OQ Gas Networks SAOG

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL STATEMENTS

For year ended 31 December 2024

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
OQ GAS NETWORKS SAOG

Report on the audit of the financial statements

Opinion

We have audited the financial statements of OQ Gas Networks SAOG (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including *material accounting policy information*.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The financial statements of OQ Gas Networks SAOG for the year ended 31 December 2023 were audited by another auditor, who expressed an unmodified opinion on those financial statements on 26 February 2024.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from construction services provided under service concession arrangement.	
(Refer to Notes 2, 3.3(d) and 4 to the financial statements.) The Company's operations are governed by a concession arrangement with the Government of Sultanate of Oman (GOSO) whereby the Company has the exclusive right to "Build-Operate-Transfer (BOT)" the Natural Gas Transportation Network ("Infrastructure") in the Sultanate of Oman. Furthermore, the Company's revenues are regulated under the price control framework established by the Authority for Public Services Regulation (APSR). For BOT arrangements under the scope of IFRS Interpretations Committee ("IFRIC") 12 "Service Concession arrangement", the Company accounted for their construction revenue by reference to the "allowed return on assets" on the construction services delivered in the construction phase.	Our audit procedures in this area included the following: - Inspected the agreements relating to the Service Concession and price control framework and discussing with the Company's management their review procedures exercised thereon. - Understood and evaluated the management's policies, key controls and processes in allocation of the considerations for the construction of the infrastructure among the different services as provided by the Company under concession arrangement. - Assessed the reasonableness of the key assumptions and estimates as applied by management in determining the amounts of construction services revenue by comparing the projected construction costs as estimated by management against the total approved budget costs and inspected the relevant signed construction contracts on a sample basis.

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from construction services provided under service concession arrangement. (continued)	
The Company's financial statements include revenue from construction services amounting to RO 36.3 million representing 50% of the Company's total revenue. We focused on auditing the revenue from construction services under concession arrangement because it can be materially affected by the assumptions and estimates used (i.e. the estimates on projected construction costs and the gross margin). The process of recognizing these costs and revenues involves significant management judgment and estimates, particularly concerning the percentage of completion of construction projects**.**	- Performed test of details on construction cost samples, ensuring documentation accuracy and adherence to accounting policies and completion calculations - Tested the mathematical accuracy of the calculations of the amounts of construction services revenue recognized by the Company. Based on our audit procedures, we found the key assumptions and estimates used by management in determining the recognition amount of construction services revenue to be supportable by the evidence obtained and procedures performed.

Other information included in the Company's 2024 Annual Report

Other information consists of the information included in the Company's 2024 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. We obtained the following information prior to the date of our auditor's report, and we expect to obtain the published 2024Annual Report after the date of our auditor's report:

- Chairman's report
- Corporate governance report
- Management discussion and analysis

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OQ GAS NETWORKS SAOG (CONTINUED)

Report on the audit of the financial statements (continued)

Other information included in the Company's 2024 Annual Report (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Audit Committee for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the relevant requirements of the Commercial Companies Law of 2019 and the Financial Services Authority (the "FSA") of the Sultanate of Oman, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Audit Committee are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Company's internal control.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OQ GAS NETWORKS SAOG (CONTINUED)

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

We report that the financial statements comply, in all material respects, with the relevant requirements of the Commercial Companies Law of 2019 and FSA of the Sultanate of Oman.

Imtiaz Ibrahim
Muscat
5 March 2025

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	*2024* *RO*	*2023* *RO*
Assets			
Non-current assets			
Capital work in progress	12	**940,337**	-
Concession receivables	13	**909,265,346**	772,021,688
Contract assets	13	**117,045,327**	241,190,684
Right of use assets	14	**9,372,503**	8,335,277
Investment properties	15	**3,670,288**	4,735,728
Deferred tax assets	11	**7,195,979**	4,374,629
		1,047,489,780	1,030,658,006
Current assets			
Concession receivables	13	**30,869,283**	29,729,191
Inventories	16	**2,968,613**	2,741,132
Trade and other receivables	17	**13,684,135**	14,784,867
Cash and cash equivalents	18	**15,816,311**	23,770,963
		63,338,342	71,026,153
Total assets		**1,110,828,122**	1,101,684,159
Equity and liabilities			
Equity			
Share capital	19	**433,062,392**	433,062,392
Legal reserve	19	**40,910,742**	36,131,199
Actuarial reserve		**75,721**	120,640
Retained earnings		**151,781,006**	177,665,996
Total equity		**625,829,861**	646,980,227
Liabilities			
Non-current liabilities			
Term loan	20	**345,669,934**	320,193,115
Employees' end of service benefits	21.2	**578,153**	512,356
Lease liabilities	22	**10,448,558**	8,887,425
Deferred income	23	**5,262,377**	4,673,519
Deferred tax liabilities	11	**60,443,332**	48,840,723
		422,402,354	383,107,138
Current liabilities			
Term loan	20	**9,267,800**	9,275,240
Lease liabilities	22	**198,210**	187,831
Trade and other payables	24	**53,129,897**	62,133,723
		62,595,907	71,596,794
Total liabilities		**484,998,261**	454,703,932
Total equity and liabilities		**1,110,828,122**	1,101,684,159

These financial statements were approved by the Company's Board of Directors on 5 March 2025 and were signed on their behalf by:

Chairman	Board Member

The attached notes 1 to 36 form part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	***2024*** ***RO***	*2023* *RO*
Income			
Revenue	5	**72,194,715**	88,968,986
Finance income	8	**75,628,554**	83,189,841
Other income	10	**6,946,194**	1,872,688
		154,769,463	174,031,515
Expenses			
Construction costs	5	**(33,634,716)**	(55,637,561)
Operating expenses	6	**(24,953,565)**	(21,959,551)
Administrative expenses	7	**(14,374,495)**	(12,179,726)
Finance cost	9	**(25,230,003)**	(21,813,376)
		(98,192,779)	(111,590,214)
Profit before income tax		**56,576,684**	62,441,301
Taxation	11	**(8,781,259)**	(6,929,513)
Profit for the year		**47,795,425**	55,511,788
Other comprehensive loss:			
Items that will not be reclassified to profit or loss			
Defined benefit obligation actuarial (loss) / gain	21	**(44,919)**	29,343
Items that are or maybe reclassified subsequently to profit or loss			
Effective portion of changes in fair value of cash flow hedges – net of tax		**-**	385,188
Reclassified to statement of profit or loss on termination of hedge	8	**-**	(8,769,328)
Other comprehensive loss for the year		**(44,919)**	(8,354,797)
Total comprehensive income for the year		**47,750,506**	47,156,991
Basic and diluted earnings per share (Baizas)	27	**11.04**	12.82

The attached notes 1 to 36 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Notes	Share capital RO	Legal reserve RO	Hedging reserve RO	Actuarial reserve RO	Retained earnings RO	Total equity RO
At 1 January 2023		336,787,392	30,580,020	8,384,140	91,297	232,749,715	608,592,564
Total comprehensive income for the year							
Net profit for the year		-	-	-	-	55,511,788	55,511,788
Other comprehensive income							
Changes in fair value of cash flow hedges		-	-	385,188	-	-	385,188
Reclassified to statement of profit or loss on termination of hedge	8	-	-	(8,769,328)	-	-	(8,769,328)
Defined benefit obligation actuarial gain	21	-	-	-	29,343	-	29,343
Total comprehensive loss / income for the year		-	-	(8,384,140)	29,343	55,511,788	47,156,991
Transfer to legal reserve	19	-	5,551,179	-	-	(5,551,179)	-
Transactions with owners of the Company							
Settlement on termination of hedge entered with parent company	8	-	-	-	-	(8,769,328)	(8,769,328)
Bonus shares	19	96,275,000		-	-	(96,275,000)	-
At 31 December 2023		433,062,392	36,131,199	-	120,640	177,665,996	646,980,227
At 1 January 2024		**433,062,392**	**36,131,199**	**-**	**120,640**	**177,665,996**	**646,980,227**
Total comprehensive income for the year							
Net profit for the year		**-**	**-**	**-**	**-**	**47,795,425**	**47,795,425**
Other comprehensive income						**-**	**-**
Defined benefit obligation actuarial loss	21	**-**	**-**	**-**	**(44,919)**	**-**	**(44,919)**
Total comprehensive loss / income for the year		**-**	**-**	**-**	**(44,919)**	**47,795,425**	**47,750,506**
Transfer to legal reserve	19	**-**	**4,779,543**	**-**	**-**	**(4,779,543)**	**-**
Transactions with owners of the Company							
Dividend	19	**-**	**-**	**-**	**-**	**(68,900,872)**	**(68,900,872)**
At 31 December 2024		**433,062,392**	**40,910,742**	**-**	**75,721**	**151,781,006**	**625,829,861**

