

OQ GAS NETWORKS SAOG

**Condensed interim financial information
for the period ended 31 March 2024**

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Condensed interim statement of profit or loss and other comprehensive income for the three months period ended 31 March (unaudited)

| | Notes | 2024 RO | 2023 RO |
|---|-------|--------------------------|--------------------------|
| Income | | | |
| Revenue | 6 | 17,481,484 | 16,372,533 |
| Finance income | 10 | 19,303,343 | 18,466,096 |
| Other income | 9 | 358,793 | 1,331,912 |
| | | <u>37,143,620</u> | <u>36,170,541</u> |
| Expenses | | | |
| Construction costs | | (6,522,217) | (8,463,735) |
| Operating expenses | 7 | (5,913,972) | (6,080,562) |
| Administrative expenses | 8 | (2,595,641) | (2,278,860) |
| Finance cost | 10 | (6,335,950) | (6,031,030) |
| | | <u>(21,367,780)</u> | <u>(22,854,187)</u> |
| Profit before income tax | | 15,775,840 | 13,316,354 |
| Taxation | 11 | (2,208,617) | (1,864,290) |
| Profit for the period | | <u>13,567,223</u> | <u>11,452,064</u> |
| Other comprehensive loss: | | | |
| <i>Items that are or maybe reclassified subsequently to profit or loss</i> | | | |
| Effective portion of changes in fair value of cash flow hedges – net of tax | | - | 192,594 |
| Other comprehensive loss for the period | | - | 192,594 |
| Total comprehensive income for the period | | <u>13,567,223</u> | <u>11,644,658</u> |
| Basic and diluted earnings per share (Baiza) | 27 | <u>3.13</u> | <u>2.64</u> |

The accompanying notes form an integral part of these condensed interim financial information.

Condensed statement of financial position

As at

| | | 31 March 2024 RO (unaudited) | 31 December 2023 RO (audited) |
|--------------------------------------|--------------|---|--|
| Assets | Notes | | |
| Non-current assets | | | |
| Concession receivables | 12 | 764,952,544 | 772,021,688 |
| Contract assets | 13 | 240,320,795 | 241,190,684 |
| Right of use assets | 14 | 8,342,062 | 8,335,277 |
| Investment properties | 15 | 4,683,171 | 4,735,728 |
| Deferred tax assets | 11 | 4,448,770 | 4,374,629 |
| Total non-current assets | | <u>1,022,747,342</u> | <u>1,030,658,006</u> |
| Current assets | | | |
| Concession receivables | 12 | 36,814,130 | 29,729,191 |
| Inventories | 16 | 2,796,907 | 2,741,132 |
| Trade and other receivables | 17 | 17,667,613 | 14,784,867 |
| Cash and cash equivalents | 18 | 13,457,872 | 23,770,963 |
| Total current assets | | <u>70,736,522</u> | <u>71,026,153</u> |
| Total assets | | <u>1,093,483,864</u> | <u>1,101,684,159</u> |
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | 19 | 433,062,392 | 433,062,392 |
| Legal reserve | 19 | 37,487,921 | 36,131,199 |
| Actuarial reserve | | 120,640 | 120,640 |
| Retained earnings | | 145,876,706 | 177,665,996 |
| Total equity | | <u>616,547,659</u> | <u>646,980,227</u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Term loan | 20 | 349,312,582 | 320,193,115 |
| Employees' end of service benefits | 22 | 555,560 | 512,356 |
| Lease liabilities | 23 | 8,942,749 | 8,887,425 |
| Deferred income | 21 | 5,012,854 | 4,673,519 |
| Deferred tax liabilities | 11 | 51,123,480 | 48,840,723 |
| Total non-current liabilities | | <u>414,947,225</u> | <u>383,107,138</u> |
| Current liabilities | | | |
| Term loan | 20 | 9,275,240 | 9,275,240 |
| Lease liabilities | 23 | 310,635 | 187,831 |
| Trade and other payables | 24 | 52,403,105 | 62,133,723 |
| Total current liabilities | | <u>61,988,980</u> | <u>71,596,794</u> |
| Total liabilities | | <u>476,936,205</u> | <u>454,703,932</u> |
| Total equity and liabilities | | <u>1,093,483,864</u> | <u>1,101,684,159</u> |

These condensed interim financial information were authorized for issuance by the Board of Directors on 23 April 2024. The accompanying notes form an integral part of these condensed interim financial information.

