

# OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

## Notes to the parent company and consolidated financial statements

### For the quarter ended 31 March 2021 (continued)

#### 1 Legal status and principal activities

Oman Oil Marketing Company SAOG (the "Company" or "Parent Company") is registered in the Sultanate of Oman as a public joint stock company and is primarily engaged in the marketing and distribution of petroleum products. The Company has its primary listing on the Muscat Securities Market (MSM), Sultanate of Oman.

The accounts of the Company are consolidated in the financial statements of OQ SAOC (the ultimate parent company), a closed joint stock company registered in the Sultanate of Oman. The Company has entered into a 'Trademark License Agreement' with the ultimate parent company dated 22 September 2003, for the right to use the trademark 'Oman Oil', in exchange for an annual fee of 0.09% of all fuel sales.

These consolidated financial statements comprise the Parent Company and its subsidiaries (together referred to as the "Group"), the details of which are set out in Note 3 to the consolidated financial statements. The separate financial statements represent the financial statements of the Parent Company on a standalone basis. The consolidated and separate financial statements are collectively referred to as 'the financial statements'.

#### 2 Application of new and revised International Financial Reporting Standards (IFRS)

##### 2.1 New and amended IFRSs and standard that are effective for the current year

In the current year, the Group has applied a number of other amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2020. The adoption of the following IFRSs have not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements and are listed below.

- *Amendments to references to the conceptual framework in IFRS standard*
  - *Amendments to IFRS 3 – definition of a business*
  - *Amendments to IAS 1 and IAS 8 – definition of material*
  - *Amendments to IFRS 9, IAS 39 and IFRS 7 – interest rate benchmark reform*
  - *Amendment to IFRS 16 – Covid-19 related rent concessions*
- The above amendments had no impact on the financial statements of the Group.*

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

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

# OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

## Notes to the parent company and consolidated financial statements

### For the quarter ended 31 March 2021 (continued)

#### 3 Summary of significant accounting policies

The principal accounting policies are summarised below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### 3.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB), the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB and the Commercial Companies Law of the Sultanate of Oman.

The consolidated financial statements are prepared under the historical cost convention. The consolidated financial statements have been presented in Rial Omani ("RO") which is also the functional currency of the Group.

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.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. In the process of applying the Group's accounting policies, management has used its judgments and made estimates in determining the amounts recognised in the financial statements. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements as disclosed in Note 4 to the consolidated financial statements.

##### 3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as at 31 March 2021.

Subsidiary companies	Shareholding percentage		Country of incorporation	Principal activities
	2020	2019		
Oman Oil Marketing Company LLC	100%	100%	KSA	Marketing and distribution of petroleum products
Alhalin International LLC	100%	100%	Oman	Retail convenience stores and related operations
Sultanate Energy Company Limited	100%	100%	United republic of Tanzania	Marketing and distribution of petroleum products
Duqum Bunkering Terminal LLC	100%	100%	Oman	Marketing and distribution of bunker petroleum products

# OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

## Notes to the parent company and consolidated financial statements

### For the quarter ended 31 March 2021 (continued)

#### 3 Summary of significant accounting policies (continued)

##### 3.2 Basis of consolidation (continued)

###### *Subsidiaries*

The financial statements comprise those of the Parent Company and each of its subsidiaries as at 31 March 2020. Subsidiaries are all entities (including special purpose entities) over which the Group exercises control. Control is achieved when the Parent Company:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

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

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

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

The Parent Company accounts for its investment in subsidiaries based on the equity method for the purpose of its separate financial statements.

# OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

## Notes to the parent company and consolidated financial statements

### For the quarter ended 31 March 2021 (continued)

#### 3 Summary of significant accounting policies (continued)

##### 3.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted as separate items of property, plant and equipment.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised and amortised. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment and can be measured reliably. All other expenditure is recognised in the statement of comprehensive income as an expense when incurred.

The cost of the property, plant and equipment is written down to residual value in equal instalments over the estimated useful lives of the assets. The estimated useful lives are:

	Years
Buildings	10 to 20
Plant and equipment	5 to 25
Vehicle, furniture and computers	4 to 8

Capital work-in-progress are carried at cost less any recognised impairment loss and is not depreciated until it is transferred into one of the asset categories, which occurs when the asset is ready for use.

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

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amounts and are taken into account in determining operating profit.

##### 3.4 Investment in associates and joint ventures

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

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of comprehensive profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown in the consolidated statement of profit or loss outside operating profit.

# OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

## Notes to the parent company and consolidated financial statements

### For the quarter ended 31 March 2021 (continued)

#### 3 Summary of significant accounting policies (continued)

##### 3.4 Investment in associates and joint ventures (continued)

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

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss in the consolidated statement of profit or loss.

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

##### 3.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition, and are determined as follows:

- Oil and lubricants : purchase cost on a first-in-first-out basis

Net realisable value is based on estimated selling price, less any further costs expected to be incurred to completion and disposal.