The attached notes 1 to 36 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	*2024* *RO*	*2023* *RO*
Operating activities			
Profit before income tax		**56,576,684**	62,441,301
Adjustments for:			
Depreciation		**985,471**	1,013,171
Allowance for expected credit loss	7	**-**	249,837
Reversal / provision for obsolete inventories	6 & 10	**(2,941)**	15,316
Provision for employees' end of service benefits	21	**99,471**	100,688
Income on concession assets	13.7	**25,093,030**	27,557,568
Deferred income	10	**(279,022)**	(24,361)
Gain transferred on termination of hedge	8	**-**	(8,769,328)
Interest income on call accounts and short-term deposits	8	**(961,402)**	(1,690,904)
Exchange gain	10	**(324,562)**	-
Finance cost	9	**25,230,003**	21,813,376
		106,416,732	102,706,664
Working capital changes:			
Inventories	16	**(224,540)**	(629,242)
Trade and other receivables	17	**1,100,732**	15,300,044
Trade and other payables	24	**(13,961,888)**	(9,804,655)
Cash generated from operations		**93,331,036**	107,572,811
Employees' end of service benefits paid	21.2	**(78,593)**	(115,761)
Interest paid		**(24,212,674)**	(18,591,245)
Interest income received on fixed deposits	8	**961,402**	1,690,904
Receipt of connection fee	23	**1,028,875**	98,683
Net cash generated from operating activities		**71,030,046**	90,655,392
Investing activities			
Additions to capital work in progress	12	**(940,337)**	-
Increase in concession receivable	13	**-**	(16,828,427)
Increase in contract asset	5.1	**(33,634,716)**	(55,637,561)
Movement in term deposits		**-**	18,600,000
Net cash used in investing activities		**(34,575,053)**	(53,865,988)
Financing activities			
Loan repaid to parent company		**-**	(136,710,500)
Repayment of term loan	20	**(9,267,800)**	(257,540,493)
Proceeds from term loan	20	**35,000,000**	337,762,000
Payment of loan issuance costs	20	**(373,445)**	(3,911,799)
Dividends paid		**(68,900,872)**	-
Payment of lease liabilities	22	**(867,528)**	(1,395,239)
Net cash used in financing activities		**(44,409,645)**	(61,796,031)
Net decrease in cash and cash equivalents		**(7,954,652)**	(25,006,627)
Cash and cash equivalents at 1 January	18	**23,770,963**	48,777,590
Cash and cash equivalents at 31 December	18	**15,816,311**	23,770,963

The attached notes 1 to 36 form part of these financial statements.

1 CORPORATE INFORMATION

OQ Gas Networks SAOG ("the Company") was incorporated as a closely held joint-stock company under the Commercial Companies Law of Oman on May 23, 2000. On October 24, 2023, the Company was listed on the Muscat Stock Exchange (MSX) following the OQ SAOC's (Parent Company) decision to undertake a secondary sale of up to 49% of its shares through an Initial Public Offering (IPO). Since 2023, the Parent Company, which is wholly owned by the Government of the Sultanate of Oman via the Oman Investment Authority ("OIA" / "Ultimate Parent Company"), retains a 51% ownership stake in the Company.

The Company's operations were initially governed by the Concession Agreement dated August 22, 2000, ratified by Royal Decree 78/2000 on August 28, 2000. From January 1, 2018, a new revenue and tariff mechanism, the Regulatory Asset Base (RAB), was introduced via an amendment to the August 22, 2000 Tariff and Transportation Agreement ("Amended TTA"). On June 9, 2020, the Company signed an Amended Concession Agreement with the Government of the Sultanate of Oman, which was ratified on October 28, 2020 by Royal Decree 122/2020. This Amended Concession Agreement, which supersedes the Amended TTA, maintains the same terms for determining and charging transportation charges, resulting in no change to the accounting treatment.

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

The Company holds 100% ownership of Energy Infrastructure Company LLC ("EIC") (Previously Gas Transmission Company LLC ("GTC")) registered in the Sultanate of Oman which is non-operational and hence not consolidated. The Company plans to use EIC to conduct any non-regulated business in the future.

2 SIGNIFICANT AGREEMENTS

2.1 Concession agreement

Amended Concession Agreement
On June 9, 2020, the Government of Sultanate of Oman (the "Government" or "GOSO"), acting through the Ministry of Energy and Minerals (MEM) and the Ministry of Finance (MOF), entered into an Amended Concession Agreement (the "Concession Agreement") with the Company (acting as an "Operator") to regulate the Natural Gas Transportation Network which mainly consists of gas transportation pipelines, gas supply stations and compressor stations.

As per the terms of the Concession Agreement, the Company will:

- design, finance, construct, acquire and own Natural Gas Transportation Network ("the Concession assets" or "Infrastructure" or "Regulated Asset Base" or "NGTN");
- maintain and repair the NGTN;
- protect the NGTN against all external interferences including physical and cyber related;
- use the NGTN to transport gas on behalf of MEM (the "Shipper") to the industrial consumers of the gas in Oman;
- connect new customers to the NGTN; and
- undertake all other technical and operational tasks to ensure he efficient operation of the NGTN.

In return, the Company charges a cost reflective tariff to the Shipper based on:

- a pre-determined rate of return on the Regulated Asset Base;
- an allowance for depreciation of the Regulated Asset Base; and
- an allowance to cover the operating expenses and pass through cost.

The term of the Concession Agreement is 50 years. At the end of the term of the Concession Agreement, the Infrastructure will be transferred to the Government against purchase consideration equal to the higher of gross value of Regulated Asset Base or the outstanding debt.

In 2023, MEM transferred their rights and obligations under the Concession Agreement to Integrated Gas Company ("IGC"), a state-owned company. Following the transfer, IGC started acting as the Shipper under the Concession Agreement.

2 SIGNIFICANT AGREEMENTS (continued)

2.1 Concession agreement (continued)

Amended Concession Agreement (continued)
The following key documents form part of the Concession Agreement:

RAB Revenue Rules
These rules describe the Price Control / Tariff Setting process, provide regulatory accounting guidelines and provide the computation mechanism of maximum allowed revenues.

RAB Tariff Rules
These rules focus on cost reflectivity and a stable tariff development and establish gas transportation tariff charges payable by the shippers and connected parties by reference to maximum allowed revenues.

Price Control Regulation
The Company's revenue is regulated under the price control framework established by the Authority for Public Service Regulation (APSR). The current Price Control Regulation 3 (PC3) agreement is effective from January 1, 2024, through December 31, 2027.

Transportation Framework Agreement ("TFA")
TFA entered between the Company (as gas transporter) and the MEM (as the Shipper). The purpose of TFA is to establish the contractual framework between the Company and the Shipper making the Transportation Code binding.

Previous Concession Agreement
The Previous Concession Agreement with the Government of the Sultanate of Oman was for a period of 27 years starting from 22 August 2000. Under the Previous Concession Agreement, the Company was granted a concession for the construction, ownership, operation and maintenance of two gas pipelines from Fahud to Sohar and from Saih Rawl to Salalah and the ownership, operation and maintenance of the Government Gas Transportation System. Under the Previous Concession Agreement, the Company was operating as an Agency of the Government. The terms of the Previous Concession Agreement have been amended by the Concession Agreement to implement fully the RAB structure.

2.2 Asset transfer agreements

The Company entered into an asset transfer agreement (the "Asset Transfer Agreement" or "ATA") with the Government of the Sultanate of Oman dated 13 May 2018, whereby the Company acquired the ownership of gas transportation facilities from the Government with effect from 1 January 2018 for a purchase price of RO 288,344,063 of which RO 174,821,600 was settled by issuing the shares to the Company's shareholders and remaining was settled in cash.

The Company entered into two separate ATAs with the Government of the Sultanate of Oman effective from 1 July 2019 and 31 December 2019 for purchase of gas transportation pipeline system and ancillary assets at a purchase price amounting to RO 183,669,552 and RO 42,616,114 respectively. As per the ATAs, 50% of the purchase price was settled by issuing the shares to the Company's shareholders and remaining was settled in cash.

The Company entered into an ATA on 3 August 2023 to acquire infrastructure assets from a related party for purchase price amounting to RO 16,828,427.

3 ACCOUNTING POLICIES

3.1 Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by IASB, and the applicable requirements of the Commercial Companies Law of Oman 2019 and Ministerial Decision 146/2021 issuing Commercial Companies' Regulations and the applicable requirements of Financial Services Authority (FSA). These financial statements have been prepared on historical cost basis except for end of service benefits which have been measured at present value of defined benefit obligation based on actuarial valuation.

