

**OQ GAS NETWORKS SAOG**

**Condensed interim financial statements  
for the period ended 30 June 2024**

# **OQ Gas Networks SAOG**

## **Condensed Interim Financial Statements For The Six Months Period Ended 30 June 2024**

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# OQ Gas Networks SAOG

## CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		<b>30 June 2024 RO (Unaudited)</b>	<b>31 December 2023 RO (Audited)</b>
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Concession receivables	12	<b>784,419,588</b>	772,021,688
Contract assets	13	<b>230,208,316</b>	241,190,684
Right of use assets	14	<b>8,128,743</b>	8,335,277
Investment properties	15	<b>3,742,759</b>	4,735,728
Deferred tax assets		<b>4,058,939</b>	4,374,629
Total non-current assets		<b>1,030,558,345</b>	1,030,658,006
<b>Current assets</b>			
Concession receivables	12	<b>31,473,504</b>	29,729,191
Inventories	16	<b>2,817,942</b>	2,741,132
Trade and other receivables	17	<b>15,626,813</b>	14,784,867
Cash and cash equivalents	18	<b>22,650,120</b>	23,770,963
Total current assets		<b>72,568,379</b>	71,026,153
<b>TOTAL ASSETS</b>		<b>1,103,126,724</b>	1,101,684,159
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	19	<b>433,062,392</b>	433,062,392
Legal reserve	19	<b>38,898,080</b>	36,131,199
Actuarial reserve	22	<b>37,473</b>	120,640
Retained earnings		<b>158,568,140</b>	177,665,996
<b>Total equity</b>		<b>630,566,085</b>	646,980,227
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Term loan	20	<b>350,437,309</b>	320,193,115
Employees' end of service benefits	22	<b>644,476</b>	512,356
Lease liabilities	23	<b>8,972,359</b>	8,887,425
Deferred income	21	<b>5,346,846</b>	4,673,519
Deferred tax liabilities		<b>53,290,029</b>	48,840,723
Total non-current liabilities		<b>418,691,019</b>	383,107,138
<b>Current liabilities</b>			
Term loan	20	<b>9,267,800</b>	9,275,240
Lease liabilities	23	<b>206,229</b>	187,831
Trade and other payables	24	<b>44,395,591</b>	62,133,723
Total current liabilities		<b>53,869,620</b>	71,596,794
<b>Total liabilities</b>		<b>472,560,639</b>	454,703,932
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,103,126,724</b>	1,101,684,159

These condensed interim financial statements were authorized for issuance by the Board of Directors on 22 July 2024.  
The accompanying notes form an integral part of these condensed interim financial statements.

# OQ Gas Networks SAOG

## CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months periods ended 30 June 2024

		<i>For the three months period ended 30 June</i>		<i>For the six months period ended 30 June</i>	
		<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
		<i>RO</i>	<i>RO</i>	<i>RO</i>	<i>RO</i>
	<i>Notes</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Income</b>					
Revenue	6	24,598,727	21,946,177	42,080,211	38,318,710
Finance income	10	18,844,478	26,683,005	38,147,821	45,149,101
Other income	9	195,298	201,067	554,091	1,532,979
		<u>43,638,503</u>	<u>48,830,249</u>	<u>80,782,123</u>	<u>85,000,790</u>
<b>Expenses</b>					
Construction costs		(10,690,443)	(13,520,841)	(17,212,660)	(21,984,576)
Operating expenses	7	(6,532,615)	(5,139,924)	(12,446,587)	(11,220,486)
Administrative expenses	8	(3,785,937)	(2,694,218)	(6,381,578)	(4,973,078)
Finance cost	10	(5,971,542)	(3,339,312)	(12,307,492)	(9,370,342)
		<u>(26,980,537)</u>	<u>(24,694,295)</u>	<u>(48,348,317)</u>	<u>(47,548,482)</u>
<b>Profit before income tax</b>		<b>16,657,966</b>	<b>24,135,954</b>	<b>32,433,806</b>	<b>37,452,308</b>
Taxation	11	(2,556,379)	(2,507,097)	(4,764,996)	(4,371,387)
<b>Profit for the period</b>		<b>14,101,587</b>	<b>21,628,857</b>	<b>27,668,810</b>	<b>33,080,921</b>
<b>Other comprehensive loss:</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Defined benefit obligation actuarial loss	22	(83,167)	(15,269)	(83,167)	(15,269)
<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	26	-	192,594	-	385,188
Reclassified to statement of profit or loss on termination of hedge	26	-	(8,769,328)	-	(8,769,328)
<b>Other comprehensive loss for the period</b>		<b>(83,167)</b>	<b>(8,592,003)</b>	<b>(83,167)</b>	<b>(8,399,409)</b>
<b>Total comprehensive income for the period</b>		<b>14,018,420</b>	<b>13,036,854</b>	<b>27,585,643</b>	<b>24,681,512</b>
<b>Basic and diluted earnings per share (Baiza)</b>	28	<b>0.003</b>	<b>0.005</b>	<b>0.006</b>	<b>0.008</b>

