.

How our scope addressed the matter

We assessed the reasonableness of the impairment allowance. Our audit procedures, which were designed to obtain sufficient and appropriate audit evidence, included the following:

- Performed procedures in order to assist our understanding of the methodology applied by management in their IFRS 9 model and evaluated the impairment methodology applied against the requirements of IFRS 9: Financial Instruments.
- Agreed the source data used in the modelling to supporting documentation on a sample basis to assess accuracy and validity, and evaluated completeness of data in the impairment model by reconciling the data used in the impairment model to the debtor's source.
- Tested the assumptions and calculations used in the Expected Credit Loss ("ECL") model, this included, but was not limited to performing the following:
  - An assessment of the modelling code against the developed methodology to confirm the methodology is appropriately applied in calculating the ECL allowance.
  - An assessment of the reasonableness of the overlays that management calculated to determine the potential impact of legislation on the allowance.

Based on our audit work, we did not identify material misstatements concerning the impairment allowance for financial assets in accordance with IFRS 9.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TROIS FRERES DISTILLERIES LIMITED *Continued*

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TROIS FRERES DISTILLERIES LIMITED *Continued*

Other Information

Management is responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards and in compliance with the Seychelles Companies Act, 1972 and for such internal control as the Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Report on Other Legal and Regulatory Requirements

Companies Act, 1972

We have no relationship with, or interests, in the Group other than in our capacity as auditors, tax and business advisers and dealings in the ordinary course of business. We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Group as far as it appears from our examination of those records and comply with the provisions of the Seychelles Companies Act, 1972.

MOORE MKM
Chartered Accountants

Dated: April 15, 2026
Mahé, Seychelles

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2025

	Notes	2025	2024
		SR	SR
ASSETS			
Non-current assets:			
Property, plant and equipment	5	**38,321,274**	36,374,965
Intangible assets	6	**10,709,439**	10,605,249
Right-of-use assets	7(a)	**6,795,718**	8,808,141
		55,826,431	55,788,355
Current assets:			
Inventories	8	**44,024,894**	31,354,041
Trade and other receivables	9	**46,172,915**	43,460,248
Cash and cash equivalents	10	**10,172,914**	7,895,241
		100,370,723	82,709,530
Total assets		**156,197,154**	138,497,885
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital and reserves	11	**23,863,328**	23,863,328
Retained earnings		**75,122,662**	63,152,365
Equity attributable to equity holders of the parent		**98,985,990**	87,015,693
Non-controlling interests		**68,488**	51,017
Total equity		**99,054,478**	87,066,710
Non-current liabilities:			
Borrowings	12	**3,207,104**	6,459,879
Lease liabilities	7 (b)	**6,296,184**	7,102,693
Employee benefit obligations	13	**3,274,148**	3,575,421
		12,777,436	17,137,993
Current liabilities:			
Current tax liability	14	**3,331,441**	1,593,807
Borrowings	12	**12,828,375**	9,585,548
Lease liabilities	7 (b)	**1,688,952**	2,865,632
Deferred tax liabilities	15	**2,023,709**	2,271,089
Trade and other payables	16	**24,492,763**	17,977,106
		44,365,240	34,293,182
Total liabilities		**57,142,676**	51,431,175
Total equity and Liabilities		**156,197,154**	138,497,885

These financial statements were approved for issue by the Board of Directors on April 15, 2026

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Director

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Klaus Froehlich
Director

The notes on pages 9 to 41 form an integral part of these financial statements
Independent auditor's report on pages 4 to 4 (d)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	2025	2024
		SR	SR
Revenue from contracts with customers	2.22	**296,434,777**	243,941,888
Cost of sales	17	**(139,268,794)**	(114,284,609)
Gross profit		**157,165,983**	129,657,279
Other income		**1,926,490**	1,255,170
Employee costs	17	**(41,574,222)**	(37,956,572)
Administrative expenses	17	**(75,375,899)**	(55,121,559)
Foreign exchange loss		**(747,991)**	(372,450)
Finance costs	18	**(1,936,976)**	(2,011,587)
		39,457,385	35,450,281
Depreciation and amortisation	5, 6 & 7	**(9,982,237)**	(9,017,919)
Profit before tax	19	**29,475,148**	26,432,362
Tax charge	14 (b)	**(7,768,128)**	(7,275,580)
Profit and total comprehensive income for the year		**21,707,020**	19,156,782

The notes on pages 9 to 41 form an integral part of these financial statements
Independent auditor's report on pages 4 to 4 (d)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2025

	Share capital	Share premium	Retained earnings	Share controlling interests	Total
	SR	SR	SR	SR	SR
Balance at January 1, 2025	**11,853**	**23,851,475**	**63,152,365**	**51,017**	**87,066,710**
Profit for the year	**-**	**-**	**21,689,549**	**17,471**	**21,707,020**
Dividend	**-**	**-**	**(9,719,252)**	**-**	**(9,719,252)**
Balance at December 31, 2025	**11,853**	**23,851,475**	**75,122,662**	**68,488**	**99,054,478**
Balance at January 1, 2024	11,853	23,851,475	52,785,039	32,594	76,680,961
Profit for the year	-	-	19,138,359	18,423	19,156,782
Dividend	-	-	(8,771,033)	-	(8,771,033)
Balance at December 31, 2024	11,853	23,851,475	63,152,365	51,017	87,066,710

The notes on pages 9 to 41 form an integral part of these financial statements
Independent auditor's report on pages 4 to 4 (d)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	2025	2024
		SR	SR
OPERATING ACTIVITIES			
Profit before tax		**29,475,148**	26,432,362
Adjustments for:			
Depreciation of property, plant and equipment	5	**7,916,979**	6,972,507
Amortisation of intangible assets	6	**52,835**	32,989
Depreciation of right-of-use assets	7 (a)	**2,012,423**	2,012,423
Increase in employee benefit obligations provision	13 (a)	**553,742**	448,426
Finance costs	18	**1,936,976**	2,011,587
Profit on disposal of property, plant and equipment		**(321,739)**	(173,913)
Provision for/(reversal of) credit impairment	9 (e)	**13,127**	(46,838)
Operating profit before working capital changes		**41,639,491**	37,689,543
Changes in working capital:			
Inventories	8	**(12,670,853)**	1,972,247
Trade and other receivables		**(2,725,794)**	2,756,305
Trade and other payables	16	**6,515,657**	(2,394,237)
Net cash generated from operations		**32,758,501**	40,023,858
Employee benefit obligations paid	13 (a)	**(855,015)**	(1,096,718)
Tax refund received	14 (a)	**66,768**	-
Tax paid	14 (a)	**(6,344,642)**	(9,330,284)
Net cash inflow from operating activities		**25,625,612**	29,596,856
INVESTING ACTIVITIES			
Additions to property, plant and equipment	5	**(9,863,288)**	(7,978,554)
Additions to intangibles and goodwill	6	**(157,025)**	(10,638,238)
Proceeds from disposal of equipment		**321,739**	173,913
Net cash outflow from investing activities		**(9,698,574)**	(18,442,879)
FINANCING ACTIVITIES			
Repayment of borrowing net of exchange difference	12	**(4,003,725)**	(5,289,762)
Borrowings during the year	12	**-**	1,990,800
Dividends paid		**(9,719,252)**	(8,771,033)
Lease payments	7 (b)	**(2,865,632)**	(2,671,632)
Net cash outflow from financing activities		**(16,588,609)**	(14,741,627)
Net change in cash and cash equivalents		**(661,571)**	(3,587,650)
Movements in cash and cash equivalents:			
At January 1,		**1,147,373**	4,735,023
Decrease during the year		**(661,571)**	(3,587,650)
At December 31,	10 (c)	**485,802**	1,147,373