3 ACCOUNTING POLICIES (continued)

3.2 Adoptions of new and revised International Financial Reporting Standards (IFRS)

New and amended standards and interpretations
New standards, amendments to standards and interpretations effective for the periods beginning on or after 1 January 2024 are set out below.

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

The above amendments had no impact on the Company's financial statements.

New and amended IFRSs 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 financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 18, Presentation and disclosure in financial statements. Effective date of this standard is annual periods beginning on or after 1 January 2027. The new standard introduces the following key requirements:

- Companies are required to classify all income and expenses into five categories in the statement of profit or loss, namely operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Company's net profit will not change.

- Management-defined Performance Measures (MPMs) are disclosed in a single note in the financial statements.

- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Company is still in the process of assessing the impact of new standard on the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs.

The following new and amended accounting standards are not expected to have any impact on the Company's financial statements.

- Lack of exchangeability (Amendments to IAS 21)
- Classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7)
- Subsidiaries without public accountability (IFRS 19)

3.3 Summary of accounting policies

(a) Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

3 ACCOUNTING POLICIES (continued)

3.3 Summary of accounting policies (continued)

(a) Measurement of fair values (continued)

(ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

(b) Functional and presentation currency

These financial statements are presented in Omani Rials (RO), which is the Company's functional and presentation currency. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(c) Service concession arrangement

As disclosed in note 2 of these financial statements, during 2020, the GOSO acting through the MEM has entered into a Concession Agreement with the Company.

Management has evaluated the applicability of IFRIC 12 and concluded that the concession agreement falls within the purview of the "financial assets" model as defined in IFRIC 12

IFRIC 12 applies to public service concession contracts in which the grantor of the concession controls/ regulates:

- the services to be rendered by the operator (through utilization of the infrastructure), to whom and at what price; and
- any residual interest over the infrastructure at the end of the contract.

The Company's concession agreement is covered by IFRIC 12 for the following reasons:

(i) the Company has a service concession agreement signed with Government of Oman for a 50-year period;
(ii) the Company renders transport services through utilization of NGTN;
(iii) the grantor controls the services rendered and the conditions under which they are rendered, through the regulator APSR; and
(iv) the assets used to render the services revert to the conceding entity at the end of the concession period.

IFRIC 12 defines the following models to account for the concession agreement:

(i) Financial asset model – when the operator has the unconditional contractual right to receive cash or other financial asset from the grantor;

(ii) Intangible asset model – when the operator receives from the conceding entity the right to collect a tariff based on use of the structure;

(iii) Bifurcated/ mixed model –when the concession includes simultaneously commitments of guaranteed remuneration by the grantor and commitments of remuneration dependent on the level of utilization of the concession infrastructures.

Management decided that the most suitable model for its concession agreement is the financial asset model as the company has unconditional right to receive the cash for the construction services and there is no demand risk. As disclosed in note 2, the Company receives return on assets based on a pre-determined rate of return and an allowance for depreciation of the assets which is not dependent on the utilization of the assets.

3 ACCOUNTING POLICIES (continued)

3.3 Summary of accounting policies (continued)

(c) Service concession arrangement (continued)

In accordance with the requirements of the IFRIC 12, the Company recognised the assets recorded under the old arrangement as property, plant and equipment, as financial asset. The financial asset is increased by the various projects relating to the concession being recorded based on construction revenue, acquisition of infrastructure assets, finance income recognised using the effective interest rate method on the financial asset, and decreased by the payments received from the grantor. The financial asset is accounted for in line with the accounting policies stated below relating to the financial assets.

Contract asset
A contract asset is initially recognised for revenue earned from construction services. Upon completion of construction, the amount recognised as contract assets is reclassified to concession receivables.

Contract liability
A contract liability is recognised if the payments received or payments due (whichever is earlier) from the grantor exceed the revenue which the Company is entitled to under RAB revenue rules re-calculated based on the actual cost drivers.

Income on concession assets
Income on concession receivable and contract assets is recognized using the effective interest method. This income is only notional income and does not represent actual interest income received by the Company.

If the arrangement had not fallen under IFRIC 12, the Company would have recorded property, plant and equipment and revenue calculated under the RAB revenue rules. Further the cash outflows relating to construction services have been classified under investing activities in the cashflow statement as they reflect cash outflows resulting in the recognition of assets.

(d) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

Construction of infrastructure
In accordance with IFRIC 12, construction of the infrastructure by the Company is a service that it provides to the grantor, distinct from the transportation, operation and maintenance service and, as such, will be remunerated by it. The Company assumes that there is a market based margin on the construction services equal to the rate of return on assets pre-agreed with the regulator. Construction costs and income relating to construction are recorded in the statement of profit or loss for the year, considering the requirements of IFRIC 12 in the captions "construction revenue" and "construction cost".

Revenue from construction of the Infrastructure is recognised over time on a surveys of performance completed to date or milestones reached. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.
Under the Concession Agreement, the Company invoices to the Shipper for the revenue allowed under the RAB revenue rules.

No revenue is recognised if it is not probable that the Company will collect the consideration to which the Company will be entitled in exchange for the services that will be provided to customers. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the Shipper's ability and intention to pay that amount of consideration when it is due.

Allowance for expenditures
Allowance for expenditure represents the Company's entitlement for a fixed allowance for operating and administrative expenses as per the RAB revenue rules. Revenue is recognised when the related costs are incurred satisfying the performance obligations.

3 ACCOUNTING POLICIES (continued)

3.3 Summary of accounting policies (continued)

(d) Revenue recognition (continued)

Allowance for pass-through cost
Allowance for pass-through cost represents the reimbursement of fuel gas and regulator fees (together presented as pass through cost under operating expenses) and current tax expense, at actuals, as per the RAB revenue rules. Revenue is recognised when the related costs are incurred satisfying the performance obligations.

Project management services
Project management services fee has been accrued for providing supervision services on construction of various gas related projects to related and third parties. The revenue for these services is booked overtime.

(e) Capital work in progress

Capital work in progress is the cost incurred on project under construction not covered under the service concession agreement. Capital work-in-progress is measured at cost, net of accumulated impairment losses, if any, and is not depreciated until it is transferred to completed assets, which occurs when the underlying asset is ready for its intended use.

(f) Investment properties

Investment properties is initially measured at cost and subsequently in accordance with the cost model i.e. cost less accumulated depreciation and less accumulated impairment losses.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. Rental income from investment properties is recognised as other income.

The estimated useful life of investment properties is 30 years.

(g) Inventories

Stores and spares, raw materials and chemicals are valued at cost or net realisable value which is less. The cost of stores and spares is based on the weighted average cost principle and includes expenditure incurred in acquiring and bringing the items of inventory to their existing location and condition.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in bank and at hand, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company’s cash management.

(i) Contribution in aid of construction

When capital contributions in aid of construction are received toward the cost of constructing connection or any other assets, they are initially recorded at fair value as deferred income in the statement of financial position. These contributions are recorded as revenue over the useful life of the constructed asset.

3 ACCOUNTING POLICIES (continued)

3.3 Summary of accounting policies (continued)

(j) Financial instruments

Initial recognition and measurement of financial assets and financial liabilities
Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets, unless it is a trade receivable without a significant financing component, or financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. A trade receivable without significant financing component is initially measured at the transaction price.

For the transactions that has significant financing component the company has a policy choice to apply either the simplified approach or the general approach in accordance with IFRS 9.

Financial assets

Classification of financial assets
On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets that meet both of the following conditions are measured at amortised cost and is not designated as at FVTPL:

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

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

The Company does not have any financial assets classified as measured at FVOCI debt instruments or FVOCI – equity instruments.

Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recoginised in profit or loss.

Amortised cost and effective interest rate method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

3 ACCOUNTING POLICIES (continued)

3.3 Summary of accounting policies (continued)

(j) Financial instruments (continued)

Financial assets (continued)

Amortised cost and effective interest rate method (continued)
The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

Impairment of financial assets
The Company applies IFRS 9 Expected Credit Loss (ECL) Model;

Under IFRS 9, loss allowances are measured on either of the following bases:

- General approach (12 month ECL): these are ECLs that result from possible default events within 12 months after the reporting date; and
- Simplified approach (Lifetime ECL): these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach
The Company applies simplified approach to measuring credit losses, which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

General approach
The Company applies three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognised based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognised based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset. The Company applies general approach to all financial assets except trade receivable.

(i) Significant increase in credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward- looking information.