##### 3.6 Financial assets

###### *Initial recognition and measurement*

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

###### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon
- Financial assets at fair value through profit or loss

###### *Financial assets at amortised cost (debt instruments)*

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of The financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on The principal amount outstanding.

# OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

## Notes to the parent company and consolidated financial statements

### For the quarter ended 31 March 2021 (continued)

#### 3 Summary of significant accounting policies (continued)

##### 3.6 Financial assets (continued)

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables and cash and cash equivalents.

##### Impairment of financial assets

The Group has applied the simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience as adjusted for forward-looking factors.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group considers a financial asset in default when contractual payment is 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

##### 3.7 Cash and cash equivalents

For the purpose of statement of cash flow, cash and cash equivalents include cash on hand and at bank with a maturity of less than 3 months from the date of placement, net of bank overdrafts, if any.

##### 3.8 Borrowings

All loans and borrowings are initially recognised at cost less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Instalments due within one year at amortised cost are shown as a current liability.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process. Interest costs are recognised as an expense when incurred except those that qualify for capitalisation.

##### 3.9 Provisions

Provisions are recognised by the Group when there is a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

##### 3.10 Trade creditors and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

##### 3.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

# OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

## Notes to the parent company and consolidated financial statements

### For the quarter ended 31 March 2021 (continued)

#### 3 Summary of significant accounting policies (continued)

##### 3.12 Dividend distribution

The Board of directors adopts a prudent dividend policy, which complies with regulatory requirements applicable in the Sultanate of Oman. Dividends are distributed in accordance with the Parent Group's Memorandum of Association and are subject to the approval of shareholders. Dividend distribution to the Parent Group's shareholders is recognised as a liability in the Parent Group's separate financial statements only in the period in which the dividends are approved by the Parent Group's shareholders.

##### 3.13 Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses relating to transactions with other components of the same entity, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The accounting policies of the reportable segments are the same as the Group's accounting policies described under note 3.

##### 3.14 Revenue recognition

###### *Revenue from contracts with customers*

The Group's principal activity is selling fuel, lubricants and petroleum products.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of products, the Group considers the effects of variable consideration.

###### *Sale of fuel, lubricants and petroleum products*

Revenue from sale of fuel, lubricants and petroleum products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. The normal credit terms are 30 to 90 days upon delivery/receipt.

###### *Volume rebate*

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the future expected rebates, the group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimated of variable consideration and recognises a refund liability for the expected future rebates.

###### *Loyalty points programme*

The Group has a loyalty programme, Basma, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimate of the points that will be redeemed on a quarterly basis and any adjustments to that contract liability balance are charged against revenue.

# OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

## Notes to the parent company and consolidated financial statements

### For the quarter ended 31 March 2021 (continued)

#### 3 Summary of significant accounting policies (continued)

##### 3.14 Revenue recognition (continued)

###### Contract balances

###### *Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

###### *Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

##### 3.15 Director's remuneration

The Directors' remuneration is governed and calculated as set out in the Commercial Companies Law of 2019 and the regulations issued by the Capital Market Authority of Oman.

##### 3.16 End-of-service benefits

End-of-service benefits are accrued in accordance with the terms of employment of the Group's employees at the reporting date, having regard to the requirements of the Oman Labour Law and its amendments. Employee entitlements to annual leave and leave passage are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in current liabilities, while that relating to end-of-service benefits is disclosed as a non-current liability.

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurances Law of 1991, are recognised as an expense in the statement of comprehensive income as incurred.

##### 3.17 Foreign currency

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

##### 3.18 Borrowing cost

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

##### 3.19 Finance income

Finance income comprises interest received or receivable on funds invested. Finance income is recognised in the statement of profit or loss using the effective interest rate method.

# OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

## Notes to the parent company and consolidated financial statements For the quarter ended 31 March 2021 (continued)

### 3 Summary of significant accounting policies (continued)

#### 3.20 Leases

##### The Group as a lessee

##### *Right-of-use assets*

The right-of-use assets are presented as a separate note line item in the property, plant and equipment. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy. Depreciation is calculated on a straight line basis over the estimated useful lives of the right of use assets.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Operating expenses' in the statement of profit or loss.

##### *Lease liability*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease or, if that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments included in the measurement of the lease liability comprise of fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is presented as a line item in the statement of financial position.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The group did not make any such adjustments during the periods presented.

# OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

## Notes to the parent company and consolidated financial statements

### For the quarter ended 31 March 2021 (continued)

#### 3 Summary of significant accounting policies (continued)

##### 3.20 Leases (continued)

###### The Group as lessor

Leases for which the Group is a lessor are classified as operating leases since the terms of the lease does not transfer substantially all the risks and rewards of ownership to the lessee. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are charged to operating expenses. When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

##### 3.21 Income tax

###### *Current tax*

Income tax comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

###### *Deferred tax*

Deferred tax is calculated using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary difference when they reverse, based on the laws that have been enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset as there is a legally enforceable right to offset these in Oman.

