1) Legal status and principal activities

Al Maha Petroleum Products Marketing Company SAOG ("the Company") is registered under the Commercial laws of the Sultanate of Oman as a joint stock Company.

The Company's principal activity is marketing & distribution of petroleum products viz., Gasoline, Diesel, aviation fuel, lubricants and other petroleum products.

The Company's registered address is P O Box 57, Postal Code 116, Mina Al Fahal, Sultanate of Oman.

2) Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with:

i) International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"),

ii) the rules and guidelines on disclosure issued by the Capital Market Authority of the Sultanate of Oman ("CMA") and

iii) the requirements of the Commercial Companies Law of 1974, as amended.

b) Basis of Measurement

The financial statements have been prepared on the historical cost basis.

c) Functional currency

The financial statements are presented in Rial Omani ("RO'000"), which is the Company's functional currency. All numbers have been rounded to the nearest thousand unless otherwise stated.

d) Use of judgements & estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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. In particular, estimates that involve uncertainties and judgments which have a significant effect on the financial statements are explained in note 6.

3) New and amended standards and interpretations to IFRS relevant to the Company

3.1) Standards Issued & effective

The Company has adopted among the following new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB those that are relevant to its operations and effective for periods beginning on 1 January 2018:

- IFRS 9 "Financial instruments" effective from 01 Jan 2018
- IFRS 15 " Revenue Recognition" effective from 01 Jan 2018
- IFRS 16 "Leases" effective from 01 Jan 2019

3.2) Standards issued but not yet effective

The following new standards and amendments have been issued by the International Accounting Standards Board (IASB) are not yet mandatory:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 9: Prepayments features with negative compensation
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in associates and joint ventures
- Annual Improvements 2015-2017 Cycle (issued in December 2017)
- IFRS 3 Business Combinations
- IFRS 11 Joint Arrangements
- IAS 23 Borrowing Costs
- IAS 12 Income Taxes

4) Summary of significant accounting policies

The summary of significant accounting policies adopted by the Company are as follows:

4.1) Revenue Recognition (IFRS 15)

IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer.

Before IFRS 15, the Company recognised revenue from sale of goods measured at fair value of consideration, net of rebates & discounts.
Applying IFRS 15, the Company recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

4) Summary of significant accounting policies (continued)

4.1) Revenue Recognition (IFRS 15) (continued)

To recognise revenue under IFRS 15, the Company applies the following five steps:

i) *identify the contract with a customer*

ii) *identify the performance obligations (PO) in the contract.*
(Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct)

iii) *determine the transaction price.*
(The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer)

iv) *allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract*

v) *recognise revenue as & when a performance obligation is satisfied* by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service).
A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, the Company selects an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

Contract balances

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer.

When the Company performs its obligation by transferring goods or services before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract assets are initially recognised for revenue earned from the contracts with the customers as receipt of consideration is conditional on successful completion of performance obligation. Upon completion of obligation and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

4) Summary of significant accounting policies (continued)

4.1) Revenue Recognition (IFRS 15) (continued)

Contract costs

As per IFRS 15, following costs related to a contract can be recognized as assets under "Contract costs":

a) Incremental costs incurred in **obtaining a contract**, and

b) Costs incurred to **fulfil a contract &** the relating assets

Incremental costs are costs that would not have been incurred had that individual contract not been obtained, eg a sales commission. However these costs are recognised as an asset if they are expected to be recovered from the customer.

Costs incurred to fulfil a contract are recognised as an asset under IFRS 15 only if they:

- Relate directly to a contract, or to an anticipated contract that can be specifically identified
- Generate or enhance resources to be used to satisfy performance obligations in future, and
- Are expected to be recovered.

Contract costs are to amortised on a systematic basis that is consistent with the Company's transfer of the related goods or services to the customer unless there are indications of impairment based on management's estimation of recoverability of contract costs.

Contract liabilities

A contract liability is the obligation to transfer goods or services for which the Company has received consideration or the consideration is due from the customer.

When a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

Contract liabilities are recognised as revenue when the Company performs under the Contract.