The accompanying notes form part of these condensed interim financial statements.

## OQ Gas Networks SAOG

### CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2024

	Notes	Share capital RO	Share capital pending registration RO	Legal reserve RO	Hedging reserve RO	Retained earnings RO	Total equity RO
At 1 January 2023 (Audited)		336,787,392	-	30,580,020	8,384,140	232,841,012	608,592,564
<i>Total comprehensive income for the year</i>							
Net profit for the period		-	-	-	-	33,080,921	33,080,921
Other comprehensive income							
Changes in fair value of cash flow hedges	26	-	-	-	385,188	-	385,188
Reclassified to statement of profit or loss on termination of hedge	26	-	-	-	(8,769,328)	-	(8,769,328)
Defined benefit obligation actuarial loss	22					(15,269)	(15,269)
Total comprehensive income for the period		-	-	-	(8,384,140)	33,065,652	24,681,512
Transfer to legal reserve	19	-	-	3,308,092	-	(3,308,092)	-
<i>Transactions with owners of the Company</i>							
Settlement on termination of hedge entered with parent company	26	-	-	-	-	(8,769,328)	(8,769,328)
Bonus shares	19	-	96,275,000	-	-	(96,275,000)	-
At 30 June 2023 (Unaudited)		<u>336,787,392</u>	<u>96,275,000</u>	<u>33,888,112</u>	<u>-</u>	<u>157,554,244</u>	<u>624,504,748</u>

The accompanying notes form part of these condensed interim financial statements.

# OQ Gas Networks SAOG

## CONDENSED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months period ended 30 June 2024

	Notes	Share capital RO	Share capital pending registration RO	Legal reserve RO	Actuarial reserve RO	Retained earnings RO	Total equity RO
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 year</i>							
Net profit for the period		-	-	-	-	27,668,810	27,668,810
Other comprehensive income							
Defined benefit obligation actuarial loss	22	-	-	-	(83,167)	-	(83,167)
Total comprehensive income for the period		-	-	-	(83,167)	27,668,810	27,585,643
Transfer to legal reserve	19	-	-	2,766,881	-	(2,766,881)	-
<i>Transactions with owners of the Company</i>							
Dividend	19	-	-	-	-	(43,999,785)	(43,999,785)
At 30 June 2024 (Unaudited)		433,062,392	-	38,898,080	37,473	158,568,140	630,566,085

The accompanying notes form part of these condensed interim financial statements.