##### 3.22 Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by adjusting the basic earnings per share for the effects of all dilutive potential ordinary shares. The Group does not have any potentially dilutive shares at the reporting date.

# OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

## Notes to the parent company and consolidated financial statements

### For the quarter ended 31 March 2021 (continued)

#### 4 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are set out below.

##### 4.1 Critical judgements in applying accounting policies

###### *Classification of financial assets*

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

###### *Investment in associates*

Management has assessed the level of influence that the Group has on Muscat Gases Company SAOG and determined that it has significant influence, because of the board representation and contractual terms even though the shareholding is below 20%. Accordingly, this investment has been classified as an associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount (higher of value in use and fair value less costs to sell) of the associate and its carrying value, and then recognises the loss in the statement of comprehensive income.

###### *Joint arrangement*

The Group holds 50% of the voting rights of its joint arrangement. The Group has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

The Group's joint arrangement is structured as a limited liability Group and provides the Group and the parties to the agreements with rights to the net assets of the limited Group under the arrangements. Therefore, this arrangement is classified as a joint venture.

##### 4.2 Key sources of estimation uncertainty

###### *Impairment of receivables*

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Probability of default constitutes a key input in measuring an ECL and entails considerable judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which involves historical data, assumptions and expectation of future conditions, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability of default to various categories of receivables. Probability of default constitutes a key input in measuring an ECL and entails considerable judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which involves historical data, assumptions and expectation of future conditions.

###### *Useful lives of property, plant and equipment*

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

# OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

## Notes to the parent company and consolidated financial statements

### For the quarter ended 31 March 2021 (continued)

#### 4 Critical accounting estimates and judgements (continued)

##### 4.2 Key sources of estimation uncertainty (continued)

###### *Impairment of financial assets at amortised cost*

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

###### *Allowance for slow-moving and obsolete inventory*

Allowance for slow-moving and obsolete inventory is based on the Management's assessment of various factors such as the usability, product life cycles, and normal wear and tear using its best estimates.

At the reporting date, net carrying value of inventory were RO 4,788,064 (2020: RO 4,518,934) and the provision for slow-moving and obsolete inventory was RO 406,735 (2020: RO 462,264). Any difference between the amounts actually released in future periods and the amounts expected to be released will be recognised in the statement of comprehensive income.

###### *Environmental provision*

Environmental provision is made for environmental remediation costs based on environmental contamination assessments made on service stations.

###### *Provision for site restoration and abandonment cost*

Provision for site restoration and abandonment cost is based on the management technical assessment of the future cost to be incurred in respect of the decommissioning of the terminal and restoration of land. The significant uncertainty in estimating the provision is the cost that will be incurred and the applicable discount rate. Based on the technical assessment carried out by management no provision has been taken for the current year.

###### *Provisions for other costs*

Included in the accrued expenses of the Group are accruals for costs which are currently under discussion with the relevant ministries, customers and a supplier in the Sultanate of Oman. These accruals are based upon the amounts due to be paid to the supplier as per the pricing mechanism communicated by the relevant party.

###### *Taxes*

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

###### *Impact of covid19 outbreak*

In January 2020, the World Health Organization ("WHO") announced a global health emergency due to the outbreak of coronavirus ("COVID-19"). Based on the rapid increase in exposure and infections across the world, WHO, in March 2020, classified the COVID-19 outbreak as a pandemic. Actions taken by governmental authorities, nongovernmental organizations, businesses and individuals around the world to slow the COVID-19 pandemic and associated consumer behavior have negatively impacted forecasted global economic activity, thereby resulting in lower demand for oil. This has created a current and forecasted oversupply, precipitating the recent steep decline in oil prices and an increase in oil price volatility.

The Group is closely monitoring the situation to manage the potential business disruption on its operations and financial performance. The implications of COVID-19 are ongoing and the ultimate outcome of this event is unknown and therefore the full impact on the Company for events and circumstances that arose after the reporting date cannot be reasonably quantified at the authorisation date of this financial statements. As the situation is evolving, the Company will continue to monitor the situation and adjust its critical judgements and estimates, as necessary, during the course of 2021.

OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the parent company and consolidated financial statements  
For the quarter ended 31 March 2021 (continued)

5a. Property, plant and equipment  
Group

	Land and buildings RO	Plant equipment and vehicles RO	Assets under construction RO	Total RO
<b>Cost</b>				
At 1 January 2020	31,458,759	56,939,367	5,291,376	93,689,502
Additions	-	28,131	13,979,639	14,007,770
Transfers	2,360,503	3,715,470	(6,075,973)	-
Disposals	(910,812)	(5,196,691)	-	(6,107,503)
At 31 December 2020	32,908,450	55,486,277	13,195,042	101,589,769
1 January 2021	32,908,450	55,486,277	13,195,042	101,589,769
Additions	-	31,044	1,009,257	1,040,301
Transfers	-	121,039	(121,039)	-
Disposals	-	(400,128)	-	(400,128)
At 31 March 2021	32,908,450	55,238,232	14,083,260	102,229,942
<b>Accumulated depreciation and impairment</b>				
At 1 January 2020	9,574,500	37,619,088	-	47,193,588
Charge for the period	1,694,725	4,326,353	-	6,021,078
Disposals	(677,585)	(5,323,766)	-	(6,001,351)
Provision for impairment	-	241,113	-	241,113
At 31 December 2020	10,591,640	36,862,788	-	47,454,428
1 January 2021	10,591,640	36,862,788	-	47,454,428
Charge for the period	476,297	1,042,317	-	1,518,614
Disposals	-	(398,523)	-	(398,523)
At 31 March 2021	11,067,937	37,506,582	-	48,574,519
<b>Net book value</b>				
At 31 March 2021	21,840,513	17,731,650	14,083,260	53,655,423
At 31 December 2020	22,316,810	18,623,489	13,195,042	54,135,341

OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the parent company and consolidated financial statements  
For the quarter ended 31 March 2021 (continued)

5b. Property, plant and equipment

Parent

	Land and buildings	Plant equipment and vehicles	Assets under construction	Total
	RO	RO	RO	RO
<b>Cost</b>				
At 1 January 2020	31,458,759	56,936,438	4,837,474	93,232,671
Additions	-	-	13,356,350	13,356,350
Transfers	2,360,503	3,715,470	(6,075,973)	-
Disposals	(910,812)	(5,196,691)	-	(6,107,503)
At 31 December 2020	<u>32,908,450</u>	<u>55,455,217</u>	<u>12,117,851</u>	<u>100,481,518</u>
At 1 January 2021	<b>32,908,450</b>	<b>55,455,217</b>	<b>12,117,851</b>	<b>100,481,518</b>
Additions	-	-	653,254	653,254
Transfers	-	79,320	(79,320)	-
Disposals	-	(400,131)	-	(400,131)
At 31 March 2021	<u>32,908,450</u>	<u>55,134,406</u>	<u>12,691,785</u>	<u>100,734,641</u>
<b>Accumulated depreciation and impairment</b>				
At 1 January 2020	9,574,500	37,593,627	-	47,168,127
Charge for the period	1,694,725	4,295,005	-	5,989,730
Disposals	(677,585)	(5,323,527)	-	(6,001,112)
Provision for impairment	-	241,113	-	241,113
At 31 December 2020	<u>10,591,640</u>	<u>36,806,218</u>	<u>-</u>	<u>47,397,858</u>
At 31 January 2021	<b>10,591,640</b>	<b>36,806,218</b>	<b>-</b>	<b>47,397,858</b>
Charge for the period	476,297	1,031,167	-	1,507,464
Disposals	-	(398,769)	-	(398,769)
At 31 March 2021	<u>11,067,937</u>	<u>37,438,616</u>	<u>-</u>	<u>48,506,553</u>
<b>Net book value</b>				
At 31 March 2021	<u>21,840,513</u>	<u>17,695,790</u>	<u>12,691,785</u>	<u>52,228,088</u>
At 31 December 2020	<u>22,316,810</u>	<u>18,648,999</u>	<u>12,117,851</u>	<u>53,083,660</u>

OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

Notes to the parent company and consolidated financial statements  
For the quarter ended 31 March 2021 (continued)

6 Right of use assets and Lease liability

6.1 Right of use assets

Group	Leasehold land	Warehouse and offices	Total
	RO	RO	RO
At 1 January 2020	18,361,244	437,749	18,798,993
Additions	5,766,355	2,169,790	7,936,145
Less: Depreciation	(4,165,537)	(396,819)	(4,562,356)
Less: Terminations	(656,595)	-	(656,595)
At 1 January 2021	19,305,467	2,210,720	21,516,187
Less: Depreciation	(958,680)	(91,145)	(1,049,825)
At 31 March 2021	<b>18,346,787</b>	<b>2,119,575</b>	<b>20,466,362</b>
<b>Parent</b>			
	RO	RO	RO
At 1 January 2020	14,422,475	437,749	14,860,224
Additions	2,467,956	2,169,790.00	4,637,746
Less: Terminations	(656,595)	-	(656,595)
Less: Depreciation	(3,746,220)	(396,819)	(4,143,039)
At 1 January 2021	12,487,616	2,210,720	14,698,336
Less: Depreciation	(944,615)	(91,145)	(1,035,760)
At 31 March 2021	<b>11,543,001</b>	<b>2,119,575</b>	<b>13,662,576</b>