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Condensed statement of changes in equity for the three months period ended 31 March 2024

| | Notes | Share capital RO | Legal reserve RO | Fair value reserve RO | Actuarial reserve RO | Retained earnings RO | Total equity RO |
|--|-------|---------------------------|--------------------------|-----------------------------|----------------------------|----------------------------|---------------------------|
| At 1 January 2023 (audited) | | 336,787,392 | 30,580,020 | 8,384,140 | 91,297 | 232,749,715 | 608,592,564 |
| <i>Total comprehensive income for the period</i> | | | | | | | |
| Profit for the period | | - | - | - | - | 11,452,064 | 11,452,064 |
| Changes in fair value of cashflow hedges – net of tax | | - | - | 192,594 | - | - | 192,594 |
| Total comprehensive income for the period | | - | - | 192,594 | - | 11,452,064 | 11,644,658 |
| <i>Other movement</i> | | | | | | | |
| Transfer to legal reserve | 19 | - | 1,145,206 | - | - | (1,145,206) | - |
| At 31 March 2023 (unaudited) | | <u>336,787,392</u> | <u>31,725,226</u> | <u>8,576,734</u> | <u>91,297</u> | <u>243,056,573</u> | <u>620,237,222</u> |
| At 1 January 2024 (audited) | | 433,062,392 | 36,131,199 | - | 120,640 | 177,665,996 | 646,980,227 |
| <i>Total comprehensive income for the period</i> | | | | | | | |
| Profit for the period | | - | - | - | - | 13,567,223 | 13,567,223 |
| Total comprehensive income for the period | | - | - | - | - | 13,567,223 | 13,567,223 |
| <i>Other movement</i> | | | | | | | |
| Transfer to legal reserve | 19 | - | 1,356,722 | - | - | (1,356,722) | - |
| <i>Transaction with owners:</i> | | | | | | | |
| Dividend | 19 | - | - | - | - | (43,999,791) | (43,999,791) |
| At 31 March 2024 (unaudited) | | <u>433,062,392</u> | <u>37,487,921</u> | <u>-</u> | <u>120,640</u> | <u>145,876,706</u> | <u>616,547,659</u> |

The accompanying notes form an integral part of these condensed interim financial information.

**Condensed statement of cash flows
for the three months period ended 31 March (unaudited)**

| | Note | 2024 RO | 2023 RO |
|--|------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Profit before income tax | | 15,775,840 | 13,316,354 |
| Adjustments for: | | | |
| Depreciation | | 264,154 | 209,233 |
| Provision for obsolete inventories | 7 | - | 7,769 |
| Provision for employees' end of service benefits | 22 | 43,204 | 103,838 |
| Interest on concession receivables and contract assets | 10 | (19,079,366) | (17,841,447) |
| Deferred income | 21 | (6,090) | (6,090) |
| Interest on short term deposits | 10 | (223,977) | (624,649) |
| Finance cost | 10 | 6,335,950 | 6,031,030 |
| Operating cash flows before working capital changes | | 3,109,715 | 1,196,038 |
| Working capital changes: | | | |
| Concession receivables | 12 | 22,940,079 | 21,652,570 |
| Contract asset | 13 | 4,023,679 | 3,051,729 |
| Inventories | 15 | (55,784) | (32,723) |
| Trade and other receivables | 12 | (2,882,745) | (947,651) |
| Trade and other payables | 17 | (16,316,115) | (1,943,674) |
| Cash generated from operations | | 10,818,829 | 22,976,289 |
| Employees' end of service benefits paid | 22 | - | (100,114) |
| Interest paid | | - | (5,101,292) |
| Interest income received on fixed deposits | 10 | 223,977 | 624,649 |
| Receipt of connection fee | 21 | 345,425 | - |
| Net cash generated from operating activities | | 11,388,231 | 18,399,532 |
| Cas flows from investing activities | | | |
| Additions in contract asset | 13 | (6,522,217) | (8,463,735) |
| Net cash (used in) / from investing activities | | (6,522,217) | (8,463,735) |
| Cash flows from financing activities | | | |
| Repayment of term loan | | - | (15,650,464) |
| Proceeds from term loan from commercial bank | 20 | 29,000,000 | - |
| Payment of lease liabilities | 23 | (179,320) | (204,104) |
| Dividend paid | 19 | (43,999,785) | - |
| Net cash generated from financing activities | | (15,179,105) | (15,854,568) |
| Net (decrease)/ increase in cash and cash equivalents | | (10,313,091) | (5,918,771) |
| Cash and cash equivalents at the beginning of the period | | 23,770,963 | 48,777,590 |
| Cash and cash equivalents at the end of the period | | 13,457,872 | 42,858,819 |

The accompanying notes form an integral part of these condensed interim financial information.

