

OQ GAS NETWORKS SAOG

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

OQ Gas Networks SAOG

Condensed Interim Financial Statements For The Nine Months Period Ended 30 September 2024

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OQ Gas Networks SAOG

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		30 September 2024 RO (Unaudited)	31 December 2023 RO (Audited)
	<i>Notes</i>		
ASSETS			
Non-current assets			
Concession receivables	12	777,805,487	772,021,688
Contract assets	13	236,902,493	241,190,684
Right of use assets	14	9,565,664	8,335,277
Investment properties	15	3,706,523	4,735,728
Deferred tax assets		4,322,077	4,374,629
Total non-current assets		<u>1,032,302,244</u>	<u>1,030,658,006</u>
Current assets			
Concession receivables	12	30,948,625	29,729,191
Inventories	16	2,854,349	2,741,132
Trade and other receivables	17	14,548,116	14,784,867
Cash and cash equivalents	18	40,601,517	23,770,963
Total current assets		<u>88,952,607</u>	<u>71,026,153</u>
TOTAL ASSETS		<u>1,121,254,851</u>	<u>1,101,684,159</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	19	433,062,392	433,062,392
Legal reserve	19	39,939,485	36,131,199
Actuarial reserve	22	37,473	120,640
Retained earnings		167,940,780	177,665,996
Total equity		<u>640,980,130</u>	<u>646,980,227</u>
Liabilities			
Non-current liabilities			
Term loan	20	350,556,776	320,193,115
Employees' end of service benefits	22	605,690	512,356
Lease liabilities	23	10,260,743	8,887,425
Deferred income	21	5,485,003	4,673,519
Deferred tax liabilities		55,732,724	48,840,723
Total non-current liabilities		<u>422,640,936</u>	<u>383,107,138</u>
Current liabilities			
Term loan	20	9,267,800	9,275,240
Lease liabilities	23	494,474	187,831
Trade and other payables	24	47,871,511	62,133,723
Total current liabilities		<u>57,633,785</u>	<u>71,596,794</u>
Total liabilities		<u>480,274,721</u>	<u>454,703,932</u>
TOTAL EQUITY AND LIABILITIES		<u>1,121,254,851</u>	<u>1,101,684,159</u>

These condensed interim financial statements were authorized for issuance by the Board of Directors on 20 October 2024.

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

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CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months periods ended 30 September 2024

	Notes	<i>For the three months period ended 30 September</i>		<i>For the nine months period ended 30 September</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>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Income					
Revenue	6	15,625,710	25,992,407	57,705,921	64,311,117
Finance income	10	18,603,721	18,153,348	56,751,542	63,302,449
Other income	9	245,243	203,665	799,334	1,736,644
		<u>34,474,674</u>	<u>44,349,420</u>	<u>115,256,797</u>	<u>129,350,210</u>
Expenses					
Construction costs		(6,290,318)	(17,391,223)	(23,502,978)	(39,375,799)
Operating expenses	7	(6,266,087)	(4,950,066)	(18,712,674)	(16,170,552)
Administrative expenses	8	(2,855,123)	(2,786,452)	(9,236,701)	(7,759,530)
Finance cost	10	(6,469,544)	(6,353,869)	(18,777,036)	(15,724,211)
		<u>(21,881,072)</u>	<u>(31,481,610)</u>	<u>(70,229,389)</u>	<u>(79,030,092)</u>
Profit before income tax		12,593,602	12,867,810	45,027,408	50,320,118
Taxation	11	(2,179,557)	(1,136,614)	(6,944,553)	(5,508,001)
Profit for the period		<u>10,414,045</u>	<u>11,731,196</u>	<u>38,082,855</u>	<u>44,812,117</u>
Other comprehensive loss:					
<i>Items that will not be reclassified to profit or loss</i>					
Defined benefit obligation actuarial loss	22	-	(246,317)	(83,167)	(261,586)
<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	-	-	-	385,188
Reclassified to statement of profit or loss on termination of hedge	26	-	-	-	(8,769,328)
Other comprehensive loss for the period			<u>(246,317)</u>	<u>(83,167)</u>	<u>(8,645,726)</u>
Total comprehensive income for the period		<u>10,414,045</u>	<u>11,484,879</u>	<u>37,999,688</u>	<u>36,166,391</u>
Basic and diluted earnings per share (Baiza)					
	28	<u>2.40</u>	<u>2.71</u>	<u>8.79</u>	<u>10.35</u>

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

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CONDENSED STATEMENT OF CHANGES IN EQUITY