6.2 Lease Liability

Group and Parent	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
As at 1 January	20,659,060	17,378,713	14,058,344	13,730,584
Additions	-	7,248,129	-	4,428,248
Interest expense on lease liability	138,893	823,218	138,893	555,572
Less: Terminations	-	(698,774)	-	(698,774)
Less: Payments	(989,322)	(4,092,226)	(989,322)	(3,957,286)
At 31 December	<b>19,808,631</b>	<b>20,659,060</b>	<b>13,207,915</b>	<b>14,058,344</b>
<b>Present value of lease liability</b>				
The maturity of lease liability is as follows:				
Not later than 1 year	<b>3,658,492</b>	3,798,164	<b>3,459,472</b>	3,599,144
Later than 1 year	<b>16,150,140</b>	<b>16,860,896</b>	<b>9,748,443</b>	10,459,200

The Group leases several assets including land, warehouse and buildings. The lease term ranges between 5 to 20 years (2020: 5 to 20 years). The expired contracts were replaced by new leases for identical underlying assets.

Amount recognised in profit and loss	2021 RO	2020 RO	2021 RO	2020 RO
	Depreciation expense on right-of-use assets	1,049,825	4,562,356	1,035,760
Interest expense on lease liabilities	138,893	823,218	138,893	555,572
Expense related to short-term lease, variable lease, and low value assets	359,788	541,423	302,456	370,672
Income from sub-leasing right-of-use assets*	(288,371)	(16,742)	(204,608)	44,100

\* Operating leases, in which the Group is a lessor, relate to property owned by the group with lease terms between 2-5 years with similar extension option. The lessee does not have an option to purchase the property at the expiry of the contract.

## OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

### Notes to the parent company and consolidated financial statements

#### For the quarter ended 31 March 2021 (continued)

#### 7. Investment in Subsidiaries

	% Holding	Parent	
		2021 RO	2020 RO
Oman Oil Marketing Company LLC - KSA	100%	2,030,719	2,141,198
Ahlain International LLC	100%	87,548	152,568
Sultanate Energy Company Limited	100%	1,112,809	1,136,545
		<u>3,231,076</u>	<u>3,430,311</u>

i) Oman Oil Marketing Company LLC is incorporated in the Kingdom of Saudi Arabia on 16 January 2017 under a trade license issued by the Ministry of Commerce and Industry. The subsidiary is primarily engaged in the marketing and distribution of petroleum products. In the current period, the Parent Company has recognised share of loss of RO 110,479 in respect of the subsidiary (2020: RO 53,678).

ii) Ahlain International LLC is incorporated on 19 March 2017 under a trade license issued by the Ministry of Commerce & Industry. The investee is engaged in the retail convenience stores and related operations in Sultanate of Oman. In the current period, the Parent company has recognised its share of loss of RO 65,021 in respect of the subsidiary (2020: Profit of RO 5,808).

iii) Sultanate Energy Company Limited is incorporated in the United Republic of Tanzania on 12 March 2019 under the Companies Act , 2002. The entity is engaged in the marketing and distribution of petroleum products. In the current period, the Parent company has recognised share of loss of RO 23,736 in respect of the subsidiary (2020: RO 16,748).

iv) During the year, the Parent incorporated a subsidiary; Duqm Bunker Terminal LLC on 25 June 2020 under a trade license issued by the Ministry of Commerce & Industry under Special Economic Zone at Duqm. The investee will engage in bunker fuel operations. Commercial activities not yet started.

#### 8. Investment in associates and joint venture

	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
Associates (a)	623,514	679,996	623,514	679,996
Joint venture (b)	69,585	69,585	69,585	69,585
	<u>693,099</u>	<u>749,581</u>	<u>693,099</u>	<u>749,581</u>

#### (a) Investment in associates

	% Holding	Group and Parent	
		2021 RO	2020 RO
i) Muscat Gases Company SAOG	9.18%	567,032	611,200
ii) Lubchem International Industry LLC	40%	56,482	212,376
		<u>623,514</u>	<u>823,576</u>

## OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

### Notes to the parent company and consolidated financial statements For the quarter ended 31 March 2021 (continued)

#### 8. Investment in associates and joint venture(continued)

##### *i) Muscat Gases Company SAOG*

The Parent Company has a 9.18% (2020 9.18%) interest in Muscat Gases Company SAOG (investee), a joint stock company incorporated in the Sultanate of Oman on 13 November 1989 under a trade license issued by the Ministry of Commerce & Industry. The investee is engaged in the manufacturing and selling of industrial and cooking gases. The investee has been accounted as an associate based on the significant influence exercised through direct and indirect board representations. The Parent Company carried an impairment testing during the current year which has indicated no impairment, which is difference between the carrying value and its recoverable amount as determined.