**Notes to the condensed interim financial information
for the three months period ended 31 March 2024****1 Legal status and principal activities**

OQ Gas Networks SAOG (“the Company”) was established as a closely held joint stock Company under the Commercial Companies Law of Oman on 23 May 2000. During 2023, OQ SAOC (the “Parent Company”), which is 100% owned by the Government of the Sultanate of Oman through Oman Investment Authority (“OIA” / “Ultimate Parent Company”), held 51% (2023: 51%) of the share capital of the Company. On 24 October 2023, the Company has been listed on Muscat Stock Exchange (MSX), following Parent Company’s decision for a secondary sale of the shares of the Company upto 49% of its total shareholding through Initial Public Offering (IPO).

The Company's operations were governed by a Concession Agreement (the “Previous Concession Agreement”) dated 22 August 2000, which was subsequently ratified by the Royal Decree 78/2000 issued on 28 August 2000.

With effect from 1 January 2018, a new revenue and tariff mechanism had been implemented for the Company i.e. Regulatory Asset Base (RAB). This was implemented on a transitional basis by an amendment dated 31 December 2017, to the 22 August 2000 Tariff and Transportation Agreement (“Amended TTA”).

The Company signed the Amended Concession Agreement (fully approved by Ministry of Legal Affairs) with the Government of the Sultanate of Oman (“Government” or “GOSO”) on 9 June 2020 which was then ratified through Royal Decree 122/2020 issued on 28 October 2020. The ratification of the Amended Concession Agreement and associated RAB agreements means that the Amended TTA has been superseded. The Amended Concession Agreement’s terms, with respect to the determination and charging of transportation charges, are consistent with those under the Amended TTA, hence, no change in accounting treatment is required upon the application of Amended Concession Agreement.

The Company’s objective is to acquire, construct, operate, maintain, repair and augment gas transportation pipelines and perform such other activities relating to the gas transportation industry.

The Company holds 100% ownership of Gas Transmission Company LLC (“GTC”) registered in the Sultanate of Oman. GTC is non-operational and there have been no accounting numbers recorded therein. Considering its non-operational and immaterial nature, the Company does not consolidate GTC. The Company plans to use GTC to conduct any non-regulated business in the future.

2. Basis of preparation

These condensed interim financial information for the three months period ended 31 March 2024, have been prepared in accordance with IAS 34 Interim Financial Reporting, applicable provisions of the requirements of the Commercial Companies Law of Oman 2019 and Ministerial Decision 146/2021 issuing Commercial Companies Regulations and the applicable requirements of Capital Market Authority (CMA), and should be read in conjunction with the Company’s last annual financial statements as at and for the year ended 31 December 2023 (‘last annual financial statements’). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements.

**Notes to the condensed interim financial information
for the three months period ended 31 March 2024 (Continued)****3. Application of new and revised International Financial Reporting Standards**

a. New and amended standards adopted by the Company

A number of new standards, amendments to standards and interpretations are effective for the periods beginning on or after 1 January 2024. Those, which are relevant to the Company, are set out below.

- Amendments to IAS 1, Classification of liabilities as current or non current and non current liabilities with covenants;
- Amendment to IAS 7 and IFRS 7, Supplier Finance Arrangements; and
- Amendments to IFRS 16, Lease liability in a sale and leaseback.

b. New and revised IFRS in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's condensed interim financial information are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 21, Lack of exchangeability. Effective date of this amendment is for annual periods beginning on or after 1 January 2024.

4. Summary of significant accounting policies

Except as described in note 3, the accounting policies applied in these interim condensed financial information are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2023.

The policy for recognising and measuring income taxes in interim period is disclosed in Note 11.

5. Critical judgments and key sources of estimation uncertainty

In preparing these interim condensed financial information, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Measurement of fair values

A number of the Company's accounting policies require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

**Notes to the condensed interim financial information
for the three months period ended 31 March 2024 (Continued)****5. Critical judgments and key sources of estimation uncertainty (continued)****Measurement of fair values (continued)**

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**Notes to the condensed interim financial information
for the three months period ended 31 March 2024 (Continued)**

6. Revenue

| | 31 March 2024 RO (unaudited) | 31 March 2023 RO (unaudited) |
|--|---|---------------------------------------|
| <i>Services transferred over time:</i> | | |
| Construction revenue | 7,030,298 | 9,069,739 |
| Allowance for expenditures | 9,222,203 | 6,108,497 |
| Allowance for pass-through cost | 1,228,983 | 1,160,405 |
| Project management services | - | 33,892 |
| | <u>17,481,484</u> | <u>16,372,533</u> |

All the revenue is generated from the customers within the Sultanate of Oman.