The notes on pages 9 to 41 form an integral part of these financial statements

Independent auditor's report on pages 4 to 4 (d)

1. GENERAL INFORMATION

Trois Freres Distilleries Limited is a limited liability company, incorporated and domiciled in the Republic of Seychelles. The registered office of the Company is located at La Plaine St. Andre, Aux Cap, Mahé, Seychelles.

The Company and its subsidiaries ("the Group") are engaged in the distillation of rum and vodka, importation and distribution of alcoholic beverages, treatment and distribution of potable water, and operation of a retail outlet selling alcoholic beverages and other merchandise.

These consolidated financial statements of the Group are reported on the MERJ Exchange. These Group financial statements together with separate financial statements of the Company and its subsidiary will be submitted for consideration and approval at the forthcoming Annual General Meeting of Shareholders of the Group.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

A summary of the significant accounting policies, which have been applied consistently (subject to para 2.1 (c)), are set out below:

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Standards Interpretations Committee (the “Committee”), and comply with the Seychelles Companies Act, 1972 including any amendments thereof.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents additional statement of financial position at the beginning of the period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the financial statements.

(a) Reporting and functional currency

The reporting and functional currency of the Group is Seychelles Rupee (“SR”), as most of the transactions are effected in Seychelles Rupees.

(b) Accounting estimates

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4 (Critical accounting estimates and judgements). The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which it affects and also future periods if it affects both current and future periods.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*

(c) **Changes in accounting policies**

The accounting policies adopted are consistent with those used in the previous financial year, except for the following new standards and amendments to IFRS that are mandatorily effective for accounting periods beginning on or after January 1, 2025:

(i) **Amendments effective as at January 1, 2025:**

- Amendments to IAS 21 : Lack of Exchangeability

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

(ii) **New standards, amendments and interpretations effective in future accounting periods:**

The following new accounting standards, improvements, and amendments have been issued, but are not mandatory until the dates shown, and have not been early adopted by the Company in preparing the financial statements for the year ended December 31, 2025:

- Annual improvements to IFRS Accounting Standards - Volume 11 *(January 1, 2026)*
- Amendments to IFRS 9 and IFRS 7 : Amendments to Classification and Measurement of Financial Instruments *(January 1, 2026)*

  Contracts referencing Nature-dependent Electricity Previously Power Purchase Agreements *(January 1, 2026)*
- IFRS 18 *(replacing IAS 1)* : Presentation and Disclosure in Financial Statements *(January 1, 2027)*
- IFRS 19 : Subsidiaries without Public Accountability: Disclosures *(January 1, 2027)*
- Amendments to IFRS 19 : Catch up amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures *(January 1, 2027)*
- Amendments to IAS 21 : Translation to a Hyperinflationary Presentation Currency *(January 1, 2027)*
- Amendments to IFRS 10 and IAS 28 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture *(No effective date)*
- Revised IFRS Practice Statement Management Commentary *(No effective date)*
- Disclosures about uncertainities in the Financial Statements - Illustrative Examples *(No effective date)*

IFRS 18 Presentation and Disclosure in Financial Statements is expected to have a material impact on the presentation and disclosure of certain line items. Key changes relate to the introduction of defined categories and subtotals in the statement of profit or loss, enhanced requirements for aggregation and disaggregation and labelling of information, and new disclosures of management-defined performance measures.

Amendments to IFRS 9 Classification and Measurement of Financial Instruments clarify the criteria for derecognising financial liabilities settled through electronic transfers and for assessing whether cash flows represent solely payments of principal and interest, which affects asset classification at amortised cost. The Group is currently assessing the impact of these amendments.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*

(c) **Changes in accounting policies** *Continued*

IFRS 19 Subsidiaries without Public Accountability: Disclosures, and its related amendments, are expected to affect the disclosure requirements in the financial statements of the Group's subsidiaries should the Group elect to adopt the standard. The Group is currently assessing the potential impact of the standard and its amendments on its financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 include minor amendments aimed at improving the consistency and clarity of the standards. The Group is currently assessing the potential impact of these improvements on its financial statements.

Management anticipates that all of the above standards, improvements, interpretations and amendments will be adopted by the Group to the extent applicable from their effective dates. There are no other new standards or amendments that are expected to have a material impact on the consolidated financial statements of the Group in the year of their initial application.

The consolidated financial statements will provide comparative information in respect of the previous period. In addition, the Group will present an additional consolidated statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the consolidated financial statements. An additional consolidated statement of financial position as at the beginning of the prior period will be presented in these consolidated financial statements due to the retrospective correction of an error, if any.

2.2 **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

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

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*

2.2 **Basis of consolidation** *Continued*

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(a) **Business combinations**

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

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

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

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

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

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*

2.2 **Basis of consolidation** *Continued*

(b) **Investment in associates and joint ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.3 **Property, plant and equipment and depreciation**

Property, plant and equipment are tangible assets which the Group holds for its own use and which are expected to be used for more than one period.

An item of property, plant and equipment is recognised as an asset 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.

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value recognised at the date of acquisition. Cost includes initial outflow to acquire or construct an item of property, plant and equipment and those incurred subsequently to add to, replace part of, or service it, or for major maintenance, if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be reliably measured. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part or component is derecognised.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*

2.3 Property, plant and equipment and depreciation *Continued*

All other maintenance costs incurred for servicing and upkeep are included in the statement of profit or loss in the period in which they occur.

