

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's primary listing is on the Muscat Stock Exchange (MSX), Sultanate of Oman.

The accounts of the Company are consolidated in the financial statements of OQ SAOC (the parent company), a closed joint-stock company registered in the Sultanate of Oman. OQ SAOC is wholly owned by the Oman Investment Authority (the ultimate parent company). 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 Parent Company's financial statements 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)

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

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 12 - Income Taxes - Deferred tax arising from a single transaction	1 January 2023
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 1 - classification of liabilities as current or non-current	1 January 2023
Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors	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

Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28. The application date of this amendment until such time as the IASB has finalised its research project on the equity method.

Management anticipates that these new standards, interpretations and amendments will be adopted in the consolidated financial statements as and when they are applicable and adoption of them may have no material impact on the consolidated financial statements of the Group in the year of initial application.

3 Summary of significant accounting policies

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

3.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the 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 except the derivative financial instruments and investment held for sale. 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. When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Preparing consolidated financial statements in conformity with IFRS requires specific critical accounting estimates. In 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 30 Jun 2022.

Subsidiary companies	Shareholding percentage		Country of incorporation	Principal activities
	2022	2021		
Oman Oil Marketing Company LLC	100%	100%	Kingdom of Saudi Arabia	Marketing & distribution of petroleum products
Ahlain International LLC	100%	100%	Sultanate of Oman	Retail convenience stores and related operations
Sultanate Energy Company Limited	100%	100%	United Republic of Tanzania	Marketing and distribution of petroleum products
Duqm Bunker Terminal LLC	100%	100%	Sultanate of Oman	Marketing and distribution of bunker petroleum products

Subsidiaries

The financial statements comprise the Parent Company and each of its subsidiaries as at 30 Jun 2022. Subsidiaries are all entities over which the Group exercises control. Control is achieved when the Parent Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, 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 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. 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 Group's 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. 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 its separate financial statements.

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.

Certain items of property, plant and equipment are subject to overhauls at regular intervals. The inherent components of the initial overhaul are determined based on the estimated costs of the next overhaul and are separately depreciated in order to reflect the estimated intervals between two overhauls. The costs of the overhauls subsequently incurred are capitalised as additions and the carrying amounts of the replaced components are written off to the profit or loss. 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	2 to 25
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.

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

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

3.4 Business combination

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set can produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in statement of profit or loss and other comprehensive income immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised as statement of profit or loss and other comprehensive income.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, another contingent consideration is remeasured at fair value at each reporting date, and subsequent changes in the fair value of the contingent consideration are recognised in statement of profit or loss and other comprehensive income.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards). In that case, all or a portion of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary. Any resulting gain or loss is recognised in statement of profit or loss and other comprehensive income. Any interest retained in the former subsidiary is measured at fair value when lost control.

Transactions eliminated on consolidation

Intra-group balances and transactions are eliminated, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arise from intra-group transactions. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.5 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. The asset's recoverable amount is estimated if any such indication exists. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped into the smallest that generate cash inflows from continuing use, largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

3.5

The recoverable amount or CGU is more significant than its value in use and its fair value fewer disposal costs. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in statement of profit or loss and other comprehensive income. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization if no impairment loss had been recognised.

3.6 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 investee's financial and operating policy decisions 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 in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

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

Under the equity method, an associate or joint venture investment is initially recognised at cost which includes transaction 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 profit or loss and other comprehensive income 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.

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 applying 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 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. It then recognises the loss in the consolidated statement of profit or loss and other comprehensive income.

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 statement of profit or loss and other comprehensive income.

3.7 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:

- Inventories are purchase at 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.

3.8

Initial recognition and measurement

At initial recognition, the classification of financial assets 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 statement of profit or loss and other comprehensive income, transaction costs. Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Trade receivables without a significant financing component are initially measured at the transaction price.

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 managing its financial assets 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 within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Financial assets are not reclassified after their initial recognition unless the Group changes its business model for managing financial assets. All affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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 derecognition (equity instruments)

- 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.

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 for calculating impairment of trade receivables including due from related parties. The Group has established a provision matrix 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.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Other financial assets at amortised costs

Other financial assets at amortised costs include other receivables. Other financial assets at amortised costs are considered to have low credit risks, and the loss allowance considered is limited to twelve months expected loss.