For the nine months period ended 30 September 2024

	Notes	Share capital RO	Legal reserve RO	Hedging 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 year</i>							
Net profit for the period		-	-	-	-	44,812,117	44,812,117
<i>Other comprehensive income</i>							
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	-	-	-	(261,586)	-	(261,586)
Total comprehensive income for the period		-	-	(8,384,140)	(261,586)	44,812,117	36,166,391
Transfer to legal reserve	19	-	4,481,212	-	-	(4,481,212)	-
<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 September 2023 (Audited)		433,062,392	35,061,232	-	(170,289)	168,036,292	635,989,627

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

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CONDENSED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the nine months period ended 30 September 2024

	Notes	Share capital RO	Legal reserve RO	Hedging 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		-	-	-	-	38,082,855	38,082,855
Other comprehensive income							
Defined benefit obligation actuarial loss	22	-	-	-	(83,167)	-	(83,167)
Total comprehensive income for the period		-	-	-	(83,167)	38,082,855	37,999,688
Transfer to legal reserve	19	-	3,808,286	-	-	(3,808,286)	-
<i>Transactions with owners of the Company</i>							
Dividend	19	-	-	-	-	(43,999,785)	(43,999,785)
At 30 September 2024 (Unaudited)		<u>433,062,392</u>	<u>39,939,485</u>	<u>-</u>	<u>37,473</u>	<u>167,940,780</u>	<u>640,980,130</u>

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

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 September 2024

		<i>For the nine months period ended 30 September</i>	
		<i>2024</i>	<i>2023</i>
		<i>RO</i>	<i>RO</i>
	<i>Notes</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
OPERATING ACTIVITIES			
Profit before income tax		45,027,408	50,320,118
Adjustments for:			
Depreciation		756,075	752,457
Write-off of receivables		-	233,639
Provision for obsolete inventories	16	2,264	14,326
Provision for employees' end of service benefits	22	57,251	81,057
Interest on concession receivables and contract assets	10	(56,079,595)	(53,107,893)
Deferred income	21	(33,246)	(18,271)
Interest income on call accounts and short-term deposits	10	(671,947)	(1,425,228)
Gain transferred on termination of hedge	10	-	(8,769,328)
Finance cost	10	18,777,036	15,724,211
		<u>7,835,246</u>	<u>3,805,088</u>
Operating cash flows before working capital changes			
Changes in:			
Concession receivables	12	69,705,182	65,427,007
Contract asset	13	12,069,792	9,486,522
Inventories		(115,481)	(369,538)
Trade and other receivables		236,752	1,286,216
Trade and other payables		(24,818,411)	(8,611,367)
Cash generated from operations		<u>64,913,080</u>	<u>71,023,928</u>
Employees' end of service benefits paid	22	(47,084)	(173,005)
Interest paid		(11,814,835)	(7,237,296)
Interest income received on fixed deposits		671,947	1,425,228
Receipt of connection fee	21	844,730	93,629
Net cash generated from operating activities		<u>54,567,838</u>	<u>65,132,484</u>
INVESTING ACTIVITIES			
Additions in concession receivable		-	(16,828,427)
Additions in contract asset		(23,502,978)	(39,375,799)
Movement in term deposits		-	18,600,000
Net cash used in investing activities		<u>(23,502,978)</u>	<u>(37,604,226)</u>
FINANCING ACTIVITIES			
Loan repaid to parent company	20	-	(136,710,500)
Repayment of term loan		(4,633,900)	(252,902,873)
Proceeds from term loan from commercial bank	20	35,000,000	333,762,000
Payment of loan issuance costs	20	-	(3,911,799)
Dividends paid	19	(43,999,785)	-
Payment of lease liabilities	23	(600,621)	(1,087,003)
Net cash used in financing activities		<u>(14,234,306)</u>	<u>(60,850,175)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS			
		16,830,554	(33,321,917)
Cash and cash equivalents at 1 January	18	<u>23,770,963</u>	<u>48,777,590</u>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	18	<u>40,601,517</u>	<u>15,455,673</u>

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

OQ Gas Networks SAOG

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 September 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 Energy Infrastructure Company Gas Transmission Company LLC (“EIC”)(Previously Gas Transmission Company LLC (“GTC”)) registered in the Sultanate of Oman. EIC is non-operational and there have been no accounting numbers recorded therein. Considering its non-operational and immaterial nature, the Company does not consolidate EIC. The Company plans to use EIC to conduct any non-regulated business in the future.

2 BASIS OF PREPARATION

These condensed interim financial statements for the nine months period ended 30 September 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).