To determine whether a financial instrument has low credit risk, the Company uses internal credit ratings which are mapped to the external credit rating agencies such as Moody’s etc. The Company considers that rating within the investment grade are financial instruments with a low risk and have less likelihood of default. Where the external rating of a financial instrument is not available, the Company reviews the ability of the counterparty by reviewing their financial statements and other publicly available information.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.3 Summary of accounting policies (continued)

(j) Financial instruments (continued)

Financial assets (continued)

(i) Significant increase in credit risk (continued)

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held) or the financial asset is more than 90 days past due. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(v) Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

3 ACCOUNTING POLICIES (continued)

3.3 Summary of accounting policies (continued)

(j) Financial instruments (continued)

Financial assets (continued)

(v) Measurement of ECLs (continued)

Derecognition of financial assets
The Company derecognizes a financial asset when:

- the contractual rights to the cash flows from the financial asset expire: or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Classification of financial liabilities
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Company does not have financial liabilities that are classified as at FVTPL.

Subsequent measurement
All financial liabilities are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

3 ACCOUNTING POLICIES (continued)

3.3 Summary of accounting policies (continued)

(j) Financial instruments (continued)

Financial liabilities (continued)

Derecognition of financial liabilities (continued)
The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

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

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

(k) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(l) Provisions

Provisions are recognised on the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that it will result in an outflow of economic benefit that can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(m) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3 ACCOUNTING POLICIES (continued)

3.3 Summary of accounting policies (continued)

(m) Leases (continued)

The Company as a lessee
The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

To determine the incremental borrowing rate, the Company:

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

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and

- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

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

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease li ability is remeasured by discounting the revised lease payments using a revised discount rate.

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

3 ACCOUNTING POLICIES (continued)

3.3 Summary of accounting policies (continued)

(m) Leases (continued)

Right-of-use asset
The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. Vehicle leases run for a period of 3 years and infrastructure leases run for periods ranging from 3 to 30 years.

At each reporting date, the Company reviews the carrying value of right of use asset to determine if there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. If the recoverable amount is less than the carrying value, then an impairment loss is recognized in profit or loss.

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

(n) Employees' end of service benefits

Defined contribution plan
Company makes payment to the Omani Government Social Security scheme under Royal Decree 72/91 for Omani employees, calculated as a percentage of the employees’ salary. The Company’s obligations are limited to these contributions, which are expensed when due.

Defined benefit plan
The Company also provides end-of-service benefits to its expatriate employees in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003 and its amendments subject to the completion of a minimum service period.

The Company’s obligation in respect of the defined benefit plan is calculated by a qualified actuary under projected unit credit method, by estimating the amount of future benefit that employees have earned in the current or prior periods and discounting that amount.

Actuarial gains or losses arising from experience-based adjustments and changes in actuarial assumptions are recognized in other comprehensive income. Service costs and interest costs are recognized in profit or loss.

(o) Taxation

Income tax on the results for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent it relates to items recognised directly in equity, in which case it is recognised in OCI. Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3 ACCOUNTING POLICIES (continued)

3.3 Summary of accounting policies (continued)

(o) Taxation (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:
  - is not a business combination; and
  - at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;

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

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

(p) Foreign currency

Items included in the Company's financial statements are measured in Omani Rial (RO) which is the functional currency, being the economic environment in which the Company operates (the functional currency). These financial statements are presented in Omani Rial (the presentation currency).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss as they arise.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

(q) Earnings per share

The Company presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. If the number of shares changes as a result of a stock split or reverse stock split, the earnings per share for all periods presented is adjusted retrospectively as if the new shares had been outstanding during those periods.

(r) Dividend distribution

Dividend distribution is recognized as a liability in the period in which the dividends are approved by the Company's shareholders.

3 ACCOUNTING POLICIES (continued)

3.3 Summary of accounting policies (continued)

(s) Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Substantially, all the assets of the Company form part of one concession agreement and one regulatory asset base model. The Company's assets and services are managed as one segment. The chief operating decision maker considers the business of the Company as one operating segment and monitors accordingly. During the year, the company invested in pipelines for transporting hydrogen and carbon dioxide which are not part of the concession agreement (note 12). Since these assets are below the quantitative threshold specified in IFRS 8: Operating Segments, these are not reported as a separate segment.

4 CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are as follows:

Critical judgments in applying accounting policies
The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Concession Arrangement
Management has evaluated the applicability of IFRIC 12 and concluded that the concession agreement falls within the purview of the "financial assets" model as defined in IFRIC 12. The evaluation is disclosed in detail in note 3.3 (d).

Recognition of deferred tax assets
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Key sources of estimation uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

End of service benefits
The end of service benefits obligation is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

5 REVENUE

	Notes	*2024* RO	*2023* RO
Services transferred over time:			
Construction revenue	5.1 & 13.2	**36,254,860**	59,621,210
Allowance for expenditures		**30,920,241**	24,403,041
Allowance for pass through cost		**4,791,378**	4,817,684
Project management and other services		**228,236**	127,051
		72,194,715	88,968,986

5.1 Construction revenue is recognized on market-based margin on the construction cost of RO 33,634,716 (2023: RO 55,637,561), equal to the rate of return on assets pre-agreed with the regulator.

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

6 OPERATING EXPENSES

	Notes	*2024* RO	*2023* RO
Employee costs	21.1	**11,402,138**	9,710,667
Repair and maintenance		**4,905,068**	4,346,710
Pass through costs		**4,791,378**	4,817,684
Insurance		**2,553,555**	1,702,629
Depreciation of right of use assets	14	**813,326**	863,335
Catering and accommodation		**429,764**	415,176
Health and safety cost		**58,336**	88,034
Provision of obsolete inventories	16	**-**	15,316
		24,953,565	21,959,551

7 ADMINISTRATIVE EXPENSES

	Notes	*2024* RO	*2023* RO
Employee costs	21.1	**8,988,180**	8,010,249
Information technology cost		**1,698,424**	986,783
Legal and professional		**965,860**	671,387
Building and maintenance service		**604,624**	421,070
Travel		**598,617**	672,286
Utilities and office expenses		**292,948**	341,855
Depreciation of investment property	15	**172,145**	149,836
Donations		**148,623**	-
Allowance for expected credit loss	17.2	**-**	249,837
Other expenses		**905,074**	676,423
		14,374,495	12,179,726

Administrative expenses are presented net of reimbursement of expenses for operation and maintenance of RO 454,608 (2023: RO 480,437).

The total fee for audit and non-audit related services incurred to auditors for the year ended 31 December 2024 was RO 42,000 (2023: 45,000).

8 FINANCE INCOME

	Notes	*2024* RO	*2023* RO
Income on concession assets	8.1	**74,667,152**	72,729,609
Transfer from OCI on termination of hedge	8.2	**-**	8,769,328
Interest income on short term deposits and call accounts	8.3	**961,402**	1,690,904
		75,628,554	83,189,841

8.1 Income on concession assets is as follows:

	Notes	*2024* RO	*2023* RO
Concession receivables	13.1	**62,079,110**	57,869,671
Contract assets	13.2	**12,588,042**	14,859,938
		74,667,152	72,729,609

8.2 On 15 June 2023, the Parent Company terminated the interest swap agreement with the Company 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. This resulted in transfer of cumulative gain on the hedge of RO 8,769,328 from OCI to finance income. Since the termination was made at nil purchase consideration, the loss on the termination of the interest swap agreement has been recognized within equity as an adjustment to the retained earnings.

8.3 Profit on call accounts in Islamic banks is RO 920,894 *(2023: RO 559,590)* and interest on call accounts in conventional banks is RO 40,508 *(2023: RO 1,131,314).* The call accounts had an interest / profit rate of 0.70% to 5.75% (2023: 3.8% to 5.45%).

9 FINANCE COST

	Notes	*2024* RO	*2023* RO
Interest on term loan from commercial banks	9.1	**24,162,611**	18,849,769
Interest on lease liabilities	22	**588,488**	567,490
Amortization of deferred finance cost	20	**478,904**	2,363,966
Interest on loan from Parent Company	25(a)	**-**	32,151
		25,230,003	21,813,376

9.1 Interest on term loan from commercial banks was ranging from 5.7% and 7.25% (2023: 5.7% and 7.88%).

10 OTHER INCOME

	Notes	*2024* RO	*2023* RO
Allowance for operating expenditures related to prior years	10.1	**5,276,189**	-
Tender fee and others		**523,779**	108,915
Net exchange gain		**324,562**	-
Amortization of deferred income	23	**279,022**	24,361
Income from investment property	25(a)	**297,113**	1,739,412
Scrap sales		**242,588**	-
Reversal of provision for obsolete inventories	16	**2,941**	-
		6,946,194	1,872,688

10.1 During the year, the regulator agreed to provide an adjustment for additional allowance for operating expenditures to the Company related to prior years.