4.2) Leases (IFRS 16)

Effective from 01 Jan 2019, the IASB issued **"IFRS 16 Leases"**, which requires lessees to recognise assets and liabilities for most leases.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

IFRS 16 applies a control model for the identification of leases on the basis of whether there is an identified asset controlled by the lessee.

4) Summary of significant accounting policies (continued)

4.2) Leases (IFRS 16) (continued)

The Company has implemented IFRS 16 on leases from 01 Jan 2019 and accordingly has recognised "Right-of-use assets" and "Lease Liability" for land on which retail outlets are constructed, which were hitherto treated as an operating lease.

Accordingly, instead of recognising an operating lease expenses under operating lease arrangements, the Company will recognise finance cost on its lease liabilities and depreciate the Right-of-use assets over the lease term.

Right of Use assets

Initial recognition

The Right of use asset is initially measured at the amount equal to the present value of the lease payments that are not paid at the commencement date, discounted at the Company's incremental borrowing rate.

Depreciation

Subsequently, the carrying amount of the Right of Use assets are amortized on a straight line basis over the lease period.

Impairment

In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liability

Initial measurement

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the interest rate implicit in the lease or if not available, at the Company's incremental borrowing rate.

Subsequent measurement

The lease liability is remeasured when there is a change in future lease payments arising from a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

4.3) Employees' End of Service benefits & leave entitlements

End of service benefits are accrued 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 and its amendments.

Contributions to the Oman Government defined contribution retirement plan and hazard insurance for Omani employees in accordance with the Omani Social Insurance Law of 1991, are recognised as expense in the statement of comprehensive income as incurred.

4) Summary of significant accounting policies (continued)

4.4) Foreign currency transactions

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the transaction date. Foreign currency gain or loss resulting from the settlement of such transactions and from the translation of period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

4.5) Directors' remuneration

The total remuneration paid to directors comprising sitting fees, remuneration and expenses is in accordance with the provision and is within the limit of the Commercial Companies Law; the CMA guidance; and the Articles of Association of the Company.

The Annual General Meeting of the Company shall determine and approve the remuneration and the sitting fees for the Board of Directors and its sub-committees provided that such fees shall not exceed 5% of the annual net profit after deduction of the legal reserve and the optional reserve and the distribution of dividends to the shareholders and further provided that such fees shall not in total exceed RO 200,000.

The sitting fees for each director shall not exceed RO 10,000 in any one year.

4.6) Finance charges and finance income

Finance charges comprise interest payable on borrowings.

Finance income comprises interest receivable on funds invested. Finance income is recognised in the statement of comprehensive income as it accrues taking into account the effective yield on the asset.

Finance charge is recognised in the statement of comprehensive income as it accrues using the effective interest rate method.

4.7) Income tax

Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Income tax on the profit for the period comprises current tax and deferred tax.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is calculated using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary difference when they reverse, based on the laws that have been enacted or substantially enacted at the reporting date.

4) Summary of significant accounting policies (continued)

4.8) Property, plant and equipment

(i) Initial Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Costs include expenditures that are directly attributable to the acquisition of the asset. The cost includes any other cost that directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Where costs are shared with other parties only share of cost borne by the Company with respect to these assets is recognised. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii)Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income.

Land and capital work-in-progress are not depreciated.

Depreciation
Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of items of property, plant and equipment as noted below:

	Years
Buildings and roads	7 to 20
Plant and equipment	7 to 12
Motor vehicles	3 to 7
Furniture and fixtures	3

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

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

Capital work-in-progress are carried at cost less any recognised impairment loss and is not depreciated until it is transferred into one of the asset categories, which occurs when the asset is ready for use.

4) Summary of significant accounting policies (continued)

4.9) Financial assets

A **financial asset** is a non-physical **asset** whose value is derived from a contractual claim.

Initial Recognition and measurement

IFRS 9 requires an entity to recognise a financial asset in its statement of financial position when it becomes party to the contractual provisions of the instrument.