# OQ Gas Networks SAOG

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2024

		<i>For the six months period ended 30 June</i>	
		<i>2024</i>	<i>2023</i>
		<i>RO</i>	<i>RO</i>
	<i>Notes</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>OPERATING ACTIVITIES</b>			
Profit before income tax		<b>32,433,806</b>	37,452,308
Adjustments for:			
Depreciation		<b>524,590</b>	646,013
Provision for obsolete inventories	16	<b>1,092</b>	43,959
Provision for employees' end of service benefits	22	<b>48,953</b>	133,956
Interest on concession receivables and contract assets	10	<b>(37,759,631)</b>	(35,220,000)
Deferred income	21	<b>(24,342)</b>	(12,181)
Interest income on call accounts and short term deposits	10	<b>(388,190)</b>	(1,159,773)
Gain transferred on termination of hedge	10	<b>-</b>	(8,769,328)
Finance cost	10	<b>12,307,492</b>	9,370,342
<b>Operating cash flows before working capital changes</b>		<b>7,143,770</b>	2,485,296
<b>Changes in:</b>			
Concession receivables	12	<b>46,347,680</b>	43,671,707
Contract asset	13	<b>7,698,926</b>	6,098,482
Inventories		<b>(77,902)</b>	(137,586)
Trade and other receivables		<b>(841,946)</b>	(210,582)
Trade and other payables		<b>(19,438,077)</b>	(5,448,822)
<b>Cash generated from operations</b>		<b>40,832,451</b>	46,458,495
Employees' end of service benefits paid	22	<b>-</b>	(193,626)
Interest paid		<b>(11,800,092)</b>	(6,553,953)
Interest income received on fixed deposits		<b>388,190</b>	1,159,773
Receipt of connection fee	21	<b>697,669</b>	81,444
<b>Net cash generated from operating activities</b>		<b>30,118,218</b>	40,952,133
<b>INVESTING ACTIVITIES</b>			
Additions in contract asset	13	<b>(17,212,660)</b>	(21,984,576)
Movement in term deposits		<b>-</b>	18,600,000
<b>Net cash used in investing activities</b>		<b>(17,212,660)</b>	(3,384,576)
<b>FINANCING ACTIVITIES</b>			
Loan repaid to parent company	20	<b>-</b>	(136,710,500)
Repayment of term loan		<b>(4,633,900)</b>	(252,902,873)
Proceeds from term loan from commercial bank	20	<b>35,000,000</b>	333,762,000
Payment of loan issuance costs	20	<b>-</b>	(3,799,923)
Dividends paid	19	<b>(43,999,785)</b>	-
Payment of lease liabilities	23	<b>(392,716)</b>	(565,633)
<b>Net cash used in financing activities</b>		<b>(14,026,401)</b>	(60,216,929)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,120,843)</b>	(22,649,372)
Cash and cash equivalents at 1 January	18	<b>23,770,963</b>	48,777,590
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	18	<b>22,650,120</b>	26,128,218

The accompanying notes form part of these condensed interim financial statements.

# OQ Gas Networks SAOG

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2024

### 1 CORPORATE INFORMATION

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 statements for the six months period ended 30 June 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.

### 3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

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.



**3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY (CONTINUED)**

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 statements 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 2025.

**4 MATERIAL ACCOUNTING POLICIES**

Except as described in note 3, the accounting policies applied in these Condensed interim 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 JUDGEMENTS AD KEY SOURCES OF ESTIMATION UNCERTAINTY**

In preparing these Condensed interim 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.

Management 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).

At 30 June 2024

**5 CRITICAL JUDGEMENTS AD KEY SOURCES OF ESTIMATION UNCERTAINTY  
(CONTINUED)****Measurement of fair values (continued)**

- 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.

**6 REVENUE**

	<i>For the three months period ended 30 June</i>		<i>For the six months period ended 30 June</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>RO</i>	<i>RO</i>	<i>RO</i>	<i>RO</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Services transferred over time:</i>				
Construction revenue	<b>11,523,227</b>	14,488,933	<b>18,553,525</b>	23,558,672
Allowance for expenditures and passthrough cost	<b>13,068,460</b>	7,422,854	<b>23,519,646</b>	14,691,756
Project management services	<b>7,040</b>	34,390	<b>7,040</b>	68,282
	<b>24,598,727</b>	21,946,177	<b>42,080,211</b>	38,318,710

**7 OPERATING EXPENSES**

	<i>For the three months period ended 30 June</i>		<i>For the six months period ended 30 June</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>RO</i>	<i>RO</i>	<i>RO</i>	<i>RO</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Depreciation	<b>213,319</b>	199,179	<b>424,916</b>	392,091
Employee costs	<b>3,254,814</b>	2,252,201	<b>6,062,870</b>	5,043,240
Repair and maintenance	<b>1,176,568</b>	713,713	<b>2,140,778</b>	2,181,611
Pass through costs*	<b>1,208,163</b>	1,284,635	<b>2,437,146</b>	2,445,040
Insurance	<b>516,248</b>	351,618	<b>1,030,514</b>	695,257
Provision for obsolete inventories	<b>1,092</b>	36,190	<b>1,092</b>	43,959
Catering and accommodation	<b>162,411</b>	302,388	<b>349,271</b>	419,288
	<b>6,532,615</b>	5,139,924	<b>12,446,587</b>	11,220,486

\* Pass through costs represents fuel gas and regulator fees which are reimbursable on actual incurred basis and are included as income in "Allowance for expenditures and passthrough cost" in note 6.