11 TAXATION

As per Article 4 of the RAB Revenue Rules of the Amended Concession Agreement with the Government of Sultanate of Oman, the Shipper will reimburse all Oman income tax liabilities to the Company. Any current tax expense is recognised and reimbursement of same from the Shipper is recognised under allowance for expenditures as revenue.

The Company is subject to income tax in accordance with the Income Tax Law of the Sultanate of Oman at the enacted tax rate of 15% (2023: 15%) of taxable income. For the purpose of determining the taxable results for the year, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes includes items related to both income and expense. These adjustments are based on the current understanding of the existing tax laws, regulations and practices.

The effective tax rate for the year is 15.5% (2023: 11.1%).

The Company's tax assessments have been completed and agreed with Oman Taxation Authorities for all years up to 31 December 2021. The Company's management is of the opinion that additional taxes, if any, assessed for the open tax years would not be material to the Company's financial position as at 31 December 2024.

On 31 December 2024, Oman issued Royal Decree Number 70/2024, enacting new global minimum tax rules to align with the Organization for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting ("BEPS") Pillar Two project. Under Pillar Two, multinational enterprises (MNEs) whose annual revenue exceeds EUR 750 million (in two of the last four years) are liable to pay corporate income tax at a minimum effective tax rate of 15% in each jurisdiction they operate. The enacted law includes the implementation of a Domestic Minimum Top-up Tax (DMTT) and Income Inclusion Rule (IIR). These rules are effective for fiscal years beginning on or after 1 January 2025. Management is awaiting the issuance of detailed regulations and is in process of assessing the impact of these rules on the Company.

(a) Tax expense

The taxation charge for the year is comprised of:

	2024	*2023*
	RO	*RO*
Current tax		
- Prior year	**-**	(45,431)
	-	(45,431)
Deferred tax		
- in respect of current year	**8,431,259**	6,974,944
- in respect of prior year	**350,000**	-
	8,781,259	6,974,944
	8,781,259	6,929,513

(b) Tax reconciliation

The reconciliation of taxation on the accounting profit at the applicable rate of 15% and the taxation charge in these financial statements is as under:

	2024	*2023*
	RO	*RO*
Profit before tax	**56,576,684**	62,441,301
Tax on accounting profit @15%	**8,486,503**	9,366,195
Add / (less) tax effect of:		
Tax exempt revenues	**(55,244)**	(2,391,251)
Prior year deferred tax	**350,000**	-
Prior year current tax	**-**	(45,431)
	8,781,259	6,929,513

11 TAXATION (continued)

(c) Deferred tax

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 15% (2023: 15%). The deferred tax liability and deferred tax charge in the profit or loss and other comprehensive income are attributable to the following items:

	1 January 2024 RO	***Charge to profit or loss RO***	***Charged to other comprehensive income RO***	***Transferred to retained earnings on termination of hedge RO***	***31 December 2024 RO***
Taxable temporary differences					
Effect of accelerated tax depreciation	**47,590,431**	**11,447,026**	**-**	**-**	**59,037,457**
Right of use assets	**1,250,292**	**155,583**	**-**	**-**	**1,405,875**
Deferred tax liabilities	**48,840,723**	**11,602,609**	**-**	**-**	**60,443,332**
Deductible temporary differences					
Brought forward losses	**(3,013,341)**	**(2,585,623)**	**-**	**-**	**(5,598,964)**
Lease liability	**(1,361,288)**	**(235,727)**	**-**	**-**	**(1,597,015)**
Deferred tax assets	**(4,374,629)**	**(2,821,350)**	**-**	**-**	**(7,195,979)**

	1 January 2023 RO	*Charge to profit or loss RO*	*Charged to other comprehensive income RO*	*Transferred to retained earnings on termination of hedge RO*	*31 December 2023 RO*
Taxable temporary differences					
Effect of accelerated tax depreciation	39,033,452	8,556,979	-	-	47,590,431
Right of use assets	1,295,884	(45,592)	-	-	1,250,292
Derivatives	1,479,555	-	67,973	(1,547,528)	-
Deferred tax liabilities	41,808,891	8,511,387	67,973	(1,547,528)	48,840,723
Deductible temporary differences					
Brought forward losses	(1,430,574)	(1,582,767)	-	-	(3,013,341)
Provision	(5,168)	5,168	-	-	-
Lease liability	(1,402,444)	41,156	-	-	(1,361,288)
Deferred tax assets	(2,838,186)	(1,536,443)	-	-	(4,374,629)

At the reporting date, the Company has cumulative tax losses of RO 39.7 million (2023: RO 20.1 million) available for adjustment from future taxable profits. The management has determined that the cumulative tax losses will expire from 2026 to 2029.

12 CAPITAL WORK IN PROGRESS

	2024	*2023*
	RO	*RO*
At 1 January	**-**	-
Additions during the year	**940,337**	-
At 31 December	**940,337**	-

Capital work in progress represents work done on project to construct pipelines to transport hydrogen and carbon dioxide. This relates to project under construction not covered under the service concession agreement.

13 CONCESSION ASSETS

13.1 Concession receivables

		2024	*2023*
	Notes	***RO***	*RO*
At 1 January		**801,750,879**	815,070,529
Acquisition during the year	13.3	**-**	16,828,427
Transferred from contract assets	13.2	**163,311,810**	4,174,125
Adjustment for penalties		**-**	(1,447,618)
Transferred from / to investment property	15	**893,295**	(3,899,781)
Income on concession assets during the year	8	**62,079,110**	57,869,671
Billed during the year	13.4	**(87,900,465)**	(86,844,474)
		940,134,629	801,750,879
Classified as:			
Non-current asset		**909,265,346**	772,021,688
Current asset		**30,869,283**	29,729,191
		940,134,629	801,750,879

13.2 Contract assets

	Notes	***Due from Shipper RO***	***Due from others (note 13.6) RO***	***Total RO***
At 1 January 2024		**240,290,734**	**899,950**	**241,190,684**
Additions during the year	5	**36,254,860**	**-**	**36,254,860**
Transferred to concession receivables upon completion	13.1	**(163,311,810)**	**-**	**(163,311,810)**
Adjustment		**2,183,268**	**-**	**2,183,268**
Income on concession assets during the year	8	**12,588,042**	**-**	**12,588,042**
Billed during the year	13.4	**(11,859,717)**	**-**	**(11,859,717)**
At 31 December 2024		**116,145,377**	**899,950**	**117,045,327**

13 CONCESSION ASSETS (continued)

13.2 Contract assets (continued)

	Notes	*Due from Shipper RO*	*Due from others (note 13.6) RO*	*Total RO*
At 1 January 2023		182,290,147	1,802,283	184,092,430
Additions during the year	5	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	13.1	(4,174,125)	-	(4,174,125)
Income on concession assets during the year	8	14,859,938	-	14,859,938
Billed during the year	13.4	(13,442,703)	-	(13,442,703)
At 31 December 2023		240,290,734	899,950	241,190,684

13.3 During 2023, the Company acquired infrastructure assets from a related party for RO 16,828,427.

13.4 This represents the revenue under the RAB revenue rules, calculated based on the actual cost drivers, and comprises of:

	Notes	***2024 RO***	*2023 RO*
Return on RAB assets and working capital		**76,438,050**	71,866,103
Depreciation allowance		**23,322,132**	28,421,074
		99,760,182	100,287,177

Billed during the year has been categorized in concession receivable and contract asset as below

	Notes	***2024 RO***	*2023 RO*
Billed during the year against concession receivable	13.1	**87,900,465**	86,844,474
Billed during the year against contract asset	13.2	**11,859,717**	13,442,703
		99,760,182	100,287,177

13.5 Concession receivables and contract assets have effective interest rate of 7.42% (2023: 7.43%) per annum and will be settled / recovered over the term of the Concession Agreement.

13.6 Due from others include receivable on account of the Pipe rack on behalf of a related party to be constructed at Salalah Port.

13.7 Income on concession assets and billed during the year are presented in the statement of cashflows as cashflow from operating activities as below:

	Notes	***2024 RO***	*2023 RO*
Billed during the year	13.4	**99,760,182**	100,287,177
Income on concession assets during the year		**(74,667,152)**	(72,729,609)
		25,093,030	27,557,568

13.8 For the purposes of impairment assessment, the concession receivables are considered to have low credit risk as the counterparty of this receivable is Integrated Gas Company (which is considered as equivalent of the Government of Oman). For the purpose of impairment assessment for these financial assets, the loss allowance is measured at an amount equal to 12 months ECL using general approach.

13 CONCESSION ASSETS (continued)

13.8 Contract assets (continued)

None of the balances at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings, the management of the Company has assessed that ECL is insignificant, and hence have not recorded any loss allowances on these balances.