The classification of financial assets at initial recognition depends on the financial asset's contractual cashflows and the Company's business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cashflows. The business model determines whether cashflows will result from collecting contractual cashflows, selling the financial assets, or both.

With the exception of trade receivables, that do not contain a significant financial component or for which the Company has applied the practical expedient, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI), " on the amount of principal amount outstanding. This test is referred to as the SPPI test and is performed at an instrument level.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in to four categories:

a) *Financial assets at amortised cost (debt instruments)*

   A financial asset is measured at amortised cost if both of the following conditions are met:

   i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

   ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

   Financial assets at amortised cost are subsequently measured using the effective interest rate(EIR) method and are subject to impairment. When the asset is derecognized, modified or impaired, gains or losses are recognised in profit or loss.

   The Company's financial assets at amortised cost includes trade receivables and cash & cash equivalents.

b) *Financial assets at fair value through OCI with recycling of cumulative gains & losses (debt instruments)*

   Financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

c) *Financial assets designated at fair value through OCI with no recycling of cumulative gains & losses upon derecognition (equity instruments)*

d) *Financial assets at fair value through profit or loss (debt & equity instruments)*

   Any financial assets that are not held in one of the above business models mentioned are measured at fair value through profit or loss.

4) Summary of significant accounting policies (continued)

4.10) Impairment

(a) Financial assets

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's "Incurred Loss (IL) Approach" with a forward-looking "Expected Credit Loss (ECL) approach.

IFRS 9 requires the Company to record an allowance for ECLs for all debt financial assets not held at FVTPL. The Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit losses experience as adjusted for forward-looking factors.

ECLs are on the difference between the contractual cash flows due in accordance with contact and all the cash flows that the company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company considers a financial asset in default when contractual payment is 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amount is full before taking into account any credit enhancements held by the Company.

(b) Non-Financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specified to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4) Summary of significant accounting policies (continued)

4.11) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost represents purchase price plus direct expenses incurred in bringing the inventory to its present condition and location. Cost is determined on weighted average basis

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

A provision is made where necessary for obsolete, slow moving and defective items, based on management's assessment.

4.12) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank with a maturity of less than three months from the date of placement.

4.13) Trade and other payables

Trade and other payables are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

4.14) Provisions

A provision is recognised in 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 an outflow of economic benefits will be required to settle the obligation. Measurement of liabilities is based on current legal requirements and existing technology. Provisions are discounted only where the effect of the time value of money is material.

4.15) Segment reporting

Segment results that are reported to the Chief Executive Officer (CEO) include revenues directly attributable to a segment.

4.16) Dividends

Dividends are recommended by the Board of Directors and subject to approval by shareholders at the Annual General Meeting.

Dividends are recognised as a liability in the period in which they are approved by the Company's shareholders.

Dividends for the year that are approved after the reporting date are dealt with as a non-adjusting event after the reporting date.

5) Financial Risk Management

5.1) Financial risk factors

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

5.2) Market risk

5.2.1) Foreign exchange risk

Foreign exchange risk arises where the value of financial instrument changes due to changes in foreign exchange rates. The Company is exposed to foreign exchange risk and sales, purchases and bank deposits that are denominated in foreign currencies.

The Company's net exposure to the United States Dollar (USD) resulting from USD denominated sales is offset by USD denominated purchases of base oils, additives and other items.

Since the Rial Omani is currently pegged to the USD, management believes that the exchange rate fluctuation would have an insignificant impact on the profit. The Company's practice is to utilize USD forward exchange contracts to hedge its exposure in respect of any significant USD denominated bank deposits.

5.2.2) Interest rate risk

The Company's interest rate risk arises its term loans. The Company manages its exposure to interest rate risk by (a) utilizing short-term financing at rates fixed at the time of obtaining the finance and (b) for long terms loans, a combination of the lending bank's fixed margin plus the Government of Oman's 28-day T-bill rate.

Management has estimated the effect on the profit for the period due to an increases or decreases in interest rates to be insignificant.

5.2.3) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash and cash equivalents, as well credit exposure to customers. The Company has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Credit evaluation are performed on all customers requiring credit over a certain amount. The Company requires bank guarantees or higher credit risk customers. The Company does not require collateral in respect of all other financial assets.

