Consolidated Financial Statements
For the year ended July 31, 2024

August 1, 2023 – July 31, 2024

Prepared by
Rektron Group Inc.
Suite 406, 5307 Victoria Drive
Vancouver, BC
V5P 3V6

November 25, 2024

Index

Independent Auditor’s Report

Opinion

We have audited the financial statements of Rektron Group Inc (the “Group”), which comprise the Consolidated statement of financial position as at 31 July 2024, and the Consolidated statement of income, the Consolidated statement of comprehensive income, the Consolidated statement of cash flows and the Consolidated statement of changes in equity for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 July 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors’ assessment of the company’s ability to continue to adopt the going concern basis of accounting included

- Obtaining management’s forecasts covering the period to 30 November 2025, assessing how these forecasts were compiled and assessing their appropriateness by challenging management’s assumptions and also applying sensitivities to the underlying assumptions.
- Agreeing the latest post year-end cash balances to the position within the going concern forecast and testing the mathematical accuracy of the forecasts.
- Considering the impact of the external market and macro-economic factors affecting the group and company and their future economic viability.
- Assessing the appropriateness of disclosures in respect of going concern made in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. At the planning stage, materiality is used to determine the financial statement areas that are included within the scope of our audit.

Materiality for the group financial statements as a whole was $12,711,000 with performance materiality set at $8,897,000, being 70% of group materiality. Materiality for the financial statements as a whole was based upon 0.5% of the group's turnover.

In determining materiality, we considered turnover to be the key benchmark for the group as the group overall is a trading concern and is profit generating. The profit has remained relatively stable compared to prior year while revenue generation is considered to be the main concern for stakeholders. As such revenue is considered to be the best measure for materiality purposes.

The percentages applied to these benchmarks have been selected to bring into scope all significant classes of transactions, account balances and disclosures relevant for the shareholders, and also to ensure that matters that would have a significant impact on the reported result were appropriately considered.

In determining performance materiality, we considered the fact that this is first year we are auditing the group and the audit team having no historic knowledge of the business, hence we deemed it appropriate to base performance materiality at 70% of overall materiality.

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified throughout our audit with a value in excess of $635,550. We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

In designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. In particular, we looked at components that are financially to the group (five components) to ensure we obtained sufficient coverage across all financial statement line items. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that represented a risk of material misstatement due to fraud.

With the exception of two components located in Dubai and the Marshall Islands respectively, all in scope components were located in the UK, where the audit work was conducted by the group audit team using a team with specific experience of auditing publicly listed entities.

The components in Dubai and the Marhsall Islands were audited by a local component audit firm under our instruction. We interacted regularly with the component audit team during all stages of the audit, and we were responsible for the scope and direction of the audit process. This, in conjunction with additional procedures performed, gave us appropriate evidence for our opinion on the group financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How the scope of our audit responded to the key audit matter**
Revenue recognition (Note 2)	

Recognition of revenue is a key driver of the presented results of the Group and therefore there is a perceived incentive to manipulate recognition to meet targets. There is a risk that revenue is materially misstated as a result of manual journal entries being processed due to management override of controls. There is also a significant judgment involved mainly around the recognition of revenue under IFRS 15. An error in this balance could significantly affect users' interpretation of the financial statements. As a result, there is a risk of fraud or error in revenue recognition due to the potential to inappropriately recognise the revenue for the year.	Our work in this area included: • Obtaining an understanding of the internal control environment in operation and undertaking walk-throughs to assess whether the key controls within the revenue processes and systems have been designed and implemented effectively in the year; • Reviewing the recognition of revenue under IFRS 15 Revenue from contracts with customers and assessing the adequacy of the financial statement disclosures; • Substantive testing of a sample of revenue transactions to ensure the occurrence and accuracy of the revenue, agreeing through to supporting documents; • Reviewing manual journal entries impacting revenue and related account balances and testing to supporting documentation; • Reviewing the cut-off of the revenue for the year by selecting samples from pre and post year-end revenue listings to ensure that the revenue around the year-end was appropriately recognised in the correct period.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, 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 Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussion with management and experience with entities in similar sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from:
    - Listing rules and regulations of Canadian Securities Exchange
    - Anti money laundering regulations
    - General Data Protection Regulation
    - Climate change and emissions environmental regulations
    - Employment health and safety laws.
    - Local laws and regulations in the jurisdictions of the subsidiary entities.

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
    - Inquiries of management
    - Review of board minutes and regulatory announcements
    - Review of Legal expense

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the potential for management bias was identified in relation to revenue recognition. As noted in the key audit matters section, we addressed this by challenging the assumptions and judgements made by management when auditing those significant accounting estimates.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included but were not limited to the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilitieshttp://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-forhttps://www.frc.org.uk/auditors/audit-assurance/standards-and-guidance/2010-ethical-standards-for-auditors-(1). This description forms part of our auditor's report.

Use of our report

This report is made solely to the group's members, as a body, in accordance with our engagement letter. Our audit work has been undertaken so that we might state to the Group's members those matters 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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nicholas Joel

Nicholas Joel (Engagement Partner)

For and on behalf of PKF Littlejohn LLP

Registered Auditor

25 November 2024

15 Westferry Circus

Canary Wharf

London E14 4HD

Consolidated financial statements

A. Consolidated statement of income

B. Consolidated statement of comprehensive income

C. Consolidated statement of financial position

D. Consolidated statement of cash flows

E. Consolidated statement of changes in equity

F. Notes to the financial statements

A. Consolidated statement of income

(before appropriation of result)

USD 1,000	Note	For the period ended 31/07/2024	31/07/2023
Continuing Operations			
Revenue	2	2,542,386	2,027,529
Cost of sales	2	- 2,511,855	- 2,003,932
Gross profit	**2**	**30,531**	**23,597**
Operating expenses			
Selling and administrative expenses	3	- 12,597	- 10,741
Operating profit		17,934	12,856
Non-operating expenses			
Financial income	4	3,358	5,951
Financialexpense	4	- 7,384	- 5,342
Profit before tax		**13,908**	**13,465**
Income tax expense	5	- 895	- 201
Profit from continuing operations		**13,013**	**13,264**
Profit		**13,013**	**13,264**
Profit attributable to:			
Equity holders of Rektron Group Inc.		13,214	13,523
Non-controlling interests		- 201	- 259
		13,013	13,264
Earning Per Share		0.17	0.18
Earning Per Share (Diluted)		0.17	0.18