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At 30 September 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 September</i>		<i>For the nine months period ended 30 September</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>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
<i>Services transferred over time:</i>				
Construction revenue	6,780,333	18,636,434	25,333,858	42,195,106
Allowance for expenditures and passthrough cost	8,845,377	7,355,973	32,365,023	22,047,729
Project management services	-	-	7,040	68,282
	15,625,710	25,992,407	57,705,921	64,311,117

7 OPERATING EXPENSES

	<i>For the three months period ended 30 September</i>		<i>For the nine months period ended 30 September</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>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Depreciation	195,249	263,087	620,165	655,178
Employee costs	2,684,482	1,903,688	8,747,352	6,946,928
Repair and maintenance	1,427,604	919,227	3,568,382	3,100,838
Pass through costs*	1,209,533	1,332,908	3,646,679	3,777,948
Insurance	523,877	401,865	1,554,391	1,097,122
Provision for obsolete inventories	1,172	(29,633)	2,264	14,326
Catering and accommodation	224,170	158,924	573,441	578,212
	6,266,087	4,950,066	18,712,674	16,170,552

* 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 September 2024

8 ADMINISTRATIVE EXPENSES

	<i>For the three months period ended 30 September</i>		<i>For the nine months period ended 30 September</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>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Employee costs	2,062,453	2,118,875	6,234,074	5,385,223
Depreciation	36,236	48,500	135,910	97,279
Training and business travel	193,521	255,568	478,144	542,066
Legal and professional	102,579	12,294	514,103	70,942
Utilities and office expenses	78,417	-	192,878	235,532
Repairs and maintenance	192,978	228,475	1,009,483	828,179
Contract services	5,376	-	150,956	111,699
Bad debt written off	-	66,556	-	233,639
Other expenses	183,563	56,184	521,153	254,971
	2,855,123	2,786,452	9,236,701	7,759,530

9 OTHER INCOME

	<i>For the three months period ended 30 September</i>		<i>For the nine months period ended 30 September</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>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Tender fee and others	161,581	46,751	542,538	174,482
Amortization of deferred income	8,904	6,090	33,246	18,271
Income from investment property	74,279	150,824	222,835	1,543,891
Gain on sale of assets	479	-	715	-
	245,243	203,665	799,334	1,736,644

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10 FINANCE INCOME AND COST

	<i>For the three months period ended 30 September</i>		<i>For the nine months period ended 30 September</i>	
	<i>2024 RO (Unaudited)</i>	<i>2023 RO (Audited)</i>	<i>2024 RO (Unaudited)</i>	<i>2023 RO (Audited)</i>
<i>Finance income</i>				
Finance income on concession arrangement on:				
Concession receivables (note 12)	14,100,454	14,140,351	43,477,813	42,665,368
Contract assets (note 13)	4,219,510	3,747,542	12,601,782	10,442,525
	18,319,964	17,887,893	56,079,595	53,107,893
Transfer from OCI on termination of hedge	-	-	-	8,769,328
Interest income on call accounts and short term deposits	283,757	265,455	671,947	1,425,228
	18,603,721	18,153,348	56,751,542	63,302,449
<i>Finance cost</i>				
Interest on term loan from commercial banks	6,189,688	6,078,262	18,328,330	13,019,891
Interest on loan from Parent Company	-	-	-	32,151
Amortization of deferred finance cost	119,466	122,500	358,400	2,242,292
Interest on lease liabilities	152,364	153,107	430,030	427,508
Exchange (gain) / loss	8,026	-	(339,724)	2,369
	6,469,544	6,353,869	18,777,036	15,724,211

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 637,372 (30 September 2023: RO 417,078) and in conventional banks is RO 34,575 (30 September 2023: RO 1,008,150).

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 September</i>		<i>For the nine months period ended 30 September</i>	
	<i>2024 RO (Unaudited)</i>	<i>2023 RO (Audited)</i>	<i>2024 RO (Unaudited)</i>	<i>2023 RO (Audited)</i>
Current tax				
-in respect of prior period	-	(45,431)	-	(45,431)
	-	(45,431)	-	(45,431)
Deferred tax				
-in respect of current period	2,179,557	1,182,045	6,944,553	5,553,432
	2,179,557	1,182,045	6,944,553	5,553,432
	2,179,557	1,136,614	6,944,553	5,508,001

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.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 September 2024

12 CONCESSION RECEIVABLES

	<i>30 September 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
At 1 January	801,750,879	815,070,529
Acquisition during the period/year	-	16,828,427
Transferred from contract assets (note 13)	32,337,307	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)	43,477,813	57,869,671
Payments received during the period/year	(69,705,182)	(86,844,474)
At 30 September 2024/December 2023	<u>808,754,112</u>	<u>801,750,879</u>
Non-current / current:		
Non-current asset	777,805,487	772,021,688
Current asset	30,948,625	29,729,191
	<u>808,754,112</u>	<u>801,750,879</u>