Investment are made in liquid securities and only with commercial banks in Oman. Management does not expect any counterparty to fail to meet its obligations.

5) Financial Risk Management (continued)

Concentration of credit risk arises when a number of counterparties are engaged in similar business activates, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivities of the Company's performance to developments affecting a particular industry or geographical location.

The Company has significant concentrations of credit risk with the Government sector. There are no other significant concentrations of credit risk.

Credit risk on other financial assets, including cash and cash equivalents arises from the risk of default of the counterparty, with a maximum exposure equal to the carrying amount of these balances.

Cash and bank balances are placed on deposit with reputed banks registered & operating in the Sultanate of Oman.

5.3) Liquidity risk

The Company limits its liquidity risk by ensuring bank facilities are available. The Company's terms of sales require amounts to be paid on an average of 30 days from the date of sales. Trade payables are normally settled within 60 days of the date of purchase.

5.4) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for its shareholders and benefits for other stakeholders and maintain a commercially defensible capital structure to reduce the cost of capital .Capital comprises of share capital, legal reserve and retained earnings.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

5.5) Fair value estimation

The nominal values less any estimated credit adjustment for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. Financial assets consist of cash and bank balances and trade and other receivables. Financial liabilities consist of payables and accruals.

6) Critical Accounting Estimates and judgements

The preparation of financial statement in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

6) Critical Accounting Estimates and judgements (continued)

Estimates and judgment are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas requiring a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are set out below:

6.1) Impairment of receivables

On 1 January 2018 IFRS 9 "Financial Instruments" replaced the 'incurred loss' impairment model in IAS 39 "Financial Instruments: Recognition and Measurement" with an 'expected credit loss' (ECL) impairment model.

The new impairment model requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also require management to assign probability of default to various categories of receivables. Probability of default constitutes a key input in measuring an ECL and entails considerable judgment; it is an estimate of likelihood of default over a given time horizon, the calculation of which involves historical data, assumptions and expectation of future conditions. In the past, the impairment review of trade receivables was performed only for receivables for which management had an indication for impairment. That also entailed significant judgment. It was determined by reference to past default experience of a counterparty and an analysis of the counterparty's financial situation, but the "incurred loss" model disregarded entirely the current and expected future conditions. As a result, it is expected that under the new impairment model, credit losses will be recognised earlier.

6.2) Useful lives of property, plant and equipment

The Company management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

6.3) Classification of financial assets

Assessment of the business model within which the assets are held and assessment of whether the contracted terms of the financial assets are solely payments of principal and interest on the principle amount outstanding.

6.4) Impairment of financial assets at amortised cost

The Impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

6.5) Taxes

Uncertainties exit with respect to the interpretation of tax regulation and the amount and timing of future taxable income. Given the wide range of business relationships and nature of existing contractual agreement, differences arising between the actual result and the assumptions made, or future changes to such assumptions, could necessitate future adjustment to tax income and expanse already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of finalization of tax assessment. The amount of such provisions is based on various factors, such as experience of previous tax assessment and differing interpretations of regulations by the taxable entity and the responsible tax authority.

7) SEGMENT REPORTING

Operating segments are the business units from which reportable segments derive their revenue.

The reportable operating segments Company derives its revenue mainly from the sale of petroleum products.

Information reported to the Company's Chief Executive Officer for purposes of resource allocation and assessment of segment performance is more specifically focused on the category of business units.

Retail segment represent the most significant component of revenue for the Company.