Derecognition

Financial assets

The Group derecognises a financial asset when: – the contractual rights to the cash flows from the financial asset expire; or – it transfers the rights to receive the contractual cash flows in a transaction in which either:

- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in statement of profit or loss and other comprehensive income.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed due to interest rate benchmark reform, the Group updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met: – the change is necessary as a direct consequence of the reform; and – the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e., the basis immediately before the change. When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applied the policies on accounting for modifications to the additional changes.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts, and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.9 Cash and cash equivalents

For the purpose of consolidated statement of cash flow and consolidated statement of financial position, 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.

3.10 Borrowings

All loans and borrowings are initially recognised at a cost less directly attributable to transaction costs. After initial recognition, interest-bearing loans and borrowings are 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 profit or loss and other comprehensive income when the liabilities are derecognised and the amortisation process. Interest costs are recognised as expenses when incurred except those that qualify for capitalisation. The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in statement of profit or loss and other comprehensive income.

3 Summary of significant accounting policies (continued)

3.11 Provisions

Provisions are recognised by the Group when there is a legal or constructive obligation resulting from a past event. An outflow of economic benefits will probably 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. Due to the passage of time, the provision increase is recognised as an interest expense.

3.12 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are deducted against the share capital account, net of any tax effects. Where the Company's ordinary shares are repurchased (treasury shares), the consideration paid, excluding any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders and presented as reserve for own shares within equity, until they are cancelled, sold or reissued.

3.14 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 Parent Group's shareholders approve the dividends.

3.15 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.

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Sale of fuel, lubricants and petroleum products
Revenue from the 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. The Group considers whether other promises in the contract 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.

*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 variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimated variable consideration and recognises a refund liability for the expected future rebates.

Loyalty points programme

The Group has a loyalty program, 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 customer's likelihood to redeem the points. The Group updates its estimate of the points redeemed quarterly and any adjustments to that contract liability balance are charged against revenue. Loyalty reward points are valid for one year from the date of earning.

Contract balances*Contract**assets*

A contract asset is a right to consideration in exchange for goods or services transferred to the customer. Suppose the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due. In that case, 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. Suppose a customer pays consideration before the Group transfers goods or services to the customer. In that case, a contract liability is recognised when the payment is made or due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

3.16 End-of-service benefits

Obligations for contributions to a defined contribution retirement plan, for Omani employees, in accordance with the Omani Social Insurance Scheme, are recognised as an expense in the statement of profit and loss and other comprehensive income. The Company's obligation in respect of non-Omani employees' terminal benefits is the amount of future benefit that such employees have earned in return for their service in the current and prior periods having regard to the employee contract and Oman Labour Law 2003, as amended.

In accordance with the provisions of IAS 19, Employee benefits, management carries an exercise to assess the present value of the Company's obligations as of reporting date, using the actuarial techniques, in respect of employees' end of service benefits payable under the Oman aforesaid Labour Law. Under this method, an assessment is made of an employee's expected service life with the Company and the expected basic salary at the date of leaving the service.

3.17 Foreign currency

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

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on the historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in statement of profit or loss and other comprehensive income and presented within finance costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period 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 Other income

Other income comprises interest received or receivable on funds invested. Interest income is recognised in the statement of profit or loss and other comprehensive income using the effective interest rate method.

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 lease term unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early. 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.

From 1 January 2021, where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

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. The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.21 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments as trading investments to hedge its risks associated with commodity price fluctuations. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:-

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit or loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

3.22 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.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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; such reductions are reversed when the probability of future taxable profits improves.

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

3.23 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.

3.24 Net asset per share

Net assets per share is calculated by dividing the net assets attributable to the ordinary shareholders of the Company by the ordinary shares outstanding at the reporting date.

3.25 Asset held for sale

Non - current assets, or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets or disposals groups are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the groups other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in statement of profit and loss and other comprehensive income.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity accounted investee is no longer equity accounted.