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## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2024

### 8 ADMINISTRATIVE EXPENSES

	<i>For the three months period ended 30 June</i>		<i>For the six months period ended 30 June</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>RO</i>	<i>RO</i>	<i>RO</i>	<i>RO</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Employee costs	<b>2,464,074</b>	1,687,811	<b>4,171,621</b>	3,266,348
Depreciation	<b>47,117</b>	237,600	<b>99,674</b>	253,922
Training and business travel	<b>165,394</b>	107,775	<b>284,623</b>	286,498
Legal and professional	<b>119,824</b>	47,019	<b>411,524</b>	58,648
Utilities and office expenses	<b>38,246</b>	123,076	<b>114,461</b>	253,216
Repairs and maintenance	<b>670,264</b>	267,535	<b>816,505</b>	362,964
Contract services	<b>83,905</b>	(62,975)	<b>145,580</b>	125,612
Bad debt written off (note 18)	-	167,083	-	167,083
Other expenses	<b>197,113</b>	119,294	<b>337,590</b>	198,787
	<b>3,785,937</b>	2,694,218	<b>6,381,578</b>	4,973,078

### 9 OTHER INCOME

	<i>For the three months period ended 30 June</i>		<i>For the six months period ended 30 June</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>RO</i>	<i>RO</i>	<i>RO</i>	<i>RO</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Tender fee and others	<b>102,531</b>	115,388	<b>380,957</b>	127,731
Amortization of deferred income	<b>18,252</b>	6,091	<b>24,342</b>	12,181
Income from investment property	<b>74,279</b>	79,588	<b>148,556</b>	1,393,067
Gain on sale of assets	<b>236</b>	-	<b>236</b>	-
	<b>195,298</b>	201,067	<b>554,091</b>	1,532,979

# OQ Gas Networks SAOG

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2024

### 10 FINANCE INCOME AND COST

	<i>For the three months period ended 30 June</i>		<i>For the six months period ended 30 June</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>RO</i>	<i>RO</i>	<i>RO</i>	<i>RO</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Finance income</i>				
Finance income on concession arrangement on:				
Concession receivables (note 12)	<b>14,651,781</b>	14,016,355	<b>29,377,359</b>	28,525,017
Contract assets (note 13)	<b>4,028,484</b>	3,362,198	<b>8,382,272</b>	6,694,983
	<b>18,680,265</b>	17,378,553	<b>37,759,631</b>	35,220,000
Transfer from OCI on termination of hedge	-	8,769,328	-	8,769,328
Interest income on call accounts and short term deposits	<b>164,213</b>	535,124	<b>388,190</b>	1,159,773
	<b>18,844,478</b>	26,683,005	<b>38,147,821</b>	45,149,101
<i>Finance cost</i>				
Interest on term loan from commercial banks	<b>6,066,068</b>	3,933,274	<b>12,138,642</b>	6,941,629
Interest on loan from Parent Company	-	(2,723,479)	-	32,151
Amortization of deferred finance cost	<b>119,467</b>	1,993,259	<b>238,934</b>	2,119,792
Interest on lease liabilities	<b>138,602</b>	136,563	<b>277,666</b>	274,401
Exchange (gain) / loss	<b>(352,595)</b>	(305)	<b>(347,750)</b>	2,369
	<b>5,971,542</b>	3,339,312	<b>12,307,492</b>	9,370,342

The shareholder loan agreement was amended during June 2023 and the loan was made interest free from 1 January 2023. On 22 June 2023, the Company repaid the loan to the Parent Company.

Interest income on call accounts and short term deposits in Islamic banks is RO 360,181 (30 June 2023: RO 331,773) and in conventional banks is RO 28,009 (30 June 2023: RO 828,000).

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.