Depreciation of property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to the residual values over the expected useful lives as follows:

	Years
Buildings on leasehold land	25
Furniture and equipment	5 to 10
Computer equipment	3
Motor vehicles	5

Freehold land and construction work in progress are not depreciated.

When indicators are present that the useful lives of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in the accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in statement of profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from disposal or the derecognition of an item of property, plant and equipment, determined as the difference between the disposal proceeds, if any, and the carrying amount of the asset, is included in the statement of profit or loss when the item of property, plant and equipment is disposed or derecognised.

2.4 Leases

Leases and right-of-use assets

The Group assesses whether a contract is or contains a lease at inception of the contract, that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for the short-term leases and leases with low-value assets that are recognised as an expense on a straight-line basis over the lease terms.

The Company recognises lease liabilities to make lease payments and right-of-use assets at the commencement date, representing the right to use the underlying assets. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, if any. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight line over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leased land parcels	2.50 to 39 years

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*

2.4 **Leases** *Continued*

Leases liabilities

Lease liabilities are initially measured at the present value of the lease payments to be made over the remaining lease term and that are not paid at the commencement date, discounted by using the incremental borrowing rate as the interest rate implicit in the lease is not readily determinable.

After the initial measurement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets and lease liabilities are presented as separate line items in the consolidated statement of financial position. Depreciation related to right-of-use assets, interest costs on lease liabilities and rent concessions are shown separately in the income statement.

Group as a lessor

Operating leases income is recognised as an income on a straight-line-basis over the lease term.

Short term leases and leases of low-value-assets:

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.5 **Inventories**

Inventories of the Group comprise distilled bottles of rum, vodka, beer, liquor and beverages, bottled potable water, merchandise, raw materials, spares and consumables. Inventories are stated at the lower of cost and net realisable value. In general cost is determined by a weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads but excludes borrowing costs. Net realisable value is based on estimated selling price less any further costs expected to be incurred.

Goods in transit is included in closing inventories at cost only when the risks and rewards of such goods have been transferred to the Group.

The Group reviews the carrying amount of inventories on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of inventories based on Management's appraisal.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*

2.6 **Current versus non-current classification**

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

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

All other assets are classified as non-current.

A liability is current when:

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

2.7 **Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables, trade payables and bonds. Those debt instruments which meet the criteria in section 11.8 (b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*

2.7 **Financial instruments** *Continued*

Financial instruments at amortised cost *Continued*

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit and loss.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date of such a reliable measure was available is treated as the cost of the instrument. The instrument is thereafter measured at cost less impairment until management is able to obtain a reliable fair value without undue cost or effort.

2.8 **Intangible assets**

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*

2.8 Intangible assets *Continued*

A summary of the policies applied to the Group's intangible assets is, as follows:

Intangible asset	Trade marks and patents
Useful lives	Finite (10 years)
Amortisation method used	Straight-line basis over the period of the patent.
Internally generated or acquired	Acquired

2.9 Trade receivables

Trade receivables are stated at original invoice amount less provision as per the expected credit loss model. Bad debts are written off when there is no possibility of recovery.

The Group makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating the provision, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due (refer to note 9 for a detailed analysis of how the impairment requirements of IFRS 9 are applied).

2.10 Impairment of financial assets

The impairment requirements of IFRS 9 are based on forward-looking information and require the recognition of expected credit losses under the expected credit loss (ECL) model. Instruments within the scope of the requirements include financial assets measured at amortised cost, such as trade receivables measured under IFRS 15.

The Group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- consolidated financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1");
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is now low ("Stage 2"); and
- financial assets that have objective evidence of impairment at the reporting date ("Stage 3").

"12-month expected credit losses" are recognised for the first category while "lifetime expected credit losses" are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*

2.11 Other current assets

Other current assets include fixed deposits, prepaid expenses, advances to suppliers, and other deposits and advances which are carried at amounts recoverable through collection of monies or receipt of goods or services. Prepaid expenses pertain mainly to rent and medical insurance. Other deposits pertain to security deposits and advances pertain to staff advances.

2.12 Current and Deferred Tax

Current income tax

Income tax expense comprises current tax. Current tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity. Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. Provisions are measured at the best estimate of amount expected to become payable. Assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Value Added Tax

Expenses and assets are recognised net of the amount of Value Added Tax, except:

- When the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of Value Added Tax included.

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

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*

2.13 Related parties

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in IFRS. Related parties comprise companies and entities under joint or common management or control, their partners and key management personnel, subsidiaries, joint ventures, parent, associates and other related parties.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, at banks and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, against which the bank overdrafts, if any, are deducted. Overdrafts are shown within borrowings under current liabilities on the consolidated statement of financial position. The cash flow statement is prepared using the indirect method.

2.15 Borrowings and borrowing costs

Borrowings are classified as current liabilities unless there is a formal agreement in place to defer repayment for a period in excess of 12 months, in which case the amount repayable after 12 months at the reporting date is classified as non-current liabilities.

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

2.16 Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the cash-generating unit to which the asset belongs is used. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation method is used.

2.17 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when the Group has a legal enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and liability simultaneously.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*

2.18 Employee benefits obligations

Provision is made for the end of service benefits due to employees in accordance with current applicable Labour Laws for their periods of service up to the reporting date. The provision for the end of service benefits is calculated annually based on their current basic remuneration.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions to the Seychelles Pension Fund and the Group has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in consolidated profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit other than a defined contribution plan. Provision for post-employment benefits with respect to long service compensation commences and is recognized as soon as the employees meet the eligibility criteria specified under the Seychelles Employment Act with respect to completion of 5 years of continuous employment. The provision is made at one day for each completed month of service after completion of 5 years of continuous employment.

At the end of the each reporting period, accumulated post-employment benefits are measured in line with the applicable regulations for completeness. Shortfall, if any, is provided by a charge to profit or loss. Further provision is required for past services in the year if there is an increase in basic salary, since the effect of the increased salary would impact the existing provision. Provision is reversed to profit or loss when an employee defaults on the eligibility criteria at the time or before termination of his employment.

The liability recognized in the consolidated statement of financial position is the present value of the defined obligation at the reporting date.

2.19 Trade payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether claimed by the supplier or not.

Monies received in advance for goods or services to be provided subsequent to the year end are recognised as advances from customers in current liabilities.

The carrying amounts of trade payables approximate their amortised cost.

2.20 Other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received and advance received from customers, whether claimed by the supplier or not.

Monies received in advance for goods or services to be provided subsequent to the year end are recognised as advances from customers in current liabilities.