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

14 RIGHT-OF-USE ASSETS

The Company leases building, land for various infrastructure and vehicles for operations.

	Notes	***Leasehold land RO***	***Motor vehicles RO***	***Building RO***	***Total RO***
At 1 January 2024		**7,932,536**	**-**	**402,741**	**8,335,277**
Additions	*22*	**1,779**	**1,828,128**	**20,645**	**1,850,552**
Depreciation	*6*	**(261,258)**	**(369,781)**	**(182,287)**	**(813,326)**
At 31 December 2024		**7,673,057**	**1,458,347**	**241,099**	**9,372,503**
At 1 January 2023		8,140,152	205,296	299,788	8,645,236
Additions	*22*	83,183	220,716	249,477	553,376
Depreciation	*6*	(290,799)	(426,012)	(146,524)	(863,335)
At 31 December 2023		7,932,536	-	402,741	8,335,277

15 INVESTMENT PROPERTIES

	Notes	***2024 RO***	*2023 RO*
Cost			
At 1 January		**5,060,140**	1,160,359
Transfer from concession receivable	13.1	**-**	3,899,781
Transfer to concession receivable	13.1	**(995,372)**	-
At 31 December		**4,064,768**	5,060,140
Accumulated depreciation			
At 1 January		**324,412**	174,576
Depreciation for the year	7	**172,145**	149,836
Transfers to concession receivables	13.1	**(102,077)**	-
At 31 December		**394,480**	324,412
Carrying amount		**3,670,288**	4,735,728

On 31 December 2019, the Head Office building was transferred to investment property because it was no longer used by the Company in rendering the services under the concession arrangement. During the year, the building was transferred back to concession receivable.

15 INVESTMENT PROPERTIES (continued)

During 2023, the Fahud accommodation building was transferred to investment property because it was no longer use by the Company in rendering services under the concession arrangement. The accommodation is rented out to a related party and the rent is recorded as other income. The fair value assessment of the investment property was carried out by management resulting in fair value of RO 3.6 million (2023: RO 5.5 million) which is higher than the carrying value.

Fair value measurement

The fair value measurement of the investment property is a level 3 fair value measurement calculated based on discounted cash flows using significant unobservable inputs.

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Property description	***Valuation technique***	***Significant unobservable inputs***	***Inter-relationship between key unobservable inputs and fair value measurement***
Five story commercial building with basement floor, Plot No. 4, Al Khuwair area 41, at Wilayat Bausher.	*Income capitalization:* The valuation model uses the income the property generates to estimate fair value.	*2023* • Rent per month at RO 33,096 • Annual yield 10.8%	The estimated fair value would increase / (decrease) if: • Monthly rent was higher / (lower); • Annual yield is higher / (lower);
80 room accommodation in Fahud		***2024 and 2023*** • Rent per month at RO 62,643 • Maintenance expenses per month at RO 37,884 • Annual yield 7.4%	The estimated fair value would increase / (decrease) if: • Monthly rent was higher / (lower); • Maintenance expense was (higher) / lower • Annual yield is higher / (lower);

16 INVENTORIES

	Notes	***2024 RO***	*2023 RO*
Stores, spares and consumables		**2,980,426**	2,758,441
Less: Provision for obsolete inventories	16.1	**(11,813)**	(17,309)
		2,968,613	2,741,132

16.1 Movement in the provision for obsolete inventories is as follows:

	Notes	***2024 RO***	*2023 RO*
At 1 January		**17,309**	34,450
(Reversal) / charge for the year	6 & 10	**(2,941)**	15,316
Provision written off		**(2,555)**	(32,457)
At 31 December		**11,813**	17,309

17 TRADE AND OTHER RECEIVABLES

	Notes	***2024 RO***	*2023 RO*
Receivables from IGC	17.1 & 25 (c)	**11,866,225**	11,226,498
Due from related parties	25 (d)	**462,967**	933,395
		12,329,192	12,159,893
Prepaid insurance		**160,328**	144,562
Project management fee receivable from third parties		**757,384**	328,425
Advances to employees		**37,687**	74,146
Advances to contractors		**76,403**	675,238
Accrued revenue		**60,625**	49,700
Other receivables		**283,526**	1,373,913
Allowance for expected credit losses	17.2	**(21,010)**	(21,010)
		13,684,135	14,784,867

17.1 Receivable from IGC represents revenue receivable on account of invoices billed to IGC. The average credit period on invoices raised to the customer is 30 days. No interest is charged on outstanding trade receivables.

17.2 As at reporting date, the Company had recognized an allowance for expected credit losses of RO 21,010 (2023: RO 21,010) against project management fee receivable from third parties. Movement of allowance for expected credit loss is as follows:

	Notes	***2024 RO***	*2023 RO*
As at 1 January		**21,010**	-
Allowance for expected credit loss	7	**-**	249,837
Bad debt written off	17.4	**-**	(228,827)
31 December		**21,010**	21,010

17.3 The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the simplified approach. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

17.4 During 2023, advances to employees of RO 226,627 and project management fee receivable from third parties of RO 2,200 were written off. There are no write-offs in 2024.

All trade and other receivables are expected to be realized within one year of the reporting date.

18 CASH AND CASH EQUIVALENTS

	2024 RO	*2023 RO*
Cash at bank	**15,807,469**	23,759,086
Cash in hand	**8,842**	11,877
Cash and cash equivalents	**15,816,311**	23,770,963

Cash at bank comprises of cash at Islamic banks of RO 15,167,816 (2023: RO 21,824,100) and cash at conventional banks of RO 639,653 (2023: RO 1,934,986).

18 CASH AND CASH EQUIVALENTS (continued)

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central bank. Accordingly, the management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no significant impairment loss.

19 SHARE CAPITAL AND RESERVES

19.1 Share capital

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

The paid-up share capital comprises of 4,330,623,920 shares of RO 0.1 each (2023: 4,330,623,920 shares of RO 0.1 each).

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

The shareholding at the reporting date is as follows:

	Number of shares 2024	***% of share holding 2024***	*Number of shares 2023*	*% of share holding 2023*
OQ SAOC	**2,201,618,200**	**51.00**	2,201,618,200	51.00

19.2 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. During the year, RO 4.78 million (2023: RO 5.55 million) has been transferred to legal reserve.

19.3 Dividends

On 26 June 2023, the shareholders in an ordinary general meeting approved the issue of 96,275,000 bonus shares of RO 1 each through capitalization of retained earnings.

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 20 October 2024, the shareholders approved to pay a dividend of 5.75 baisa per share relating to the six-month period ended on 30 June 2024.

Dividends approved subsequent to the reporting date are disclosed in note 34.

20 TERM LOANS

	Notes	*2024* RO	*2023* RO
Term loans	20.1	**358,488,300**	333,124,380
Less: unamortized transaction cost	20.2	**(3,550,566)**	(3,656,025)
		354,937,734	329,468,355
Analysed as follows:			
Non-current		**345,669,934**	320,193,115
Current		**9,267,800**	9,275,240
		354,937,734	329,468,355

20.1 The change in the term loans during the year is as follows:

	Notes	*2024* RO	*2023* RO
At 1 January		**333,124,380**	252,902,873
Drawdowns during the year		**35,000,000**	337,762,000
Repayment during the year		**(9,267,800)**	(257,540,493)
Exchange gain		**(368,280)**	-
At 31 December		**358,488,300**	333,124,380

20.2 The change in unamortized transaction cost during the year is as follows:

	Notes	*2024* RO	*2023* RO
At 1 January		**3,656,025**	2,108,192
Paid during the year		**373,445**	3,911,799
Amortised during the year	9	**(478,904)**	(2,363,966)
At 31 December		**3,550,566**	3,656,025

20.3 On 19 June 2023, the Company entered into two unsecured conventional term financing facilities of RO 60 million, denominated in Omani Rial and RO 86.65 million (USD 225 million), denominated in US Dollars, with a syndicate of financial institutions.

On 19 and 20 June 2023, the Company entered into two Wakala Facility Agreements with local and regional banks, of RO 165 million, denominated in Omani Rial and RO 152.11 million (USD 395 million), denominated in US Dollars.

20.4 Drawdowns
During the year, 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 (2023: RO 126 million)

20.5 Repayments
These facilities are repayable in semi-annual instalments commencing six months after the date of execution of the relevant agreement, with the final instalment of the Omani Rial denominated facilities representing 70% of the relevant facility amount repayable on their 10th anniversary; and the final instalment of the USD denominated facilities representing 82% of the relevant facility amount repayable on their 7th anniversary.