*Share of the associate's revenue and profit:*

	Group and Parent	
	2021	2020
	RO	RO
Revenue	346,874	491,014
Parent's share in profit of the associate	-	-

*Share of associates' statement of financial position:*

Current assets	949,660	591,044
Non-current assets	323,189	320,683
Current liabilities	(246,451)	(173,622)
Non-current liabilities	(92,952)	(119,203)
Net assets	933,446	618,902

##### *ii) Lubchem International Industry LLC*

Effective 6 May 2014, the Parent Company acquired a 40% shareholding in Lubechem International Industry LLC (Lubechem), a company engaged in the manufacturing of grease and lubricants, lubricants waste recycling and chemicals blending. Lubechem is registered in the Emirates of Ras Al-Khaimah as a limited liability company in Ras Al-Khaimah Investment Authority. The carrying value of investment is RO 56,482 (2020: RO 216,398).

#### **(b) Investment in joint venture**

Investment in joint venture represents the Parent Company's participation in 50% (2020: 50%) of the equity interest of Omanoil Matrix Marine Services LLC (the joint venture), a company incorporated in the Sultanate of Oman on 28 April 2010. The other shareholder of the Joint Venture is Matrix Marine Holding GmbH, a company incorporated in Germany. The objective of the joint venture is to sell oil and its by-products at the port of Sohar. In the year 2016, the joint venture has ceased its operations and commenced liquidation proceedings. Management has carried out an assessment and has concluded that the the joint venture has sufficient assets and the carrying value of RO 69,585 will be recovered from the liquidation process.

## OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

### Notes to the parent company and consolidated financial statements For the quarter ended 31 March 2021 (continued)

#### 9. Inventories

	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
Fuel and lubricants	4,932,687	4,757,708	4,932,686	4,757,708
Stores and spares	26,065	26,065	26,065	26,065
Goods for resale	236,047	197,425	-	-
Less: Allowance for slow-moving and obsolete inventory	(406,735)	(462,264)	(406,735)	(462,264)
	<b>4,788,064</b>	<b>4,518,934</b>	<b>4,552,016</b>	<b>4,321,509</b>

Movement in the allowance for slow-moving and obsolete inventory during the period is as follows:

	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
At 1 January	462,264	392,167	462,264	392,167
Allowance recorded/reversed during the period	(55,529)	70,097	(55,529)	70,097
At 31 March	<b>406,735</b>	<b>462,264</b>	<b>406,735</b>	<b>462,264</b>

#### 10. Trade and other receivables

	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
Trade receivables	44,023,132	38,230,010	44,023,132	38,230,010
Amounts due from related parties (Note 20)	2,961,290	2,034,309	3,282,295	2,246,391
Less: allowance for credit losses	(3,032,808)	(3,133,808)	(3,032,808)	(3,133,808)
	<b>43,951,614</b>	<b>37,130,511</b>	<b>44,272,619</b>	<b>37,342,593</b>
Other receivables	1,082,940	957,612	858,261	808,543
Prepaid expenses	2,000,763	1,913,330	1,373,523	1,447,835
	<b>47,035,317</b>	<b>40,001,453</b>	<b>46,504,403</b>	<b>39,598,971</b>

Following table shows the movement in life time ECL recognised in accordance with the simplified approach set out in IFRS 9:

	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
At 1 January	2,362,355	2,362,355	2,362,355	2,362,355
Provided / (reversed) during the period	670,453	771,453	670,453	771,453
At 31 March	<b>3,032,808</b>	<b>3,133,808</b>	<b>3,032,808</b>	<b>3,133,808</b>

## OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

### Notes to the parent company and consolidated financial statements For the quarter ended 31 March 2021 (continued)

#### 11. Cash and cash equivalents

	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
Cash on hand	61,087	60,938	21,607	24,545
Cash in bank	44,371,298	20,439,835	42,849,934	18,400,986
<b>Cash and bank balances</b>	<b>44,432,385</b>	<b>20,500,773</b>	<b>42,871,541</b>	<b>18,425,531</b>
Less: Term deposits	(7,000,000)	(7,000,000)	(7,000,000)	(7,000,000)
<b>Cash and cash equivalents</b>	<b>37,432,385</b>	<b>13,500,773</b>	<b>35,871,541</b>	<b>11,425,531</b>

Cash in bank balances are with commercial banks in Oman, United Arab Emirates, Kingdom of Saudi Arabia and Tanzania, and are denominated in Omani Rial, Saudi Riyals, UAE Dirham, Tanzanian shilling and US Dollars. Cash in bank include call deposits that are short term in nature and carries interest at commercial rate.

Bank balances and deposit accounts are placed with reputed financial institutions. Hence management believes that the credit risk with respect to these balances is minimal.

#### 12. Share capital

The Group and Parent Company's authorised share capital consists of RO 15,000,000 (2020: RO 15,000,000).

The Group and Parent Company's issued and fully paid up share capital comprises RO 6,450,000 (2020: RO 6,450,000). Below is the details of shares fully issued and paid up.