The carrying amount of other payables approximate their amortised cost.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*

2.21 Foreign currencies

Transactions in foreign currencies are translated to Seychelles Rupees at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Seychelles Rupees at the exchange rate at that date. Foreign currency gains or losses on monetary items are the differences between the amortised cost in Seychelles Rupees at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on the translation are recognised in the statement of profit or loss. However, foreign exchange difference arising from translation of the available-for-sale financial assets, if any, are recognised in other comprehensive income.

As at year end, the main exchange rates against the Seychelles Rupees were as follows:

Currencies	Exchange rates		Changes in % ge	
	2025	2024	**2025**	2024
United States Dollar	**14.90**	14.80	**-0.67%**	-4.70%
Euro	**17.46**	15.39	**-13.48%**	2.94%

2.22 Revenue recognition

Revenue arises from the local sale of distilled rum, vodka, and other imported alcoholic beverages, as well as from the export of distilled rum and vodka and other merchandise. The revenue is recognised based on the identified performance obligation method. The revenue is recognized at the point when risks and rewards of the goods are transferred to the customer which is the point of dispatch/collection by the customer on sales.

Revenue is recognised at a point in time when the Group satisfies performance obligations by transferring the promised goods to its customers. Revenue from the sale of products for a fixed price is recognised when or as the Group transfers control of the products to the customer. Invoices for goods transferred are due upon delivery to the customers.

(i) ***Sales***

Revenue from the sale of goods is recognized when the goods are delivered, and title is passed. Revenue of the Group comprised production and distribution of distilled rum and vodka, sale of other liquor and beverages, bottling and marketing potable water and sale of liquor, beverages and other merchandise.

(ii) ***Other income***

Other income is recognized on the accrual basis. Other income comprise interest and profit from disposal of property, plant and equipment.

2.23 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*

2.24 Accruals

Accruals are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle the obligation.

2.25 Equity

Ordinary shares are classified as equity.

2.26 Contingent liabilities

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Group; or when the Group has a present legal or constructive obligation, that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

2.27 Expenses

Cost of sales include all costs directly attributable to the generation of revenue and includes cost of materials. All other expenses are classified as either employee costs, administrative expenses, or finance costs, as appropriate.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk management objectives and policies

The activities of the Group expose it to different financial risks, market risks (including currency and fair value interest risk), credit and liquidity risk. The Directors have the overall responsibility for the establishment, overseeing and monitoring of the Group’s risk management framework and are assisted by the senior management. Senior management is responsible for designing, developing and monitoring the Group’s risk management policies, which are approved by the Directors.

The Group’s risk management matrix is established to identify and analyse the risks faced by the Group, focusing on the unpredictability of financial markets, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management matrix and systems are reviewed regularly to reflect changes in market conditions and the Group's activities and its role in the Republic of Seychelles. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The following are the Group's exposures 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 consolidated financial statements:

3. FINANCIAL RISK MANAGEMENT *Continued*

3.1 Financial risk management objectives and policies *Continued*

(a) Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates and can arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

The Group is exposed to currency risk arising from future commercial transactions and liabilities that are denominated in currencies other than the functional currency. The Group imports goods from foreign countries and is exposed to foreign exchange risk arising from various currency exposures.

The currencies in which these transactions are primarily denominated are Euro ("EUR") and United States Dollar ("USD"). The Group aims to aggregate a net position for each currency. If the Seychelles Rupee had weakened/strengthened against the above currencies by 5% with all other variables remaining constant, the impact (increase/(decrease)) on the results for the year would have been as depicted in the table hereunder mainly as a result of foreign exchange gains/(losses).

	Euro		US Dollar	
	2025	2024	**2025**	2024
	SR +/-	SR +/-	**SR +/-**	SR +/-
Impact on results:				
- Trade and other receivables	**277,141**	345,409	**452,373**	166,005
- Cash and cash equivalents	**(473,471)**	(333,238)	**9,350**	27,535
- Borrowings	**-**	-	**-**	-
- Trade and other payables	**(217,627)**	(24,467)	**(105,741)**	(68,384)

The currency portfolio of financial assets and liabilities is summarised as follows:

	Financial assets		Financial liabilities	
	2025	2024	**2025**	2024
	SR	SR	**SR**	SR
USD	**9,234,465**	3,870,791	**4,701,000**	2,272,781
Euro	**5,768,347**	7,055,938	**14,039,647**	7,538,765
Seychelles Rupees	**40,691,387**	39,405,776	**28,713,795**	33,734,429
Others	-	-	**1,058,936**	444,883
	55,694,199	50,332,505	**48,513,378**	43,990,858

3. FINANCIAL RISK MANAGEMENT *Continued*

(b) Cash flow and fair value 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 market interest rates. The Group has long term borrowings issued at floating interest rates which expose the Group to fair value interest rate risk. The Group's policy is to maintain most of its borrowings at floating interest rates.

If interest rates on floating rate borrowings had been one basis point higher/lower with all other variables held constant, results for the year would have been as shown below.

	2025	2024
	SR	SR
Bank borrowings - interest	**± 160,355**	± 160,454

(c) Credit risk

The Group's credit risk arises when a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables.

The Group uses IFRS 9 guidelines to establish an allowance for impairment that represents its estimate of losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets and the current economic environment.

The Group has a significant concentration of credit risk, with exposure spread across a few major counterparties and a large number of smaller counterparties and customers. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

Limited credit facilities are provided to a number of customers. The Group has policies that limit the amount of credit exposure to any one financial position. The credit concentration of the Group at the end of the reporting period is summarised as follows:

	2025	2024
	%	**%**
10 major counterparties	**41**	22
Others (diversified risk)	**59**	78
	100	100

Management does not expect any material losses from non-performance of these customers.

3. FINANCIAL RISK MANAGEMENT *Continued*

3.1 Financial risk management objectives and policies *Continued*

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group, through its regular budgets and forecasts, manages liquidity to ensure that it will always have sufficient liquidity to meet its liabilities as and when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Less than 1 year	Between 1 - 2 years	Between 2 - 3 years	More than 3 years	Total
	SR	SR	SR	SR	SR
At December 31, 2025					
Borrowings	**12,828,375**	**2,837,680**	**369,424**	**-**	**16,035,479**
Lease liabilities	**1,688,952**	**681,632**	**681,632**	**4,932,920**	**7,985,136**
Trade and other payables	**24,492,763**	**-**	**-**	**-**	**24,492,763**
At December 31, 2024					
Borrowings	9,585,548	2,837,680	3,622,199	-	16,045,427
Lease liabilities	2,865,632	1,438,941	681,632	4,982,120	9,968,325
Trade and other payables	17,977,106	-	-	-	17,977,106

(e) Fair value estimation

The face values less any estimated credit adjustments for financial assets and liabilities with maturities of less than and more than one year are assumed to approximate their fair values.