7. Operating expenses

| | | |
|-------------------------------------|-------------------------|-------------------------|
| Depreciation | 211,597 | 192,912 |
| Employee costs | 2,808,056 | 2,791,039 |
| Repair and maintenance | 964,210 | 1,467,898 |
| Pass through costs* | 1,228,983 | 1,160,405 |
| Insurance | 514,266 | 343,639 |
| Allowance for slowing moving spares | - | 7,769 |
| Catering and accommodation | 186,860 | 116,900 |
| | <u>5,913,972</u> | <u>6,080,562</u> |

* Pass through costs represents fuel gas and regulator fees which are reimbursable on actual incurred basis presented as "Allowance for pass-through cost" in note 6.

8. Administrative expenses

| | | |
|-------------------------------|-------------------------|-------------------------|
| Employee costs | 1,707,547 | 1,578,537 |
| Depreciation | 52,557 | 16,322 |
| Training and business travel | 119,229 | 178,723 |
| Legal and professional | 291,700 | 11,629 |
| Utilities and office expenses | 76,215 | 130,140 |
| Repairs and maintenance | 146,241 | 95,429 |
| Contract services | 61,675 | 188,587 |
| Other expenses | 140,477 | 79,493 |
| | <u>2,595,641</u> | <u>2,278,860</u> |

**Notes to the condensed interim financial information
for the three months period ended 31 March 2024 (Continued)**

9. Other income

| | 31 March 2024 RO (unaudited) | 31 March 2023 RO (unaudited) |
|---------------------------------|---|---------------------------------------|
| Tender fee and others | 278,426 | 12,343 |
| Amortization of deferred income | 6,090 | 6,090 |
| Income from investment property | 74,277 | 1,313,479 |
| | <u>358,793</u> | <u>1,331,912</u> |

10. Finance income and cost

Finance income

Finance income on concession arrangement on:

| | | |
|------------------------------------|-------------------|-------------------|
| - Concession receivables (note 12) | 14,725,578 | 14,508,662 |
| - Contract assets (note 13) | 4,353,788 | 3,332,785 |
| | <u>19,079,366</u> | <u>17,841,447</u> |

| | | |
|--|--------------------------|-------------------|
| Interest income on short term deposits | 223,977 | 624,649 |
| | <u>19,303,343</u> | <u>18,466,096</u> |

Finance cost

| | | |
|---|-------------------------|------------------|
| Interest on term loan from commercial banks | 6,072,574 | 3,008,355 |
| Interest on loan from Parent Company | - | 2,755,630 |
| Amortization of deferred finance cost | 119,467 | 126,533 |
| Interest on lease liabilities | 139,066 | 137,838 |
| Exchange loss | 4,843 | 2,674 |
| | <u>6,335,950</u> | <u>6,031,030</u> |

Finance income on concession arrangement represents the unwinding of discount on concession receivable and contract assets which are being recognized at amortized cost using the effective interest method.

Interest income on short term deposits in Islamic banks is RO 203,116 (31 March 2023: RO 152,192) and in conventional banks is RO 20,861 (31 March 2023: RO 472,457).

11. Taxation

Income tax expense is recognised at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year. As such, the effective tax rate in the interim condensed interim financial information may differ from management's estimate of the effective tax rate for the annual financial statements.

The taxation charge for the period is comprised of:

| | | |
|---|-------------------------|------------------|
| Deferred tax in respect of current period | <u>2,208,617</u> | <u>1,864,290</u> |
|---|-------------------------|------------------|

**Notes to the condensed interim financial information
for the three months period ended 31 March 2024 (Continued)**

12. Concession receivables

| | 31 March 2024 RO (unaudited) | 31 December 2023 RO (audited) |
|---|---|--|
| At 1 January | 801,750,879 | 815,070,529 |
| Acquisition during the period/year | | 16,828,427 |
| Transferred from contract assets (note 13) | 8,230,296 | 4,174,125 |
| Adjustment for penalties | - | (1,447,618) |
| Transferred to investment property (note 15) | - | (3,899,781) |
| Finance income during the period/year (note 10) | 14,725,578 | 57,869,671 |
| Payments received during the period/year | (22,940,079) | (86,844,474) |
| At 31 March 2024/December 2023 | 801,766,674 | 801,750,879 |
| Non-current / current: | | |
| Non-current asset | 764,952,544 | 772,021,688 |
| Current asset | 36,814,130 | 29,729,191 |
| | 801,766,674 | 801,750,879 |

Concession receivables have effective interest rate of 7.43% (2023: 7.43%) per annum and will be settled / recovered over the term of the Concession Agreement.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance.