8) OTHER INCOME

Rental income	**350**	329	757
Fuel cards income	**212**	142	358
Reimbursement of manpower costs	**190**	167	294
Gain / (loss) on Disposal of assets	**(5)**	(1)	16
Others	**29**	395	232
	776	1,032	1,657

9) OPERATING & ADMINSITRATION EXPENSES

Staff costs (Note 10)	**2,345**	2,338	5,267
Operating expenses	**2,447**	2,642	6,037
Distribution expenses	**2,586**	2,556	5,295
Depreciation & amortisation	**2,607**	1,943	3,902
License fees to MOCI	**930**	937	1,950
Administration expenses	**724**	765	2,157
Provision for expected credit loss (net)	**287**	384	(210)
Allowance for slow moving inventory	**-**	-	150
	11,926	11,565	24,548

10) STAFF COSTS

Wages, Salaries & other benefits	**2,139**	2,135	4,875
Contributions to Defined Contribution plan	**168**	160	322
End of Service Benefits-Current period charge	**38**	43	70
	2,345	2,338	5,267

	Unaudited Jan-Jun 2019	Unaudited Jan-Jun 2018	Audited Jan-Dec 2018
11) FINANCE CHARGES (NET)			
Interest On Short Term Loans	**300**	313	731
Interest on Lease Liabilities	**148**	-	-
	448	313	731
Less: Finance income	**(133)**	(231)	(462)
	315	82	269
12) INCOME TAX EXPENSE			
Income tax expense comprises the following:			
a) Tax charge for the period	**352**	386	901
b) Deferred tax for the period	**-**	-	(285)
	352	386	616
a) Tax charge for the period			
Accounting profit before tax	**2,397**	3,301	5,765
Tax on accounting profit @ 15% (2018:15%)	**360**	495	865
Add: Tax effect of non deductible expenses	**-**	-	139
	360	495	1,004
Less: Prior period's tax reversal	**(8)**	(109)	(103)
Tax charge for the period	**352**	386	901
b) Deferred tax for the period			
The deferred tax comprises the following temporary differences:			
Deferred Tax assets at the beginning	**1,223**	938	938
Deferred Tax assets at the end	**1,223**	938	1,223
Deferred tax for the period	**-**	-	(285)

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% of taxable income. For the purpose of determining the tax expense for the period, the accounting profit has been adjusted for tax purposes.

The difference between the enacted tax rates arises due to the tax effect of income not considered to be taxable and expenses that are not considered to be deductible. The adjustments are based on the current understanding of the existing tax laws, regulations and practices.

13) PROPERTY, PLANT & EQUIPMENT

	Unaudited At 30 Jun 2019 RO'000	Unaudited At 30 Jun 2018 RO'000	Audited At 31 Dec 2018 RO'000
At 1 January	**31,985**	32,115	32,115
Transfers / Reclassification	**-**	-	(1,134)
Additions during the period	**2,812**	5,371	4,905
Disposals during the period	**(5)**	(948)	(9)
Depreciation charge for the period	**(2,067)**	(1,943)	(3,892)
At the end of the period	**32,725**	34,595	31,985

14) DEFERRED TAX ASSET

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 15% (2018:15%).

The deferred tax asset recognised in the Statement of Financial Position is attributable to the following temporary differences:

	At 30 Jun 2019 RO'000	At 30 Jun 2018 RO'000	At 31 Dec 2018 RO'000
Provisions and other charges	**523**	477	523
Property, plant and equipment	**700**	461	700
	1,223	938	1,223

15) TRADE AND OTHER RECEIVABLES

Trade receivables	**66,220**	76,157	66,688
Less: allowance for impairment losses	**(7,373)**	(3,562)	(7,087)
Trade receivables, net of impairment losses	**58,847**	72,595	59,601
Prepayments	**619**	882	485
Accrued income	**9**	160	135
Staff receivables	**102**	126	108
Amounts due from related parties	**12**	13	19
Other receivables	**886**	989	975
	60,475	74,765	61,323

a) Allowance for impairment losses:

Movement in the allowance for impairment losses were as follows:

At the beginning of the period	**7,087**	3,178	3,178
Adjustment on initial application of IFRS 9	**-**	-	4,119
(Reversal)/charge for the period (Note 6)	**286**	384	(210)
Written off	**-**	-	-
At the end of the period	**7,373**	3,562	7,087