3.2 Capital risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, while ensuring an adequate return to shareholders through pricing products and services commensurate with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of the changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash in hand and at bank. Adjusted capital comprises all components of equity (i.e. share capital and retained earnings).

3. FINANCIAL RISK MANAGEMENT *Continued*

3.1 Financial risk management objectives and policies *Continued*

3.2 Capital risk management *Continued*

During 2025 the Group's strategy was to maintain the debt-to-adjusted capital ratio at a level in order to secure access to finance at a reasonable cost. The debt-to-adjusted capital ratios at December 31, 2025 and 2024 were as follows:

	2025	2024
	SR	SR
Total debt (note 12)	**16,035,479**	16,045,427
Less: cash and cash equivalents (note 10)	**(10,172,914)**	(7,895,241)
	5,862,565	8,150,186
Total equity	**99,054,478**	87,066,710
Debt-to-adjusted capital ratio	**5.92%**	9.36%

The change in debt-to-adjusted capital ratio is mainly due to increase in net debt position and bank overdraft during the year.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group’s accounting policies, management has made the following estimates and judgments, which have the most significant effect on the amounts recognised in the financial statements:

4.1 *Impairment of property, plant and equipment*

Decline in the value of property, plant and equipment could have a significant effect on the amounts recognised in the financial statements. Management assesses the possible impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include:

(i) Significant change in the useful life which would be expected from the passage of time or normal use.

(ii) Evidence that the performance of the plant and equipment could have a negative impact on the operating results, hence the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *Continued*

4.2 ***Impairment of non-financial assets***

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 6.

4.3 ***Estimated useful lives of property, plant and equipment***

Estimated useful lives and residual values of property, plant and equipment are assigned based on the intended use of the respective assets and their economic lives. Subsequently, if there are changes in circumstances, such as technological advances or prospective utilisation of the assets concerned that could result in the actual useful lives or residual values differing from initial estimates, the estimated useful lives and residual values need to be adjusted in line with the current circumstances. The Directors review the residual values and useful lives of major items of property, plant and equipment and determine necessary adjustments.

4.4 ***Depreciation policies***

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Group would currently obtain from its disposal, if the asset was already of the age, and in condition expected at the end of its useful life. The Directors therefore make estimates based on historical experience and use their best judgment to assess the useful lives of assets and to forecast their expected values at the end of their expected useful lives.

4.5 ***Provision for expected credit losses of trade receivables***

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default rates in the future.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *Continued*

4.6 ***Employee benefit obligations***

Employee benefit obligations (other than defined monthly contributions to the Seychelles Pension Fund with no further obligations) comprise compensation for length of service determined which starts upon employees completing minimum 5 years of continuous service as per the provisions of the Seychelles Employment Act, 1999 (as amended). The present value of these obligations depends on a number of factors and assumptions that are required to be estimated for the purpose of determining the liability. The assumptions used in determining the net cost include the discount rate and any changes in these assumptions will impact the carrying amount of the total obligation.

The present value of the obligation is normally determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

Employment benefit liability has been determined using the method prescribed by the Seychelles Employment Act. The Management has estimated that the amount of liability provided will not be materially different had it been computed by an external actuary.

4.7 ***Useful lives of right-of-use assets***

Right-of-use assets are depreciated over the remaining lease term as at the date of initial application of IFRS 16. In estimating the recoverable amount of the right-of-use asset, the Directors have made assumptions about the market rates for similar properties with similar lease terms. Due to the associated uncertainty, arising if any, it is possible that the estimates may need to be revised in the future.

4.8 ***Leases - estimating the incremental borrowing rate***

The Group cannot readily determine the interest rate implicit in the leases, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *Continued*

4.9 *Limitation of sensitivity analysis*

Sensitivity analysis demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. However, these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from the results derived.

Sensitivity analysis does not necessarily take into consideration that the Group's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's views of possible changes in the market in the near future that cannot be predicted with any certainty.

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings on leasehold land	Furniture and equipment	Computer equipment	Motor vehicles	Total
	SR	SR	SR	SR	SR
COST					
At December 31, 2024	28,744,632	45,632,725	3,095,331	7,973,277	85,445,965
Additions	2,669,238	3,781,082	398,278	1,129,956	7,978,554
Disposal	-	-	-	(310,000)	(310,000)
At December 31, 2024	**31,413,870**	**49,413,807**	**3,493,609**	**8,793,233**	**93,114,519**
Additions	**3,118,441**	**5,316,905**	**625,994**	**801,948**	**9,863,288**
Disposal	**-**	**-**	**-**	**(972,696)**	**(972,696)**
At December 31, 2025	**34,532,311**	**54,730,712**	**4,119,603**	**8,622,485**	**102,005,111**
ACCUMULATED DEPRECIATION					
At January 1, 2024	9,972,449	32,484,669	1,854,233	5,765,696	50,077,047
Charge for the year	1,235,611	4,843,144	645,159	248,593	6,972,507
Disposal	-	-	-	(310,000)	(310,000)
At December 31, 2024	**11,208,060**	**37,327,813**	**2,499,392**	**5,704,289**	**56,739,554**
Charge for the year	**1,444,722**	**5,371,460**	**659,944**	**440,853**	**7,916,979**
Disposal	**-**	**-**	**-**	**(972,696)**	**(972,696)**
At December 31, 2025	**12,652,782**	**42,699,273**	**3,159,336**	**5,172,446**	**63,683,837**
NET BOOK VALUE					
At December 31, 2025	**21,879,529**	**12,031,439**	**960,267**	**3,450,039**	**38,321,274**
At December 31, 2024	20,205,810	12,085,994	994,217	3,088,944	36,374,965

6. INTANGIBLE ASSETS

	Goodwill	Patents and licenses	Total
	SR	SR	SR
COST			
At January 1,	**10,162,838**	**475,400**	**10,638,238**
Additions from acquisition	**-**	**157,025**	**157,025**
At December 31,	**10,162,838**	**632,425**	**10,795,263**
AMORTISATION AND IMPAIRMENT			
At January 1,	**-**	**32,989**	**32,989**
Amortisation	**-**	**52,835**	**52,835**
Impairments	**-**	**-**	**-**
At December 31, 2025	**-**	**85,824**	**85,824**
NET BOOK VALUE			
At December 31, 2025	**10,162,838**	**546,601**	**10,709,439**
At December 31, 2024	10,162,838	442,411	10,605,249

Acquisition during the year

Patents and licenses with definite useful life

Patents and licenses included in intangible assets are trademarks. These have been granted for a minimum of 10 years by the relevant government agency, while licenses have been acquired with the option to renew at the end of the period at little or no cost to the useful lives.