### 11 TAXATION

	<i>For the three months period ended 30 June</i>		<i>For the six months period ended 30 June</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>RO</i>	<i>RO</i>	<i>RO</i>	<i>RO</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Current tax</b>				
-in respect of current and prior period	-	-	-	-
	-	-	-	-
<b>Deferred tax</b>				
-in respect of current period	<b>2,556,379</b>	2,507,097	<b>4,764,996</b>	4,371,387
-in respect of prior period	-	-	-	-
	<b>2,556,379</b>	2,507,097	<b>4,764,996</b>	4,371,387
	<b>2,556,379</b>	2,507,097	<b>4,764,996</b>	4,371,387

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 condensed interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

# OQ Gas Networks SAOG

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2024

### 12 CONCESSION RECEIVABLES

	30 June 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)	30,219,239	4,174,125
Adjustment for penalties	-	(1,447,618)
Transferred from (to) investment property (note 15)	893,295	(3,899,781)
Finance income during the period/year (note 10)	29,377,359	57,869,671
Payments received during the period/year	(46,347,680)	(86,844,474)
At 30 June 2024/December 2023	815,893,092	801,750,879
<b>Non-current / current:</b>		
Non-current asset	784,419,588	772,021,688
Current asset	31,473,504	29,729,191
	815,893,092	801,750,879

Concession receivables have effective interest rate of 7.41% (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.

### 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)	18,553,525	-	18,553,525
Transferred to concession receivables upon completion (note 12)	(30,219,239)	-	(30,219,239)
Finance income during the period (note 10)	8,382,272	-	8,382,272
Billed received during the period	(7,698,926)	-	(7,698,926)
At 30 June 2024	229,308,366	899,950	230,208,316
	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

# OQ Gas Networks SAOG

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2024

### 14 RIGHT-OF-USE ASSET

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.

	<b>Leasehold land RO</b>	<b>Motor vehicles RO</b>	<b>Building RO</b>	<b>Total RO</b>
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	<b>7,932,536</b>	<b>-</b>	<b>402,741</b>	<b>8,335,277</b>
Additions (note 23)	<b>-</b>	<b>197,738</b>	<b>20,644</b>	<b>218,382</b>
Depreciation (note 7)	<u><b>(130,629)</b></u>	<u><b>(197,738)</b></u>	<u><b>(96,549)</b></u>	<u><b>(424,916)</b></u>
At 30 June 2024 (unaudited)	<u><b>7,801,907</b></u>	<u><b>-</b></u>	<u><b>326,836</b></u>	<u><b>8,128,743</b></u>

### 15 INVESTMENT PROPERTIES

	<b>30 June 2024 RO (Unaudited)</b>	<b>31 December 2023 RO (Audited)</b>
Cost		
At 1 January	<b>5,060,140</b>	1,160,359
Transfers (to) from concession receivables	<u><b>(995,372)</b></u>	<u>3,899,781</u>
At 30 June / December	<u><b>4,064,768</b></u>	<u>5,060,140</u>
Accumulated depreciation		
At 1 January	<b>324,412</b>	174,576
Charge for the period/year (note 8)	<b>99,674</b>	149,836
Transfers to concession receivables	<u><b>(102,077)</b></u>	<u>-</u>
At 30 June / 31 December	<u><b>322,009</b></u>	<u>324,412</u>
Carrying amount	<u><b>3,742,759</b></u>	<u>4,735,728</u>

# OQ Gas Networks SAOG

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2024

### 16 INVENTORIES

	<i>30 June 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
Stores, spares and consumables	2,834,917	2,758,441
Less: Provision for obsolete inventories	(16,975)	(17,309)
	<u>2,817,942</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	(1,426)	(32,457)
Charge for the year	<u>1,092</u>	<u>15,316</u>
At 30 June 2024/ 31 December 2023	<u>16,975</u>	<u>17,309</u>

### 17 TRADE AND OTHER RECEIVABLES

	<i>30 June 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
Receivables from IGC [note 25 (d)]	12,284,948	11,226,498
Due from related parties [note 25 (e)]	<u>804,133</u>	<u>933,395</u>
	13,089,081	12,159,893
Project management fee receivable from third parties	1,003,305	328,425
Provision for doubtful debt	(21,010)	(21,010)
Advances to contractors	54,512	675,238
Advances to employees	76,403	74,146
Accrued revenue	30,312	49,700
Other receivables	<u>1,394,210</u>	<u>1,518,475</u>
	<u>15,626,813</u>	<u>14,784,867</u>

### 18 CASH AND CASH EQUIVALENTS

	<i>30 June 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
Cash at bank	22,635,726	23,759,086
Cash in hand	<u>14,394</u>	<u>11,877</u>
	<u>22,650,120</u>	<u>23,770,963</u>

Cash at bank comprises of cash at Islamic banks of RO 9,138,678 (31 December 2023: RO 21,824,100) and cash at conventional banks of RO 13,497,048 (31 December 2023: RO 1,934,986).