	Unaudited At 30 Jun 2019 RO'000	Unaudited At 30 Jun 2018 RO'000	Audited At 31 Dec 2018 RO'000
16) INVENTORIES			
Petroleum products	**3,695**	3,365	3,082
General stores and consumables	**531**	426	747
	4,226	3,791	3,829
Less: Allowance for slow moving inventories	**(150)**	-	(150)
	4,076	3,791	3,679
17) CASH AND CASH EQUIVALENTS			
Cash at bank	**23,744**	20,240	34,370
Cash in hand	**32**	13	31
	23,776	20,253	34,401

Bank balances are denominated in Rials Omani and held with local commercial banks. Certain bank balances earn interest at commercial rates. The management believes that the expected credit losses on bank balance is immaterial at the financial statement level as a whole.

18) SHARE CAPITAL

The authorised, issued and fully paid up share capital are as below:

	At 30 Jun 2019	At 30 Jun 2018	At 31 Dec 2018
a) Authorised share capital:			
Number of shares in '000	**85,000**	85,000	85,000
Nominal value per share - Bzs	**100**	100	100
Total RO'000	**8,500**	8,500	8,500
b) Issued & fully paid up share capital:			
Number of shares in '000	**69,000**	69,000	69,000
Nominal value per share - Bzs	**100**	100	100
Total RO'000	**6,900**	6,900	6,900

19) LEGAL RESERVE

Article 106 of the Commercial Companies Law of 1974 requires that 10% of a Company's net profit be transferred to a non-distributable legal reserve until the amount of legal reserve becomes equal to at least one-third of the Company's issued share capital. Therefore the Company has resolved not to transfer any amount to legal reserve (2018 : nil).

During the period, no amount has been transferred to legal reserve, as the reserve equals to one-third of the issued share capital. (2018: nil).

20) SPECIAL RESERVE

The Company had established a special reserve in prior years to cover against any losses from unforeseen contingencies.

21) DIVIDEND

In the Annual General Meeting of the Company held on March 25, 2019 the shareholders approved a cash dividend of 70 baisa per share totaling RO 4.830 million for the year ended December 31, 2018, which represents 70 percent of share capital (2018: 65 baiza totaling RO 4.485 million representing 65% of share capital).

22) EMPLOYEES' END OF SERVICE BENEFITS

	Unaudited At 30 Jun 2019 RO'000	Unaudited At 30 Jun 2018 RO'000	Audited At 31 Dec 2018 RO'000
At 1 January	**341**	290	290
Charge for the period (Note 10)	**38**	43	70
Payments during the period	**(51)**	(15)	(19)
At the end of the period	**328**	318	341

23) TRADE & OTHER PAYABLES

Trade payables	**39,027**	40,048	38,692
Accrued expenses	**2,745**	3,628	4,498
Advance from customers	**1,302**	1,413	1,302
Accrual for directors' remuneration	**-**	-	148
Other payables	**1,394**	1,193	1,280
	44,468	46,282	45,920

24) SHORT TERM LOAN

Short term loan facility is availed from local commercial banks and has a maturity of one month. The loan carries interest at a rate of 2.5% to 3.5%.

25) INCOME TAX PAYABLE

At 1 January	**1,012**	1,160	1,160
Income tax charge for the year	**352**	386	901
Payments during the period	**(1,005)**	(1,051)	(1,049)
At the end of the period	**359**	495	1,012

Current status of tax assessments

The Company's income tax assessments for years 2013 to 2018 have not been finalized. The Management considers that amount of additional taxes, if any, that may become payable on finalization of the assessments for the open tax years would not be significant to the Company's financial position at 30 June 2019.