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 Key sources of estimation uncertainty

Impairment of receivables including due from related parties

When measuring ECL, the Group uses reasonable and supportable forward-looking information based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The probability of default constitutes a key input in measuring an ECL and entails considerable judgment; 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 the probability of default to various categories of receivables. (Refer note 11)

At the reporting date, net carrying value of trade receivables were RO 81,142,215 (2021: RO 56,933,980) and the provision for expected credit loss was RO 4,038,778 (2021: RO 3,113,328). Any difference between the amounts actually realised in future periods and the amounts expected to be realised will be recognised in the statement of comprehensive income.

5a. Property, plant and equipment

Group

	Land and buildings	Plant equipment and vehicles	Assets under construction	Total
	RO	RO	RO	RO
Cost				
At 1 January 2021	32,908,450	55,486,277	13,195,042	101,589,769
Additions	87,997	102,024	8,497,400	8,687,421
Transfers	9,273,021	9,551,891	(18,824,912)	-
Disposals	(58,769)	(811,461)	-	(870,230)
At 31 December 2021	42,210,699	64,328,731	2,867,530	109,406,960
Additions	-	46,357	2,056,553	2,102,910
Transfers	(82,698)	118,549	(35,851)	-
Disposals	-	(196,799)	-	(196,799)
At 30 June 2022	42,128,001	64,296,838	4,888,232	111,313,071
Accumulated depreciation and impairment				
At 1 January 2021	10,591,640	36,862,788	-	47,454,428
Charge for the year	1,321,290	4,526,836	-	5,848,126
Disposals	(50,459)	(763,500)	-	(813,959)
Provision for impairment	-	144,565	-	144,565
At 31 December 2021	11,862,471	40,770,689	-	52,633,160
Charge for the year	871,184	2,308,672	-	3,179,856
Disposals	-	(194,372)	-	(194,372)
At 30 June 2022	12,733,655	42,884,989	-	55,618,644
Net book value				
At 30 June 2022	29,394,346	21,411,849	4,888,232	55,694,427
At 31 December 2021	30,348,228	23,558,042	2,867,530	56,773,800

5b. Property, plant and equipment

Parent

	Land and buildings	Plant equipment and vehicles	Assets under construction	Total
	RO	RO	RO	RO
Cost				
At 1 January 2021	32,908,450	55,455,217	12,117,851	100,481,518
Additions	-	-	7,341,906	7,341,906
Transfers	5,008,016	1,983,652	(6,991,668)	-
Asset transferred to subsidiary company	-	-	(11,778,345)	(11,778,345)
Disposals	(58,769)	(811,461)	-	(870,230)
At 31 December 2021	37,857,697	56,627,408	689,744	95,174,849
Additions	-	-	1,331,122	1,331,122
Transfers	(82,698)	118,549	(35,851)	-
Disposals	-	(196,799)	-	(196,799)
At 30 June 2022	37,774,999	56,549,158	1,985,015	96,309,172
Accumulated depreciation and impairment	-	-	-	-
At 1 January 2021	10,591,640	36,806,218	-	47,397,858
Charge for the year	1,290,141	4,409,162	-	5,699,303
Disposals	(50,459)	(763,500)	-	(813,959)
Provision for impairment	-	144,565	-	144,565
At 31 December 2021	11,831,322	40,596,445	-	52,427,767
Charge for the period	871,184	2,092,109	-	2,963,293
Disposals	-	(194,371)	-	(194,371)
At 30 June 2022	12,702,506	42,494,183	-	55,196,689
Net book value				
At 30 June 2022	25,072,493	14,054,975	1,985,015	41,112,483
At 31 December 2021	26,026,375	16,030,963	689,744	42,747,082

6 Right of use assets and lease liability

6.1 Right of use assets

Group	Leasehold land	Offices	Total
	RO	RO	RO

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At 1 January 2021	23,611,185	2,210,720	25,821,905
Additions	3,553,208	54,141	3,607,349
Less: Depreciation	(4,634,302)	(210,834)	(4,845,136)
At 1 January 2022	22,530,091	2,054,027	24,584,118
Additions	791,772	297,536	1,089,308
Less: Depreciation	(1,994,163)	(168,837)	(2,163,000)
At 30 June 2022	21,327,700	2,182,726	23,510,426

Parent

	RO	RO	RO
At 1 January 2021	16,793,334	2,210,720	19,004,054
Additions	1,151,619	-	1,151,619
Less: Depreciation	(4,132,828)	(199,103)	(4,331,931)
At 1 January 2022	13,812,125	2,011,617	15,823,742
Additions	473,103	-	473,103
Less: Depreciation	(1,895,205)	(168,837)	(2,064,042)
At 30 June 2022	12,390,023	1,842,780	14,232,803