# OQ Gas Networks SAOG

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2024

### 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).

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

	<i>Number of shares</i>	<i>% of share holding</i>	<i>Number of shares</i>	<i>% of share holding</i>
	<i>30 June</i>	<i>30 June</i>	<i>31 December</i>	<i>31 December</i>
	<i>2024</i>	<i>2024</i>	<i>2023</i>	<i>2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
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.



# OQ Gas Networks SAOG

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2024

### 20 TERM LOANS

	<i>30 June 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
Term loans	363,122,200	333,124,380
Less: unamortized transaction cost	<u>(3,417,091)</u>	<u>(3,656,025)</u>
	<u>359,705,109</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>(238,934)</u>	<u>(2,363,966)</u>
	<u>3,417,091</u>	<u>3,656,025</u>
<i>Presented as:</i>		
Non-current liability	350,437,309	320,193,115
Current liability	<u>9,267,800</u>	<u>9,275,240</u>
	<u>359,705,109</u>	<u>329,468,355</u>

During the period, the Company made a drawdown of RO 35 million on these facilities. At the reporting date, the unutilized balance of the term loans was RO 91 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:

	<i>30 June 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
At 1 January	4,673,519	4,864,801
Contributions received during the period / year	697,669	98,683
Contribution reversed during the year	-	(265,604)
Recognized as income during the period / year (note 9)	<u>(24,342)</u>	<u>(24,361)</u>
At 30 June / 31 December	<u>5,346,846</u>	<u>4,673,519</u>

# OQ Gas Networks SAOG

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2024

### 22 EMPLOYEES' END OF SERVICE BENEFIT

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

	<b>30 June 2024 RO (Unaudited)</b>	<b>31 December 2023 RO (Audited)</b>
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	48,953	100,688
Un-realised actuarial gain	83,167	(29,343)
Paid during the period/year	-	(184,650)
At 30 June / 31 December	<b>644,476</b>	<b>512,356</b>

### 23 LEASE LIABILITIES

The movement in lease liabilities is as follows:

	<b>30 June 2024 RO (Unaudited)</b>	<b>31 December 2023 RO (Audited)</b>
As at 1 January	9,075,256	9,349,629
Additions during the period / year	218,382	553,376
Accretion of interest	277,666	567,490
Payments	(392,716)	(1,395,239)
As at 30 June / December	<b>9,178,588</b>	<b>9,075,256</b>
<i>Presented as:</i>		
Non-current liability	8,972,359	8,887,425
Current liability	206,229	187,831
	<b>9,178,588</b>	<b>9,075,256</b>

**24 TRADE AND OTHER PAYABLES**

	<i>30 June 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
Payables to contractors for construction contracts	<b>19,221,009</b>	26,648,517
Trade payables	<b>7,105,395</b>	11,220,450
Accrued expenses and provisions	<b>6,050,564</b>	7,637,740
Due to related parties [note 25 (f)]	<b>244,575</b>	578,795
Interest payable on term loan	<b>1,141,839</b>	803,289
Contract liability*	<b>7,846,532</b>	12,962,719
Other payables	<b>2,785,677</b>	2,282,213
	<b>44,395,591</b>	62,133,723

\* 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.

**25 RELATED PARTIES (CONTINUED)**

Details of significant related parties transactions are as under:

**(a) Revenue from IGC/MEM**

	<i>30 June 2024 RO (Unaudited)</i>	<i>30 June 2023 RO (Unaudited)</i>
Construction revenue (note 6)	18,553,525	23,558,672
Finance income on concession arrangement (note 10)	37,759,631	35,220,000
Allowance for expenditures and pass-through (note 6)	23,519,646	14,691,756
	<u>79,832,802</u>	<u>73,470,428</u>
Income from investment property (note 9)	148,556	1,393,067
Interest on loan from Parent Company	-	32,151
Other income	310,047	-
Training	78,993	-
Fuel gas	2,337,138	2,174,677
IT related services	726,733	-

