2 Basis of preparation and significant accounting policies *(continued)*

c) Accounting policies *(continued)*

Impairment

(i) *Financial assets*
A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of estimated future cash flows discounted at the original effective interest rate.
Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the statement of comprehensive income.
An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the statement of comprehensive income.
(ii) 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.
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.

2 Basis of preparation and significant accounting policies *(continued)*

c) Accounting policies *(continued)*

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 declared.

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 and are stated at amortised cost.

Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, allowances and trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods.

Employee benefits

Contributions to the Oman Government defined contribution retirement plan are recognised as expense in the statement of comprehensive income as incurred in accordance with the rules of the Oman Social Insurance Scheme.

Accruals for non-Omani employee terminal benefits under an unfunded defined benefit retirement plan, are made in accordance with Omani Labour Laws and calculated on the basis of the liability that would arise if the employment of all employees was terminated at the statement of financial position date.

Foreign currency transactions

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting dates are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income.

Finance charges and finance income

Finance charges comprise interest payable on borrowings and foreign exchange gains and losses. 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.

2 Basis of preparation and significant accounting policies *(continued)*

c) Accounting policies *(continued)*

Income tax

Income tax on the profit for the period comprises current taxes and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

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

Deferred tax is provided 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. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Segment reporting

Segment results that are reported to the Managing Director include revenues directly attributable to a segment. Unallocated items comprise mainly assets, liabilities, expenses and tax assets and liabilities.

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.

d) New standards and interpretation not yet effective

For the period ended 30 September 2016, the Company has adopted all of the 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 that are relevant to its operations and effective for periods beginning on 1 January 2016.

The following standards, amendments and interpretations became effective from 1 January 2016:

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
- Annual Improvements 2010-2012 Cycle
- IFRS 2 Share-based Payment
- IFRS 3 Business Combinations
- IFRS 8 Operating segments
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
- IAS 24 Related Party Disclosures
- Annual Improvements 2011-2013 Cycle
- IFRS 13 Fair Value Measurement
- IAS 40 Investment Property

2 Basis of preparation and significant accounting policies *(continued)*

d) New standards and interpretation not yet effective *(continued)*

The adoption of those standards and interpretations has not resulted in changes to the Company's accounting policies and has not affected the amounts reported for the current period.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following new standards and amendments have been issued by the International Accounting Standards Board (IASB) which may impact the financial statements of the Company but are not yet mandatory for the period ended 30 September 2016:

IFRS 9: In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but comparative information is not compulsory. The Company has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Company plan to adopt the new standard on the required effective date.

IFRS 15: IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date. The Company is considering the clarifications issued by the IASB in an exposure draft in July 2015 and will monitor any further developments.

IFRS 16: the IASB issued IFRS 16 Leases (IFRS 16), which requires lessees to recognise assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 Leases. The Company will perform a detailed assessment in the future to determine the extent. The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16.

3 Other income

Other income comprise of rental income, fuel cards service income and others.

4 Inventories

	Unaudited 30 Sep 2016 RO'000	Unaudited 30 Sep 2015 RO'000	Audited 31 Dec 2015 RO'000
Petroleum products	**3,132**	1,901	2,170
Lubricants	**95**	89	79
	3,227	1,990	2,249

5 Trade and other receivables

Trade receivables	**91,727**	55,967	52,421
Less: provision for impairment	**(1,940)**	(1,492)	(1,638)
Trade receivables, net of impairment losses	**89,787**	54,475	50,783
Other receivables	**909**	817	843
Prepayments	**152**	128	63
Accrued income	**236**	2	12
Amounts due from related parties	**6**	2	4
	91,090	55,424	51,705

As at 30 September 2016, trade receivables in the amount of RO 1,940 k (30 September 2015: RO 1,492 k; 31 December 2015: RO1,638 k) were impaired. Movements in the provision for impairment of receivables were as follows:

At 1 January	**1,638**	1,190	1,190
Charge for the period	**302**	302	448
Amounts written off	**-**	-	-
At the end of the period	**1,940**	1,492	1,638

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over all receivables and the vast majority are, therefore, unsecured.

6 Cash and cash equivalent

Cash at bank	**14,765**	14,279	19,215
Cash in hand	**10**	10	10
	14,775	14,289	19,225

Bank balances are denominated in Rials Omani and held with local commercial banks. Certain bank balances earn interest at commercial rates.
Short term loan facility is availed from local commercial banks and had a maturity of 1 month.

7 Income tax

a) Recognised in the statement of comprehensive income:

	Unaudited Jan-Sep 2016 RO'000	Unaudited Jan-Sep 2015 RO'000	Audited Jan-Dec 2015 RO'000
Components of tax:			
Current period tax expense	**1,046**	1,090	1,415
Prior years tax expense	**-**	72	96
	1,046	1,162	1,511
Deferred tax asset			
Prior years	**-**	-	(292)
Current period	**-**	-	(190)
	-	-	(482)

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 12% (2015- 12%) of taxable income in excess of RO 30 k (2015- RO30 k).

b) Reconciliation of income tax expense and effective tax rate

Profit before tax	**8,750**	9,113	10,229
Income tax expense computed at the applicable rates	**1,046**	1,090	1,415
Prior year tax expense	**(1)**	72	96
Deferred tax asset	**-**	-	(482)
	1,046	1,162	1,029

c) Current status of tax assessments

The Company's income tax assessments for years 2011 to 2015 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 September 2016.

d) Deferred tax asset

The deferred tax comprises the following temporary differences:

Provisions and other charges	**-**	-	253
Property, plant and equipment	**-**	-	229
			482

8 Share capital

The authorized share capital comprises 85 million shares of RO 0.100 each (30 September 2015: 85 million of RO 0.100 each; 31 December 2015: 85 million of RO 0.100 each)

At 30 September 2016, the issued and fully paid up share capital comprised 69 million shares of RO 0.100 each (30 September 2015: 69 million shares of RO 0.100 each; 31 December 2015: 69 million shares of RO 0.100 each).