**Notes to the condensed interim financial information
for the three months period ended 31 March 2024 (Continued)**

13. Contract assets

| | Due from shipper RO | Due from others RO | Total RO |
|--|---------------------------|--------------------------|--------------------|
| At 1 January 2024 | 240,290,734 | 899,950 | 241,190,684 |
| Additions during the period (note 6) | 7,030,298 | - | 7,030,298 |
| Transferred to concession receivables upon completion (note 12) | (8,230,296) | - | (8,230,296) |
| Finance income during the period (note 10) | 4,353,788 | - | 4,353,788 |
| Billed received during the period | (4,023,679) | - | (4,023,679) |
| At 31 March 2024 (unaudited) | 239,420,845 | 899,950 | 240,320,795 |
| | Due from shipper RO | Due from others RO | Total RO |
| At 1 January 2023 | 182,290,147 | 1,802,283 | 184,092,430 |
| Additions during the year (note 6) | 59,621,210 | - | 59,621,210 |
| Transferred from (to) receivable from a related party | 1,136,267 | (902,333) | 233,934 |
| Transferred to concession receivables upon completion (note 12) | (4,174,125) | - | (4,174,125) |
| Finance income during the year (note 10) | 14,859,938 | - | 14,859,938 |
| Billed during the year | (13,442,703) | - | (13,442,703) |
| At 31 December 2023 (audited) | 240,290,734 | 899,950 | 241,190,684 |

**Notes to the condensed interim financial information
for the three months period ended 31 March 2024 (Continued)**

14. Right of use assets

The Company leases building, land for various infrastructure and vehicles for operations. Vehicle leases run for a period of 3 years and infrastructure leases run for periods ranging from 3 to 30 years.

Information about leases for which the Company is a lessee is presented below.

| | Leasehold land RO | Motor vehicles RO | Building RO | Total RO |
|-------------------------------|----------------------------------|----------------------------------|------------------------|---------------------|
| At 1 January 2023 | 8,140,152 | 205,296 | 299,788 | 8,645,236 |
| Additions (note 23) | 83,183 | 220,716 | 249,477 | 553,376 |
| Depreciation (note 7) | <u>(290,799)</u> | <u>(426,012)</u> | <u>(146,524)</u> | <u>(863,335)</u> |
| At 31 December 2023 (audited) | <u>7,932,536</u> | <u>-</u> | <u>402,741</u> | <u>8,335,277</u> |
| At 1 January 2024 | 7,932,536 | - | 402,741 | 8,335,277 |
| Additions (note 23) | - | 197,738 | 20,644 | 218,382 |
| Depreciation (note 7) | <u>(65,314)</u> | <u>(102,002)</u> | <u>(44,281)</u> | <u>(211,597)</u> |
| At 31 March 2024 (unaudited) | <u>7,867,222</u> | <u>95,736</u> | <u>379,104</u> | <u>8,342,062</u> |

15. Investment properties

| | 31 March 2024 RO (unaudited) | 31 December 2023 RO (audited) |
|-------------------------------------|---|--|
| <i>Cost</i> | | |
| At 1 January | 5,060,140 | 1,160,359 |
| Transfer from concession receivable | <u>-</u> | <u>3,899,781</u> |
| At 31 March / December | 5,060,140 | 5,060,140 |
| <i>Accumulated depreciation</i> | | |
| At 1 January | 324,412 | 174,576 |
| Charge for the period/year | <u>52,557</u> | <u>149,836</u> |
| At 31 March / December | 376,969 | 324,412 |
| Carrying amount | <u>4,683,171</u> | <u>4,735,728</u> |

**Notes to the condensed interim financial information
for the three months period ended 31 March 2024 (Continued)**

16. Inventories

| | 31 March 2024 RO (unaudited) | 31 December 2023 RO (audited) |
|--|---|--|
| Stores, spares and consumables | 2,812,798 | 2,758,441 |
| Less: Provision for obsolete inventories | (15,891) | (17,309) |
| | <u>2,796,907</u> | <u>2,741,132</u> |