6.2 Lease liability

Group and Parent	Group		Parent	
	2022 RO	2021 RO	2022 RO	2021 RO
As at 1 January	24,149,579	25,016,400	15,980,192	18,415,684
Additions	1,089,508	2,857,274	473,103	1,151,620
Interest expense on lease liability	370,824	1,231,720	320,045	824,022
Less: Payments	(2,223,781)	(4,955,815)	(1,789,208)	(4,411,134)
At 31 December	23,386,130	24,149,579	14,984,132	15,980,192

The maturity of lease liability is as follows:

Not later than 1 year	2,629,053	3,077,707	2,566,792	3,005,916
Later than 1 year	20,757,077	21,071,872	12,417,340	12,974,276

The Group leases several assets including land and buildings. The lease term ranges between 2 to 20 years (2021: 2 to 20 years). The expired contracts were replaced by new leases for identical underlying assets.

Amount recognised in profit and loss

Depreciation expense on right-of-use asset	2,163,000	2,096,698	2,064,042	2,071,520
Interest expense on lease liabilities	370,824	277,786	320,045	277,786
Expense related to short-term lease, variable lease, and low value assets	382,725	411,689	382,725	411,689
Income from sub-leasing right-of-use assets (a)	(722,219)	(624,901)	(554,481)	(542,960)

a). 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.

7. Investment in subsidiaries

Investment in subsidiaries are equity amounted . The carrying value at reporting date is as follows:

	% Holding	Parent	
		2022 RO	2021 RO
Oman Oil Marketing Company LLC	100%	5,691,089	2,697,975
Ahlain International LLC	100%	252,232	513,651
Sultanate Energy Company Limited	100%	1,707,190	1,818,935
Duqm Bunker Terminal LLC	100%	11,117,163	11,449,145
		<u>18,767,674</u>	<u>16,479,706</u>

i) Oman Oil Marketing Company LLC is incorporated in the Kingdom of Saudi Arabia on 16-Jan-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 year, the Parent Company has contributed additional capital of RO 3,207,880 and recognised share of loss of RO 214,766 in respect of the subsidiary (2021: RO 292,924).

ii) Ahlain International LLC is incorporated on 19-Mar-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 year, the Parent Company has recognised its share of loss of RO 261,419 in respect of the subsidiary (2021: loss of RO 118,476).

iii) Sultanate Energy Company Ltd is incorporated in the United Republic of Tanzania on 12-Mar-2019 under the Companies Act 2002. The entity is engaged in the marketing & distribution of petroleum products. In the current year, the Parent company has recognised share of loss of RO 111,746 in respect of the subsidiary (2021: RO 63,781).

iv) During the year 2020, 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 engaged in bunker fuel operations. The Parent company has recognised share of loss of RO 331,982 in respect of the subsidiary (2021: RO Nil).

8. Investment in associate

	Group		Parent	
	2022 RO	2021 RO	2022 RO	2021 RO
Muscat Gasses Co SAOG (note 8.a)		451,517		451,517
Less: Classified as investment held for sale (Refer note 8a)		(451,517)		(451,517)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The amounts recognised in the statement of profit or loss and comprehensive income are as follows:

	Group		Parent	
	2022 RO	2021 RO	2022 RO	2021 RO
Impairment loss on investment held for sale	44,050	-	44,050	-
	<u>44,050</u>	<u>-</u>	<u>44,050</u>	<u>-</u>

a) Muscat Gases Company SAOG

The Parent Company has 9.18% (2021: 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 Board of Directors approved to sell the investment in the associate in their meeting held on 10 May 2021. Accordingly, the investment was classified as held for sale in accordance with IFRS 5 - 'Non-current assets held for sale' (Note 8a).

The investment was recorded at fair value which was considered to be lower than the carrying value. Accordingly, an impairment of RO44,050 was charged during the period

8.a Investment held for sale

Investment in associate, Muscat Gases Company SAOG was classified as held for sale during the year 2021 in accordance with IFRS 5 - 'Non-current assets held for sale'. The investment was measured at fair value less costs to sell at RO 407,467 (Associate 2021: RO 567032. Accordingly, the management has considered an impairment of RO 44,050 during the period.