As at 31 December 2025, these assets were tested for impairment and no impairment was identified.

Goodwill with infinite useful life

In 2022, the subsidiary took over the distribution function from its parent company and expanded into the business of treating, bottling, and marketing potable water, as well as distributing alcoholic beverages. The settlement of the business acquisition was finalized during the year 2024, and the subsidiary recognized the goodwill from this acquisition.

The Directors of the Group believe that the goodwill acquired through business combinations has an indefinite useful life but conducts an annual impairment test to ensure its value remains accurate.

7. LEASES

(a) Right-of-use assets

	2025	2024
	SR	SR
Carrying amount:		
Land		
Cost at January 1,	**11,792,711**	7,247,726
Additions	**-**	4,544,985
Cessation of lease	**-**	-
Accumulated depreciation	**(4,996,993)**	(2,984,570)
Net book value as at December 31,	**6,795,718**	8,808,141

(b) Lease liabilities

	2025	2024
Movements during the year:		
At January 1,	**9,968,325**	7,140,413
Additions	**-**	4,544,985
Cessation of lease	**-**	-
Accretion of interest	**882,443**	954,559
Payments	**(2,865,632)**	(2,671,632)
Balance as at December 31,	**7,985,136**	9,968,325
Current portion	**1,688,952**	2,865,632
Non-current portion	**6,296,184**	7,102,693
	7,985,136	9,968,325

(c) Maturity analysis – contractual undiscounted cash flows:

	2025	2024
Within one year	**1,773,632**	2,865,632
After one year but not more than five years	**2,726,528**	3,818,528
After 5 years	**17,692,864**	18,374,496
Total undiscounted lease liabilities at December 31,	**22,193,024**	25,058,656

Charge to the consolidated statement of profit or loss

The following amounts were charged to profit or loss:

	2025	2024
Depreciation of right of use assets	**2,012,423**	2,012,423
Interest on lease liability	**882,443**	954,559
Total amount recognised in the consolidated statement of profit or loss	**2,894,866**	2,966,982

8. INVENTORIES

	2025	2024
	SR	SR
At cost:		
Raw materials	**14,007,719**	13,766,827
Finished goods	**30,017,175**	17,587,214
	44,024,894	31,354,041

(a) The cost of inventories recognised as expense and included in cost of sales for the year amounted to **SR. 139,268,794** (2024: SR. 114,284,609) (note 17).

9. TRADE AND OTHER RECEIVABLES

	2025	2024
	SR	SR
Gross trade receivables	**45,423,176**	42,412,091
Less: provision for credit impairment (note (e))	**(65,921)**	(52,794)
Net trade receivables	**45,357,255**	42,359,297
Prepayments	**651,630**	1,022,984
Amount due from a shareholders	**-**	-
Other receivables	**164,030**	77,967
	46,172,915	43,460,248

(a) As at December 31, 2025, no trade receivables were fully impaired (2024: SR. nil).

(b) As at December 31, 2025, trade receivables amounting to **SR. 11,509,337** (2024: SR. 7,003,734) were past due but not impaired. These relate to a number of independent clients for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows.

	2025	2024
	SR	SR
Between 2 to 3 months	**7,167,048**	3,302,141
Over 3 months	**4,342,289**	3,701,593
	11,509,337	7,003,734

(c) The carrying amounts of 'trade and other receivables' approximate their fair values.

(d) The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2025	2024
	SR	SR
Seychelles Rupee	**37,747,301**	35,034,634
Euro	**5,726,622**	5,726,622
US Dollar	**2,698,992**	2,698,992
	46,172,915	43,460,248

(e) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security. Movement in the provision for credit impairment of trade and other receivables is as follows:

	2025	2024
	SR	SR
At January 1,	**52,794**	99,632
Increase/(Decrease) in provision for credit impairment	**13,127**	(46,838)
At December 31,	**65,921**	52,794

(f) The other classes within trade and other receivables do not contain impaired assets.

10. CASH AND CASH EQUIVALENTS

	2025	2024
	SR	SR
Cash on hand	**70,433**	71,594
Balances with banks	**10,102,481**	7,823,647
	10,172,914	7,895,241
Denominated in the following currencies:		
Seychelles Rupees	**9,758,767**	7,196,792
Euro	**226,398**	147,759
US Dollar	**187,749**	550,690
	10,172,914	7,895,241

(a) At reporting date, balances held with the banks in foreign currencies are retranslated at the rates prevailing at that date.

(b) There were no contractual restrictions affecting use of bank balances at the reporting date.

(c) **Reconciliation to statement of cash flows**

The following figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	2025	2024
	SR	SR
Balances as above	**10,172,914**	7,895,241
Bank overdraft (note 12)	**(9,687,112)**	(6,747,868)
	485,802	1,147,373

(d) Terms and conditions with respect to bank overdraft are as detailed under note (12).

11. SHARE CAPITAL AND RESERVES

	2025	2024
	SR	SR
Authorised shares		
20,000,000 shares of SR. 0.001 each	**20,000**	20,000
Ordinary shares issued and fully paid		
At January 1,	**11,853**	11,853
Issued during the year	**-**	-
At December 31,	**11,853**	11,853
Share premium	**23,851,475**	23,851,475
Balance as at December 31,	**23,863,328**	23,863,328

12. BORROWINGS

	2025	2024
	SR	SR
Term loans - Seychelles Rupee	6,348,367	9,297,559
Overdraft - Euro	9,687,112	6,747,868
	16,035,479	16,045,427
Analysed:		
Due beyond one year	3,207,104	6,459,879
Due within one year	12,828,375	9,585,548
	16,035,479	16,045,427
Due within one year		
Bank overdraft	9,687,112	6,747,868
Term loans due within one year	3,141,263	2,837,680
	12,828,375	9,585,548
Movements in term loans during the year:		
At January 1,	9,297,559	11,539,494
Received during the year	-	1,990,800
Interest charged during the year	502,379	700,186
Repayments during the year	(3,451,571)	(4,923,389)
Exchange differences	-	(9,532)
Total borrowings - Term loans	6,348,367	9,297,559
Due within one year	(3,141,263)	(2,837,680)
Term loans due beyond one year	3,207,104	6,459,879

(a) Term loans obtained from The Mauritius Commercial Bank (Seychelles) Limited comprise two loans of SR. 1.9 million and SR. 14 million. Overdraft facilities from the Mauritius Commercial Bank (Seychelles) Limited comprised SR. 6 million and € 1 million.