Movement in provision for obsolete inventories is as follows:

| | | |
|-----------------------------------|----------------------|---------------|
| At 1 January | 17,309 | 34,450 |
| Provision written off | (1,418) | (32,457) |
| Charge for the year | - | 15,316 |
| At 31 March 2024/31 December 2023 | <u>15,891</u> | <u>17,309</u> |

17. Trade and other receivables

| | | |
|--|--------------------------|-------------------|
| Receivables from IGC [note 25 (d)] | 12,471,925 | 11,226,498 |
| Due from related parties [note 25 (e)] | 1,069,382 | 933,395 |
| | 13,541,307 | 12,159,893 |
| Project management fee receivable from third parties | 721,931 | 328,425 |
| Provision for doubtful debt | (21,010) | (21,010) |
| Advances to contractors | 481,644 | 675,238 |
| Advances to employees | 101,970 | 74,146 |
| Accrued revenue | 15,156 | 49,700 |
| Other receivables | 2,826,615 | 1,518,475 |
| | <u>17,667,613</u> | <u>14,784,867</u> |

18. Cash and cash equivalents

| | | |
|--------------|--------------------------|-------------------|
| Cash at bank | 13,442,857 | 23,759,086 |
| Cash in hand | 15,015 | 11,877 |
| | <u>13,457,872</u> | <u>23,770,963</u> |

Cash at bank comprises of cash at Islamic banks of RO 11,216,703 (31 December 2023: RO 21,824,100) and cash at conventional banks of RO 2,226,154 (31 December 2023: RO 1,934,986).

19. Share capital and reserves

The Company's authorized share capital is RO 500,000,000 (31 December 2023: RO 500,000,000).

The paid-up share capital comprises of 4,330,623,920 shares of RO 0.100 each (31 December 2023: 4,330,623,920 shares of RO 0.100 each).

**Notes to the condensed interim financial information
for the three months period ended 31 March 2024 (Continued)**

19. Share capital and reserves (continued)

Details of shareholders who hold 10% or more of the Company's shares are as follows:

| | Number of shares 31 March 2024 (unaudited) | % of share holding 31 March 2024 (unaudited) | Number of shares 31 December 2023 (audited) | % of share holding 31 December 2023 (audited) |
|---------|--|--|---|---|
| OQ SAOC | <u>2,208,618,200</u> | <u>51</u> | <u>2,208,618,200</u> | <u>51</u> |

Legal reserve

Article 106 of the Commercial Companies Law of Sultanate of Oman requires that 10% of the Company's net profit after tax to be transferred to a non-distributable legal reserve until the amount of the legal reserve equals to one-third of the Company's share capital. This reserve is not available for distribution.

Dividend

On 7 January 2024, the shareholders approved to pay a dividend of 7.62 baisa per share relating to the third quarter ended on 30 September 2023.

On 18 March 2024, the shareholders approved to pay a final dividend of 2.54 baisa per share relating to the last quarter of the year ended 31 December 2023.

20. Term loans

| | 31 March 2024 RO (unaudited) | 31 December 2023 RO (audited) |
|---|---------------------------------------|--|
| Term loans | 362,124,380 | 333,124,380 |
| Less: unamortized transaction cost | <u>(3,536,558)</u> | <u>(3,656,025)</u> |
| | <u>358,587,822</u> | <u>329,468,355</u> |
| The unamortized transaction cost is as follows: | | |
| At January | 3,656,025 | 2,108,192 |
| Paid during the period/year | - | 3,911,799 |
| Amortised during the period/year | <u>(119,467)</u> | <u>(2,363,966)</u> |
| | <u>3,536,558</u> | <u>3,656,025</u> |
| <i>Presented as:</i> | | |
| Non-current liability | 349,312,582 | 320,193,115 |
| Current liability | <u>9,275,240</u> | <u>9,275,240</u> |
| | <u>358,587,822</u> | <u>329,468,355</u> |

20. Term loans (continued)

Notes to the condensed interim financial information for the three months period ended 31 March 2024 (Continued)

During the period, the Company made a drawdown of RO 29 million on these facilities. At the reporting date, the unutilized balance of the term loans was RO 97 million (31 December 2023: RO 126 million)

21. Deferred income

The Company has received contributions in aid of construction of connection assets. Movement in the liability recognized in the statement of financial position is as follows:

| | 31 March 2024 RO (unaudited) | 31 December 2023 RO (audited) |
|--|---|--|
| At 1 January | 4,673,519 | 4,864,801 |
| Contributions received during the period / year | 345,425 | 98,683 |
| Contribution reversed during the year | - | (265,604) |
| Recognized as income during the period / year (note 9) | <u>(6,090)</u> | <u>(24,361)</u> |
| At 31 March / 31 December | <u>5,012,854</u> | <u>4,673,519</u> |