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)	25,333,858	-	25,333,858
Transferred to concession receivables upon completion (note 12)	(32,337,307)	-	(32,337,307)
Adjustments	2,183,268	-	2,183,268
Finance income during the period (note 10)	12,601,782	-	12,601,782
Billed received during the period	(12,069,792)	-	(12,069,792)
At 30 September 2024	<u>236,002,543</u>	<u>899,950</u>	<u>236,902,493</u>
	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	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	14,859,938	-	14,859,938
Billed during the year	(13,442,703)	-	(13,442,703)
At 31 December 2023 (audited)	<u>240,290,734</u>	<u>899,950</u>	<u>241,190,684</u>

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At 30 September 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.

	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	<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)	1,779	1,828,128	20,645	1,850,552
Depreciation (note 7)	<u>(195,943)</u>	<u>(287,937)</u>	<u>(136,285)</u>	<u>(620,165)</u>
At 30 September 2024 (unaudited)	<u>7,738,372</u>	<u>1,540,191</u>	<u>287,101</u>	<u>9,565,664</u>

15 INVESTMENT PROPERTIES

	<i>30 September 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
Cost		
At 1 January	5,060,140	1,160,359
Transfers (to) from concession receivables	<u>(995,372)</u>	<u>3,899,781</u>
At 30 September / 31 December	<u>4,064,768</u>	<u>5,060,140</u>
Accumulated depreciation		
At 1 January	324,412	174,576
Charge for the period/year (note 8)	135,910	149,836
Transfers to concession receivables	<u>(102,077)</u>	<u>-</u>
At 30 September / 31 December	<u>358,245</u>	<u>324,412</u>
Carrying amount	<u>3,706,523</u>	<u>4,735,728</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 September 2024

16 INVENTORIES

	<i>30 September 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
Stores, spares and consumables	2,871,367	2,758,441
Less: Provision for obsolete inventories	(17,018)	(17,309)
	<u>2,854,349</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	2,264	15,316
At 30 September 2024/ 31 December 2023	<u>18,147</u>	<u>17,309</u>

17 TRADE AND OTHER RECEIVABLES

	<i>30 September 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
Receivables from IGC [note 25 (d)]	11,982,727	11,226,498
Due from related parties [note 25 (e)]	390,143	933,395
	<u>12,372,870</u>	<u>12,159,893</u>
Project management fee receivable from third parties	1,226,467	328,425
Prepaid insurance	770,282	144,562
Provision for doubtful debt	(21,010)	(21,010)
Advances to contractors	77,637	675,238
Advances to employees	76,403	74,146
Accrued revenue	45,467	49,700
Other receivables	-	1,373,913
	<u>14,548,116</u>	<u>14,784,867</u>

18 CASH AND CASH EQUIVALENTS

	<i>30 September 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
Cash at bank	40,587,697	23,759,086
Cash in hand	13,820	11,877
	<u>40,601,517</u>	<u>23,770,963</u>

Cash at bank comprises of cash at Islamic banks of RO 38,631,533 (31 December 2023: RO 21,824,100) and cash at conventional banks of RO 1,956,164 (31 December 2023: RO 1,934,986).

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 September 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 September 2024</i>	<i>30 September 2024</i>	<i>31 December 2023</i>	<i>31 December 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 132 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.

On 25 September 2024, the board of directors proposed an interim dividend of 5.75 baiza per share relating to the six month period ended on 30 June 2024. On 20 October 2024, the shareholders approved to pay this interim dividend.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 September 2024

20 TERM LOANS

	<i>30 September 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
Term loans	363,122,200	333,124,380
Less: unamortized transaction cost	(3,297,625)	(3,656,025)
	<u>359,824,575</u>	<u>329,468,355</u>
The unamortized transaction cost is as follows:		
At 1 January	3,656,025	2,108,192
Paid during the period/year	-	3,911,799
Amortised during the period/year	(358,400)	(2,363,966)
	<u>3,297,625</u>	<u>3,656,025</u>
<i>Presented as:</i>		
Non-current liability	350,556,776	320,193,115
Current liability	9,267,800	9,275,240
	<u>359,824,576</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 September 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	844,730	98,683
Contribution reversed during the year	-	(265,604)
Recognized as income during the period / year (note 9)	(33,246)	(24,361)
At 30 September / 31 December	<u>5,485,003</u>	<u>4,673,519</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 September 2024