	Group		Parent	
	Number of shares		Number of shares	
	2021	2020	2021	2020
3,225,000 Multi-vote shares	3,225,000	3,225,000	3,225,000	3,225,000
61,275,000 Ordinary shares	61,275,000	61,275,000	61,275,000	61,275,000
	<b>64,500,000</b>	<b>64,500,000</b>	<b>64,500,000</b>	<b>64,500,000</b>

In accordance with Article 5 of the Parent Company's Articles of Association, the holder of each multi-vote share is entitled to two votes at the annual general meeting of the Parent Company. Multi-vote shares are considered as ordinary shares for purposes of basic and diluted earnings per share.

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

	Group		Parent	
	Number of shares		Number of shares	
	2021	2020	2021	2020
OQ SAOC (formerly Oman Oil Company SAOC)				
- Multi-vote shares	3,225,000	3,225,000	3,225,000	3,225,000
- Ordinary shares	28,380,000	28,380,000	28,380,000	28,380,000
Civil Services Pension Fund - Ordinary shares	8,352,027	8,352,027	8,352,027	8,352,027
	<b>39,957,027</b>	<b>39,957,027</b>	<b>39,957,027</b>	<b>39,957,027</b>

#### 13. Legal Reserve

As per the Commercial Companies Law of the Sultanate of Oman, 10% of the profit for the year is required to be transferred to a non-distributable legal reserve until the amount of legal reserve is equal to one-third of the issued share capital. The legal reserve has already reached the requirement hence the Parent company has not transferred any amount to the legal reserve.

## OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

### Notes to the parent company and consolidated financial statements For the quarter ended 31 March 2021 (continued)

#### 14. Employees' end-of-service benefits

	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
At 1 January	324,946	285,159	320,394	283,681
Expense for the period	13,668	78,475	13,032	75,401
End-of-service benefits paid	(2,381)	(38,688)	(2,381)	(38,688)
At 31 March	<u>336,233</u>	<u>324,946</u>	<u>331,045</u>	<u>320,394</u>

## OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

### Notes to the parent company and consolidated financial statements

For the quarter ended 31 March 2021 (continued)

#### 15. Trade and other payables

	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
Trade payables	2,870,517	5,328,894	2,479,158	4,908,958
Due to related parties (Note 20)	41,307,884	35,208,861	41,307,884	35,208,861
Accrued expenses and others	6,169,804	5,299,355	5,879,064	5,250,037
Directors' remuneration provision (Note 20)	44,100	-	44,100	-
Advances from customers	1,164,583	1,089,782	1,164,583	1,089,782
	<u>51,556,887</u>	<u>46,926,892</u>	<u>50,874,789</u>	<u>46,457,638</u>

#### 16. Bank borrowings

	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
Short Term loan	25,000,000	-	25,000,000	-
Current portion	<u>25,000,000</u>	<u>-</u>	<u>25,000,000</u>	<u>-</u>

#### 17. Income tax

	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
<i>Current liability:</i>				
Current year	158,514	602,036	158,514	562,188
Prior years	716,898	114,862	677,050	114,862
	<u>875,412</u>	<u>716,898</u>	<u>835,564</u>	<u>677,050</u>
<i>Charge during the period</i>				
Current period	158,514	119,922	158,514	118,896
Deferred tax	-	-	-	-
	<u>158,514</u>	<u>119,922</u>	<u>158,514</u>	<u>118,896</u>
<i>Deferred tax asset:</i>				
At 1 January	1,050,644	831,159	1,050,644	831,159
Movement for the year	-	219,485	-	219,485
At 31 March	<u>1,050,644</u>	<u>1,050,644</u>	<u>1,050,644</u>	<u>1,050,644</u>

The deferred tax comprises the following temporary differences:

	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
Provisions and other charges	640,016	640,016	640,016	640,016
Property, plant and equipment	324,624	324,624	324,624	324,624
Leases	86,004	86,004	86,004	86,004
	<u>1,050,644</u>	<u>1,050,644</u>	<u>1,050,644</u>	<u>1,050,644</u>

The Company is subject to income tax in accordance with the Income Tax Law of the Sultanate of Oman at the enacted tax rate of 15% (2020: 15%). For the purpose of determining the tax expense for the year, the accounting profit has been adjusted for tax purposes.

The adjustments are based on the current understanding of the existing tax laws, regulations and practices.

## OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

### Notes to the parent company and consolidated financial statements

For the quarter ended 31 March 2021 (continued)

#### 18. Environmental provision

	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
At 1 January	200,245	200,245	200,245	200,245
Provided/Reversed during the period	-		-	
At 31 March	<u>200,245</u>	<u>200,245</u>	<u>200,245</u>	<u>200,245</u>

The Group provides for environmental remediation costs based on internal assessment of environmental contamination made on its service stations. The provision is expected to be used as per site specific remediation plan.