APPROVED ON BEHALF OF THE BOARD

“Ricardo Phielix”
CEO and Director

Date : 25 November 2024

“Trevor Turner”
Director

Date : 25 November 2024

B. Consolidated statement of comprehensive income

(before appropriation of result)

USD 1,000	for the period ended 31/07/2024	for the period ended 31/07/2023
Profit	13,013	13,264
Other comprehensive income		
Translation differences foreign associated companies	-196	349
Total comprehensive income	12,817	13,613
Total comprehensive income atrributable to:		
Equity holders of Rektron Group Inc.	13,018	13,872
Non-controlling interests	- 201	- 259
Total result	12,817	13,613

C. Consolidated statement of financial position

(before appropriation of result)

USD 1,000	Note	As At	
		31/07/2024	31/07/2023
Assets			
Non-current assets			
Property plant and equipment	6	35,715	37,455
Total non-current assets		**35,715**	**37,455**
Current assets			
Inventories	7	3,275	-
Receivables, prepayments and accrued income	8	241,351	201,931
Cash and cash equivalents	9	7,679	9,783
Total current assets		**252,305**	**211,714**
Total assets		**288,020**	**249,169**
Equity and liabilities			
Equity			
Share capital		4,844	148
Reserves and retained earnings		109,805	101,482
Equity attributable to the owners of the company	10	114,649	101,630
Non-controlling interest	10	6,210	6,410
Total equity		**120,859**	**108,040**
Non-current liabilities			
Loans and borrowings	11	1,537	1,933
Total non-current liabilities		**1,537**	**1,933**
Current liabilities and accruals	11	165,624	139,196
Total current liabilities		**165,624**	**139,196**
Total equity and liabilities		**288,020**	**249,169**

APPROVED ON BEHALF OF THE BOARD

"Ricardo Phielix"
CEO and Director

Date : 25 November 2024

"Trevor Turner"
Director

Date : 25 November 2024

D. Consolidated statement of cash flows

(before appropriation of result)

USD 1,000	For the period ended 31/07/2024	For the period ended 31/07/2023
Operating profit	17,934	12,856
Adjustments for:		
- Depreciation (and other changes in value)	1,750	2,046
Working capital changes		
- Movements trade receivables	-40,550	-22,164
- Movements inventories	-3,275	122
- Movements on loans receivable	1,130	7,632
- Movements trade payables	16,911	-2,538
- Movements other payables and liabilities	2,319	-3,358
- Movements trade finance	7,198	650
Corporate Income tax paid	-895	-201
Cash flow from operating activities	**2,524**	**-4,955**
Investments in other fixed assets	-10	-
Cash flow from investment activities	**-10**	**-**
Receipt of Long Term Liabilities	-	1,933
Repayment of Long term liabilities	-396	-
Other finance income	3,358	5,951
Other finance expense	-1,306	- 1,317
Interest received	-	-
Interest paid	-6,078	- 3,918
Cash flow from financing activities	**-4,422**	**2,649**
Exchange rate and translation differences on movements in cash	-196	242
Movements in cash	**-2,104**	**-2,064**
Opening balance	9,783	11,847
Closing balance	7,679	9,783
Movement in cash	**-2,104**	**-2,064**

E. Consolidated statement of changes in equity

(before appropriation of result)

USD 1,000	Issued share capital	Share premium	Hedging reserve	Translation reserve	Other reserves	Retained Earnings	Result for the year	**Legal entity share in group equity**	Non-controlling interest	**Group Equity**
2023										
Opening Balance 01/08/2022	**1**	**20,719**	**145**	**-485**	**46,633**	**14,705**	**6,040**	**87,758**	**6,669**	**94,427**
Total comprehensive income and expense for period ended 31/07/2023										
Profit/(loss) for the period	-	-	-	-	-	-	13,523	13,523	-259	13,264
Foreign currency translation differences	-	-	-	349	-	-	-	349	-	349
Total comprehensive income and expense for the period	-	-	-	349	-	-	13,523	**13,872**	-259	**13,613**
Other movements in equity										
Allocation of prior year result	-	-	-	-	-	6,040	-6,040	-	-	-
Share issue	147	-	-	-	-147	-	-	-	-	-
Total other movements in equity	147	-	-	-	-147	6,040	-6,040	-	-	-
Closing balance 31/07/2023	**148**	**20,719**	**145**	**-136**	**46,486**	**20,745**	**13,523**	**101,630**	**6,410**	**108,040**
2024										
Opening Balance 01/08/2023	**148**	**20,719**	**146**	**-136**	**46,486**	**20,745**	**13,523**	**101,630**	**6,410**	**108,040**
Total comprehensive income and expense for the period ended 31/07/2024										
Profit/(loss) for the period	-	-	-	-	-	-	13,214	13,214	-201	13,013
Foreign currency translation differences	-	-	-	-196	-	-	-	-196	-	-196
Total comprehensive income and expense for the period	-	-	-	-196	-	-	13,214	**13,018**	-201	**12,817**
Other movements in equity										
Allocation of prior year result	-	-	-	-	-	13,523	-13,523	-	-	-
Share issue (share exchange)	594	-	-	-	-594	-	-	-		-
Conversion of Share Warrants into Equity	4,102	-	-	-	-4,102	-	-	-	-	-
Total other movements in equity	4,696	-	-	-	-4,696	13,523	-13,523	-	-	-
Closing balance 31/07/2024	**4,844**	**20,719**	**146**	**-332**	**41,790**	**34,268**	**13,214**	**114,649**	**6,210**	**120,859**

F. Notes to the Consolidated Financial Statements

NOTE 1 – ACCOUNTING POLICIES

1.1 CORPORATE INFORMATION

Rektron Group Inc. ("Rektron" or "the Company") is a company incorporated in Canada under the legislation of the province of British Columbia. The registered office of the Company is located at Suite 406, 5307 Victoria Drive, Vancouver, British Columbia.

The Company's trading expertise includes principal energy and metals products. In particular, the primary products traded are ferrous and nonferrous metals, crude oil and refined oil products. Rektron optimizes its balance sheet to support the trading activities of its subsidiaries (in oils and metals), further enhancing its ability to transect competitively and efficiently.

The consolidated annual accounts comprise the financial information of the Company and of its investments in which it exercises a controlling interest. These investments are fully included in the consolidation.

1.2 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board (IASB). The above Standards and Interpretations are collectively referred to as "IFRS" in these financial statements.