22 EMPLOYEES' END OF SERVICE BENEFIT

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

	<i>30 September 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
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	57,251	100,688
Un-realised actuarial loss (gain)	83,167	(29,343)
Paid during the period/year	(47,084)	(184,650)
At 30 September / 31 December	<u>605,690</u>	<u>512,356</u>

23 LEASE LIABILITIES

The movement in lease liabilities is as follows:

	<i>30 September 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
As at 1 January	9,075,256	9,349,629
Additions during the period / year	1,850,552	553,376
Accretion of interest	430,030	567,490
Payments	(600,621)	(1,395,239)
As at 30 September / 31 December	<u>10,755,217</u>	<u>9,075,256</u>
<i>Presented as:</i>		
Non-current liability	10,260,743	8,887,425
Current liability	494,474	187,831
	<u>10,755,217</u>	<u>9,075,256</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 September 2024

24 TRADE AND OTHER PAYABLES

	30 September 2024 RO (Unaudited)	31 December 2023 RO (Audited)
Payables to contractors for construction contracts	18,806,990	26,648,517
Trade payables	5,231,559	11,220,450
Accrued expenses and provisions	4,943,132	7,637,740
Due to related parties [note 25 (f)]	-	578,795
Interest payable on term loan	7,316,784	803,289
Contract liability*	8,418,334	12,962,719
Other payables	3,154,712	2,282,213
	47,871,511	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.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 September 2024

25 RELATED PARTIES (CONTINUED)

Details of significant related parties transactions are as under:

(a) Revenue from IGC/MEM

	<i>30 September 2024 RO (Unaudited)</i>	<i>30 September 2023 RO (Audited)</i>
Construction revenue (note 6)	25,333,858	42,195,106
Finance income on concession arrangement (note 10)	56,079,595	53,107,893
Allowance for expenditures and pass-through (note 6)	32,365,023	22,047,729
	<u>113,778,476</u>	<u>117,350,728</u>
Income from investment property (note 9)	222,835	1,543,891
Interest on loan from Parent Company	-	32,151
Other income	327,350	-
Training	103,861	-
Fuel gas	3,496,667	3,434,070
IT related services	878,752	-
Acquisition of concession receivable	-	16,828,427

(b) Key management personnel compensation:

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

	<i>30 September 2024 RO (Unaudited)</i>	<i>30 September 2023 RO (Audited)</i>
Short term benefits (Wages and salaries)	97,517	83,465
Other benefits	45,667	33,401
Board remuneration	131,250	-
	<u>274,434</u>	<u>116,866</u>

(c) Loan from Parent Company

	<i>30 September 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 September / 31 December	<u>-</u>	<u>-</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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25 RELATED PARTIES (CONTINUED)

(d) Receivables from IGC (note 17)

	<i>30 September 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
Receivables from Integrated Gas Company	<u>11,982,727</u>	<u>11,226,498</u>

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

	<i>30 September 2024 RO (Unaudited)</i>	<i>31 December 2023 RO (Audited)</i>
Parent Company	-	67,357
Subsidiaries of the Parent Company	<u>390,143</u>	<u>866,038</u>
	<u>390,143</u>	<u>933,395</u>

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

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

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

At 30 September 2024

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.

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Notional amount hedged	-	-
Cumulative changes in fair values of derivatives		
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>
(Liability) / Asset		
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.

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27 COMMITMENTS AND CONTIGENCIES

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 September 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 September</i>		<i>For the nine months period ended 30 September</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>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Profit for the year	10,414,045	11,731,196	38,082,855	44,812,117
Weighted average number of shares (note 19)	4,330,623,920	4,330,623,920	4,330,623,920	4,330,623,920
Basic and diluted earnings per share (Baizas)	2.40	2.71	8.79	10.35

29 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Accounting classifications and fair values

	<i>30 September 2024</i>	<i>31 December 2023</i>
	<i>RO</i>	<i>RO</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
<i>Categories of financial instruments</i>		
Financial assets (at amortised cost)		
Concession receivables (note 12)	808,754,112	801,750,879
Trade and other receivables excluding Advances (note 17)	14,394,076	14,035,483
Cash and bank balances (note 18)	40,601,517	23,770,963
	863,749,705	839,557,325
Financial liabilities (at amortised cost)		
Term loan (note 20)	359,824,576	329,468,355
Lease liability (note 23)	10,755,217	9,075,256
Trade and other payables excluding contract liability (note 24)	39,453,177	49,171,004
	410,032,970	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 September 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.