22. Employees' end of service benefits

The movement in employees' end of service benefits is as follows:

| | | |
|--|-----------------------|----------------|
| At 1 January | 512,356 | 556,772 |
| Paid to related party on transfer of employees | - | (241,061) |
| Received from related party on transfer of employees | - | 309,950 |
| Charge for the period/year | 43,204 | 100,688 |
| Un-realised actuarial gain | - | (29,343) |
| Paid during the period/year | - | (184,650) |
| At 31 March / 31 December | <u>555,560</u> | <u>512,356</u> |

23. Leases liabilities

The movement in lease liabilities is as follows:

| | | |
|------------------------------------|-------------------------|--------------------|
| As at 1 January | 9,075,256 | 9,349,629 |
| Additions during the period / year | 218,382 | 553,376 |
| Accretion of interest | 139,066 | 567,490 |
| Payments | <u>(179,320)</u> | <u>(1,395,239)</u> |
| As at 31 March / December | <u>9,253,384</u> | <u>9,075,256</u> |
| <i>Presented as:</i> | | |
| Non-current liability | 8,942,749 | 8,887,425 |
| Current liability | <u>310,635</u> | <u>187,831</u> |
| | <u>9,253,384</u> | <u>9,075,256</u> |

24. Trade and other payables

**Notes to the condensed interim financial information
for the three months period ended 31 March 2024 (Continued)**

| | 31 March 2024 RO (unaudited) | 31 December 2023 RO (audited) |
|--|---|--|
| Payables to contractors for construction contracts | 18,020,780 | 26,648,517 |
| Trade payables | 9,554,769 | 11,220,450 |
| Accrued expenses and provisions | 4,329,666 | 7,637,740 |
| Due to related parties [note 25 (f)] | 14,295 | 578,795 |
| Interest payable on term loan | 6,874,766 | 803,289 |
| Contract liability* | 11,129,276 | 12,962,719 |
| Other payables | 2,479,553 | 2,282,213 |
| | <u>52,403,105</u> | <u>62,133,723</u> |

* Contract liability represents billing to IGC in excess of recognized revenue.

25. Related parties

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 Related Party Disclosures. Related parties comprise the shareholders, directors, key management personnel and business entities that have the ability to control or exercise significant influence over financial and operating decisions of the Company. The Company maintains balances with these related parties which arise in the normal course of business from the commercial transactions at mutually agreed terms. Outstanding balances at year end are unsecured and settlement occurs in cash.

Government of Sultanate of Oman (the Government) indirectly owns the Company. The Company has applied the exemptions in IAS 24 related to transactions with the Government and other entities controlled, jointly controlled or significantly influenced by the Government. In this respect, the Company has disclosed certain information, to meet the disclosure requirements of IAS 24, in this note.

Outstanding balances at year end are unsecured and settlement occurs in cash. No allowance for expected credit loss on amounts owed by related parties is recognised at the reporting date (31 December 2023 - RO nil).

Most of the related party transactions are with the Government / state owned entities (such as IGC) and with the entities under common control by the Parent Company.

**Notes to the condensed interim financial information
for the three months period ended 31 March 2024 (Continued)**

25. Related parties (continued)

Details of significant related parties transactions are as under:

(a) Revenue from IGC/MEM

| | 31 March 2024 RO (unaudited) | 31 March 2023 RO (unaudited) |
|---|---|---------------------------------------|
| Construction revenue (note 6) | 7,030,298 | 9,069,739 |
| Finance income on concession arrangement (note 9) | 19,079,366 | 17,841,447 |
| Allowance for expenditures (note 6) | 9,222,203 | 6,108,497 |
| Allowance for pass-through cost (note 6) | 1,228,983 | 1,160,405 |
| | <u>36,560,850</u> | <u>34,180,088</u> |
| Income from investment property (note 9) | 74,277 | 1,313,479 |
| Interest on loan from Parent Company | - | 2,755,630 |
| Other income | 236,608 | - |
| Training | 58,040 | - |
| Fuel gas | 1,178,979 | 1,045,779 |
| IT related services | 146,067 | - |

(b) Key management personnel compensation is as follows:

Key management compensation and board remuneration during the period is as below:

| | | |
|--|-----------------------|---------------|
| Short term benefits (Wages and salaries) | 29,399 | 27,822 |
| Other benefits | 46,502 | 1,425 |
| Board remuneration | 43,750 | - |
| | <u>119,651</u> | <u>29,247</u> |