The group financial statements, Report and Financial Statements for the period ended 31 July 2024, were prepared in accordance with IFRS and provided the statement of financial position as of 31 July 2024, the statement of profit or loss and comprehensive income and statement of changes in equity over the period 1 August 2023 to 31 July 2024.

1.3 BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

- share-based payment transactions that are within the scope of IFRS 2; and
- leasing transactions that are within the scope of IAS 17; and
- measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The functional currency of the Company is U.S. Dollar. The function currency of the subsidiaries are recorded in Note 10.

1.4 NEW AND REVISED IFRSS

A number of amendments is effective for annual periods that begin on or after 1 January 2023 and have been adapted in preparing these consolidated financial statements. None of these amendments had a significant effect on the financial statements.

The following new and revised IFRSs that are relevant for the Company have been issued but are not yet effective:

New or amended standards and interpretations that became effective on 1 January 2023. The amended standards and interpretations that came into effect in 2023 are listed below.
• Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – effective for year ends

beginning on or after 1 January 2023 – The amendments specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations, and clarify that the initial recognition exception does not apply to transactions where both an asset and a liability are recognised in a single transaction. Accordingly, deferred tax is required to be recognised on such transactions.

• Definition of Accounting Estimates (Amendments to IAS 8) – effective for year ends beginning on or after 1 January 2023 – The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies.

• Materiality of Accounting Policy Disclosure (Amendments to IAS 1) – effective for year ends beginning on or after 1 January 2023 – The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

• IFRS 17 – Insurance Contracts and amendments to IFRS 17 – effective for year ends beginning on or after 1 January 2023 – IFRS 17 replaces IFRS 4 'Insurance Contracts' and provides a new general model for accounting for contracts where the issuer accepts significant insurance risk from another party and agrees to compensate that party if future uncertain events adversely affect them.

New and amended standards and interpretations accepted by the IASB that will be effective for financial years starting on or after 1 January 2024 are not yet being applied by the Group The following new and/or amended IFRS standards have been adopted, but are not yet effective, and therefore have not yet been applied by the Group:

• Classification of Liabilities as current or non-current (Amendments to IAS 1) – effective for year ends beginning on or after 1 January 2024

• Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) – effective for year ends beginning on or after 1 January 2024

• Lack of Foreign Currency Exchangeability (Amendments to IAS 21) – effective for year ends beginning on or after 1 January 2026

The Directors have evaluated the impact that these new standards and interpretations and consider them as not material on the financial statements of the Company in the current version of IFRS.

1.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company 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 into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill, and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

1.6 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

1.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns rebates and other similar allowances.

Revenue is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amounts of revenue can be measured reliably;
- it is probably that the economic benefits associated with the transaction will flow to the Group;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.8 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future reductive use which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Euros using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset) all of the exchange differences accumulated in equity in respect of the operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

1.9 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

1.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income, because items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax based used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized., based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the consequences that would follow from the manner in which the Group expects at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination the tax effect is included in the accounting from the business combination.

1.11 Property, plant and equipment

Property, plant and equipment and intangible assets are stated at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation and the direct cost of dismantling and removing the asset, less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are depreciated to their estimated residual value over the estimated useful life of the specific asset concerned. The major categories of property, plant and equipment are depreciated on a straight-line basis as follows:

- Plant and Equipment: 4% - 33%
- Other operating assets: 2%

Assets under finance leases, where substantially all the risks and rewards of ownership transfer to the Group as lessee, are capitalized and depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. All other leases are classified as operating leases, the expenditures for which are charged against income over the accounting periods covered by the lease term.

1.12 Impairment

At the end of each reporting period the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis can be identified, Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount, does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.13 Inventories

Production Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

1.14 Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

1.15 Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments. The Group classifies its financial instruments as either financial assets at amortized cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL). The classification depends on the Group´s business model for managing the financial assets and contractual terms of the cash flows.

- Amortized cost : Assets that are held for collection of contractual cash flows represent solely payments of principal and interest. Interest income from those financial is included in finance income.
- FVTOCI : Assets that are held for collection of contractual cash flows and for selling the financial assets, where the cash flows of the assets represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. Unrealized gains or losses are recorded as a fair value adjustment in the consolidated statement of comprehensive income and transferred to the consolidated income statement when this financial asset is sold. Exchange gains and losses and impairments related to these financial assets are immediately recognized in the consolidated income statement.
- FVTPL : Assets that do not meet the criteria for amortized cost or FVTOCI.

Changes in fair value of financial instruments at FVPL are immediately recognized in the consolidated income statement. Listed redeemable notes held by the Group that are traded in an active market are classified as FVTPL and are stated at fair value at the end of each reporting period. Changes in the carrying amount of FVTPL monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on FVTPL equity investments are recognized in profit or loss. Other changes in the carrying amount of FVTPL financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. Dividends on FVTPL equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established.

The fair value of FVTPL monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income. FVTPL equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.
Financial assets are initially recognized at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable costs. Other investments, provisionally priced trade receivables and derivates are carried at fair value. Trade receivables (without provisional price features), loans and other receivables are carried at amortized cost adjusted for any loss allowance.

Financial liabilities (except derivates and liabilities with provisional price features) are initially recognized at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortized cost. Derivates and financial liabilities including provisional price features are carried at FVTPL.

1.16 Financial Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For FVTPL equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognized represents a probability-weighted estimate of credit losses over the expected life of the financial instrument. The Company applies the simplified approach to measure the loss allowance for trade receivables classified as amortized cost using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and an equivalent credit rating, adjusted as appropriate for current observable data and forward-looking information. For all other financial assets at amortized cost the Group recognizes lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of FVTPL equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of FVTPL debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

1.17 De-recognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On de-recognition of a financial asset other than its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or losses allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

1.18 Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale issue or cancellation of the Company's own equity instruments.

1.19 Derivatives and hedging activities

Derivative instruments, which mainly include contracts to sell or purchase commodities that do not meet the own use exemption, as well as FX derivatives to a minor extend, are initially recognize at fair value when the Company becomes a party to the contractual provisions of the instrument and are subsequently re-measured to fair value at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotations or using models and other valuation techniques, the key inputs for which include current market and contractual prices of the underlying instrument, time to expiry, yield curves, volatility of the underlying instrument and counterparty risk.

Gains and losses on derivative instruments for which hedge accounting is not applied, other than the revenue adjustment mechanism embedded within provisionally priced sales, are recognized in cost of goods sold.