#### 19. Finance income - net

	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
Interest income	276,144	332,439	276,144	332,439
Interest expenses on borrowings	(163,850)	(222,719)	(163,850)	(222,719)
	<u>112,294</u>	<u>109,720</u>	<u>112,294</u>	<u>109,720</u>

## OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

### Notes to the parent company and consolidated financial statements

#### For the quarter ended 31 March 2021 (continued)

#### 20. Related party transactions

Related parties comprise the shareholders, directors and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

The Company has entered into transactions with entities over which certain directors are able to exercise significant influence. In the normal course of business, the Group provides services on commercial terms to related parties and avails services from related parties. The Directors believe that the terms of providing and receiving such services are comparable with those that could be obtained from third parties.

The volumes of significant related party transactions during the period and with parties with a shareholding of 10% or more in the Group and/or related to directors, were as follows:

	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
<b>Revenue</b>				
Fuel sales to commercial customers	<u>3,459,942</u>	<u>4,232,245</u>	<u>3,459,942</u>	<u>4,232,245</u>
	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
<b>Costs</b>				
Fuel purchases from related parties	111,948,288	118,989,519	111,948,288	118,989,519
Procurement of services	114,972	316,318	114,972	316,318
Compensation of key management personnel	239,576	297,871	239,576	297,871
Brand royalty	107,199	115,459	107,199	115,459
Blending charges	-	49,537	-	49,537
Net interest income over bank charges	11,581	122,237	11,581	122,237
Directors' sitting fees	13,800	8,100	13,800	8,100
Remuneration to directors - provision	44,100	44,100	44,100	44,100
	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
<b>Balances</b>				
Bank balances	<u>33,166,472</u>	<u>8,021,951</u>	<u>33,166,472</u>	<u>8,021,951</u>
Due from related parties (Note 10)	<u>2,961,290</u>	<u>2,034,309</u>	<u>3,282,295</u>	<u>2,246,391</u>
Due to related parties (Note 15)	<u>41,307,884</u>	<u>35,208,861</u>	<u>41,307,884</u>	<u>35,208,861</u>
Directors remuneration (Note 15)	<u>44,100</u>	<u>-</u>	<u>44,100</u>	<u>-</u>

The total remuneration paid to non-executive directors comprising sitting fees and remuneration is in accordance with the provisions, and within the limits of, the Commercial Companies Law, the CMA guidance and the Articles of Association of the Parent Company. Executive directors, if any, apart from their contractual benefits and performance linked pay are not eligible for any sitting fees or fixed remuneration. Director's remuneration is recognised in the statement of profit or loss. Outstanding balance at the year end arise in the normal course of business.

## OMAN OIL MARKETING COMPANY SAOG AND ITS SUBSIDIARIES

### Notes to the parent company and consolidated financial statements

For the quarter ended 31 March 2021 (continued)

#### 21. Staff cost

	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
Wages, salaries and allowances	1,488,880	1,604,497	1,316,434	1,539,656
End-of-service benefits	13,032	-	13,032	-
Social security costs	102,217	90,025	102,217	90,025
Other employee benefits	167,122	134,834	167,122	134,834
	<u>1,771,251</u>	<u>1,829,356</u>	<u>1,598,805</u>	<u>1,764,515</u>

#### 22. Operating and other expenses

The operating and other expenses of the Group include the following:

	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
Ministry of Commerce and Industry license fee	361,190	358,100	361,190	358,100
Operating leases	359,788	330,968	302,456	160,217
Brand Royalty payable to Parent company	107,199	115,459	107,199	115,459
Board Remuneration and sitting fees	-	-	-	-
Audit and professional fee provision	3,000	3,000	3,000	3,000
Provision for / (reversal of) doubtful debts	(101,000)	(215,491)	(101,000)	(215,491)

#### 23. Basic and diluted earnings per share

The par value of each share is RO 100 Baizas. The basic and diluted earnings per share are calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the year as follows:

	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
Net profit for the year (RO)	699,012	601,624	699,012	601,624
Weighted average number of shares (Note 12)	<u>64,500,000</u>	<u>64,500,000</u>	<u>64,500,000</u>	<u>64,500,000</u>
Basic and diluted earnings per share (RO)	<u>0.011</u>	<u>0.009</u>	<u>0.011</u>	<u>0.009</u>

#### 24. Net assets per share

Net assets per share is calculated by dividing the shareholders' equity of the Group at the year-end by the number of shares outstanding

	Group		Parent	
	2021 RO	2020 RO	2021 RO	2020 RO
Shareholders' equity (RO)	74,343,884	73,644,872	74,343,884	73,644,872
Number of shares outstanding at the end of the reporting period (Note 12)	<u>64,500,000</u>	<u>64,500,000</u>	<u>64,500,000</u>	<u>64,500,000</u>
Net assets per share (RO)	<u>1.153</u>	<u>1.142</u>	<u>1.153</u>	<u>1.142</u>

#### 25. Approval of consolidated financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 10 May 2021.