Term loans and overdraft facilities from The Mauritius Commercial Bank (Seychelles) Limited are secured by a first line mortgage, floating charge and general floating charge of SR. 26.94 million and € 1.3 million over the Company's immovable properties. The facilities bear interest rates ranging between 5% to 8.5% per annum and are repayable in monthly instalments. Overdrafts are renewable yearly.

(b) The maturity profile and exposure of the Group's borrowings to interest-rate changes are detailed under note 3.1(d).

(c) The carrying amounts of the Group's borrowings are denominated in Seychelles Rupees and Euro and approximate their amortised costs.

13. EMPLOYEE BENEFIT OBLIGATIONS

(a) **Statement of financial position**

	2025	2024
	SR	SR
Length of service compensation		
At January 1,	**3,575,421**	4,223,713
Provision made for the year (note 17 (a))	**553,742**	448,426
Paid during the year	**(855,015)**	(1,096,718)
At December 31,	**3,274,148**	3,575,421

(b) The Board is of the opinion that the provision for employee benefit obligations calculated at the reporting date based on the applicable regulations of Seychelles Employment Act, 1999 (as amended) would not materially differ from the amount that would have been computed based on an actuarial valuation as mandated by IAS 19.

14. CURRENT TAX LIABILITY

	2025	2024
	SR	SR
(a) **Statement of financial position**		
At January 1,	**1,593,807**	4,779,136
Prior year taxes paid	**(1,394,642)**	(4,580,284)
Reversal of overprovision in the prior years	**(265,934)**	-
Refund received during the year	**66,768**	-
Current tax expense (note (c))	**8,281,442**	6,144,955
Advance tax paid	**(4,950,000)**	(4,750,000)
At December 31,	**3,331,441**	1,593,807

(b) **Tax charge**

	2025	2024
Tax charge for the year (note (c))	**8,281,442**	6,144,955
Overprovision in the prior years	**(265,934)**	-
Deferred tax (decrease)/increase (note 15 (b))	**(247,380)**	1,130,625
Total tax charge for the year	**7,768,128**	7,275,580

(c) **Reconciliation between tax expense and accounting profit is as follows:**

	2025	2024
Profit before tax	**29,475,148**	26,432,362
Tax calculated at applicable tax rates (note (d))	**6,768,995**	6,086,206
Adjustment for items not allowable and/or not subject to tax	**828,119**	147,723
Accelerated capital allowances	**(34,927)**	(965,587)
Unutilised tax losses	**719,255**	876,613
Business tax charge for the year	**8,281,442**	6,144,955

14. CURRENT TAX LIABILITY *Continued*

(d) **Tax rates**

	2025	2024
Distillery operations		
On the first SR. 1 million of taxable income	**25%**	25%
On the excess of SR. 1 million of taxable income	**33%**	33%
Other operations		
On the first SR. 1 million of taxable income	**15%**	15%
On the excess of SR. 1 million of taxable income	**25%**	25%

15. DEFERRED TAX LIABILITY

(a) Deferred taxes are calculated on all temporary differences under the liability method at applicable rates as mentioned in note (c).

(b) There is a legally enforceable right to offset deferred tax assets and deferred tax liabilities when the deferred taxes relate to the same fiscal authority. The movement in deferred tax account and amounts shown in the statement of financial position are as follows:

	2025	2024
	SR	SR
At January 1,	**(2,271,089)**	(1,140,464)
Decrease/(Increase) in net provision	**247,380**	(1,130,625)
At December 31,	**(2,023,709)**	(2,271,089)

(c) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority, is as follows:

	2025	2024
	SR	SR
Deferred tax liability (note (c)(i))	**(3,458,556)**	(3,539,968)
Deferred tax asset (note (c)(ii))	**1,434,847**	1,268,879
Net deferred tax liability	**(2,023,709)**	(2,271,089)

(i) **Deferred tax liability**

	Accelerated tax depreciation	
	2025	2024
	SR	SR
At January 1,	**(3,539,968)**	(2,601,153)
Decrease/(Increase) in liability	**81,412**	(938,815)
At December 31,	**(3,458,556)**	(3,539,968)

15. DEFERRED TAX LIABILITY *Continued*

(ii) **Deferred tax asset**

	Lease liabilities	Allowance for expected credit loss	Employee benefit obligations	Total
	SR	SR	SR	SR
At January 1, 2024	102,120	27,622	1,330,947	1,460,689
Movement during the year	28,695	(13,132)	(207,373)	(191,810)
At December 31, 2024	130,815	14,490	1,123,574	1,268,879
Movement during the year	**253,827**	**6,000**	**(93,859)**	**165,968**
At December 31, 2025	**384,642**	**20,490**	**1,029,715**	**1,434,847**

16. TRADE AND OTHER PAYABLES

	2025	2024
	SR	SR
Trade payables	**18,962,578**	14,633,911
Other payables	**5,530,185**	3,343,195
	24,492,763	17,977,106

(a) The carrying amounts of trade and other payables approximate their amortised cost.

(b) Trade and other payables are denominated in the following currencies:

	2025	2024
	SR	SR
Seychelles Rupee	**14,434,029**	14,487,306
Euro	**4,352,536**	790,898
US Dollar	**4,701,000**	2,272,780
Other currencies (MUR, GBP and ZAR)	**1,005,198**	426,122
	24,492,763	17,977,106

17. OPERATING AND OTHER EXPENSES

	2025	2024
	SR	SR
Cost of inventories (note 8 (a))	**139,268,794**	114,284,609
Depreciation of property, plant and equipment (note 5)	**7,916,979**	6,972,507
Depreciation of right-to-use assets (note 7 (a))	**2,012,423**	2,012,423
Advertising and sales promotion	**42,861,358**	25,777,333
Amortisation of intangible assets (note 6)	**52,835**	32,989
Electricity and water charges	**2,746,514**	2,908,851
Employee benefit expenses (note (a))	**41,574,222**	37,956,572
Entertainment	**5,434,791**	5,889,179
Freight and handling	**4,325,912**	2,610,836
Fuel and local conveyance	**1,516,300**	939,310
Insurance	**927,212**	889,482
Rental expenses	**4,116,119**	3,740,104
Repairs and maintenance	**1,758,269**	1,539,821
Travelling expenses	**1,662,682**	832,323
Telephone and internet	**684,333**	781,927
Legal and professional fees	**1,533,041**	1,987,235
Vehicle expenses	**823,198**	974,438
Printing, stationery and postage	**609,224**	466,168
Security expenses	**536,394**	277,029
Other expenses	**5,840,552**	5,507,523
	266,201,152	216,380,659
Summarised as follows:		
- Cost of sales	**139,268,794**	114,284,609
- Employee costs (note (a))	**41,574,222**	37,956,572
- Administrative expenses	**75,375,899**	55,121,559
- Depreciation and amortisation	**9,982,237**	9,017,919
	266,201,152	216,380,659