Those derivatives qualifying and designated as hedges are either

(i) a Fair Value Hedge of the change in fair value of a recognized asset or liability or an unrecognized firm commitment, or

(ii) a Cash Flow Hedge of the change in cash flows to be received or paid relating to a recognized asset or liability or a highly probably transaction.

A change in the fair value of derivatives designated as a Fair Value Hedge is reflected together with the change in the fair value of the hedged item in the statement of income.

A change in the fair value of derivatives designated as a Cash Flow Hedge is initially recognized as a cash flow hedge reserve in shareholders' equity. The deferred amount is then released to the statement of income in the same periods during which the hedged transaction affects the statement of income. Hedge ineffectiveness is recorded in the statement of income when it occurs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in shareholders' equity and is recognized in the statement of income when the committed or forecast transaction is ultimately recognized in the statement of income.

A derivative may be embedded in a "host contract". Such combinations are known as hybrid instruments and at the date of issuance, the embedded derivative is separated from the host contract and accounted for as a stand-alone derivative if the criteria for separation are met. The host contract is accounted for in accordance with its relevant accounting policy.

1.20 Critical accounting policies, key judgments and estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes could differ from those estimates.

The Company has identified the following areas as being critical for understanding the Company's financial position as they require management to make complex and/or subjective judgments and estimates about matters that are inherently uncertain:

Impairments (Note 1.12)

Investments in Associates and other investments, advances, and loans and property, plant and equipment, and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable or at least annually for goodwill and other indefinite life intangible assets.

If an asset's recoverable amount is less than the assets' carrying amount, an impairment loss is recognized. Future cash flow estimates which are used to calculate the asset's fair value are based on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves and resources, operating rehabilitations and restoration costs and capital expenditures. Changes in such estimates could impact recoverable values of these assets.

Estimates are reviewed regularly by management.

Valuation of derivative instruments (Note 1.19)

Derivative instruments are carried at fair value and the company evaluates the quality and reliability of the assumptions and data used to measure fair value in the three hierarchy levels, Level 1, 2 and 3, as prescribed by IFRS 13.

Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets (Level 1); by using models with externally verifiably inputs (Level2); or using alternative procedures such as comparison to comparable instruments and/or using models with unobservable market inputs requiring the Company to make market based assumptions (Level 3).

Provisions

The amount recognized as a provision, including tax, legal, restoration and rehabilitation, contractual and other exposures or obligations is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Group assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

Fair Value measurements (Note 1.15)

In addition to recognizing derivative instruments at fair value, as discussed above, an assessment of air value of assets and liabilities is also require in accounting for other transaction most notably, business combinations and disclosures related to fair values of marketing inventories, financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs take into account externally verifiable inputs. However, such information is by nature subject to uncertainty; particularly where comparable market based transactions rarely exist.

1.21 Financial Income and Expenses

Financial Income

Financial income includes interest income on financial assets, foreign exchange gains, and gains on financial instruments measured at fair value through profit or loss. Interest income is recognized using the effective interest rate (EIR) method, which allocates interest income over the relevant period and ensures that the income is recognized at a constant yield on the carrying amount of the financial asset.

Financial Expense

Financial expenses include interest expense on borrowings, foreign exchange losses, and losses on financial instruments measured at fair value through profit or loss. Borrowing costs are recognized in profit or loss using the EIR method, except for those capitalized in accordance with IAS 23 Borrowing Costs. Foreign exchange gains and losses are recognized in profit or loss on translation or settlement of monetary items denominated in foreign currencies.

Note 2 – Segment information

2.1 General

The Company is organized in two segments, Metals and Oil and others. This structure is used by management to assess the performance of the Company. Note that this assessment is based on revenue and gross profit. Overhead expenses, assets and liabilities are not allocated to the various segments.

USD 1,000	Revenue		Gross Profit	
	31/07/2024	31/07/2023	31/07/2024	31/07/2023
Product Segment				
Metals	2,541,420	2,023,051	29,565	21,036
Oil and other	966	4,478	966	2,561
Total	**2,542,386**	**2,027,529**	**30,531**	**23,597**

2.2 Segment Assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment.

USD 1,000	Assets		Liabilities	
	31/07/2024	31/07/2023	31/07/2024	31/07/2023
Metals	251,949	209,647	168,952	141,129
Oil and other	37,861	39,522	-	-
Total	**289,810**	**249,169**	**168,952**	**141,129**

USD 1,000	Depreciation & Amotization		Additions to Non Current Assets	
	31/07/2024	31/07/2023	31/07/2024	31/07/2023
Metals	53	8	10	1
Oil and other	1,698	2,038	-	-
Total	**1,750**	**2,046**	**10**	**1**

2.3 Geographical information

The group operates globally and operations are managed by the following geographical analysis. Note that the assets (apart from minor office furniture and equipment) are all located in Europe:

USD 1,000	Revenue		Gross Profit		Result	
	31/07/2024	31/07/2023	31/07/2024	31/07/2023	31/07/2024	31/07/2023
Regional Segment						
Europe	47,991	451,594	1,662	2,645	757	1,509
Middle east	1,048	3,483	4	32	2	18
Asia - Pacific	2,490,311	1,571,457	28,764	20,892	13,102	11,921
Americas & Others	3,036	995	101	28	46	16
Total	**2,542,386**	**2,027,529**	**30,531**	**23,597**	**13,907**	**13,465**

The allocation of Revenue is based on the country of port of discharge/ final destination of product for the sales counterparty. This may not necessarily be the incorporation country of the counterparty or its ultimate parent country.

Segment revenue reported above represents revenue generated from external customers. The accounting policies of the reportable segments are the same as the group's accounting policies described in note 1.

NOTE 3 – EXPENSES

USD 1,000	for the period ended 31/07/2024	31/07/2023
Selling expenses		
Personnel	-1,919	-2,034
Sales and marketing expenses	-26	-19
Total selling expenses	**-1,945**	**-2,052**
Administrative expenses		
Personnel	-2,645	-2,434
Professional services fees	-3,020	-2,305
Facilities and offices	-2,207	-1,069
Other operating expenses	-1,030	-835
Depreciation and amortization	-1,750	-2,046
Total Administrative expenses	**-10,652**	**-8,689**
Operating expenses	**-12,597**	**-10,741**

Personnel and Professional service fees increased due to the larger number of staff and service providers as well as performance related payments. Facilities and offices increased due to the expansion of our teams that required additional office space.

Depreciation and amortization relates to the depreciation of PPE and reference is made to note 6.

Employee benefit expenses and similar

The overview below covers both management and employees. The breakdown of the Directors remuneration is covered in Note 13.