20.6 Interest
Interest on Omani Rial denominated facilities is payable at the rate of 5.70% per annum until the 4th anniversary and thereafter at the base rate (the monthly “Private Sector OMR Time Deposit” rate as published in the most recent CBO Bulletin) plus 2% per annum, while interest on USD denominated facilities is payable at the compounded SOFR rate, plus the applicable margin, which is set at 1.9% per annum, amended in December 2024 to 1.25%.

20.7 Covenants
The Company is not subject to any financial ratio covenant in relation to these facilities.

21 EMPLOYEES COSTS

21.1 Employee costs comprise the following:

	Notes	***2024 RO***	*2023 RO*
Wages and salaries		**13,156,891**	11,819,122
Current service cost on long term benefits		**99,471**	100,688
Contributions into unfunded defined contribution plan		**1,240,687**	1,134,568
Other benefits		**5,893,269**	4,666,538
		20,390,318	17,720,916
Employee cost is classified as below:			
Operating expenses	6	**11,402,138**	9,710,667
Administrative expenses	7	**8,988,180**	8,010,249
		20,390,318	17,720,916

21.2 Employee end of service benefits

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

	Notes	***2024 RO***	*2023 RO*
At 1 January		**512,356**	556,772
Paid to related party on transfer of employees	25 (a)	**-**	(241,061)
Received from related party on transfer of employees	25 (a)	**-**	309,950
Charge for the year	21.1	**99,471**	100,688
Un-realised actuarial gain	21.2	**44,919**	(29,343)
Paid during the year		**(78,593)**	(184,650)
At 31 December		**578,153**	512,356

The amount of actuarial gain or loss recognised in the statement of other comprehensive income

	2024 RO	*2023 RO*
Experience adjustment	**23,280**	(29,343)
Change in financial assumption (discount rate)	**21,639**	-
	44,919	(29,343)

At reporting date, the amount of obligation for expatriate employees is computed by actuarial valuations using the projected unit credit method as per IAS 19. Following are the key assumptions used in the actuarial valuation:

	2024 RO	*2023 RO*
Discount rate	**5.25%**	6%
Future salary increase	**3%**	3%
Retirement age in years	**60**	60

21 EMPLOYEES COSTS (continued)

21.2 Employee end of service benefits (continued)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2024 RO		*2023 RO*	
	Increase	***Decrease***	*Increase*	*Decrease*
Discount rate (0.50% points)	**(16,693)**	**18,013**	(15,351)	16,027
Projected salary (0.50% points)	**18,212**	**(16,590)**	16,424	(15,861)

22 LEASE LIABILITIES

	Notes	***2024 RO***	*2023 RO*
Gross lease liabilities		**34,783,132**	21,459,372
Future finance charges		**(24,136,364)**	(12,384,116)
		10,646,768	9,075,256
Classified as:			
Non-current		**10,448,558**	8,887,425
Current		**198,210**	187,831
		10,646,768	9,075,256

The movement in lease liabilities is as follows:

	Notes	***2024 RO***	*2023 RO*
As at 1 January		**9,075,256**	9,349,629
Additions during the year	14	**1,850,552**	553,376
Accretion of interest	9	**588,488**	567,490
Payments		**(867,528)**	(1,395,239)
At 31 December		**10,646,768**	9,075,256
Interest expense recognised in profit or loss	9	**588,488**	567,490
Total cash out flows for leases		**867,528**	1,395,239

The Company does not face a significant liquidity risk with regard to its liabilities. Lease liabilities are monitored within the Company's treasury function. Maturity analysis of the lease liabilities is disclosed in note 29.

23 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:

	Notes	***2024 RO***	*2023 RO*
At 1 January		**4,673,519**	4,864,801
Contributions received		**1,028,875**	98,683
Contribution reversed		**(160,995)**	(265,604)
Recognized as income	10	**(279,022)**	(24,361)
At 31 December		**5,262,377**	4,673,519

24 TRADE AND OTHER PAYABLES

	Notes	***2024*** ***RO***	*2023* *RO*
Payables to contractors for construction contracts		**16,582,271**	26,648,517
Contract liability		**17,810,816**	12,962,719
Accrued expenses and provisions		**10,566,109**	7,637,740
Trade payables		**4,251,900**	11,220,450
Interest payable on term loan		**753,226**	803,289
Due to related parties	25 (e)	**108,440**	578,795
Other payables		**3,057,135**	2,282,213
		53,129,897	62,133,723

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.

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.

(a)	*Notes*	***2024*** ***RO***	*2023* *RO*
Transactions with shipper			
Invoiced to IGC under RAB revenue rules		**145,596,087**	137,946,289
Classified as:			
Allowance for expenditures	5	**30,920,241**	24,403,041
Allowance for pass-through costs	5	**4,791,378**	4,817,684
Allowance for operating expenditures related to prior years	10	**5,276,189**	-
Billed during the year against concession receivable	13.1	**87,900,465**	86,844,474
Billed during the year against contract assets	13.2	**11,859,717**	13,442,703
Recognized in contract liability	24	**4,848,097**	8,438,387
		145,596,087	137,946,289
Revenue from IGC			
Construction revenue	5	**36,254,860**	59,621,210
Concession income	13	**74,667,152**	72,729,609
Fuel gas cost		**4,591,362**	4,359,180
Transactions with other related parties			
Income from investment property	10	**297,113**	1,739,412
Interest on loan from Parent Company	9	**-**	32,151
Other income		**345,450**	-
Training cost		**107,263**	217,043
IT related services cost to Parent Company		**1,459,114**	1,040,039
Acquisition of concession receivable	13.1	**-**	16,828,427
End of service benefits paid to related party on transfer of employees	21	**-**	241,061
End of service benefits received from related party on transfer of employees	21	**-**	309,950

25 RELATED PARTIES (continued)

(b) Key management personnel compensation is as follows:

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

	2024	*2023*
	RO	*RO*
Short term benefits (Wages and salaries)	**131,007**	111,287
Other benefits	**45,817**	34,293
Board remuneration	**123,694**	75,000
	300,518	220,580

(c) Receivables from IGC (note 17)

	2024	*2023*
	RO	*RO*
Receivables from Integrated Gas Company	**11,866,225**	11,226,498

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

	2024	*2023*
	RO	*RO*
Parent Company	**-**	67,357
Subsidiaries of the Parent Company	**462,967**	866,038
	462,967	933,395

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

	2024	*2023*
	RO	*RO*
Parent Company	**107,180**	375,111
Subsidiaries of the Parent Company	**1,260**	203,684
	108,440	578,795

26 COMMITMENTS AND CONTIGENCIES

The Company is defending certain actions brought by a contractor in relation to work carried out by him for the Company. The Company is also defending action brought by MEM to indemnify MEM for penalties it incurred due to delays in project delivery. Although liability is not admitted, if the defence against the actions by the contractor and MEM is unsuccessful, then the Company may be liable for an amount of RO 20.9 million (2023: RO 19.7 million) out of which RO 19.5 million relates to the action by MEM. The Parent Company has agreed to indemnify the Company from and against any amount determined to be payable by the Company in respect of the MEM claim. Based on legal advice, the Company’s management believes that the defence against the actions will be successful.

As at reporting date, the Company had commitments pertaining to the capital projects under construction of RO 15.8 million (2023: RO 42.2 million).

27 EARNINGS PER SHARE

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

	2024	*2023*
	RO	*RO*
Profit for the year	**47,795,425**	55,511,788
Weighted average number of shares	**4,330,623,920**	4,330,623,920
Basic and diluted earnings per share (Baizas)	**11.04**	12.82

28 FINANCIAL INSTRUMENTS

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 3 to the financial statements.

		2024	*2023*
	Notes	***RO***	*RO*
Financial assets (at amortised cost)			
Concession receivables	*13.1*	**940,134,629**	801,750,879
Trade and other receivables excluding advances	*17*	**13,570,045**	14,035,483
Cash and cash equivalents	*18*	**15,816,311**	23,770,963
		969,520,985	839,557,325
Financial liabilities (at amortised cost)			
Term loans	*20*	**354,937,734**	329,468,355
Lease liabilities	*22*	**10,646,768**	9,075,256
Trade and other payables excluding contract liability	*24*	**35,319,081**	49,171,004
		400,903,583	387,714,615

The carrying amounts of financial asset and financial liabilities recognized in the financial statement approximate their fair values unless stated otherwise.

29 FINANCIAL RISK MANAGEMENT

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 minimize 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.

29.1 Market risk

Market risk is the risk that changes in market prices, such as foreign currency rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company is exposed to foreign currency risk arising from currency exposures primarily with respect to the US Dollar. The Omani Rial is pegged to the US Dollar. Since most of the foreign currency transactions are in US Dollars, management believes that the currency rate fluctuations would have an insignificant impact on the post-tax profit.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

29.1 Market risk (continued)

(ii) Interest rate risk

The Company is exposed to interest rate risk as it borrows funds at floating interest rates. Further, the Company is exposed to interest rate risk on its interest bearing assets (bank deposits) and loan from related party. The Company manages interest rate risk by placing deposits for short periods to earn interest at market rates. The management monitors the interest rate risk by setting limits on the interest rate gaps for stipulated periods.