9 Inventories

	Group		Parent	
	2022 RO	2021 RO	2022 RO	2021 RO
Fuel and lubricants	8,785,898	6,923,070	6,327,660	3,798,184
Stores and spares	7,395	14,204	7,395	14,204
Goods for resale	230,325	206,094	-	-
	9,023,618	7,143,368	6,335,055	3,812,388
Less: Allowance for slow-moving and obsolete inventory	(937,361)	(492,189)	(937,361)	(492,189)
	8,086,257	6,651,179	5,397,694	3,320,199

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

	Group		Parent	
	2022 RO	2021 RO	2022 RO	2021 RO
At 1 January	492,189	462,264	492,189	462,264
Allowance recorded during the period	445,172	29,925	445,172	29,925
At 30 June	937,361	492,189	937,361	492,189

10 Trade and other receivables

	Group		Parent	
	2022 RO	2021 RO	2022 RO	2021 RO
Trade receivables	77,059,099	64,950,205	68,840,926	63,362,337
Amounts due from related parties (Note 21)	4,083,116	3,897,906	11,513,754	8,897,763
Less: allowance for credit losses	(4,038,778)	(3,505,380)	(4,038,778)	(3,474,557)
	77,103,437	65,342,731	76,315,902	68,785,543
Other receivables	7,229,875	2,096,529	7,058,254	1,368,942

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VAT recoverable	<u>2,846,133</u>	<u>455,582</u>	<u>2,204,599</u>	<u>450,310</u>
	<u>87,179,445</u>	<u>67,894,842</u>	<u>85,578,755</u>	<u>70,604,795</u>

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

	Group		Parent	
	2022 RO	2021 RO	2022 RO	2021 RO
At 1 January	3,505,380	3,133,808	3,474,557	3,133,808
Provided during the year	<u>533,398</u>	<u>371,572</u>	<u>564,221</u>	<u>340,749</u>
	<u>4,038,778</u>	<u>3,505,380</u>	<u>4,038,778</u>	<u>3,474,557</u>

11 Cash and cash equivalents

	Group		Parent	
	2022 RO	2021 RO	2022 RO	2021 RO
Cash on hand	403,617	97,788	24,396	21,741
Cash in bank	<u>43,421,841</u>	<u>12,776,361</u>	<u>40,359,585</u>	<u>9,441,161</u>
Cash and cash equivalents	<u>43,825,458</u>	<u>12,874,149</u>	<u>40,383,981</u>	<u>9,462,902</u>
Less: Term deposits	-	-	-	-
Cash and cash equivalents	<u>43,825,458</u>	<u>12,874,149</u>	<u>40,383,981</u>	<u>9,462,902</u>

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.

12 Share capital

The Group and Parent Company's authorised share capital consists of RO 15,000,000 (2021: RO 15,000,000). The Group and Parent companies had issued fully paid-up shares at the par value of 100 baisa. The value of the issue was RO 6,450,000 (2021: RO 6,450,000). Below are the details of shares entirely issued and paid up.

	Group		Parent	
	Number of shares		Number of shares	
	2022	2021	2022	2021
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
	<u>64,500,000</u>	<u>64,500,000</u>	<u>64,500,000</u>	<u>64,500,000</u>

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	
	2022	2021	2022	2021
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
	<u>39,957,027</u>	<u>39,957,027</u>	<u>39,957,027</u>	<u>39,957,027</u>

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.

14 Employees' end-of-service benefits

	Group		Parent	
	2022	2021	2022	2021
	RO	RO	RO	RO
At 1 January	279,548	324,946	273,067	320,394
Expense for the period	28,216	51,638	22,002	49,709
End-of-service benefits paid	<u>(130,346)</u>	<u>(97,036)</u>	<u>(126,098)</u>	<u>(97,036)</u>
	<u>177,418</u>	<u>279,548</u>	<u>168,971</u>	<u>273,067</u>