USD 1,000	2024	2023
Wages	-2,645	-2,699
Social security costs	-12	-106
Other pension costs	-141	-104
Professional fees	-1,766	-1,558
Total	**-4,564**	**-4,467**
Reconciliation:		
Selling expenses - personnel	-1,919	-2,034
Administrative expenses - personnel	-2,645	-2,434
Total	**-4,564**	**-4,468**

The professional fees mentioned is related to people that work for the company on a contract basis.

The number of persons working for the Group is as follows:

Number of persons	2024	2023
Management	5	4
Sales	11	11
Administration	20	12
Total	**36**	**27**

For the auditors remuneration, reference is made to Note 14.

NOTE 4 – FINANCIAL INCOME AND EXPENSE

USD 1,000	for the period ended	
	31/07/2024	31/07/2023
Financial income and expense		
Interest expenses and similar charges	-6,078	-3,918
Other financing income	3,358	5,951
Other financing costs	-1,239	-1,317
Foreign currency translation effects	-66	-107
Total financial income and expense	**-4,025**	**609**

Interest expenses and other financing costs increased due to the increase in sales. These costs comprise of the financing cost related with invoice discounting with financials institutions and banking charges related with receipts and payments made during the audit period.

Other financing income is related to the risk management activities in relation to the physical trading activities as well as the treasury activities of any excess cash that is available within the group.

NOTE 5 – TAXATION

Income taxes consist of the following:

USD 1,000	31/07/2024	31/07/2023
Current income tax expense	-895	-201
Deferred income tax	-	-
Total income tax expense	**-895**	**-201**

USD 1,000			31/07/2024	31/07/2023
Factors affecting tax expense				
Taxable result			13,908	13,465
	2024	**2023**		
Tax burden on Canadian nominal rate	27.0%	26.5%	-3,755	-3,568
Exempted Income			-178	256
Tax rate differences			3,038	3,111
Total income tax expense			**-895**	**-201**

The effective Group tax rate differs from the statutory Canadian income tax rate of 27.0% (2023: 26.5%) applicable to the Company due to the different tax rates that the Group is exposed to as well as exempted income and expenses related to unrealized fair value changes.

No deferred taxes were accounted for in the consolidated statement of income or in other comprehensive income/loss.

NOTE 6 – PROPERTY PLANT AND EQUIPMENT

The movements in Property plant and equipment are as follows:

USD 1,000	Plant and Equipment	Other operating assets	Total
Gross carrying amount			
1 August 2022	42,658	310	42,968
Additions and other movements	-	1	1
31 July 2023	**42,658**	**311**	**42,969**
Accumulated depreciation and impairments			
1 August 2022	3,458	10	3,468
Depreciation	2,038	8	2,046
31 July 2023	**5,496**	**18**	**5,514**
Net book value at 31 July 2023	**37,162**	**293**	**37,455**
USD 1,000			
Gross carrying amount			
1 August 2023	42,658	311	42,969
Additions and other movements	-	10	10
31 October 2023	**42,658**	**321**	**42,979**
Accumulated depreciation and impairments			
1 August 2023	5,496	18	5,514
Depreciation	1,698	53	1,750
30 April 2024	**7,194**	**71**	**7,264**
Net book value at 30 April 2024	**35,464**	**251**	**35,715**

Plant and Equipment

There are no significant changes in PPE compared to the last financial statements and only depreciation is accounted for.
Plant and Equipment consist of bunkers on the Danube River to supply fuel to all the major cruise and cargo shipping companies in the region. Through these strategic locations, the group can perform physical bunkering along the whole Danube River.

The Danube River is the second largest in Europe and flows through ten modern-day European nations: Romania, Hungary, Serbia, Austria, Germany, Bulgaria, Slovakia, Croatia, Ukraine, and Moldova. This river is part of the Trans-European Transport Network ("TEN-T") and it is a life line for many emerging economies in the region as well as strategic given its position between Europe and Asia.

Other operating assets

This class mainly consists of offices and office equipment of the group.

Impairments

Management has considered all the factors and concluded on the basis of the internal documents and management reports available (including a recently updated valuation) that no impairment is required. An important factor in this assessment is the group has reached an agreement with a third party to acquire the assets through the sale of the shares of the subsidiary Inland Shipping and Service Ltd. after balance sheet date at a price that is slightly above the book value. The decision to sell the asset was made after balance sheet date. Please refer to subsequent events for additional information.

Note 7 – Inventories

USD 1,000	31/07/2024	31/07/2023
Trading		
Finished products	3,275	-
Total financial income and expense	**3,275**	**-**

The Trading inventories are commodities that are already sold by, but still held by the Trading companies as the group still retains the principal risks and rewards of ownership.

No impairment has been recorded for the inventories during the year.

Note 8 – Receivables prepayments and accrued income

USD 1,000	31/07/2024	31/07/2023
Trade receivables	235,156	194,606
Other receivables	5,597	5,564
Financial instruments	598	1,551
Taxation	-	25
Prepayments and accrued income	-	185
Total receivables, prepayments and accrued income	**241,351**	**201,931**

None of the Trade receivables are overdue and the credit risk of these trade receivables is insured at renowned insurance firms.

USD 1,000	31/07/2024	31/07/2023
Not yet due	235,156	194,606
0 - 30 days overdue	-	-
30 - 60 days overdue	-	-
60 - 90 days overdue	-	-
>90 days overdue	-	-
Total	**235,156**	**194,606**

Other receivables and Prepayments and accrued income include receivables and prepayments in relation to down payments made in order to secure material for trading purposes.

Financial instruments comprises of the derivatives that the group acquired in order to mitigate the key trading risks (price and currency risk). Reference is made to note 12 for further information.

Note 9 – Cash and cash equivalents

The total cash position amounts to USD 7.7 million of which an amount of USD 935 thousand is restricted (2023 : USD 9.8 million of which 85 thousand was restricted). This restricted cash is deposited at renowned trade finance and instruments institutions and serve as cash collateral for the corresponding transactions at 31 July 2024. This collateral has a self-liquidating character, which means that the cash becomes unrestricted upon completion of the trade finance transaction.

NOTE 10 – SHARE CAPITAL AND RESERVES

The movement in Equity is provided in E. Consolidated statement of changes in equity.

The Parent Company was incorporated on 22 March 2023 with the objective to restructure the group in preparation for an Initial Public Offering of the Group on the Canadian Securities Exchange. At the incorporation, 100 shares of USD 0.02 were issued.