At the reporting date, interest rate risk profile of the Company's interest-bearing financial instrument was:

	Notes	***2024*** ***RO***	*2023* *RO*
Fixed rate instruments			
Term loan from commercial banks	20	**127,250,000**	96,750,000
Floating rate instruments			
Term loan from commercial banks	20	**231,238,300**	236,374,380

Sensitivity analysis for fixed rate instruments
The Company does not account for any fixed rate financial instruments at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

Sensitivity analysis for floating rate instruments
For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. At reporting date, if interest rates on USD denominated borrowings had been 1% higher/lower with all other variables held constant, profit for the year would have been lower / higher, mainly as a result of higher / lower interest expense on floating rate liabilities as shown below:

	Notes	***2024*** ***RO***	*2023* *RO*
Term loan	*20*	**2,312,383**	2,363,744

29.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Responsibility for liquidity risk management rests with the Board of Directors. The Board has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

29.2 Liquidity risk (continued)

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2024	*Carrying amount RO*	*Contractual cash flows RO*	*Up to 1 year RO*	*1 to 5 years RO*	*Over 5 years RO*
Term loans	**354,937,734**	**487,751,648**	**31,463,069**	**141,573,993**	**314,714,586**
Lease liabilities	**10,646,768**	**34,783,132**	**1,579,616**	**5,583,230**	**27,620,286**
Trade and other payables excluding contract liability	**35,319,081**	**35,319,081**	**35,319,081**	**-**	**-**
	400,903,583	**557,853,861**	**68,361,766**	**147,157,223**	**342,334,872**

2023	*Carrying amount RO*	*Contractual cash flows RO*	*Up to 1 year RO*	*1 to 5 years RO*	*Over 5 years RO*
Term loans	329,468,355	473,597,426	15,905,997	130,969,714	326,721,715
Lease liabilities	9,075,256	21,459,372	620,221	2,273,611	18,565,540
Trade and other payables excluding contract liability	49,171,004	49,171,004	49,171,004	-	-
	387,714,615	544,227,802	65,697,222	133,243,325	345,287,255

Trade payables are interest free. The amounts included above for variable interest rate instruments for financial liabilities (as disclosed in interest rate risk section of this note) is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

29.3 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the receivables from customers.

As at reporting date, the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

The Company has significant concentration of credit risk with the Government of the Sultanate of Oman represented by the Shipper. The management continues to monitor the willingness of the customer to pay the amount receivable and provide for any amounts deemed unrecoverable, therefore the Company considers the credit risk to be minimal.

With respect to credit risk arising from the other financial assets of the Company, including cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company limits its credit risk with regard to bank balances by only dealing with banks with acceptable credit rating.

In order to minimise credit risk, the management develop and maintain the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

29.3 Credit risk (continued)

The Company's current credit risk grading framework comprises the following categories:

Category	*Description*	*Basis for recognising expected credit losses*
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

The tables below details the credit quality of the Company's financial assets carried at amortised cost and contract assets, as well as the Company's maximum exposure to credit risk by credit risk rating grades. Based on ECL model, loss allowance on other financial assets are not recognised being not material.

2024	*External credit rating*	*12-month or lifetime ECL*	*Gross amount (Discounted) RO*	*ECL %*	*Loss allowance RO*	*Net carrying amount RO*
Concession receivables	Ba1	12 months	**940,134,629**	**-**	**-**	**940,134,629**
Cash and bank balances	Ba1	12 months	**15,816,311**	**-**		**15,816,311**
Trade and other receivables excluding advances	-	Lifetime	**13,591,055**	**-**	**(21,010)**	**13,570,045**
			969,541,995		**(21,010)**	**969,520,985**
2023						
Concession receivables	Ba2	12 months	801,750,879	-	-	801,750,879
Cash and bank balances	Ba2	12 months	23,770,963	-	-	23,770,963
Trade and other receivables excluding advances	-	Lifetime	14,056,493	-	(21,010)	14,035,483
			839,578,335	-	(21,010)	839,557,325

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

29.3 Credit risk (continued)

The status of past due balances of financial assets are as follows:

	Gross amount (Discounted) RO	*Not due RO*	*Past due Upto 30 days RO*	*Upto 365 days RO*	*Over 365 days RO*
2024					
Concession receivables	**940,134,629**	**940,134,629**	**-**	**-**	**-**
Cash and bank balances	**15,816,311**	**15,816,311**	**-**	**-**	**-**
Trade and other receivables excluding advances	**13,570,045**	**12,196,318**	**380,092**	**390,179**	**603,456**
	969,520,985	**968,147,258**	**380,092**	**390,179**	**603,456**
2023					
Gross carrying amount:					
Concession receivables	801,750,879	801,750,879	-	-	-
Cash and bank balances	23,770,963	23,770,963	-	-	-
Trade and other receivables excluding advances	14,035,483	13,105,883	2,463	415,926	511,211
	839,557,325	838,627,725	2,463	415,926	511,211

Details of basis of ECL allowance on each financial asset is given in note 3 and notes of respective financial asset.

The exposure to credit risk for trade and other receivables at the reporting date relates customers originating from Oman only.

30 CAPITAL RISK MANAGEMENT

The Company's policy is to maintain an optimum capital base to maintain investor, creditor and market confidence to sustain future growth of business as well as return on capital.

The Board of Directors monitors the return on equity. The Board of Directors also monitors the level of dividends to ordinary shareholders. There were no changes in the Company's approach to capital management during the year.

The capital structure of the Company consists of gearing ratio being net debt (interest bearing borrowings offset by cash and bank balances and term deposits) and equity of the Company (comprising issued capital, reserves and retained earnings). Lease liabilities are excluded from the calculation of net debt.

The Company's management reviews the capital structure of the Company on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. The gearing ratio at reporting date was 35% (2023: 32%).

Gearing ratio
The gearing ratio at year end was as follows:

	2024 RO	*2023 RO*
Net debt	**339,121,423**	305,697,392
Total equity	**625,829,861**	646,980,227
Total capital employed	**964,951,284**	952,677,619
Gearing ratio	**35%**	32%

31 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 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 statement of financial position, statement of profit and loss and other comprehensive income and also in notes 1 to 4 to these financial statements.

32 RECONCILIATION OF CHANGES IN LIABILITIES TO CASHFLOWS ARISING FROM FINANCING ACTIVITIES

The below table details changes in in the Company's liabilities arising from financing activities including both cash and non-cash changes:

	At 1 January	*Financing cash inflow*	*Financing cash outflow*	*Non cash items*	*At 31 December*
2024					
Term loan from commercial banks	**333,124,380**	**35,000,000**	**(9,267,800)**	**(368,280)**	**358,488,300**
Loan issuance cost	**(3,656,025)**	**-**	**(373,445)**	**478,904**	**(3,550,566)**
Finance lease liability	**9,075,256**	**-**	**(867,528)**	**2,439,040**	**10,646,768**
	338,543,611	**35,000,000**	**(10,508,773)**	**2,549,664**	**365,584,502**
2023					
Term loan from commercial banks	252,902,873	337,762,000	(257,540,493)	-	333,124,380
Loan issuance cost	(2,108,192)	-	(3,911,799)	2,363,966	(3,656,025)
Loan from Parent Company	137,600,804	-	(136,710,500)	(890,304)	-
Finance lease liability	9,349,629	-	(1,395,239)	1,120,866	9,075,256
	397,745,114	337,762,000	(399,558,031)	2,594,528	338,543,611

33 CLIMATE RELATED RISKS

The Company and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

33 CLIMATE RELATED RISKS (continued)

The Company is currently in the process of embedding climate related risks in its Risk Management Framework as part of its commitment towards OQGN's Sustainability strategy, that includes setting proper risk appetite metrics and maintaining policies, processes and controls to incorporate environmental and climate change risks in the management of its risk categories.

The Company acknowledges the need for further efforts to fully integrate climate in the Company's risk assessments and management protocols.

34 SUBSEQUENT EVENT

In a meeting held on 5 March 2025, the board of directors proposed a final dividend of 4.92 baizas per share for the second half of the year ended 31 December 2024.

35 COMPARATIVE INFORMATION

Certain comparatives information has been reclassified to conform to the presentation for the current year. Such reclassifications were made to improve the quality of presentation and do not affect previously reported profit or equity.

36 GENERAL

Figures have been rounded off to the nearest RO unless otherwise stated.