(c) Loan from Parent Company

| | 31 March 2024 RO (unaudited) | 31 December 2023 RO (audited) |
|-----------------------------|---|--|
| At 1 January | - | 137,600,804 |
| Loan repaid during the year | - | (136,710,500) |
| Transfers | - | (890,304) |
| At 31 March / December | <u>-</u> | <u>-</u> |

**Notes to the condensed interim financial information
for the three months period ended 31 March 2024 (Continued)**

25. Related parties (continued)

(d) Receivables from IGC (note 17)

| | 31 March 2024 RO (unaudited) | 31 December 2023 RO (audited) |
|---|---|--|
| Receivables from Integrated Gas Company | <u>12,471,925</u> | <u>11,226,498</u> |

**(e) Amounts due from Parent Company and other related parties under common control
(note 17)**

| | | |
|------------------------------------|------------------|----------------|
| Parent Company | 210,132 | 67,357 |
| Subsidiaries of the Parent Company | <u>859,250</u> | <u>866,038</u> |
| | <u>1,069,382</u> | <u>933,395</u> |

**(f) Amounts due to Parent Company and other related parties under common control (note
24)**

| | | |
|------------------------------------|---------------|----------------|
| Parent Company | - | 375,111 |
| Subsidiaries of the Parent Company | <u>14,295</u> | <u>203,684</u> |
| | <u>14,295</u> | <u>578,795</u> |

26. Commitments and contingencies

The Company is defending certain actions brought by a contractor in relation to work carried out by him for the Company. Although liability is not admitted, if the defence against the action is unsuccessful, then the Company may be liable for an amount of RO 19.5 million (31 December 2023: RO 19.7 million). Based on legal advice, the Company's management believes that the defence against the action will be successful. If eventually the amount becomes payable, the amount will be fully reimbursed by MEM.

As at 31 March 2024, the Company had commitments pertaining to the capital projects under construction of RO 30.7 million (31 December 2023: RO 42.2 million).

**Notes to the condensed interim financial information
for the three months period ended 31 March 2024 (Continued)**

27. Earnings per share

Earnings per share are calculated by dividing the net profit for the year by number of weighted average shares issued during the year.

| | 31 March 2024 RO (unaudited) | 31 March 2023 RO (unaudited) |
|---|---|---------------------------------------|
| Profit for the year | 13,567,223 | 11,452,064 |
| Weighted average number of shares (note 19) | 4,330,623,920 | 4,330,623,920 |
| Basic and diluted earnings per share | 3.13 | 2.64 |

28. Financial instruments and financial risk management

Accounting classifications and fair values

Details of significant policies and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in Note 4 to the condensed interim financial information.

| <i>Categories of financial instruments</i> | 31 March 2024 (unaudited) RO | 31 December 2023 (audited) RO |
|--|---|--|
| Financial assets (at amortised cost) | | |
| Concession receivables (note 12) | 801,766,674 | 801,750,879 |
| Trade and other receivables (note 17) | 17,083,999 | 14,035,483 |
| Cash and bank balances (note 18) | 13,457,872 | 23,770,963 |
| | 832,308,545 | 839,557,325 |
| Financial liabilities (at amortised cost) | | |
| Term loan (note 20) | 358,587,822 | 329,468,355 |
| Lease liability (note 23) | 9,253,384 | 9,075,256 |
| Trade and other payables (note 24) | 41,273,829 | 49,171,004 |
| | 409,115,035 | 387,714,615 |

Management believes that the fair values of other financial assets and liabilities of the Company are not considered to be significantly different to their carrying values at 31 March 2024.

The Company's activities expose it to a variety of financial risks including the effects of changes in market risk, (including foreign exchange risk and interest rate risk) liquidity risk and credit risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by the management under policies approved by the Board of Directors.

**Notes to the condensed interim financial information
for the three months period ended 31 March 2024 (Continued)****29. Segment information**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (“COD”). COD, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic decisions maker. The Company’s operating activities are disclosed in note 1 to these condensed interim financial information. The strategic business unit is managed as one segment. For the strategic business unit, COD reviews internal management reports on a monthly basis. Performance is measured based on the profit before income tax, as included in the internal management reports. COD considers the business of the Company as one operating segment and monitors accordingly. The requirements of IFRS 8: Operating Segments - paragraphs 31 to 34 relating to entity wide disclosures have been covered under condensed statement of financial position, condensed statement of profit and loss and other comprehensive income and also in notes 1 to 5 to these condensed interim financial information.