On 15 October 2023, the Parent Company received clearance from the Tax Authorities of the United Kingdom and completed the reverse acquisition of Rektron Group AQ Limited. Before this date, on 5 May 2023, already 74,168,960 shares of USD 0.01 were issued in exchange for the shares of Rektron AQ Limited and were held in escrow pending close of the transaction.

Following note 15 Business Combinations, the history of Rektron AQ Limited is reflected in the Equity movement as provided in E. Interim Condensed Consolidated Statement of Changes in Equity. The above mentioned amendments are reflected in the nine months period that ended 30 Apil 2023 in the line item “Share Issue (share exchange)”.

MACA Special Warrants Conversion

MidAtlantic Capital Associates Ltd. (MACA) is a consultant to the group and as part of the Initial Public Offering. As part of the pending completion of the transaction, the Parent Company issued 2,595,917 common shares without payment of without payment of any additional consideration and without any further action on the part of the holder on March 5, 2024. The issue price is USD 1.58 and the total value amounts to USD 4,101,548.86. Following IAS 32 paragraph 35, these acquisition costs are accounted for as a deduction from equity (“Other Reserves”).

	As At July 31, 2024			**As At July 31, 2023**		
Class	Number of Shares	Issue price in USD	Total amount in USD	Number of Shares	Issue price in USD	Total amount in USD
Ordinary shares	76,764,977	0.06	4,843,241	74,168,960	0.002	148,338
Total	**76,764,977**	0.06	**4,843,241**	**74,168,960**	0.002	**148,338**

The table below shows the share capital continuity of Rektron Group Inc.:

	As At July 31, 2024		
Class	Number of Shares	Issue price in USD	Total amount in USD
Incorporation	100	0.02	2
Share Exchange Agreement	74,168,960	0.01	741,690
Conversion of Share Warrants into Equity	2,595,917	1.58	4,101,549
Total	**76,764,977**	**0.06**	**4,843,241**

SHARE PREMIUM

Represents the excess amount received over the nominal value of shares issued.

HEDGING RESERVE

Captures the effective portion of changes in the fair value of hedging instruments in a cash flow hedge or net investment hedge.

Translation Reserve

The translation reserve comprise of all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of intercompany loans of permanent nature. The subsidiary in Germany has the euro as a functional currency, which is converted into USD which is the functional currency of the group.

Other Reserves

A category used for reserves that do not fit into specific predefined categories, such as capital redemption reserves, revaluation reserves, or reserves created due to specific transactions.

Retained Earnings

Represents the cumulative net earnings of the group after dividends have been distributed. It includes profits and losses carried forward from previous periods.

Note 11 – Liabilities

USD 1,000	31/07/2024	31/07/2023
Long-term liabilities		
Subordinated related party loan	1,537	1,933
	1,537	**1,933**
Current liabilities and accruals		
Bank loans and similar (< 1 year)	43,789	36,591
Trade payables	118,516	101,605
Taxes and social security charges payable	910	306
Financial instruments	1,757	352
Other current liabilities	2	39
Accrued liabilities and deferred income	649	303
Total Current Liabilities	**165,624**	**139,196**
Total Liabilities	**167,161**	**141,129**

Long-term liabilities

The Subordinated related parties' loan is a payable to Plutus Partners, the management company of the shareholders. The loan is provided at arm's length condition and is subordinated to other debt. This loan is non-interest bearing and payable on 31 July 2026 as per signed agreement.

Current liabilities and accruals

Bank loans and similar (<1 year) consists of lines provided by specialized institutions to facilitate the trades that the group executes. The pricing of the facilities is within market standards.

Financial instruments comprises of the derivatives that the group acquired in order to mitigate the key trading risks (price and currency risk). Reference is made to note 12 for further information.

NOTE 12 – FINANCIAL INSTRUMENTS

The table below provides an overview of the financial instruments of the group divided into the classes Fair Value through Profit and Loss ("FVTPL"), Loans and Receivables, and Available-for-Sale. Held-to-maturity instruments are not applicable.

31 July 2023 USD 1,000	Note	FVTPL	Loans and receivables	Total	Level 1	Level 2	Level 3	Total
Receivables, prepayments and accrued income	8	1,551	200,380	201,931	1,551	-	-	1,551
Cash and cash equivalents	9	9,783	-	9,783	9,783	-	-	9,783
Total financial assets		**11,334**	**200,380**	**211,714**	**11,334**	**-**	**-**	**11,334**
Borrowings	11	-	1,933	1,933	-	-	-	-
Current liabilities and accruals	11	352	138,843	139,195	352	-	-	352
Total financial liabilities		**352**	**140,776**	**141,128**	**352**	**-**	**-**	**352**

31 July 2024 USD 1,000	Note	FVTPL	Loans and receivables	Total	Level 1	Level 2	Level 3	Total
Receivables, prepayments and accrued income	8	598	240,753	241,351	598	-	-	598
Cash and cash equivalents	9	7,679	-	7,679	7,679	-	-	7,679
Total financial assets		**8,276**	**240,753**	**249,029**	**8,276**	**-**	**-**	**8,276**
Borrowings	11	-	1,537	1,537	-	-	-	-
Current liabilities and accruals	11	1,757	163,867	165,624	1,757	-	-	1,757
Total financial liabilities		**1,757**	**165,404**	**167,161**	**1,757**	**-**	**-**	**1,757**

FAIR VALUE MEASUREMENTS

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. The group classifies the fair values of its financial instruments into three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the group can assess at the measurement date; or
- Level 2 – Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or
- Level 3 – Unobservable inputs for the assets or liabilities, requiring the group to make market-based assumptions.

In the table above (in which the financial instruments are presented) cash and the financial instruments that are included in the receivables and liabilities are valued at fair value. All of these positions qualify as Level 1.

FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

A. Credit risk
B. Liquidity risk
C. Market risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital.

A. Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and loans related to resources development:

The Receivables, prepayments and accrued income mainly consists of Trade Receivables which is secured by adequate credit insurance. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the group's payment and delivery terms and conditions are offered. This is done in close cooperation with the Trade Finance institutions and Credit insurance companies. Nevertheless, in principle insurance coverage is obtained for all Trade Receivables.

B. Liquidity risk

Liquidity risk is the risk that the group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. The group has extensive facilities that are provided by brokers in order to provide sufficient flexibility to the hedging activities in relation to the trades.