26) RIGHT OF USE ASSETS

	At 30 Jun 2019 RO'000	At 30 Jun 2018 RO'000	At 31 Dec 2018 RO'000
At 1 January 2019 (on adoption of IFRS 16)	4,398	-	-
Additions during the period	1,741	-	-
Disposals during the period	-	-	-
At the end of the period	6,139	-	-
Depreciation			
At 1 January	-	-	-
Charge for the period	535	-	-
At the end of the period	535	-	-
Carrying amount			
At the end of the period	5,604	-	-

27) LEASE LIABILITY

	At 30 Jun 2019 RO'000	At 30 Jun 2018 RO'000	At 31 Dec 2018 RO'000
At 1 January	4,398	-	-
Additions during the period	1,741	-	-
Payments during the period	(535)	-	-
At the end of the period	5,604	-	-
Classification:			
Current portion	1,137	-	-
Non current portion	4,467	-	-
Total	5,604	-	-

28) BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	Unaudited Jan-Jun 2019	Unaudited Jan-Jun 2018	Audited Jan-Dec 2018
Profit for the period (RO'000)	2,045	2,915	5,149
Weighted average number of shares ('000)	69,000	69,000	69,000
Earnings per share - basic and diluted (RO)	0.0296	0.0422	0.0746

Since the Company has no potentially dilutive instruments, basic earnings per share is equal to diluted earnings per share.

29) NET ASSETS PER SHARE

Net assets per share is calculated by dividing the shareholders' equity of the Company at the end of the reporting period by the number of shares outstanding as follows:

	Unaudited Jan-Jun 2019	Unaudited Jan-Jun 2018	Audited Jan-Dec 2018
Shareholders' equity (RO'000)	**43,321**	47,955	46,107
Number of shares outstanding at the end of the reporting period ('000) (note 18)	**69,000**	69,000	69,000
Net assets per share (RO)	**0.628**	0.695	0.668

30) RELATED PARTY TRANSACTIONS

The Company has entered into transactions with members of the board of directors and members of the key management personnel of the Company. Transactions with related parties are considered by the board of directors to be at normal commercial terms and are as follows:

Sales			
Fuel sales to a related party	**4**	-	-
Expenses			
Directors' remuneration and sitting fees	**42**	28	200
Operating lease payment for a filling station owned by a director	**12**	12	24
	54	40	224

At the reporting date, there were no transactions with shareholders holding 10% or more interest in the Company (2018: nil).

Amounts due from and due to related parties are disclosed in note 15 and 23.

Outstanding balances at the end of the reporting period arise in the normal course of business. For the period ended 30 June 2019, the Company has not recorded any impairment of amounts owed by related parties (30 June 2018 : nil).

31) CONTINGENCIES AND COMMITMENTS

a. In Dec 2015, a civil case, connected to the previous criminal case initiated against the former Managing Director and the former Senior Marketing Manager of the Company, had been filed by a party. The case has been rejected by Primary and appeal courts and has been raised to the Higher Supreme court. Based upon external legal advice, the Board of Directors consider that the Company has no legal responsibility against these two cases and accordingly, no provision has been made against this claim in the financial statements as at 30 June 2019.

b. During 2017, the Company received claims from a major fuel supplier in Oman towards:

i) Price differential between the international and domestic gasoil prices payable in respect of fuel supplied during prior years to a customer amounting to approximately RO 820,000 as per the notification received from the Ministry of Finance by the fuel supplier. The Company has disputed the claim and considers that the sale was a domestic fuel sale based upon a notification received from the Ministry of Oil and Gas in this regard and not an international sale, as contested by the fuel supplier.

31) CONTINGENCIES AND COMMITMENTS (Continued)

ii) RO 846,000 deducted by the Company in previous years from the amounts payable relating to invoices raised by the fuel supplier. This deduction relates to a transportation rebate (the rebate) that was not paid to the Company by the fuel supplier relating to the prior years. The Company believes it is eligible to receive the transportation rebate during such period.

The fuel supplier has also claimed interest of approximately RO 483,000 in respect of non-settlement of the above claims by the Company.

Based upon a review of the internal documents and records available and discussion with the in-house legal counsel, the Board of Directors believes that no liability will ultimately arise to the Company and accordingly, no provision has been established in respect of the above amounts in these financial statements.

32) COMPARATIVE FIGURES

Certain comparative information has been reclassified to conform to the presentation adopted in these financial statements. Such reclassifications are immaterial and do not affect previously reported net profit or shareholders' equity.

33) ROUNDING OFF

All amounts have been rounded off to thousands except otherwise stated. Due to rounding, numbers presented may not always add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.