**(b) Key management personnel compensation is as follows:**

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

	<i>30 June 2024 RO (Unaudited)</i>	<i>30 June 2023 RO (Unaudited)</i>
Short term benefits (Wages and salaries)	61,738	55,643
Other benefits	47,654	33,394
Board remuneration	87,500	-
	<u>196,892</u>	<u>89,037</u>

**(c) Loan from Parent Company**

	<i>30 June 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
At 1 January	-	137,600,804
Loan repaid during the year	-	(136,710,500)
Transfers	-	(890,304)
At 30 June / December	<u>-</u>	<u>-</u>

# OQ Gas Networks SAOG

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2024

### 25 RELATED PARTIES (CONTINUED)

#### (d) Receivables from IGC (note 17)

	<i>30 June 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
Receivables from Integrated Gas Company	<u>12,284,948</u>	<u>11,226,498</u>

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

	<i>30 June 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
Parent Company	-	67,357
Subsidiaries of the Parent Company	<u>804,133</u>	<u>866,038</u>
	<u>804,133</u>	<u>933,395</u>

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

	<i>30 June 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
Parent Company	244,575	375,111
Subsidiaries of the Parent Company	<u>-</u>	<u>203,684</u>
	<u>244,575</u>	<u>578,795</u>

**26. DERIVATIVES**

During the year ended 31 December 2020, the Parent Company entered into interest rate swap agreements with commercial banks, on behalf of the Company, at annual interest rates ranging from 0.5030% to 0.5250% to receive interest at LIBOR from the banks. Parent Company then entered into back to back interest rate swap agreement with the Company.

On 15 June 2023, the Parent Company terminated the interest swap agreement with the Company, at nil purchase consideration, after reassessing its risk management strategy following the refinancing of the Company's borrowings. Both parties were relieved of any obligation and liabilities associated with the agreement. The loss on the termination of the interest swap agreement has been recognized with in equity as an adjustment to the retained earnings.

	<b>30 June 2024 (Unaudited)</b>	31 December 2023 (Audited)
Notional amount hedged	-	-
<b>Cumulative changes in fair values of derivatives</b>		
At 1 January	-	8,384,140
Gain/ (loss) arising on changes in fair value of hedging instruments during the period / year	-	453,161
Deferred tax charged to other comprehensive income	-	(67,973)
Gain transferred to statement of profit and loss upon termination of hedge	-	(8,769,328)
	<u>-</u>	<u>-</u>
<b>(Liability) / Asset</b>		
Non-current portion	-	-
Current portion	-	-
	<u>-</u>	<u>-</u>

Fair value of derivatives is a level 2 fair value measurement using observable market prices obtained from market data providers.

# OQ Gas Networks SAOG

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 June 2024

### 27 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.

As at 30 June 2024, the Company had commitments pertaining to the capital projects under construction of RO 34.6 million (31 December 2023: RO 42.2 million).

### 28 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.

	<i>For the three months period ended 30 June</i>		<i>For the six months period ended 30 June</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>RO</i>	<i>RO</i>	<i>RO</i>	<i>RO</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit for the year	<b>14,101,587</b>	21,628,857	<b>27,668,810</b>	33,080,921
Weighted average number of shares (note 19)	<b>4,330,623,920</b>	4,330,623,920	<b>4,330,623,920</b>	4,330,623,920
Basic and diluted earnings per share	<b>0.003</b>	0.005	<b>0.006</b>	0.008

### 29 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

#### Accounting classifications and fair values

	<i>30 June 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
<i>Categories of financial instruments</i>		
<b>Financial assets (at amortised cost)</b>		
Concession receivables (note 12)	<b>815,893,092</b>	801,750,879
Trade and other receivables (note 17)	<b>15,495,898</b>	14,035,483
Cash and bank balances (note 18)	<b>22,650,120</b>	23,770,963
	<b>854,039,110</b>	839,557,325
<b>Financial liabilities (at amortised cost)</b>		
Term loan (note 20)	<b>359,705,109</b>	329,468,355
Lease liability (note 23)	<b>9,178,588</b>	9,075,256
Trade and other payables (note 24)	<b>36,549,059</b>	49,171,004
	<b>405,432,756</b>	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 30 June 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.

**30 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 statements. 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 statements.