C. Market risk

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

The group buys and sells derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the group. In principle all derivatives are accounted at FVTPL; if required and appropriate, the group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The Production facilities mainly enter in to euro agreements and therefore, the currency risk is insignificant.

The Trading activities are mainly exposed to the USD/EUR/GBP exchange rate, as the trades are predominantly in USD and the reporting currency is in EUR. However, the currency risk is limited as contract deals are denominated in USD for both purchases and sales. Purchases are financed by means of trade finance in USD as well. As the purchase, sale and financing are all in USD, and as trading occurs in principle on a back-to-back basis, the deals are naturally hedged.

Interest rates

To limit the interest rate risk, the group decided to only give out and obtain loans with a fixed interest rate.

Market price risk

The group mainly enters into back-to-back deals, which means that the market price risk is naturally hedged. In case that that a trade is subject to price risk, this is hedged through adequate instruments. When instruments are required, the group prepares a sensitivity analysis with regards to the impact of the changes in commodity price and (if applicable) the changes in foreign currency risks. Based on this analysis an adequate non speculative hedging strategy is applied.

At 31 July 2024, the group has a number of hedging instruments, which are presented under Current receivables as well as current liabilities. These instruments are designated as FVTPL and include trade related financial and physical forward purchase and sale commitments. Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows.
It is the Group's policy that transactions and activities in trade related financial instruments are netted. Note that the group only purchases futures and options.

USD 1,000	31/07/2024	31/07/2023
Commmodity related contracts		
Futures	598	1,443
Options	-	108
Total Current assets FVTPL	**598**	**1,551**
Commmodity related contracts		
Futures	596	325
Options	1,161	27
Total Current liabilities FVTPL	**1,757**	**352**

The total income in the consolidated statement of income amounts to EUR 1,098 thousand. All derivatives mature in the coming 12 months.

NOTE 13 – REMUNERATION OF KEY MANAGEMENT

The remuneration of key management of the Group is as follows:

USD 1,000	31/07/2024	31/07/2023
Management salaries and fees	1,021	1,081
Share based compensation	-	-
Total	**1,021**	**1,081**

There are no payable, accrued liabilities or receivable associated with any key management personnel or any director as at July 31, 2024 (July 31, 2023: 0). Key management personnel includes directors only.

NOTE 14 – AUDITORS' REMUNERATION

The fees payable to the auditors and their associates for the audit of the Group's financial statements amounts to USD 205 thousand of which USD 10 thousand is related to tax services (2023: USD 91 thousand of which USD 5,000 for tax services).

USD 1,000	31/07/2024	31/07/2023
Audit Fees (Company Wise)		
Rektron Group Inc.	51	-
Rektron AQ Limited	20	17
DL Hudson Limited	96	48
DLH Istron Limited	13	10
DL Hudson Dunes general trading LLC	15	10
Inland Shipping & Supply Limited	10	6
Total	**205**	**91**

NOTE 15 – TRANSACTIONS WITH RELATED PARTIES

In 2024, the group conducted various transactions with related parties.

USD 1,000	Note	31/07/2024	31/07/2023
Related parties <1yr	8	-	-
Total Receivables		**-**	**-**
Subordinated related parties >1yr	11	1,537	1,933
Total Liabilities		**1,537**	**1,933**

The Subordinated related parties' loan is a payable to Plutus Partners, the management company of the shareholders. The loan is provided at arm's length condition and is subordinated to other debt.

The following amounts are accounted for in the profit and loss accounts:

USD 1,000	period ended 31 July 24	period ended 31 July 23
Plutus Partners Ltd.	2,110	2,236
Traders	109	609
Operations	272	211
Accounting, Legal and IT	479	229
Rent and facilities	130	143
Travelling	134	72
COO	120	110
Shareholders	867	861
CEO	255	240
CFO	120	120
Total	**2,485**	**2,596**

Plutus Partners Ltd. (hereinafter "Plutus) is the management company of the shareholders. Initially, all contracts with personnel and facilities were entered into with Plutus. In preparation for the IPO, all contracts are gradually being transitioned to the Group, so that in the future only the compensation for the work performed by the shareholders for their respective roles in the Group.

The CEO's remuneration based on the existing pre-IPO contract provides for a minimum base compensation in hours. As a result of the IPO and year-end process, additional hours were required and as such additional billings have gone through.

Total sales of USD 13,418,097 was done during the year with Motus Inc., which is a related party with common director in both companies.

NOTE 16 – CONTINGENT ASSETS AND LIABILITIES

In the course of business, the group is involved in discussions with business partners from time to time. These discussions may include the interpretation and compliance with the terms and conditions of agreements and may also include claims made by the group, as well as against the group. As at signing of these financial statements, the Group is not aware of any claims that have been assessed to be probable.

NOTE 17 – BUSINESS COMBINATIONS

On October 16, 2023, the Parent Company completed the Reverse Takeover with Rektron AQ. In connection with the Reverse Takeover, the Parent Company issued 74,168,960 shares in exchange for all the share outstanding in Rektron AQ.

Immediately following the completion of the Reverse Takeover, on a non-diluted basis, the former holders of Rektron AQ. shares held 100% of the voting rights of the Parent Company.

At the time of the Reverse Takeover, the Parent Company did not meet the definition of a business as defined under IFRS 3 "Business Combinations". Hence, the qualifying transaction was accounted for as an asset acquisition in accordance with IFRS 2, "Share-Based Payment". Rektron Group Inc. was identified as the accounting acquirer that issued shares to acquire all of the net assets of the Parent Company, the accounting acquiree, and its legal status. These consolidated financial statements are considered to be a continuation of the financial statements of Rektron AQ., the accounting acquirer, present the value of its assets and liabilities at historical cost, up to the date of the qualifying transaction.

The fair value of the consideration issued to acquire the net assets of the Parent Company is as follows:

	$USD
Consideration transferred as at October 16, 2023:	
100 shares at fair value of $1.58 per share	158
Total Consideration	158
Net assets of Rektron Group Inc. as at October 16, 2023:	
Cash and cash equivalents	2
GST/HST receivable	592
Accounts payable & Accrued liabilities	10,238
Total Net Assets	9,648
Listing expenses	9,490

The fair value of the Parent Company's 100 shares was determined to be approximately USD$1.52 per share pursuant to the financing to be completed as part of the IPO closing shortly after the Reverse Takeover transaction.

NOTE 18 – EARNING PER SHARE

CONTINUING OPERATION

The calculation of the Basic earning of USD 0.17 (2023 : USD 0.18) is based on the profit attributable to Equity Owners of the Group of USD 13.2 million (2023 : 13.5 million) and on the weighted average number of ordinary shares of 76,764,977 (2023 : 74,168,960) in issue during the period.