15. Trade and other payables

	Group		Parent	
	2022 RO	2021 RO	2022 RO	2021 RO
Trade payables	10,530,432	7,924,277	3,635,217	5,290,358
Due to related parties (Note 21)	61,715,342	52,196,956	61,715,342	52,196,956
Accrued expenses	4,472,558	4,990,801	4,472,557	4,776,345
Other payables	710,164	1,173,442	710,164	1,173,442
Directors' remuneration payable (Note 21)	-	300,000	-	300,000
	77,428,496	66,585,476	70,533,280	63,737,101

16. Bank borrowings

	Group		Parent	
	2022 RO	2021 RO	2022 RO	2021 RO
Short Term loan	40,000,000	-	40,000,000	-
Current portion	40,000,000	-	40,000,000	-
Non-current portion	-	-	-	-

Short term loan represents facilities obtained from local banks for the purpose of working capital financing at interest rate prevailing in the market.

17. Income tax

	Group		Parent	
	2022 RO	2021 RO	2022 RO	2021 RO
<i>Current liability:</i>				
Current year	839,125	1,238,777	839,125	1,212,947
Prior years	262,286	112,903	262,286	112,903
	1,101,411	1,351,680	1,101,411	1,325,850

Charge during the period

Current year	848,954	158,514	839,125	158,514
Deferred tax	-	-	-	-
	848,954	158,514	839,125	158,514

	Group		Parent	
	2022 RO	2021 RO	2022 RO	2021 RO
<i>Deferred tax asset:</i>				
At 1 January	1,142,688	1,050,644	1,142,688	1,050,644
Movement for the period	-	92,044	-	92,044
	1,142,688	1,142,688	1,142,688	1,142,688
Provisions and other charges	625,049	625,049	625,049	625,049
Property, plant and equipment	403,909	403,909	403,909	403,909
Leases	113,730	113,730	113,730	113,730
	1,142,688	1,142,688	1,142,688	1,142,688

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% (2021: 15%). For the purpose of determining the tax expense for the year, the accounting profit has been adjusted for tax purposes.

Subsidiaries are companies registered in the Sultanate of Oman, Kingdom of Saudi Arabia and Tanzania of which the tax rate applicable in Sultanate of Oman is 15%, Tanzania is 30% and 25% Zakat in Kingdom of Saudi Arabia. Duqm Bunker Terminal Company is registered within Special Economic Zone at Duqm and entitle for tax exemption. The assessment of subsidiaries with tax authorities are at different stages of completion. The parent company and each subsidiaries are assessed separately for taxation. The group as an entity is not taxable.

18. Environmental provision

	Group		Parent	
	2022 RO	2021 RO	2022 RO	2021 RO
At 1 January	200,245	200,245	200,245	200,245
Reversed during the period	-	-	-	-
	200,245	200,245	200,245	200,245

The Group provides for environmental remediation costs based on internal assessment of environmental contamination made on its service stations. The provision of RO 200,245 (2021: RO 200,245) is expected to be used as per site specific remediation plan.

19. Derivative financial instruments

The Group entered into a commodity derivative swaps with authorised traders to hedge the bunker fuel inventory. These derivatives contracts have been designated as fair value hedge under IFRS 9.

As at 30 June 2022, the fair value of the derivative financial instrument was as follows:

	Group		Parent	
	2022 RO	2021 RO	2022 RO	2021 RO
Current liabilities	<u>241,128</u>	<u>131,108</u>	<u>-</u>	<u>-</u>

20. Finance income - net

	Group		Parent	
	2022 RO	2021 RO	2022 RO	2021 RO
Interest income on deposits	417,763	569,834	417,763	569,834
Interest expenses on borrowings	<u>(474,946)</u>	<u>(410,474)</u>	<u>(469,521)</u>	<u>(410,474)</u>
	<u>(57,183)</u>	<u>159,360</u>	<u>(51,758)</u>	<u>159,360</u>

21. Related party transactions

Related parties comprise the shareholders, directors and business entities to control or exercise significant influence in financial and operating decisions. The Company maintains balances with these related parties which arise in the normal course of business from the commercial transactions, and are entered into at terms and conditions which are approved by the management.