(a) Employee benefit expenses is analysed as follows:

	2025	2024
Salaries and wages	**35,727,184**	32,949,771
Employee benefits and related expenses	**5,293,296**	4,558,375
Employee benefits obligations provision (note 13 (a))	**553,742**	448,426
	41,574,222	37,956,572

18. FINANCE COSTS

	2025	2024
	SR	SR
Interest on lease liabilities	**882,443**	954,559
Interest on bank borrowings	**502,378**	700,186
Interest on bank overdraft	**552,155**	356,842
	1,936,976	2,011,587

19. PROFIT BEFORE TAX

	2025	2024
	SR	SR
Profit before tax is arrived at, after charging:		
Depreciation of property, plant and equipment (note 5)	**7,916,979**	6,972,507
Depreciation of right-of-use assets (note 7)	**2,012,423**	2,012,423
Auditor's remuneration	**358,900**	299,500
Directors' emoluments (note 20 (d))	**3,808,888**	3,808,888
Interest expense on borrowings	**1,054,533**	1,057,028
Interest expense on lease (note 7)	**882,443**	954,559
Rent and leases	**4,116,119**	3,740,104

20. RELATED PARTY BALANCES AND TRANSACTIONS

	Expenses	Due to related parties	Due from related parties
	SR	SR	SR
December 31, 2025			
Related parties transactions and balances:			
- Heirs D'Offay Rental	**771,615**	**-**	**-**
- LPSA Holdings Limited	**-**	**-**	**10,000**
Directors' emoluments (note (d))	**3,808,888**	**-**	**-**
	4,580,503	**-**	**10,000**
December 31, 2024			
Related parties transactions and balances:			
- Heirs D'Offay Rental	706,095	-	-
- LPSA Holdings Limited	-	-	10,000
Directors' emoluments (note (d))	3,808,888	-	-
	4,514,983	-	10,000

Transactions with related parties are made at normal market prices.

(a) Other terms and conditions have been included under the relevant notes.

(b) There have been no guarantees provided or received for any related party payables or receivables.

(c) For the year ended December 31, 2025, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2024: SR. nil). This assessment is undertaken at the end of each financial year through examining the financial position of the related party and the market in which the related party operates.

20. RELATED PARTY BALANCES AND TRANSACTIONS *Continued*

(d) Directors and key management personnel emoluments

	2025	2024
	SR	SR
Richard D'Offay	**1,380,000**	1,380,000
Bernard D'Offay	**1,200,000**	1,200,000
Amanda Bernstein	**37,222**	37,222
Mark Perchelt	**37,222**	37,222
Duncan Macnab	**37,222**	37,222
Klaus Froehlich	**37,222**	37,222
Alex De Maroussem	**1,080,000**	1,080,000
	3,808,888	3,808,888

21. CAPITAL COMMITMENTS

The Group had no capital expenditure commitments approved by the Board at December 31, 2025 (2024 : SR. 6.9 million).

22. CONTINGENT LIABILITIES

Bank Guarantee facilities of the Group amounted to SR. 7.7 million (2024: SR. SR. 7.7 million). There were no other contingent liabilities as at December 31, 2025 (2024 : SR. nil).

23. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

(i) Subsequent to the reporting date, the Company established an overseas branch in Dubai, United Arab Emirates. The branch was registered after the end of the reporting period and has been set up to support the Company's overseas operations.

(ii) Subsequent to the reporting date, geopolitical tensions and armed conflict in parts of the Middle East have escalated, resulting in disruptions to certain regional and international shipping and logistics routes. Management has assessed these developments in accordance with IAS 10 Events after the Reporting Period and determined that they constitute non-adjusting events, as they do not provide evidence of conditions that existed at the reporting date. Accordingly, no adjustments have been made to the amounts recognised in these financial statements, and the impact of these events, if any, cannot be reliably estimated at the date of approval of these financial statements.

TROIS FRERES DISTILLERIES LIMITED

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
	SR	SR
INCOME		
Revenue from contracts with customers	296,434,777	243,941,888
Cost of sales	(139,268,794)	(114,284,609)
	157,165,983	129,657,279
Realised exchange loss	(747,991)	(394,027)
Unrealised exchange gain	-	21,577
Other income	1,604,751	1,081,257
Profit on disposal of property, plant and equipment	321,739	173,913
	158,344,482	130,539,999
OVERHEADS		
Advertising and sales promotion	42,861,358	25,777,333
Auditor's remuneration	358,900	299,500
Bank charges	1,477,063	1,534,032
Bad debt written off	347,289	453,209
Cleaning expenses	45,002	53,736
Computer maintenance	53,479	47,641
Consumables	132,208	360,981
Distillery expenses	228,949	296,605
Electricity and water	2,746,514	2,908,851
Freight and handling charges	4,325,912	2,610,836
Fuel and local conveyance	1,516,300	939,310
Insurance and licenses	1,123,096	995,911
Interest expense on borrowings	1,054,533	1,057,028
Interest expense on lease	882,443	954,559
Legal and professional fees	1,174,141	1,687,735
Marketing and events cost	5,434,791	5,889,179
Office expenses	54,667	60,331
Other operating overheads	2,779,456	2,114,898
Pension contribution	2,255,006	2,143,158
Printing and stationery	609,224	466,168
Provision for retirement benefit obligation	553,742	448,426
Refuse removal	747,505	504,205
Rental expenses	4,116,119	3,740,104
Repairs and maintenance	2,037,235	1,562,114
Provision for/(Reversal of) credit impairment	13,127	(46,838)
Salaries and wages	35,392,999	33,246,144
Security services	536,394	277,029
Staff training and welfare	1,743,931	1,104,174
Staff travelling and accommodation	1,115,501	1,014,671
Telephone and internet	684,333	781,927
Travelling expenses	1,662,682	832,323
Vehicle maintenance	823,198	974,438
	118,887,097	95,089,718
PROFIT FROM OPERATIONS	39,457,385	35,450,281
Depreciation of property, plant and equipment	(7,916,979)	(6,972,507)
Amortisation of intangible asset	(52,835)	(32,989)
Depreciation of right-of-use assets	(2,012,423)	(2,012,423)
PROFIT BEFORE TAX	29,475,148	26,432,362