In accordance with IAS 33, Basic and Diluted earnings per share are identical in 2024 and the effect of the exercise of share options or warrants would be to decrease the earning per share.

NOTE 19 – LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

Name	Country of incorporation	Ownership interest	
		2024	2023
Consolidated (direct)			
Rektron AQ Ltd.	United Kingdom	100.0%	0.0%
Consolidated (indirect)			
DL Hudson Ltd.	United Kingdom	100.0%	100.0%
DL Hudson Dunes LLC	United Emirates	100.0%	100.0%
DL Hudson Germany GmbH	Germany	100.0%	100.0%
DLH Istros Ltd.	United Kingdom	92.0%	86.7%
Inland Shipping and Service Ltd.	Marshall Islands	100.0%	100.0%
River Bunker Balkans D.O.O.	Serbia	100.0%	100.0%
Non-consolidated (Associates)			
DLH Petroli UK Ltd.	United Kingdom	0.0%	0.0%
DLH Petroli Italia Srl.	Italy	0.0%	0.0%

The minority shareholders of DLH Istros Ltd. As well as DL Hudson Dunes LLC have preference shares that entitle each holder to an additional 2% profit allocation.

As described in Note 17 Business Combinations, the Parent Company acquired Rektron AQ Ltd. through a reverse acquisition in the financial year 2024.

OTHER INFORMATION

1. INDEPENDENT AUDITOR'S REPORT

Reference is made to the independent auditor's report on page 3.

2. SUBSEQUENT EVENTS

On August 23, 2024 the Parent Company closed its initial public offering, having raised gross proceeds of $5.0m and having issued 3,333,334 units at a price of $1.50, comprised of one common share and one common share purchase warrant exercisable at a price of $2.25 to acquire one additional common share until August 23, 2027. The parent company's shares began trading on the Canadian Securities Exchange ("CSE") on August 26, 2024.

On September 23, 2024, the Parent Company issued stock options to its Senior Officers and Directors under its Stock Options Plan totaling $2 million options at an exercise price of $2.25 (above market) and vesting in accordance to the following schedule: 1/3 vesting immediately, 1/3 vesting on the first-year anniversary of the grant and 1/3 vesting on the second-year anniversary of the grant.

On September 1, 2024, the Parent Company has entered into an agreement dated September 1, 2024 with Mid Atlantic Capital Associates Ltd. ("MACA"), an arm's length party to the Parent Company. Pursuant to the agreement, MACA has agreed to provide strategic communication and investor awareness services in North America and Europe, assisted the Company to arrange listing on the FSE and TE, as well as advertising and increasing online exposure on social media platforms. The consideration to be paid is USD$250,000 a year. The agreement is in effect until August 31, 2025, renewable with the consent of the parties for an additional year. Moreover, the Parent Company engaged Independent Trading Group Inc. ("ITG") to provide market-making services in accordance with the policies of the CSE. Pursuant to the engagement, ITG will trade common shares of the Company on the CSE with the objective of maintaining a reasonable market and improving the liquidity of the Parent Company's common shares. Under the agreement, ITG will receive compensation of C$6,000 per month, plus taxes, payable monthly in advance. The agreement is for an initial term of one month and will renew automatically for additional one-month terms unless terminated. The agreement may be terminated by either party with 30 days' notice.

There are no performance factors contained in the agreement and ITG will not receive shares or options of the Parent Company as compensation

On September 5, 2024, the Parent Company appointed Moises Michan Portillo as its Chief Operating Officer.

On September 11, 2024, the Parent Company received a requisition notice from Callan Partners Limited and Nile Flow Limited (the "Significant Shareholders") is to change the composition of the Company's board of the directors.

On October 11, 2024, the Parent Company and the Significant Shareholders entered into an exit agreement effective October 11, 2024 with Mr. Ricardo Phielix, director and CEO of the Company and Mr. Manny Bettencourt, director CFO, Corporate Secretary (the "Departing Directors") (together, the "Agreement") pursuant to which the Departing Directors will resign from their positions with the Company, on or before November 30, 2024.

On October 15, 2024, the Parent Company announced that its wholly-owned subsidiary DL Hudson entered into a $50 million credit facility agreement with Saudi EXIM Bank (the "Facility"). The Facility is a revolving facility and bears an interest rate of SOFR + 1.45% due on the 90th day from the date of disbursement. The Facility is available for a period of twelve (12) months from the date of signing of the Facility.

On October 30, 2024 DLH Istros Limited, a subsidiary of the Parent company, signed a Share Purchase Agreement with two parties for the sale of 100% of the shares of its subsidiary Inland Shipping & Supply Ltd. which holds its river bunker assets. The total purchase price net of intercompany balances is $36,537,003. The purchaser will pay $5,000,000 on closing and the seller will provide a vendor take back loan for the remainder of the balance. It is expected that the purchase will be fully paid prior to March 31, 2025, and the loan bears interest at 8% per annum.

On November 20, 2024, the Parent company welcomed Mr. Satyam Bhasin, an accomplished finance executive to its Board as its newest independent director and member of its audit committee and compensation committee. Mr. Bhasin replaces Mr. Stier who resigned on October 29, 2024, for personal reasons.

3. APPROPRIATION OF RESULTS

The profit earned in a financial year is at the disposal of the general meeting. The Parent Company may pay dividends only insofar as its equity exceeds the paid-in and called-up capital plus the reserves the company is required by law to maintain. Dividends are paid after adoption of the annual accounts, if the annual accounts demonstrate that dividend payments are permissible. Dividends are due and payable immediately after they are declared, unless the general meeting fixes another date in the relevant resolution. A shareholder's claim to a dividend will lapse five years after the dividend becomes due and payable. The general meeting may resolve to pay interim dividends and to pay dividends from a reserve that the Parent Company is not required by law to maintain. The general meeting may resolve to pay dividends in kind. The shares held by the Parent Company in its own capital are to be disregarded in the calculation of the amount of dividend to be paid on shares.

APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2023

The Company-only annual report of 2023 was approved in the General Meeting of Shareholders. The General Meeting of Shareholders has determined that the appropriation of result in accordance with the proposal being made to add the result of 2023 to the Other Reserves.

PROPOSED APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2024

The Board of Directors proposes to transfer the result over the financial year 2024 to the other reserves. The financial statements do not yet reflect this proposal.