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 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	
	2022 RO	2021 RO	2022 RO	2021 RO
Revenue				
Fuel sales to other related parties	<u>9,177,915</u>	<u>6,570,980</u>	<u>9,177,915</u>	<u>6,570,980</u>

Group

Parent

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	2022 RO	2021 RO	2022 RO	2021 RO
Costs				
Cost of goods sold includes fuel purchases from other related parties	331,893,076	230,325,279	331,893,076	230,325,279
Payments made on behalf of the subsidiaries	-	-	2,430,781	183,881
Procurement of services from other related parties	-	479,152	-	479,152
Brand royalty to parent company	300,323	216,806	300,323	216,806
Net interest income over bank charges from other related parties	158,814	(3,033)	158,814	(3,033)
Directors' sitting fees	9,600	19,100	9,600	19,100
Directors remuneration	-	50,000	-	50,000

Balances	Group		Parent	
	2022 RO	2021 RO	2022 RO	2021 RO
Bank balances	<u>35,756,337</u>	<u>3,863,968</u>	<u>35,756,337</u>	<u>3,863,968</u>
Due from related parties				
- from subsidiary companies	-	-	7,430,638	4,999,857
- from other related companies	<u>4,083,116</u>	<u>3,897,906</u>	<u>4,083,116</u>	<u>3,897,906</u>
Total - Due from related parties (Note 10)	<u>4,083,116</u>	<u>3,897,906</u>	<u>11,513,754</u>	<u>8,897,763</u>
Due to related parties				
- to other related companies	<u>61,415,019</u>	<u>51,920,889</u>	<u>61,415,019</u>	<u>51,920,889</u>
- to parent company	<u>300,323</u>	<u>276,067</u>	<u>300,323</u>	<u>276,067</u>
Total - Due to related parties (Note 15)	<u>61,715,342</u>	<u>52,196,956</u>	<u>61,715,342</u>	<u>52,196,956</u>
Directors remuneration (Note 15)	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>300,000</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.

The Group has applied the exemption under IAS 24 paragraphs 25 and 26, and have not disclosed the related party transactions and outstanding balances, including commitments related to:

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- (a) a government that has control or joint control of, or significant influence over, the reporting entity;
- (b) another entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting entity and the other entity.

In applying the exemption, the Group has disclosed the following related to the transactions and related outstanding balances:

- (a) the nature of its relationship with the reporting entity;
- (b) the following information in sufficient detail to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements:
- (i) the nature and amount of each individually significant transaction; and
- (ii) for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.

22. Staff costs

	Group		Parent	
	2022 RO	2021 RO	2022 RO	2021 RO
Wages, salaries and allowances	3,226,922	3,019,457	2,837,954	2,652,044
End-of-service benefits (Note 14)	28,216	13,032	22,002	13,032
Social security costs	138,670	174,166	138,317	174,166
Other employee benefits	115,974	273,749	115,974	273,749
	<u>3,509,782</u>	<u>3,480,404</u>	<u>3,114,247</u>	<u>3,112,991</u>

23. Other operating expenses

The other operating expenses of the group and parent company include the following:

	Group		Parent	
	2022 RO	2021 RO	2022 RO	2021 RO
Ministry of Commerce and Industry license fee	855,715	710,597	855,715	361,190
Operating leases	382,725	481,791	382,725	481,791
Brand royalty payable to parent company	300,323	216,806	300,323	216,806
Board sitting fees	9,600	19,100	9,600	19,100

24. Dividends

A cash dividend of RO 0.040 per share for year 2021, amounting to RO 2,580,000 (2020: nil), was approved by the Shareholders' during the Annual General Meeting held on 28-Mar-2022, which was paid to Muscat Clearing and Depository on 4th April 2022.

25. 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	
	2022 RO	2021 RO	2022 RO	2021 RO
Net profit for the period (RO)	<u>3,791,078</u>	<u>1,889,558</u>	<u>3,791,078</u>	<u>1,889,558</u>
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>0.059</u>	<u>0.029</u>	<u>0.059</u>	<u>0.029</u>

26. Net assets per share

This is a non gaap measure. Net assets per share is calculated by dividing the shareholders' equity of the Group at the year-end by the number of shares outstanding as follows

	Group		Parent	
	2022 RO	2021 RO	2022 RO	2021 RO
Shareholders' equity (RO)	<u>79,380,364</u>	<u>78,169,286</u>	<u>79,380,364</u>	<u>79,380,364</u>
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>1.231</u>	<u>1.212</u>	<u>1.231</u>	<u>1.231</u>

27 Approval of consolidated financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 7 August 2022.