9 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.
During the period, no amount has been transferred to legal reserve, as the reserve equals to one-third of the issued share capital. (30 September 2015: nil; 31 December 2015: nil).

10 Special reserve

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

11 Trade and other payables

	Unaudited 30 Sep 2016 RO'000	Unaudited 30 Sep 2015 RO'000	Audited 31 Dec 2015 RO'000
Trade payables	**31,912**	27,536	27,108
Advance from customers	**2,487**	1,000	1,283
Accrued expenses	**4,366**	4,427	4,950
Other payables	**1,529**	1,160	1,642
	40,294	34,123	34,983

12 Dividend

During the period of Jan-Sep 2016, cash dividend of RO 0.100 per share amounting to RO 6.9 million for the year ended 31 December 2015 has been paid (Jan-Sepe 2015; RO 7.590 million for the year ended 31 December 2014).

13 Financial instruments and financial risk management

Financial instruments consist of financial assets and liabilities. The principal financial assets and liabilities carried on the statement of financial position include cash and bank balances, trade and other receivables, available-for-sale investments and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The main risks arising from the Company's financial instruments are cash flow interest rate risk, credit risk, liquidity risk and foreign currency risk. The Management reviews and agrees policies for managing each of these risks which are summarised below:

(i) 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 Company's receivables and balances with banks.

The carrying amount of each financial asset in the statement of financial position represents the maximum exposure to credit risk.

Exposure to credit risk

The Company's bank accounts are placed with reputed financial institutions.

The Company has no significant concentration of credit risk in respect of trade and other receivables with exposure spread over a large number of customers. The Company maintains a credit policy that states dealing with only creditworthy parties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. The Company monitors regularly, the credit ratings of its debtors and the volume of transactions with those debtors during the period. Ongoing credit evaluation is performed on the financial condition of debtors. However credit risk exposures are insignificant.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will 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.

Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity price 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.

Foreign currency risk

The Company is exposed to currency risk on sales, purchases, receivables and payables that are denominated in a currency other than the functional currency of the Company. The Company's major sales transactions are in USD on which the Company is not exposed to the currency risk as the Rial Omani (RO) and USD are effectively pegged.

Interest rate risk

The Company manages its interest rate risk through using fixed rate debts and deposits. The Company does not have any interest bearing assets and liabilities with floating interest rates. The management has estimated the effect on profit for the period due to increases or decreases in interest rates to be insignificant.

Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issues, or factors affecting all securities traded in the market. The Company is not exposed to market risk since it does not hold any listed investment.

Capital Management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on equity, which the company defines as net profit divided by total shareholders' 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 period. The Company is not subject to externally imposed capital requirements.

14 Contingent liabilities

The criminal case initiated by the Omani authorities in December 2014 against the former Managing Director and the former Senior Marketing Manager of the company is still in progress. Further, at the end of 2015, a civil case connected to the above case has been filed by a party claiming an amount of RO 649,000 against the Company. 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 September 2016.

15 Net assets per share

The calculation of net assets per share is based on net assets at 30 September 2016 in the amount of approximately RO 51.0 million (30 September 2015: RO 48.9 million; 31 December 2015: RO 50.2 million) and 69 million shares (30 September 2015: 69 million shares; 31 December 2015: 69 million shares).

16 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-Sep 2016	Unaudited Jan-Sep 2015	Audited Jan-Dec 2015
Profit for the period (RO'000)	**7,704**	7,951	9,200
Weighted average number of shares(thousands)	**69,000**	69,000	69,000
Earnings per share - basic and diluted (RO)	**0.112**	0.115	0.133

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

17 Capital commitments

At 30 September 2016, the Board of Directors has committed future capital expenditure commitments amounting to RO 1,072 k (30 September 2015: RO 170 k; 31 December 2015: RO 959 k).

18 Segment reporting

Business units from which reportable segments derive their revenues
Information reported to the Company's Managing Director for the purposes of resource allocation and assessment of segment performance is more specifically focused on the category of business units. The principal categories of business units are retail, commercial and other sales.
Other sales are aviation fuel and lubricants.
Revenue from major products and services and geographical information
The Company's operating revenues arise primarily from the marketing and distribution of petroleum products in the Sultanate of Oman.

19 Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash& bank balance and receivables. Financial liabilities consist of term loans andpayables. The fair values of the financial instruments are not materially different from their carrying values.

20 Key sources of uncertainty

Impairment of accounts receivable
An estimate of the collectible amount of trade receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.
At the reporting date, gross trade receivable was RO 91.7 million (30 September 2015: RO 56.0 million; 31 December 2015: RO 52.4 million), and the provision for impairment of receivables was RO 1.9 million (30 September 2015: RO 1.5 million; 31 December 2015: 1.6 million). Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in the statement of comprehensive income.

21 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.